



Inequality dynamics in El Salvador: household and poverty figures for the 1992 / 2007 period¹

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Executive Summary

The present report has been drafted within the context of the identification and delimitation of those territories being considered for the second stage of the Rural Territorial Dynamics Programme that is being implemented by the Latin American Center for Rural Development (Rimisp) in eleven countries in Latin America. The following background information refers to the Republic of El Salvador, which forms part of the selected group of States.

The content of the document is divided into five parts. The first of these offers a description of the national context of El Salvador during the 1992-2007 period; the second section outlines the methodology that has been used for the elaboration of the maps that detail the changes in family consumption patterns, poverty levels and distribution of family consumption. The third section outlines the essential characteristics of the information used for the study. Lastly, the final sections present analysis results and the conclusions drawn, respectively.

As regards content, the document presents estimates of per capita income, the poverty rate and the Gini coefficient at regional and municipal level in El Salvador for the aforementioned period. The small area estimation method

¹ This working paper has been originally published in Spanish: Damianović, N., Valenzuela, R. y Vera, S. 2009. "Dinámicas de la desigualdad en El Salvador: hogares y pobreza en cifras en el período 1992 / 2007". Documento de Trabajo N° 52. Programa Dinámicas Territoriales Rurales. Rimisp, Santiago, Chile. This document can be accessed through the following link www.rimisp.org/dtr/documentos.

proposed by Chris Elbers, Jean O. Lanjouw and Peter Lanjouw (2003) was used, so highlighting the geographic disparities found in El Salvador.

The results underline the huge spatial differences in national well-being levels. Even though El Salvador witnessed increases in the average incomes of households along with an important reduction in poverty levels from 1992 onwards, when viewed from the perspective of national averages, both indicators conceal important discrepancies between regions, departments and municipalities.

The document deals with the period following the civil war that concluded in 1992 and which began in 1980, an armed conflict that resulted in 75 thousand fatalities –most of them civilian– and which plunged the country into a deep economic and social crisis. After the war ended and following a process of national talks that led the belligerent parties to sign a peace agreement, a period began of social and political reconstruction, macroeconomic stabilisation and structural adjustments. However, in spite of these developments, the population of El Salvador today is still subjected to significant economic disparities, with a disproportionate concentration of economic activity and access to basic services.

The general framework of this document was developed with a background context involving one of the most important social and economic developments in recent years in El Salvador: international migration to the United States and the consequent impact of remittances sent back to the country. There is a general consensus among specialists that migration has not only changed the country's economic matrix, but has also generated demographic events that have implied that –for 2004, for example– more than 20% of Salvadorians have migrated and live in the US, and that the amount of remittances they sent back to their families in El Salvador for the year in question represented 16.3% of the country's GDP. By the year 2007, this figure had risen to 18.1% of GDP².

As regards these major transformations, available information indicates that since 1992, the country has depended less on an agro-export economy involving coffee, sugar cane or cotton, with agriculture becoming an activity of increasingly less importance at national level. In its place, El Salvador today has moved towards becoming a service economy characterised by the increasing availability of remittances and employment growth in the non-

² Banco Central de Reserva (Central Bank) of El Salvador (BCR): “Economic indicators (2003-2007)”, ISSN 1810-973X, 2007 (b), San Salvador, El Salvador.

agricultural sector, particularly trade, construction and maquila services³. The significance of these changes means that the main point of reference for understanding modern-day El Salvador is not only found in the dynamics that take place within the country, but also in the processes affecting the Salvadorian population now living abroad⁴.

In the following, the characteristics of present-day El Salvador are described, underlining the country's main gaps, conflicts, social tensions and internal territorial disparities in relation to the distribution of wealth and income.

³ United Nations Development Programme (UNDP): "Human Development Report, El Salvador: A look at the new "US". The impact of migrations". Multiple editions, 2005, San Salvador, El Salvador.

⁴ Ibidem.