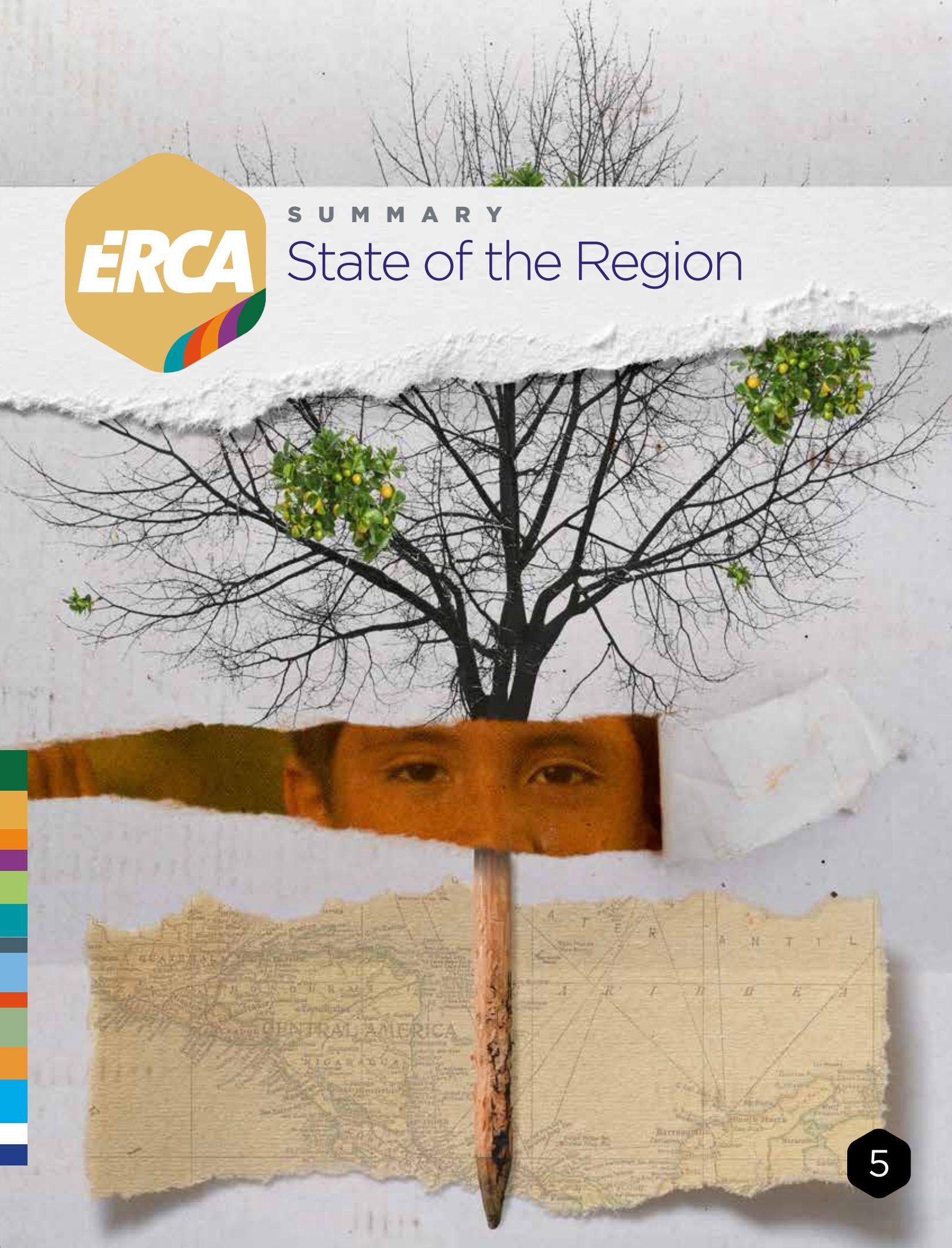




S U M M A R Y

State of the Region



S U M M A R Y

**FIFTH STATE OF THE REGION
REPORT ON SUSTAINABLE
HUMAN DEVELOPMENT**

2016

A REPORT FROM CENTRAL AMERICA
TO CENTRAL AMERICA

STATE OF THE NATION PROGRAMME

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Foreword

The *Fifth State of the Region* Report contributes new knowledge and discussion topics on Central America's current situation and challenges. It is the result of a collective effort by over 600 people who participated at different stages: in definition of the approach and agenda, during research, as sources of information, or engaging in the review of preliminary outputs as well as of the final drafts. This participatory strategy makes it an effort from and for Central America.

In addition to providing societies with an instrument for understanding (and recognizing) their situation, the report aims to contribute to public debate and the formulation of regional policies and actions by identifying and studying the challenges and dilemmas currently facing Central America and its people.

In a time of profound and accelerated change, information is a powerful tool for grasping the situation, assessing alternatives, and making decisions. Its opportune analysis also provides valuable input to facilitate effective participation by different social actors in defining paths and constructing proposals.

The analysis of Central America's recent performance reveals a complex panorama. Notwithstanding undeniable

economic and social improvements, the isthmus lacked sufficient momentum, as a region, to achieve substantial progress in human development. The limited impact of those improvements is explained by their narrow scope and their failure to tackle crucial, historically ignored challenges.

In order to address this, the report calls for a decisive commitment to improving the coverage, quality and relevance of education. In upcoming years, limiting their actions to what the countries have always been doing means perpetuating a "low-level equilibrium" - a vicious cycle marked by lack of access, expulsion from the system, low educational quality, and economic and social backwardness. It also prevents the region from capitalizing the demographic dividend it possesses, an enormous opportunity to drive economic growth and sustainable human development.

The *State of the Region* is an academic invitation to social and political dialogue. For the National Council of University Chancellors (CONARE), comprised of Costa Rica's public universities, the report represents an ideal opportunity to strengthen its ties and exchanges with the rest of Central America. CONARE gratefully acknowledges the valuable financial contribution of PAIRCA

II, PRESANCA II and PRESISAN to making this effort possible, along with the support provided by other sponsors. In presenting this report, CONARE urges national, regional, and international entities and institutions

to contribute to the consolidation of the *State of the Region* as a system for monitoring human development in Central America, and a sound base for political debate and public opinion-shaping for the wellbeing of its people.



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An Instrument for Analysis

Almost twenty years after its first edition, the *Fifth State of the Region Report* is presented with improved analytical capacity and more data than ever to a citizenry more aware of its rights and eager for information, living in an increasingly unpredictable context due to the rapid pace of changes and a number of successive crises in diverse arenas.

Because the publication of five separate regional reports is not sufficient to develop a platform of information, observation, monitoring and promotion of sustainable human development in the region, an effort has been made to consolidate one. This platform now transcends the reports themselves to include a wide array of documents prepared by academic centers, universities, specialists, information sources, and the social and political leaders that participate in each edition.

The challenge for a publication of this nature is providing a regional panorama built on usually outdated, unsimilar, and difficult-to-access information, produced with poor quality control in national cultures not inclined towards transparency and accountability.

Following on its predecessors' footsteps, this report addresses the mission of being an instrument for strengthening informed citizen participation and deliberation on

matters of regional interest. The report offers an in-depth look at an array of key issues for understanding Central America's recent development. It is not a snapshot of the situation; it is a selective documentation of processes that identify and describe the efforts undertaken by diverse social, economic, political, and institutional actors in the recent past and their imprint on development in the isthmus.

A Report From and For the Region

The *State of the Region Report* focuses on the living conditions of those who inhabit the isthmus, recognizing their multiculturalism and aspirations. It is an account of the very diverse people who populate Central America as well as of the several millions who are far away, though not absent. Young faces and others marked by time, male and female, a minority of light-skinned faces and a great majority with a vibrant mestizo color. The report cannot address them all in all circumstances, but in exploring their hopes, day-to-day activities, and difficulties, it has embraced the challenge of doing so with deep respect, balance, and honesty.

In delivering this edition and its assessment of regional performance in sustainable human development, the technical team wishes to acknowledge the efforts of the many researchers and organizations towards making this

report a rigorous and useful tool for the citizenry. The report is a navigational instrument that combines the articulation of knowledge and evaluation with informed deliberation by applying robust participation mechanisms and practices throughout its preparation.

Mandate of the State of the Region Report

This is not a government or official document, nor is it anti-government. It does not seek to criticize public action, but does not defend it, either. Its purpose is to help promote sustainable human development by contributing timely, accurate, complete, and reliable information about Central America's performance, and to help build civil society and government dialogue and negotiation capacities. For this, the *State of the Region* offers a system for measuring and assessing regional performance that enjoys broad institutional support, legitimacy, and social participation.

In addition to following up on topics addressed in earlier editions, this Fifth Report introduces new subjects and gives continuity to a forward-looking and proactive section entitled "Strategic Dilemmas". As mandated by the Advisory Council, the focus of analysis this time is the coverage, quality, and relevance of education in Central America.

In synthesis, the *State of the Region* Report is envisaged as an instrument to:

- foster informed reflection on the present and future of Central America;
- promote effective petitioning and accountability;
- identify potential actions to expand the population's opportunities and build its capacities; and
- provide the technical foundations for social and political dialogue to promote sustainable human development in the region.

Why a Regional Report?

The scarcity of systems for monitoring government and societal response to

common challenges is one of the most serious hurdles to Central America's consolidation as a region of peace, freedom, democracy, and development, as envisioned in the Tegucigalpa Protocol and reaffirmed by the Central American Alliance for Sustainable Development (ALIDES) in the mid-1990s. This affects the quality of decisions, particularly those concerning regional integration. It also hampers dialogue on matters of collective interest, since the lack of knowledge fuels prejudices that override informed opinion. Finally, it also erodes the population's capacity to demand their rights and participate effectively in public affairs.

To make inroads toward greater transparency in development management, it is imperative that the offering of information and analysis be expanded and placed within citizens' reach. More clarity and dissemination of relevant data for public policy design contributes to institutions that are more sensitive to the population's expectations and urgent needs. When transparency is lacking, many lose out and very few, if any, win.

Nowadays, Central American societies have evolved from calculating a few indicators to studying their situations. This report's bibliography testifies to the growing production of quality research by think tanks, universities, and individual authors throughout the isthmus. The *State of the Region Report's* additional value is its analysis of issues that cut across all of Central America, with no distinction between borders and nationalities. Each chapter was designed to provide a regional perspective on the challenges examined; country-by-country comparisons are made when necessary to underscore a particular point, but in most cases the emphasis is on common findings and trends.

As indicated earlier, this edition focuses on the strategic dilemma of education in Central America in an attempt to answer the question: "How can educational coverage, quality, and relevance be improved in order to take advantage of the 'demographic dividend' despite poor fiscal capacity for increasing public spending?" Research efforts have

BOX 0.1

What is Central America?

For the purposes of this report, Central America is comprised by six countries: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. When information is available, Belize is also included. This definition of Central America is shaped by the geographical location of the seven nations occupying the strip of land lying between the Pacific Ocean and the Caribbean Sea, and North and South America.

In the *First State of the Region Report* (1999) an entire chapter was dedicated to the concept of Central America. From a cultural standpoint, the isthmus belongs to the Mesoamerican area, which includes several regions of Mexico and completely excludes Costa Rica and Panama. In economic terms, Panama, Belize, and at times Honduras have no similarity with the rest of the region. As of 2013 the Dominican Republic became a full member of SICA, but for the purposes of this report, with few exceptions, its inclusion in the analysis was precluded due to lack of time and resources.

In addition, the 1999 edition documented several visions of what Central America means to its inhabitants. They represent different ways of looking at the region and have implications for the actions of social and political protagonists throughout the isthmus. The challenge then was (and still is) to recognize and respect that diversity. But pluralism does not simply mean knowing that "others" have different strategies. Productive dialogue is also needed to find solutions so that Central America can be, from the different perspectives, home to all.

concentrated on previously unexplored topics, such as gaps in the countries' educational access, quality, and results, education and employment exclusion of young people aged 15 to 24, "the politics of public policy" in this area, and good international practices and lessons learned for improving educational systems.

Other new topics in the Fifth Report include urban growth in the region's major metropolitan areas (*circa* 1975, 1995, and 2015), poverty and unmet basic needs, the double burden of malnutrition in homes with children under the age of five and women of child-bearing age, and political party systems in Central America. The report also monitors social exclusion in the isthmus over the past five years.

A Consolidated and Renewed Initiative

As with earlier editions, the methodology used in preparing this report was based on three principles: academic rigor, social legitimacy, and wide dissemination. A decentralized research strategy was employed to foster the participation of academic centers, universities, and information sources in each of the Central American nations. On this occasion the process took around 36 months from the initial consultations to define topics, until the report's publication.

The interlude between the fourth and fifth editions was not idle. During this period academic networks and information sources were reactivated and the technical team remained in operation. The result is a creative balance of differing viewpoints, a report on the region that has not been made by any one country or international organization. Nor is it the sum of national documents prepared by the countries for themselves, or a text written by a select group of experts with a single vision.

The Fifth Report has been possible thanks primarily to various European Union cooperation funds and one-off contributions by international agencies specializing in diverse themes (Box 0.2).

Preparation of this work took place within the institutional framework of

the State of the Nation Program, an initiative promoted in Costa Rica by its state universities (University of Costa Rica, National University, Costa Rica Technological Institute, Long-Distance Education University, and National Technical University) united in the National Council of University Chancellors (CONARE), in consortium with the Office of the Ombudsman of the Republic. The technical team of the State of the Nation/Region Program is headquartered in San Jose.

A Strategy of Participatory Research and Discussion

The research strategy was based on the premise that a regional study is more than the sum of national reports. A different concept of the region underlies this approach, understood as a framework of relationships linking societies, economies, and political systems beyond and within national borders. This report is thus more than a comparative compilation and contrast of the countries' evolution. The aim is to generate regional value added. In practice, this was achieved through the combination of four measures:

- First, the agenda was regionally constructed through a consultative process that involved some 400 people in all of the countries during the last months of 2012 and first quarter of 2013.
- Second, the information was analyzed from a regional perspective. Although it was inevitable that differences would be noted between countries, this was not the only or most frequent type of comparison.
- Third, systematic identification of regional integration efforts – or lack thereof – in each of the themes made it possible to transcend the purely national perspective.
- Fourth, five workshops were held with 122 participants from the entire isthmus. Nearly fifty outside readers were asked to review and critique the research and chapter drafts in order to gather reactions and suggestions for improvement.

The participatory research body par excellence was the Report's Advisory Council, which was formed beforehand and consisted of thirty-three prominent figures from the region. The council's function was to direct the initiative in substantive aspects, select and define themes and approaches, participate in consultation workshops, and issue comments and recommendations on research findings and the final chapters.

Each study was prepared by one or more renowned professionals in the isthmus. For certain chapters, interinstitutional collaboration agreements were established (Box 0.2), and *ad hoc* networks were created. All in all, 63 researchers prepared around 40 presentations and specialized technical notes.

Box 0.1 lists the experts in charge of the different chapters of this report. It should be noted, however, that all of them worked with other collaborators; in some cases teams of several investigators were set up with a researcher for a single presentation, due to the complexity of the task. Our deep appreciation goes to these people for their contributions, as well as to those who provided information, our critical readers, and the final editors mentioned in the acknowledgement section at the end of each chapter.

Structure of the Report

The structure of this report has been simplified in response to suggestions received during consultation on the content and format of the *Fourth State of the Region Report* (2011), as well as findings from the technical team's internal assessment. This fifth edition contains the following sections:

- The "Synopsis," a chapter that synthesizes the report's findings and offers a strategic interpretation.
- "Regional Panorama," a set of six chapters analyzing performance and main trends with respect to demographic, social, economic, environmental, political, and regional integration issues in Central America. The magnitude, direction, and speed of changes occurring since the Fourth Report (2011) are documented.

BOX 0.2

Sponsors and Network of Collaborators of the Fifth State of the Region Report

This report was sponsored by the National Council of University Chancellors (CONARE, an institution that brings together Costa Rica's state universities), the Second Program to Support Central American Regional Integration (PAIRCA II), the Second Regional Program of Food and Nutrition Security for Central America (PRESANCA II), and the Regional Program of Information Systems on Food and Nutrition Security (PRESISAN), the last three with European Union sponsorship. This was supplemented with resources for research on youth education and employment exclusion from the International Labour Organisation (ILO) Office for Central America, Haiti, Panama, and the Dominican Republic. Support for studies on environmental and social issues was provided by Fundación Avina, the Swiss Embassy in Costa Rica, and the Project for Land Use Planning and Sustainable Development in Central America of the German Agency for International Cooperation (GIZ).

This initiative also received valuable support from other institutions that recognized the report as a vehicle for enriching and projecting their regional activities. The research effort deployed within the frame of the *State of the Region* was also possible thanks to match funds from many organizations for topics in which their national interests converge with the regional outlook of this publication. Research projects conducted on this occasion included:

- The Economic Commission for Latin America and the Caribbean (ECLAC), through experts in its Natural Resources and Energy, Agricultural Development and Climate Change Units at the subregional headquarters in Mexico conducted three sectoral studies on energy, climate change, and convergence of energy policies and SE4ALL goals, which served as inputs for this report.
- The technical team of the Economic and Social Research Institute (IDIES) at Rafael Landívar University in Guatemala prepared the draft of the "Social Panorama" chapter.
- The PRIAS Laboratory at the National Center of High Technology (CENAT) in Costa Rica worked with satellite images to study the growth of Central America's main metropolitan areas from 1975 to 2015.
- The Central American Institute of Fiscal Studies (ICEFI) prepared the study on recent developments in isthmus fiscal policies.
- The Executive Secretariat of the Central American Monetary Council (SECMCA) prepared a technical note on the region's banking systems.
- The Institute of Nutrition of Central America and Panama (INCAP) conducted a study on the double burden of malnutrition.
- The El Salvador-based Central American Institute of Research for Development and Social Change (INCIDE) prepared the case studies on "the politics of public policies" for education in Guatemala, El Salvador, Honduras, and Nicaragua.
- The study on electoral systems and political parties was conducted in the frame of a cooperation agreement with the Master's Program in Political Science at the José Simeón Cañas Central American University (UCA) in El Salvador.
- The Institute of Agriculture, Natural Resources, and Environment (IARNA) of the Rafael Landívar University in Guatemala participated in preparing the technical note on the state of natural resource conservation and use in Central America.
- The analysis of educational policies in Central America during the 2002-2012 decade was prepared by the research team of the Social Education Research and Action Center (CIASER) in Nicaragua.

Finally, databases on collective actions, public institutions, and judicial statistics, constructed by the State of the Region Project as input for the Fourth Report, were updated in the framework of a regional internship program in which the following participated:

- the Legal Research Center of the University of Panama;
- the Central American Technological University (UNITEC in Honduras);
- the Institute for Conflict Transformation and Peacebuilding (INTRAPAZ) of the Rafael Landívar University in Guatemala;
- the University Institute of Public Opinion (IUDOP) of José Simeón Cañas Central American University in El Salvador; and
- the Department of Legal Sciences and Humanities of Universidad American College in Nicaragua.

TABLE 0.1

Fifth State of the Region: network of researchers

Researcher	Country	Title of the Study
Panorama regional		
Danilo Rayo	Nicaragua	<i>Demographic Panorama of Central America</i>
Rodrigo Briceño	Costa Rica	<i>Changes in the Structure and Formation of Households in Central America</i>
Alma del Cid y Francisco Sandoval, Institute of Economic and Social Studies, (IDIES), Rafael Landívar University	Guatemala	<i>Social Panorama of Central America</i>
Mireya Palmieri, Ana Victoria Román, Karla Mesarina y Humberto Méndez, INCAP	Guatemala	<i>Double Burden of Malnutrition in Central America</i>
Ximena Tinoco y Daniella Tinoco	Costa Rica	<i>General Panorama of Food and Nutrition Security in Central America</i>
Obryan Poyser	Costa Rica	<i>Comprehensive Measurement of Poverty in Central America: Exploration based on household and quality of life surveys in the countries</i>
Diego Fernández y Obryan Poyser	Costa Rica	<i>Social Exclusion in Central America: Updates of measures and profiles</i>
Juan Alberto Fuentes y Maynor Cabrera	Guatemala	<i>Economic Profile of Central America</i>
Enrique Maldonado, Institute of Fiscal Studies (ICEFI)	Guatemala	<i>Tax Burden, Taxation, and Tax Reforms in Central America</i>
Central American Monetary Council	Region	<i>Banking Systems in Central America</i>
Felipe Alpízar	Costa Rica	<i>Political Panorama of Central America</i>
Álvaro Artiga	El Salvador	<i>Electoral Management and Outcomes in Central America</i>
Carlos Mendoza y Aldo Magoga	Guatemala	<i>Violence, Insecurity and Victimization in Central America</i>
Roberto Cajina y Lynda Orozco	Nicaragua	<i>Civilian-Military Relations</i>
Harry Brown	Panama	<i>Political Parties and Systems in Central America</i>
Xenia Hernández, National Foundation for Development (FUNDA)	El Salvador	<i>Actualización de indicadores de transparencia y rendición de cuentas</i>
Marvin Pol, Citizen Action	Guatemala	
Lester Ramírez, Association for a More Just Society	Honduras	
Nicole Quesada	Nicaragua	
Ana Teresa Ávila, , Foundation for Citizen Freedom	Panama	
Leonardo Merino	Costa Rica	<i>Environmental Panorama of Central America</i>
Nils Saubés y Juventino Gálvez, Institute of Environment and Natural Resources (IARNA), Rafael Landívar University	Guatemala	<i>State of Conservation and Natural Resource Use in Central America</i>
Myriam Urzúa	Mexico	<i>Urban Management in Central America: Legal-Institutional Conditions</i>
Luis Romano	El Salvador	<i>Disaster Risk Management and Vulnerability</i>
Ricardo Orozco, Annie Vargas, Jairo Aguilar y Christian Vargas, Program of In Situ and Airborne Investigations and Remote Sensing (PRIAS)	Costa Rica	<i>Growth of the Metropolitan Area of Capital Cities in the Central American Region</i>
Hugo Ventura, Eugenio Rojas y Eugenio Torijano, Energy and Natural Resources Unit, ECLAC Subregional Headquarters in Mexico	Mexico	<i>Energy in Central America: Reflections for Transitioning to Low-Carbon Economies</i>
Julie Lennox y Jaime Olivares, Agriculture Development and Climate Change, ECLAC Subregional Headquarters in Mexico	Mexico	<i>Climate Change in Central America: The challenges of inclusive and sustainable adaptation</i>
Deborah Ley (consultora) y Hugo Ventura of the Energy and Natural Resources Unit, ECLAC Subregional Headquarters in Mexico	Mexico	<i>Convergence of Energy Policies, Including Carbon Neutrality and Strategies for Compliance with SE4ALL</i>
Luis Diego Segura y Alberto Arias	Costa Rica	<i>Regional Integration in Central America</i>
Luis Diego Segura	Costa Rica	<i>Technical Notes: National Agendas on Integration and International Cooperation and SICA</i>

CONTINUES >>

TABLE 0.1

>> CONTINUES

Fifth State of the Region: network of researchers

Researcher	Country	Title of the Study
Strategic Dilemma		
Antonella Mazzei, Diego Fernández y Manuel Barahona	Costa Rica	<i>Population of Socially Excluded 15- to 24-Year-Olds: Characterization and Profiles</i>
Ana Lucía Álvarez, Melba Castillo, Ana Patricia Elvir y Josefina Vijil, Center for Social Research and Education Action (CIASSES)	Nicaragua	<i>Education Policies in Central America</i>
Alejandro Abarca	Costa Rica	<i>Education Gaps in Central America</i>
Alexander Segovia, José Roberto Suay, Carina Alfaro y Gabriela Ramírez, Central American Institute of Research for Development and Social Change (INCIDE)	El Salvador	<i>The Politics of Public Education Policies in Central America: Case Studies in El Salvador, Guatemala, Honduras, and Nicaragua</i>
Juan Manuel Muñoz	Costa Rica	<i>The Politics of Public Education Policies in Central America: Case Studies in Costa Rica and Panama</i>
Leonardo Garnier	Costa Rica	<i>Main Trends and the Situation of Education in Central America</i>
Leonardo Sánchez, Program of Research on Sustainable Urban Development (ProDUS), University of Costa Rica	Costa Rica	<i>Analysis of Groups of Education Centers in Central America</i>
Jennifer León	Costa Rica	<i>Technical Note: Teachers in Central America: Main characteristics and challenges for quality</i>
Rolando Leiva	Costa Rica	<i>Technical Note: Teacher Salaries in Central America</i>
Obryan Poyser y Luis Antonio González	Costa Rica	<i>Technical Note: TERCE: General outcomes and associated factors</i>
Claudia Dary	Guatemala	<i>Life Stories of the Population that Neither Studies Nor Works in Central America</i>
Mario Mora	Costa Rica	<i>Lessons Learned and Good International Practices in Education (increase in coverage, quality, and relevance).</i>

- “Strategic Dilemma,” a chapter intended to contribute to debate on options and strategies the region could adopt to move ahead in key areas for its sustainable human development, given that “doing the same old thing” will have serious consequences in the future. The analysis goes beyond the diagnostic and incorporates scenarios and public policy alternatives.

In a departure from the previous edition, the “Statistical Compendium” has been separated from the main body of the report and turned into an independent publication called *Statistics for Central America*. Along with the series of social, economic, environmental, and political indicators, this new product includes findings, graphics, and a section

on progress and setbacks in availability, quality, and access to information on sustainable human development in Central America. This publication has already been issued twice, the first time in 2013 and the second in 2014.

It is worth noting that in this edition, “Regional Panorama” chapters follow up on relevant indicators for topics analyzed as “strategic dilemmas” in previous reports: citizen security and intelligent insertion in the international economy, in 2008, and social exclusion, in 2011.

Dissemination: Key Component of the Process

In recent years, a multidimensional strategy has been applied to disseminate the findings of the *State of the Region* Report. This has included several

specialized publications¹, along with the two previously mentioned editions of *Statistics for Central America*. New products were also designed (videos, digital animations and electronic publications). Resources such as virtual conferences, email marketing and social networking (Facebook, Twitter and YouTube) were also used to publicize the studies in attractive formats tailored to the needs of mass audiences as well as specific sectors and groups.

The Fourth State of the Region Report (2011) was presented directly to some 10,000 people in around 375 events. Added to this were numerous reports, news items, and articles put out by the media, for which the audience cannot be quantified.

The strategy defined decision-makers in public and private spheres, regional institutions, the media, civil society, and the education sector as its target audiences. Intervention modalities were therefore developed to meet the information needs of each.

The main dissemination instrument was the report itself. Three thousand copies were printed, of which 1,740 were delivered door to door to members of the research and consultation networks, government and nongovernmental authorities, regional institutions, and academic centers in universities of Central America, United States, and Europe. The products deriving from the Fourth Report are: 10,000 compact discs, 1,000 USB flash drives, and 9,500 pamphlets with the print version of the “Synopsis,” 8,000 in Spanish and 1,500 in English.

The report was disseminated in the media using a press kit, numerous press releases, and press conferences parallel to the presentations in each country, attended by 130 journalists from 121 media outlets and news agencies. In addition, a “press room” was created on the website of the State of the Nation/Regional Program, where information was posted for the use of communicators, and there was participation in a large number of television and radio programs. As a result of this work, between October and December of 2011, 461 news reports were published by 264 media outlets and news agencies, 313 corresponding to “Tier 1” media (those with the highest rating). The economic value of the coverage generated is estimated at US \$1,856,926. (Publicity)

In addition, materials were produced and special publicity was deployed, such as the following:

- An issue was devoted to the *State of the Region* in the Central American magazine, *Mercados y tendencias* (October-November 2011).
- The first State of the Region Investigative Journalism Contest (2012) was held under the theme, “The Human Drama of Social Exclusion in Central America”².

- Three thousand copies of the document *Cambio climático y ecosistemas en Centroamérica: una oportunidad para la acción*³ were published.

- Three hundred copies were made of the offprint, *Programas de transferencias monetarias condicionadas en Centroamérica. Un estudio sobre corrupción, clientelismo y amiguismo en Costa Rica, El Salvador y Guatemala*⁴.

- Twelve videos and digital animations were made available at <www.estadonacion.or.cr> on topics such as social exclusion, demographic dividend, and climate change. These were viewed 9,496 times by April 2016, at the close date of the Fifth Report.

- Activities were organized with specific audiences: meetings with embassies and representatives of international organizations, presentations to SICA institutions, international events, and congresses (LASA 2011, ACAS 2012, VII Congreso Centroamericano de Ciencias Políticas, ALAS 2013, Human Development Conference 2013, among others).

- The complete report and much of its base research were posted on the website of the State of the Nation/Region Program, with 8,706 visits exclusively to the State of the Region tallied in the four months after its launch (October 2011-January 2012).

One of the most significant of the various types of activities organized to disseminate *Statistics for Central America 2013*⁵ throughout the isthmus were talks on the challenges and opportunities of sustainable human development. These afforded opportunities to convene different social sectors for analysis and discussion of relevant topics, such as educational quality and relevance (Honduras), wealth distribution and equity (Guatemala), economic growth and productivity (Nicaragua), anti-violence and insecurity policies (El Salvador), and sustainable economic growth (Panama). High-level panelists representing business, civil society,

academia, governments, and regional institutions participated in the events, which received extensive media coverage. The print version of *Statistics for Central America 2014*⁶, published in December 2014, was delivered to around 311 information sources, authorities, and representatives of international organizations and regional bodies. Dissemination of its content through press releases led to numerous publications in the print media from December 2014 to July 2015.

Limitations and Final Remarks

This reporting effort has evident limitations. The first is that treatment of the region as a unit is uneven in several areas, and information for Belize, while improved, is relatively scarce. Second, most of the research is based on secondary sources, that is, on the compilation, verification, and contrast of pre-existing statistics or academic and technical studies. With certain exceptions, time and resource constraints precluded primary research. In turn, secondary information was very frequently reprocessed.

Third, not all subjects of interest could be analyzed in the same depth due to the scarcity or absence of information. Special care was therefore taken to cite all the sources supporting the assessments in the text, and extensive notes were added when necessary to facilitate proper interpretation of the data.

The technical team was in charge of coordinating research strategies and providing support for the report’s preparation. Notwithstanding all of the collaboration, acknowledged in detail in the respective sections, any errors in this work are the sole responsibility of that team. The assessments appearing in the report do not necessarily reflect the views of sponsoring institutions.

The State of the Region Report constitutes a system to monitor the challenges of sustainable human development and the course of regional integration developments. As indicated at the beginning of this foreword, it is not a snapshot of the situation, but rather a selective documentation of processes to help identify possibilities

for common action, carried out with awareness and respect for the isthmus's social, economic, political, ethnic, and cultural plurality. This edition not only reaffirms that plurality, but reports the changes that have taken place during particularly difficult times for Central America.



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(2016)

NOTES

- 1** *Agendas regionales sobre desafíos estratégicos del desarrollo humano sostenible de Centroamérica; Pobreza en Centroamérica: evolución 2000-2014 y situación actual; Exclusión educativa y laboral de la población de 15 a 24 años en Centroamérica; Crecimiento urbano de las áreas metropolitanas de Centroamérica (1975-2015) and Energía en Centroamérica: reflexiones para la transición hacia economías bajas en carbono.*
- 2** The contest was designed to encourage analytic journalism and dissemination of the Fourth Report's special chapter on social exclusion in Central America. Fifteen entries were submitted in the categories of print/digital and audiovisual media, of which four were selected: "Educación para incluir," by Amalia Morales (Nicaragua); "Narcocomunidades: las zonas olvidadas de Centroamérica que ven el narcotráfico como una tabla de salvación para su supervivencia," by Juan Manuel Fernández (Costa Rica), Antonio Ordóñez (Guatemala), and Omara Leiva (Nicaragua); and "Indígena busca trabajo: desafíos para la plaza digna en Centroamérica," by Catalina Vásquez and René Mena (El Salvador). In the audiovisual category, the award went to "Desayuno buffet," by Christian Chaves (Guatemala).
- 3** Prepared with support from the Environmental Program for Central America funded through Danish collaboration (PREMACA-DANIDA), and the International Union for the Conservation of Nature (IUCN) in the frame of the project, "Central American Coastal Communities and Climate Change: Developing capacities for local action" (Manos a la costa), executed by Fundación para la Paz y la Democracia (FUNPADEM), and the National Biodiversity Institute (INBio) with the sponsorship of the European Union.
- 4** Prepared in the framework of a cooperation agreement with Transparency International.
- 5** Included a long range annual series for some 150 variables and international indicators. Covered the 2000-2012 period.
- 6** Covered the 2000-2013 period, included around 180 variables and indicators, and emphasized comparative analysis with the whole of Latin America and the Caribbean, the OECD countries, and global average indicators.

C H A P T E R

1

Synopsis

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GENERAL ASSESSMENT

Assessment

While Central America undeniably made economic and social strides between 2010 and 2014, these were insufficient for substantial improvement of human development in the region as a whole. The restricted impact is explained by the limited scope of those gains and because none of the key historically ignored challenges were addressed. The better-positioned nations were the ones that made greater advances, widening the gaps between the more dynamic and developed south and countries in the center-north of the isthmus with persistent economic, social, and political lags. These differences were sharper within the nations and for certain population groups.

As it neared 2015, Central America was better off than it had been in 2010. Recovering exports, low inflation, and moderate growth rates following the 2008-2009 global crisis were accompanied by an uptick in most social indicators, such as social investment, educational coverage, and life expectancy. Certain headway was also made in environmental management: the amount of area set aside for protection was continually increased, electrical generation was expanded with clean, renewable energy sources, climate change adaptation and mitigation measures were strengthened,

and the Regional Electricity Market was launched. On the political front, mass protests against corruption took place in almost all of the countries, and for the first time a national president was forced to step down as a result of judicial actions and citizen scrutiny and mobilization, an event that would have been unthinkable only a few years earlier. Additionally, the acute crisis in regional integration caused by the 2009 coup d'état in Honduras was resolved.

Nonetheless, a better situation does not mean it is good. None of these advances involved significant changes in productive structure, wealth distribution patterns, natural capital overexploitation, or institutional capacities for human development and democracy. As a result, countries were unable to counter the chronic problems holding back progress in Central America as a whole. Like five years ago, almost half the population is still affected by poverty and social exclusion, especially in the center and northern part of the isthmus, which is also the most populous. In most of the countries income distribution inequality levels are still among the highest in Latin America, the world's most unequal region. Low tax burdens and high concentration of indirect taxes block the ability to take action on this state of affairs, halt rising

GENERAL ASSESSMENT

fiscal unsustainability or adjust spending to the magnitude of social needs.

Most of these nations continue to exhibit a worrisome inability to provide their populations with essential services and maintain a presence and full control in their territories. Furthermore, rising fiscal deficits jeopardize economic equilibrium and restrict capacity to take on powerful actors in organized crime - a problem affecting all the countries, albeit at different intensities. Abuses in the exercise of power and persistently high levels of violence erode harmonious co-existence among citizens and threaten the fragile stability of several countries in the isthmus. The recent decline in indicators on support for democracy and frequent instances of social protest suggest that the political systems are unable to provide satisfactory responses to demands for representation, participation, transparency, justice, and in general, Central Americans' expectations of wellbeing and development.

A deep contradiction exists with regard to the environment. The region has rich biodiversity, but uses it unsustainably. The pace of natural resource consumption and the ensuing contamination exceed the regenerative capacity of ecosystems, escalating the ecological debt. Far from generating better living conditions for the population, this is actually exacerbating poverty and exclusion for broad swaths of society. On the other hand, the energy matrix is transitioning to greater use of renewable, clean, and local resources, a step in the right direction, but the slow pace contrasts with consumption patterns that still focus on the use of fossil fuels, especially in the transportation sector, leading to high levels of greenhouse gas emissions and a burdensome oil bill.

Simultaneously, in some areas exploitation of the high potential for renewable energy generation has fueled social conflict around community resource use and access, making it necessary to take precautions to minimize environmental impacts and comply with legal restrictions on energy projects in protected areas.

Along with the persistent chronic issues, new and more challenging problems have arisen in the political arena. More than two decades after the transition from war and dictatorial regimes, the democratic states have yet to take root. In such circumstances, the military's recent strengthening and growing participation in activities other than national security compromises the subordination of military might to civilian control and poses a threat to freedom, peace, and protection of human rights. This, along with the burgeoning political violence in at least one of the isthmus's countries, should be carefully monitored.

The epidemiological transition associated with an aging population and households with coexisting chronic malnutrition and obesity pose a more complicated problem for public policies and health systems. Changes associated with new population dynamics that once seemed remote or characteristic of developed countries are now part of the Central American scenario. The period of demographic dividend is now peaking and countries are losing maneuvering room for taking advantage of the growing flow of work-age population, as European and Asian nations did to give a vigorous boost to their human development. The possibility of making use of this juncture is constrained by the time horizons of the priorities and decisions of the states and other social, economic, and political actors. Most of these are reactive,

meaning that they respond to needs and pressures arising in the moment.

Strategically, the countdown to the exhaustion of the demographic dividend - in 2020 for Costa Rica and Panama and 2050 for Guatemala - obliges countries to make fundamental adjustments to their development styles. They must also create a more efficient and robust public institutionality capable of realizing the human capital potential currently being wasted, as demonstrated by 5.4 million young people between the ages of 15 and 24 (60% of the total) now outside the educational system. This is a structural barrier making it impossible to break away from the intergenerational transmission of poverty and social exclusion, and to leverage economic growth.

The demographic transition is being accompanied by rapid and uncontrolled growth of the metropolitan areas surrounding capital cities and an intense concentration of the population, which in turn generates greater demand for transportation services, security, housing, water, sanitation, employment, and social services, as well as causing severe environmental impacts, risks and vulnerability exceeding weak institutional capacities for land use planning and planning in general.

In the next decades, the effort to reap the benefits of the demographic dividend will impose differentiated challenges on the countries. Those farther behind in the transition will face a growing demand for education and health services, employment and food since they will have rapidly swelling contingents of child and youth populations. For these countries, but more so for those farthest along in the demographic change, it

GENERAL ASSESSMENT

will also be necessary to promote transformation of production structures to increase the share of high value-added activities in employment generation and economic dynamism.

While the regional integration process did not have to deal with upheavals such as the political crises or the international economic recession impacting efforts at the end of the last decade, member states failed to launch any significant initiatives to reinforce community policies or modify the structure of regional institutions. The achievements of recent years were isolated and insufficient. Progress was also curtailed by cutbacks in international cooperation. The generally feeble development policy implementation that, with differing nuances, characterizes public institutionality in Central America restricts the possibility of strengthening integration, since the countries' pressing internal needs take precedence over regional agendas.

Committing to Education

This report includes a special chapter providing an in-depth analysis of education in Central America. It provides new and extensive information on the isthmus's educational situation, outlook, and challenges from a regional standpoint, and calls for societies and states to make a strong commitment to education.

The chapter's basic premise is that extensive public access to quality education is a necessary, though not sufficient, condition for the region to increase its economic productivity, improve social equality, and drive citizen empowerment, which in turn strengthens democracy.

The report specifically proposes expanding educational coverage and quality – which in the majority of the countries entails increased spending on education – and putting results-based management systems in place in order to make education the primary instrument for ensuring the current generations' well-being, enhancing regional productivity, driving higher value-added production activities, and promoting a more active citizenry in public decision-making.

While not a "magic wand," education has indeed proven effective for driving development. Specifically, it is a strategy to energize and transform labor markets, spur the creation of quality jobs, generate new and better opportunities for people, and tackle the high levels of inequality, crime, and violence currently being recorded in the isthmus.

During the next few years, a failure to do anything more than what has already been done would mean perpetuating the region's current vicious cycle of lack of access, low educational quality, and social and economic backwardness. It would also mean the frustration of what is now an enormous opportunity to stimulate Central America's economic growth and sustainable human development.

Regional Action and the Future of Central America

The persistence and intensification of historical problems, together with the increased complexity of old, reemerging threats, indicate an urgent need for new strategies and lasting political accords toward a redefinition of development styles in the region. Central America's biggest challenge today is to make sure the mistakes of the past are not repeated in societies that are deeply marked by violence, social exclusion, and

political instability. Given its present-day capacities and resources, the region must optimize efforts and take advantage of opportunities for improving the population's well-being.

Ever since its second edition in 2003, this report has been emphasizing the importance of encouraging concrete actions by integration institutions to complement the states' efforts at fostering their human development. It has called for integration in a practical sense, linked to clear and verifiable goals and removed from the verbose discourses that continue to characterize regional agendas. This report reiterates that call, and appeals for a new, vigorous joint effort in the field of education.

Throughout a decade and a half of this century, the nations of the isthmus have been able – though with great difficulty – to undertake various regional actions, the most successful of which has been the Central American Electrical Integration System (SIEPAC). In other spheres, progress has stalled, as in the case of the customs union. Even where unsuccessful, however, concrete actions addressing the national interests of member states furnish a more solid base for integration efforts by providing a clear sense of purpose and engaging civil society in demand for stronger momentum in these areas. This transcends the proliferation of generic presidential mandates on highly diverse issues or the perpetuation of a disjointed institutional framework with agendas responding more to the funding priorities of international cooperation than to initiatives springing from and launched by the Central American countries.

GENERAL ASSESSMENT

Defining a small set of specific tasks associated with verifiable goals and mechanisms for transparency and accountability may help overcome the states' lack of political will to meet regional commitments. This is also a good strategy to prevent binational disputes from paralyzing the integration process, as unfortunately occurred in the past de-

cade. Member countries need to analyze and conduct an extensive review of SICA in order to strengthen it, and more particularly, adapt it to each country's needs and capacities for regional action.

In particular, as has been mentioned, this report calls for rapid progress in education, and an amplification and reinforcement of the work done by the Central American

Educational and Cultural Coordination (CECC-SICA) is fundamental for this. Without clear, committed national and regional will, overcoming challenges as complex as those faced today by the isthmus will be extremely difficult, if not impossible.

EARLIER ASSESSMENTS

1999 Assessment

For the first time in thirty years, Central America has experienced a positive decade, thanks to the countries' efforts to create political, social, and economic stability after decades of authoritarianism and armed conflict. An important part of this progress was built on the milestone represented by the Esquipulas II Summit (1987), whose vision of peace has contributed to democratic transitions, stimulated regional trade interrupted by the wars, and fostered the emergence of a new round of regional integration that today includes more countries (Belize and Panama), new issues, and new institutions. This integration is also under pressure to show tangible results and remain a priority in the face of national challenges, in a scenario where governments and societies are forced to resolve acute social and political problems.

As the twenty-first century commences, the main challenge is to consolidate Central America as a region of peace, freedom, democracy, and development. It is the challenge of consolidating a pluralistic community with human security, based on economic growth, social equity, environmental sustainability, and robust ties through integration and cooperation in a diverse and complex region.

2003 Assessment

The dynamic pace of Central American progress has flagged. Advances in human development were unable to maintain the momentum of the previous decade, when the region recovered its social and political stability and put armed conflicts and recession behind. Improvements attained at the

beginning of the twenty-first century in life expectancy, infant mortality, educational coverage, and health were affected by the economic slowdown, deteriorating equality, environmental and social vulnerability, lack of coordination between the production sector and employment, and a sluggish, though sustained, evolution towards democracy.

While encouraging, the progress made in human development has not been enough to overcome the region's historical lag, as it has not always been a dynamic geared toward generating opportunities for large segments of the population.

Achieving development goals requires a wide-ranging combination of economic and political initiatives, such as increasing the quantity, quality, and oversight of public social spending, forging new production linkages among the various economic sectors, reducing inequality, and institutional strengthening for the rule of law.

2008 Assessment

Central America is facing a new and more complex international situation without having achieved, in recent years, rapid advances in human development and regional integration. Deep-rooted changes in the isthmus's societies have not been enough to overcome their historical lags, nor have they created the platform needed to contend with new global circumstances. This panorama poses strategic challenges that will demand not only innovative and bold regional and national responses, but also major improvements in the collective capacity to implement them. This report proposes that these challenges be addressed jointly, rediscovering the region and integration as strengths that can complement the actions each state must

inevitably undertake for the well-being of its population.

The challenges of the times demand a new way of understanding and living together in Central America. The region's achievements over the past twenty years give rise to cautious optimism. Despite tremendous difficulties and evident shortcomings, it was able to move forward on a three-pronged path of transition (from war to peace, from authoritarian regimes to democratic political systems, and from war economies to open economies). If two decades ago the region was able to start moving away from authoritarianism and armed conflict, today, with a greater awareness of its needs and potential, Central America can also meet the challenge of ushering in an era of significant progress in human development under new and narrower international conditions.

2011 Assessment

Despite setbacks on several fronts and adverse, uncertain international conditions, neither the individual Central American countries nor the region as a whole, have revisited the scenarios of economic and political crisis of the eighties. This, in itself, is a major achievement in a region with a history plagued by vulnerabilities and instability. Without reaching those critical extremes, since publication of the third edition of the State of the Region Report (2008), Central America has experienced worrying economic, environmental, social and political setbacks, along with widening socioeconomic and political gaps, particularly between the southernmost nations (Costa Rica and Panama) and those of the center and north. The regional integration process came under

EARLIER ASSESSMENTS

considerable pressure due to the political crises within and between countries, further limiting progress. These have given rise to a dangerous convergence of risks of considerable intensity that threaten to cause a rupture in the isthmus, that is, a general unwillingness among the countries to act jointly to address common challenges.

Steady progress towards sustainable human development requires, on the

one hand, a combination of national efforts – such as strengthening the countries' institutional capacities and removing political obstacles in order to combat social problems – and on the other, the implementation of mechanisms to facilitate joint action among the countries. At the national level, lasting and inclusive agreements would contribute significantly to reducing social exclusion. At the regional level, potential opportunities for collective

inter-state action need to be identified and tapped. There are at least three areas of opportunity for coordinated efforts: managing climate change risks, reversing the isthmus's widespread climate of citizen insecurity, and building a common infrastructure and logistics platform to facilitate regional interconnection.

CHAPTER 1 | SYNOPSIS

SUPPLIES

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CHAPTER-BY-CHAPTER SUMMARY

Demographic Panorama

Summary

The evidence is clear that in recent years the changes associated with new population dynamics that had once seemed remote or characteristic of developed countries, are now part of the Central American reality. Today the region is in the midst of transition, with increasingly narrow maneuvering room to harness opportunities and mitigate the risks associated with the demographic dividend period.

For the countries in more advanced stages of this process (Costa Rica and Panama), growth of the working-age population will end in five years, and there are already signs of the consequences of population aging. The associated challenges have to do with coverage and sustainability of social security systems, rising demand for health care and services, increased economic dependency rates, and the need to improve the productivity of the labor force.

For nations in the intermediate stages of the demographic transition (Guatemala, Honduras, Belize, Nicaragua, and to some extent El Salvador), the challenges

arise from increased demand for food and the need to expand coverage of health and education services in order to attend to a growing population. For Costa Rica and Panama, the imperative is to raise the level of public education, create more jobs, and improve the quality of employment in order to achieve greater productivity.

The pace of population aging in the isthmus will pick up starting in 2040, when fertility rates in all the countries will fall below the replacement rate (2.1 children per woman of childbearing age) and life expectancy will have reached close to 80 years on average. At that time the over-60 population will account for more than 30% of the regional total and will exert increasing pressure on social security systems and health care services, particularly in the countries further along in their demographic transition (Costa Rica and Panama).

International migration is another determining factor of demographic changes in the region. In 2015, close to four million people – around 8% of the Central American population – were

living outside their homeland. Although in the short term this generates benefits for the families and economies of the countries of origin, thanks to growing flows of remittances, in the medium and long terms it brings family disintegration and the consequent weakening of affective relationships, along with a loss of working-age population, exacerbating challenges associated with the demographic transition – especially for the countries in the region's north and center, those most strongly affected by the migration phenomenon.

The possibility of handling these processes and harnessing the opportunities they offer is limited by the timeframe of the priorities and decisions of the states and other social, economic and political actors. Most of these are reactive; that is, they seek to address emerging short-term needs or pressures. Under these circumstances, it will be difficult to expand the Central American countries' thresholds of economic growth and human development.

Key Findings

- In 2014, Central America had almost 45.6 million inhabitants, close to 10 million (27%) more than in 2000. One of every three Central Americans is Guatemalan.
- The urban population has grown, but at different paces. In 2013, while in Panama more than three-fourths of the population lived in urban areas, in Guatemala that percentage was 49%.
- Regionally, the proportion of people under the age of 15 dropped by eight percentage points from 39.6% in 2000 to 31.5% in 2015.
- The percentage of people over 65, amounting to 5.8% of the total in 2015, will increase to 8.7% in 2030.
- In 2015, close to four million Central Americans, some 8% of the region's population was living outside their countries of origin; 82% of these were in the United States.
- From 2001 to 2013 the proportion of conjugal families with children fell, primarily in urban areas, and single-person households and single-parent families increased. Nevertheless, the first of these accounted for more than 50% of the region's households.
- The demographic dividend will extend until 2035 for Belize, Honduras and Nicaragua, and until 2050 for Guatemala. On the other hand, for Costa Rica and Panama, which are in a more advanced phase, this period will end in 2020.

SELECTED DEMOGRAPHIC INDICATORS

TABLE 1.1

CENTRAL AMERICA

Total population in 2014 and 2000-2014 and change (in thousands and percentages)

Country	2014		Change 2000-2014	
	Total Population	Percentage Distribution	Absolute	Percentage
Belize	361	0.8	111	44.5
Costa Rica	4.773	10.5	901	23.3
El Salvador ^{a/}	6.401	14.0	411	6.8
Guatemala	15.608	34.3	4.383	39.0
Honduras	8.309	18.2	2.114	34.1
Nicaragua	6.198	13.6	1.126	22.2
Panama	3.913	8.6	872	28.7
Central America	45.563	100.0	9.636	26.8

a/ In El Salvador the change data was calculated for 2005-2014, due to adjustments of population projections based on the results of the 2007 Population Census.

Source: Compilation based on PEN, 2014.

TABLE 1.2

CENTRAL AMERICA

Life expectancy at birth, by sex. 2010-2015 (years)

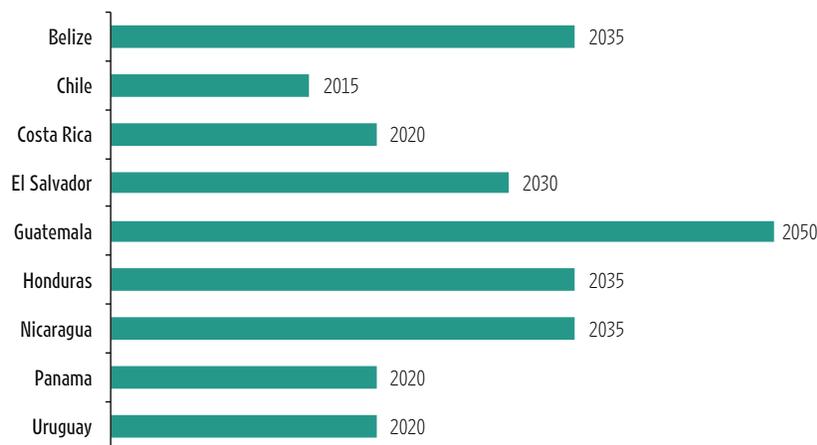
Country	Men	Women	Diference
Belize	67.2	72.7	5.5
Costa Rica	76.7	81.8	5.1
El Salvador	67.9	77.1	9.2
Guatemala	67.9	75.0	7.1
Honduras	70.4	75.4	5.0
Nicaragua	71.5	77.7	6.2
Panama	74.3	80.5	6.2

Source: Rayo, 2015, based on UN, 2012 in the case of Belize. For the rest of Central America the sources are CELADE and the Population Division of ECLAC.

GRAPH 1.1

CENTRAL AMERICA. CHILE AND URUGUAY

Estimated year for the end of the demographic dividend

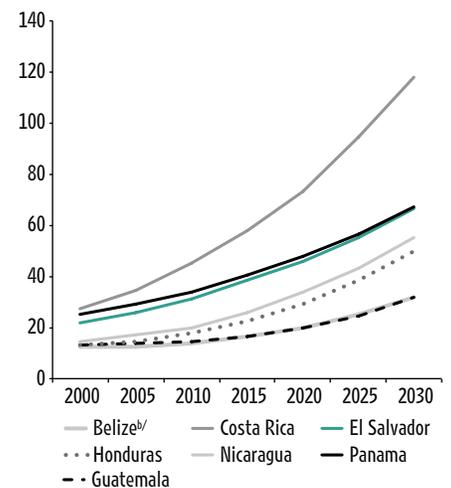


Source: Rayo, 2015, with information from CELADE-ECLAC and the United States Census Bureau.

GRAPH 1.2

CENTRAL AMERICA

Ageing index^{a/}. 2000-2030



a/ People aged 60 and over for every hundred under the age of 15.

b/ Data for Belize was updated in 2012 by CEPAL.

Source: Rayo, 2015, with information from CELADE and the Population Division of ECLAC.

SELECTED DEMOGRAPHIC INDICATORS

TABLE 1.3

CENTRAL AMERICA

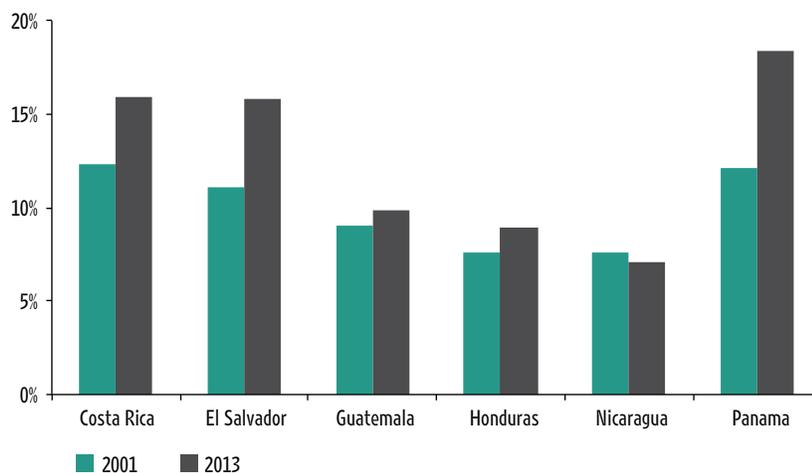
Migrant population 2015

Country	Total migrants	Migrants as Percentage of Total Population	Percentage of Migrants in the United States
Belize	54,758	15.7	90.9
Costa Rica	116,627	2.3	73.7
El Salvador	1,353,047	21.1	94.3
Guatemala	989,072	6.1	89.1
Honduras	631,872	7.5	84.0
Nicaragua	618,774	9.9	41.6
Panama	129,547	3.3	83.3

Source: Rayo, 2015, with data from UN DESA, 2013.

GRAPH 1.3

CENTRAL AMERICA

Single-person households consisting of older adults. 2001 AND 2013
(percentage of total single-person households)


Source: Briceño, 2015, with data from country household, employment and income, and standard of living surveys.

CHAPTER-BY-CHAPTER SUMMARY

Social Panorama

Summary

During the 2000-2013 period Central America was unable to significantly raise the levels of well-being and social progress of its inhabitants. Although key indicators such as life expectancy, infant mortality, access to public services, and educational coverage improved, the challenge of guaranteeing decent living conditions for broad sections of the population still remains, especially in the northern and central nations. These are also the most highly populated, and where poverty, social exclusion, chronic malnutrition, and violence are concentrated. The possibility of alleviating this situation is limited by the low level of social spending, which despite having improved somewhat in recent years, is insufficient for the magnitude of the public intervention needed.

Reaching higher thresholds of well-being signifies tackling both historical and new problems. Poverty and social exclusion are chronic evils in the region. While most of the countries were able to reduce rates during the last decade, in 2013 almost half the Central American population (47%) was below the poverty

line, and close to a fifth (18%) was living in extreme poverty. Moreover, between 2009 and 2014 the percentage of households living in social exclusion rose from 36% to 42%. This means that almost 4.2 million households – almost a million more than those reported in 2009 by the *Fourth State of the Region Report* – are outside the labor market and lack access to basic social services. The problems are even more acute in rural areas.

If it was impossible to improve the living conditions of this population during the period of economic boom (2004-2007), when the regional GDP grew by an average of 5.6% annually, it is now even more difficult due to the slowdown and international economic volatility, but above all, because of the persistently high inequality of income distribution, which keeps opportunities from expanding for the historically disadvantaged sectors.

The indicators for the last decade clearly show that Central America's well-being and social progress are also determined by its ability to take on the new challenges associated with demographic transition

and epidemiology, the two faces of malnutrition (undernutrition and overweight), expanding urbanization, and climate change. In most of the countries this will entail additional efforts to deal with this new dynamic, as well as addressing historical lags.

Together, the historical lags and new challenges combine to generate complex scenarios. While almost all the countries advanced, the improvement was modest and not enough to reduce intraregional gaps. In the next few decades the nations lagging farthest behind will face a growing demand for education, health, employment, and food, since by virtue of their demographic dynamics they will have increasingly larger numbers of children and young people. This is a red flag signaling the need to rethink national public policy and integration under the premise that the magnitude of the challenges surpasses the countries' individual capacities, and that a deteriorating social situation will affect future development possibilities for the region as a whole.

Key Findings

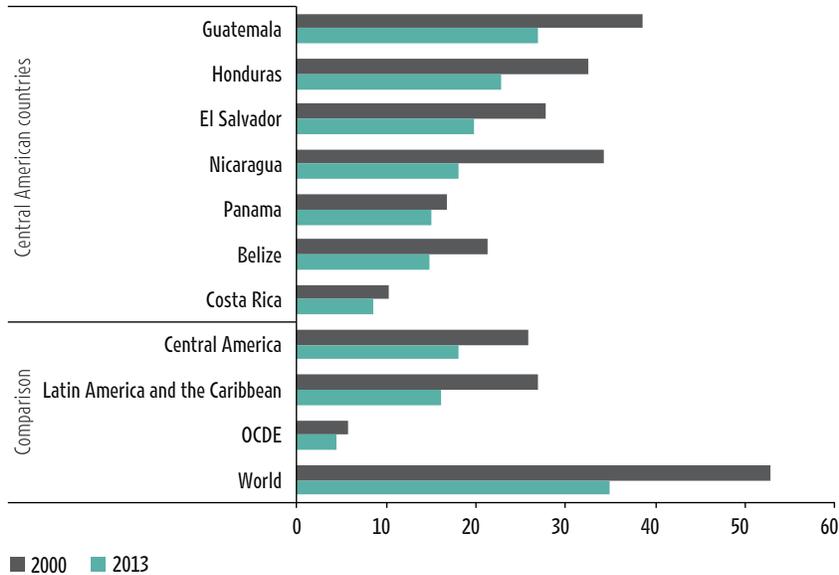
- Infant mortality fell in all countries from 2000 to 2013. Regionally, the average rate dropped from 26 to 18 deaths in children under the age of one for every thousand live births. Nicaragua and Guatemala have the highest rates.
- In 2014, nearly 26.5 million Central Americans (59% of the population) had at least one unmet basic need. Household overcrowding and quality of housing are the two main deficiencies affecting the region's families.
- Social spending rose throughout the isthmus during the 2000-2013 period, but considerable gaps persist. In 2013, average regional health spending was at \$194 per inhabitant, with amounts ranging from \$714 in Costa Rica to \$79 in Nicaragua (see education spending data in the Chapter 8 summary).
- In the 2000-2013 period, only El Salvador and, to a lesser extent, Panama were able to reduce income inequality as measured by the Gini coefficient.
- Between 2009 and 2014, the incidence of social exclusion climbed from 36% to 42%, equivalent to some 4.2 million households, almost a million more than those reported in the 2009 measurement. Social exclusion had abated in El Salvador, Guatemala, and Panama, but increased in the other countries, leaving a negative regional balance.
- In 2013, the minimum agricultural wage in El Salvador, Honduras, and Guatemala was not enough to cover the cost of the bundle of essential goods and services. The most critical situation was that of Nicaragua, where the cost is 3.27 times the minimum agricultural wage. Only in Costa Rica does this wage completely cover the cost of the rural bundle of goods.

SELECTED SOCIAL INDICATORS

GRAPH 1.4

CENTRAL AMERICA AND INTERNATIONAL CONTEXT

Infant mortality rate^{a/}. 2000 AND 2013
(per 1000 live births)



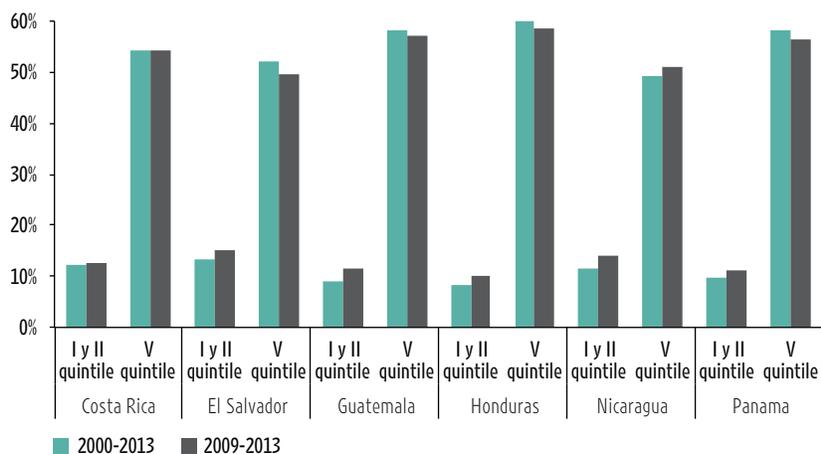
a/ Based on the annual number of deaths in children under the age of one per 1,000 live births.

Source: PEN, 2014.

GRAPH 1.5

CENTRAL AMERICA

Percentage of first, second, and fifth quintiles in total country income. AVERAGE OF THE 2000-2013 AND 2009-2013 PERIODS.



Source: Based on World Bank data.

TABLE 1.4

CENTRAL AMERICA

Distribution of households by poverty situation^{a/} and area of residence. Circa 2014 *CIRCA 2014*
(percentages)

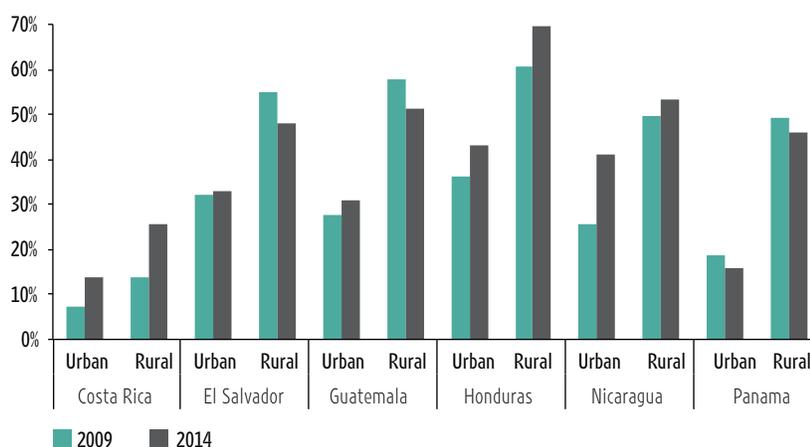
	Costa Rica	El Salvador	Honduras	Nicaragua
All households	100.0	100.0	100.0	100.0
Poor	33.9	62.4	76.9	78.3
Situational	11.9	5.3	19.2	0.6
Structural	11.5	32.8	12.4	45.3
Chronic	10.5	24.3	45.3	32.4
Non poor	66.1	37.6	23.1	21.7
Urban households	100.0	100.0	100.0	100.0
Non poor	29.1	53.1	69.7	68.5
Situational	11.0	5.6	24.4	0.7
Structural	9.7	27.1	9.3	48.7
Chronic	8.4	20.4	36.0	19.1
Non poor	70.9	46.9	30.3	31.5
Rural households	100.0	100.0	100.0	100.0
Poor	46.8	79.1	83.8	93.3
Situational	14.3	4.8	14.2	0.5
Structural	16.5	43.2	15.3	40.1
Chronic	16.0	31.1	54.3	52.7
Non poor	53.2	20.9	16.2	6.7

a/ The non-poor are households where income is above the poverty line and there are no unmet basic needs (UBNs). The situationally poor are below the poverty line and have no UBNs. The structurally poor are above the poverty line but have UBNs. The chronically poor are below the poverty line and have UBNs.

Source: Poyser, 2015, based on the ENAHO 2014 (Costa Rica), EHPM 2013 (El Salvador), EPHPM 2013 (Honduras) and EMNV 2009 (Nicaragua).

GRAPH 1.6

CENTRAL AMERICA

Percentage of excluded households, by area of residence.
2009 AND 2014

Source: Fernández and Poyser, 2015, with data from household and standard of living surveys conducted by national statistics institutes.

TABLE 1.5

CENTRAL AMERICA

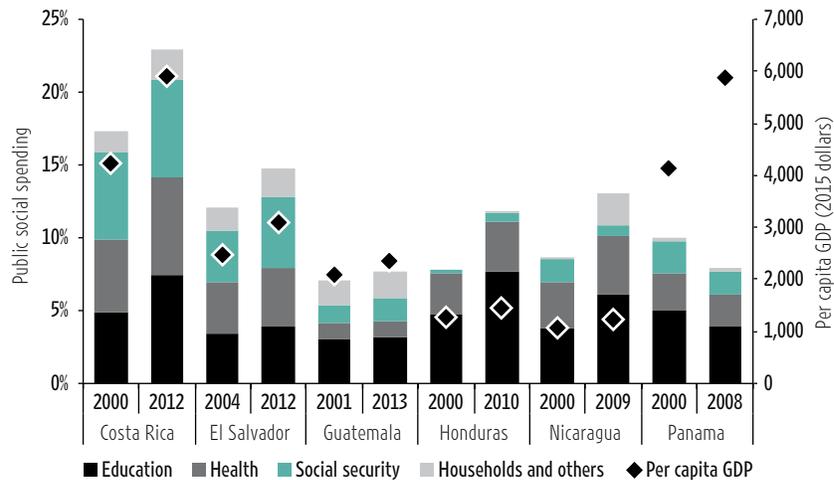
Households with unmet basic needs, by country and component.2014
(percentages)

Components	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Panama	Central America
Water	2.9	18.7	16.4	13.3	21.3	4.3	13.7
School attendance	0.4	2.2	4.7	5.5	6.7	0.7	3.7
Quality of housing	10.6	21.5	14.0	19.0	41.2	5.8	17.9
Quality of housing	7.9	6.5	16.0	7.9	16.6	4.5	10.9
Electricity	0.6	4.8	17.6	12.6	22.3	9.7	12.2
Overcrowding	5.0	36.2	43.8	38.8	56.5	19.3	35.5
Sanitation	0.6	20.1	14.6	13.9	27.5	13.9	14.9

Source: Poyser, 2015, based on the ENAHO 2014 (Costa Rica), EHPM 2013 (El Salvador), ENEI I-2014 (Guatemala), EPHPM 2013 (Honduras), EMNV 2009 (Nicaragua), and EPM 2014 (Panama).

GRAPH 1.7

CENTRAL AMERICA

Public social spending with respect to GDP and per capita GDP. by sector and country. CIRCA 2000 AND 2013

Source: ECLAC, 2015b.

CHAPTER-BY-CHAPTER SUMMARY

Economic Panorama

Summary

Economic performance in the years following the 2008-2009 crisis was neither sufficient nor sustainable enough to ensure substantial improvements in the well-being of the Central American population. In addition to international conditions, opportunities were limited by slow progress in transformation of the region's production and labor structure.

As a whole, the isthmus experienced modest economic recovery as a result of weak spending, both domestically and abroad, and few technological advances in the export sector. While external vulnerability was not strongly affected during the period under study, it may be exacerbated in the future by existing trade balance and fiscal pressures.

The international context largely explains Central America's macroeconomic performance in recent years, though major differences are seen when comparing the situations of individual countries. The effects of

global economic trends were transmitted through reduced remittances, trade in goods and services, and private capital flows – both financial and foreign direct investment – without necessarily making the region more externally vulnerable. In contrast, there was an influx of regional and international investors in the banking sector. Intraregional trade followed a similar trend, showing no significant signs of being pro- or countercyclical. Given the volatility of the international scenario, no efforts were made to strengthen the role of internal and intraregional markets as drivers of economic activity.

Growth of public expenditure, especially current expenditure, and an inability to achieve an equivalent increase in tax revenue, kept most of the countries from raising the funds needed to improve human development indicators. Efforts were made in some cases towards more progressive taxation

through reforms favoring direct taxes that will have positive effects on the states' financing and income distribution. However, the burgeoning fiscal deficits are leading to an indebtedness that may become unsustainable. El Salvador and Honduras are facing the most worrisome situations, followed by Costa Rica and Guatemala, the latter because of its especially low tax revenue. Nicaragua and Panama alone show no signs of a threat of unsustainable public debt.

The potential for converting growth into greater well-being is limited by the economies' inability to generate employment in sufficient quality and quantity to absorb the increasing numbers of working-age population associated with demographic transition. Added to this are low levels of productivity, gaps limiting access or work benefits for certain groups, and production systems moving sluggishly towards higher value-added activities.

Key Findings

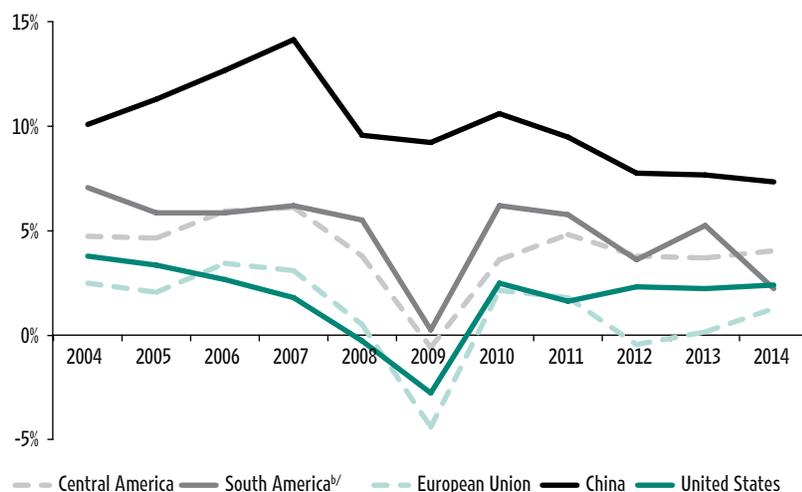
- After the 2008-2009 crisis, Central America showed moderate economic growth averaging 4% in the 2010-2014 period, one percentage point lower than the reported rate between 2004 and 2008. El Salvador and Honduras recorded the lowest growth rates.
- The region's productivity per worker is below the Latin American average. The countries with the best positions are Panama and Costa Rica, with levels of close to \$20,000 per worker in 2013, and those lagging the most are Honduras and Nicaragua, with levels four times lower (around \$5,000).
- Young people have limited access to the labor market. Their unemployment rate is around 11% compared to the national average of 5%.
- Between 2010 and 2014, foreign direct investment in Central America increased from \$5,881 million to \$10,001 million. It tended to stay at higher levels than before the crisis, and was concentrated in Costa Rica and Panama.
- In 2013, the average tax burden in the region was low by international standards, at 14.7% of the GDP, or 18.6% if all contributions to the general government are taken into account, including social security and pensions.
- Compared to the 2004-2008 period, the fiscal deficit increased between 2010 and 2013, especially in Honduras and Costa Rica, where deficits of more than 5% of GDP were recorded.
- The countries took on more debt to fund their fiscal deficits. The biggest increase was in El Salvador (from 54% to 61% of GDP between 2009 and 2013), but the most serious situation is that of Belize, whose debt is close to 80% of GDP. Additionally, the trend is to replace external debt with internal debt.
- Growth in exports of goods and services during the post-crisis period (8.1%) was similar to the world average (8.9%) and higher than that of developed countries (4.3%) but far below that of developing nations (27.2%).

SELECTED ECONOMIC INDICATORS

GRAPH 1.8

WORLD

Economic growth^{a/}. 2004-2014
(percentages)



a/ Real GDP in 2005 dollars.

b/ South America comprises Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela.

Source: Based on World Bank data.

TABLE 1.6

CENTRAL AMERICA

Relative share of exports to main markets. 2000, 2005 AND 2014
(percentage of total exports)

Year and Trade Partner	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Panama ^{a/}
2000						
Central America	13.3	58.7	32.8	24.7	26.8	14.1
United States	49.3	23.3	36.0	53.1	37.8	43.3
European Union	21.6	11.4	11.6	14.0	22.4	22.9
2005						
Central America	17.5	54.6	44.7	21.3	35.7	11.0
United States	37.9	25.7	31.0	47.8	30.6	43.5
European Union	17.2	9.1	5.5	19.2	13.1	28.2
2014						
Central America	19.0	50.6	43.8	24.4	21.8	11.7
United States	37.3	34.9	23.1	34.8	30.7	19.2
European Union	17.8	4.1	8.0	21.7	8.9	26.1

a/ Panama's exports to Central America include Belize.

Source: Based on data of the SIECA-SICA System of Trade Statistics (SEC).

TABLE 1.7

CENTRAL AMERICA

Relative share of medium- and high-tech industrial exports.2000 AND 2010-2014
(percentage of total exports)

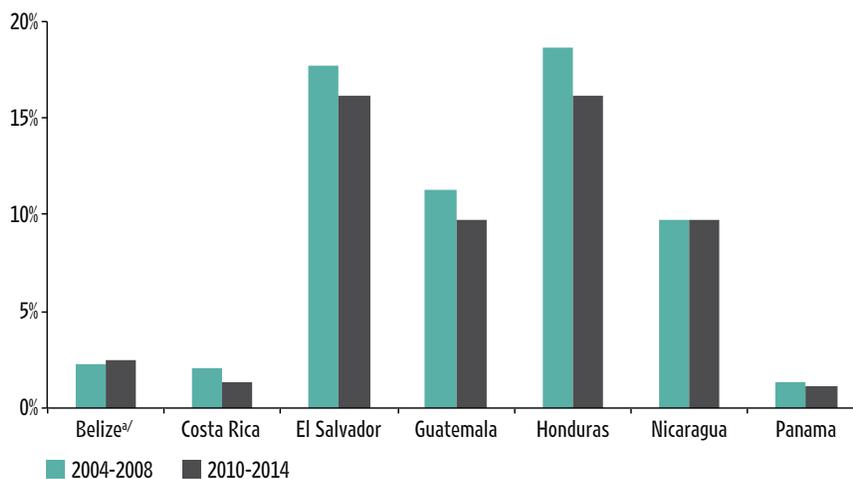
País	2000	2010	2011	2012	2013	2014
Costa Rica	48.5	43.1	43.1	43.7	46.3	
El Salvador	7.5	13.2	12.5	13.1	12.7	12.8
Guatemala	15.0	14.5	13.3	14.8	14.9	14.3
Honduras	6.4	13.4	10.9	18.5		21.0
Nicaragua	2.9	2.6	2.2	11.1	13.6	12.7
Panama	4.7	53.0	58.0	4.1	3.3	3.7
Central America ^{a/}	25.0	31.6	33.2	23.2	25.1	14.5

a/ The Central American average excludes Honduras in 2013 and Costa Rica in 2014.

Source: Fuentes and Cabrera, 2015, with data from ECLAC.

GRAPH 1.9

CENTRAL AMERICA

Remittances as a percentage of GDP. 2004-2008 AND 2010-2014

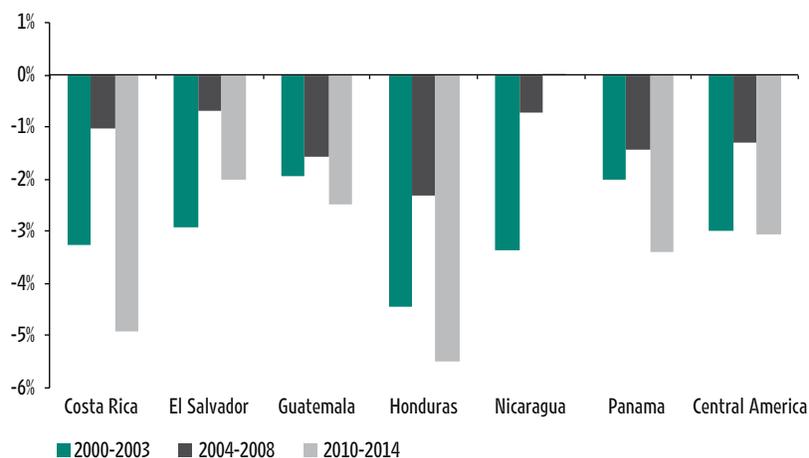
a/ For the second period, the Belize data is for 2010-2012.

Source: Based on PEN, 2014.

GRAPH 1.10

CENTRAL AMERICA

Evolution of the central government's overall fiscal balance as percentage of GDP. 2000-2003, 2004-2008 AND 2010-2014



Source: Compiled using data from CEPALSTAT.

TABLE 4.6

CENTRAL AMERICA

Distribución porcentual de la propiedad de los bancos regionales. 2008-2013

Country	2008	2009	2010	2011	2012	2013
Germany	0.8	0.7	0.7	0.6	0.6	0.5
Canada	9.7	8.9	8.9	8.8	9.8	8.6
Colombia	10.1	9.6	9.0	20.4	29.4	35.7
Costa Rica	1.2	1.3	1.0	1.1	1.3	1.1
United States	24.7	22.3	21.7	7.7	8.2	6.9
Guatemala	15.5	14.5	15.4	15.8	18.1	16.8
Honduras				2.3	2.8	2.8
England	15.6	20.3	19.8	17.9		
Mexico	0.2	0.3	0.3	0.4	0.6	0.6
Nicaragua	6.3	6.7	7.7	7.6	8.9	8.3
Panama	12.6	11.8	11.5	11.0	12.8	11.7
Dominican Republic	3.3	3.6	4.0	3.6	4.1	3.5
Venezuela				2.8	3.4	3.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: SECMCA, 2015, with information from the banking regulatory agencies.

CHAPTER-BY-CHAPTER SUMMARY

Environmental Panorama

Summary

Central America exhibits a paradoxical environmental situation: it has abundant natural wealth but makes unsustainable use of its resources and land. Moreover, natural resource use has not fostered a better standard of living for the population; on the contrary, consumption patterns compromise the future availability of resources and exclude large groups and sectors from access to them. This leads to social and economic consequences, increases risks, and causes a growing number of conflicts, making it increasingly difficult for the states to manage their land and heritage for the betterment of human development.

The region as a whole has a negative ecological balance. In 2011 (the date of the last available regional data), each Central American consumed 18.2% more than what the land can provide for different uses, based on its regenerative capacity. This gap was 10% in 2007, showing that the pattern of resource use is expanding rapidly.

Three factors stand out as reasons for this: first, a growing pressure on the resource base that can sustain present and future human development; second, urban growth without the necessary planning, leading to steadily increasing

risks and demand for social services and transportation, along with more pollution and unsound urban land use; and finally, elevated vulnerability to climate variability and change as a result of societal interaction with the environment. The region has a weak institutional framework for tackling these challenges and in particular, poor capacity to translate regional and national agreements and policies into results. Environmental sustainability appears to rank high in discourse, but not in the countries' political priorities and production ventures.

Energy, a key factor in the region's future, offers a clear example of the tension between resource availability and unsustainable use. The main component of Central America's ecological debt is its carbon footprint (the land required to absorb polluting emissions). The differences between countries are directly related to their human development index: the more developed they are, the more emissions they have. This is evidence that, despite the region's natural wealth and strong potential for producing its own clean energy, generation and consumption is based on polluting sources, particularly petroleum products and firewood. The

possibility of improving this situation, however, is constrained by the growing number of vehicles and the lack of modern, efficient public transportation systems.

In terms of human development, one of the main tensions between resource abundance and unsustainable use concerns water use. Despite the ample and sufficient supply, a large percentage of the population has no access to running water, especially in rural areas. Furthermore, there is minimal infrastructure for treating wastewater, causing pollution that compromises the bodies of water where it is discharged, primarily in urban areas.

For these challenges to be met, social, economic, and political actors, and society as a whole need to become aware of the magnitude and impact of environmental deterioration. Otherwise, in the near future the region will be vulnerable to escalating losses and situations that would make production and human activities unfeasible in certain areas and for certain population groups. Under those circumstances, it would be impossible to stimulate economic growth and raise levels of development.

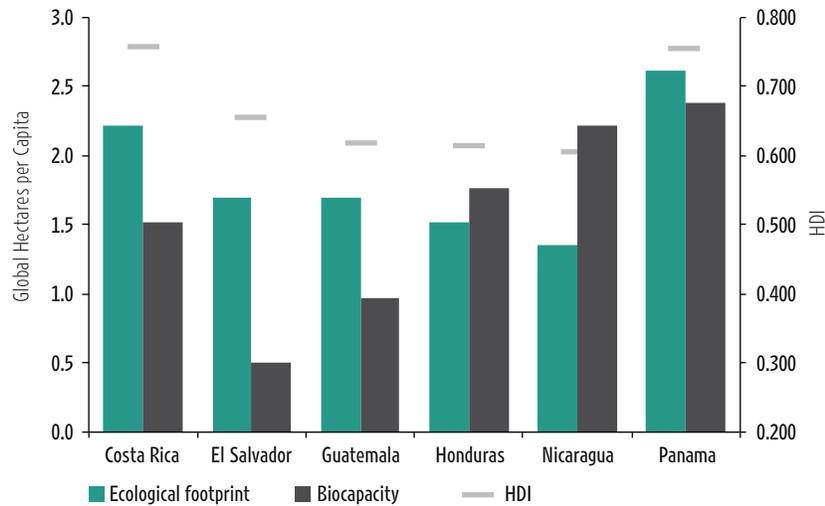
Hallazgos clave

- Central America has a growing ecological debt. According to the latest measurement (published in 2015 with 2011 data), per-person consumption exceeds the land's natural regenerative capacity by 18.2%. In 2007 the gap was 10%.
- 39% of Central America is covered by forests, more than the global average and that of OECD nations. However, forest areas diminished between 2000 and 2012 in all countries except Costa Rica.
- Only 30% of the region's population, not counting Belize, is connected to sewage systems. Installed capacity for wastewater treatment reaches 30% of the volume of water collected by those systems.
- Central America as a whole is estimated to have 12% of the planet's biological diversity, though it only accounts for 2% of the planet's surface. Nonetheless, it has lost 52% of its original biodiversity, 34% of that due to land use change.
- The total area of urban development comprised by the region's capital cities and suburbs has almost tripled in the last forty years, up from 33,146 hectares in 1975 to 92,180 hectares in 2014.
- A high percentage of final energy consumption continued to be fueled by petroleum products (48% in 2013). Renewable sources generate 63.6% of the region's electricity.
- Although the region's water supply per inhabitant exceeds estimated minimum requirements (1,700 cubic meters per inhabitant per year), problems persist in access to water, especially for the rural population.

SELECTED ENVIRONMENTAL INDICATORS

GRAPH 1.11
CENTRAL AMERICA

Ecological footprint, biocapacity, and HDI^{a/}. by country. 2011

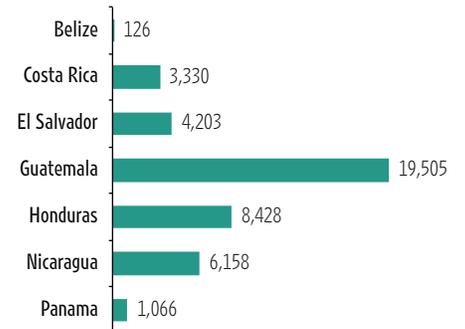


a/ HDI: Human Development Index.

Source: Based on data from Global Footprint Network, 2015.

GRAPH 1.12
CENTRAL AMERICA

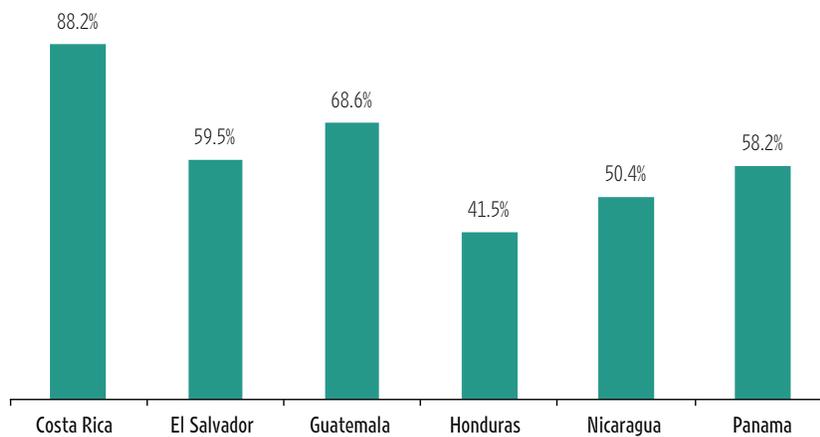
Total firewood consumption, by country. 2014 (thousands of cubic meters)



Source: Based on data from FAO, 2014.

GRAPH 1.13
CENTRAL AMERICA

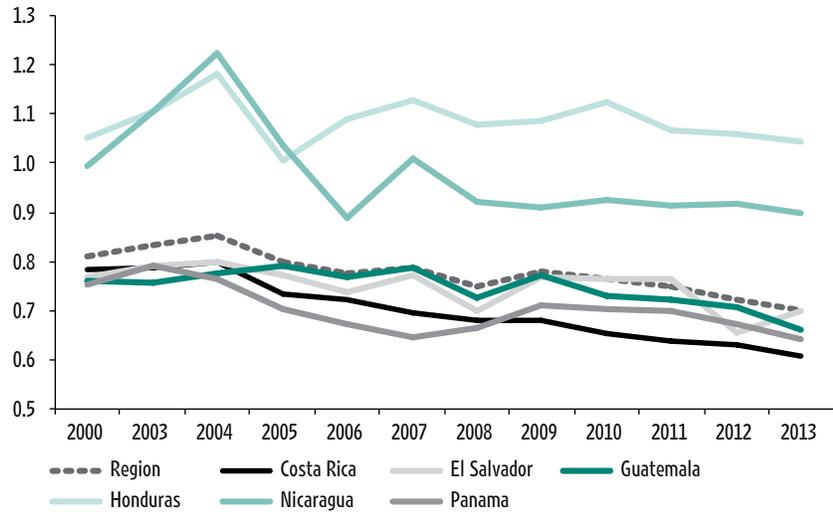
Electricity generated by renewable sources. 2013



Source: Based on data from Ventura, 2015.

GRAPH 1.14
CENTRAL AMERICA

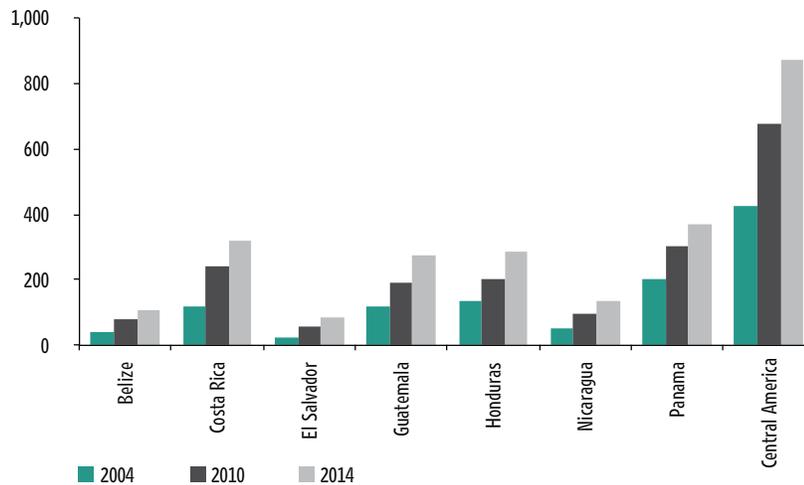
Oil intensity index^{a/}. 2000-2013
(barrels of oil equivalent per \$1,000)



a/ Based on end consumption of oil derivatives, not including those used for electricity generation.
Source: Ventura, 2015 with official country data.

GRAPH 1.15
CENTRAL AMERICA

Number of globally threatened species, by country.
2004, 2010, 2014



Source: Based on data from IUCN, 2014.

TABLE 1.9

CENTRAL AMERICA

Urban growth of capital cities. 1975-2014

Period	Belize ^{a/}	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Panama
Urban area variation (percentages)^{b/}							
1975-1995	135.3	75.8	118.8	95.2	63.1	22.6	169.6
1995-2014	84.2	46.5	33.7	32.2	18.7	96.9	56.9
1975-2014	333.5	157.5	192.5	158.1	93.7	141.4	323.1
Population in the greater metropolitan area as a percentage of total population^{c/}							
1975	32.6	21.8	13.9	19.6	10.3	20.5	31.7
1990/1995	26.5		20.4	19		19.8	36.3
2014	21.0	48.8	21.6	19.1	12.5	19.2	44
Variation 1975-2014	-11.6	27.0	7.7	-0.5	2.2	-1.3	12.3
Population density in the capital city (inhabitants/km²)^{d/}							
1975		1,187	3,871	2,349			2,273
1995	10	2,077	6,452	4,698	6,122	3,380	3,636
2014	14	3,441	7,074	9,553	11,230	3,900	7,445
Variation 1975/1995-2014	4	2,254	3,203	7,204	5,108	520	5,172

a/ Population data for Belize is for 2000 and 2010.

b/ Data is for the capital city plus periphery.

c/ Data is from the population censuses closest to 1975, 1995, and 2014. The metropolitan area includes the capital city plus surrounding high density areas.

d/ Population data is for main urban clusters that include capital cities plus periphery, calculated by the United Nations Population Division. Area data was taken from Demographia, 2016, except in the case of Belize, where the information source is the Statistical Institute of Belize and the population and area data is for the Cayo District, in which the city of Belmopan is located. The source for Nicaragua is INIDE, and population and area data are for the Managua municipality.

Source: Orozco et al., 2015 and ECLAC, 2015a.

CHAPTER-BY-CHAPTER SUMMARY

Political Panorama

Summary

Central American democratization in the 2011-2015 period lost steam and, in some cases, showed alarming signs of backtracking. Twenty-five years after the last transition, democracy was still not consolidated and chronic weaknesses persisted in the states' provision of basic public services. In this scenario, "old ghosts" are cropping up and threatening liberty, peace, and human rights in a region that not long ago was suffering serious violations in these areas. The biggest challenge today is to make sure the mistakes of the past are not repeated in societies deeply marked by social violence and political instability.

Abuse of power and erosion of civil coexistence threaten the region's fragile political stability. Although the isthmus is home to the oldest democracy in Latin America, in some countries the fight against crime and drug trafficking has opened the door to militarization for

the sake of citizen security. Meanwhile, chronic weaknesses persist in the administration of justice, and serious new cases of corruption are being detected. All of this poses a threat to the democratic exercise of power. Building larger and better equipped armies could be detrimental to the protection and effective enforcement of human rights if state institutions of law are not strengthened at the same time.

While progress has been made in recent years on administration of justice, transparency, and accountability, it is not enough to offset the structural problems associated with weak state institutions, corrupt public resource management, and ineffective human rights enforcement. Key international political indicators report deterioration or stalemates in most of the Central American countries.

The political parties, key players in

democracies, are weak structures that find it difficult to stay active beyond electoral periods. This encourages congressional defection to other political groups, and limits party activity almost exclusively to the efforts of their legislators.

Falling rates of support for democracy in recent years suggests that Central American political systems are not able to provide satisfactory responses to demands for representation, participation, transparency, and justice, and, in general, to public expectations of well-being and development. Persistent social protest reflects that dissatisfaction. The states still exhibit a chronic inability to exert their presence and fully control their territories, limiting their maneuvering room to tackle the drug trafficking and organized crime manifested in differing ways within the countries.

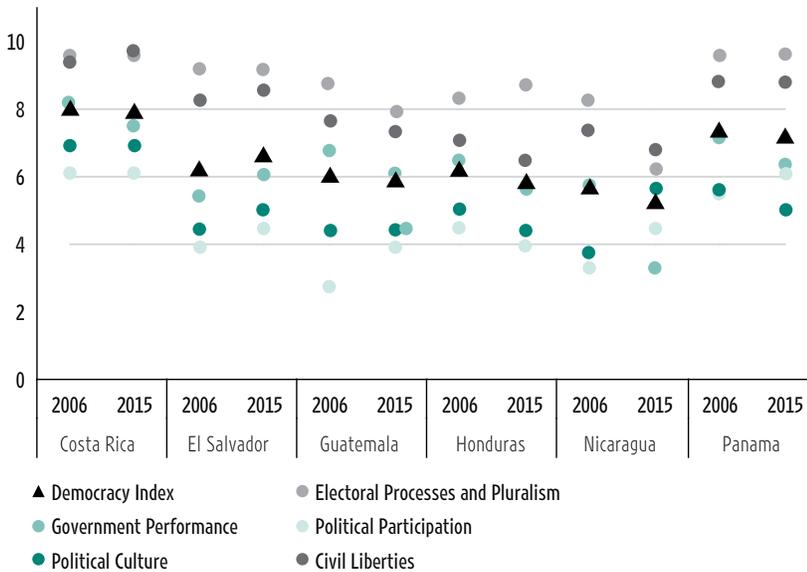
Key Findings

- Presidential elections in Central America are increasingly contested. With the exception of Nicaragua, in the last elections the first-round winning parties won by less than ten percentage points. The narrowest margins were those of Costa Rica and El Salvador in 2014. Except in Nicaragua, the parties of the presidents-elect in the 2010-2014 period failed to obtain legislative majorities.
- Military spending per person increased from 2004 to 2014. In Honduras it rose from \$9.00 to \$30.70, while in El Salvador the increase was from \$26.80 to \$41.00. In Nicaragua and Guatemala the amount earmarked in 2014 was less: \$13.40 and \$16.60 per capita, respectively.
- Of the 69 press releases on Central America issued by the Inter-American Commission on Human Rights in the 2009-2014 period, 68% concerned restrictions on freedom of expression, followed by access to legal guarantees and impunity (14%) and cases of torture and other types of cruel, inhuman, and degrading treatment (6%).
- In 2015, complaints of corruption and citizen protests against corruption increased in several countries (especially Guatemala, Honduras, and Panama). The fight against corruption has been fueled by the creation of institutional channels, investigative journalism, and the work of civil organizations.
- Homicidal violence decreased throughout the isthmus between 2010 and 2014. Reductions were achieved for Guatemala, Nicaragua, and Panama in all the study years, while in El Salvador the homicide rate rose to 61 for every 100,000 inhabitants – a rate surpassed only by Honduras, the region's most violent country, with a rate of 66.
- Public protest is a non-institutional mechanism for citizen participation. A total of 14,122 collective actions were recorded between 2008 and 2013. Most of these were in Nicaragua (3,410), followed by Costa Rica (2,776). The sectors that demonstrate the most are workers (29%) and neighborhood groups (15%).

SELECTED POLITICAL INDICATORS

GRAPH 1.16

CENTRAL AMERICA

Democracy Index^{a/}. 2006 AND 2015

a/ Scale is from 0 to 10, 8 to 10 are full democracies, 6 to 7.9 are imperfect democracies, 4 to 5.9 are hybrid regimes, and 0 to 3.9 are authoritarian regimes.

Source: Based on data from the Democracy Index, Economist Intelligence Unit.

TABLE 1.10

CENTRAL AMERICA

Legislative support for presidents in the last two legislative elections

Country	Next-to-Last Election		Last Election	
	President's party	Percentage of Seats	President's party	Percentage of Seats
Costa Rica	Liberación Nacional	42.1	Acción Ciudadana	22.8
El Salvador	Farabundo Martí para la Liberación Nacional	41.7	Farabundo Martí para la Liberación Nacional	36.9
Guatemala	Patriota	36.1	Frente de Convergencia Nacional	15.8
Honduras	Nacional	55.5	Nacional	37.5
Nicaragua	Frente Sandinista de Liberación Nacional	42.2	Frente Sandinista de Liberación Nacional	69.2
Panama ^{a/}	Cambio Democrático	19.7	Panameñista	16.9

a/ The last two presidential elections in Panama (2009 and 2013) have been won by party alliances. The legislators-elect are reported according to the president's party. The Alliance for Change took 59.2% of the seats in 2009, and the People First Alliance won 18.3% in 2013.

Source: Compilation based on Artiga, 2015 and information from the electoral courts of Costa Rica, El Salvador, and Panama. For Guatemala the data comes from the Electoral Court (2011) and the National Congress (2015), for Honduras from the National Congress, and for Nicaragua from IPADE, 2012.

TABLE 1.11

CENTRAL AMERICA

Military spending. 2004-2014
(millions of constant 2011 dollars)

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Rate of Growth 2004-2014 (percentages)
El Salvador	211	212	221	229	224	228	237	256	269	260 ^{a/}	253 ^{a/}	19.8
Guatemala	182	146	170	168	182	170	187	197	218	233	234	28.3
Honduras	94 ^{a/}	92 ^{a/}	106	126	156	175	181	200	183	224	234	149.1
Nicaragua	44	44	46	46	44	43	46	51	69	82	79	80.1
Total	531	494	544	568	605	617	651	705	738	798	800	50.6

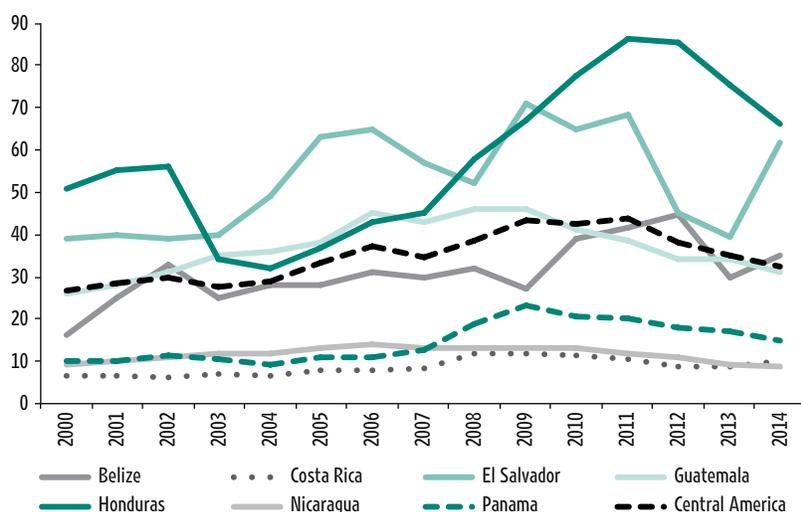
a/ Estimated data.

Source: Compilation based on Cajina and Orozco, 2015 and information from the military spending database of the Stockholm International Peace Research Institute (SIPRI).

GRAPH 1.17

CENTRAL AMERICA

Annual homicide rates. 2000-2014
(per 100,000 habitantes)



Source: Based on data from country police or judicial organizations and the World Bank.

TABLE 1.12

CENTRAL AMERICA

Judicial branch^{a/} budget per inhabitant 2010-2015
(dollars)

Country ^{b/}	2010	2011	2012	2013	2014	2015	Variation 2014-2015 (percentage)
Costa Rica ^{c/}	83.2	96.5	106.6	113.9	117.4	133.1	60.0
El Salvador	31.1	33.3	36.1	38.6	39.9	41.4	33.1
Guatemala	9.4	9.7	11.1	12.1	12.0	11.8	25.5
Honduras	10.4	10.8	11.4	11.1	11.0	10.4	0.4
Nicaragua	10.0	10.8	12.0	12.7	13.9	14.6	46.4
Panama	20.2	22.6	28.1	28.0	26.7	30.2	49.4

a/ Institutions analyzed: the Judicial Branch in Costa Rica and Honduras; the Supreme Court of Justice in Nicaragua; the Judicial Body in El Salvador and Panama; and the Judicial Organization in Guatemala.

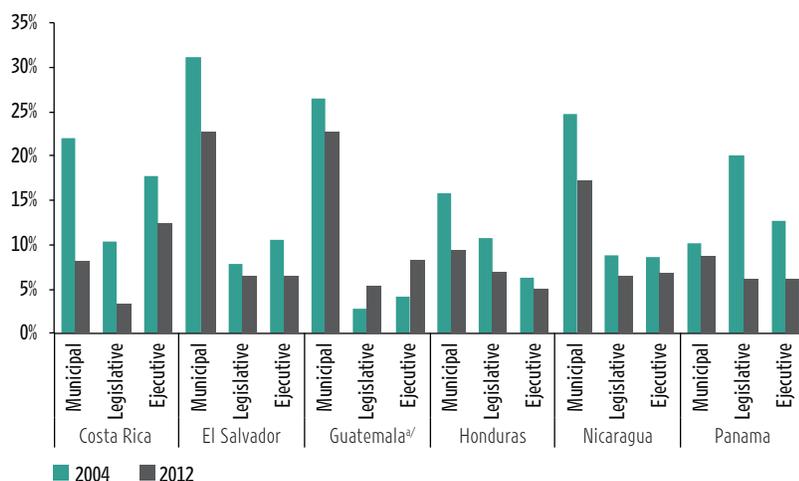
b/ All budgets include items earmarked for the administration of the Judicial Branch. In some countries they also include items for support bodies such as the following: Costa Rica: Public Defense, Judicial Investigation Organization (OIJ), Forensic Medicine (under the OIJ), Department of Victim Attention and Witnesses, and former Judicial Branch employee pensions; El Salvador: Institute of Legal Medicine; Honduras: National Public Defense Directorate, Directorate of Notary Public Oversight; Nicaragua: Public Defender's Office, Institute of Legal Medicine, Registration and Certification Program; Panama: Judicial School Directorate, Institute of Public Defense, and Department of Free Legal Assistance for Victims of Crime.

c/ For purposes of comparison among countries, the item corresponding to the Public Prosecutor's Office was excluded from the budget for the Costa Rican Judicial Branch.

Source: Based on country budgets, the Central American Monetary Council exchange rate, and ECLAC population data.

GRAPH 1.18

CENTRAL AMERICA

Citizen participation by institution. 2004 AND 2012

a/ For Guatemala, the 2004 survey did not include executive and municipal categories, so data is from 2006 results.

Source: Based on 2004-2012 LAPOP surveys.

CHAPTER-BY-CHAPTER SUMMARY

Regional Integration

Summary

Between 2011 and 2014, regional institutions were not forced to deal with shocks such as the political crises and global economic recession that affected their ability to act at the end of the last decade. Despite this more favorable context, no significant progress was made on integration. No evidence was found of any important initiatives by member states to strengthen integration policies or change the structure of regional institutions.

Two cycles were identified during the period under study. The first, covering 2011 and 2012, has a positive balance, as it was characterized by the design of action plans, definition of premises for institutional reform, and launching of the Central American Security Strategy (ESCA), which attracted global attention and once again positioned Central America internationally and within the geopolitical priorities of strategic partners such as the United

States and Europe. In the second cycle, comprising the two-year period of 2013 and 2014, the dynamism of the previous years fizzled out due to cutbacks in international cooperation and greater emphasis by the countries on their own agendas.

Nonetheless, this loss of dynamism does not mean that regional institutionality is at a standstill. There are successful actions underway in key areas (energy and fisheries, for example); indeed, it is even difficult to find an issue where there is no inter-governmental coordination. This progress shows the potential of integration as a complementary platform for national public policies and efforts. It does not, however, offset the deficits run up by SICA bodies and the countries' lack of leadership and effective commitment.

Why is it that Central American integration has still not taken off, despite being one of the world's oldest and most consistent models? The reasons are

many and varied, but a good starting point is to recognize that integration is a political process lying in the actions of national governments, which must define its course, pace, and scope and also meet their commitments. If the states do not take part in designing and implementing policies with a wider scope, regional institutional capacities, bureaucratic support, and enforcement of those agreements will remain weak. Due to the lack of state engagement, SICA bodies have not been very efficient in fomenting the material and political conditions needed to carry out the mandates approved by member countries. The states' low infrastructural capacity to meet regional commitments, the political volatility of government turnovers, shrinking flows of international cooperation, and regional institutionality whose outcomes leave much to be desired, all combine to produce a vicious cycle.

Key Findings

- Reform of regional institutionality was a key theme at the presidential summit meetings held between 2010 and 2014, giving rise to 71 mandates on the issue.
- In a sample of 43 bodies of the Central American Integration System (SICA), 60% did not publish work reports on its portal in any year during the 2010-2014 period. Of those that did, not all keep up the practice.
- Of the 249 cooperation projects recorded in SICOR between 1992 and 2014, most received funding from Europe (66%, equivalent to a little over \$686 million). Other major donors are the Republic of China (Taiwan, 12%), the United States (6%), the Inter-American Development Bank (3%), and Japan (3%).
- 21 SICA entities have 1,391 employees, most with little job stability and asymmetries in terms of benefits and rights.
- No new regional body was created between 2011 and 2014.
- International recognition of SICA has expanded with the incorporation of observer states, currently numbering twenty-three. Sixteen of these were admitted between 2010 and 2014; ten are regional, and six are extra-regional.
- Various resolutions confirm the enforceability of community law by national courts in Costa Rica, El Salvador, and Guatemala. This gives national judges the power to act as community judges should supranational laws need to be enforced.

SELECTED REGIONAL INTEGRATION INDICATORS

TABLE 1.13

SICA

Operating budgets^{a/} of some regional institutions and their ratios to member countries' assigned quotas. 2014
(dollars)

Institution ^{b/}	Current Quota	2014 Budget	Budget/Quota
Executive Secretariat Cepredenac ^{c/}	180,000	879,438	4.89
ICAP ^{d/}	510,000	2,396,050	4.70
Executive Secretariat CCAD	160,000	623,180	3.89
Sisca	200,000	803,139	4.02
Executive Secretariat Comisca	104,000	546,506	5.25
Secretariat General CECC	120,000	328,720	2.74
Secretariat General SICA	2,300,000	2,787,721	1.21
Executive Secretariat CAC	360,000	455,692	1.27
Sitca	144,000	186,640	1.30
Sieca	3,000,000	3,034,232	1.01
Executive Secretariat Cosefin ^{d/}	175,000	175,000	1.00
Executive Secretariat Commca	105,000	153,942	1.47
Focard-Aps	128,000	96,004	0.75
Total	7,486,000	12,466,264	1.67

a/ Operating budget refers to the minimum operating costs for keeping the entity open; it therefore does not include budgets for specific projects being developed with the help of international cooperation. To illustrate, CEPREDENAC, for which an operating budget of \$879,438 was reported in 2013, was executing cooperation projects that same year for more than four million dollars.

b/ CEPREDENAC: Central American Coordination Center for Natural Disaster Prevention; ICAP: Central American Institute for Public Administration; CCAD: Central American Commission for Environment and Development; SISCA: Central American Social Integration Secretariat; COMISCA: Council of Ministers of Health from Central America and Dominican Republic; CECC: Central American Education and Cultural Coordination; CAC: Central American Agricultural Council; SITCA: Secretariat of Central American Tourism Integration; SIECA: Secretariat for Central American Economic Integration; COSEFIN: Council of Ministers of Finance of Central America, Panama and the Dominican Republic; COMMCA: Council of Ministers for Women of Central America and Dominican Republic; FOCARD-APS: Central America and Dominican Republic Forum for Water and Sanitation.

c/ Does not include Belize and the Dominican Republic.

d/ Does not include Belize.

Source: PAIRCA II and SG-SICA, 2015.

TABLE 1.14

SICA

Number of projects administered by institutions and secretariats, by topic and implementing entity.
1992-2014

Institution	Environmental	Economic	Education and Culture	Political	Security	Social	Overall Total
SG-SICA	2	4		14	7	6	33
Cepredenac	22						22
CTPT ^{a/}	22						22
CCAD	19						19
Sieca	1	17					18
Sisca						17	17
Cenpromype		17					17
Ospesca		16					16
CECC			11				11
Comisca						10	10
Csuca	5	1	4				10
Sitca		10					10
Incap			3			6	9
CRRH	7						7
SECMCA ^{a/}		6					6
Other ^{b/}	3	6	3	3	2	5	22
Overall Total	81	77	21	17	9	44	249

a/ CTPT: Trifinio Plan Tri-national Commission; SECMCA: Executive Secretariat of the Central American Monetary Council.

b/ Combines eleven entities executing fewer than five projects in the period: Central American Institute for Public Administration (ICAP), Regional International Organization for Plant Protection and Animal Health (OIRSA), Executive Secretariat of the Central American Agricultural Council (SE-CAC), Technical Secretariat of the Council of Ministers for Women of Central America and Dominican Republic (ST-COMMCA), Central American Ministries of Foreign Affairs (MRREE-CA), Central American Ministries of Health (MSCA), Zamorano Pan-American Agricultural School, Center of Studies for the Future (CEF), Centre for the Training of Teachers and Technical Personnel for the Industrial Development of Central America (CEFOF), United Nations Latin American Institute for the Prevention of Crime and the Treatment of Offenders (ILANUD) and Executive Secretariat of the Trifinio Plan (SE-PT).

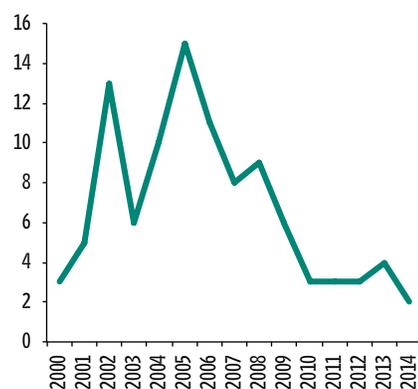
Source: Segura, 2015 with data from SICOR, SICA official websites, and consultations with cooperation agencies.

GRAPH 1.19

SICA

Presidential meetings.

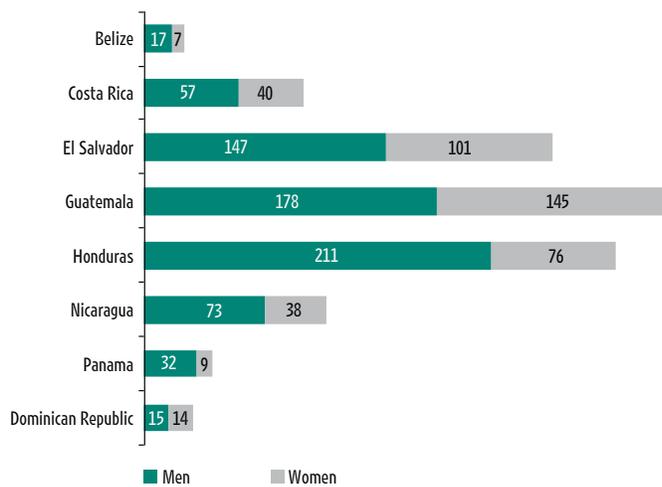
2000 - 2014



Source: Compilation based on PEN, 2011 and SIECA-SICA, 2016.

GRAPH 1.20

SICA

Staff of SICA bodies and councils^{a/}, by nationality^{b/}. 2013

a/ Includes twenty-one regional bodies: CCAD, CCP, CENPROMYPE, CEPREDENAC, COCATRAM, COCESNA, COMISCA, COMTELCA, CRIE, CRRH, CSUCA, EOR, ICAP, INCAP, PARLACEN, SE-CAC, SECMCA, SG-SICA, SIECA, SISCA and SITCA.

b/ Does not include two people (one man and one woman) of other nationalities.

Source: SG-SICA, 2013.

TABLE 1.15

SICA

International cooperation projects exceeding fifteen million dollars. 1992-2014

Project and Implementing Entity	Close Date	Funding Source	Status	Total Amount (dollars)
Environment: CCAD and CEPREDENAC				
USAID-CCAD cooperation agreement for meeting DR-CAFTA environmental commitments		United States	Ended	17,964,393
Alianza en energía y ambiente con Centroamérica	2003	European Union, Finland, Austria	In the process of closing	24,500,000
Programa regional de reducción de la vulnerabilidad y degradación ambiental (Prevda)	2010	European Union	Ended	20,168,585
SG-SICA				
Programa regional de seguridad alimentaria y nutricional para Centroamérica (Presanca)	2010	European Union	Ended	15,960,000
Programa de apoyo a la integración regional centroamericana (Pairca)	2009	European Union	Ended	21,080,000
Prevención de la violencia contra las mujeres en Centroamérica fase 2013-2015	2013	Finlandia, Holanda	Underway	18,593,852
Programa regional de seguridad alimentaria y nutricional para Centroamérica, fase II (Presanca II)	2010	European Union, Spain, UNDP, Finland	Underway	32,067,500
Programa de apoyo a la integración regional centroamericana fase II (Pairca II)	2009	Unión Europea	Underway	20,250,000
Programa de desarrollo local integral transfronterizo en el golfo de Fonseca (Golfonseca)	2012	Unión Europea	Underway	26,800,000
Apoyo a la Estrategia de Seguridad de Centroamérica	2013	Unión Europea	Underway	18,760,000
Economic Integration: SIECA and Trifinio Plan Tri-national Commission (CTPT)				
Apoyo al diseño y aplicación de políticas comunes centroamericanas (Adapcca)	2010	Unión Europea	Ended	16,086,660
Programa regional de apoyo a la calidad y a la aplicación de medidas sanitarias y fitosanitarias en Centroamérica (Pracams)	2010	Unión Europea	Underway	31,725,000
Programa trinacional de desarrollo sostenible de la cuenca alta del río Lempa	2001	GIZ-Germany, Kingdom of Norway-IDB, Japan Fund-IDB, Spain Fund-IDB, Governments of El Salvador, Guatemala and Honduras	Ended	16,000,000

Source: Segura, 2015 with data from SICOR, SICA official websites, and consultations with cooperation agencies.

CHAPTER-BY-CHAPTER SUMMARY

The Strategic Dilemma of Education in Central America

Summary

This chapter provides an in-depth analysis of education in Central America, contributing extensive new information on the situation and challenges from a regional perspective. The basic premise is that broad access to relevant, quality education is a necessary though not sufficient condition for countries to raise their economic productivity, improve social equity, and foster citizen empowerment, which in turn leads to stronger democracy.

The issue is approached from a practical perspective: if promoting universal access to quality education is an imperative for human development as well as an international commitment assumed by the countries of the isthmus, and if in the coming decades Central America will have the highest proportion of productive-age population in its history, how can educational coverage, quality, and relevance be upgraded rapidly in a regional context marked by poor fiscal capacity to increase public spending and little will to adjust educational policies?

The advisability of opening debate on this dilemma is amply substantiated by the information compiled for this Fifth State of the Region Report. Viable and lasting solutions must be sought to reverse the current trends trapping the region in a vicious cycle of low levels of economic growth and human development buttressed by low productivity and high levels of poverty.

Occupations that contribute most to productivity and family income require going beyond secondary schooling, but more than 80% of the labor force has not completed high school and is restricted to elementary occupations and middle-skill jobs. On average, 60% of the economically active population has six or fewer years of schooling, totally insufficient to tackle the challenges of demographic transition.

Even more critical, in 2014 six out of ten young people between the ages of 15 and 24 were excluded from the education system. The situation in Guatemala and Honduras is particularly dire, given that two-thirds of their youths neither study nor work, or only work. Fifty-six percent of the region's 15- to 24-year-old population is concentrated in these two countries, so their performance affects the outcomes of the isthmus as a whole and curtails the development opportunities of 5.4 million young people outside the classroom. From this perspective, addressing that population is a strategic priority for Central America.

Investing in people is critical in a region whose main wealth is people. This report shows that while social spending has risen in recent years, most of the countries' spending on education is still below the Latin American, OECD countries, and world averages. To make matters worse, along with insufficient coverage, this results in educational systems with deep

internal inequalities and low quality, as revealed in the performance of Central American students on recent UNESCO TERCE tests (Tercer Estudio Regional Comparativo y Explicativo).

During the 2000-2014 period, the region made headway in most educational indicators. Although the countries' paces of progress and current situations differ, recent developments in all (or almost all) share common aspects

- The issue of education has become more prominent in public discourse, leading to better funding and a certain improvement in performance indicators.
- Documents on education policy do not include clearly defined goals, deadlines, resources, and monitoring and evaluation mechanisms to ensure objectives will be met.
- While primary education coverage is high or practically universal, preschool and secondary school coverage is significantly lower, especially for upper secondary levels or diversified education.
- TERCE test results warn of low-quality primary education, since most third- and sixth-graders in the Central American countries evaluated (Belize and El Salvador are not included) scored at the lowest performance levels.

- More than half of young people aged 15 to 24 are outside the educational system and many work in low quality, poorly paid jobs.

As indicated, beyond these shared factors the situation varies significantly from one country to another. This is due not only to the magnitude of national efforts over the past decade and a half, but also to the countries' individual situations at the onset of this century and their respective population dynamics. For example, in Costa Rica and Panama the period of demographic dividend will conclude in 2020. The demographic dividend will last another ten years in El Salvador (until 2030), until 2035 in Honduras, Nicaragua and Belize, and until 2050 in Guatemala.

Sizable gaps in educational spending and inclusion also exist between Costa Rica and Panama, on the one hand, and the rest of the countries, on the other. The nations that invest the most have better coverage and lower indices of excluded population. Hence, around half of the 15- to 24-year-olds in Costa Rica and Panama study exclusively, but barely a fourth of them do so in Guatemala and Honduras. El Salvador and Nicaragua fall in between, with 44% who only study.

Differences in coverage, promotion, and dropout rates are even greater within the countries, especially between rural and urban areas, but also between central and coastal or border areas. If these gaps are not closed or narrowed, it will be difficult to improve aggregate national-level indicators, comply with international commitments, and achieve greater development and wellbeing for the population.

However, this disparity does not mean each country's position is unique or exceptional and that there are six different situations and outlooks in Central America. To the contrary, these can be grouped into three "strategic educational situations."

Rather than an exact description of any one particular nation, these groupings have stylized features that can be shared by several. A strategic situational

analysis facilitates understanding of educational evolution from a shared perspective based on common elements and differences between countries. It gives a holistic rather than fragmented vision for assessing the maneuvering room and efforts each nation's education authorities face and the challenges they must resolve.

The first strategic situation is that of a mature educational system with an ample funding base and achievements in access. However, this educational system has not resolved three key problems: providing high quality services, making secondary schooling universal, and raising the educational profile of the workforce. There are time constraints on maneuvering room, since the period of demographic dividend will expire in this decade.

Under these circumstances, advances depend, above all, on a more efficient and effective use of the system's technical and financial resources, since future expansions in sectoral spending are highly unlikely. Raising the quality of education will require a combination of many diverse actions, such as improving teacher training, revising curriculum and teaching methods, and strengthening the material conditions (infrastructure and teaching resources) of schools and evaluation systems, among other things. The country that most closely approximates this situation is Costa Rica.

The second strategic situation characterizes what is here called "mixed" educational systems, since they combine features of the first situation with fewer achievements and institutional capacities. Spending, coverage, and quality are lower, so greater effort is required to improve educational performance indicators and comply with pertinent international commitments. Nonetheless, unlike the mature systems, in this case the maneuvering room afforded by the demographic transition is also greater since the end of the demographic dividend is not as imminent.

Panama, El Salvador, and Belize come the closest to this situation (Table 1.16). While on some fronts Panama exhibits better results than the other two countries, they all share several elements in terms of quality. Moreover, in recent years Panama has experienced a certain deterioration in coverage, which is worrisome given the limited amount of time remaining before the demographic dividend is exhausted. In this second strategic situation, the challenges for upgrading educational quality are greater than in the first, since the number of university-trained teachers and the demand for highly skilled human resources are significantly less than in mature educational systems.

The third strategic situation involves incipient educational systems that lag behind in all areas vis-à-vis Central America, as well as Latin America. In these systems, weak institutionality and a medium-low level of development are correlated with meager public spending, low or very low levels of educational coverage, particularly in middle- and high-school education, and very deficient quality. Under these conditions, the effort required to improve access, equity, and quality is huge. The main challenge lies in substantially increasing spending to obtain a decisive expansion of coverage and higher quality education. Economic policies that also generate material demand for educational reform are also needed.

Socioeconomically, some factors encourage and others discourage educational reform. On one hand, authorities have more maneuvering room for introducing adjustments since the countries are in relatively early stages of demographic transition. However, the concentration of economic activities and employment in low-productivity sectors does not provide, in the near term, the conditions necessary for a significant expansion of economic growth and development horizons.

The countries that most approximate this third strategic situation, though not completely, are Guatemala, Honduras, and Nicaragua.

TABLE 1.16

CENTRAL AMERICA

Strategic Situations in Education and Main Challenges

Strategic Situation	Countries Coming the Closest	Main Challenges
Mature Education Systems	Costa Rica	Improve educational quality and create jobs requiring high-level educational credentials, with current spending levels.
Mixed Education Systems	El Salvador, Panama and Belize	Increase educational funding and improve quality to improve and bring performance closer to the first strategic situation.
Incipient Education System	Guatemala, Nicaragua and Honduras	Increase funding to improve coverage and achieve basic levels of educational quality.

Key Findings

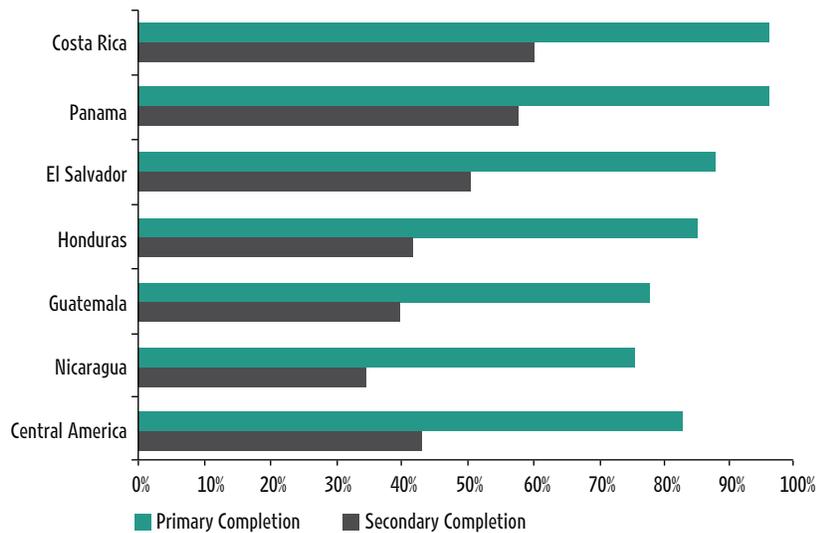
- States are the main providers of education services in Central America: 82.9% of students attend public schools, with the figure rising to 92.0% in rural areas. Most primary and secondary schools are small (fewer than a hundred students) and located in rural zones (70.1%). Forty-five percent of the institutions provide primary education (44,770), 34% provide pre-school education (33,921), and the remaining 20% provide secondary, or middle and high school education (19,739).
- Net primary education coverage is high (over 80% in all countries) and almost universal in Belize, Costa Rica, and Panama (over 90%), but plunges significantly for pre-school (less than 60% in almost all countries) and secondary schooling, especially in upper grades or diversified education (less than 40%).
- Almost 60% of 15- to 24-year-olds (5.4 million) are outside the educational system, and a sizeable number of these (36%) have low-quality, poorly paid jobs. Around a fourth (23%) neither study nor work, and only 29% study full time.
- Scores obtained by Central American students on TERCE international tests warn of low-quality primary schooling in reading comprehension, mathematics and science. Math results are the most worrisome; more than half of third- and sixth-graders scored at the lowest level of performance (except in Costa Rica, where the figure was under 30%).
- Low levels of schooling curtail possibilities for accessing quality employment: the people who work in elementary occupations and middle-skill jobs have not completed high school, and 50% to 70% have six or fewer years of schooling.
- Despite recent increases, public spending on education is still below the regional average for Latin America and the Caribbean, OECD countries, and the world. Furthermore, values adjusted to purchasing power reveal deep intra-regional gaps; while Costa Rica and Panama spend \$1,053 and \$926 per person per year, respectively, Guatemala and Nicaragua spend around \$200.

SELECTED EDUCATION INDICATORS

GRAPH 1.21

CENTRAL AMERICA

Percentage of the population aged 15 to 19 that has completed primary schooling and 20- to 24-year-olds that have completed secondary schooling. CIRCA 2014

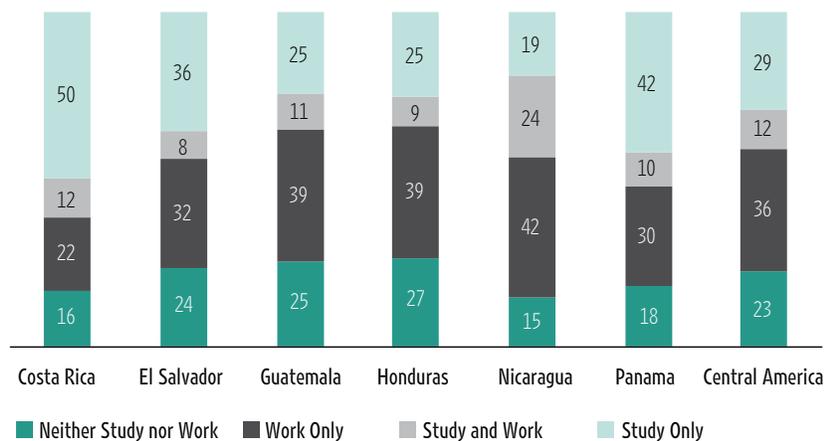


Source: Based on household surveys conducted by national statistics institutes.

GRAPH 1.22

CENTRAL AMERICA

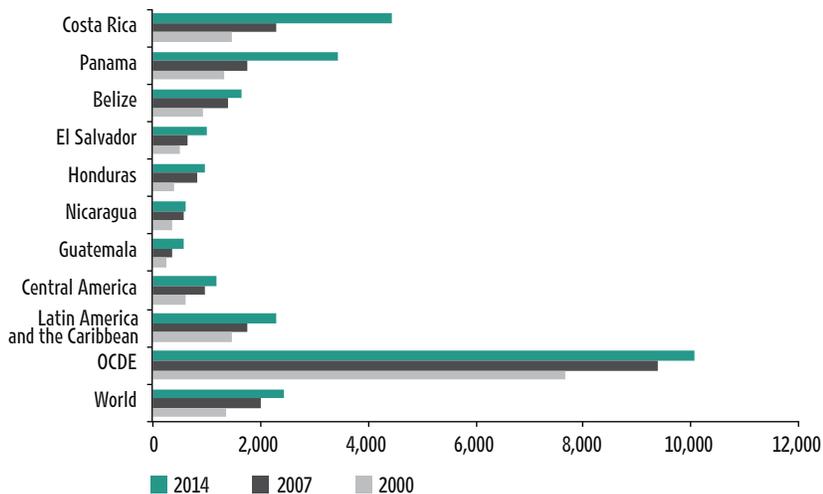
Activity of young people aged 15 to 24. CIRCA 2014
(percentages)



Source: Mazzei and Fernández, 2015, based on processing of household, employment, and standard of living surveys by national statistics institutes.

GRAPH 1.23
CENTRAL AMERICA AND OTHER REGIONS

Educational spending^{a/} per school-aged person ^{b/}.
2000, 2007 y 2014^{c/}
(PPP in 2011 constant international dollars)^{d/}

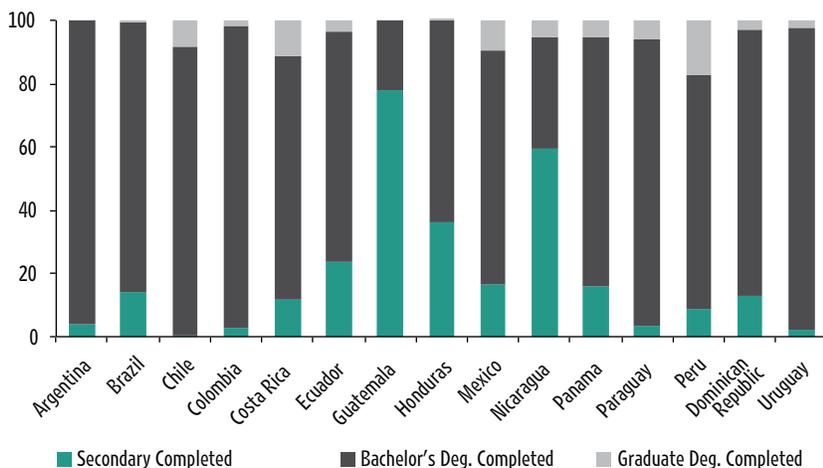


a/ Excludes spending earmarked for higher education.
b/ School-aged population contemplates 5- to 20-year-olds.
c/ For Latin America and the Caribbean, OECD, and the world the latest data is from 2011.
d/ GDP by purchasing power parity (PPP) is GDP converted to international dollars utilizing PPP rates, enabling better comparison between countries. Real 2011 dollars are used for more precise comparison over time.

Source: Based on data of national treasury or finance ministries, UNESCO, and the World Bank.

GRAPH 1.24
LATIN AMERICA

Third-grade teachers, by completed educational level. 2013
(percentages)



Source: Treviño et al., 2015.

TABLE 1.17

CENTRAL AMERICA AND OTHER REGIONS OF THE WORLD

Gross enrollment rates by educational level and average annual variation. 2005-2014
(percentages)

Country/Region	Preschool		Third Cycle		Secondary School	
	Rate	Variation	Rate	Variation	Rate	Variation
Belize	49.1	2.0	97.1	0.8	63.1	0.8
Costa Rica	76.1	0.9	101.1	1.0	80.6	2.7
El Salvador	67.8	1.2	92.4	1.3	49.5	0.0
Guatemala	63.6	0.6	68.4	1.5	38.0	0.9
Honduras	34.2	0.2	66.0	0.4	43.9	0.9
Nicaragua	57.5	0.6	82.3	1.2	35.8	0.6
Panama	67.7	1.0	89.1	0.9	50.5	0.0
Central America	59.4	0.9	85.2	1.0	51.6	0.8
Latin America and the Caribbean	76.5	1.4	104.1	0.5	79.5	0.8
OCDE	82.5	0.9	106.4	0.4	98.6	0.8
World	53.8	1.4	85.0	0.8	65.6	1.8

Source: Based on coverage data from national education ministries.

TABLE 1.18

CENTRAL AMERICA

TERCE: Performance of sixth grade students in mathematics, by level. 2013
(percentages)

Country	Level I	Level II	Level III	Level IV
Third grade				
Costa Rica	4.5	45.9	26.8	22.8
Guatemala	20.5	60.1	12.2	7.2
Honduras	25.2	59.1	11.2	4.6
Nicaragua	25.6	59.8	10.4	4.2
Panama	25.8	53.0	13.8	7.4
Chile	4.9	36.8	24.2	34.2
Sixth grade				
Costa Rica	23.1	31.3	36.5	9.1
Guatemala	60.2	22.0	14.2	3.7
Honduras	55.7	24.6	15.5	4.3
Nicaragua	68.0	20.1	9.9	2.0
Panama	60.1	23.6	14.2	2.1
Chile	15.4	23.4	39.4	21.9

Source: Flotts et al., 2015.

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