



State of the Region



S U M M A R Y

Sixth State of the Region Report (2021)

THE NATIONAL COUNCIL OF RECTORS OF COSTA RICA
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Programa Estado de la Nación

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Presentation

The Sixth State of the Region Report is a new contribution made by academic research to the knowledge and deliberation on the current situation and the challenges of sustainable development in Central America and the Dominican Republic. Its publication is the result of about four years of collective effort, in which around six hundred and fifty people participated from multiple and diverse sectors of the Isthmus.

The Report was prepared based on a participatory strategy: many people participated in defining the approach, preparing the syllabus, providing information and preparing research inputs, reviewing and discussing the progress and final research reports and drafts of the Report's chapters, all of which contributed to improving the quality and relevance of the Report and to making this initiative an effort *from and* for the region.

Besides giving societies a tool to get to know their reality, the Report aims to contribute to the public debate and the creation of policies and regional actions, by identifying and studying the challenges and dilemmas faced by the region and its people.

In an era of deep and fast changes, information is a powerful tool for analyzing reality and basing positions. Relevant and timely knowledge also provides valuable input to facilitate the effective participation of different social agents in the defi-

nition of directions and the construction of proposals.

The recent performance of Central America and the Dominican Republic shows a complex panorama. The Isthmus achieved some improvement, but it was very specific and it was not enough to reverse the historical lags and the recent years of deterioration in various areas, especially in political-institutional matters. The highly disruptive event of the Covid 19 pandemic exacerbated this deterioration. As a result, the Bicentennial of the Independence of most Central American countries finds the region immersed in one of the worst crises of recent decades.

To face this situation, the present Report states that it's time to act, urges the societies and the governments of the region to learn from the past, revalue the region's assets and to not lose hope in order to promote concrete initiatives in favor of human development and democracy, with the conviction that history is not written. To this end, the responsibility of social, economic and political leaders in Central America and the Caribbean cannot be delegated and is decisive, because the margins for maneuvering to stop the deterioration of human development and achieve its recovery are narrow.

The *State of the Region* is an academic invitation for social and political dialogue. The National Council of Rectors of Public Universities of Costa Rica (Conare) finds in this Report an ideal

space to strengthen its links and exchanges with the rest of Central America and recognizes the valuable financial contribution of the Central American Bank for Economic Integration (BCIE) and the European Union through the ATEPECA Program executed by the General Secretariat of SICA, which made this effort possible. It is also grateful for the support of the other sponsors and takes

advantage of the presentation of this Report to urge national, regional and international organizations and institutions to contribute to the consolidation of the State of the Region as a system for monitoring human development in Central America and the Dominican Republic and as a basis for political debate and the creation of public opinion in favor of the well-being of their people.



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Preface

An instrument for analysis

The scarcity of monitoring systems for the performance of governments and societies in addressing shared challenges is one of the most serious problems for Central America's consolidation as the region of peace, freedom, democracy, and development envisioned by the Tegucigalpa Protocol, and reaffirmed by the Central American Alliance for Sustainable Development (Alides) in the mid-nineties of the previous century.

To meet the challenge of greater transparency in development management, it is imperative to expand the information and analysis supply and make it readily available to citizens. Greater clarity and dissemination of relevant data for public policy design contributes to the establishment of an institutional framework that is more sensitive to the expectations and urgencies of the population.

The publication of six regional reports, the first in 1999, has made it possible to consolidate a platform for information, observation, monitoring and promotion of sustainable human development in the region, which has gone beyond the Report's compilation and includes the periodic preparation of various products. This has contributed to creating work networks between academic centers, universities and specialists, sources of information and social and political leaders, who participate in the preparation of each delivery.

The challenge of a publication of this nature continues to be the construction of a regional panorama, to counteract the nations' culture of little transparency and accountability, where non-comparable data is usually produced, without quality control, is outdated, and not usually available in a timely, open, and public manner. This edition gives continuity to the mission of previous Reports to strengthen informed citizen participation in matters of regional interest.

The State of the Region's mandate

The purpose of the *State of the Region Report* is to contribute to the promotion of sustainable human development by providing timely, truthful, complete, and legitimate information on the performance of Central America and the Dominican Republic, and to strengthen the dialogue and negotiation capacities of various social, institutional, and political actors, both at a national and regional level. To this end, the *State of the Region* offers a regional performance measurement and evaluation system that enjoys broad institutional support, legitimacy, and social participation.

The Report is not a governmental or official document, but neither is it an anti-government one. It does not specialize in criticizing public action, but neither in its defense. The *State of the Region Report* is conceived as an instrument to:

- reflect in an informed way about Central America and the Dominican Republic's present and future,
- promote effective petition and accountability processes,
- identify possible actions to expand opportunities and enhance the population's skills, and
- provide the technical bases for a social and political dialogue conducive to the promotion of sustainable human development in the region.

Sponsors and collaboration network of the Sixth State of the Region Report

The Sixth Report has been made possible, mainly thanks to the sponsorship of the National Council of Rectors (Conare), an institution that brings together Costa Rica's public universities, as well as the financial support of the Central American Bank for Economic Integration (CABEI) and the European Union, through the ATEPECA Program executed by the General Secretariat of Government of the Central American Integration System (SICA), together with specific contributions from international and regional organizations specialized in various topics.

The State of the Nation Program was responsible for the Report's compilation, with an initiative from Conare, in consortium with the Ombudsman's Office of the Republic. The Technical Team of the State of the Nation/Region Program is located in San José, Costa Rica..

The *State of the Region* had the valuable support of other institutions that recognized in the Report a space to enrich and project their regional work. In the research field, the effort made within the framework of the State of the Region is also possible thanks to the counterparts provided by many entities, on issues in which their interests converge with the regional perspective of this publication. The projects developed on this occasion were the following:

- The International Labor Organization's (ILO) Office for Central America, Haiti, Panama, and the Dominican Republic, provided research resources on the labor insertion of the population with low educational levels and technical professional training and education. This last initiative was also supported by the International Organization for Migration (IOM). The studies prepared in this cooperation framework served as input for Chapter 10 "Relevance of vocational technical education and training".
- The Wilson Center funded the study "Homicides in Central America: Towards a Better Understanding of Territorial Trends, Causes, and Dynamics", research that served as input for Chapter 11 "Territorial Dynamics of Homicidal Violence."
- The Pan American Development Foundation (PADF) financed the research project "International migration, refugees and internal displacement in Central America: risk factors and instruments to strengthen the protection of human rights", which generated six research products that allowed the preparation of Chapter 12 "New migration flows".
- The AVINA Foundation financially supported the preparation of two investigations on migration policies in the United States, Mexico and the European Union and Central America in the context of international migration flows, which were also used as input for Chapter 12 "New migration flows".
- The Center for Justice and International Law (Cejil) allowed the execution of the project "Independence of the Judicial Powers in Central America: an approach based on the analysis of the selection processes of the magistrates of the Supreme Courts of Justice". As part of this initiative, case studies were prepared in Guatemala, Honduras, and El Salvador. The inputs generated by this project were used in Chapter 2 "Recent trends in sustainable human development".
- The European Union, through the ATEPECA Program, allowed research on regional integration and homicidal violence, as well as the updating of the Central American statistics platform for the years 2018 and 2019, and the design, production, dissemination, and analysis of the Identities Test tool and the survey 'Effects of the pandemic in the population of Central America and the Dominican Republic', whose information was applied in seven of the eight countries of the region during the first semester of 2021. This information was used for the preparation of Chapter 2 "Recent trends in sustainable human development", Chapter 3 "Trends in the regional integration process", Chapter 4 "The covid-19 pandemic: effects on sustainable human development and measures taken to confront it", Chapter 5 "Visions on Central America and regional integration" and Chapter 11 "Territorial dynamics of homicidal violence".
- The United States Agency for International Development (USAID), with technical assistance from the Regional Center for Latin America and the Caribbean (UNDP LAC) of the United Nations Development Program (UNDP) through the Infosegura Regional Project, allowed the implementation of the project "Determinants of homicidal violence: local perspective" carried out by the General Secretariat of Flacso and its academic headquarters in the region. The products of this initiative served as input for Chapter 11 "Territorial dynamics of homicidal violence".

It is worth mentioning three research initiatives conceived before the agenda formulation of this Report, on relevant topics that have been addressed in depth in previous editions:

- Walmart Central America financed the study called "Perceptions and Attitudes Towards Corruption in Central America" in 2018.
 - The Network for Initial Literacy for Central America and the Caribbean (RedLEI) of the LAC Reads Capacity Program (PLCR) of the USAID Office for Latin America and the Caribbean, requested in 2018 that the State of the Region carry out research on the state of educational research in Central America, particularly in the field of initial literacy.
 - The Central American Educational and Cultural Coordination (CECC/SICA) with the support of the United Nations Children's Fund (UNICEF), requested in 2017 that the State of the Region update to 2015 the series of educational indicators of the Report called "Finishing School in Central America: 2013 pending challenges".
- Finally, collective action databases and public institutions and judicial statistics, built by the State of the Region Project as an input for the Fourth Report, were updated within the framework of a regional internship program in which the following participated:
- The Central American Technological University (Unitec) in Honduras.

- The Institute for Research and Projection on the State (ISE) of the Rafael Landívar University in Guatemala.
- Oscar René Franco and the José Simeón Cañas Central American University in El Salvador.
- The Faculty of Legal Sciences and Humanities of the American College University in Nicaragua.
- Claire Nevache in Panamá.

A participatory research and deliberation strategy

As in previous editions, this Report was prepared using a methodology based on three principles: academic rigor, social legitimacy, and broad dissemination. A decentralized research strategy is used in order to encourage the participation of academic centers, universities and information sources from different Central American countries. On this occasion, the process took about 48 months, from its inception to define the agenda in 2017 until the publication of the Report.

The result of this dynamic is a creative balance of different points of view. A report that has not been made by a country or international organization for the region, nor a sum of national documents prepared in the countries for the countries, nor a text prepared by a small group of experts with a single vision.

The research strategy was based on the premise that a regional study is more than the sum of national reports. Underlying this approach is a different concept of region, one which is understood as a network of relationships that links societies, economies, and political systems, above and below their borders, so the Report is more than a comparative compilation of the nations' evolution. Thus, the aim was to generate regional added value, which was achieved, in practice, by combining four measures:

- First, the agenda was built regionally, through a consulting process that

involved about 200 people from all nations, during the second half of 2017 through February 2018.

- Second, the information analysis was conducted from a regional perspective. Although the identification of contrasts between countries was inevitable, it was not the only comparison, nor was it the most frequent.
- Third, engagement of information sources and research counterparts from every country.
- Fourth, hosting four workshops and consultancy meetings (before the start of the pandemic) and requesting critical readings of progress and final research reports and draft chapters of the Report. This process directly involved about 300 people from all the nations of the Isthmus, Mexico, Spain, and the United States. Their comments and suggestions made it possible to improve the quality and relevance of the texts.

The Report's Advisory Council is central to this strategy. It was formed before starting the process and was made up of 32 prominent personalities from the region. Their role was to lead the initiative by selecting and defining topics and approaches, participate in consultancy workshops, and make comments and recommendations on the results of the research and the final chapters.

In total, 102 researchers prepared about 47 papers and specialized technical notes. Their names are listed in Chart 0.1. They all worked with other collaborators. In some cases, teams of several assistants were integrated around a researcher for a single study, due to the complexity of the task undertaken. These individuals are gratefully acknowledged for their contributions, as well as those who provided information, critical readers, and final editors, who are mentioned in the acknowledgments section at the end of each chapter.

Dissemination of information: key component of the process

In recent years, a multidimensional strategy was developed to disseminate the findings of the Fifth State of the Region Report (2016). Specialized publications were made, several investigations published and disseminated in advance, in addition to the annual trend update and monitoring in key indicators of sustainable human development on the *Central American Statistics* platform.

The dissemination result was based on the design and publication of new products (videos, digital animations and electronic documents) and resources such as virtual conferences, *email marketing* and social networks (Facebook, Twitter and YouTube) were used to disseminate these contents in attractive formats adapted to the needs of both mass audiences and specific sectors and groups.

The Report reached some 8,225 people directly, in about 102 events. Added to this is the participation of 104 journalists who published numerous reports, news items and articles in the media, whose target audience cannot be quantified. The main dissemination instrument was the Report itself, as 3,000 copies were printed, of which 740 were delivered door-to-door to members of the research and consulting networks, governmental and non-governmental authorities, regional institutions, the diplomatic corps, leaders of civil society, international organizations, and academic centers in universities from Central America, the United States and Europe.

Limitations and final comment

This Report is a very conscious effort of its limitations. The first of these is that the approach of the region, as a unit, is uneven in various areas. Also, information is relatively scarce, especially in Belize and Nicaragua. In addition, the Dominican Republic was incorporated for the first time in most of the research and information products, which implied a significant challenge.

Second, most of the research is based on the processing of secondary sources, that is, on the compilation, verification and contrast of statistics or existing academic and technical studies. It was not possible, given the time and resource constraints, and in the context caused by the pandemic, to rely on primary research on all subjects. On the other hand, the specific processing of secondary information was very frequent.

Third, the pandemic made it necessary to modify the consulting strategy. On this occasion, very few workshops and face-to-face meetings were held and most of the actions consisted of critical reading of the documents and virtual sessions.

Finally, not all matters of interest were analyzed with the same depth. This was due to the scarcity or absence of information, resource limitations and because some of them had already been addressed in detail in previous editions, as described in chapter 1 of this Report. When necessary, extensive notes were added, in order to facilitate an adequate interpretation of the data.

The Technical Team oversaw the coordination of the research and social support strategies for the preparation of the Report. Despite all the collaboration received, which is acknowledged in detail in the respective sections, errors in this body of work are entirely the responsibility of that Team. The views expressed in

the Report do not necessarily reflect the views of the sponsoring institutions.

The *State of the Region Report* constitutes a monitoring system on the challenges of sustainable human development and the evolution courses of regional integration. It is not a picture of reality, but a selective documentation of processes, through which it seeks to contribute to the identification of possibilities for common action. This makes it aware and respectful of the social, economic, political, ethnic, and cultural plurality of the Isthmus and the Dominican Republic. This edition not only reaffirms this plurality, but also reports the changes that occurred in a particularly difficult time for the region.



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State of the Nation Program



Alberto Mora Román
RESEARCH COORDINATOR
State of the Region Report (2021)

Chart 0.1

Sixth State of the Region Report: Research Network

Researcher	Country	Research Name
Regional panorama		
Stwarth Piedra Bonilla	Costa Rica	<i>Updating of the Central American Statistics and input preparation for Chapter 2 "Recent trends in Sustainable Human Development"</i>
Ana Jimena Vargas	Costa Rica	<i>Chapter 2 draft: "Recent Trends in Sustainable Human Development"</i>
Argentina Artavia Medrano, Percy Rodríguez Argüello y Gerald Solano Aguilar, Escuela de Relaciones Internacionales de la Universidad Nacional	Costa Rica	<i>Regional integration in Central America: recent evolution and strengths for the implementation of regional actions</i>
Mario René Villalobos from SG-SICA	El Salvador	<i>Special contribution: Mandates of the Meeting of Presidents of the Central American Integration System (SICA)</i>
César Salazar Grande	Nicaragua	<i>Technical paper: Normative Production in SICA 2015-2020</i>
Evelyn Villarreal Fernández	Costa Rica	<i>Chapter 3 draft: "Recent trends in the regional integration process"</i>
Sebastián González Rosales	Costa Rica	<i>Regional policies, strategies, and plans Database (2000-2020)</i>
André Araya Olmedo	Costa Rica	<i>Covid-19 in Central America: main consequences and impacts</i>
Diana Camacho Cedeño	Costa Rica	<i>Measures adopted by Central American countries to face the pandemic generated by the covid-19 virus</i>
Diego Fernández Montero and Alberto Mora Román	Costa Rica	<i>Effects of the pandemic on the population of Central America and the Dominican Republic in early 2021</i>
André Araya Olmedo	Costa Rica	<i>Evolution of the measures taken by the Central American governments in the face of Covid-19: database of governmental responses from Oxford University</i>
Stwarth Piedra Bonilla	Costa Rica	<i>Covid-19 and the institutional framework of the Central American Integration System (SICA): an approach on the undertaken regional initiatives</i>
Ana Jimena Vargas	Costa Rica	<i>Chapter 4 draft: "The Covid-19 pandemic: effects on sustainable human development and measures taken to confront it"</i>
Strategic dilemma		
Steffan Gómez Campos, Kenneth Obando Rodríguez and Marisol Guzmán Benavides	Costa Rica	<i>Text analysis of in-depth interviews on Central America's views</i>
Diego Fernández Montero	Costa Rica	<i>Views on Central America and Regional Integration</i>
Diego Fernández Montero and Marisol Guzmán Benavides	Costa Rica	<i>Analysis of the "Identity Test"</i>
Rafael González Ovares	Costa Rica	<i>Annotated Bibliography on Central American Thought</i>
Marisol Guzmán Benavides and Jorge Vargas Cullell	Costa Rica	<i>Chapter 5 draft: "Visions on Central America and regional integration"</i>
Anabella Barrios and Rosalito Barrios, from the Center for Legal, Environmental and Social Action (CALAS)		
Luis Alonso González, from the Salvadoran Ecological Unit (UNES)	Costa Rica	<i>Territorial dynamics of climate and disasters in Central America (1950-2019)</i>
Lucía Vijil, from the Center for Democracy Studies (CESPAD)	Costa Rica	<i>Chapter 6 draft: "Special analysis of disasters over the long-term: risk approach from selected variables"</i>
Heizel Tórrez, Jueguen Guevara and Marjourie Martínez from the Humboldt Center	Costa Rica	<i>Environmental conflict in Central America: an approach for the analysis of the pressures on ecosystems and their resources</i>
María Luisa Acosta and Rosario Sáenz from the Cocibolca Group	Costa Rica	<i>Database of environmental conflicts in Central America</i>
Jorge Cole Villalobos, Natalia Cordero Vargas and Bernardo Aguilar González from the Neotrópica Foundation	Costa Rica	<i>Guide for the database of environmental conflicts in Central America</i>
Carlos Escudero of the Panamanian Observatory of Environment and Society (OBPAS)	Guatemala	<i>Factsheets on environmental conflicts in Guatemala</i>
Karen Chacón Araya	El Salvador	<i>Factsheets on environmental conflicts in El Salvador</i>
Ronald Alfaro Redondo, Jesús Guzmán and Vianca Chinchilla	Honduras	<i>Factsheets on environmental conflicts in Honduras</i>
Ronald Alfaro Redondo and Vianca Chinchilla	Nicaragua	<i>Factsheets on environmental conflicts in Nicaragua</i>

Chart 0.1

Sixth State of the Region Report: Research Network

Ronald Alfaro Redondo	Nicaragua	<i>Factsheets on environmental conflicts in Nicaragua</i>
Jorge Cole Villalobos, Natalia Cordero Vargas and Bernardo Aguilar González from the Neotrópica Foundation	Costa Rica	<i>Factsheets on environmental conflicts in Costa Rica</i>
Carlos Escudero of the Panamanian Observatory of Environment and Society (OBPAS)	Panamá	<i>Factsheets on environmental conflicts in Panamá</i>
Karen Chacón Araya	Costa Rica	<i>Chapter 7 draft: "Environmental conflict: an approach to the analysis of pressures on ecosystems and their resources"</i>
Ronald Alfaro Redondo, Jesús Guzmán and Vianca Chinchilla	Costa Rica	<i>Incomplete democracies in Central America: survival of regimes at risk and their multiple political regressions</i>
Ronald Alfaro Redondo and Vianca Chinchilla	Costa Rica	<i>Long-term view on the Central American political context (1900-2018)</i>
Ronald Alfaro Redondo	Costa Rica	<i>Chapter 8 draft: "Political-institutional evolution in the long term"</i>
In-depth views on current issues		
Marisol Guzmán Benavides, Karla Meneses Bucheli and Gabriela Córdova Montero	Costa Rica, Ecuador	<i>Estimation on productive links and networks, and employment multipliers of the MIPCA2011</i>
Karla Meneses Bucheli and Gabriela Córdova Montero	Costa Rica, Ecuador	<i>Analysis of productive and employment chains in Central America</i>
Marisol Guzmán Benavides and Stwarth Piedra Bonilla.	Costa Rica	<i>Analysis of productive networks in Central America and the Dominican Republic</i>
Marisol Guzmán Benavides	Costa Rica	<i>Chapter 9 draft: "Productive and employment networks and linkages"</i>
Marcela Román Forastelli	Costa Rica	<i>Relevance of vocational technical training in Central America and the Dominican Republic</i>
Alberto Mora, Stwarth Piedra and Anthony Aguilar	Costa Rica	<i>Educational and labor insertion profile of the economically active population in Central America and the Dominican Republic, with a gender perspective</i>
Diego Fernández Montero	Costa Rica	<i>Demand for technical-vocational education and training in Central America and the Dominican Republic: identification of expertise and skills required by employers and key informants</i>
Diego Fernández Montero	Costa Rica	<i>Chapter 10 draft: "Relevance of technical-vocational education and training"</i>
Mario Herrera Rodríguez	Costa Rica	<i>Homicides in Central America: Towards a Better Understanding of Territorial Trends, Causes and Dynamics</i>
Karla Salazar Sánchez and Magdalena Madrigal Herrera	Costa Rica	<i>Determinants of Homicidal Violence in Central America: A Local View</i>
Mónica Alexandra Linares Láinez, Adriana Vanessa Bautista Portillo and Henry Oswaldo García Estrada	El Salvador	<i>Determinants of homicidal violence in El Salvador: a local view</i>
Claudia Donis, Edgar Menchú and Carlos Mendoza	Guatemala	<i>Determinants of homicidal violence in Guatemala: a local view</i>
César Castillo	Honduras	<i>Determinants of homicidal violence in Honduras: a local view</i>
Azael Carrera and Samuel Pinto	Panama	<i>Determinants of homicidal violence in Panama: a local view</i>
Karla Salazar Sánchez, Magdalena Madrigal Herrera and Dioni Céspedes Bolaños	Costa Rica	<i>Determinants of homicidal violence in Costa Rica: a local view</i>
Diego Fernández Montero	Costa Rica	<i>Chapter 11 draft: "Territorial dynamics of homicidal violence"</i>
Jafet Baca, Gloria Carrión, Katherine Centeno and Álvaro López-Espinoza from FUNIDES	Nicaragua	<i>Migration and forced displacement dynamics of Nicaraguans in the socio-political crisis context</i>
Andreas Feldmann from the Latin American and Latino Studies Program, University of Illinois	United States	<i>Migration policies in the United States, Mexico and the European Union (2010-2019)</i>
Andreas Feldmann, Xóchitl Bada y Jorge Durand de la Latin American and Latino Studies Program, Universidad de Illinois	United States	<i>Central America in the context of international migration flows</i>
Carmen Guevara and Rina Montti from the Cristosal Foundation	El Salvador	<i>Forced displacement in El Salvador and Honduras: Sociodemographic profile of the victims and characterization of the type of violence and institutional care received</i>

Chart 0.1
Sixth State of the Region Report: Research Network

Úrsula Roldán, Lizbeth Gramajo, Eduardo de León, Miguel Hernández, Sindy and Carol Girón from the Institute for Research and Projection on Global and Territorial Dynamics of the Rafael Landívar University	Guatemala	<i>Migration dynamics and forced displacement in Guatemala</i>
Jaime Flores and Bertilio Amaya from Casa Alianza	Honduras	<i>Migration of children and young people in Honduras: forced displacement, deportations and Human Rights</i>
Catalina García	Costa Rica	<i>Focus groups with the Nicaraguan migrant-refugee population in Costa Rica</i>
Marisol Guzmán and Alberto Mora	Costa Rica	<i>Aspects of Nicaraguan migration to Costa Rica and labor market impact</i>
Jorge Vargas Cullell	Costa Rica	<i>Chapter 12 draft: "New migration flows"</i>
Jesús Guzmán	Costa Rica	<i>Support profiles for Democracy in Central America 2004-2018</i>
Ronald Alfaro Redondo	Costa Rica	<i>Chapter 13 draft: "Support profiles for Democracy"</i>
Carlos Humberto Cascante Segura and Raúl Fonseca Hernández	Costa Rica	<i>Voting patterns of the Central American nations and the Dominican Republic in the United Nations General Assembly (2000-2020)</i>
Carlos Humberto Cascante Segura and Raúl Fonseca Hernández	Costa Rica	<i>Voting database of the Central American nations and the Dominican Republic in the United Nations General Assembly (2000-2020)</i>
Carlos Humberto Cascante Segura	Costa Rica	<i>Chapter 14 draft: "Voting of the Central American nations and the Dominican Republic in the General Assembly of the United Nations"</i>

/ Synopsis

General Assessment

Two hundred years after the independence of most Central American countries, the region is mired in its worst crisis since an era when political and military conflicts devastated the area. This difficult situation has been caused by a combination of three factors. Firstly, the long-term tendencies in the (unsustainable) management of the natural heritage, the deepening of the structural asymmetries of development among the territories of the region, and the chronic weakness of the institutional capacities of the Central American states to promote human development. Secondly, unfavorable trends in human development and democracy during the second decade of the 21st century, on which this edition of the report focuses; and finally, the serious effects of the COVID-19 pandemic which have provoked health, economic, social and, in some cases, political crises.

Currently, these three factors create a complex situation that leaves the region with an uncertain outlook. However, as this edition indicates, in the recent past, Central America's integration processes have proven capable of finding progressive outcomes to crises and, today it possesses strengths that could leverage joint actions to address urgent regional challenges. In fact, the integration effort led by the Esquipulas II agreement of 1987 and consolidated by the foundation of the Central American Integration System in 1991, was key to emerging from the crisis of the 1980s and began an era of hope and cooperation between states and societies. Despite the achievements, the Central American

Integration System is currently showing clear signs of political exhaustion, especially in economic and energy matters.

In the period from 2015 to 2019, Central America experienced some economic and social progress. The pace of this progress was by comparison, however, clearly inferior to that registered during the first decade of the century. From a regional standpoint, these advances were specific and dissimilar between the nations. The countries lagging behind had a worse performance in human development, which widened the structural gaps between the more developed south of the Isthmus and the North-central's persistent economic, social, and political lags. These differences, as reported in successive editions of the State of the Region Report, were exacerbated internally in different countries and in certain population groups. The inclusion of the Dominican Republic in this study, as a member state of the Central American Integration System, reinforces these gaps as, along with Panama and Costa Rica, they constitute the most developed and dynamic economies.

In the years immediately prior to the pandemic, the deficiencies at promoting human development within most Central American states (as already analyzed in previous editions of the Report) were exacerbated by significant political and institutional setbacks. In several countries, advances in electoral democracy experienced after the ending of armed conflict at the end of the last century were reversed. Backsliding in electoral management, in the reliability of electoral registers, and the undermining of the right

to elect and be elected were evident. All this coincided with the deterioration in the separation between the powers of the state due to the dominance and the growing concentration of power in the ruling party. Moreover, the strength of the armed forces and their involvement in civil affairs coupled with a drop in support for democracy from the population, at large, led to a growing risk for effective maintenance of liberty and human rights in the region by the end of 2019.

In this already fragile and unfavorable outlook, the pandemic induced rapid deterioration in both the labor markets and wage levels of the population. This led to an increase in unemployment and poverty. Countries that already had limited room for fiscal maneuverability due to high deficits, were then forced to rely on ever-increasing public debt to finance the interventions necessary to confront the health crisis. At the same time, some states took advantage of the moment to try out authoritarian policies, restricting civil liberties, and avoiding transparency and responsibility, which hastened the political and institutional decline.

The pandemic effectively activated different mechanisms of the Central American Integration System (SICA). A Regional Contingency Plan was approved with various objectives and action fronts. This opened the way to concentrate regional actions to support the fiscal situation, economic activity, and the maintenance of commercial exchange in the area.

→ General Assessment > continuation

However, in key aspects of the health crisis management, such as health, education, and environmental policy, the actions of the integration institutions were limited to coordination or information without major impact or articulation with national productive, health, and social policies.

In practice, each government concentrated on addressing the problems in the way it saw fit. This limited the reach of the measures promoted at a regional level, especially those related to containing the infection and the possibility of optimizing the limited resources available to deal with the pandemic.

The necessity and potential benefits of regional action contrast with asymmetrical capacities of SICA. Robust institutions and action frameworks in the areas of financing the development and integration of the electricity market coexist with multiple entities with weak capacities for action and few results. Crucially, this fact is compounded by the lack of political will of the member states to honor the commitments they sign and their lack of interest in conceiving integration as a platform for the concerted implementation of public policies. A good part of the regional institutional framework continues to depend on international cooperation to make its operation viable, which tends to induce the dispersion of its work to respond to the agendas of the donors, and not to the priorities and needs of regional action.

The global nature of the effects of COVID-19 adds to other developmental dynamics that transcend borders between countries. It is evident that this needs to be addressed collectively. This edition of the Report provides inputs to assess the importance of regional action on issues such as risk management and vulnerability to disasters, productive and employment chains, the relevance of education and technical-professional training, and the dynamics of homicidal violence.

In commemoration of the bicentennial of the independence of most of the countries of the Isthmus, the Report states that Central America and the Dominican Republic have not managed to construct a virtuous circle of national and regional action to drive sustainable human development. This goal is constrained by the absence, in major sectors of the population, of a robust regional identity, which means that dealing with shared challenges is left to the political will of the government of the day. Despite this difficult situation, the Report is able to identify real strengths in putting regional motivation into action and in the integrationist inclinations of the population, which may be useful as valuable assets in the establishment, by the states and societies, of an effective framework of cooperation to respond to the strategic challenges of the region.

In this context, the present edition of the Report offers three principles or main ideas that bring together the findings of the many investigations carried out for the preparation of this document. These ideas suggest a strategic reading of the actual situation and perspectives for human development, democracy and regional integration in Central America and the Dominican Republic.

The main ideas not only update the diagnosis of the *Fifth State of the Region Report* (2016), but also suggest a guide for identifying new themes, facts, and analysis which the chapters of the Report provide in order to understand the complex reality which the area is experiencing. However, they fundamentally shape the basic narrative sequence of the contemporary history documented in this edition. At the same time, they suggest a narrative that moves from that diagnosis of the situation to identifying keys for the construction, with support from the citizenry, of a more profound and effective regional integration.

The three principal ideas put forward in this report are the following:

- Central America ended the second decade of the 21st century plunged into the worst crisis of the last three decades.
- The integrationist drive, which began at the end of the last century, achieved tangible results in human development in recent years but shows signs of political exhaustion.
- Regional identities are key in strengthening popular support for the integration of Central America and the Dominican Republic.

Based on the new information produced by the present edition of the Report, the chapter ends by inviting strategic reflection on the following pressing question: from the point of view of coordinated regional action between states and societies of Central America and the Dominican Republic, what is to be done about the decline in sustainable human development and democratic experience and about the political exhaustion for regional integration?

The report cannot give a complete and definitive response to this question; that is an impossible task. It can, however, contribute to concrete proposals which may help in the (re)construction of the hope that, as it did forty years ago, Central America will be able to find solutions towards progress and democracy even when it appears that darkness has overtaken the present time.

/ Synopsis

CONTENTS	Framework of the Report
General Assessment 17	<p>The <i>State of the Region Report</i> evaluates the performance of Central America and the Dominican Republic in the field of human development since the publication of the last edition in 2016. This exercise involves a number of conceptual and methodological definitions that frame the scope of the document, its focus and themes, as well as its temporal and geographic range. This section gives an overview of this framework with the aim of clarifying from the outset how to understand what the report is and is not.</p>
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Conclusion 54	<p>Main concepts</p> <p>Central America, the region, and regional integration make up the conceptual triad which has supported the research of the State of the Region Report since 1999. The concept of human development establishes the perspective from which the evolution of Central America and the Dominican Republic is viewed. The concepts of region and integration also define the subject of the report. These terms have frequently been used as synonyms, but, as this paragraph explains, they refer to distinct, although interrelated objects. Moreover, it is also important to clarify, from the beginning, the reasons why the Dominican Republic, a country that historically is not part of Central America, has been included for the first time.</p> <p>The concept of regional human development</p> <p>The present report is based on the concept of sustainable human development put forward by the United Nations Development Programme (UNDP) theoretically developed by Amartya Sen (1999, 2009). According to this approach, development should be understood as a process for developing capacities and opportunities by and for people in a way that grows the liberty and equality that present and future generations can enjoy (UNDP, 1994). It is a contrasting and alternative vision to the ideas which dominated until a few years ago, which reduced the concept of development to economic growth alone.</p> <p>From this perspective, human development is very tightly associated with democracy and human rights (O'Donnell, 2007, 2010) and implies focusing on the living conditions of human beings, recognizing the multiculturalism of these conditions, and in paying attention to demands and aspirations. In the case of the State of the Region, the study of human development does not apply to a single country, but to a wider spatial unit that includes various societies and nation-states.</p>

The concepts of region, regional integration, and the inclusion of the Dominican Republic

Beginning with the first *State of the Region Report* (1999) a distinction has been made between the concepts of region and regional integration, two terms which are not mutually exclusive, however, they have been used as synonyms, in Central America, for political and historic reasons.

A region is a territorial expression of historical processes, almost always unplanned, through which population groups develop daily relations, albeit asymmetrical or even contradictory, capable of creating a functional territorial unit both defined and definable. The creation of a region by means of a cohesive network of social, economic, political, institutional, and environmental relations can be helped by the geography of the territory: natural disasters can facilitate exchange or, on the contrary, create barriers against it. However, from the perspective which the Report is interested in, the region is a historical construction, not a natural ontology and is, moreover, a construct susceptible to different definitions and spatial scales, depending on the specific criteria of interest (Suorsa, 2014; Schmitt-Egner, 2002; Kasala and Sifta, 2017; Agnew, 2018).

In this Report, the concepts *region* and *Central America* are used as synonyms. In both cases, seven countries are included: Guatemala, Belize, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama, although it is necessary to note that, in practice, it was not always possible to include Belize in the analysis due to the lack of comparable information. This definition of Central America gives weight to the criterion of historically constructed relations between nations, having as a backdrop geographical contiguity, as it includes the seven nations which occupy the narrow strip of land between the Pacific Ocean and the Caribbean Sea and the great continental landmasses of North and South America. However, it is accepted that this singular geography has aided the emergence of territories with strong links between

them and a certain cohesiveness in their shared dynamics. Chapter five of this edition presents evidence that Central America and its outlines and definitions constitute a “contested” concept as much in the thoughts of outstanding Central American and international intellectuals, as in the eyes of its population.

Regarding the process of regional integration, this is the result of policies and strategies whose goal is to link the different economies and societies of a region through the creation of an economic, social, and political space ruled by a common institutional framework (not necessarily a shared government) which establishes shared rules and modes of operation. As such, this is a multi-dimensional process that assumes a vector of social and institutional engineering: deliberate and coordinated actions on the part of a constellation of agents. In such social planning, the processes of social integration can be subject to metrics and goal achievement evaluations (Ghica, 2013; Maza and Villaverde, 2011; De Lombaerde et al., 2012).

From the thematic point of view, the multi-dimensional aspect of an integration process includes the different action areas in which actors intervene to drive the creation of frameworks for both supra and transnational cooperation. These contexts can be environmental, economic, social, political, and cultural, as will be seen in the following sections of the *State of the Region Report*. Alternatively, a regional integration process has institutional and non-institutional dimensions, a noted distinction since the *First State of the Region Report* (1999).

The first dimension involves the bodies and institutions created by the Central American states (and more recently the Dominican Republic) with the authority and responsibility to implement supra-national policies approved by means of international treaties and explicitly recognized by the domestic legislation of the countries. The second dimension includes the ties which, in practice, unite the different societies by means of business investment efforts, intra-regional migration, and the links of the orga-

nizations of civil society, influenced by normative frameworks and public policies, yet independent of both. In general, this dimension is not highly visible but is a central part of the regional dynamic, including when states do not fulfill their obligations to the integration process. As will be explained later, this second dimension has not been studied sufficiently.

The distinction between region/Central America and regional integration allows the explanation of the inclusion of the Dominican Republic, for the first time, in the studies of the State of the Region. This inclusion reflects a fact: the Dominican Republic has been a full member of the Central American Integration System (SICA) since 2013. To the extent that the Report not only deals with the region but also with integration, it has been necessary to make a first attempt to compile, analyze and compare data from this country with the rest of the region, without assuming that the Dominican Republic is part of Central America. So, the phrase “Central America and the Dominican Republic” used repeatedly in the contents of this Report (in the text as well as in the visualizations) reflects the fact that the country does not form part of Central America but of the regional integration process. As previously mentioned, a region can be built on deliberate processes of public policy, the Dominican Republic can make itself part of a wider region that includes not only the continental Caribbean area but also the Caribbean islands, territories with a dense network of ties that connect the different parts. However, this is still not the case.

To conclude, the definition of the concepts of “region” and “regional integration” has consequences for the study of sustainable human development which this Report is addressing. If Central America, as a region, is a unit distinct from the countries and territories which form it, then the study of its sustainable human development cannot be reduced to the sum of and comparison between national averages. The added value of the State of the Region is, precisely to

disentangle the tendencies which dynamize the region without distinguishing frontiers and nationalities. Country-by-country comparisons are carried out when they are necessary to emphasize a particular point, but more importance is given to the regional findings and tendencies. The price of this decision is the avoidance of national specifics, but the gain is a contribution to an interpretation of the whole.

The period of analysis

The current Report focuses on the study of the evolution of Central America and the Dominican Republic during the period of 2015-2019, that is to say, the second half of the previous decade. The end date is 2019 since for most of the human development indicators the last information available is up to this date. It should be noted that the previous edition published in 2016 had information up to 2014, so this Report continues on from that date, although it does not confine itself only to the years mentioned.

In the first place, the Report normally uses time sequences of various decades, the length of which varies according to the information that is possible to gather per theme, with the goal of producing the longest possible context for the recent progress of Central America and the Dominican Republic. For example, in two chapters, widening the focus allows for a long-term study: chapter 6, “Special analysis of disasters over the long-term: risk estimate based on selected variables”, covers a period of more than seventy years, and chapter 8, “Political and institutional evolution (1900-2018)” more than a century. However, it is usual for the time sequence to be across the first two decades of this century, especially in the majority of economic, social, political, and environmental subjects.

Widening the temporal lens reflects the actual nature of the report: it is not about the study over a particular time frame, but rather the structural tendencies which form the progress of sustainable human development and regional integration. In this way, it offers a framework of interpretation to understand

(and, in some cases, explain) the most recent events, given the analysis contained in all chapters guided by the question: To what extent do the short-term tendencies of the 2015-19 period modify (or not) the long-term tendencies?

Second, in this edition, a special effort was made to include information for the year 2020 and, on certain topics, for the first quarter of 2021. This was sometimes possible because of the access that the Statistical Institutes of the countries gave to 2020 figures. In other cases, in order to write the Report, a special research effort was made to get first-hand information through population surveys, compilation of administrative registers, or items from the news media to produce unpublished studies.

The commitment to make this edition of the Report as up-to-date as possible was based on two reasons. The first and most important reason is the COVID-19 pandemic which from the beginning of 2020 had a profound impact on Central America and the Dominican Republic (as in the rest of the world) and created changes in the tendencies which were being observed in the previous years in the economic and social spheres. For this reason, the Report tried, as much as possible, to document the first effects of the pandemic on regional sustainable human development and includes chapter 4, which is dedicated especially to this material. The second reason is the celebration of the bicentennial of the independence of five Central American countries which involved special research on subjects about which almost no information existed.

The situation in Central America and in the Dominican Republic is very dynamic. At the end of 2020 and throughout the present year, things have happened which have modified the current state of and perspectives for sustainable regional development and regional integration. Sometimes, these events have strengthened tendencies which the Report had already identified. However, in others, they implied turning points with the potential to open new paths of evolution. Whichever the case, it is important to underline that, despite

their relevance, these events were not included in the analysis, because when they happened the research for the preparation of the Report had already been completed. For more information about these events see box 1.1. The repercussions and relevance of these events will be analyzed in the next editions.

Themes of the Report

The *Sixth State of the Region Report* covers an extensive range of subjects relevant to human development and regional integration in Central America and the Dominican Republic. Its contents are the result of a wide consultation carried out in 2018 with people from all the countries of the region; its final version was approved by the Consultative Council held in July of that year. This section describes the process which led to the choice of the contents of the present edition.

On the process of theme selection

The consultation, which was the foundation for the choice of contents was based on 175 interviews and group sessions in which some 200 people from all Central American countries, the United States, Spain, Chile, Mexico, The United Kingdom, and Switzerland took part during the second semester of 2017 and the first semester of 2018. This allowed for the compilation of a wide range of opinions and suggestions about the situation and the subjects the new edition of the Report should address.

The processing and analysis of the results of the consultation started with the notes from the interviews and group sessions, the majority of which were checked and completed using the transcripts of the recorded conversations. Based on this material, the technical team of PEN-Conare produced the proposal which was discussed and modified by the Consultative Council. The Council proposed, as a special theme, the study of the challenges and opportunities of regional action faced with the internal crisis of the countries in a hostile international context, and deciding if the tendencies highlighted in the

Box 1.1

Relevant events which happened after the conclusion of the research for the *Sixth State of the Region Report*

At the end of 2020, and during the first semester of 2021 a number of high-profile events occurred with the potential to impact not only the social and political dynamics of the Central American countries but also to affect the dynamics of the regional processes. The following are examples for indicative purposes of some of them:

- The social and environmental impact of the unprecedented double blow of hurricanes Iota and Eta in November 2020, which hit the Nicaraguan Caribbean coast particularly hard. Chapter 6 “Special analysis of disasters over the long-term: risk estimate based on selected variables”, offers the long-term context of the subject.
- Change in the immigration policies of the United States with the beginning of the administration of President Joe Biden. In chapter 11 “New migration flows”, a study of migration policies up to those of the Donald Trump administration is presented and some changes made by the new government are identified.
- Parliamentary elections in El Salvador which gave an absolute majority to the governing party, which led to the removal and replacement of the judges of the Constitutional Court. Chapter 8 “Political and institutional evolution (1900-2018)”, and chapter 13 “Support profiles for democracy”, allow these events to be fitted into the regional political dynamic.
- Identification and sanctioning of high-ranking officials in Central American governments by the Biden administration because of their links with acts of corruption and drug trafficking.
- New migration flows during the pandemic.
- Public corruption scandals in various countries linked to the purchase of vaccines, the use of funds destined for social policies and public works contracts.
- Arrest of opposition politicians in Nicaragua in May and June 2021. Chapter 8 “Political and institutional evolution (1900-2018)” identifies democratic regression during the last decade.

the period 2015-2019, with an extension to 2020 and the beginning of 2021, to document the first effects of the crisis caused by the COVID-19 pandemic.

In the section “Strategic dilemma” the results of a new study about the beliefs and attitudes of tens of thousands of Central Americans about the significance of Central America and regional integration are presented. This contribution allows us to approach a crucial question: how to promote popular support in favor of shared regional identities which favor a strengthening of joint action between countries and societies to solve strategic challenges? This question is particularly relevant given the very difficult situation which Central America and the Dominican Republic are undergoing.

In the section “Views of the region” in-depth studies about subjects relevant to human development suggested by the Consultative Council are addressed. In these cases, the research goes beyond the following-up of tendencies and seeks to examine new themes and sources of information with the aim of widening regional knowledge and thought.

Relevant subjects not researched in-depth in this edition

The *State of the Region Report* is not an exhaustive x-ray of the situation and perspectives of the region. In effect, some subjects of great importance have not been included in this edition. Besides the obvious fact that it is impossible to portray reality in all its complexity, the specific decisions which explain the absence of certain themes of undeniable interest are, in every case, a result of a combination of the following reasons:

- There does not exist up-to-date, comparative information for a systematic treatment of the material which would shed light on the prevailing situation.
- The subject has been dealt with in-depth in a previous edition of the Report and the situation has not changed substantially since then.

Fifth State of the Region Report continued or, on the contrary, new evolutions and challenges had appeared.

It is a fact that the COVID-19 pandemic affected the process of the preparation of the report and introduced new priorities. In one way, it has been inevitable to deal with the health crisis, as it has caused profound disruption of the national, regional, and international dynamics. In another way, the delay in the dates of the deadlines led to a subject which had not been foreseen: it coincided with the celebration of the bicentennial of the independence of five countries of the region, a very appropriate event for reflection on the present and future of these societies. This fact led

to a reformulation of the special theme of the Report in the terms which were finally used in chapter five of the Report entitled “Visions of Central America and regional integration”.

The chapters in this edition

The present report is made up of 13 chapters, as well as this synopsis. These are divided into three sections: regional panorama, strategic dilemma, and views of the region (chart 1.1).

The section “Regional panorama” follows up on recent tendencies in the evolution of Central America, the Dominican Republic and institutions of regional integration. It consists of three chapters whose analysis concentrates on

Chart 1.1

Capítulos del Sexto Informe Estado de la Región (2021)

Section	Chapter	Title	Topics
Regional overview	2	Recent Trends in Sustainable Human Development	Environment, demography, economy, social equity, politics
	3	Trends in the Regional Integration Process	SICA institutions
	4	The COVID-19 Pandemic	Health crisis, impacts, measures taken
Strategic dilemma	5	Visions of Central America and Regional Integration	Political culture, identities
Glances over the region	6	Long-term Spatial Analysis of Disasters	Risk and vulnerability, land use, climate variability
	7	Environmental Conflict	Environment, environmental management, politics
	8	Political-Institutional Evolution (1990-2018)	Political regime, rule of law
	9	Production and Employment Networks and Chains	Economic structures and sectoral patterns of economies, job creation
	10	Relevance of Vocational Technical Education and Training	Education, labor market
	11	Territorial Dynamics of Homicidal Violence	Social violence
	12	New Migration Flows	Migration, migration policies, human rights, forced displacement, refuge
	13	Support Profiles for Democracy	Political culture
			Voting of the Central American Nations and the Dominican Republic in the United Nations General Assembly

- The research budget did not allow them to be dealt with again without affecting new themes, not studied before, which would allow extending the frontier of knowledge about the region.

This section contains a list of subjects which were not included in the present Report, with a brief mention of the specific reasons which prevented this and, where appropriate, a reminder of the edition in which they were addressed. An attempt will be made to include them on the agenda for research in the next Reports.

The multi-ethnic and pluricultural character of Central American and Dominican Republic societies.

A study of the multiethnic and pluricultural nature of the region's societies with emphasis on the indigenous and Afro-descendant populations has not been included in these pages. The main reason has been the lack of statistics in the majority of countries, with a level of breakdown necessary to establish specific profiles, to evaluate the changes that have happened since the beginning of the century, and to measure asymmetries between different ethnic groups. In the cases where

such disaggregation exists, most are not up-to-date, especially due to the lack of implementation of recent censuses.

The theme has been dealt with in previous editions of the *State of the Region Report*. The first Report analyzed visions of Central America, one of which was called "absent vision", that of actors historically excluded from political decisions and economic and social exchanges, above all, the indigenous, Afro-descendant populations and migrants outside the region. It was said that, for them, any definition of the region is possible but not very relevant. Even for several indigenous leaders, Central America does not exist as a supranational entity, since, in many cases, their inclusion in the nation they inhabit has not even been resolved. For the migrant population, Central America is where their family (or part of it) resides, but the future is elsewhere.

Chapter 8 of the *Second State of the Nation Report* (2003), called "The multicultural challenge", studied the theme using the most up-to-date sources at the time.

Based on census sources, it determined the ethnic composition of the Central

American population and the recognition of multiculturalism by the state (legal recognition) and the different ethnic groups (degree of organization). Special emphasis was given to Afro-descendant and indigenous populations.

The non-institutional dimensions of the integration process

In the last editions, the Report's treatment of the situation and perspectives of the regional integration process has focused on the institutional dimensions of integration: Chapter 7 called "Regional integration" in the Fourth Report in 2011 and the Fifth Report in 2016, and chapter 3 called "Tendencias of the regional integration process" in the present report. An attempt has been made to identify new sources of information that allow an evaluation of the progress of the institutions and the dynamics of the integration process promoted by the Central American states.

The non-institutional dimensions have not been the object of similar treatment in the last editions of the *State of the Region Report*. They were addressed with particular attention in the First Report in 1999: chapter 12 called "Business

effort for regional integration”; chapter 13 called “The efforts of civil society for regional integration” and chapter 14 called “Efforts by people: migrations in Central America”. However, since then, with the exception of the theme of intra-regional migration, they have not been studied again. This constituted an admission which was brought up in the session of the Consultative Council which took place in June 2021, and which remains pending for a future agenda of research.

Social exclusion

In the *Fourth Report* (2011), a new means to measure social exclusion in Central America was conceptualized, one that was different from the poverty measurements used to analyze the deficiencies experienced by individuals and households. In chapter 10 (“The strategic dilemma of reducing social exclusion”) this issue is addressed in depth from different perspectives: economic, social, political, and institutional. It was identified as a structural problem in the region and a type of extreme social inequality.

The *Fifth Report* in 2016 brought up to date the estimates of economic and social exclusion, which allowed a view of the existing panorama in Central America during the first half of the previous decade while verifying few changes in the high levels of exclusion that had been detected in the fourth edition.

In the light of the scarce variation found in this area no specific reference to social exclusion has been included in the present report. However, it will be brought up to date in the next edition.

Infrastructure weakness in Central American states

Chapter eight of the *Fourth State of the Region Report* (2011) carried out a pioneering study at the regional level of the institutional capacities of the Central American states to promote policies of human development and guarantee democratic freedoms and rights. As a reference, the text used the concepts of infrastructural power (Mann, 1986, 2008) and the link between state, democracy, and human development (O'Donnell, 2010, 2007).

The main source of information for the research was unpublished and developed by PEN- Conare, especially for the edition “Database of public entities in Central America”, which contained a detailed compilation of the legal nature, structure, and budgets of the state institutions. Structural analysis of the configuration and capacities of the states was carried out.

This report identified “a type of state which is particularly hostile to democracy, and is present in various countries of the region. These are states whose institutional apparatuses are small and have precarious institutional networks in key areas of their work. In them, the executive is a dominant figure who directly controls the budget and the management of the majority of public entities and, in the context of fragile institutions, whose decision-making has been penetrated by corporatist networks approved by law, which on balance assign more power to business sectors. This configuration of institutional apparatus converges in Central America with a marked infrastructural weakness: they are states which, because of their limited fiscal base, are unable to pay the cost of protecting democratic rights and are not well endowed with resources or specialized personnel, without which it is difficult to impose an institutional presence across the length and breadth of their countries.”

The present edition does not undertake a new study of this material; apart from the inevitable modifications which always happen, the diagnosis of the *Fourth Report* continues to be largely valid. What was done was an update of the database of public entities, now up to date as far as 2018 (which may be consulted at www.estadonacion.or.cr). In this chapter, a brief reference is made to the theme.

Although it would have been relevant, with the outbreak of the COVID-19 pandemic, it was decided to not carry out a new study on the state of public health systems in the region, whose precariousness in the majority of countries has become an obstacle to making a more effective response to the health crisis which has occurred.

The issue of health systems has only been specifically addressed in the Report published in 2008 (chapter 4 - “The regional challenge of having healthy people” - and chapter 5 - “The regional challenge of guaranteeing food to the inhabitants”), and in the following reports the analysis has been limited to the follow up on general indicators. This theme is pending and will be researched in a future edition.

The performance of the national education systems

Extending access to and the quality of education is key for human development. On this occasion, this theme is addressed in a general way, via the updating of the most basic indicators about school enrollment and educational achievement in Central America and the Dominican Republic. The main reason for this lack of depth is that the subject was dealt with in a special way in the *Fifth State of the Region Report* in 2016.

On that occasion, the regional dilemma selected had to do with the situation and perspectives of education in the region. New and ample information was presented to answer the following question: how to rapidly improve the coverage, quality, and relevance of education in a regional context characterized by low fiscal capacity in order to increase the levels of public investment and little desire to change education policies?

The present report does not contain another in-depth analysis of education, but the indicators suggest that there have not been significant changes in this area during the period that has elapsed. What is included is a chapter focused on the relevance of the education and technical-professional training being offered (chapter 10). This is a way of continuing to advance in knowledge, whilst another wide-ranging study of this theme is carried out.

Corruption in public office

Corruption has been identified repeatedly as a serious and endemic problem in public administration in Central America and the Dominican Republic, which conspires against sustainable

human development and contributes to the erosion of democracy and a state of law. In recent years, corruption scandals have led to the fall of a government (Guatemala), the imprisonment of ex-presidents of the Republic (El Salvador and Costa Rica), and, more recently, it has affected relations between the countries and the United States.

In this edition, a study is undertaken concerning the scores that countries receive in international ratings which evaluate the situation of nations (chapters two and eight). However, this Report does not contain an investigation that looks systematically at the profiles, results, and specific consequences of the events of corruption which have been identified in recent years on social and political life. These subjects will be addressed in the next edition of the Report.

The last time this theme was dealt with in-depth was in chapter eight of the Third Report in 2008, titled “The regional challenge of the fight against corruption.” The investigation tried to identify legal and institutional factors which hinder the fight against corruption. It concluded that the illicit and covert nature of corruption made it impossible to qualify its extent in Central America. In general, nations do not keep historical records of accusations or cases brought before different bodies, which makes it impossible to analyze tendencies in this area. Moreover, great differences are found between different indicators as well as between measures of corruption and its perception. At the same time, despite the passing of new laws, very few advances in the strengthening of the institutional capacity to fight against corruption in public administration have been reported.

Although this area is not addressed specifically in the present edition, during its preparation a study of perceptions and attitudes towards corruption in Central America was commissioned (Solórzano, 2020), some of the results of which are published in this chapter. Among other things, what stands out is that this is not considered by citizens as the principal problem in their countries

and that, despite the perception of its increase and the severe judgment of the integrity of different officials and institutions, there exists an acquiescence to certain corrupt practices among wide segments of the population and acceptance of the existence of bribes to obtain access to public services.

Key messages

This section of the present edition of the State of the Nation Report carries out a strategic reading on the recent evolution and present state of sustainable human development and regional integration in Central America and the Dominican Republic. The contents are organized according to three principal ideas, or main ideas, which aim to bring together the most relevant findings documented in the succeeding chapters, as was indicated in the general evaluation section, and update the panorama laid out by the *Fifth State of the Region Report* (2016).

The main ideas form the basic narrative sequence of the contemporary history of the area as proposed by the Report. They are meant to be read as a whole, as a unit of meaning, and not as separate parts. It presents an account which goes from a diagnosis of the situation to the identification of keys for the construction, with popular support, of a deeper and more effective regional integration.

Each main idea is broken down into key messages, the most specific statements which anchor the general account of the Report in the analysis and empirical evidence of the different chapters. This means, of course, selecting from the ample material contained in the Report, in such a way that throughout the text, constant references are made to the chapters where the data and more detailed analysis of the different themes can be found.

First main idea: the region ended the second decade of the 21st century mired in the worst crisis of the last three decades

At the end of the 21st century, Central America and the Dominican Republic

(CADR countries) ended the second decade with a worrying evolution in the area of sustainable human development, moving them further away from the goal put forward by the Central American Alliance for Sustainable Development in 1994: to build a region of peace, liberty, democracy and development, and from the international agreements subscribed to during recent years by these countries, especially the Sustainable Development Goals (SDGs). The realities of sustainable human development in Central America and the Dominican Republic do show some advances but also regression and, in some cases, stagnation, but in general, there has been no change in the structural conditions which have limited the opportunities for well-being for large sectors of the population.

The institutional capacities have not been strengthened in those CADR countries which have been slowest in advancing towards the consolidation of democracy and the promotion of economic and social well-being. On the contrary, during the ten years immediately before the COVID-19 pandemic the rates of increase experienced at the beginning of this century slowed down, particularly in areas of production and employment, and there were clear setbacks, especially in environmental and political matters.

During the period 2015-2019 the region experienced some improvements, but certain threats and risks to its sustained human development also intensified

Despite the difficult situation the CADR region went through, improvements in certain areas of regional sustainable human development in the years before the COVID-19 pandemic offered some hope. These improvements took place above all in the infrastructure for the generation of renewable energy, access to basic services such as water, and sanitation infrastructure. Moreover, the reduction in infant mortality and levels of poverty should be noted, along with the recent falls in rates of homicidal violence in the majority of Central American countries.

The first field of progress was the growth of participation of renewable sources in the region's electricity generation grid. Between 2010 and 2018 it could be seen that the installed capacity for the production of electrical energy using renewable sources grew in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic (graph 1.1). In 2018 Costa Rica had the largest installed capacity of renewable energy in the region: 3046 megawatts. The Dominican Republic had the largest non-renewable installed capacity: 4244 megawatts. An important growth in installed capacity was noted in El Salvador (112,8%), Guatemala (109,5%) y Honduras (172,5%). In effect, the country furthest behind in this field is the Dominican Republic.

The three principal sources over renewable energy (hydraulic, that which is generated by sugar cane and its derivatives, as well as energy produced by firewood) have had an important place in the energy grid. Firewood is used notably in Guatemala, Honduras, and Nicaragua, with its presence above 50% of renewable energy, whilst hydroelectric energy and sugar cane are the principal sources in Costa Rica and Belize, respectively.

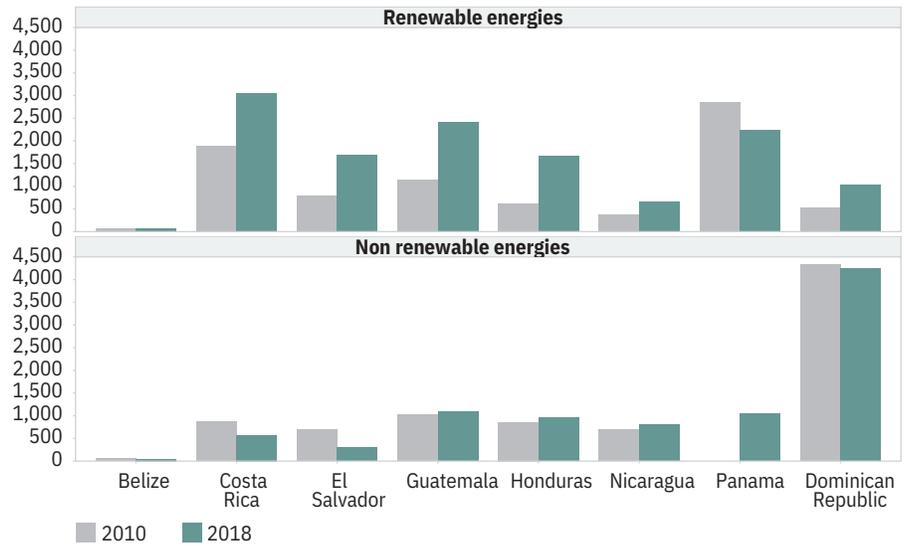
Another essential aspect for people's well-being is access to drinking water and sanitation infrastructures. This report identifies a generalized improvement in the coverage of these basic services in all CADR countries. Between 2010 and 2017, in all countries of the region and in the Dominican Republic, access to sanitation services increased, except for Guatemala (graph 1.2). In 2017, in all the states except Guatemala and Nicaragua, 80% or more of the population had access to sanitation services. Regarding access to basic water sources, the coverage is greater. In the same year, Belize, Costa Rica, El Salvador, Honduras, Panama, and the Dominican Republic had coverage above 95%. It is also important to point out that for the period for which there is data available, Nicaragua was far behind, especially in access to a basic water supply.

According to the Global Water Partnership (2017), the progress shown

Graph 1.1

Installed Capacity by country to produce renewable^{a/} and non-renewable^{b/} electricity, by year, per country

(Megawatts)



a/ Renewable Sources include: hydroelectric, renewable thermal, geothermal wind, solar and others.

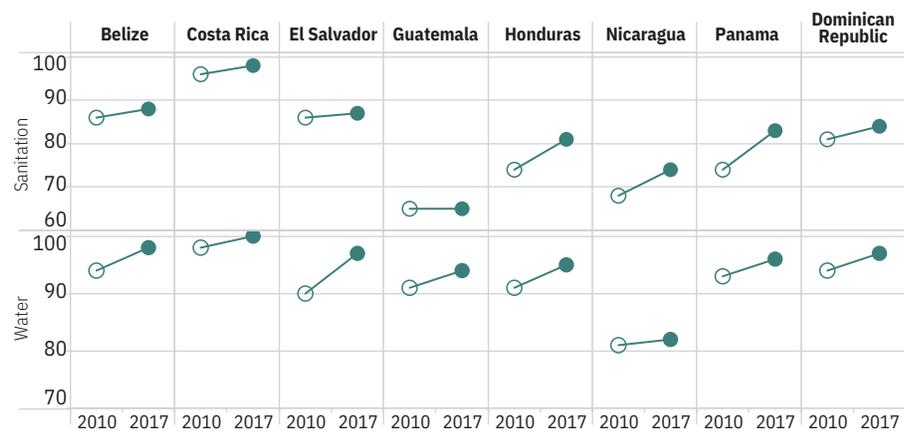
b/ Non-renewable Sources include non-renewable thermal.

Source: González, 2021 with Olade' data.

Graph 1.2

Population access to sanitation services^{a/} and basic water sources^{b/}, by year, per country

(Percentages)



a/ Infrastructure that is not shared with other homes and allows safe management of sanitation services.

b/ Water consumption from an improved source that takes no more than 30 minutes to obtain. An improved source consists of pipes, protected wells, protected springs, or packed water.

Source: Guzmán, 2021, with OMS' data.

concerning access to these basic services is the result of greater attention from governments, which subscribed

to the initiatives of the Millennium Development Goals and the declaration of the United Nations General Assembly

on the human right of access to drinking water and sanitation of 2010.

Other good news regarding the performance of CADR countries in human development is the sustained reduction in infant mortality. This is a very relevant tendency as infant mortality is considered as a synthetic indicator of the health of a population, whose analysis should be carried out via a long-term perspective.

In the last decades, infant mortality for every thousand live births had an important decline in most countries (graph 1.3). Costa Rica, El Salvador, and Guatemala closed the period with rates of less than 10 deaths for every thousand live births. In the other states, with the exception of the Dominican Republic, the figures vary between 12.6 and 17.5. In the Dominican Republic, a notable reduction of nearly 50% between 2000 and 2019 can be seen, however, it continues to have the highest infant mortality rate.

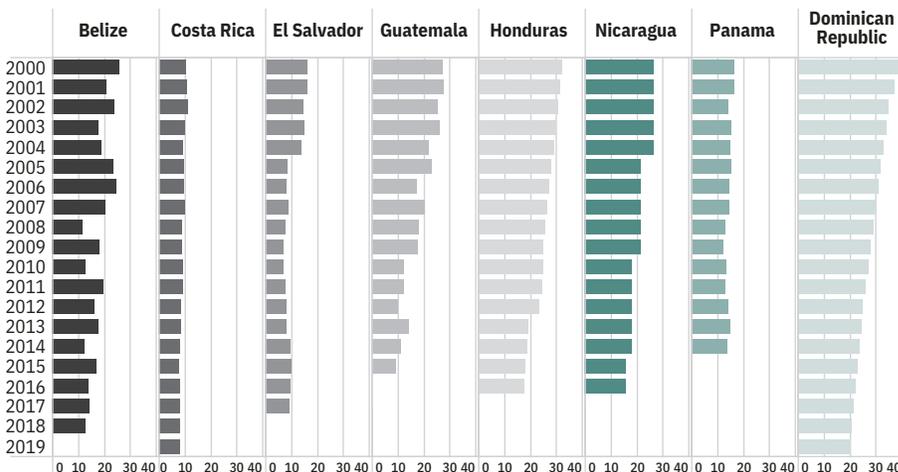
Cepal (2021c) identifies this advance as the result of various improvements in primary care, massive vaccination programs, better medical checks on children and the expansion of prenatal care. Added to this is the improvement in coverage of access to basic services, as described above, progress in nutrition, and gains in women’s education, which have also reduced fecundity rates.

The improvement in certain indicators in regional human development in the pre-pandemic years extends to the field of poverty which was reduced substantially between 2005 and 2019. Of the six countries for which we have information, five exhibited a declining tendency in the incidence of poverty, measured by the poverty line method¹. This evolution was especially notable in El Salvador and the Dominican Republic between 2015 and 2019 (graph 1.4). Despite these positive facts, in 2019 the poverty level continued to be high in the majority of countries and in the case of Honduras above 60%. On the other hand, extreme poverty has shown a tendency to decline since 2005, except in Costa Rica where it reached its highest point, 7.16% in 2015.

The improvement in these fields of well-being has been accompanied by reduc-

Graph 1.3

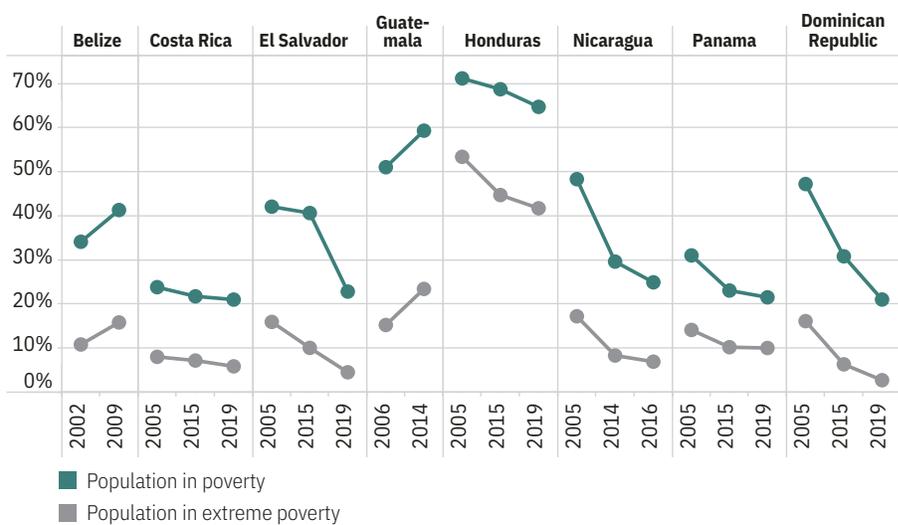
Infant mortality rate, per country
(Rate per thousand births)



Source: Piedra, 2021, with data from the countries’ statistical institutes.

Graph 1.4

Incidence of total and extreme poverty^{a/}, per country
(Percentage of people)



a/ According to poverty line methodology.

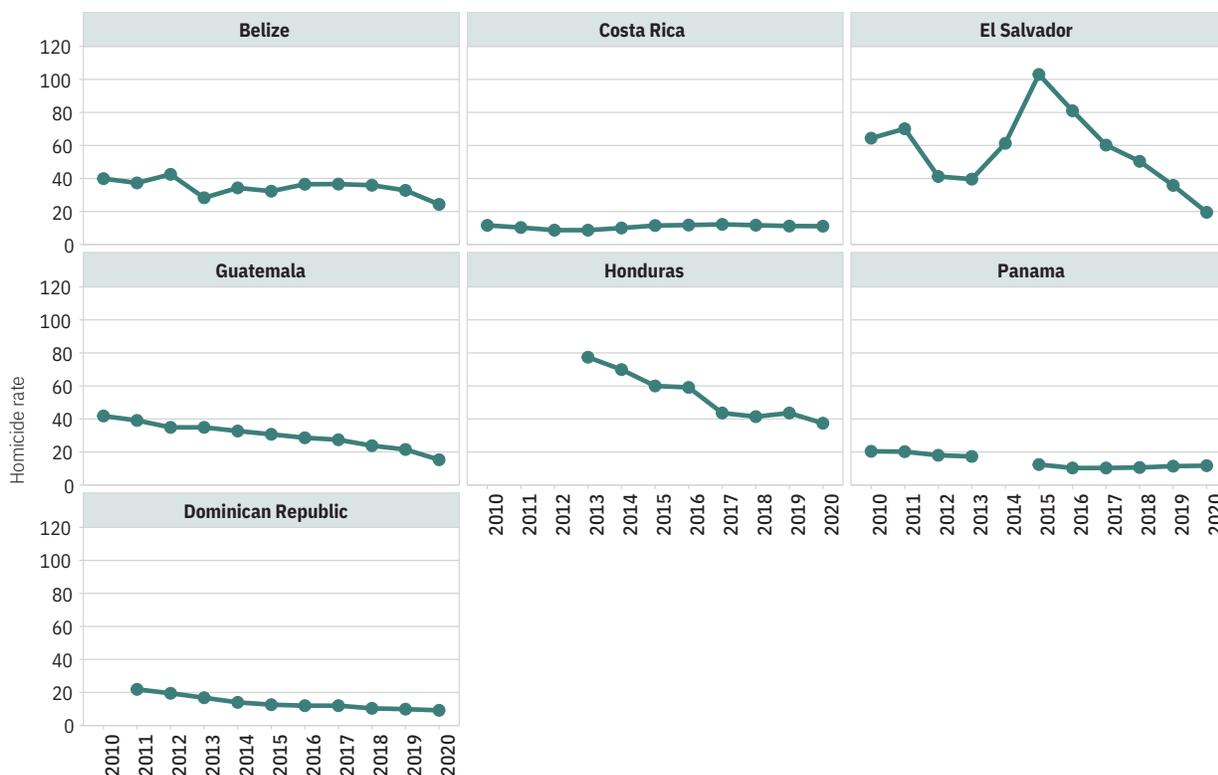
Source: Guzmán, 2021, base on PEN, 2021 with data from the statistics institutes of each country.

tions in some types of violence in these societies. In effect, Central America continues to be one of the most violent regions in the world, except for countries at war. However, during the last years and above all since 2015, the majority of these countries have experienced a big drop in homicide rates (graph 1.5).

 For more information on **sustainable human development trends**, see **Chapter 2** of this Report..

Graph 1.5

Homicide rate per 100,000 inhabitants, per country



Source: González, 2021 base on Salazar and Madrigal, 2021 with data from Infosegura, PNUD and the Public Ministry of Panamá, 2021.

This report also identifies spatial patterns in the homicide rate at the local level. In all countries of the region, there are municipalities with high homicide rates (more than 25 homicides per every 100,000 inhabitants) and also territories with low rates (around or less than 10 for every 100,000 inhabitants). The levels are higher in urban areas, borders and coasts, and tend to be less in rural zones and those with indigenous populations (map 1.1).

Despite the good news just described, when one looks at the region as a whole, the main conclusion is that, since the arrival of the COVID-19 pandemic, the threats and risks which endanger human development in the CADR countries have increased.

Chapter 2 of the Report develops a more detailed examination of this theme through the metaphor of sustainable human development as if it were a building with several floors. Starting from the use of the natural heritage, demography, the creation of wealth, its distribution, and, finally, the rules and methods for collective decision-making in a society. In this chapter, this analysis is not reproduced in-depth but highlights in a selective manner some evidence which supports the negative panorama.

First, despite the recognition of how invaluable natural resources are, the persistence of unsustainable patterns of land and resource use have gener-

ated greater environmental pressures and increased the ecological footprint. These pressures have produced an imbalance that promotes environmental deterioration and compromises the material basis of sustainable human development.

During recent years, the countries have continued the growth in the consumption of resources and pollution which has led to an ecological debt which in 2017 (last data available) was 20% more than in 2011 at a regional level. Although about one quarter of the region's territory is protected, the increase in the ecological debt is evidence of the erosion of a rich natural patrimony (graph 1.6).

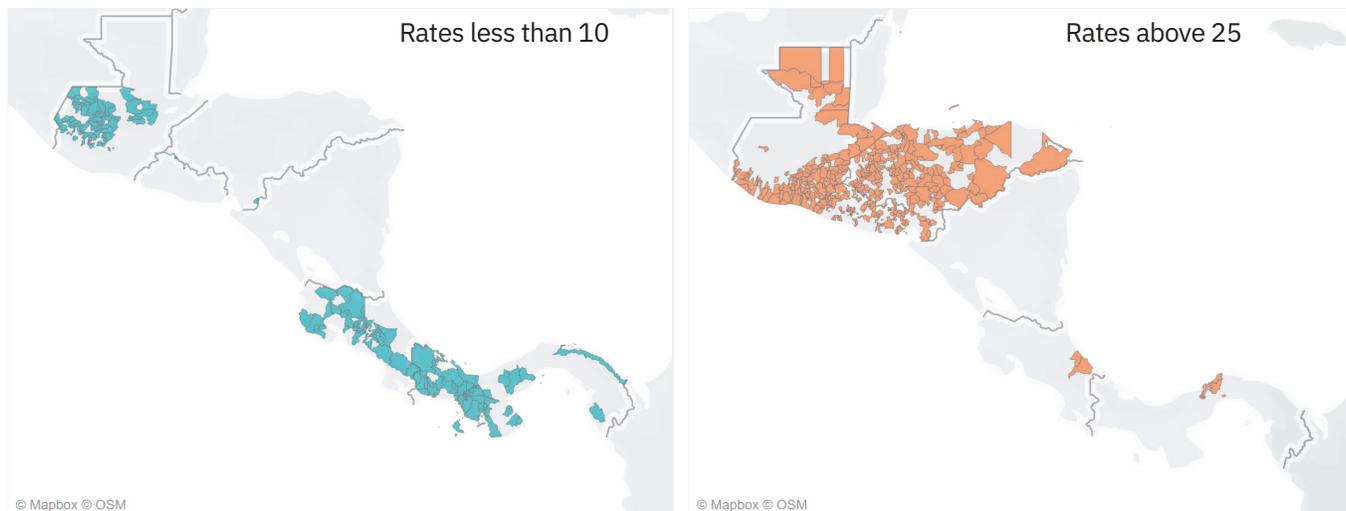
As has already been said, the CADR countries have advanced in the sustainability of their electricity grids, but electricity is only one component of the sources of energy which drive the different nations. This Report points out that one of the principal motives for the unsustainable use of the natural heritage



For more information on **homicidal violence in Central America and the Dominican Republic**, see **Chapter 11** of this Report..

Map 1.1

Central America: municipalities with low and high homicidal violence, with stability over time^a/ 2010-2017

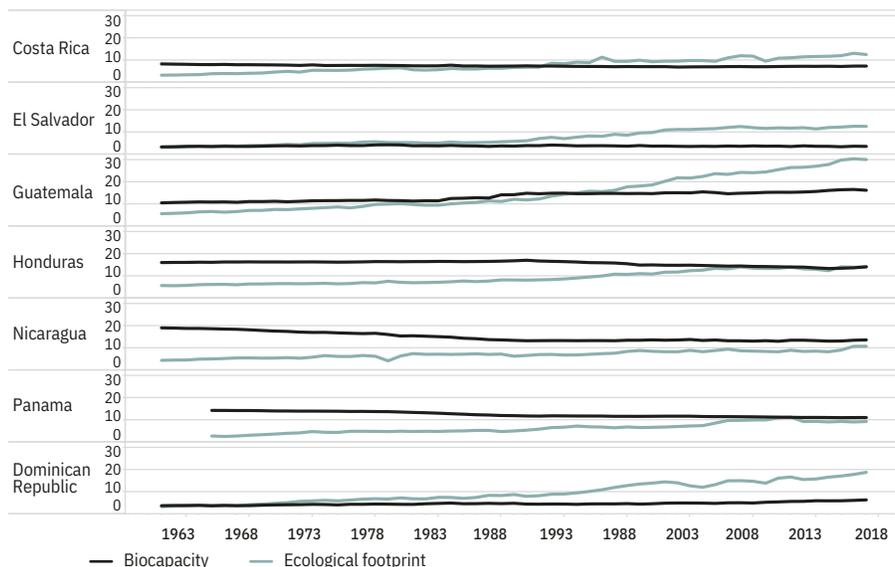


a/ Measured as those municipalities that show a standard deviation lower than the Central American average of all localities that have a high/low homicide rate between 2010 and 2017.

Source: Herrera, 2019 based on data from official sources in each country.

Graph 1.6

Evolution of biocapacity and the ecological footprint, per country (Global hectares)



Source: Piedra, 2021, with data from the Global Footprint Network, 2021.

is what makes up the energy grids in the region (not only the electric ones). These grids continue to depend, for the most part, on imported hydrocarbons, which are the energy source for the transport and industry sectors. This is particu-

larly the case in Belize, Honduras, Costa Rica, and Nicaragua, in which more than half of the energy produced comes from this source, while only Guatemala has a lesser dependency (38%). It should be noted that the total energy consump-

tion of the region grew at an annual rate of 3% between 1990 and 2018, and as electrification progresses in the region, the importance of renewable and non-renewable electrical energy increases in the industrial as well as in the residential sector (Cepal and Olade, 2019).

The increasing and disorderly urban growth during the last decades, together with the population growth concentration in these territories, has heightened the vulnerability and risk, in an area which has been exposed to bear the impact of extreme natural phenomena throughout history and today is highly vulnerable to the effects of climate change. Six of the eight states of the region are placed amongst the 40 highest positions (these with the most exposure to risk) in the Climatic Risk Index ranking of 2019 which evaluated 180 countries worldwide. Risk and vulnerability materialize in each rainy, hurricane or drought season in recurrent human and economic losses, as well as public and household infrastructure..

Climate risk as well as natural disasters are latent threats in all CADR countries. Chapter six of this Report presents a special analysis of disasters over the long term, which allows the identifica-

tion of critical areas and factors associated with vulnerability to strengthen risk management and reduce the recurring human and economic losses which derive from these phenomena. Although the Central American Integration System (SICA) has produced mechanisms and instruments for risk management via specialized bodies such as CEPREDENAC (Coordination Center for Disaster Prevention in Central America and the Dominican Republic), the Regional Committee on Hydraulic Resources (CCRH), and the Central American Commission for Environment and Development (CCAD), the dynamics of these phenomena appear in a very differentiated way between countries and, above all, at the internal level in each one. However, there are shared aspects: these events occur most often in metropolitan zones, secondary towns, and coasts (map 1.2). This territorial approach in each country allows prioritizing investment and risk management efforts.

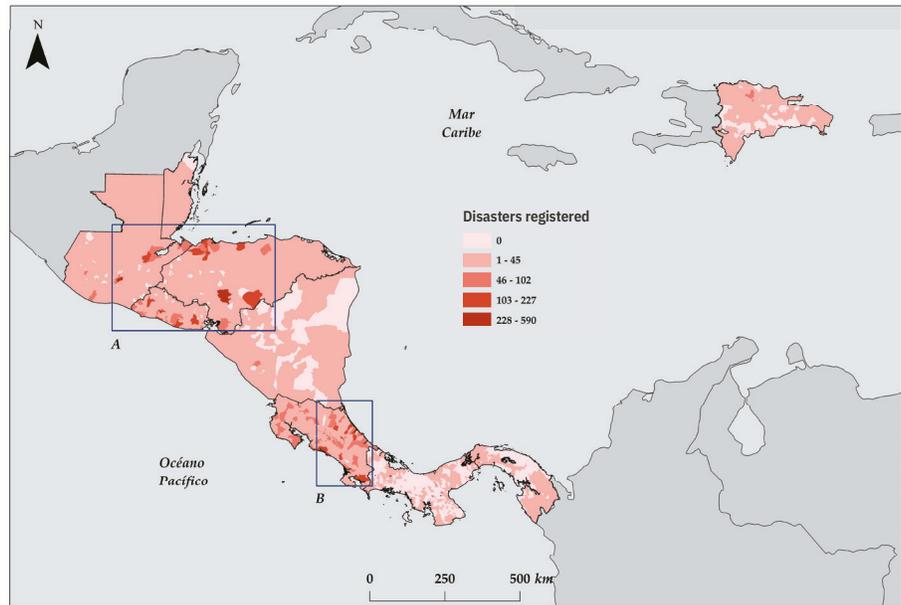
The pressures on the natural heritage have created problems associated with social and environmental conflicts in the region. Chapter 7 of this edition presents a study of this topic, whose object is to make known the disputes and pressures that exist in relation to access and use of natural resources. The chapter shows that states are not able to intervene in an opportune manner to guarantee adequate environmental management and the sustainable use of natural resources, especially in the local sphere (graph 1.7). Two thirds of the social environmental conflicts recorded during the period 1990-2020 in CADR countries are related to actions or omissions on the part of public institutions, and have a local (communal, cantonal, or municipal) scope. Moreover, in eight out of ten cases, companies figure as the main actor.



For more information on **disasters in Central America and the Dominican Republic**, see **Chapter 11** of this Report.

Map 1.2

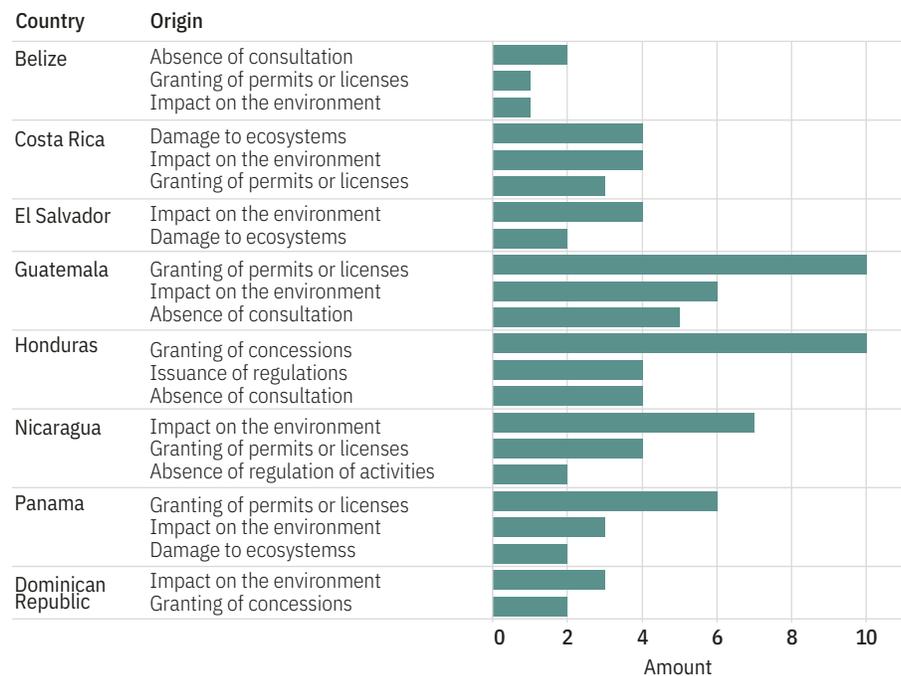
Central America and the Dominican Republic: spatial distribution of disasters registered in DesInventar. 1950-2020



Source: Muñoz, 2021 based on DesInventar, 2020.

Graph 1.7

Main reasons for socio-environmental conflicts, per country. 1990-2020



Source: Chacón and González, 2021, from the socio-environmental conflicts database of the PEN, Environmental Justice Atlas, 2020; Calas, 2020; Neotropical Foundation, 2020; Cespad, 2020; Humboldt Center, 2020; Cocibolca Group, 2020; Obpas, 2020.

The violence and recurring repression of protests, as well as the judicialization of cases show the need to achieve a more adequate institutional intervention to minimize social, economic, and political costs of the processes and avoid environmental damage.

In addition, there exist long-term dynamics associated with demographic structures which have serious implications for human development and state capacities to empower development. As it was explained in the *Fifth State of the Region Report* (2016) and is reiterated in this edition, the CADR countries are in full demographic transition. This is the period that corresponds to the so-called "demographic bonus", when the states have the highest proportion of people of productive age, and low (and mostly young) contingents of non-productive people. Once this bonus is completed, societies experience a rapid aging process, which requires the development of robust social protection systems.

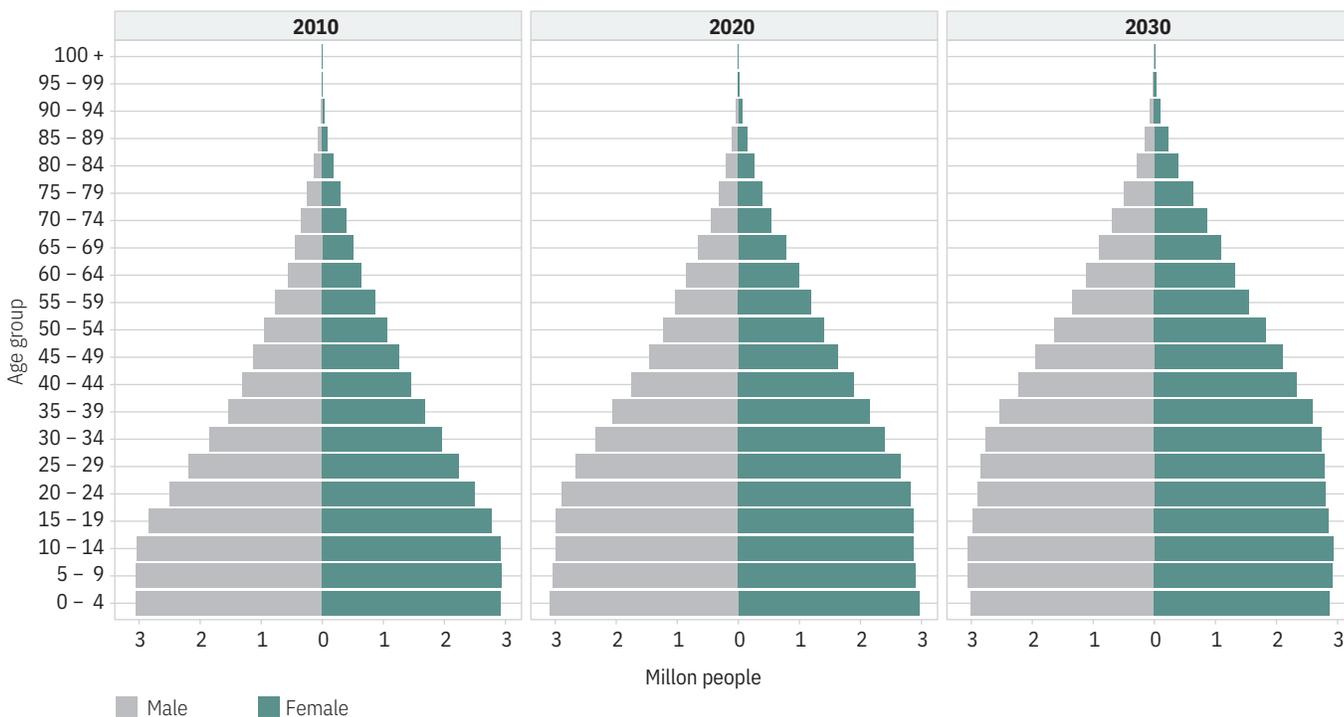
The risk for regional human development in the demographic sphere is that this window is not being fully taken advantage of through rapid advancements in education and employment opportunities for the young population. In fact, the CADR countries still have a large percentage of the population in that age group (graph 1.8), but the base of the population pyramid will continue to narrow. The more time that passes, the narrower the room for maneuverability will be to generate the educational and employment opportunities required to enhance development and social equity.

Therefore, the proportion of people 60 years old or more is increasing in the region, particularly in Costa Rica (graph 1.9). There, that group increased its relative size in the total population by 9.5 percentage points in the period of 2000 to 2020, and will continue growing until 2030, when it is estimated that a quarter of the country's population will be in that age group. In Panama, the

Dominican Republic and El Salvador, however, the total population is aging at a slower rate (estimates indicate one fifth of the population will be over 60 by 2030), and in the other states the proportion will be less at 16%. It is very important to note that the average age increase of the Central American and Dominican Republic population will tax social care systems that are not robust. Currently, in almost all countries of the area, poor coverage and important problems of financial sustainability reduce quality of services. Although this topic is not dealt with in this edition, there exists an abundance of pertinent literature (see chapters one and two in PEN, 2016). This weakness is certainly a key fact in understanding the minimal public policy options which the governments of the CADR countries had at their disposal to confront the health crisis caused by the COVID-19 pandemic.

Graph 1.8

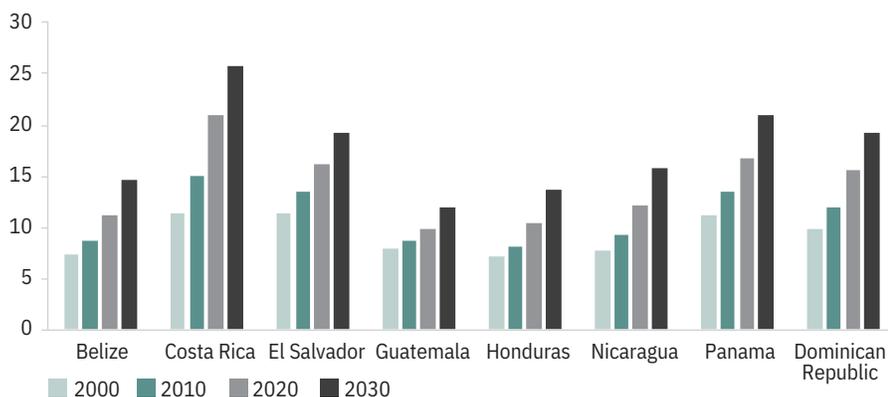
Population pyramid of Central America^{a/} and Dominican Republic. 2010, 2020 and 2030



a/ Central America includes Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and Panama. It wasn't possible to include Belize because of lack of data. Source: Guzmán, 2021 with data from Celade.

Graph 1.9

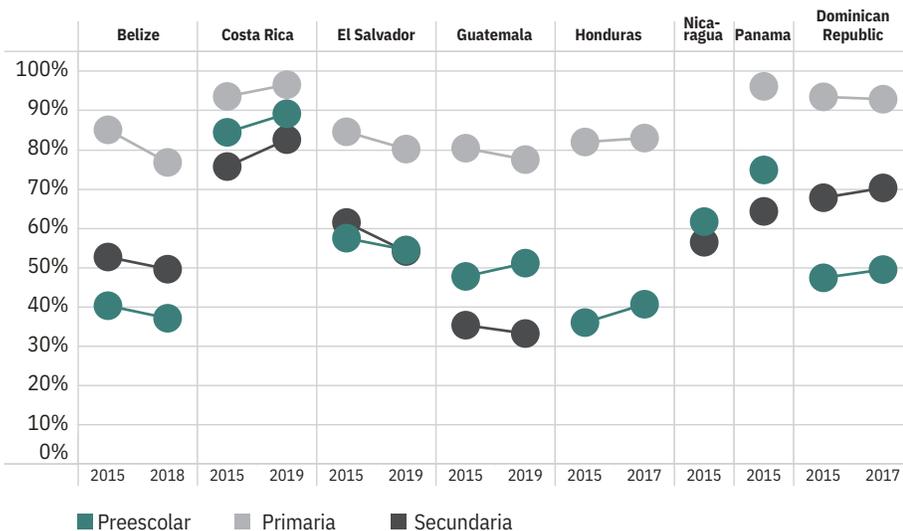
Population with 60 years or more
(percentage)



Source: Guzmán, 2021 with data from Cepal-Celade

Graph 1.10

Net^{a/} school registration in pre-school, primary and secondary levels, by country



a/ Number of students as a percentage of the population of study age, corresponding to each cycle in each country.

Source: Piedra, 2021b, with data from the Ministries of Education and statistical institutes of each country.

Access to education is, of course, a precondition for human development, leading to the generation of employment opportunities and income for the population. In Central America, every government has promised at an international level substantial improvements in the education field: from the year 2000 with the Millennium Development Goals, and more recently, with the Sustainable Development Goals, whose goal is the year 2030. Despite these commitments, this Report presents that, in the years immediately prior to the pandemic, regional trends do not point to meeting the subscribed goals, which creates new challenges for human development in Central America and the Dominican Republic.

Improvements in educational attainment and enrollment rates were insufficient to have transformative effects on the young population. Graph 1.10 shows specific improvements in net enrollment (the percentage of people enrolled in an educational level compared to the total population with the normative age to attend that level). When the regional average for preschool, primary and secondary school is considered for those countries in which there were two benchmarks within the 2015 to 2019 period, it is observed that there were no significant changes in recent years.



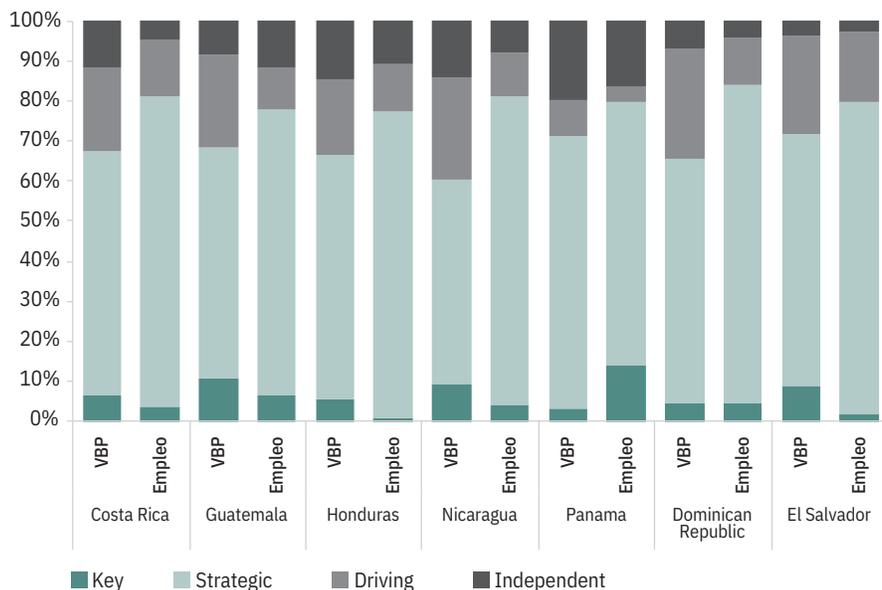
For more information on **sustainable human development trends**, see **Chapter 2** of this Report.

Third, the productive structures of the region's countries show an important disconnect between the capacity to generate economic growth and employment creation in the midst of the demographic bonus.

In general terms, the sectors with more capacity to generate linkage are not those with the most intensive employment (graph 1.11). Special priority is given to policies that encourage production.

Graph 1.11

Structure of the gross value of production (GVP) and employment, by type of productive linkage^{a/} by country



a/ For more details on the definitions of the type of production chain, see Chart 9.2 of Chapter 9 of this Report.

Source: Meneses and Córdova, 2020, with data from MIPCA2011, from ECLAC.

The structural disconnect between economic growth and employment suggests that expansive monetary and fiscal policies are not enough to generate economic development. Specific actions are necessary in the field of productive development and job creation so that greater economic dynamics translate into opportunities for the population.

In general terms, the sectors with more capacity to generate linkage are not those with the most intensive employment (graph 1.11). Special priority is given to policies that encourage production. The structural disconnect between economic growth and employment suggests that expansive monetary and fiscal policies are not enough to generate economic development. Specific actions are necessary in the field of productive development and job creation so that greater economic dynamics translate into opportunities for the population.

In the *Fifth State of the Region Report*

 For more information on the **relationship between production and employment**, see **Chapter 9** of this Report.

(2016), it was noted that the limited capacity of regional economies to generate quantity and quality of employment prevents the long-term promotion of human development. After the international financial crisis of 2008 and 2009, a certain recovery in economic growth was achieved, but during the period from 2015 to 2019, there was an increase in unemployment. This made it impossible to reduce the internal state gaps regarding access to employment by young people and women, two fundamental groups to boost economic

growth in the coming decades. Rather, the economic slowdown experienced in that period by the CADR countries accentuated the indicated weaknesses and asymmetries.

The structural disconnection between growth and employment explains that the positive evolution in the product generated per worker does not translate into better performance in the labor market. Indeed, in five countries of the region, the product per worker grew in the last ten years. The exceptions were El Salvador, which had exhibited fluctuating behavior, and Belize, where the indicator fell in the years for which information was available. It should be noted that in 2019 the product per worker in Panama (the highest in the region) exceeded that of Nicaragua and Honduras by more than five times, reflecting economic development gaps. Simply, the generation of greater wealth did not translate into substantive expansions in job opportunities (Graph 1.12).

One of the strategies to make better use of the demographic dividend is the expansion of opportunities for technical-professional training and education of young people, or of adults who can be retrained, in order to reintegrate them into labor markets. This develops contingents of workers in key economic sectors for modernizing the countries and the requirements of future labor markets, all of which are matters dealt with in Chapter 10 of this Report.

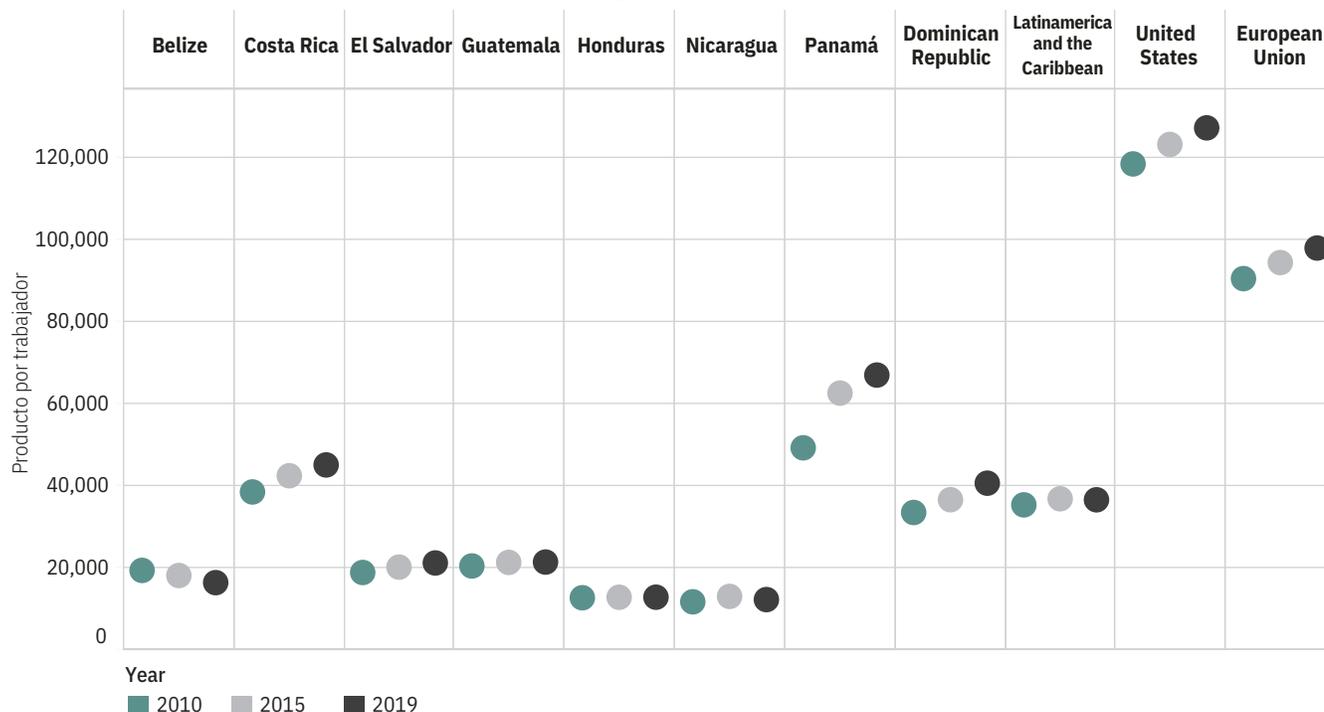
The study revealed significant disparities in the technical-professional training and education availability across states. Some have broad offers, such as Costa Rica and the Dominican Republic, whose diversity more than doubles the offer of others such as Guatemala, Honduras, Panama, and El Salvador. The chapter also emphasizes opportunities for improvement, listing the main weaknesses of the technical-professional training and education (Graph 1.13). Furthermore, in all cases the offer is concentrated in urban areas, limiting access to populations historically removed from national educational systems (especially in rural areas).

The chapter suggests the possibility

Graph 1.12

Product per worker, according to year and country

(In dollars, at 1990 prices, adjusted for purchasing power)



Source: Guzmán, 2021, with data from the World Bank.

of thinking jointly, from regional integration, strategies to take advantage of resources and complementarities that allow in turn to expand coverage and better align the offer to the real needs of the labor markets. This alignment is essential to promote productive acts that respond to the post-pandemic reactivation and technological change at a global level, as well as the improvements in productivity required by the region to face the challenges of the demographic transition.

The disconnect between economic growth, productivity, and employment has consequences on the distribution of the benefits of economic activity. From this perspective, the CADR countries maintain high and persistent income inequalities, which reflect the barriers to redistributing these benefits. These high levels of inequality, together with the low tax burdens in most states (less than 25% of GDP) prevent growth from being translated into better living conditions for large sectors of the population. Thus, in 2018, 20% of the population with the highest income concentrated between 47% and 55% of total income.

The lack of social protection and a weak creation of opportunities encourage new emigration flows that exacerbate the loss of human capital and have profoundly disarticulating effects on the societies of the CADR countries. Additionally, it is a generator of political tensions within and between the Central American states, as well as with Mexico and the United States.

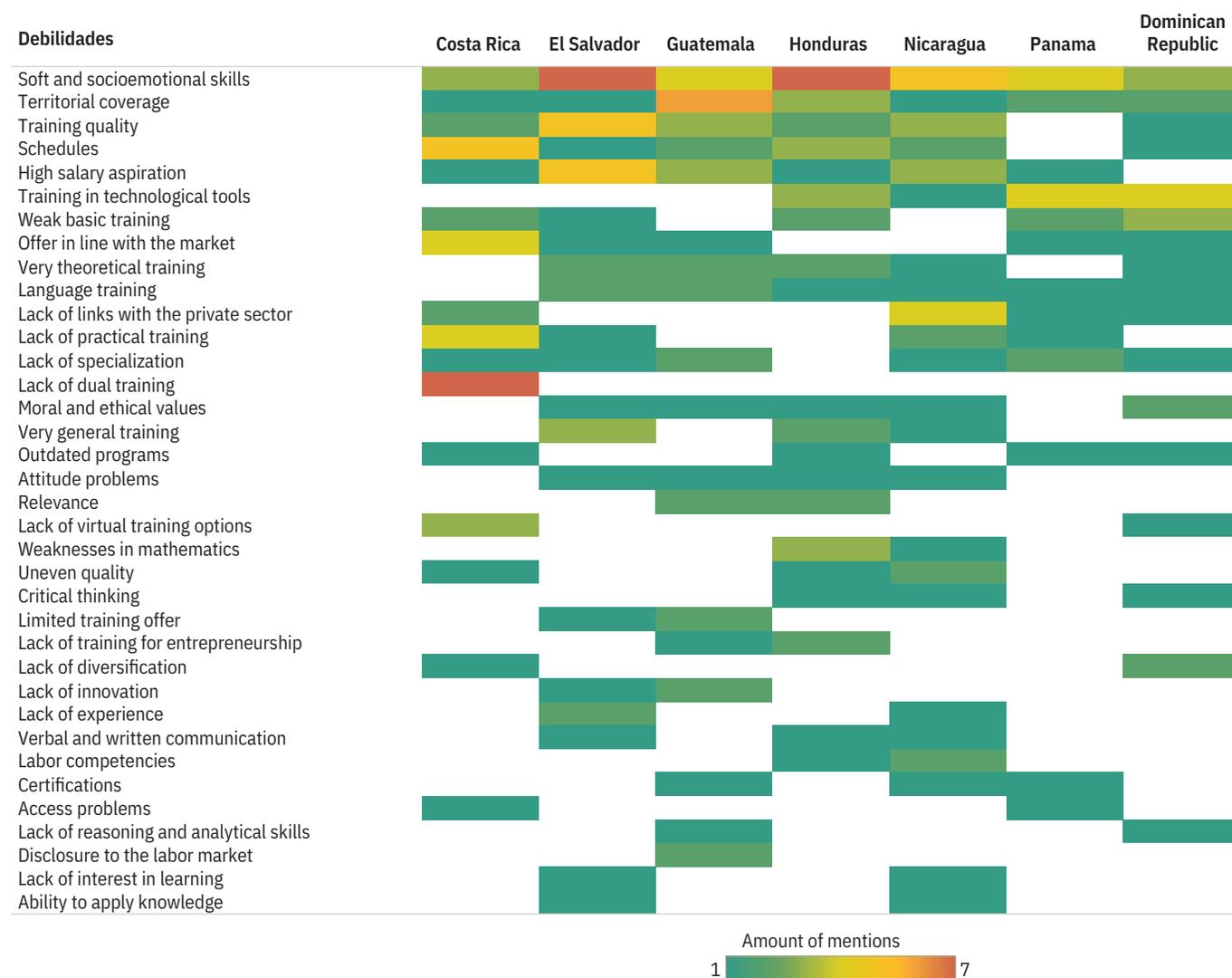
This is a matter that has been repeatedly studied in successive editions of the *State of the Region Report* and that is again addressed in the present. Chapter 12 warns about the new dynamics associated with migratory flows, their link with the worsening of the social welfare situation in the northern and central countries of the isthmus, and the consequent increase in the number of refugee applications from people in search of greater security, access to jobs, better income, and protection of their human rights (chart 1.2).

A new issue that is examined in this Report is migration policies in Central America and the intervention of civil society organizations to seek a more dignified and respectful treatment of the human rights of migrant populations. A disturbing finding is that these policies are generally repressive and police-like in nature, with very little presence of social policy tools.



For more information on **technical and vocational education systems**, see **Chapter 10** of this Report.

Graph 1.13

Technical-professional training and vocational weaknesses, by country^{a/}. 2019

a/ Excludes weaknesses that were mentioned only once in a single country.

Source: Fernández, 2021, based on expert judgment from employer interviews.



For more information on regional migration, see Chapter 12 of this Report.

Chart 1.2

Number of refugee applicants, by country of origin, according to year

Países de origen del solicitante	2015	2018	2019
Belize	96	219	278
Costa Rica	213	548	744
El Salvador	31,450	119,271	136,422
Guatemala	26,951	86,875	119,577
Honduras	19,456	76,526	123,011
Nicaragua	1,232	32,265	67,150
Panama	59	141	240
Total general	79,457	315,845	447,422

Source: United Nations High Commissioner for Refugees (UNHCR), 2020.

In a context of low capacity to create opportunities and high levels of inequality, the Central American countries experienced growing fiscal instability and a persistent low infrastructural power of the states in the area.

The instability is fueled by the low tax burden of central governments. According to data from ICEFI, the Central American Institute for Fiscal Studies, (2021), the tax burden in Central America (an indicator that relates the tax base of citizens and the taxes they pay to the state) ranged between 13.6% and 14.1% in the 2015-2019 period. Collections relative to GDP remained well below those of the OECD countries (34.3%), where only Belize was close to that level (with 29.7%), while Costa Rica (24%), Nicaragua (23%), Honduras (22.3%) and El Salvador (21.1%) were very close to the average levels in Latin America and the Caribbean. For their part, Panama (14.6%), the Dominican Republic (13.2%), and Guatemala (12.1%) occupied three of the last four positions in Latin America (OECD, 2020). The combination of higher public spending and stagnation or a slight increase in revenues raised the fiscal deficit in all CADR countries during the second decade of the 21st century, with

the exception of some years of surplus in Belize, Nicaragua, and the Dominican Republic (graph 1.14).

The deterioration of democracy deepened, accompanied by a weakening of citizen support for it

Available general indicators of the low infrastructural power of the Central American States, that is to say, their persistently weak technical, operational and financial capacities to implement public policies, suggest that there were no major changes to the situations described in Chapter 8 called “The states’ challenge of and for democracy” from the *Fourth State of the Region Report* (2011). More recently, Vargas Cullell and Durán (2016) developed a study of the institutional structure and budget size of Central American states with a regional perspective. Except for the dissection of the infrastructural power of the Guatemalan state by the Human Development Report of that country (UNDP, 2010), there are no

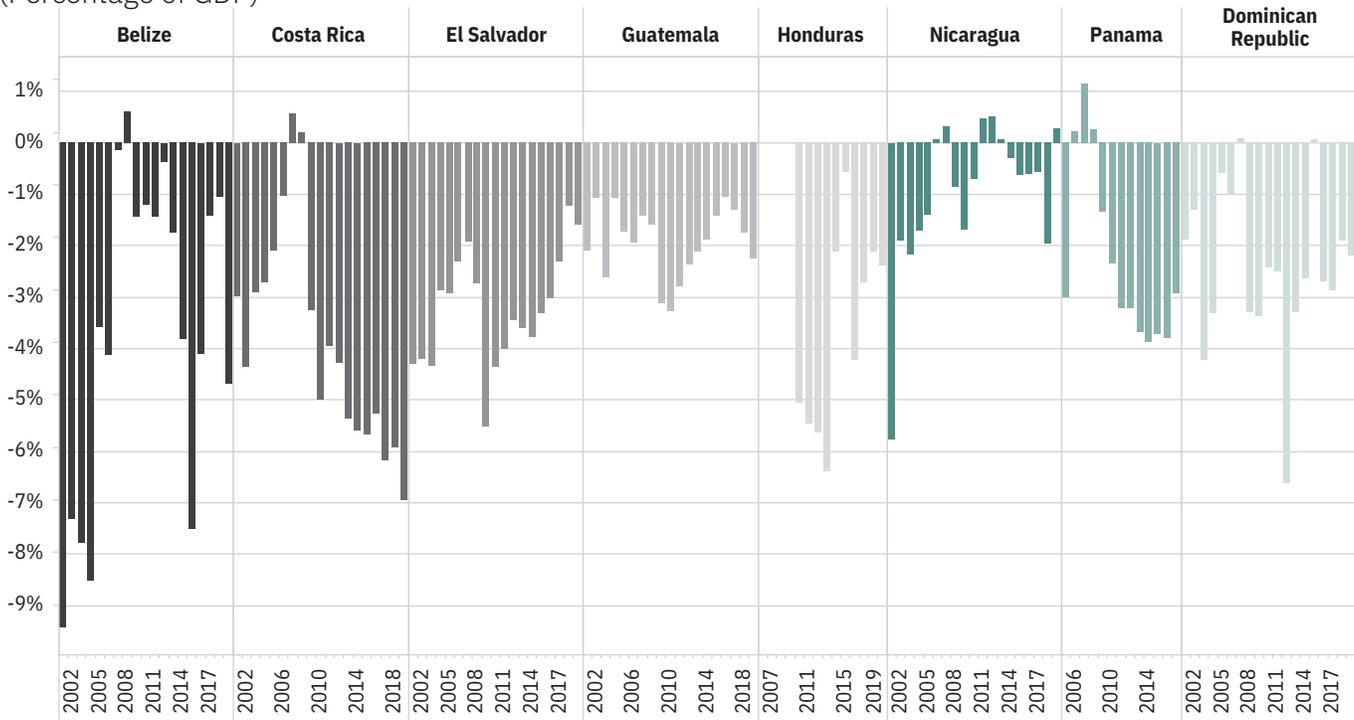
such detailed case studies for the other CADR countries. The update, up to the year 2018 of the Central American public entities database, of the State of the Nation Program, indicates that the institutional design of the states of the region did not change during the second decade of this century, as there were no substantial modifications in the structure of its institutional apparatus. A general indicator of this stability is the number of public institutions that make up the states, which remained stable in the last decade compared to previous ones (figure 1.15).

Finally, in the political sphere, in previous editions of the Report, it has been indicated that Central America experienced an incomplete or truncated transition from authoritarianism to democracy and that this incubated conditions conducive to regressions in electoral matters, the independence of powers, and the rule of law (PEN, 2008, 2011, 2016). Furthermore, it had already been pointed out that, since the initial

Graph 1.14

Budget balance. 2010-2019

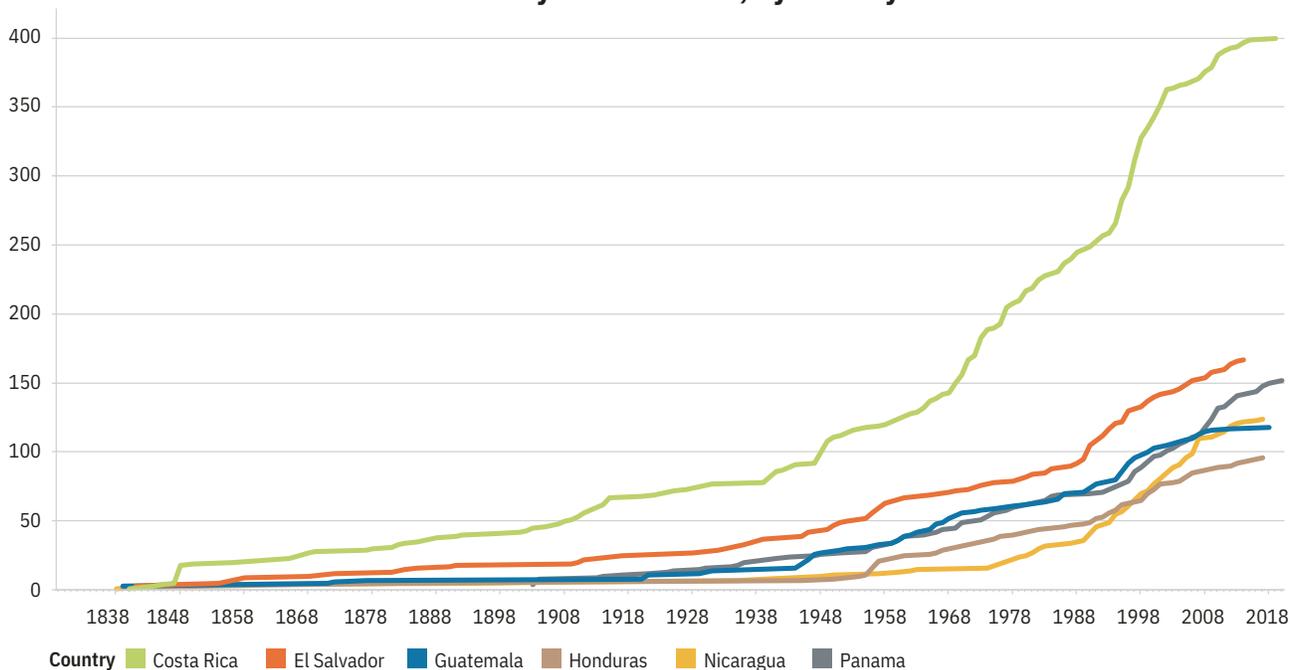
(Percentage of GDP)



Source: Piedra, 2021b, with data from the Central Banks of each country.

Graph 1.15

Public institutions in Central America by creation date, by country



Fuente: Piedra, 2020b, con información de la base de datos de entidades públicas en Centroamérica del PEN.

years of this century, clear signs were being observed, first of progress stagnation and, later, of frank deterioration in respect for the regime of the population’s guarantees of freedoms and rights. This was especially evident where the rule of law and the republican separation of powers are concerned. It is worth mentioning that this is not the place to make a summary of these analyses, which are available on the website www.estadonacion.or.cr. On the other hand, in this edition, a chapter is devoted to examining this issue from a long-term historical perspective.

In summary, during the first two decades of the 21st century, Central America failed to ensure that the transition from civil wars to peace that began at the end of the previous century culminated in the consolidation of democracy in the region. This led to chronic weaknesses in the justice administration systems and a low capacity of the states to achieve effective control of the territory and implement public policies. Authoritarian and populist regressions

were added in several countries, along with the deterioration in the electoral processes management, a weakening of the independence of the powers of the state, and the strengthening of the armed forces (PEN, 2016, and chapters 2 and 8 of this Report).

 For more information on the **political systems in the CADR countries**, see **Chapter 8** of this Report.

More specifically, the signs of democratic deterioration deepened in the 2015 to 2019 period. The democracy index calculated by the Intelligence Unit of The Economist magazine for 165 states around the world shows a general drop in its score in most of the CADR countries (graph 1.16). In 2020, El Salvador went from the category of "imperfect democracy" to a "hybrid regime", Nicaragua was classified

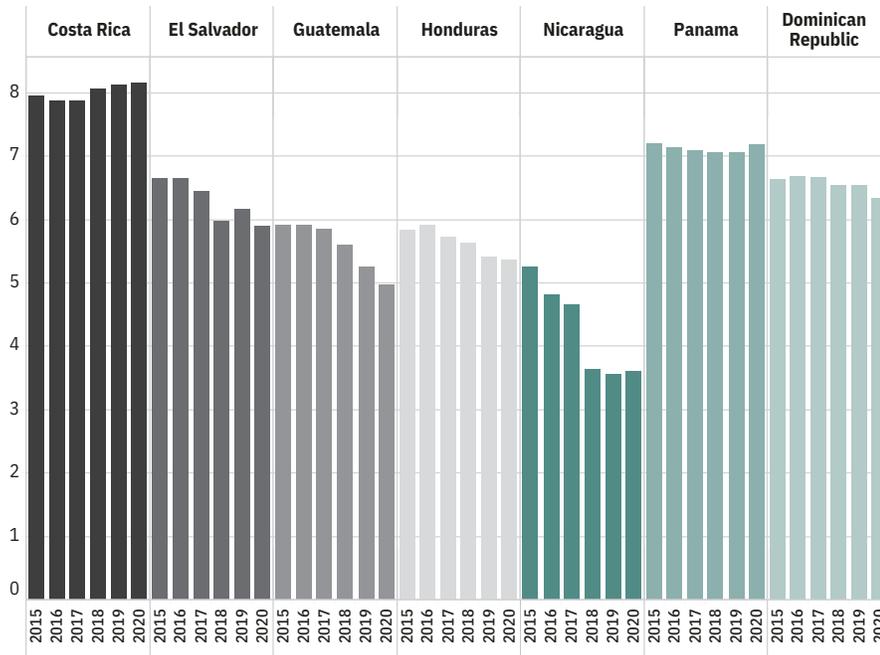
as an "authoritarian regime", Panama and the Dominican Republic as "imperfect democracies" and Costa Rica was classified as the only "full democracy" of the region.

Chapter 13 of this Report analyzes the profiles of citizen support for democracy in order to examine whether the deterioration of democracy in Central America and the Dominican Republic has found some foothold in the acquiescence of the population. It was found that the effort to democratize political systems did not create a broad base of supporters in the region.

According to the democracy support profiles based on the Barometer of the Americas (LAPOP), in the period of 2004 to 2018 in six of the eight CADR countries (Belize, El Salvador, Guatemala, Honduras, Panama, and the Dominican Republic) the increase in the groups most skeptical of democracy coincides with worrying reductions in the profiles most closely related to this way of political coexistence, particularly in the so-called "liberal democrats" (graph 1.17).

Graph 1.16

Democracy Index Evolution^{a/}, by year, by country



a/The index corresponds to a score that takes values between 0 and 10, where 10 is a solid democracy and 0 is an authoritarian regime.

Source: Piedra, 2021 with data from *The Economist*.

In general terms, it can be said that there has been a temporary convergence between the systemic setbacks in the CADR countries and the growing citizen skepticism towards democracy. The explanations for this correlation can be various, the lack of favorable social and economic results for the population, the civil unrest with the corruption scandals, or the political representation crisis due to the erosion of the parties, among others. The Report does not attempt to verify any of these hypotheses, in particular, an effort that would require a comparative study of a broad spectrum and time perspective. The more modest objective is to warn about the loss of support for democracy among the region’s citizens.

The frustration generated by decades of

procrastination has fueled citizen unrest and eroded democracy support. In a survey carried out as an input for this Report at the beginning of 2021, more than half of the population indicated that their countries were on the wrong path (graph 1.18). The exception was El Salvador, where only 12% of the population held that position, coinciding with the broad electoral victory obtained by the party of President Nayib Bukele and his allies in the legislative elections of March 2021 (Fernández and Mora, 2021).

The pandemic induced rapid setbacks in sustainable human development

The COVID-19 pandemic quickly and significantly hit Central America and the Dominican Republic, as well as the rest of Latin America, generating significant setbacks in human development achievements. In this context, tensions and conflicts were activated internally and between countries. At this point, it is not possible to discern whether these

issues will be short-term, followed by rapid recovery, or whether they will have long-term effects.

The first detected case of the SARS-COVID-19 virus in Central America and the Dominican Republic was registered on March 1, 2020, in the latter country. Since the declaration of the emergency, the states of the region showed significant difficulties and asymmetries among them where management and preparation to deal with the effects of the pandemic are concerned. The difficulties and unforeseen needs in response to the pandemic led to immediate and profound blows to the weak social foundations on which the development of the region lay.

The pandemic affected every country in the world. In the case of the CADR region, it caused strong impacts, albeit with different damage depending on the state, which began to be observed from the detection of the first cases. During 2020, the contagion figures remained at levels similar to or lower than the average for Latin America and the Caribbean, with the exception of Panama, which showed figures higher than the regional average.

The containment measures and population testing were applied with different scopes. In Nicaragua’s case, these were very limited, compared to others like Panama, which had massive testing processes. On the other hand, the evolution of mortality rates presented a similar pattern: in the first months of the pandemic, the highest rates were reported, and towards the end of 2020 they stabilized. However, there were remarkably different reported rates, between 1% and 4%, which are assumed to be lower than those actually occurred due to limitations in the countries’ registration systems.

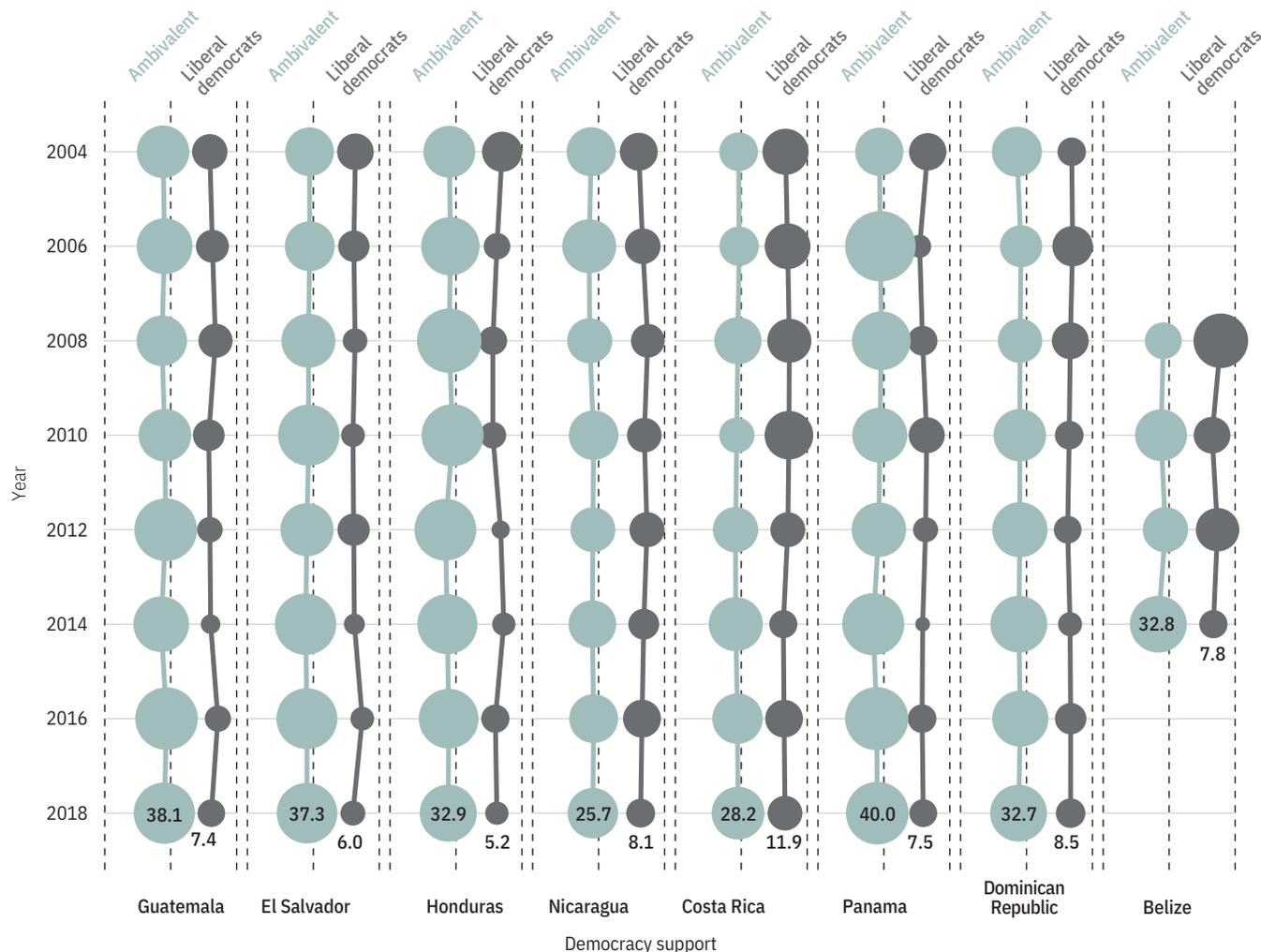
One of the responses to the pandemic crisis has been vaccine application against the virus. To this end, all members of the CADR region joined the COVAX² mechanism of the World Health Organization. In addition, Nicaragua received donations of vaccines from Russia, while Honduras and Guatemala received them from



For more information on **democracy support profiles**, see **Chapter 13** of this Report.

Graph 1.17

Percentage distribution of ambivalent and liberal democrats, by year, by country



Source: Guzmán, 2020, with data from the LAPOP survey, several years.

Israel. These vaccination processes have occurred with different speeds, both between countries and internally in each of them.

As mentioned in the previous section, there have been no significant changes in welfare in the region since the last Report (2016). This implies that state capacities to meet the needs derived from the covid-19 pandemic have been very limited.

The different emergency declarations issued by each country triggered a series of measures to contain the contagions. This fact caused an economic halt and

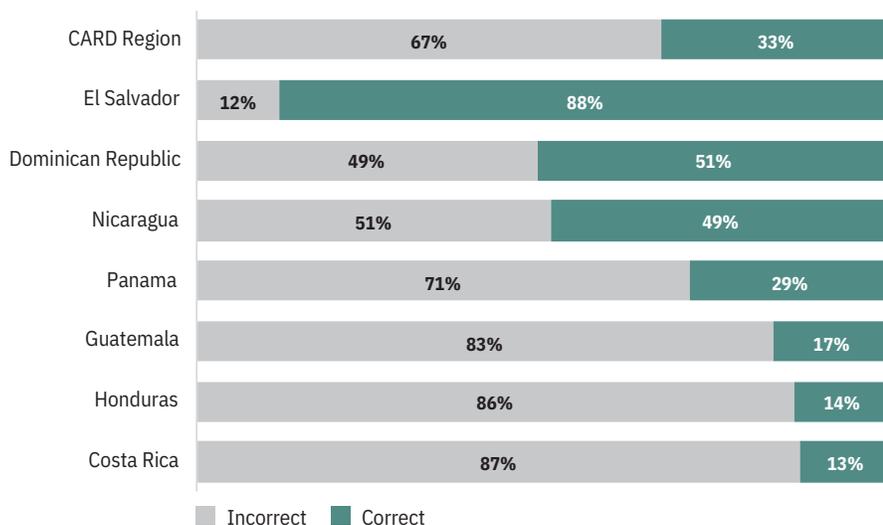
generated immediate consequences on employment, levels of income, and the well-being of the population. The weak productive systems of those countries that had low dynamism before the pandemic suffered a significant contraction (except for Panama and the Dominican Republic, which in the pre-pandemic period had economic growth rates higher than the Latin American average). The effects were evident in the economic activity levels, where the monthly index of economic activity showed a marked contraction as of March 2020, with the largest drops occurring between April

and May, except for Nicaragua, as well as Panama and El Salvador, which stand out with a contraction of 31% and 18% in the immediately following quarter, respectively (graph 1.19).

The economic impact also varied by sectors and countries (graph 1.20). ECLAC (2020a) categorized the sectors into three groups: those most affected (services sector); those moderately affected, which correspond mainly to the manufacturing sector, and the least affected, which correspond mainly to the agricultural or forestry sector.

Graph 1.18

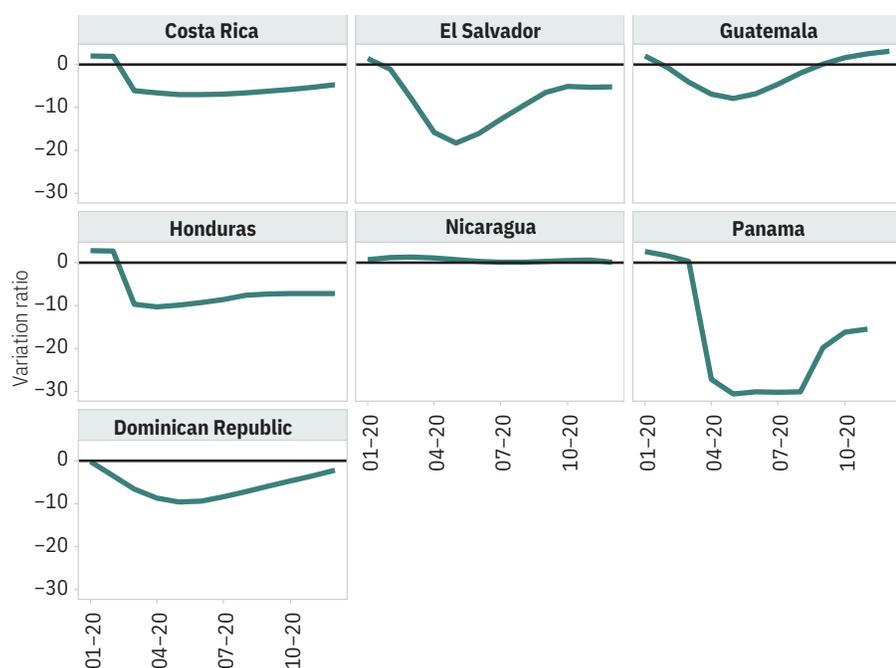
Population distribution according to its position on the course of the country. 2021



Source: Fernández and Mora, 2021 with data from Borge y Asociados, 2021.

Graph 1.19

Interannual variation of the IMAEa/. by month, by country. January-December, 2020



a/IMAE: monthly index of economic activity.
Source: Guzmán, 2021, with data from SECMCA.

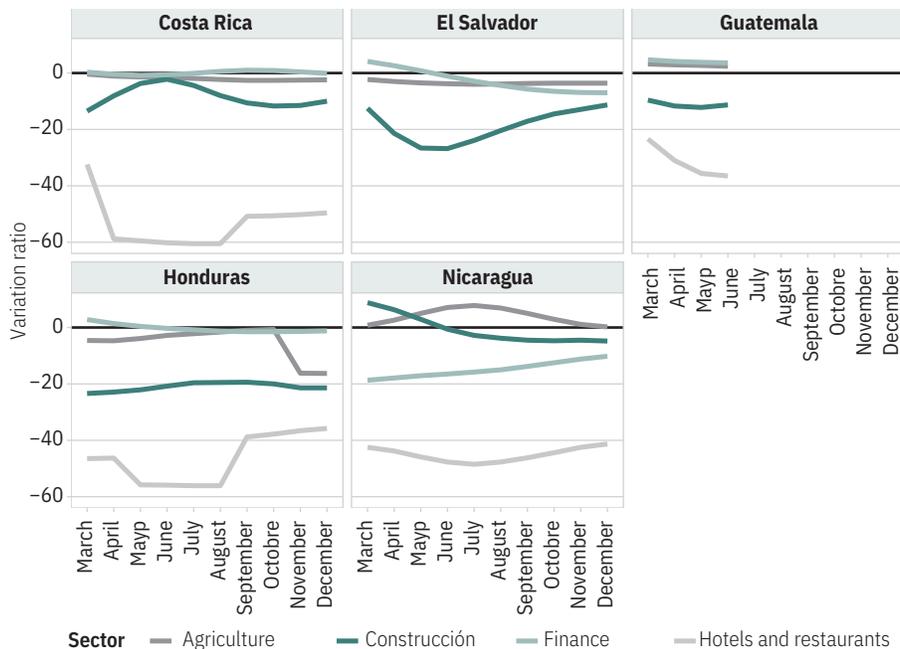
On the other hand, the areas linked to the primary sector, such as agriculture, suffered minor impacts (less than -10% year-on-year variation), and with the exception of Honduras, even reporting growth in some months in Nicaragua and Guatemala. However, the variations by economic activity are not homogeneous throughout the region. In Nicaragua for example, the construction sector did not contract by more than 1% compared to the previous year, while in Honduras and El Salvador the variation reached between -23% and -27%. Additionally, the impact on the financial sector varied greatly between countries: in Nicaragua, there were contractions of almost 20%, Guatemala experienced growth and in Costa Rica and El Salvador the variation was less than 3%. In all sectors, some partial recovery was registered towards the end of 2020. To summarize, in addition to the fact that the productive structures were vulnerable, the pandemic led to a blow from which a large part of the economies has not recovered.

Added to the fragile productive reality was the additional pressure on an already highly compromised fiscal situation in the CADR countries. Since the beginning of the health crisis, governments had little maneuverability in financing measures to mitigate the effects of the pandemic. The contraction of income due to the fall in economic activity, together with the increase in public spending for the health emergency, further widened the high levels of fiscal deficit (graph 1.21). To deal with this rapid deterioration, the states had to resort to public indebtedness. Panama and El Salvador suffered the greatest increase in their level of public debt (they went from 56% of GDP to 69.8% and from 79.1% of GDP to 90.2%, respectively). For their part, Costa Rica, Honduras, Guatemala, and the Dominican Republic also increased their debt, though to a lesser extent.

The economic contraction impacted the labor markets quickly and directly. The elimination of jobs led to an increase in underemployment and unemployment that generated reductions in household income and increases in poverty in all countries. In most states, it has

Graph 1.20

Interannual variation of economic activity, by country^{a/}, by sector. 2020



a/ No comparable data was found for the rest of the countries in the region. Source: Guzmán, 2021 with data from SECMCA.

not been possible to quantify the extent of the employment implications due to the suspension of national surveys that record employment data. However, for those in which there is information, such as in Costa Rica, in the second quarter of 2020 the highest increase in the unemployment rate was observed since record-keeping began, and a doubling in the underemployment rate, which went from 12.4% in the first quarter to 25.8% in the second.

The subsequent decline in income in broad population segments as a consequence of the problems in the labor markets further compromised the food security of the region's inhabitants. The projections of famine prior to the pandemic revealed that Nicaragua, Guatemala, and El Salvador were in a situation of nutritional stress, while in Guatemala there were several areas in crisis (FEWS, 2020).

 For more information on citizen attitudes and household situation in the face of covid-19, see Fernández and Mora, 2021, available at www.estadonacion.or.cr.

Faced with the pandemic, several countries opted to apply measures such as the distribution of food and supplies, while others have prioritized cash transfers. The suspension of face-to-face classes, together with low access to computers and the internet, also expanded the lags already described in previous sections. According to a survey carried out by Borge y Asociados, less than half of the

people interviewed received state aid, and the most frequent type of aid was food donations, especially in El Salvador and Honduras, while transfers were more common in Costa Rica.

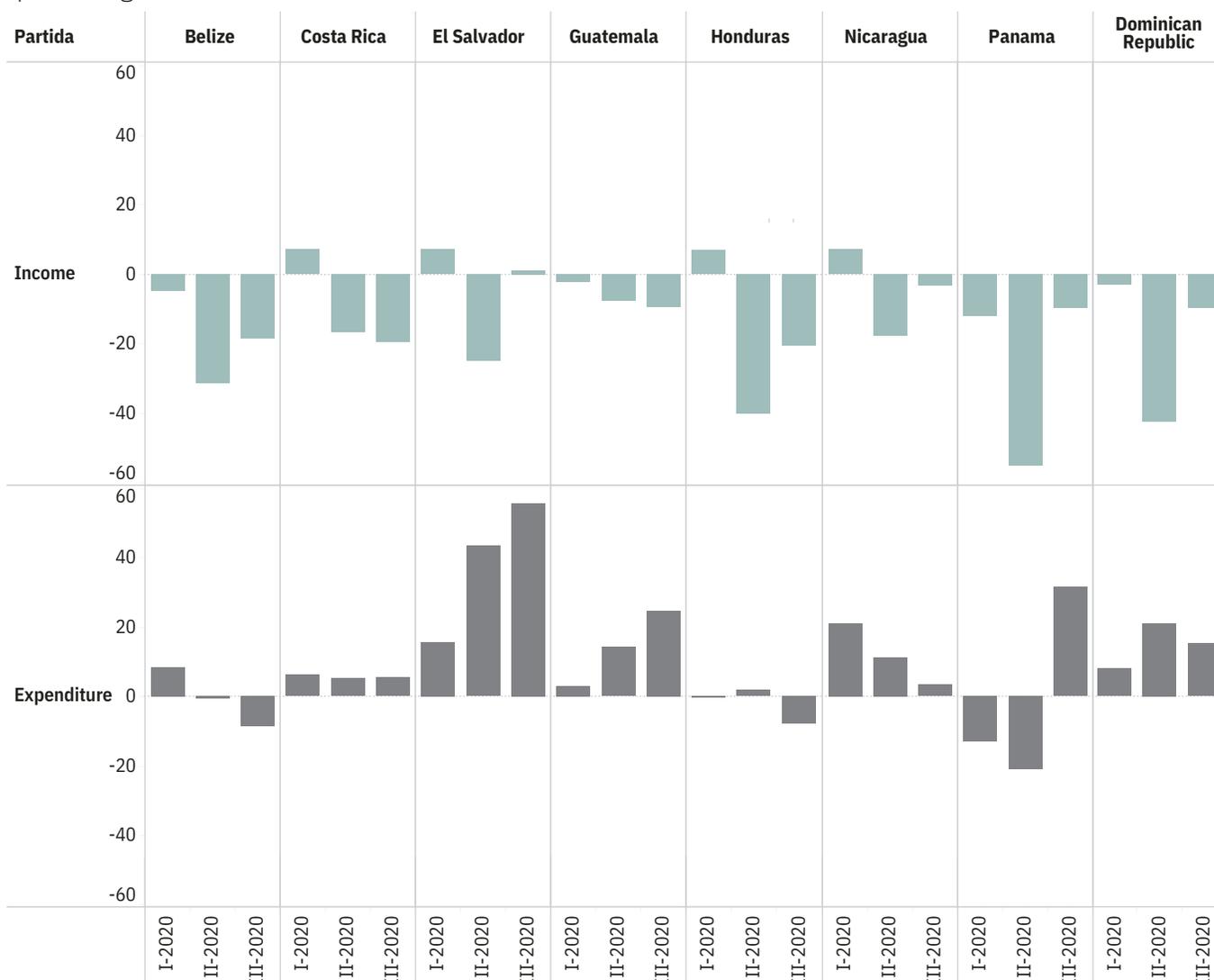
Finally, border closures ordered by several countries in the region in the first weeks of the pandemic impacted migration flows, particularly those directed to the United States. This resulted in a temporary drop in the flow of remittances during the second quarter of 2020 in the majority of receiving countries and an increase in clandestine migration (as well as greater risks of human trafficking). However, towards the end of the year, the records showed a recovery from previous levels.

The sum of the effects described (blows to productivity, public finances, and labor markets) has had important implications on social welfare, above all, in the drop in income, displacing more people into poverty in a generalized way in the CADR region (graph 1.22). Except for Panama, in 2020 all the countries in the region exceeded 20% of the population living in poverty, and three of them (Guatemala, Honduras, and Nicaragua) exceeded 50%. Extreme poverty also exceeded 10%, except in Costa Rica, Panama, and the Dominican Republic.

In the context of the serious lags in sustainable human development in the region, the grave consequences of the crisis derived from the pandemic also affected democratic systems and social harmony. Reports from a series of institutions such as the *Institute for Democracy*, *Transparency International*, *ECLAC*, *IDEA*, and other authors (Repucci and Slipowitz, 2020) highlighted the democracy deterioration in the states of the region (especially in El Salvador, Guatemala, Honduras, Nicaragua, and Panama). Effects on freedom of speech (especially in Nicaragua), and an increase in the perception of corruption in several of the countries (with the exception of El Salvador, where it decreased, and Costa Rica, where it remained) also deteriorated, while access to justice was generally limited during the pandemic (graph 1.23).

Graph 1.21

Quarterly year-on-year variation of total public income and expenditure, by country. 2020 (percentages)



Fuente: Guzmán, 2021, with data from SECMA y and Central Bank of Belize.

Second main idea: the integrationist drive, beginning at the end of the last century produced tangible achievements in human development but showed clear signs of political exhaustion

The regional integration process of the CADR countries is one of the oldest and most advanced in the world, since, in its modern version, it dates from the mid-20th century³. After the serious economic and political-military

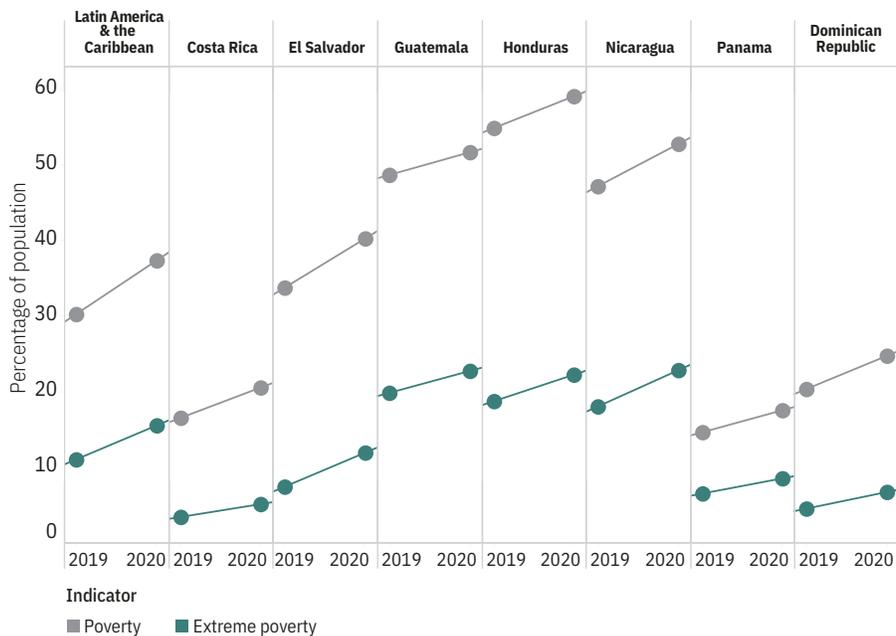
crises that devastated Central America in the 1980s, which had dismantled the Central American Common Market, the countries gave a new impetus to regional integration by signing the Esquipulas I (1986) and II (1987) Agreements, as well as the Tegucigalpa Protocol and the creation of the Central American Integration System (SICA) in 1991. These agreements allowed the creation of a robust sustainable legal and institutional framework and have generated concrete results in some areas,

although in others it is weak or has not been able to consolidate itself. Besides the asymmetries in capacities and results, this Report provides evidence of growing signs of the political exhaustion of the integrationist drive begun at the end of the last century.

The different nations share natural resources and infrastructure, public goods that could be managed jointly to guarantee their adequate protection, sustainable use, and timely maintenance. Central America has twenty-three

Graph 1.22

Incidence of total and extreme poverty^{a/}, by country. 2019-2020



a/ According to the extreme poverty line method, which is defined as below \$ 1.90 per day and total poverty at \$ 3.20. Source: Guzmán, 2021, with data from the Cepal, 2020d.

Graph 1.23

Score obtained in the corruption perception index^{a/}, by year, by country



a/ The higher the value, the lower the perception of corruption. Source: Guzmán, 2021 with data from Transparency International.

shared river basins that represent 37% of the region's territory and has more than one million square kilometers of the territorial sea (twice its continental surface), as well as marine and terrestrial ecosystems that transcend territorial borders between nations (Funpadem, 2000). Moreover, the road and transport infrastructure of the countries configures land, sea, and air corridors fundamental to the viability of the trade, tourism, and production dynamics.

Although the will expressed in these founding treaties of the regional integration process was based on the recognition of resources and shared interests among the countries, the implementation at the national level of the agreements undertaken in the regional sphere is weak in many areas.

The nation-states are the main members in the integration process and are obliged to give direction to this process. They are additionally expected to guarantee the political and material conditions for the "nationalization" of the accords and commitments undertaken in the regional space. The lack of political will exacerbates the endemic problems of the institutional design and operation of SICA. This prevents its consolidation as a platform for the application of public policies on issues of common interest to the member countries.

 For more information on the recent evolution and performance of the integration, see Chapter 3 of this Report.

The lack of commitment from member states sharpened the endemic problems of institutional design and the operation of SICA

In recent years, regional integration has lost political priority among member countries. An indicator of this is the decline in the number of presidential summits and the participation of lower-ranking representatives in these meetings.

The *Fifth State of the Region Report* (2016) highlighted that the period from 2010 to 2014 showed a reduction in the number of meetings of the Summit of Presidents (the highest body of SICA) compared to the period of 2004 to 2009. This trend has worsened in recent years: since 2014, only two annual meetings have been held and of the twenty-four summits held since 2010, only on one occasion (2012, in Honduras) did the eight presidents and heads of state coincide in person (graph 1.24).

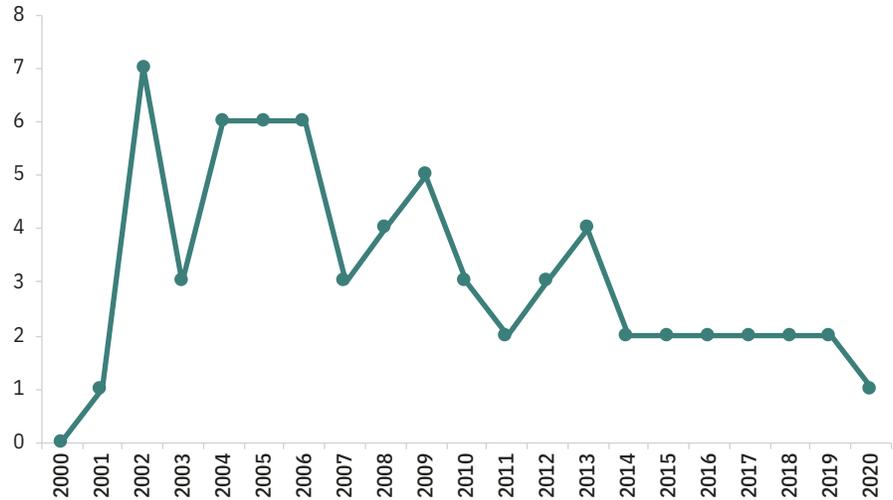
Another indicator of the member states' lack of commitment to regional integration is the late payment of government quotas, which generates uncertainty and instability in the work of the institutions. It is known that the annual fees provided by the states are not sufficient to cover even the minimum operating costs of the institutions (PEN, 2011). Although the information available on the amount and compliance with the payment of the quotas is very scarce, the lack of discipline of several nations in this matter is well known. One of the consequences of this situation is that the personnel of the regional organizations work in an unstable environment, associated with a project logic incompatible with strategic planning.

As indicated in Chapter 3 of this Report, SICA-GS is financed by means of two grants: contributions from member countries and those from international cooperation. In the case of the member states' quotas, the delay in payment generates instability and uncertainty for budget execution. For example, in its 2019 regular budget (\$5.1 million), as of December 31 of that year, the SICA-GS received an income of just \$2.8 million dollars (54%) from the quotas of the member states, that is to say, their own funds.

To rectify this situation in the 2010 to 2014 period, the integration authorities developed an initiative to go forward with the design of an autonomous financing mechanism. The proposal that was made initially covered the eleven secretariats of the system and proposed, among other aspects, the following: i) debt payment for liabilities that exceed

Graph 1.24

Number of SICA presidential meetings, by year



Source: Villarreal, 2021 with data from SICA.

10 million dollars, ii) asset and service declaration produced by the SICA institutions as regional public goods, iii) the assignment to CABEI of resource administration and iv) the formation of a board of directors made up of representatives of the SICA-GS, CABEI and the Central American Economic Integration Secretariat (PEN, 2016). However, in recent years no progress has been reported on the implementation of this mechanism since the proposal has not been submitted for discussion and approval at the Summit of Presidents. It must be taken into consideration that, in addition, after this agreement, legislative approval will be required in each country, which pushes its implementation to an uncertain date.

The lack of commitment does not contribute to the consolidation of the integrationist process or to seeking solutions to endemic problems that limit the capacities and achievements of regional integration, among them the important asymmetries in the financing schemes between institutions and bodies. Although the budgetary information of the regional institutionalism is scattered, incomplete, and not accessible to the public, on the *Fifth State of the Region Report* (2016) it was possible to have the operating budgets (basic expenses) of the

system's secretariats for 2014 (eleven entities out of a total of 122), which totaled about \$12.5 million. Of that amount, the mandatory quotas of the Member States barely covered half. In addition, there are significant differences in the amount of fees from one institution or body to another and there is no solidarity mechanism for the transfer of intra-system resources. In 2013, the Central American Parliament received 10 million dollars from member countries (\$1.7 million each), which means that that single entity absorbs an amount equivalent to almost all the budgets of the eleven secretariats.

There are exceptions to this fund shortage, as some entities have their own sources of income which allow them to have sufficient and even sustainable financing. Examples of such entities include CABEI (Central American Bank for Economic Integration), COCESNA (Central American Corporation for Air Navigation Services), and CRIE (Regional Electric Interconnection Commission), EOR of the Regional Operator Entity). Others, however, do not have the minimum budget necessary to operate. Among the most deficient secretariats, those of environmental affairs (CCAD-Central American Commission for Environment and Development and

Cepredenac – Coordination Centre for the Prevention of Natural Disasters in Central America) stand out, a fact that contrasts with the magnitude of the contributions of international cooperation to this sector. ICAP – Central American Institute of Public Administration, also tops the list of deficit entities, because its financing depends on the services it sells (training and education). Similarly, the departments of the social area have significant gaps between the fees received and their operating costs (PEN, 2016). In summary, it can be stated that integration in environmental and social matters is basically being sustained by international cooperation, while in economic institutions the contributions made by governments have somewhat greater importance.

Undoubtedly, dependence on international cooperation determines the agenda and scope of the work of regional institutions. As stated in Chapter 3 of this Report, SICA continues to depend on international cooperation and not on the contribution of its main partners, the nation-states. Management via cooperation projects limits the sustainability of the actions and the strengthening of the institutions' capacities since it prevents the support of technical and orga-

nizational platforms in the long term. Additionally, as has already been pointed out, in some cases it leads to prioritizing the issues and mechanisms of execution of the donors over the agendas and strategic areas of intervention to promote sustainable human development in the region.

The dependence on international cooperation is such that the budget of only one of the cooperation projects executed by SICA-SG in recent years (Pairca II for \$20.25 million) was ten times more than that received by that department in quotas of member states in 2019.

According to the Regional Cooperation Information System (SICOR), during the 1992 to 2020 period, regional institutions received 719.3 million dollars from international cooperation. Of this amount, almost half (40%) was allocated to projects related to climate change and comprehensive risk management (chart 1.3). Although the institutional strengthening axis (to which the SICA belongs) represented 15.7% of the total, it should be noted that this institution also participates in the execution of projects in other integration axes, and in the most recent five-year period the trend, already highlighted in the *Fifth State of the Region Report* (2016), to the con-

centration of projects in the SG-SICA. This institution oversaw 31 cooperation projects from 1992 to October 2020, for a total of around 193.1 million dollars, which include eighteen institutional strengthening projects, eight in security, and the rest in environment, social and economic integration. In this regard, the SICA-GS is only surpassed by the Central American Commission for Environment and Development (CCAD), which reports 34 projects.

The *Fifth State of the Region Report* (2016) highlighted that the issuance of regional strategies, plans, and policies contributed to giving direction to the integration process. Although this set of instruments configures a second level of strategic planning, linked to the priorities of the Action Plan, many of these instruments do not provide an adequate framework for implementation, as they are not accompanied by a corresponding allocation of financial, organizational, and technical resources.

During the 2000 to 2020 period, nearly eighty plans, policies, and strategies at a regional level were announced (chart 1.4). However, the review that was carried out as part of the research process for this Report's preparation showed that between 40% and 50% of

Chart 1.3

Cooperative projects registered in SICOR^{a/}, according to integration axis. 1992-2020

Integration axis	Quantity	Budget (in US dollars)	Institutions receiving cooperation ^{b/}
Climate change and comprehensive risk management	66	286,921,735	CRRH, Csuca, Cepredenac, SG-SICA, CCAD, Trifinio ^{c/} , ICAP, SE-PT, Sieca
Institutional strengthening	18	112,963,339	SG-SICA, CEF, MRREE-CA
Economic integration	77	138,319,153	Oirsa, Cenpromype, Sieca, Cefof ^{c/} , SE-CMCA, SG-SICA, Sitca, Ospesca, SE-CAC
Social integration	57	121,613,665	Incap, Commca, SG-SICA, SISCA, Comisca y MSCA. En Educación y Cultura: CECC/SICA, Csuca, ICAP, Incap y Zamorano ^{c/} .
Democratic security	11	59,522,913	Oirsa ^{c/} , SG-SICA, Ilanud ^{c/} , OCAM
Total	229	719,340,805	

a/ The Sicom classifies and registers the projects in six thematic axes: environmental, economic, education and culture, political, security and social. For this table, the Education and Culture axis has been joined with the Social axis^{a/}

^{b/} Cefof, Ilanud, Trifinio & Zamorano are not institutions of SICA, although the information entered is accredited in the Sicom. Oirsa is not strictly a SICA institution^{a/}

^{c/} For a complete list of the full names of the institutions, see the acronym section of this report.

Source: Solano et al., 2021 based on Sicom, 2020.

Chart 1.4

Regional plans, strategies or policies approved by axis^{a/}

Axis	Period		Variation between periods	
	2000-2010	2011-2020	Quantity	Percentage
Climate change and risk management	8	13	5	62.5
Institutional strengthening	1	2	1	100.0
Economic integration	8	14	6	75.0
Social integration	4	26	22	550.0
Democratic security	1	1	0	0.0
Total	22	56	34	154.5

a/ Does not include the years 2000 and 2001.

Source: Piedra, 2021 based on Solano et al, 2021, and the SICA website.

them do not define sources of financing, deadlines, goals, responsible parties, or monitoring and evaluation mechanisms. This limits the achievement of tangible results in the fulfillment of the objectives for which they were developed, which fuels the lack of confidence and resistance of those who participated in its preparation, including the aid workers. In addition, although some of these instruments were created based on the consultation of bodies from different pillars of integration⁴, the majority did not establish forms of intersectional articulation and coordination.

Despite the lack of support of the member states, there are areas of integration with robust institutional capacity and tangible achievements

The regional institutional framework can be seen as a diverse ecosystem that contains important asymmetries within it. From this perspective, it is possible to recognize areas with technical and financial capacities that allow sustainability and tangible achievements, and others in which dependence on international cooperation generates uncertainty and instability.

Among the first group of institutions, it is worth highlighting those of the economic subsystem. The General Treaty of Central American Economic Integration (1960) allowed the creation of a free trade zone for all products originating

in the signatory countries and contributed to making the intraregional market the first or second most important in most Central American states. In 2020, El Salvador and Guatemala allocated 54.6% and 37.5% of their total exports to the rest of the region, respectively. For the other countries, excluding Panama (4%), this market represented between 19% and 23% of their exports.

The operation of the intraregional market with the Central American Economic Integration Secretariat (SIECA) has allowed the enactment of 76 regulations for the harmonization of technical regulations. These are geared towards promoting the improvement of the production quality, consumer strengthening, and the updating of the Central American uniform customs code (Cauca V) and its Regulations (Recauca V). Likewise, it has achieved mutual recognition of health records for food and beverages, medicines, cosmetics, hygienic products, veterinary drugs, fertilizers, animal feed and pesticides for domestic and professional use, and promoted the customs union process (SIECA, 2021).

Other institutions of the economic subsystem have also made important achievements. The Central American Bank of Economic Integration (CABEI), a multilateral development financing institution, obtained an AA (very high security) rating at the end of 2020 with a stable outlook from the rating agency

Standard & Poor's (S&P) and in 2019 reached a portfolio of \$7.703 million dollars. 81.6% of these funds were placed in public sector loans in areas as diverse as road improvement and rehabilitation, bridge construction, classroom and educational infrastructure construction and rehabilitation, and sanitary sewerage and drinking water systems (CABEI, 2020). In addition, the issuance of regulations by the Council of Ministers of the Central American Organization of the Fisheries and Aquaculture Sector of the Central American Isthmus (OSPESCA) has made it possible to resolve essential aspects for the fishing and aquaculture sector at a regional level, such as satellite vessel control, illegal fishing and the prohibition of shark finning (PEN, 2016). As Herdocia (2015) highlighted, if other councils of ministers used this regulatory power, the heritage of common standards could undoubtedly be substantially expanded in areas that benefit and deepen integration.

In addition, the operation of the Central American Corporation for Air Navigation Services (COCESNA) has been vital to the economic growth of the region, particularly in areas such as exports and tourism. Founded on February 26, 1960, COCESNA is the specialized integration body that provides air navigation services (COCESNA, 2021). Its work includes both that related to compliance with regulations and security protocols by the states (Civil

Aviation authorities) and air operators (service providers), as well as the timely and adequate maintenance of the necessary infrastructure for civil aviation and personnel training in the air transport industry through the Central American Institute of Aeronautical Training (ICCAE), based in El Salvador.

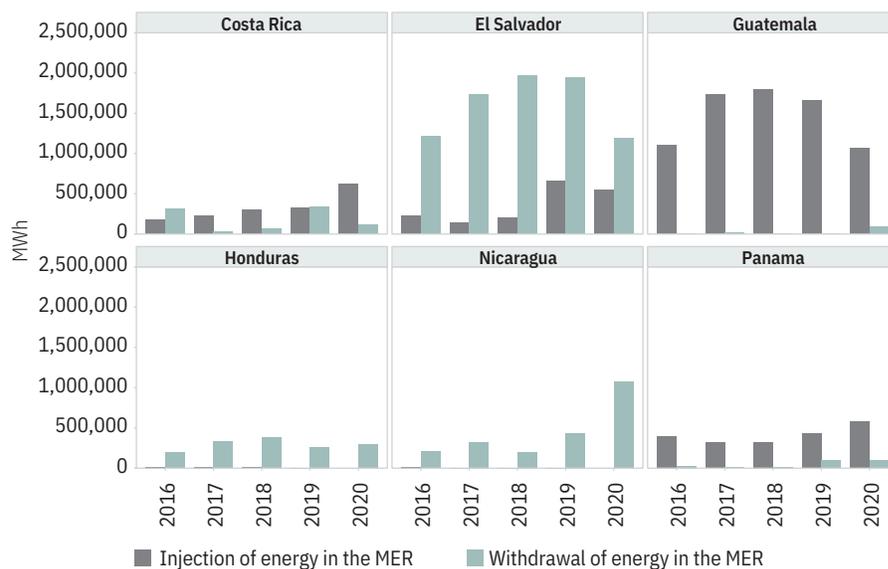
According to ECLAC (1998), COCESNA is one of the initiatives that shows the benefits of establishing a common entity among small states. This instance arose because individual countries could not offer the facilities and services required by the Chicago Convention and for that reason, they signed an agreement under the International Civil Aviation Organization (ICAO). This organism considers COCESNA as a model of regional cooperation in this matter. The development of new technologies based on satellite use makes joint work even more necessary since the separate acquisition of the components involved in the new systems would be not only enormously expensive but also technically unnecessary, given the geographic scope of the equipment.

COCESNA is also a self-sustaining institution. Its main source of income comes from the rates set for the provision of protection services paid by users of the region's airspace. Given its non-profit nature, its income is intended to cover operating and administrative costs, generate reserves for equipment replacement and modernization while staying up-to-date on new technologies.

The Central American Electrical Interconnection System (SIEPAC) is another area of the integration process in which important achievements can be identified. SIEPAC has allowed the development of a regional electricity market (MER) and generated tangible benefits, since “the cost of electricity in the region has been reduced due to the possibility of making purchases and sales between neighboring countries and even outside the region”. The network is complete and operational and shows the capacity of the states to standardize regulations and coordinate the complex institutional framework involved in a

Graph 1.25

Injection and withdrawal of energy in the regional electricity market (MER), by year, by country
(megawatts/hour)



Source: González, 2021 based on Regional Operator Entity 2020a y 2020b.

matter as complicated as this. In 2013, the MER regulations came into force, establishing the “rules of the game” for energy integration through an ad hoc company with representation from all Central American countries, together with ISA (Colombia), CFE (Mexico), and ENDESA (Spain). Likewise, a common regulation was approved that will allow private investment. The Regional Electric Interconnection Commission (CRIE) and the Regional Operator Entity (EOR) were also created and are in operation.

The development of the regional electricity market has had and continues to have limitations, such as the technical difficulties associated with transmission rights and the management of asymmetries between more regulated markets, such as Costa Rica, and other freer ones, such as Guatemala and El Salvador. However, its operation has allowed Guatemala and Panama to set their production surpluses and for El Salvador, and to a lesser extent Nicaragua and Honduras, to acquire energy to meet their consumption needs (graph 1.25).

In addition, as indicated in the Fifth State of the Region Report (2016), there exists the possibility of consolidating the connection of the system with Colombia and Mexico, where SIEPAC could serve as the development base for other related initiatives with positive impacts for the countries. These projects include putting into operation the Central American fiber-optic network, which would provide a wide range of communication services and transmission of useful data for the use of the internet, television, private circuits, as well as fixed and mobile telephony (PEN, 2016).

Finally, in the social sphere, it is necessary to highlight joint medicine purchases. Since 2006, this mechanism, coordinated by the Executive Secretariat of the Council of Ministers of Health of Central America and the Dominican Republic (SE-COMISCA), has allowed countries to engage in joint negotiation with the pharmaceutical industry, leading to improved access to and lower prices for medicine. The agreements are made through a prequalification process of companies and their products that

are subsequently included in the price negotiation sessions through reverse auctions or direct negotiations between the prequalified companies (SICA, 2021).

In the 2011 to 2017 period, tangible benefits have been obtained, which translates into savings of 72 million dollars in medicine purchases. In 2018, the total amount of purchases was 54.6 million dollars which generated a total benefit of close to 12.4 million dollars for the region, as well as a return on investment of \$482.45 dollars for every dollar invested by health institutions. In 2019, the contract amount was 24.5 million dollars which translated into a total benefit of about 6 million dollars and a return on investment of \$176 dollars for every dollar contributed by the health institutions (SICA, 2021).

It should be noted that since 2018, the joint negotiation process became self-sustainable thanks to the contribution of 2% of the benefits that the mechanism generates to the Member States and was expanded to include the purchase of medical devices and other health-related goods.

In the areas of better-developed integration, it has been possible to achieve effective support for countries, but this was not sufficient for states to cooperate in a sustained manner in the management of the crisis caused by the pandemic

Dealing with the pandemic has triggered important responses from the institutional framework of regional integration. The fund identification and channeling at a regional level allowed the CADR countries to have complementary resources to face the pandemic. In March 2020, SICA promulgated the Regional Contingency Plan, after the General Secretariat convened an extraordinary meeting with the region's heads of state on the 12th of that same month. The purpose of this Plan was to complement the measures taken by the states and was approved on March 26th of that year. This document also established two transversal axes: Strategic

Graph 1.26

Actions carried out by the SICA institutions, by result. March-September, 2020



Source: Piedra, 2021 with data from SICA.

Communication and Management of International Cooperation. In this way, cooperation focused on three areas:

- Health and Risk Management
- Trade and Finance
- Security, Justice, and Migration

An inventory compiled for this Report of the actions carried out by the SICA institutions revealed that it focused mainly on coordination with other regional institutions (57 measures), and, secondly, on the dissemination of information (26 measures). The rest of the actions involved the creation of regional protocols, fund provision, recommendations, credit lines, medical equipment or supply purchases, and donations (graph 1.26 and Piedra, 2021a).

Among the undertaken regional actions, it is worth highlighting those carried out by CABEL, SIECA, COMISCA, and CEPREDENAC. In the social sphere, the Council of Ministers of Health in Central America and the Dominican Republic (COMISCA) was the coordination framework that issued the largest number of measures, followed by the General Secretariat of SICA and the

Coordination Center for Disaster Prevention in Central America and the Dominican Republic (CEPREDENAC). In the economic sphere, it focused on the provision of funds and credit lines by the Central American Bank for Economic Integration (CABEL) for various institutions within the countries. This served various purposes ranging from medical supply purchase to currency stabilization and an aggressive support plan for MSMEs in the states that wished to access the possibilities of expanded credit⁷.

Within the framework of the Contingency Plan, the Central American Bank for Economic Integration (CABEL) created the “Emergency support and preparedness program for COVID-19 and economic reactivation” which includes: i) emergency aid with non-reimbursable funds (donation) for an amount of 8 million dollars that have already been delivered to the countries; ii) purchase and supply of drugs and medical equipment (\$2.1 million); iii) credit to support central bank liquidity management (\$1 billion), among others. In addition, the program includes targeted support to specific areas of the region such as Trifinio to carry out prevention and

contingency campaigns (\$25,000) and provides support to the financial sector (\$650 million) to finance the entire sector of MSMEs and strengthen the region's business threads (CABEI, 2021).

In the context of the pandemic, the COMISCA's joint negotiation mechanism allowed the purchase of 22,436 protective suits for front line personnel in the fight against Covid-19, with a saving of \$185,075, that is, a reduction of 61.4% in the award price of this clothing. This acquisition was made with the support of the Inter-American Development Bank (IDB) and the cooperation of the Republic of Turkey (SICA, 2021).

The rest of the joint actions focused on coordination processes between regional institutions on diverse subjects such as agriculture, fisheries, and energy; information campaigns and protocols on health and trade issues, and to a lesser extent, on distance education, the enabling of a human corridor in migration matters, and the systematization of the experiences that the Ministries of Education of the countries of the region have had in the transitions from classroom to remote education.

In summary, beyond the economic sphere, in which significant resources were mobilized to cushion the effects of the pandemic on the macroeconomic and fiscal stability of the countries, most of the actions of the regional institutions were limited to coordination efforts between regional institutions and information exchange, but without greater incidence or articulation on productive, health, social and national policies.



For more information on the **consequences of the pandemic in the region**, see **Chapter 4** of this Report.

Actions coming from integration have also contributed to resolving disputes between countries during the pandemic. The various restrictions adopted by governments to contain the health cri-

sis have exacerbated the difficulties of intra-regional transit of goods and there have even been unilateral closures, with the consequent paralysis of transport. In that sense, as of May 8th, 2020, the Costa Rican government implemented rigorous border controls to prevent the entry of infected carriers of goods.

In response to the controls of the Costa Rican government, a diplomatic conflict was generated between Costa Rica and Nicaragua, so that the Nicaraguan government ordered the closure of the border, which meant the paralysis of trucks from all over Central America. Given that the problem affected the entire region and could have serious economic consequences, at the end of May 2020 a virtual meeting was held between the region's ministers of Commerce and Health sponsored by the Central American Economic Integration Secretariat (SIECA), where an agreement was reached unblock the borders and reestablish commercial flow (DW, online). In this case, the regional institutions solved the problem in record time and approved a transport biosafety regulation through the agreement of health, customs, and trade authorities of the countries, which made it possible to minimize the impact on regional trade (ECLAC, 2020a). Along these lines, it is also worth highlighting the bilateral agreement signed between Costa Rica and Panama on May 21st, 2020, to carry out a pilot plan for constant monitoring of carriers.

Despite the joint actions promoted within the framework of the regional integration process, fundamentally, the governments of the area addressed the effects of the pandemic in the way that each one believed most convenient, with minimum regional coordination and cooperation.

Indeed, all CADR countries took measures to address the health crisis, but with very different scopes, orientations, and sequencing. The period of greatest activity regarding the issuance of measures was between the months of February and April 2020, during the initial shock of the impact of the crisis. The highest point was reached during

March, coinciding with the first cases of the disease in every country. In total, between March and November 2020, 285 measures were recorded at a regional level (Camacho, 2021). While economic issues were prioritized in Nicaragua, El Salvador and Belize, those related to education had greater relative weight in Guatemala, Honduras, and Panama (where migration issues were also relevant). For their part, Costa Rica, El Salvador, Honduras, and Panama also implemented a notable number of labor measures. In addition, Nicaragua downplayed epidemiological and public health actions as a strategy to contain the spread of the virus, while, for example, Costa Rica did the exact opposite.

Another difference is determined by the moment in which the countries applied the measures (chart 1.5). On average, the Dominican Republic was the nation that took the longest to take measures after identifying the first case, while El Salvador was the fastest, anticipating the detection of the first case in ten of the fourteen measures listed. However, it should also be noted that the latter country was among the last to register positive cases. Nicaragua stands out for not issuing measures on more than half of the issues, a situation that has led to various pronouncements from international organizations such as the Inter-American Court of Human Rights (IACHR), the Pan American Health Organization (PAHO), and the Office of the United Nations High Commissioner for Human Rights (OHCHR)⁸.

The inability to establish a regional cooperation framework to deal with the pandemic was evidenced in a specific issue of capital importance: vaccination. Despite the existence of regional mechanisms for the coordination and purchase of drugs, the vaccination program was defined and executed unilaterally by each state.

In this way, the vaccine against Covid-19 began to be distributed worldwide at the end of 2020. All nations adhered to the COVAX initiative of the World Health Organization, which guarantees vaccine doses against Covid-19 for 20% of the population of each nation.

Chart 1.5

Number of days between the first detected case of COVID-19 and the issuance of measures^{a/}

Medida	Country and date of the year in 2020 in which the first case of covid-19 was detected							
	Belize (23/3)	Costa Rica (6/3)	El Salvador (18/3)	Guatemala (13/3)	Honduras (11/3)	Nicaragua (18/3)	Panamz (9/3)	Dominican República (1/3)
Testing policy		-44	-8	-1	-7	-27	0	21
Contact tracing		-44	57	153	-7	58	0	11
Information campaigns		-32	-56	-46	-9	-23	-49	1
Declaration of a State of Emergency	7	10	-4	-8	-29		4	18
Workplace closures		4	-3	3	5		6	18
Public event cancellations		4	-8	-5	2		3	18
Educational center closures		6	-8	2	2	0	2	18
Internal movement restrictions		11	-1	-8	5		13	19
Establishment of curfews	7		3	9	9		8	19
Airport and border closures	-3	12	-1	1	4		13	15
Public transport closure		15	-1	3	5		24	18
Meeting restrictions		52	-8	3	5		3	16
Home quarantine		26	2	8	5		7	16
Face coverings		108	20	25	71	334	84	61

a/ A negative number indicates that the action was taken before the first recorded case.

b/ The data provided by Araya (2021) referred to international travel controls, for which there were very long anticipation periods. As such, it was decided to include a more specific indicator (closure of borders and airports) cited by Camacho (2021)

Source: Piedra, 2021 based on Araya, 2021, and Camacho, 2021.

However, each country defined its vaccination program and managed the donation of doses unilaterally. As of February 2021, Belize, Honduras, and Nicaragua had not yet announced formal agreements to purchase vaccines outside of the COVAX mechanism despite the fact that, as indicated above, there is a regional mechanism for the acquisition of drugs.

As a consequence of the described situation, there were important differences in the advancement of the vaccination process among the CADR countries. As of May 2021, the region as a whole was far behind the vaccination levels of Chile, Uruguay, the United States, and the European Union, and somewhat behind other Latin American states such as Brazil and Mexico. Honduras, Nicaragua, and Guatemala had less than 3% of their population vaccinated with first dose and the last two countries did not register second dose vaccination (chart 1.6).

Chart 1.6

Vaccination advancements against COVID-19 as of May 2021, by country.

Country	Percentage of population vaccinated	Percentage of population completely vaccinated
Belize	15.1	2.6
Costa Rica	14.2	10.4
El Salvador	16.9	8.4
Guatemala	2.0	0.0
Honduras	1.4	0.3
Nicaragua	2.5	0.0
Panama	14.4	7.4
Dominican Republic	26.2	8.1
Central America and the Dominican Republic	9.7	3.8
United States	48.8	38.9
Mexico	14.1	9.2
Brazil	18.5	8.7
Chile	50.3	40.3
Uruguay	45.3	28.1
European Union	34.9	15.1
World	9.8	5.0

Source: Araya, 2020 based on Our World in Data, 2021.

Third main idea: regional identities are key in strengthening citizen support for integration

One of the foreseeable consequences of the political exhaustion of the integrationist impulse and of the persistent asymmetries in the institutional framework of regional integration is the possibility that this process will be left to the fate of governments that have shown a growing disinterest in giving political leadership to SICA and to even be responsible for providing the minimum financial resources necessary for the correct operation of most of the System's entities. If such a scenario were to occur, assuming that the Member States do not rectify their indiscipline and lack of commitment, the risk that the integration process would be left adrift would increase, without a collegiate political leadership at the highest level. The integration entities with the most robust financial and technical capacities would continue to operate in accordance with their specific mandates, but the institutional framework of SICA as a whole would face even greater difficulties to advance in the fulfillment of the sustainable development objectives set by the member countries since the adoption of the Alliance for the Sustainable Development of Central America (ALIDES) in 1994.

A strategy to avoid keeping regional integration exclusively in the hands of governments is to generate wide social support in favor of joint actions between states and societies to face the shared challenges in the CADR countries so that the mobilization of citizen demands could create healthy pressure on the Member States. Added to this is the relevance of this consideration within the framework of the celebration of the bicentennial of the independence of five of the Central American States, a particularly propitious moment for reflection on the region's present and future.

With such a perspective on the horizon, this Report commissioned a set of studies on the population's attitudes and beliefs regarding what the CADR countries are, what they mean for them, and

the importance and depth desired for the regional integration process. The results provide useful keys to promote greater citizen support for this process.

Wide popular regional support for economic integration could be the basis of a shared identity

The inhabitants of the region recognize the existence of strong links which intertwine and influence the member countries reciprocally. However, one of the main findings of the research carried out for this Report (see chapter 5) is that Central America is not a signifier that generates a clear sense of belonging and identity to its population.

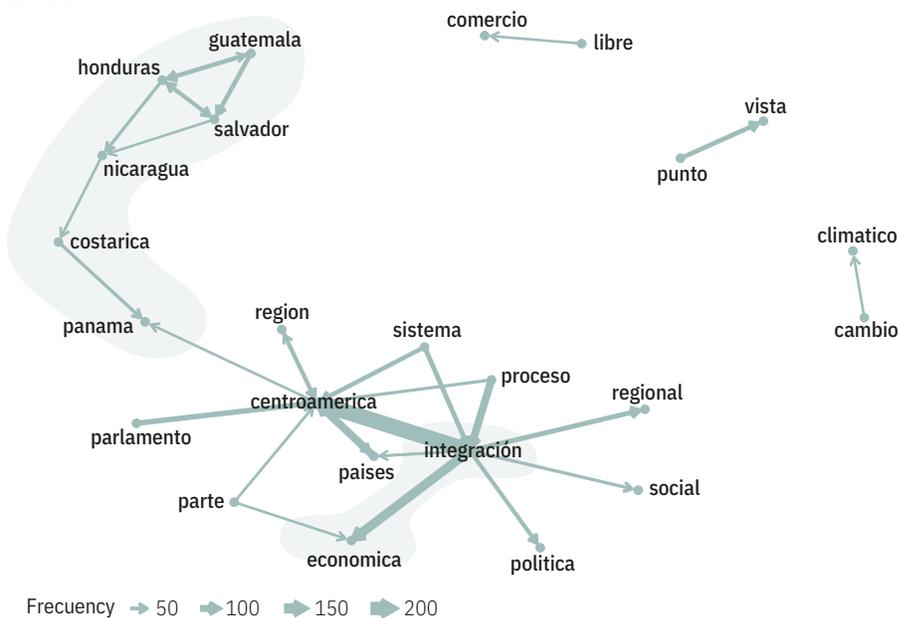
For social and political leaders in Central America, the notion of "regional" is limited to the summation or aggregation of the parties (the countries) or their association with certain dynamics, especially trade. Figure 1.1 shows the semantic network derived from consulting the different leaders about what they think Central America is. There was a

lack of capacity to elaborate on a concept of Central America beyond the enumeration of the countries that, in the opinion of each of them, comprise it. In addition, it should be noted that, when listing the parts, people mentioned different combinations of nations: the largest group pointed out that Central America is made up of the "five historical countries" (CA5) and Panama, while another slightly smaller group also included Belize. Very few included the Dominican Republic, which was mentioned above all by people linked to regional integration institutions. In contrast, "from the outside," different governments and multinational actors have defined the region as a unit for strategic and geopolitical purposes.

The lack of agreement on the component parts of Central America detracts from the demand for joint actions to face common social, political, and environmental challenges. If the population has difficulties identifying an area in which "we Central Americans" is relevant, it is

Figure 1.1

Semantic network^{a/} concerning the "Central American concern". 2021



a/ The network's arrows connect the concepts that are linked, the arrow's direction reflects the sense of this union, and the thickness shows the frequency with which this relationship was expressed. Source: Gómez et al., 2021, based on the transcripts of the ERCA in-depth interviews.

difficult to convince the public about the need to carry out common actions. Undoubtedly, the notion of shared destiny is also important for planning new phases in the regional integration process. In this sense, this Report discusses the link between the symbolic dimension of Central American politics and the implementation of strategies that bring the peoples of the region closer together to find common ground, all with the aim of solving challenges and taking advantage of shared opportunities, whose attention in many cases exceeds the territories

and capacities of each country acting separately.

Despite the lack of a clear identity as “Central Americans”, the more than 35,000 people consulted by the State of the Region showed a broad disposition in favor of some type of regional integration. Consequently, widespread support for economic integration was identified, especially in matters related to trade and customs integration. That support was robust, regardless of the socio-political conditions of the individuals. In contrast, the population’s social integration

support was less clear, and, in the case of political integration, the issue was evidenced as deeply divisive (graph 1.27).

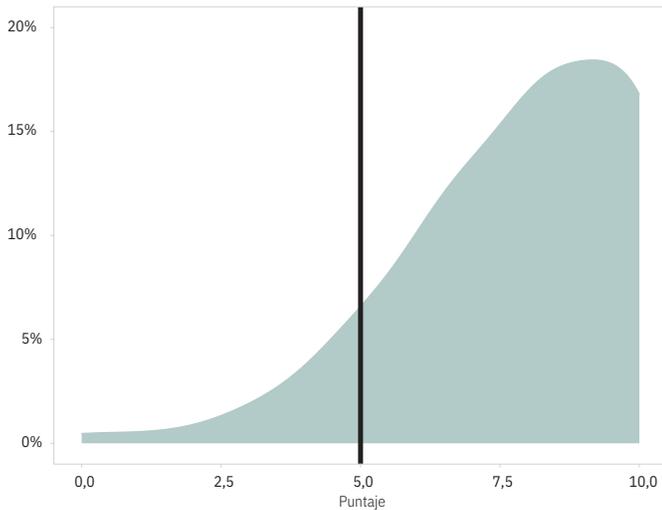
As has already been analyzed in the previous section, this citizen support for economic integration coincides with the scope of the integration institutional framework where the most effective entities and regimes of SICA are located. Indeed, strong support was identified for matters such as the free mobility of goods and aspects that require coordination to facilitate trade between countries, such as the customs union . This suggests

Graph 1.27

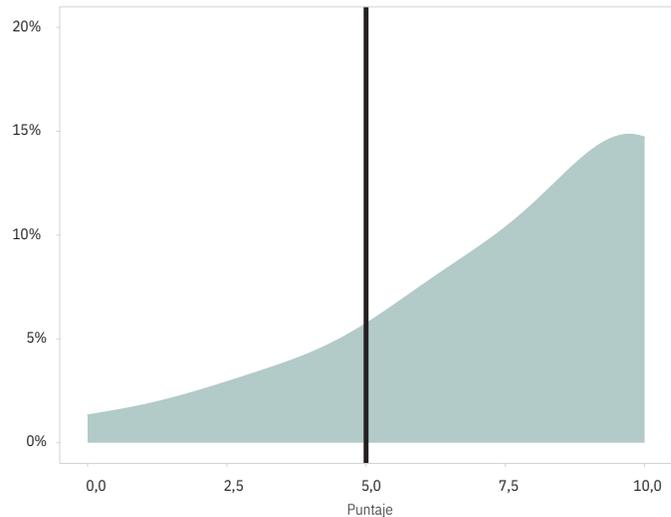
Distribution^{a/} of the response score^{b/} to the Identity Test, according to the dimension of regional integration. 2021

(total percentage of responses)

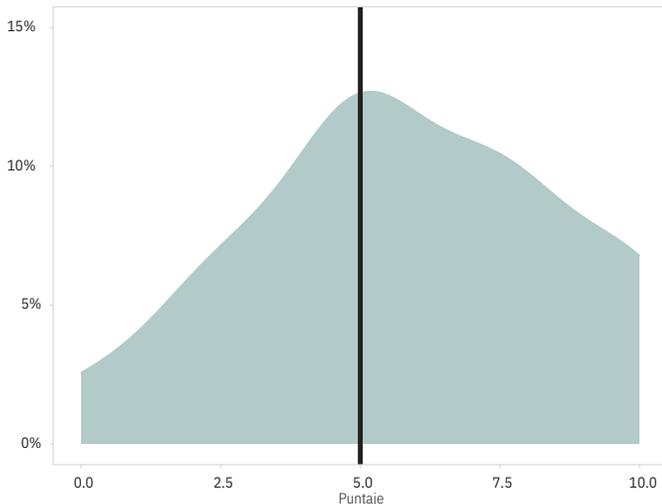
a. Economic coordination



b. Social tolerance



c. Regional policy



a/These graphs show the density distribution of the responses. The further to the right of the vertical line it is, the greater the concentration of responses in support of this dimension of regional integration.

b/The score ranges from 0-10 where 10 is the maximum support for that dimension, and is displayed on the horizontal axis.

Source: Guzmán & Vargas Cullell, 2021, with data from ERCA Identity Test.

that people value integration when it records tangible achievements in the life of the nations.

The Report recognizes that wide social support for economic integration can be an important lever to, through complementary actions, stimulate the development of a sense of belonging and shared destiny in the region.

Backing for democracy helps to support visions of deeper integration

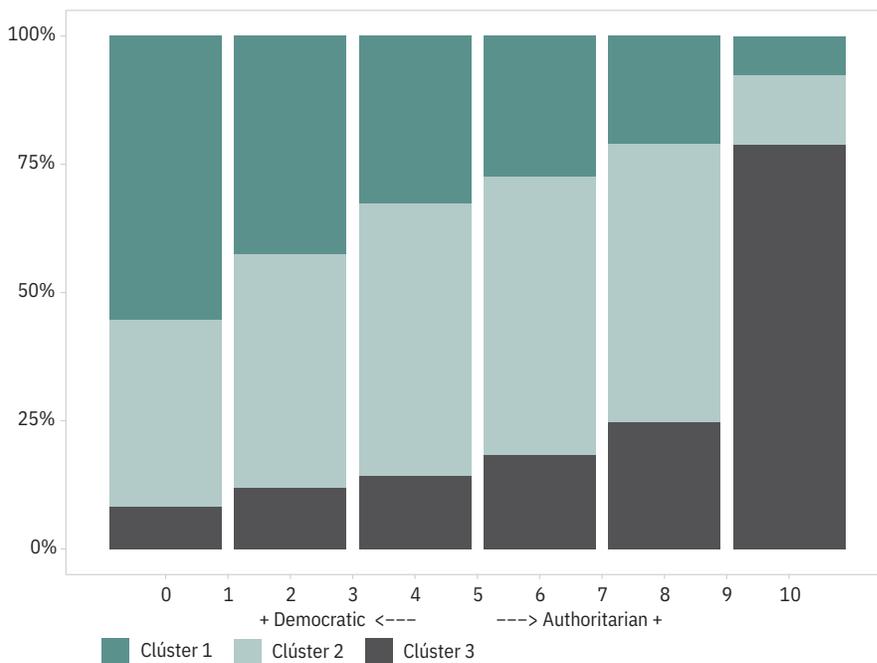
One aspect that this Report analyzes in-depth is the relationship between people's ideological positions and their support for regional integration. Through the analysis of the results obtained by the use of an online instrument called "Identities Test" (answered by more than 35,000 Central Americans), it was possible to identify three different groups of people, according to their dispositions to integration, and then their positions with respect to the political system, social progressivism, and liberalism.

A first group (cluster 1 in graph 1.28) are the "full integrationists", who support the economic, social, and political integration of the region; a second group are the "socio-economic integrationists", who are inclined to cut integration to economic and social matters, excluding political matters (cluster 2). Finally, the "selective integrationists" (cluster 3) support economic coordination policies between countries, but not joint actions in other dimensions of the social and political sphere.

In a time of democratic regression in several CADR countries, a highly relevant pattern is the relationship between people's integrationist disposition and their level of support for democracy. In general terms, it was found that the greater the democratic propensity, the greater the probability of belonging to the group of "full integrationists". It was also possible to identify another suggestive relationship: among more socially conservative people there was a tendency for the number of "selective integrationists" to increase, those with a more limited or restricted notion of the scope of the integration process.

Graph 1.28

Distribution of the integrationist disposition conglomerates in the ideological axis of the type of government, based on the answers of the *Identity Test*. 2020



Cluster 1: "full integrationists", support economic, social, and political integration.
 Cluster 2: "Socio-economic integrationists", support economic and social integration.
 Cluster 3: "Selective integrationists", support economic integration.
 Source: Fernández & Guzmán, 2021, with data from ERCA *IdentityTest*.

In summary, the Report gathers enough evidence on the difficulties that people have in giving content to the idea of Central America as a singular unit compared to the rest of the world. This impediment is more than remarkable if one takes into account that tens of thousands of people belonging to the educational, political, and economic elites of the Isthmus were consulted. Given the definition of this regional unit, the majority of the population cannot go beyond the enumeration of the countries that, in their opinion, make up the region. In practice, as has been said, they assume that Central America is the sum of its parts and they fail to identify a symbolic added value that is a source of identity for the inhabitants of the territories that comprise it.

This lack of regional identity, of a "we", of a shared symbolic focus, certainly complicates joint action between nation-

al governments or cross-border action between social sectors. In addition, it reduces the urgency of the construction of regional agendas and clarity on how to proceed, since it is not possible to appeal in a simple way to a notion of shared destiny. This could weaken the efforts that, from the institutional point of view, are being made to perfect Central American integration.

Despite these problems, the information gathered clearly suggests that the people consulted, make a close association between the notions of "Central America" and "integration". As has been shown, there is no agreement in the view that citizens have about the scope and priorities of the integrationist process, although in general, the different research methods applied to point out that, although not limited to this, joint action on economic issues is the one that brings about greater agreements.

In contrast, reservations about political integration are quite widespread, regardless of the country or social sector in question.

Finally, the Report highlights a matter of special importance that should be analyzed in new research: the connection between ideological attitudes about the economic and political organization of national societies and ways of thinking about integration. In this sense, democratic regressions in the region and the loss of citizen support for democracy can have debilitating consequences on support for regional integration, beyond the levels currently achieved.



For more information about citizens attitudes towards Central America and regional integration, see Chapter 5 of this Report.

Conclusion

In the year of the bicentennial of the independence of most of the Central American countries, this Report documents the somber panorama that the region is going through. In this chapter, the general contours of this complex situation have been described and more information and detailed analysis is provided in the remaining thirteen chapters of the Report.

However, the diagnosis of the situation of human development, democracy, and regional integration is not the endpoint of a *State of the Region Report*. Due to the very vocation of this initiative, the diagnosis is a platform to promote regional actions among the CADR countries in order to address the strategic challenges they share. From this perspective, the closing of Chapter 1 of the *Sixth State of the Region Report* (2021) concludes with the posing of a decisive question which, at the same time, constitutes an appeal to regional action. The question is the following:

Considering the current difficult conditions, what can be done about the regression in sustainable human development and democracy, and to remedy the political exhaustion of regional integration?

When seeking answers to this question, it is necessary to not only look at the depth of the problems that afflict the region. They must be understood in their temporal dimension and implications for they indicate a direction and the magnitude of the historical debt to be resolved. It is even more important to have a clear understanding of the assets that Central America and the Dominican Republic share. Building hope is not possible without leaning firmly on those strengths.

In this sense, the region has a rich natural and cultural heritage, together with its strategic location, since it is home to the Panama Canal, one of the main crossroads of world trade, and is close to the main global consumer market, the United States. Most of the CADR countries are in the middle of the demographic bonus period. As this and the previous Report (2016) indicate, this window is a great development opportunity. Having growing levels of working-age people allows for firm foundations to be laid over the next two to three decades in the economies, labor markets, and education. Success in these areas will improve productivity, economic growth, and sustainable human development. Finally, the regional integration process, extended from the previous decade to the Dominican Republic, has managed to create larger-scale institutions, regulatory frameworks, work networks, and regional markets that link the societies of the area, despite the growing disinterest of the governments. So what to do in this crucial moment?

This Report proposes three strategic orientations (described below) that could

contribute to strengthening regional ties in favor of sustainable human development and democracy, in addition to underpinning the integration process.

Political and institutional recovery of SICA

By recovering the institutional integration framework, it is understood that the commitments made by the member states in favor of sustainable human development are retaken as the action objective of these institutions and a thorough review of SICA's institutional design.

Specifically, it is suggested:

- To promote Alides II by updating the contents of the original Alides, signed by the member states in 1994, adapting it to the new conditions and to changing forecasts in the face of the fourth industrial revolution. This also includes an exercise to establish objectives, goals, and deadlines for the general commitments that are agreed upon.
- To implement the long-delayed institutional reform of SICA, in order to reduce the duplication of organizations and functions, rationalize the number of instances, eliminate unnecessary institutions, and reformulate the powers and operation methods of the Summit of Presidents.
- To take advantage of the lessons learned in the operation of institutions such as SIECA, CABEI, SIEPAC, COCESNA, and CEPREDENA to apply them in the redesign of SICA.
- To strengthen the functions of the SICA Advisory Committee to increase transparency and demand for accounts from civil society in the initiatives designed and carried out by regional integration institutions.
- To promote the establishment in the member states of legislation that defines the competences of a National Authority for the coordination,

monitoring, and rendering of accounts on the obligations and projects assumed by a State within SICA's framework.

- To strengthen the technical foundations and accountability practices of SICA through parameter application of the *Open Government Partnership* (OGP), to ensure rapid progress in terms of transparency, information access, and fight against corruption.¹⁰

Strengthen the incidence of societies in the promotion of regional sustainable human development and the protection of democratic freedoms

It would be naive to ask power to reform power. At present, it is not reasonable to sit and wait for the governments of the SICA member states to agree to reform regional integration, especially when several of them experience significant democratic regressions and internal instability. However, the demand from society in favor of integration can become a powerful trigger in favor of such action. In this regard, one of the findings of this Report is that integrationist provisions are strongly influenced by attitudes in favor of democracy and social tolerance (Chapter 5).

From that point of view, it seems necessary to create social strength so that, from plurality and despite their differences, society's organizations (businessmen, workers, environmental groups, women, indigenous organizations, Afro-descendants, LGTBI population) unite to protect regional public goods, demand

shared actions and solidarity between societies and countries in the face of the social, environmental, and political setbacks documented in this Report.

Seeking to:

- Create social support movements for regional sustainable human development that oppose the authoritarian and regressive impulses of governments.
- Strengthen ties between civil society in the region to strengthen cooperation among states.
- Acquire international allies for the protection of human rights and democracy and develop integration projects.

Promote a concerted international policy of CADR countries on global and regional challenges

Chapter 13 of this Report shows that, despite their political and ideological differences, the governments of the CADR region have broad agreement in their positions in international forums on global and regional issues such as mitigation and adaptation to climate change, disarmament, or measures against international organized crime.

This functional convergence can be enhanced by expanding the dialogue channels between governments and societies on issues in which there is a functional convergence of positions and interests. Taking advantage of

established agreements to generate new ones, or to expand existing ones, can be a sensible strategy to define specific actions and seek international financing to address shared priorities.

Indeed, the possibility of taking advantage of these suggestions is limited by the transient horizon of the priorities and decisions of governments and other social actors, their anchorage in unyielding positions, and, especially, political tensions within and between the CADR countries. However, it is not the first time that the member states are facing a reality that seems to only get worse.

Forty years ago, the region was in dire straits, with only death and destruction on its horizon. Against all odds, leaders of very diverse natures, supported by social movements that promoted peace, were able to reach agreements that rescued different countries from the flames. At this moment, although in other circumstances, current generations have a similar task: to rescue the CADR countries. All this, without losing hope and with the conviction that the best is yet to come and that there is the practical capacity to promote concrete initiatives in favor of human development and democracy in the region.

Without a doubt, it is time to act. In current conditions, the responsibility of social, economic, and political leaders cannot be delegated and is crucial to prevent aspirations for a better future from turning into frustration and perpetuating the existence of net winners and losers in the benefits and opportunities of well-being and development.

Notes

1 The poverty line is an indirect parameter to determine poverty and extreme poverty. It seeks to establish whether people have the minimum per capita income necessary to acquire a set of basic goods and services. The income threshold, or poverty line, is measured at two levels. The first is specified by taking the economic cost of a basic food basket determined based on the caloric requirements of the average inhabitant. This cost defines the extreme poverty or indigence line. The second level includes other non-food goods and services, such as clothing, transportation, education, health, etc., that make up a total basic basket and that mark the general or non-extreme poverty line (PEN, 2016).

2 The COVAX mechanism guarantees doses of the vaccine against Covid-19 for 20% of the population of each country (UN, 2021).

3 In the 19th and early 20th centuries, there were short-lived attempts to create supranational entities in the Central American isthmus, either through diplomatic or military efforts. However, these attempts were short-lived and failed to bequeath an institutional structure accepted by the different countries.

4 For example, the Regional Policy for Gender Equality and Equity Prieg-SICA 2013-2025, approved in December 2013; the Food and Nutritional Security Policy for Central America and the Dominican Republic 2012-2032, between the economic and social pillar, updated in 2015, and the Fisheries and Aquaculture Integration Policy 2015-2025, with the economic and social pillar.

5 The Convention on International Civil Aviation (1944), also known as the Chicago Convention, was intended to update the rules on aviation. It is the most important regulatory treaty in relation to Public International Aeronautical Law.

6 According to CentralAmericaData.com (2013), the price of energy sold in the regional electricity market has dropped from 0.14 to almost 0.12 dollars per kilowatt-hour (kw / h) and it is estimated that it will soon be around the \$ 0.08.

7 CABEI allocated more than 3.5 million dollars to this effort and has provided direct funds to governments and institutions of at least 1.35 million dollars more.

8 These organizations, as well as other Nicaraguan civil society organizations, have expressed their concern, among other matters, about: i) the lack of pertinent, timely and truthful information on the virus, its spread, incidence, care and mortality; ii) the lack of acquisition of protective equipment for health professionals; iii) the limited application of tests to detect the virus; iv) the difficulty of access for the general population to protective equipment by imposing new taxes on oximeters, respirators and masks, and maintaining the current taxes on thermometers and hydroalcoholic gel; v) the lack of protection of different vulnerable groups (of legal age, indigenous communities with difficult access, migrants and those deprived of liberty –especially political prisoners–), by promoting the holding of massive events, not taking measures to close borders, distancing themselves social nor mobility restrictions, and a limited channeling of specific aid for vulnerable

groups; vi) carrying out campaigns to minimize the impacts of the pandemic; and vii) retaliation (dismissal without explanation) against health personnel and other officials who criticized the handling of the emergency.

9 The customs union, despite not yet being completed, is a pillar of economic integration. Associated with this issue, instruments such as the Central American Regional Mobility and Logistics Framework Policy (PMRML) and the Trade Facilitation and Competitiveness Strategies (ECFCC), Integrating Development and Sustainable Competitiveness (CABEI): 2015-2019 and Maritime Ports stand out. All of them seek the implementation of border facilitation procedures and the modernization and regulatory convergence. In addition, it is worth mentioning the Single Central American Declaration (DUCA), which went into effect in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama on May 7, 2019 and unified the customs declarations that protect the trade of merchandise in Central America and establishes the principles and standards of trade facilitation (Web-Sieca, 2020a).

10The Open Government Partnership was established in 2011 by government and civil society leaders as an international forum to promote accountability and citizen access to information on issues of public interest. Currently 78 countries, multiple local governments and thousands of civil society organizations throughout the world participate in it (Open Government Partnership, 2021).

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