

SOCIAL COHESION AND ECONOMIC INCLUSION:

situational assessment of Central
America and the Dominican Republic



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FOREWORD

The social fabric in societies of Latin America and the Caribbean has deteriorated in the last decade, placing social cohesion at the center of the public policy debate. Setting agreements between political, social, and economic actors to prepare and implement response plans and inclusive strategies is essential to go further the achievement of the Sustainable Development Goals within the framework of the 2030 Agenda.

The COVID-19 pandemic has deepened social inequalities in the region. Although the virus affects everyone equally, its economic and social consequences are not equal, they are more severe for the most vulnerable. This represents a challenge for States, having to rebuild social and economic structures in an equitable and efficient courts of action to map the path towards recovery.

This work is part of a compendium of three reports on social cohesion which explore the concept in depth from different and complementary perspectives in the subregion of Central America (Belize, Costa Rica, El Salvador, Guatemala, Honduras, Panama) and in the Dominican Republic. The series analyses social cohesion in relation to some of the most relevant issues identified to deserve promotion in the current context: (i) economic inclusion, (ii) socio-environmental conflict and (iii) the SDG 16+ approach on peace, justice, and strong institutions.

This diagnosis of the situation of economic inclusion and social cohesion is particularly relevant in the current situation of defining recovery strategies, in which coordinated action must be taken to minimize the impact and reverse negative trends in the economic and social sphere. The lack of economic inclusion not only limits the equitable generation of income and the full development of people, but also generates inequality of opportunities, which can be summarized in the broader concept of multidimensional poverty.

The document presents an analysis of the subregion's socioeconomic context, focusing on the characteristics of the labor market and the business ecosystem, to understand how the current crisis impacts the young population with a cross-cutting gender analysis. The proposed structure aims to identify and synthesize the similarities and differences between countries. The latter as starting points for the design of tailored strategies, policies and programs aiming at reducing existing gaps and promoting the social and economic inclusion of the population that constitute the focus of analysis. The implementation of these strategies will require efforts and articulation between the public sector, the private sector, and the international cooperation.

The asymmetries in the impact social fabric' ruptures demand differentiated public policy responses focusing on the needs of population groups. Thus, a series of recommendations are highlighted for the design of active policies which, among other aspects, address: the generation of formal employment and the promotion of entrepreneurship. Furthermore, the access to education adapted to the demands of the labor market, the elimination of inequalities, towards gender equality and the creation of institutions, at both the national and local levels, and to promote a process of decentralization and territorialization.

Faced with the multiple challenges of recovery, it is crucial to intervene with coherent, comprehensive, and holistic policies. Social cohesion, given its multidimensional nature, becomes a guiding element of public policies, not only as an end, but also as a means, to foster inclusive, peaceful, and sustainable development.

We hope this compendium will be useful to consider the dynamics of social cohesion in the public agenda of Central America and the Dominican Republic as well as its interrelation with the economic, environmental and citizen security dimensions.



Jose Cruz-Osorio
Manager

UNDP Regional Hub for Latin America and the Caribbean



INTRODUCTION

This document is part of an initiative of the Regional Centre for Latin America and the Caribbean and is enshrined in one of the UNDP's activities in terms of knowledge generation, supporting countries in achieving Agenda 2030 and its Sustainable Development Goals.

The starting point of the analysis is represented by two fundamental elements: the observation that Latin America continues to be the most unequal region in the world and the relevance of social cohesion in the regional debate is a fundamental element in progressing towards a more equitable and sustainable development, and even more so in the framework of the post-COVID-19 reconstruction strategy. The document will take as a reference for the analysis, the ECLAC definition of social cohesion, used by UNDP and AECID (2021), as “the dialectic between instituted social inclusion and exclusion mechanisms and the responses, perceptions and attitudes of citizens towards the way these mechanisms operate”!

Starting from these premises, this document seeks to analyze the different components of the socioeconomic dimension and how it influences and impacts on social cohesion, especially in the subregion of Central America and the Dominican Republic, which are the subject of this analysis. It is important to emphasize that, throughout the document, the concept of subregion refers to the following countries: Belize, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Panama. The document focuses specifically on the effects of poor economic inclusion and social cohesion on the employment, education and wellbeing of young people who represent the talent and the future of societies, but also the great challenge to ensure the reduction of vulnerability and their inclusion in the community.

The document was drafted from a desk review of publications, studies and articles available on social cohesion and economic inclusion, mainly using official sources from the United Nations system. The section devoted to the different countries gathers information from semi-structured interviews of staff in each UNDP country office, with the objective of highlighting initiatives which encourage economic inclusion of young people, promoted by the public sector, the private sector and international cooperation. The draft document was submitted to a *peer review* by selected experts to ensure the multi-dimensional perspective of the subjects covered.

To fulfil the purpose of the research, *Chapter 1* starts from the definition of economic inclusion and its relation to social cohesion. The socioeconomic conditions of a country are



the fruit of a combination of different elements which, without the correct measures, can generate a vicious circle of cause and effect difficult to eradicate and cause a concentration of vulnerability in certain groups.

Starting from an analysis of the socioeconomic context of the subregion, *Chapter 2* seeks to identify and synthesize the affinities and differences between the countries involved in the analysis, as essential findings and starting points for the definition of the main challenges which will require the efforts and cooperation of the public and private sectors. This chapter's analysis focuses especially on young people and indigenous populations in as much as these groups are highly vulnerable and in need of special attention in the form of strategies, policies and programmes tailored to promote their social and economic inclusion.ⁱ

The first two chapters also devote a section to the effects of COVID-19 and the social distancing measures in the region, and the risk that countries run to wipe up the progress they achieved before the pandemic, in terms of economic growth and reduction in inequalities.

Finally, *Chapter 3* focuses on a closer look at the general situation in each country, in terms of the degree of social cohesion and economic inclusion, with a special focus on the situation of young people and those initiatives implemented to promote their inclusion. The boxes set out a series of challenges at national level and proposals to overcome them.

The document concludes by presenting some recommendations, derived from the analysis and systematic organization of the information collected, and the lessons learned at regional and national level, which it is hoped will be of use for decision-makers, so that this COVID-19 pandemic and post-pandemic context can represent an opportunity to rebuild with greater equity and *leave no one behind*.

ⁱ When dealing with the issue of social cohesion and economic inclusion, it is essential to apply a gender perspective and a multidimensional approach, involving in the analysis the needs and circumstances of the most-vulnerable populations, such as young people, indigenous peoples, Afro-descendant population, women, girls and LGTBIQ + population, as well as people in human-mobility situations. This study will have a particular focus on young and indigenous people, with the aim of offering a diagnosis of the current situation and identifying opportunities that can be translated into future actions and policies at the regional and national levels.



Executive summary

SOCIAL COHESION AND ECONOMIC INCLUSION: situational assessment of Central America and the Dominican Republic

Social cohesion has taken on a more central place in the socio-political debate, representing a significant challenge for the countries of Latin America and the Caribbean, accentuated by the current context of the pandemic and consequent social and economic crisis due to Covid-19.

This diagnostic report presents an analysis of the different components of economic inclusion and how it influences and impacts social cohesion, particularly in the subregion of Central America, composed of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Panama and the Dominican Republic. The paper focuses specifically on the effects of low economic inclusion and social cohesion in employment, education and the well-being of the young people who represent the talent and future of societies. Through a series of recommendations, it is intended to offer action proposals for decision-makers in the design of active public policies targeted at, among others, the generation of formal employment and promotion of enterprise, access to high-quality educational opportunities aligned with labour-market demand, the achievement of gender equality and the creation of an institutional framework at the national and local levels, promoting a process of equity based on the specific needs of the different population groups.



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BACKGROUND AND CONTEXT

The region of Latin America and the Caribbean continues to be the most unequal region in the world. Latin American development struggles to combine growth with equality. Indeed, the region is characterized by having the greatest inequality of income distribution and this feature has tended, with few exceptions, to be exacerbated. This is demonstrated by the Gini coefficient, which has registered a considerable decrease in the period from 2002 to 2019, in which year it recorded an average value of 0.46, a figure that continues to be much higher than that of other OECD countries and other countries with similar levels of development, at 0.33 and 0.36 respectively.

Inequality limits economic growth and productivity and has a negative impact on social cohesion. For more than a decade, the concept of social cohesion has become one of the central issues in international debate and has become even more relevant in the current context of the social and economic crisis generated by the Covid-19 pandemic. It is evident that delaying the full inclusion of all citizens in the benefits of development represents a problem that affects democratic coexistence and is an obstacle to healthy growth, contributing to the creation of an environment conducive to increasing distrust and the generation of conflict and violence.

Starting from general concepts, the first two chapters of this diagnostic report analyse the relationship between economic inclusion and social cohesion, focusing on some of the most vulnerable groups: young and indigenous people, who represent important population groups, also in terms of numbers, in the countries of the subregion of Central America and the Dominican Republic. 46.9% of the population of the subregion is made up of people aged under 24 years and 14.28% is of indigenous people, which is why their socioeconomic inclusion represents major challenges and opportunities for the development of these countries. Throughout the paper, emphasis is also placed on the fact that, in order to achieve full human development, there is a need to invest in two other fundamental aspects in addition to economic inclusion: access to housing, education and health services and high-quality public spaces and co-responsible citizen security; and the right to live in a context free from the threat of crime and situations of insecurity.

MAIN FINDINGS

Between 2000 and 2010, the subregion experienced the period of the greatest economic growth in the last four decades, but this economic growth did not correspond to a reduction in inequality of income distribution, despite significant progress made since 2002.

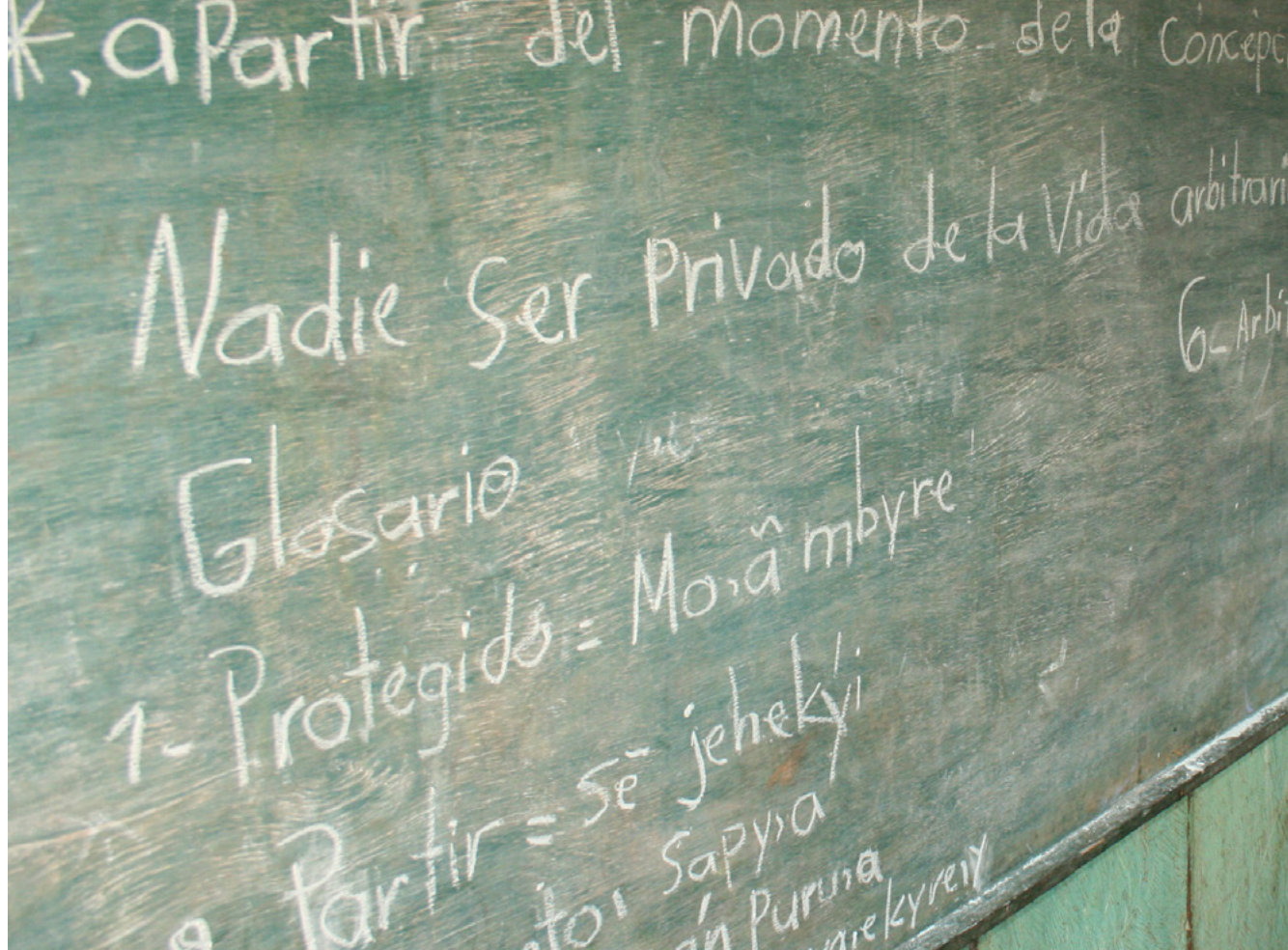
With due differences, the economic structure of the countries of the subregion is characterized by a strong presence of micro- small and medium-sized enterprises (99%) that generate more than 70% of total employment and contribute approximately 34% of production. They are also characterized by a high rate of labour informality, with considerable differences in levels among countries (from 38.8% in Costa Rica to 82.6% in Honduras). Another notable common element is the high percentage of young people in these countries (young people aged between 15 and 24 years account for 19% of the total population of the subregion), enabling them to experience a period of demographic bonus which, if accompanied by appropriate policies and investment in human capital, could represent a great opportunity for development. In practice, however, the subregion's unemployment rate of young people aged between 15 and 24 years reached 17.2% before the pandemic (almost double its general average unemployment rate) and in LAC in general, 22.4% of all young people are categorized as NEET (Not in Education, Employment or Training).

This situation has been accentuated by the impact that Covid-19 has had and will have on the economy of the subregion, particularly affecting temporary and informal jobs and some productive sectors, such as tourism, which has a greater proportion of young people, especially those with no more than a primary education qualification.

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High-quality education represents one of the prior conditions for young people to develop their skills and knowledge, developing themselves as individuals and preparing for the job market, be this in terms of employment or entrepreneurship. Completion of secondary education is considered the minimum level of education to break the intergenerational cycle of poverty and to expand opportunities to access decent work. Despite major progress made by the countries of Central America and the Dominican Republic on reducing the school drop-out rate during the primary and secondary phases (the number of people aged 20 to 24 years who completed secondary education grew from 37% to 58% in the period from 1997 to 2013), higher-education rates remain low (23% in 2000 rising to 44% in 2014). Remaining in education is also influenced by the level of wealth of young people's families. Poorer families have higher levels of school dropout and greater difficulty in accessing quality education. This has been exacerbated by the pandemic, which has left more than 137 million students in the Latin America and the Caribbean region with no access to classes. This is experienced most severely by young people from lower-income families, those with no opportunity to access online learning.

The lack of economic inclusion and social cohesion also has a negative impact on another population group: indigenous peoples. Historically, the indigenous community has been the object of discrimination and exclusion that translates not only in inequality in monetary terms or concentration of the poverty rate, but also in access to opportunities and low participation in decision-making spaces. Taking informal employment as a reference, the informality rate among the indigenous population is 82.6%, well above the 61.7% estimated for the population as a whole. Applying a gender perspective yields even worse results: 85.1% of indigenous women have informal employment, against 80.9% of indigenous men.

The full integration of women into the economic life of the subregion remains a major challenge. Despite progress made in gender equality, such as in the increase in women's employment, major inequalities persist in access to and retention in the labour market, due



Socioeconomic vulnerabilities, a weak social fabric and a perception of injustice go to create an environment conducive to increasing mistrust and generating conflict and violence.

to a lack of social policies that sustain women in housework and the care of children and the elderly; Latin American women dedicate more than four and a half hours a day to housework or the care of children or the elderly (three times more than men). The pandemic has led to the process of women's inclusion and gender equality going into reverse, and its consequences may extend beyond the health crisis unless public care systems provide full support to facilitate women's full return to the labour market.

As the 2030 Agenda indicates through its Sustainable Development Goals, the construction of more-inclusive societies requires a focus on dialogue and articulation among all stakeholders: governments, citizens, civil society, academia and the private sector, in order to advance the construction of social cohesion. The private sector play a fundamental role in the protection of human rights, promotion of decent, formal employment, reduced impact on the environment and the adoption of anti-corruption practices. The starting point for involving the private sector in economic inclusion, protection of human rights and reducing inequalities is represented by breaking down the paradigm of corporate social responsibility, which may be read as a voluntary and accessory activity, to be replaced by the concept of co-responsibility.

Socioeconomic vulnerabilities, a weak social fabric and a perception of injustice go to create an environment conducive to increasing mistrust and generating conflict and violence. This is evidenced by the increase in the last decade of the perception of distributive injustice and the mistrust of government. In 2018, only 10.8% of the population of the countries of the subregion said that the economic situation of their country was good, and only 16.8% believed that "income distribution in their country was very fair or fair". Undoubtedly, the economic aspect is just one of the dimensions that influence the cohesion of a society, together with the environmental and social dimensions.



ACTION PROPOSALS

As can be seen from the analysis, based on the previous findings and despite the differences and particular features of each country of the subregion of Central America and the Dominican Republic, the following action proposals have been identified with the aim of moving towards greater economic inclusion and social cohesion, especially of young people:

I. EDUCATION ALIGNED TO LABOUR-MARKET DEMAND

- Have up-to-date and disaggregated data that provide a picture of the national context and, more specifically, of the level of young people's and women's participation in the labour market, in order to develop active public policies that allow them to build their skills in line with the demand for labour and that offer public services for their access and retention.
- Guarantee coherence between young people's technical and technological training and labour-market demand, identified on the basis of diagnoses that systematize the needs and potentials of the public and private sectors at the territorial level.
- Accelerate the process of education transformation oriented toward high-quality and technical training, including the digitalization needed in terms of skills and tools, with specific programmes targeted at young people with limited resources.
- Foster inter-institutional coordination between the public and private sectors and other stakeholders, through the creation of forums for inter-institutional dialogue that facilitate the construction of a joint social pact that translates into the incorporation and integration of practices and protocols for diligent conduct on the part of the private sector and other stakeholders having greater knowledge of its labour demand.

II. GENDER EQUALITY

- Promote women's participation, designing programmes aimed at sectors and types of jobs that are more attractive to women and providing childcare services and guarantees of personal safety for participants.
- Create gender-sensitive, disaggregated databases and monitoring, tracking and evaluation systems.
- Implement a comprehensive support system, both academic and social, to prevent school dropout, with permanently-established measures in schools to reduce the incidence of teenage pregnancy and its consequences for school dropout.

III. PROMOTION OF GREEN EMPLOYMENT FOR THE PROTECTION OF NATURAL RESOURCES AND BIODIVERSITY

- Encourage and promote green entrepreneurship, especially in the sectors of integrated waste management, ecology-based agriculture and energy, through a training and awareness process and by ensuring coherence with national efforts to meet the goals set for the protection of the environment and the fight against climate change.
- Promote sustainable public-private partnerships in areas such as ecotourism, green transportation, agricultural practices and energy systems, fostering community-based solutions and approaches that allow a transition towards a clean and equitable economy.
- Promote green tourism, managed at the community level and oriented towards the protection of natural, land and aquatic resources.

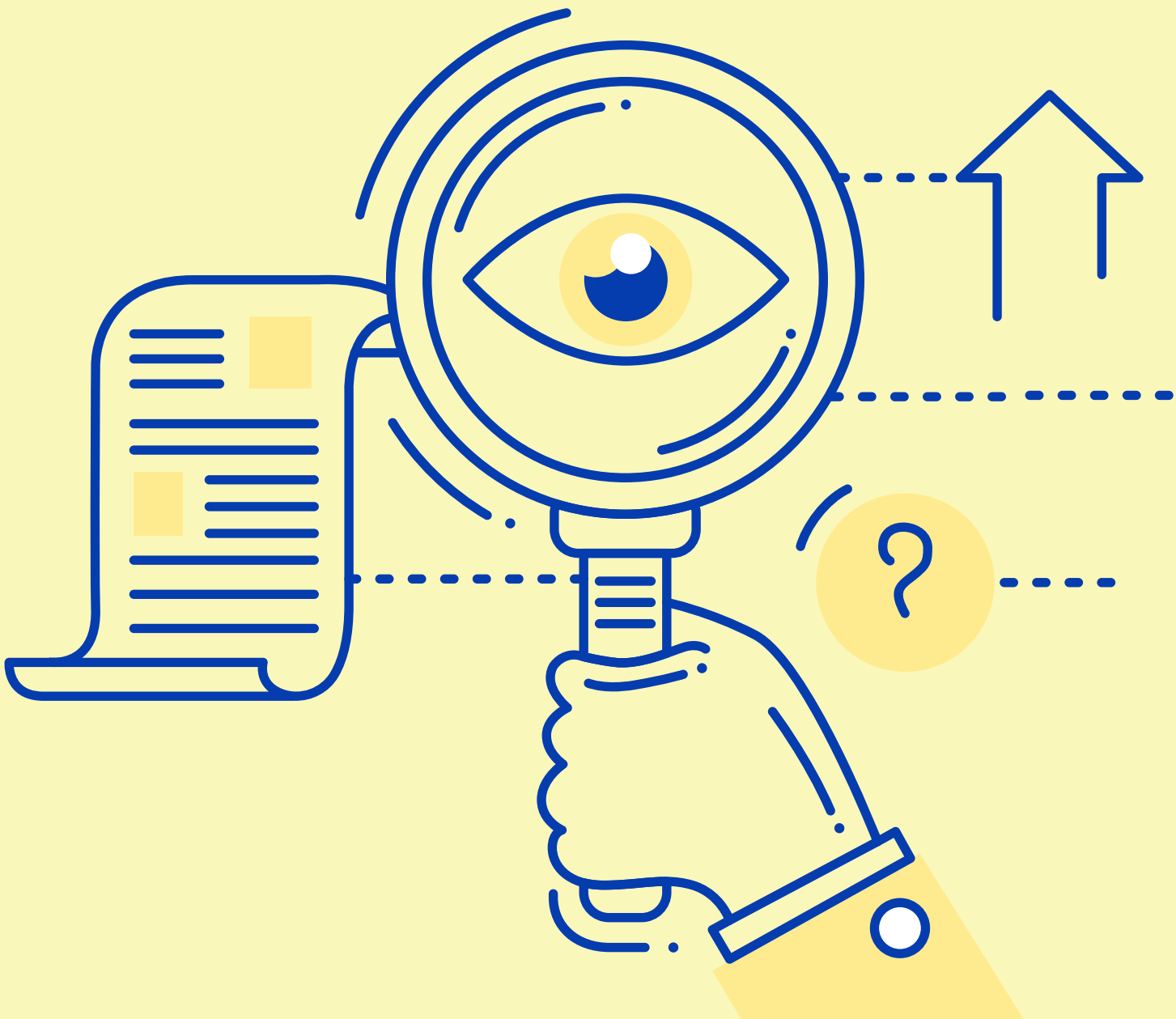


IV. DECENTRALIZED SERVICES FOR MSMEs

- Support countries' decentralization processes, through the promotion of public-private centres or agencies at the territorial (provincial, departmental or regional) levels, capable of providing MSMEs and new ventures with comprehensive, high-quality services. These centres should use trained technical personnel to provide services that contribute to a culture of formalization, innovation and enterprise incubation.
- Promote the process of business formalization, by associating it with a clear offer of protection and social-security services to individuals, and to companies in respect of business services that help to boost competitiveness and access new markets.
- Encourage articulation between credit institutions, including microcredit institutions, and promote financial products that meet the needs of micro and small businesses, fostering their inclusion and increasing their competitiveness.
- Reduce the digital divide, through infrastructure improvements to broaden network access, especially in rural areas, and establish training programmes to teach basic digital skills that facilitate access to business services and provide opportunities to improve competitiveness.

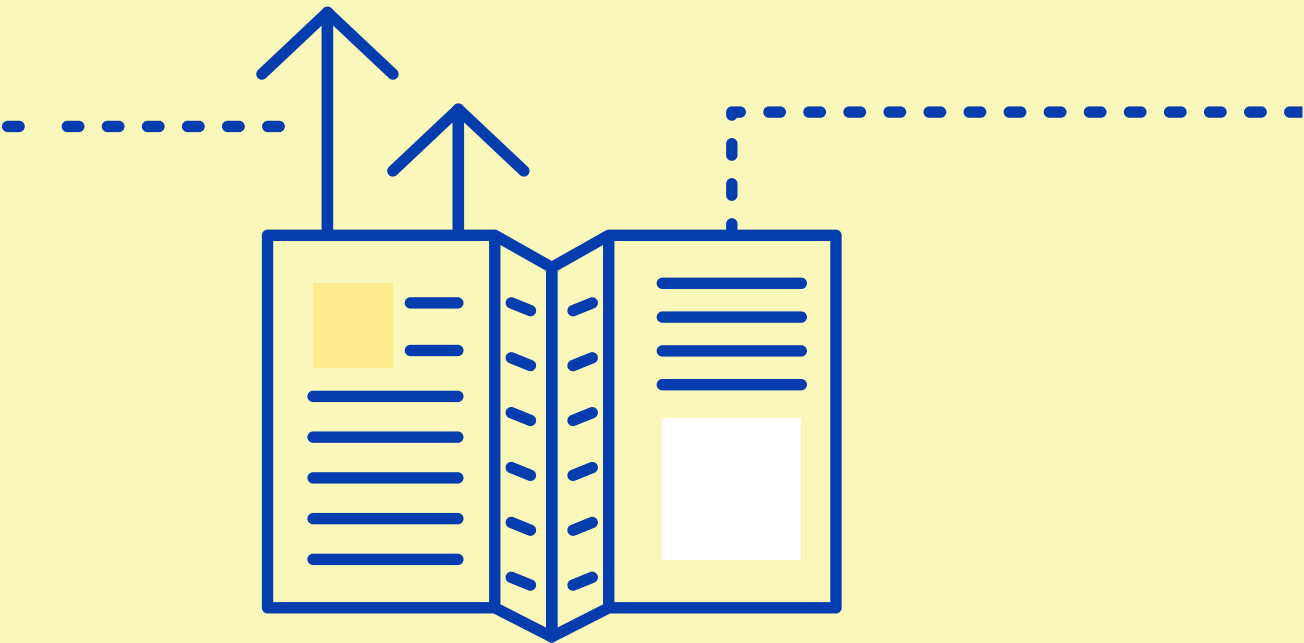






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REFERENCE FRAMEWORK





1. REFERENCE FRAMEWORK

1.1 THE RELATION BETWEEN ECONOMIC INCLUSION AND SOCIAL COHESION

As is shown by the exercise that is being conducted at global level, in particular in the region of Latin America and the Caribbean, social cohesion is a complex and multidimensional concept which requires a systemic approach to analyze its different components and the relations between them. Starting from the definition of social cohesion adopted by UNDP and presented in the introduction to this document, social cohesion is both an end and a means in politics and policies. As an end, public policies seek to ensure that society feels an active part of the system and its members as agents of change and beneficiaries of development. As a means, societies which present high levels of social cohesion establish the foundations of a stable, positive and inclusive environment, which can attract investment and more equitable economic growth².

A fundamental element in progressing towards social cohesion is participation, dialogue and articulation between the actors from different sectors of society, notable among them the citizens, who must be disposed to give up part of their interests for the common good.ⁱⁱ

A fundamental element in progressing towards social cohesion is participation, dialogue and articulation between the actors from different sectors of society, notable among them the citizens, who must be disposed to give up part of their interests for the common good.

In this context, lagging behind in the full inclusion of all citizens in the benefits of development acquires fundamental importance and represents a problem which affects democratic cohabitation and an obstacle to sound growth. In the analysis, it is also important to take account of citizens' perception of the situation: the perception of distributive injustice and lack of trust in public authorities has grown in the last decade.³ In 2018, only 10.8% of the population of the countries in the subregion said that the country's economic situation was good, and only 16.8% thought that "incomes distribution in their country was very fair or fair"⁴.

Socioeconomic vulnerabilities, a weak social fabric and the perception of injustices contribute to creating an environment conducive to an increase in distrust and the generation of conflict and violence.

In this framework, and as reflected in the calculation of the different indices (multidimensional poverty index, human development index, gender inequality index, Gini coefficient), the economic aspect is only one of the dimensions which influence cohesion in a society, alongside the environmental and social dimensions. The analysis of the socioeconomic conditions of a country or region must not focus only on incomes and their distribution, but also study

ii Examples of the common good are: behavioural restrictions to reduce the impact on the environment in the face of climate change, paying taxes that are directly proportional to income to guarantee access to health services for all citizens, democracy and the division of powers, instead of their concentration in the hands of a few.



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other components, among them: *employment*, in terms of formality, guarantees of social protection and level of labor stability; the *relation between supply* of educational institutions and *demand* of the labor market; *education*, in terms of access not only to primary education, but to the end of secondary education and access to higher education; entrepreneurship, as an opportunity for people, especially young people, to develop businesses that contribute development and innovation to society.

Under this vision, based on which the economic situation of a person is the result of different factors, promoting economic inclusion means eliminating all those gaps which prevent the individual from developing fully and satisfying his needs over and above his primary needs. The lack of economic inclusion, conceived in this way, leads to the generation of poverty in certain population groups which, for various reasons, show greater vulnerability. This concept is directly connected to those of capacities and freedom of the economist and philosopher Amartya Sen, taking them to be the real opportunities that people have to achieve what they value⁵. Poverty, in all its dimensions, tends to reproduce social exclusion by a series of links, among them: very low incomes and meagre educational capital in the home; adolescent maternity and malnutrition during pregnancy; underweight new-born babies; insufficient maternal lactation; lack of early stimulation; lag in psychomotor development; episodes of general famine which is made chronic by the shortage of household resources and the low level of education of mothers; lack of preparation for school; low performance and repetition of the first years of education; school abandonment; precarious entry into the labor market; low incomes and lack of social protection; high risk of falling into violence and crime; all factors which reproduce the cycle of poverty and exclusion in the following generation⁶.

To achieve progress in human development, it is necessary to apply a comprehensive approach and to include in the analysis and work, in addition to economic inclusion, two other fundamental axes: a) housing, high-quality services and public spaces, in terms of the basic conditions that allow people to access high-quality education and health services, to have adequate housing, transport, leisure and to live in an environment characterized by well-being; and b) co-responsible citizen security, understood as the right to live in a context free from threats of crime and situations of insecurity. These three components are

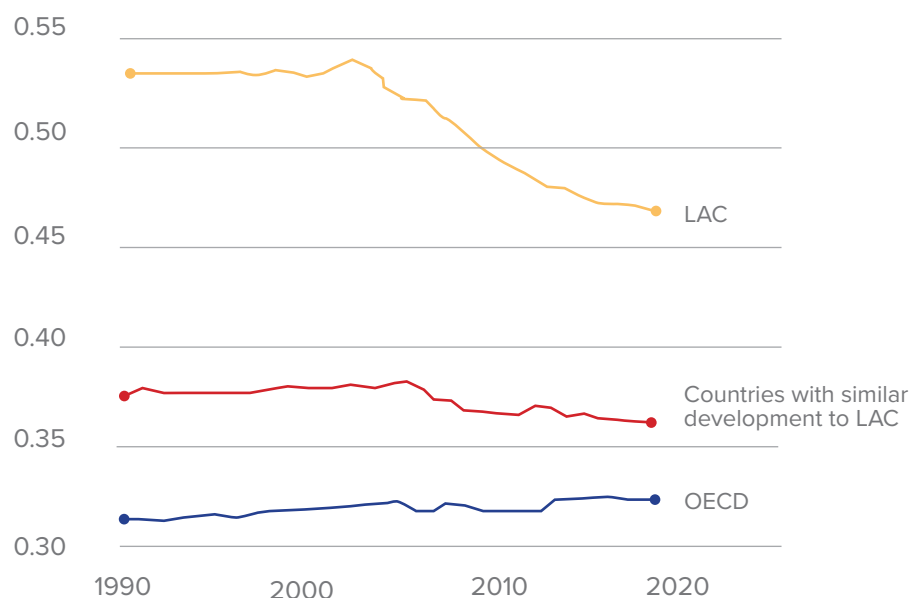
strongly related: living in security depends, among other things, on people's possibilities of accessing decent employment and having sufficient resources to meet their needs and live in a situation of well-beingⁱⁱⁱ. At the same time, people must have the skills that they need to access and remain in the labour market. On this basis, any action aimed at promoting human development and social cohesion should apply a multidimensional approach based on a social pact derived from the definition of rights and obligations of the State and society.⁷

Focusing the analysis on Latin America and the Caribbean, Latin American development shows difficulty in conjugating growth with equity. Indeed, the region is characterized by greater inequality in income distribution, and this feature has tended, with rare exceptions, to worsen.

Based on the measurement of the Gini coefficient, as the figure below suggest, considerable progress has been achieved in the region, but large differences remain, in particular comparing the region with other OECD countries and other countries with levels of development comparable to those of Latin America and the Caribbean. The following figure identifies 3 stages of the evolution of the Gini coefficient: the *first* (from 1990 to 2002), where inequality in the region was stable, with an average Gini coefficient of 0.53, where the wealthiest 10% of the population had an income 45 times higher than the poorest 10%; the *second* (from 2002 to 2012), where inequality fell considerably (annual rate of 0.6 points) and a *third* (from 2012 to 2018), during which there was a reduction in the lowest rates (annual rate 0.2 points)⁸.

Source: SEDLAC and World Bank for LAC countries. Global Database of Inequality for OECD and countries similar to LAC^{iv}

Figure 1 | Evolution and comparison of the Gini coefficient.



The lack of correspondence between economic growth and equality impacts negatively on

iii For more details on the relationship between economic inclusion and SDG16+ on Peace, Justice and Strong Institutions, see UNDP (2021). Social Cohesion and SDG16+ in Central America and the Dominican Republic. Measurement foundations.

iv The countries similar to the LAC countries are Albania, Algeria, Bulgaria, Hungary, Indonesia, Malaysia, Morocco, Philippines, Poland, Serbia, Thailand, Turkey and Tunisia.

1.2 IMPACT AND REGIONAL RESPONSE TO COVID-19 ON THE SOCIOECONOMIC FABRIC

36% of employed people are in sectors highly affected by the coronavirus.



58.9% of employed women work in the sectors most affected by the crisis.

The COVID-19 pandemic is much more than a health crisis, as it is having, and will have, profound impacts on societies, in particular the most vulnerable persons, and their economies¹⁰.

The main objective of governments at global level in the face of COVID-19 has been to flatten the epidemiological curve by restrictions which slow the propagation of the virus, which has led to social distancing measures and isolation of the infected population or those at risk of infection. Based on this reality, Rogoff (2020)¹¹ states that the COVID-19 pandemic will invoke an economic shock, both in supply and demand, which has no recent precedents since 1970s, when the oil shock and subsequent deterioration of public debt affected the majority of the developing economies.

As the social distancing measures increase, impacts similar to an economic recession are reflected, where there is a contraction in household consumption and reduction in investment by companies. It is pointed out that the argument “wait and see”, as Baldwin and Tomiura (2020)¹² call it, plays a fundamental role in shocks, where the uncertainty of economic agents based on a general opinion of the public policy actions taken by governments, and the health barriers which the lethal nature of the virus can generate, is projected on a postponement of consumption and investment. In addition, the temporality and intensity of the economic shock is related to the links between countries and the following five channels of contagion: reduction in economic activity of the principal commercial partners in the region, fall in the demand for tourist services, interruption of global value chains, probable fall in the prices of export commodities and greater uncertainty for investors¹³.

Before the spread of SARS-CoV-2, the countries of the subregion had high levels of socioeconomic inequality, which translated into very marked differences in incomes and segregated access to quality public services in the sphere of education, health, transport and infrastructure.¹⁴

The pandemic has had serious repercussions in various areas, among them, in the labor market of the subregion of Central America and the Dominican Republic. The ILO estimated that Central America lost 19.2% of hours of work, equivalent to 16 million full-time jobs lost (40 hours per week); 8.3. million Central American workers are in a risk situation; 36% of employed people are in sectors highly affected by the coronavirus; 58.9% of employed women work in the sectors most affected by the crisis, while the proportion of men is 43%¹⁵.

In this regard, the evolution of labor indicators suggests analyzing the impact of economic contraction in two of the groups that present the greatest vulnerability, women and young people.

As can be seen in the table below, the health crisis impacted similarly on men (-5.5%) and women (-5.4%) in terms of participation rates, comparing the first three quarters of 2020 with the same period in 2019, although proportionately it was higher for women, given their lower participation rate.

Analyzing the other indicators, the trend is somewhat similar, although, observing the data with the context, it can be understood how the impact on women is more significant. Between 2015 and 2019, women's participation and occupation rates rose by 1.8% and 0.8% respectively. This contrasts with the contraction of participation (-0.3%) and occupation (1-1%) for men in the same period. In other words, prior to the health crisis, what supported regional participation and occupation was the incorporation of women in the labor market. Due to the pandemic, this process is clearly faced with a reversal, the consequences of which may extend beyond the health crisis without the due support of public care systems (the sick, elderly, children) and the in-person education system, which would facilitate the return of women to the labor market. In turn, the significant increase in the under-utilization of the workforce during 2020 can also generate major difficulties for their re-entry into the labor market in the future. Lastly, the regional economic crisis can even have more permanent impacts, with the risk of presenting a setback in the achievements made in recent years in terms of gender equality in the labor sphere, if the relevant socio-labor policy responses are not implemented¹⁶.

Table 1 | Latin America and the Caribbean: principal labor market indicators by year, by sex. 2015 – Q3 2020 (average annual rates).

Indicators ^{a/}	2015	2016	2017	2018	2019	Average Q1-Q3 ^{b/}		
						2019	2020	Var
Participation rate	62.0	62.1	62.4	62.5	62.7	62.6	57.2	-5.4
Men	75.2	75.1	75.2	75.1	74.9	74.2	68.7	-5.5
Women	49.7	50.0	50.6	50.9	51.4	51.8	46.4	-5.4
Employment rate	57.9	57.3	57.4	57.6	57.8	57.2	51.2	-6.0
Men	71.0	70.1	70.0	70.0	69.9	68.8	62.4	-6.4
Women	45.8	45.5	45.8	46.2	46.6	46.5	40.9	-5.7
Unemployment rate	6.6	7.8	8.1	8.0	8.0	8.7	10.6	1.9
Men	5.7	6.8	7.0	6.9	6.8	7.4	9.4	2.0
Women	7.9	9.2	9.6	9.5	9.5	10.3	12.1	1.8

Source: ILO based on household survey information from countries



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The pandemic has left more than **137** million students in the Latin American and the Caribbean region without access to courses.



The youth unemployment rate reached a figure of **23.2%**

With respect to young people who matriculated in the school year 2020-2021, the majority experienced the closure of in-person schools, but not all could access on-line and distance learning. In effect, the pandemic has left more than 137 million students in the Latin American and Caribbean region without access to courses and the situation has hit young people from the lowest income families hard: only 1 out of 2 students in public schools has access to quality distance learning in the home, compared with 3 out of 4 students in private schools¹⁷. Despite the fact that schools and training institutions, and also some governments of the countries of the subregion, have channeled efforts to ensure the continuity of education and training through on-line learning, these data show clearly the enormous digital gaps that exist at national, regional level and between regions of the world¹⁸.

In a context of low participation and employment rates of young people (15 – 24 years), labor indicators of young people have deteriorated significantly because of the pandemic. The youth unemployment rate rose by 2.7% (1.9% for people aged 25 years and over), reaching a figure of 23.2%, a level which it had never reached before, according to the data recorded in the first quarter of 2020, with extreme cases such as Costa Rica, which saw an increase of 11% (31.1% in QI – III of 2019 and 42.1% in QI – III of 2020)¹⁹. This negative trend may be due to various factors, among them: a) the percentage of young people who work in the sectors most affected by the pandemic, such as tourism, is higher than for other population groups; b) precarity and informality of employment is concentrated among young people, in particular those who have only a primary education certificate.

This context generates internal pressures of a different nature in countries. For example, fiscal pressures, both in terms of reduction in tax revenues and the increase in public debt, can have an impact in the short and medium term on the provision and quality of social programs and services provided by the government. This could generate multiple crises of food insecurity, socioeconomic and political shocks, in certain population groups, especially women and young people, and groups with a high vulnerability such as refugees, migrants and internally displaced persons. Likewise, the slowdown in economic activity due to lockdown measures and the breakdown of value chains leads to

the loss of sources of self-employment and an increase in unemployment especially among youth and women, reduction in wages and, therefore, loss of household incomes with more significant effects in socially vulnerable sectors, especially women. Similarly, it is estimated that the impact is greater for people who are outside the formal labor market, who have limited, or no access to social security, savings and credit.

The importance of embarking on a sure and equitable recovery for people, stimulating countries to direct their economies towards a more sustainable and inclusive trajectory, is reflected in the context of the socioeconomic response of the United Nations which consists of five pillars^v. For the purposes of this study, it is essential to highlight pillar 3 on the importance of protecting jobs, supporting small and medium-sized enterprises and informal sector workers through economic response and recovery programs, and pillar 5, which identified the need to promote social cohesion and invest in systems of resilience and leadership response at community level²⁰.

The multi-sectoral impact that Covid-19 has had is also reflected in the situation of violence and citizen security, as in the data recorded in 2020 and the first half of 2021 in the subregion of Central America and the Dominican Republic. During the first six months of 2020, the subregion recorded a 33% reduction in homicides compared to the same semester of 2019. However, this decrease was sharpest immediately after the application of restrictions on mobility implemented by countries on account of Covid-19. As of July 2020, the figure was similar to that recorded in the first months of the year, but it remained lower than that for 2019. At the same time, there was an increase in other forms of violence, especially those against women.

In 2021, the first half of the year registered an increase in homicides compared to the same period in the previous year, with differences between countries (El Salvador, Guatemala, Honduras and Belize maintained the downward trend, while Dominican Republic recorded a slight rise in comparison with 2019 and Costa Rica maintained a slight rise in both periods).²¹

Nevertheless, with figures updated to August 2021, we could identify a rebound effect on property crime, since crimes of this type increased significantly, especially robberies and thefts, which exceeded pre-pandemic levels. In Guatemala, for example, from January to August 2021, there were 34.3% and 14.6% more robberies and thefts compared to the same period in 2020 and 2019, in contrast with the trend for the period from 2013 to 2018, when there was a constant reduction²². In El Salvador, the trend was similar to that of Guatemala with more robberies in 2021 than in 2020 and also 2019, while theft numbers were higher than in 2020 but lower than in 2019²³. In Honduras, robberies and thefts showed a downwards trend in 2020, with respective decreases of 38% and 37.2%.²⁴

This evidence coincides with the theory according to which socioeconomic tensions have the potential to create a pressure environment that leads to an increase in property crime.

v UN framework for the immediate socioeconomic response to COVID-19 identifies the following five lines of work: 1. Health first: Protecting health services and systems during the crisis 2. Protecting People: social protection and basic services 3. Economic Response and Recovery: Protecting jobs, small and medium-sized enterprises, and informal sector workers 4. Macroeconomic Response and Multilateral Collaboration 5. Social cohesion and community resilience. (UN, April 2020).

Thus, the policies to support workers, formal and informal, and companies during the post-COVID-19 reconstruction, will play a fundamental role in restoring stability and trust of economic agents. For Basu (2020)²⁵, monetary policy and fiscal policy measures which are taken could mitigate the temporality and intensity of the consequences of the pandemic, especially so if they materialize into internationally and regionally coordinated actions. The formulation of economic policies in the current context of the health emergency requires programmed and coherent management of actions in the short, medium and long term which seek to harmonize the containment, prevention and response measures to COVID-19, with measures of a fiscal, credit, monetary and commercial measures which ensure price stability and adequate supply in key markets, such as the medicines and food sector, in the form of direct support actions to mitigate the immediate effect of the reduction in household and company incomes.

1.3 INTERSECTION WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDG)

The Agenda 2030, with its Sustainable Development Goals, is aimed at the construction of more inclusive and cohesive societies and, at the same time, it represents an important guide to ensure the commitment and participation of governments, civil society and its organizations, the private sector and academia to promote the 5Ps (People, Planet, Prosperity, Peace and Partnerships), areas of vital importance which allows an integrated and reforming vision, as shown in Figure 3.



If economic inclusion and reduction in inequalities are directly and explicitly implicated, with SDG 8 “Decent work and economic growth” and 10 “Reduced inequalities”, their promotion will allow a positive impact on the whole of Agenda 2030 and its corresponding targets, as shown, by way of example, in the following figure:

Figure 3 | Impact of economic inclusion and social cohesion by targets of each SDG.



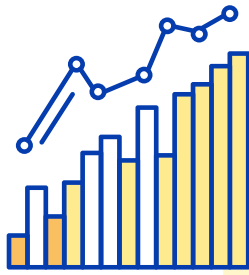
Source: Own elaboration from United Nations data (<https://www.un.org>)



2

ECONOMIC INCLUSION AND SOCIAL COHESION IN THE SUBREGION





2. ECONOMIC INCLUSION AND SOCIAL COHESION IN THE SUBREGION

2.1 SOCIOECONOMIC CONTEXT AND INSTITUTIONAL ANALYSIS OF THE SUBREGION OF CENTRAL AMERICA AND THE DOMINICAN REPUBLIC

The subregion of Central America and the Dominican Republic has still not managed to reverse many of the problems inherited from the past. Poverty is still a widespread phenomenon, income distribution and wealth are still unequal, and powerful sectoral interests persist which frequently block any attempt to introduce fundamental reforms.

The economic structure of the subregion is characterized by the presence of micro, small and medium-sized enterprises: 99% of the total number of companies are micro and SME, which generate close to 3 million direct jobs, corresponding to more than 70% of total employment and providing approximately 34% of regional production^{26,vi}.

The crisis caused by COVID-19 will result in an average reduction in GDP of 7.3% and an average increase of 4.3% of the population in a situation of poverty in the member countries of the Central American Integration System (SICA)²⁷. The education and health systems in some countries are still inadequate; the environmental theme is in an extremely precarious state and the development models of the subregion cannot yet be described as sustainable^{vii}. Furthermore, citizen security has deteriorated in the face of a wave of violence and crime which the judicial systems have not been able to tackle effectively^{viii,28}.

Also in this context, as highlighted in the previous chapter, the repercussions of COVID-19 have had profound impacts on the labor market and contributed to even greater social gaps than still persist in the Latin American and Caribbean region. The pandemic has aggravated the situation of many of these countries which, even before its appearance, were showing a deterioration in their social and economic conditions. The SICA member countries are not far removed from this reality and have also been affected by the impacts of the pandemic, in various social areas, with implications for levels of health, poverty, inequality, employment, food and nutritional security, education, among others.

All the countries covered by this analysis are part of the Central American Integration System (SICA) which forms the institutional, multidimensional and



The crisis caused by COVID-19 will result in an average reduction in GDP of **7.3%** and an average increase of **4.3%** of the population in a situation of poverty in the member countries of the Central American Integration System (SICA).

vi The data on employment generated by MSMEs is the result of the average percentage calculated at the national level in the six countries involved in this study. It is the sum of formal and informal employment.

vii For further details of displacement for socio-environmental reasons, see UNDP (2021). Socioenvironmental cohesion in Central America and the Dominican Republic.

viii For further details of migrants and citizen security, see UNDP (2021). Social cohesion and SDG16+ in Central America and the Dominican Republic. Measurement foundations.



intersectoral framework of the regional integration of Central America, created by the States of: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama; Belize subsequently joined as a full member in 2000, and from 2013, the Dominican Republic. SICA's fundamental objective is the integration of Central America to make it a region of peace, liberty, democracy and development.

The Regional Centre for the Promotion of Micro, Small and Medium-sized Enterprises (CENPROMYPE) is the specialized agency for MSMEs of the Central American Integration System (SICA), whose main objective is to contribute to the productive development of these enterprises, and to improve the quality of life and employment of the people who work in them. CENPROMYPE focuses its action on strengthening public and private entities which support MSMEs, expanding the coverage of business development and financial services, optimizing their quality and seeking efficiency of service providers. Since 2010, CENPROMYPE has executed the MSME Regional Agenda, approved by all the governments of the member states, to strengthen the competitiveness of micro, small and medium-sized enterprises.

Another articulating body, representing the private sector, is the Latin American Business Council (CEAL), constituted by business leaders of Latin America and the Caribbean, Puerto Rico and Miami (United States). It was formed with the aim of joining forces to strengthen their mutual links within a framework of democracy and fostering socioeconomic progress in the nations to which they belong and in which they have expanded their businesses and markets. Their membership numbers approximately 350 companies which, from the private sector, drive Latin American integration by promoting relations which go beyond geo-political boundaries.

2.2 A SUBREGIONAL PERSPECTIVE: DIFFERENCES AND AFFINITIES

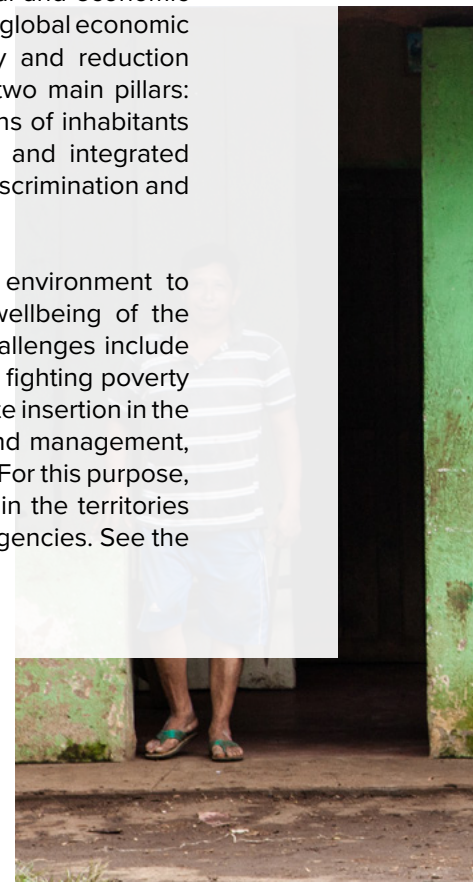
The indigenous populations are the ones with the lowest level of access to education programs and less access to government social programs.

The countries of the subregion share the small size of their populations, territories and economies, which condition their development model and their international relations. The countries analyzed are classified as middle-income, between 2000 and 2010, the subregion experienced a period of the greatest economic growth in the last four decades²⁹. However, progress has been weak for women, young people, indigenous and afro-descendent peoples and rural populations and, consequently, inequality continues to be a key problem³⁰.

The SICA member countries have a wide ethnic and cultural diversity in their population. Evidence of this is that they host over 60 indigenous peoples who account for some 20% of the total population of Central America³¹. However, the differences between countries are considerable: 41% of the population in Guatemala is indigenous, 13.7% in Belize, 8.6% in Honduras, 12.3% in Panama and 2.4% in Costa Rica and 0.2% in El Salvador. No data is available for the Dominican Republic³². Indigenous populations are the ones with the lowest level of access to education programs and less access to government social programs³³.

Another common feature of the countries in the subregion is that, in the last years, they have experienced significant social and economic changes which today are threatened by an unfavorable global economic situation. In this context, the eradication of poverty and reduction of inequalities in all their dimensions are based on two main pillars: firstly, protecting the progress made to prevent millions of inhabitants falling into poverty, and, secondly, driving inclusive and integrated policies adapted to populations which suffer historic discrimination and exclusion³⁴.

Integration is aimed at providing a more effective environment to address those challenges which compromise the wellbeing of the populations of the SICA member countries. These challenges include development of local markets for goods and services, fighting poverty and inequality, protection of natural resources, adequate insertion in the political and economic sphere, disaster prevention and management, combating organized crime and democratic security³⁵. For this purpose, a tool which has proved useful in providing services in the territories and rural areas are the local economic development agencies. See the following box for more details.



BOX 1

Local Economic Development Agencies

To encourage economic inclusion, it is essential to ensure access to services for micro and small enterprises and new undertakings at local level, based on a decentralizing approach which allows greater proximity to the public, providing services which meet their needs. It is in this framework that arose the Local Economic Development Agencies (LEDA), as not-for-profit bodies constituted by public and private local entities, as an integrated response for the promotion of sustainable development through a vision shared by local stakeholders. Through the LEDA, local stakeholders plan and activate, in collaboration, initiatives for local economic development, identify the instruments most suited to their realization and establish a coherent system of technical and financial services. The services promoted by the LEDA are for local development, economic dynamization, technical and credit assistance and business training, with the objective of supporting competitively productive development and economic innovation, within a perspective of equitable, ecological and human development (IDEASS – LEDA) for management and internationalization of local economy.

The LEDA have also been recognized as an important tool for development promotion in the sphere of international cooperation; the World Bank, for example, recognizes LEDA as the best tools for local economic development (<http://www.worldbank.org/urban/led>). UNDP has supported their creation and strengthening in various countries in the region.









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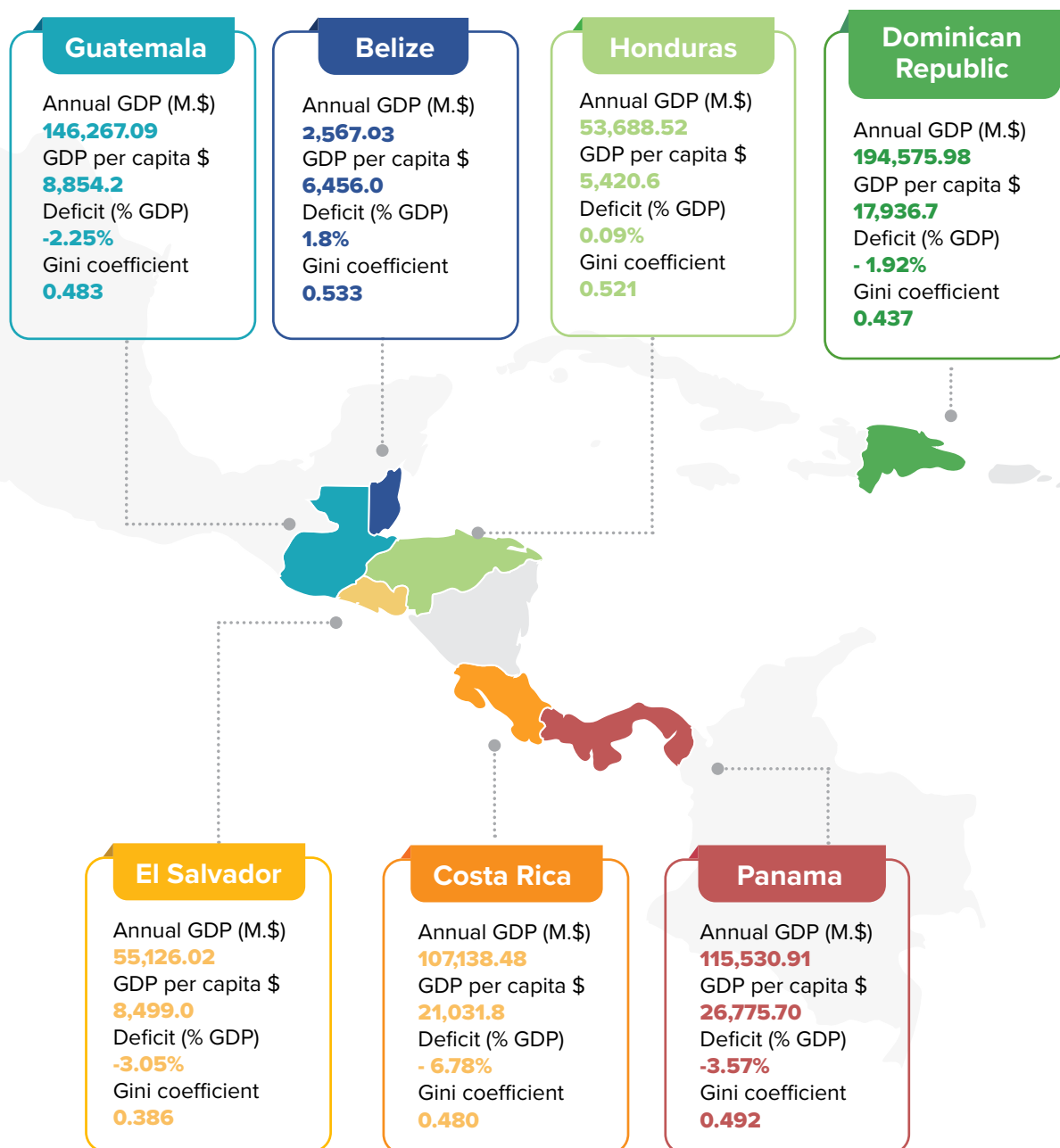
Based on the information in the tables below, it is sought to highlight some characteristics which may facilitate understanding of the context of the subregion and its possible evolution.

Table 2 | Socioeconomic overview of the countries of the subregion.

	 Population	 Human Development Index	 Gender Inequality Index	 Multi-dimensional Poverty Index	 % Unemployment	 % Youth unemployment 15-24 (years)
Belize	410,695 ³⁶	0.716	0.415	0.017	6.4	15.3
Costa Rica	5,111,238 ³⁷	0.810	0.288	0.002	11.9	31.8
El Salvador	6,704,864 ³⁸	0.673	0.383	0.032	4.1	9.5
Guatemala	16,858,333 ³⁹	0.663	0.479	0.134	2.5	4.9
Honduras	9,362,596 ⁴⁰	0.634	0.423	0.093	5.4	10.6
Panama	4,219,000 ⁴¹	0.815	0.815	0.081	3.9	13.0
Dominican Republic	10,488,499 ⁴²	0.756	0.455	0.015	5.8	15.9

Source: Own elaboration from World Bank data 2020 - World Development Indicators database.

Figure 4 | Economic data of the countries of the subregion.

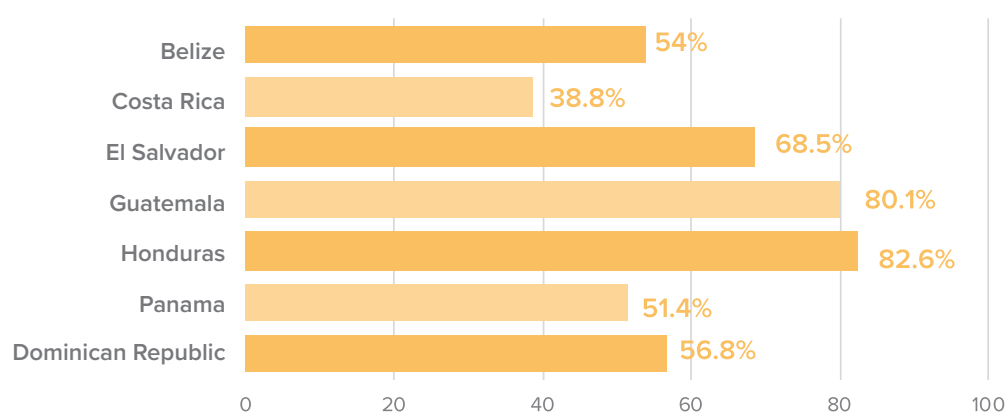


Source: Own elaboration from World Bank data 2020 - World Development Indicators database.

Among the countries considered, it should be noted that Belize has a size and population significantly smaller than the rest, as well as being the only one governed by a constitutional monarchy, adopting English as the official language and belonging to the Caribbean Community (CARICOM). It may also be observed how Panama, Costa Rica and the Dominican Republic present a higher per capita GDP than the remaining countries, but this does not influence a better distribution of wealth, as the Gini coefficient is much the same in all the countries of the subregion, albeit slightly lower in El Salvador.

Another important aspect identified is that the countries analyzed share a high rate of labour informality^{ix}, as can be seen from the table below, which is reflected in limited access to resources provided by national governments to tackle the pandemic.

Figure 5 | Level of informality in the countries of the subregion.



Source: Own elaboration from ILO data⁴³

All the countries in the subregion analyzed in this study are characterized as essential recipients of remittances, with the exception of Panama and Costa Rica. According to the Centre for Economic Integration Studies (CEIE, 2020), income from family remittances in the Central American region in 2018 totaled USD 22,193 million, which represents 8.3% of regional GDP. In countries like Guatemala, Dominican Republic, El Salvador and Honduras, this percentage is over 20% of their GDP. While a fall in remittances was observed in the first half of 2020, according to the data available at the end of that year, the total amount exceeded that of 2019, with remittances acting as an “informal insurance” provided by families residing abroad⁴⁴.

As regards access to credit, there is a difference between the countries which are promoting modernization of the means of transfer of resources, improving digital accessibility through platforms (Dominican Republic, Panama, Costa Rica, Belize) and those that continue to use traditional models (El Salvador, Guatemala, Honduras). These latter, once the emergency phase is over, will have difficulty in benefiting from the positive effects of the structural change generated.

ix Labour informality encompasses workers within the informal sector and informal workers outside the informal sector. Workers in the informal sector are all those persons who, during a specified reference period, worked in at least one enterprise in the informal sector, regardless of the job they did and of their main or secondary jobs. Informal workers outside the informal sector are all those persons who, in their main or secondary employment are: waged with informal jobs in formal-sector companies or households, contributing family workers in formal-sector enterprises, own-account workers in private households producing wholly for own final use (Informal Economy, ILO 2019).

In the subregion, the full integration of women in economic life continues to be an important challenge.



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In the region, despite the progress achieved in gender equity, thanks to which the number of women in the labor force has increased, there remain considerable inequalities in access to the labor market because of the lack of social policies which keeps them in domestic work and childcare⁴⁵. According to the gender inequality index, gender gaps can be observed in all the countries of the subregion and also inequalities within each of them: it is not the same to be an indigenous or afro-descendent woman, young, living in urban or rural areas, having or not having children, being elderly.

In the subregion, the full integration of women in economic life continues to be an important challenge. One of the major preoccupations is the subjection to masculine authority (fathers, husbands, partners and brothers) in the family sphere and the invisibility of unpaid domestic work: women spend over four and a half hours a day on domestic tasks or care of children and adults (3 times as much as men)⁴⁶. In addition, women must deal with the following difficulties in the workplace: a) lower pay for work of equal value; b) the invisibility of their work in the organizations to which they belong; and c) discrimination because they are of child-bearing age⁴⁷.

63.2% of the population in the subregion are under 35 years of age. This demographic benefit would represent considerable challenges and opportunities in building on the vision of youth. On the other hand, based on the data in Table 2, it can be seen how, in each of the countries analyzed, the youth unemployment percentage (15-24 years) shows figures double or higher than the general unemployment percentage⁴⁸. On the one hand, young people in the region are affected by the three dimensions of labor exclusion: open unemployment, which is the crudest expression of labor exclusion; low productivity occupations and precarious employment conditions which increase on a context of low demand for labor; precarious employments which, although they generate added value, suffer from low pay and minimal social security⁴⁹.



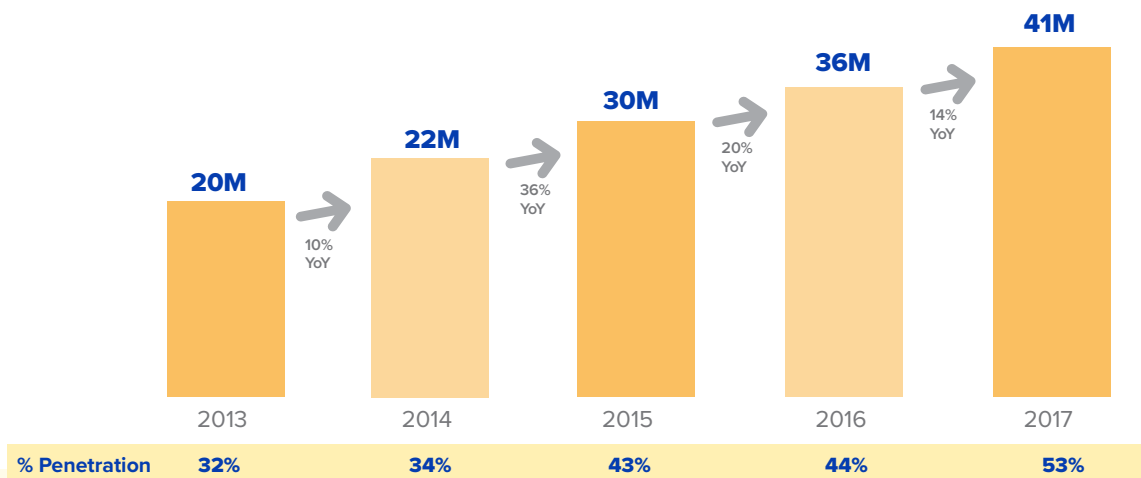
Income from family remittances in the Central American region in 2018 totaled

USD 22,193 million, which represents

8.3% of regional GDP.

Furthermore, the youth of the subregion now have more skills for the communication society and greater capacity than adults, so that with more years of schooling, greater fluency in digital convergence and more familiarized use of remote interactive communication. As can be seen from Figure 6, every day, 41 million users connect to the Internet in Central America and the Caribbean, which drives digital growth, considering that 63% of the population is made up of digital natives⁵⁰. Figure 7 shows how in the same region there are substantial differences in the level of Internet penetration, with 86% in Costa Rica and 36% in Honduras. In this context, it is a challenge to aim at closing gaps with two complementary measures such as strategies of associativity and access to adequate ICT platforms.

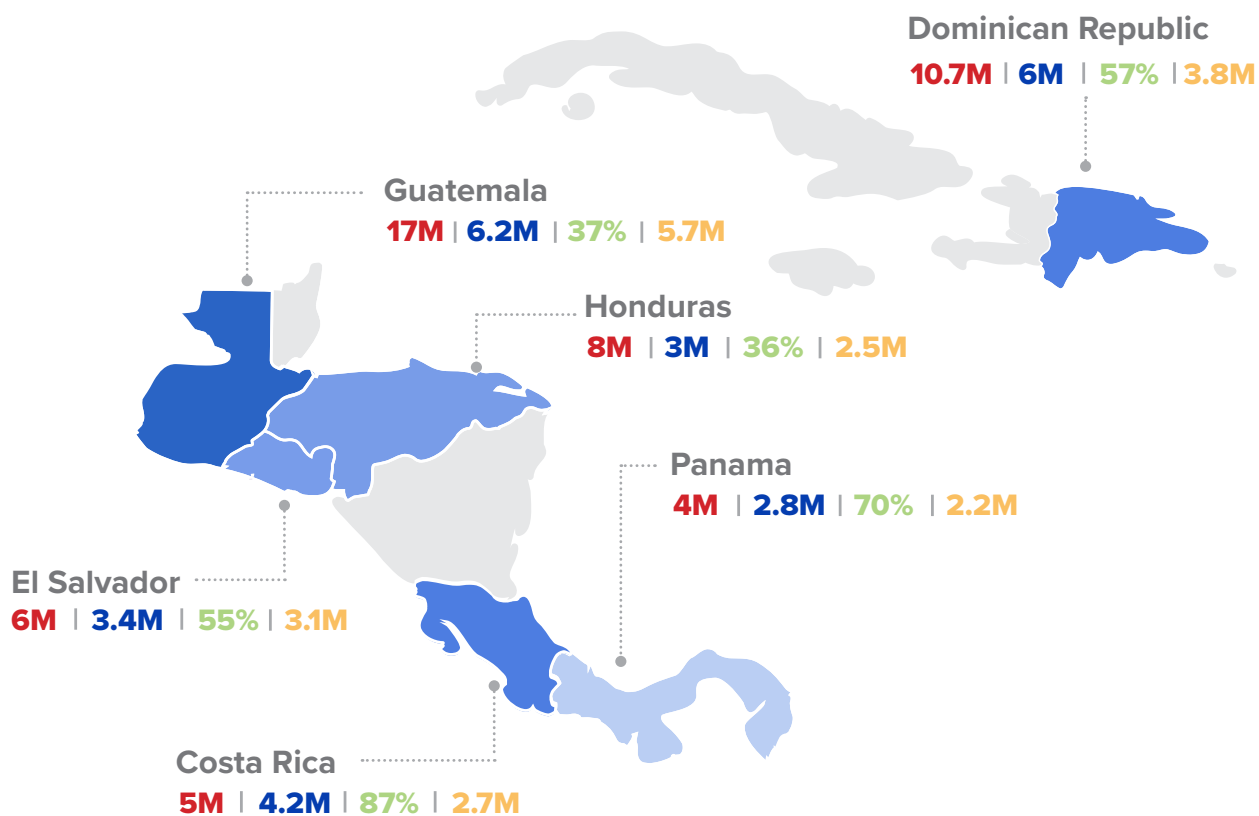
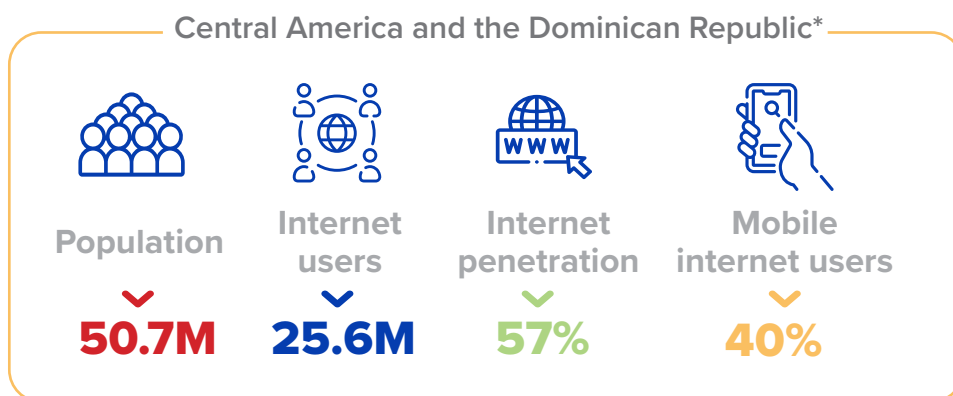
Figure 6 | Number of Internet users in Central America and the Caribbean.



Source: Google 2017 – Centroamérica y el Caribe: un Oasis de oportunidades en el mundo digital



Figure 7 | Level of internet penetration and internet users in the subregion of Central America and the Dominican Republic.



Source: Google 2017 – Centroamérica y el Caribe: un Oasis de oportunidades en el mundo digital

* The data shown in the chart refer only to the countries of the subregion that are the object of this study.

With regard to the issue of education, in all the countries great steps forward have been taken in primary education, permanence and completing the secondary education cycle, but the rates for higher education remain low, limiting access to better work opportunities in the future for the new generations⁵¹.

Concerning the subject of violence, 5 of the 11 countries in Latin America and the Caribbean with a homicide rate above 10 murders per 100,000 inhabitants are in Central America^x. Young people, mainly men, are among the principal victims of these homicides. The total homicides in the subregion show a decline of 33% in the first six months of 2020, in comparison with the same period in 2019. UN data reveal that the countries of northern Central America record 11% of the homicides in the Latin American and Caribbean region, half of these being young people aged between 15 and 29 years and firearms being the most used (8 out of 10 cases)⁵². From 2019, all the countries analyzed recorded a drop in violence and the homicide rate. The confinement measures adopted because of the pandemic have certainly contributed to this reduction. However, the countries of northern Central America continue to register the highest rates of violence in the region⁵³. See box 2.

This positive trend in violence in general is not matched by an equal trend in domestic or intrafamily violence. In the subregion, before the COVID-19 pandemic, at least 8 out of 10 victims who reported this crime were women⁵⁴; however, since the start of the emergency, an increase in cases has been observed, with a rise of calls to gender violence helplines and a larger number of people seeking access in refuges or other support services⁵⁵.

x For more detail on migrants and citizen security, see UNDP (2021). Social cohesion and SDG16+ in Central America and the Dominican Republic. Measurement foundations.



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BOX 2

Violence as an obstacle to economic inclusion in the countries of northern Central America

El Salvador, Guatemala and Honduras are the countries of northern Central America and their socio-political and economic structure is heavily influenced by the phenomenon of violence. Indeed, the end of the armed conflicts in the 1990s did not mean the end of violence. In these three countries, many young people do not have adequate opportunities, because, among other reasons, they have not been guaranteed a safe environment nor have the necessary capacities been deployed among them to ensure their full development (Infosegura 2020).

As can be seen in more detail in the section devoted to each country, of the total number of young people living in the north of Central America, only 13% manage to enter higher education, and 9 out of 10 end up absorbed by a precarious job. The labor sphere is not only characterized by precarity and informality: 14.3% of young people who work were victims of violence at work⁵⁶.

In these areas struck by violence, a vicious circle is created that feeds on itself. It is generally a case of geographical areas where there is little institutionality and a lack of community, added to which is the absence of educational and employment opportunities. In these contexts, it is necessary to prevent the possibility of joining organized criminal groups being considered as an opportunity to respond to urgent needs.

To contain and mitigate the phenomenon of violence, it is necessary, therefore, to promote a system which generates opportunities for young people in terms of:

- ✓ Building inclusive, participative and stimulating educational institutions able to promote a culture of peace;
- ✓ Building inclusive societies which allow young people to have spaces for meeting and dialogue, and where they can express their ideas;
- ✓ Promoting a process of decentralization so that government entities are closer to the citizens and understand their difficulties;
- ✓ Supporting families so that they are environments of protection and support in the growth of young people, building a culture which emphasizes the importance of education and, consequently, reducing the risk of insertion in the precarious labor market.
- ✓ Implementing actions which mitigate school abandonment because of gender discrimination.

Source: UNDP, Infosegura (2020) – A look at youth exposed to violence in the North of Central America from a perspective of vulnerability and human resilience

2.3 SOCIAL INEQUALITIES WITH A SPECIAL LOOK AT YOUNG PEOPLE

Despite the progress made, structural gaps persist in the region which particularly affect women, young people, indigenous and afro-descendent persons. Social inequality is an intrinsic and structural element of the Latin American and Caribbean region, including the countries of the subregion considered here. It has created groups which historically have not had access to the same opportunities as the rest of the population and barriers have been created which are perpetuated from one generation to the next.

The concept of inequality covers three components: *social*, in terms of process of integration, social expectations and the exercise of rights; *economic*, in terms of distribution of monetary income and ownership of assets; and *environmental*, in terms of access to natural resources, adaptation and direct effect of climate change on the lives of everyone⁵⁷. The subject of inequality has always been a fundamental issue for the United Nations since the adoption of the Universal Declaration of Human Rights in 1948, which in article 2, states that “Everyone is entitled to all rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, color, sex, language, religion, political or other opinion” It is important to highlight this aspect because in the analysis of inequality, clear patterns of exclusion of certain groups can be identified for reasons of: a) gender (women); b) life cycle (childhood and youth); c) ethnic and racial (indigenous and afro-descendent peoples); d) geographical (rural areas).

It is estimated that in 2020, the extreme poverty rate was **12.5%** and the poverty rate reached **33.7%** of the population.

Between 2002 and 2014, rates of poverty and extreme poverty fell considerably in the region: the former fell from 44.5% to 27.8% and the latter fell from 11.2% to 7.8%⁵⁸, as a result of policies implemented by the countries aimed at improving conditions in the social, productive and labor market sphere. Despite these measures, the positive trend changed from 2015, with a stagnation which ended with a new increase both in the poverty rate and the extreme poverty rate. This situation was exacerbated, from 2020, by the impact of COVID-19: it is estimated that in 2020, the extreme poverty rate was 12.5% and the poverty rate reached 33.7% of the population. This means that the total number of poor rose to 209 million by the end of 2020, 22 million people more than the previous year. Of this total, 78 million people were in a situation of extreme poverty, 8 million more than in 2019⁵⁹. Parallel to the reduction in poverty, there was a reduction in inequality, especially in terms of incomes, which stopped in 2014.

This section contains an analysis of the economic component as a function of social cohesion in terms of income and work, the repercussions on the most vulnerable groups^{xi}, especially women, young people and indigenous populations, and the progress made until the arrival of COVID-19, which risks seriously undermining it.

The elements of income and work are highly interrelated: the lack of opportunities for certain population groups (youth, women, indigenous populations, persons in

xi In an analysis focused on economic inclusion and social cohesion in the subregion, one of the high vulnerability groups is represented by refugees, internally displaced and migrants who require efforts by governments and cooperation of the international community to tackle the challenges and provide benefits, both to the people in a situation of human mobility, and the host communities, focusing more on the benefits that migration brings both to the countries of origin and destination, than on the concerns that the subject generates. For further details on migrants and citizen security, see UNDP (2021). Social cohesion and SDG16+ in Central America and the Dominican Republic. Measurement foundations. For further details on displacement for socio-environmental reasons, see UNDP (2021). Socioenvironmental cohesion in Central America and the Dominican Republic.



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a situation of human mobility) to access quality jobs limits household incomes, making it impossible for them to satisfy more than their primary needs. The productive structure of Latin America and the Caribbean is characterized by a high concentration of jobs in low productivity sectors with high levels of informality, low pay and scant or no production mechanisms which require, on entry, low technical knowledge. Analyzing the classification of jobs, one notes the high concentration of indigenous peoples (the rate of informality in the indigenous population is 82.6%, far higher than for the overall population, around 51%⁶⁰). Looking deeper into the detail and applying a gender perspective the rate of informality among indigenous women is even higher, 85.1% compared with 80.9% of indigenous men⁶¹. This economic structure also has important repercussions in other spheres such as education and health, creating vicious circles of dependency⁶².

The rate of informality among indigenous women is even higher, **85.1%**.

Indigenous peoples account for 14.28% of the population of the subregion⁶³. This number is likely to be an underestimate, as only recently have censuses and household surveys been identifying these populations and considering further that the results are based on self-reporting of the same citizens. This progress has been achieved thanks to the mobilization of indigenous organizations and the national and regional impact of their work. Consequently, the first form of exclusion suffered by indigenous peoples was in terms of statistics and availability of information which did not reflect reality, with consequent effects in the design of public policies which did not respond to their needs. The gap between the indigenous and non-indigenous population is not only in monetary terms or concentration of the poverty rate, but also access to opportunities and lack of participation in decision-making forums, being forcibly displaced from

their places of origin, distancing them from natural resources which, in the main, represent their livelihoods. The factors which influence the persistence of the gap may have different and multiple origins, prominent among which are historic oppression, difficulty in accessing quality education because they live in rural and remote areas, scarcity of infrastructure and physical capital assets, greater exposure to risks, among other things. Although the causes and origin of these gaps may appear different from those of young people (another highly vulnerable category which is analyzed below), the response at regional level and by countries would have to be joint and integrated, where education from infancy and the fight against discrimination play a key role.

Youth is a fundamental stage in everyone's life, a crucial phase in which to lay the foundations for their future, in particular in terms of education and work. In the subregion, young people (15-24 years) have a considerable demographic weight, equal to 18.7%⁶⁴, compared with 10.4% in European countries⁶⁵, thus going through a period of demographic advantage⁶⁶, which presents a great opportunity for their development. The economic situation generated by a greater percentage of the population of working age in a situation of dependency (children and adults) is favorable if it is reflected in opportunities for this population through investment in human capital, especially quality education and employment, and focused public policies aimed at greater and more efficient public expenditure. Despite this situation, young people are frequently invisible in government policies and, if included, are not considered as agents of change and promoters of development in which to invest, but vulnerable groups to be protected.



The working life of young people in the region is marked by unemployment and informality. The urban unemployment rate among young people aged between 15 and 24 years in Latin America and the Caribbean reached 18%⁶⁷, a proportion triple the adult rate and more than double the general average unemployment rate in the region. In absolute terms, that means 10 million young people in the region are looking for work but not finding it⁶⁸. The difficulty of finding decent work consistent with their abilities often leads young people to accept jobs in the informal economy, characterized by scant social protection, low wages and lack of security.

In this context, it is important to highlight the group of people identified as NEET (not in employment, education or training), who represent 22.4% of the total young people in the Latin American and Caribbean region, a rate which has seen a general increase since 2000⁶⁹. This is group that is highly stigmatized by society reflecting an imaginary picture of young men in situations of vagrancy and crime when, in reality, women are the most affected in this category (the number of women is twice that of men, with cases such as Guatemala where the difference is even more marked). Women are the most affected by the difficulty of accessing the labor market thanks to the burden of domestic tasks and childcare, work not considered work because it is not paid⁷⁰.

This situation has been complicated by the effect that COVID-19 has had, and will have, on the economy of the region, particularly affecting temporary and informal work and the sectors with the greatest concentration of young workers, such as tourism.

Quality education is one of the preconditions for young people to be able to develop their skills and knowledge, developing as persons and preparing for the labor market, whether in terms of employment or starting a business. The completion of secondary education is considered the minimum level of education necessary to break the intergenerational cycle of poverty and expand possibilities of access to decent work. Among young people aged 20-24 years, this rate increased from 37% to 58% between 1997 and 2013, but there remain significant differences caused by the different levels of wealth of their families. Indeed, in the region of Latin America and the Caribbean, the wealthiest 20% are five times more likely than the poorest 20% to complete the second cycle of secondary education⁷¹.

In the case of the subregion, concerning countries which, by their history, are affected by high rates of violence and crime, with a strong presence and influence of organized criminal groups such as the *maras* and *pandillas* youth gangs, the risk for young people is especially high. A situation of greater social and economic vulnerability can lead young people to see the youth gangs and crime as an option for an economic income, involving themselves directly.

In any city of Latin America, young people aged between 15-29 years are disproportionately represented among the victims and those convicted of crimes. In the last decade, rates of imprisonment in the LAC countries increased by over 120%, compared to 24% in the rest of the world. The age at which the first conviction is typically received is 22 years. The principal crimes of which adolescents have been convicted and sentenced to a prison term are murder, illegal carrying of firearms, homicide, extortion, rape; the majority of women in prison have been convicted of crimes related to drugs. When juvenile crime is examined in detail, common patterns emerge: intrafamily violence, drug and alcohol abuse, lack of educational and employment opportunities⁷². Young people and women are proportionately the most affected population groups.



The urban unemployment rate among young people aged between 15 and 24 years in Latin America and the Caribbean reached **18%**.



The completion of secondary education is considered the minimum level of education necessary to break the intergenerational cycle of poverty and expand possibilities of access to decent work.

The importance of the State through its regulatory, compensatory and social protection activity is fundamental in ensuring an environment conducive to personal growth, within sound families and communities with defined positive values, which keep young people safe from the temptations represented by participation in illegal activities, which, while they offer easy and immediate earnings, can lead to early entry to the prisons and mark a point of departure for a voyage of no return in the criminal world.

To reduce the number of adolescents who become involved in criminal acts for the first time, it is necessary to mitigate the impact of crime in their social environment, increase opportunities for progress, facilitate rehabilitation and help to ensure that the justice system is based on the rights of adolescence and youth⁷³.

To promote the social cohesion and economic inclusion of these vulnerable groups, it is essential to invest, in terms of training, in improving the quality of education, reduction in school desertion, facilitating the completion of the secondary education cycle, greater coherence between the skills developed thanks to specialized courses or professional careers and the demands of the labor market. At the same time, in terms of work, it is necessary to create a system of labor intermediation and support for enterprise, in particular for young people, through business incubators, formalization of economic entities, retraining of labor and skills certification, access to microcredit and, for young women with children, provision of nurseries and other activities outside school hours to encourage them to stay in the labor market.

Persisting inequality means obstructing the creation of sound and sustainable development, meaning free of poverty, with ample exercise of rights and active democratic governability for all.





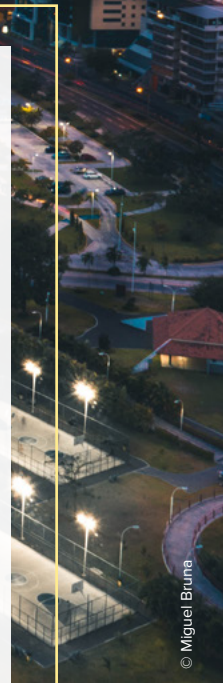
2.4 THE ROLE OF THE PRIVATE SECTOR: STAKEHOLDERS, CHALLENGES AND OPPORTUNITIES

In a process of building an inclusive society, able to sustain growth which improves lives and offers opportunity to all without distinction of race, gender or age, the private sector plays a fundamental role, and can make a positive contribution in terms of respect of human rights, promotion of decent and formal work, reduction of the impact on the environment and adoption of anti-corruption practices. As indicated in the United Nations Global Compact, it is a relationship which benefits both sides (*win-win*): on one side, the companies, which have an interest in working in stable economies with sound, motivated employees with an adequate level of capacities and skills, and on the other, societies which benefit from better conduct of companies and greater opportunities.

If the alignment of interests and greater involvement of the private sector represented a priority before COVID-19, in a context of economic contraction such as now, it is urgent that countries respond, through their governments, to protect people's human rights, securing jobs and ensuring that the requirement for greater flexibilization of work is not synonymous with impairment of rights at the expense of the most vulnerable, who normally correspond to the informal sector. According to estimates published by the ILO in its annual report for the region, COVID-19 has left some 23 million people in Latin America and the Caribbean without a job and had led to a proportionately higher reduction in the participation rate among women than men (- 10.4% for women and -7.4% for men).⁷⁴

The starting point for the involvement of the private sector in economic inclusion, protection of human rights and, more generally, the reduction of inequalities is represented by breaking with the paradigm of corporate social responsibility, which can be seen as a voluntary and accessory activity and replacing it with the concept of co-responsibility. Co-responsibility is between the State, which, by adhering to international treaties on human rights, assumes obligations with respect to protection and fulfilment of human rights, and the private sector.

As pointed out in the UNDP document “Mainstreaming of human rights in development policies and programming”⁷⁵, States must respect human rights and ensure that third parties do not interfere in human rights, among them the private sector, by passing laws and defining procedures (protection), must facilitate the realization of human rights which guarantee opportunities for all (fulfilment). At the same time, companies which play the role of promoting and protecting human rights by implementing corporate social responsibility activities, in terms of generating new inclusive businesses and reducing the environmental footprint, can make a positive contribution to achieving the Agenda 2030.



In addition, in this effort, the call to attention is intended generally to large national and transnational companies, a message that transcends the size of the company, and also requires an effort from medium-sized and small companies, in particular the adoption of transparent, corruption-free conduct. If the case of informal employment and the lack of respect for labor rights is analyzed, there are cases of micro and small companies which promote mechanisms of informality and produce concealed work.

The incorporation and integration of practices and protocols for diligent conduct by the private sector cannot be left to the voluntary action of each company but must be the fruit of obligations established by State links and put into effect by the application of incentives which can generate change. In this context, it is necessary in each country to activate and/or strengthen the mechanisms of dialogue between the parties which encourage articulation and public-private strategic partnerships and the construction of a joint social pact. The creation of panels or platforms for dialogue must be sources of concrete actions.

According to the analysis of each country in the subregion, there is no clear policy which promotes corporate social responsibility, and which establishes incentives for companies to make a joint commitment to the society in which they operate beyond the compensation mechanisms.

BOX 3

Good practices promoted by UNDP on the private sector and HR

- 1. Rapid self-assessment for companies:** This is a tool developed by UNDP as a guide for companies of any size to consider and manage the impacts of their operations on human rights. The idea is that this tool also represents an opportunity to begin to have a public and private commitment to protection of human rights for those companies which do not have a clear policy on the subject. One of the countries which is applying and promoting this tool at national level is the Dominican Republic
- 2. Gender Equality Seal for public and private companies (GES):** This is a program led by UNDP which began in Latin America in 2009. It involves the private sector with the aim of introducing standards of excellence to promote gender equality and women's empowerment in the business world. Fourteen countries in Latin America and the Caribbean have signed up to the GES, including Costa Rica, El Salvador and the Dominican Republic, as well as over 600 companies with over 1,900 branches and business entities certified. This translated into positive impacts for over 1.5 million workers⁷⁶.
- 3. Course on Human Rights and the Private Sector:** the course, organized by the UNDP Regional Centre for Latin America and the Caribbean and planned to be delivered as from early 2022, has the goal of increasing entrepreneurs' and workers' knowledge of and skills in human rights, with a comprehensive gender approach. The course will create spaces for participants' exchange, dialogue and learning, analysing the elements at the origin of gender inequalities and the conflict generated by the environmental impacts experienced by communities where companies operate.

As these are initiatives involving voluntary adhesion by companies, the challenge is to involve those sectors and stakeholders which, for various reasons, including ethical, already apply conduct sensitive to respect for human rights, promotion of decent work and minimizing their impact on the environment.

Source: Own elaboration based on UNDP - <https://www.selloigualdadgenero.org/programa/> and interviews conducted by the authors.

There remain many challenges, all the greater because of the situation of economic contraction caused by COVID-19. It is essential, therefore, to start from the good practices that already exist in the region and at international level, to formulate innovative solutions whereby governments push the private sector to integrate diligent behaviors in the three components mentioned above (human rights, environment and transparency) and inform them how to apply these solutions, always considering that there are no homogeneous rules or single solution to adopt. In this context, the role assumed by UNDP is to open a dialogue and a process of awareness raising with governments, inviting companies to adopt the existing practices mentioned and highlighting the benefits in terms of productivity and corporate image.



2.5 THE IMPACT OF COVID-19 ON THE LOCAL ECONOMY: CHALLENGES AND OPPORTUNITIES FOR SMALL AND MEDIUM-SIZED ENTERPRISES

The COVID-19 pandemic will have important implications for the subregion. The magnitude of the impact will depend on the duration of the pandemics, its spread and countries' prevention and response measures to contain and mitigate the shock. It is forecast that real GDP will contract by 8.1% in 2020 and will recover modestly in 2021, given the persistent spread of the virus and the consequent social distancing measures and the aftermath in the longer term⁷⁷. ECLAC estimates that by the end of 2020, more than 2.7 companies will close, equivalent to 19% of all the firms in the Latin American and Caribbean region. In the case of micro-enterprises, this percentage could reach 21%⁷⁸.

The powerful impact on micro-enterprises is due, in the first place, to their pronounced specialization in the commercial sector. In 2016, approximately 42%⁷⁹ of the micro-enterprises in Latin America and the Caribbean were operating under this heading, which was one of the worst hit by the pandemic.

ECLAC estimates that by the end of 2020, more than **2.7** companies will close, equivalent to **19%** of all the firms in the Latin American and the Caribbean region.

A second factor which helps to explain this result is related to the low labor productivity of micro-enterprises in the region of Latin America and the Caribbean which, on average, is only 6%⁸⁰ of the labor productivity of the large enterprises. In terms of employment, this would cause the loss of over 8.5 million jobs; 8.1% of total formal employment in the business sector and over one fifth of the jobs generated by micro-enterprises⁸¹. This will depend on the structure of their economies and their exposure and vulnerability to global transmission channels, for example, their commercial openness to, and integration in, global value chains, contribution of the tourism sector, dependency on commodities, among others.

In addition, the resistance to external shocks in the subregion will depend on the degree of macroeconomic stability of the countries and the capacity to implement measures which generate a rapid recovery once healthy conditions have been restored. The fall in exports and imports in the subregion will be the effect of a deterioration at global level. As indicated by ECLAC, a reduction in the value of trade flows is expected, a consequence of the reduction in economic activity in the principal trading partners of each country⁸². The potential contraction in credit to the private sector will depend on the degree of flexibilization of the conditions of credit with the most vulnerable sectors in the face of the health crisis. With regard to specific actions to support MSMEs, it is important for several of these measures to focus on protecting their survival, based on their contribution to GDP and employment. Consequently, injections of liquidity, fiscal moratoriums or on social security contributions, for example, should be a component targeted on this type of enterprise. The need to strengthen the resilience of MSMEs to withstand future crises should also be emphasized, and also the need to intensify efforts towards their digitalization, and increased openness to, and inclusivity, in supply chains and the use of the crisis to ensure that businesses are more sustainable and less harmful to the climate.

Within the services sector in the Latin American and the Caribbean Region, tourism stands out, making a direct contribution to GDP ranging from 3% to 15% depending on the country, and it is estimated that its total contribution ranges from 8% to 40% of GDP⁸³. Tourism is expected to be a key channel for transmitting the slowdown of the economy mainly due to the implementation of policies related to the closure of borders and temporary suspension of the activities of tour operators and airlines. In this respect, the World Tourism Organization estimates that international tourist arrivals could fall by between -20 to -30%, and this is one of the activities where it could be expected to see a delayed effect after the end of the health crisis. It should be emphasized that the revenues generated by this sector represent some 20% of the total exports of goods and services of Central America. A global collapse of tourism would especially affect Belize, where the sector generates over 40% of GDP⁸⁴, including its indirect contribution. This is also a significant risk for the Dominican Republic, Panama, Costa Rica and Honduras. As this is one of the most vulnerable sectors, it should be analyzed ad hoc and there should be specific initiatives for its survival, which could include: special lines of credit, deferral of taxes and social security contributions specific to hotels, restaurants and other businesses in the sector.



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Having described the inevitable negative consequences of COVID-19, the situation generated by the pandemic also represents a unique opportunity to reverse the trends and build a better, more inclusive and sustainable future through social and economic interventions aimed at promoting social dialogue, empowering local governments, increasing resilience of societies, institutionalizing systems of community-led responses, and improving legal and institutional frameworks. While States have an obligation to control the pandemic, it is necessary to avoid implementing any practice of discrimination, repression or censure, directed, among others, towards women and human rights defenders⁸⁵.

In the framework of economic recovery, governments have an opportunity to identify the best intervention strategies for: generation of formal employment, for example through an economic stimulus for companies, ensuring better health and safety at work; increase in self-employment by promoting micro-enterprises with specialized support to improve their business environment, access to credit, knowledge of the market, access to technology, formalization; better control of public investment which is a fundamental tool in situations of economic contraction, applying criteria of efficiency and prioritizing projects which have a high potential for generating employment; promoting of a green and decarbonized economy⁸⁶.

If the United Nations Conference on Sustainable Development 2012 (Rio +20) had already shown the importance of the green economy and recolonization of the economy, companies and jobs as one of the tools to contribute to the eradication of poverty and sustainable economic growth, the COVID-19 pandemic showed how much this transition must be a priority at global level, and, more specifically, for the subregion.

Tourism stands out, making a direct contribution to GDP ranging from 3 to 15% depending on the country.



The transition to the green economy means the introduction of new practices for the prevention of pollution, sustainable management of natural resources, reduction in waste, promotion of renewable energy which has the potential to bring innovation and, finally, attract new investment.

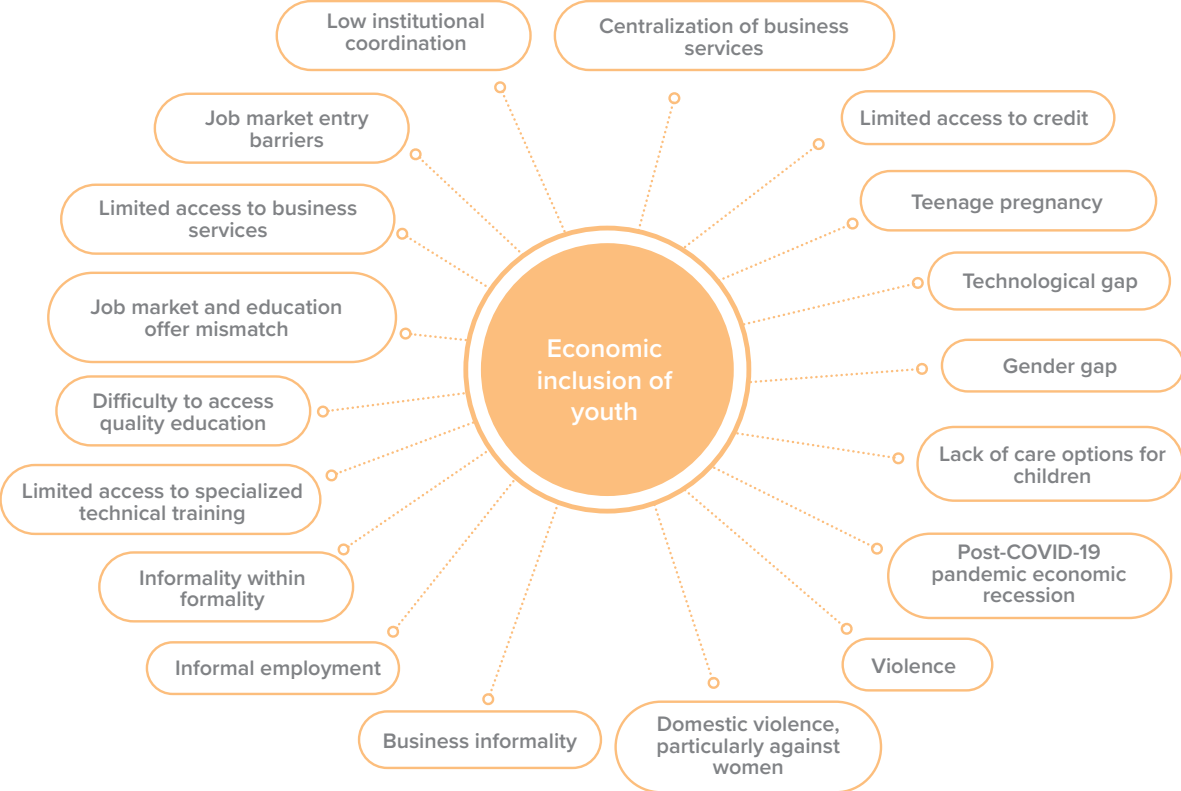
The colorization of jobs and promotion of green jobs, both in traditional and emerging sectors, will foster a competitive economy, with low carbon emissions, and sustainable modalities of consumption and production, and contribute to the prevention of climate change⁸⁷.

In the last decades, the countries of the subregion have invested in the environmental issue through the creation of governmental institutions at ministerial level to promote an environmental policy and a transition to a clean economy, they have introduced mechanisms for the participation of citizens and limitation of the right to property for environmental reasons, they have regulated the exploitation and conservation of non-renewable resources and, lastly, have acceded to multilateral agreements such as the Montreal and Kyoto Protocols and have adopted treaties such as the Treaty of Paris 2015. Within this framework and with reference to the countries involved in this study, it is important to mention the work done by Costa Rica which, through its 2018-2050 Decarbonization Plan, intends to transform its economic model towards complete decarbonization and limit emissions to the maximum extent possible, through investments and incentives in all sectors (agriculture, livestock farming, industry, goods and passenger transport, etc.). The Plan is the result of work done by central government under the leadership of the Ministry of Environment and Energy and involving all national and state institutions. It is also important to mention the work done by the private sector in the Dominican Republic through the Dominican Republic

Industries Association (AIRD) which, through private and international-cooperation (IDB and GIZ) funds, is in the process of transitioning towards a circular-economy model in some productive sectors through the remanufacture of plastic wastes. However, the ministries of environment of several countries remain weak both at the policy level and the budgetary level, and their role is not fully understood by other government departments, the private sector and, more generally, the public. The appearance of COVID-19 has emphasized the relationship between people and nature and has highlighted the unlimited needs of human beings, but also the limited capacity of the planet. Recognizing this relationship, the recovery must do more than merely respond to the emergency by promoting resilience of communities, including climate change and the collapse of biodiversity. To achieve this, governments, employers and workers are not passive observers, but rather agents of change, able to develop new ways of working which protect the environment for present and future generations, eradicate poverty and promote social justice by fostering sustainable enterprises and creating decent work for all.

The COVID-19 pandemic has accelerated an already rapidly evolving process, such as digitalization, in all spheres from the social to the economic. Digitalization represents a great opportunity both for MSMEs, to be more competitive in the market, transforming and automating some processes, and for young people, who have greater digital skills. If these capacities are properly put to advantage and exploited, they can represent key skills to facilitate access to the labor market and the economic inclusion of young people⁸⁸.

Figure 8 | Problem mapping.

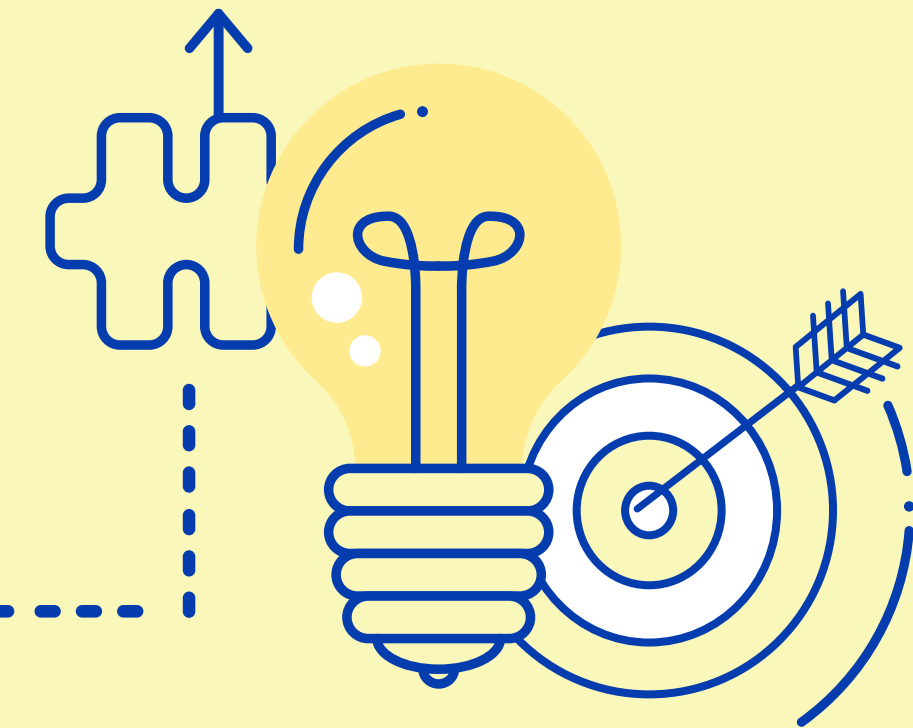


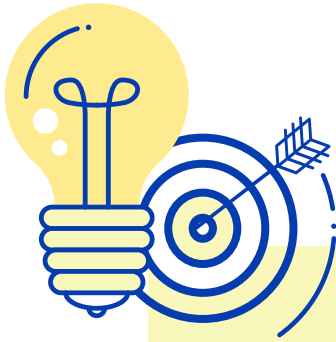
Source: Own elaboration



3

A COUNTRY FOCUS





3. A COUNTRY FOCUS

This chapter seeks to provide an analysis at national level, assembling the information from each country in the subregion (Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Panama) with regard to economic inclusion and social cohesion, with a special focus on the situation of young people.

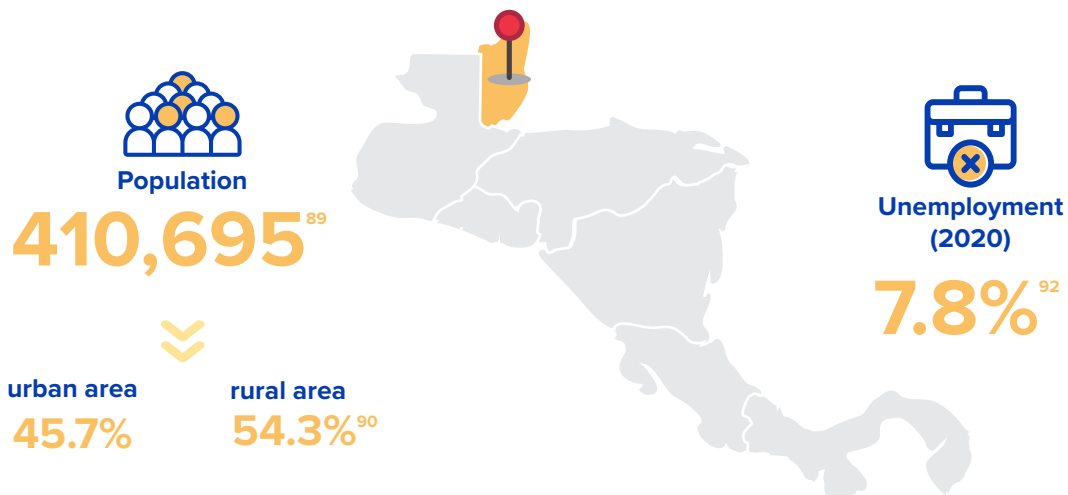
The data set out in these country profiles are the result of a selection of information collected through bilateral interviews with the staff responsible for each subject in each UNDP country office.

Each national case is arranged under the following headings: i) General situation in the country; ii) Main economic sectors; iii) Youth situation (15-24 years); iv) Stakeholders relevant to economic inclusion program; v) Initiatives in implementation/Good practices; vi) Main challenges; y, vii) Proposals.

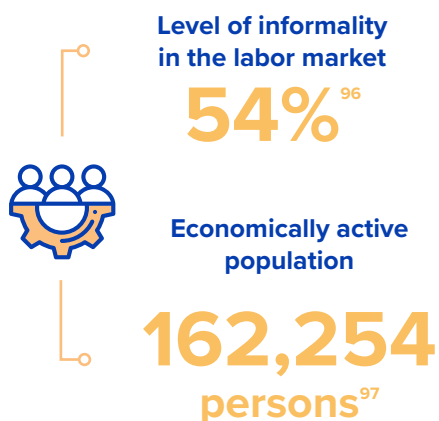
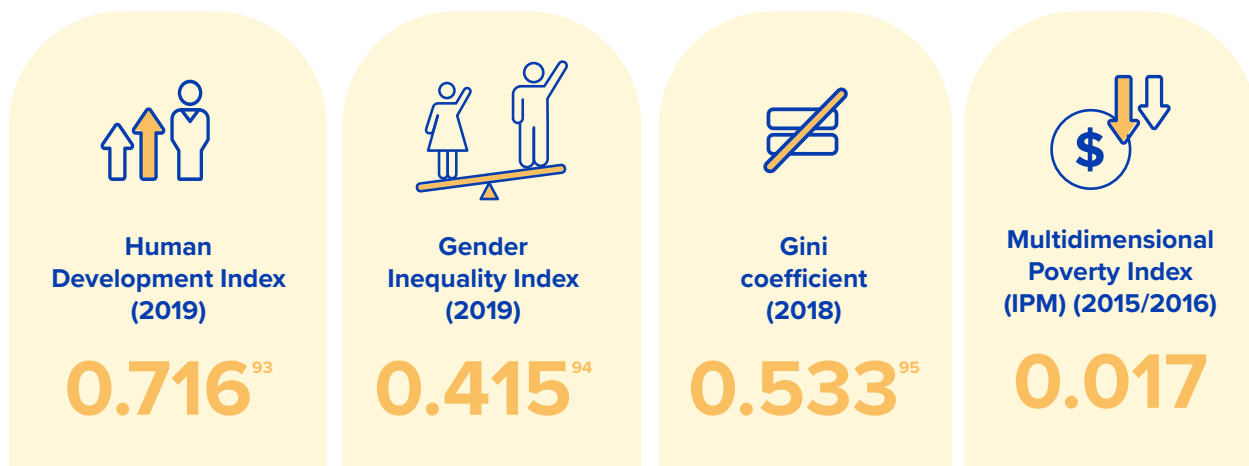
By this information, it is sought to identify the efforts of these countries to progress towards economic inclusion, especially young people, highlighting successful initiatives that can provide lessons learned and benchmarks for the other countries, following a horizontal and decentralized model of cooperation between the countries of the Latin American and the Caribbean region.

BELIZE

01 GENERAL SITUATION IN THE COUNTRY



According to the 2010 census, 13.7% corresponded to indigenous population⁹¹.



The data from the most recent census on the estimate of the MPI of Belize refer to 2015/2016. In Belize, 4.3% of the population live in multidimensional poverty and another 8.4% are classified as vulnerable to multidimensional poverty, with an MPI of 0.017⁹⁸.

In the short term, it is expected that Belize will lose 9.3% of formal jobs, and if the economic contraction is prolonged, this estimate could reach 25.6%. Compared with the other small economies in the region, it is expected that Belize will face the biggest rise in unemployment⁹⁹.



Remittances represented

5% of GDP¹⁰⁰



Homicide rate (2020)

24.3

for each 100,000 inhabitants¹⁰¹

02

COVID-19

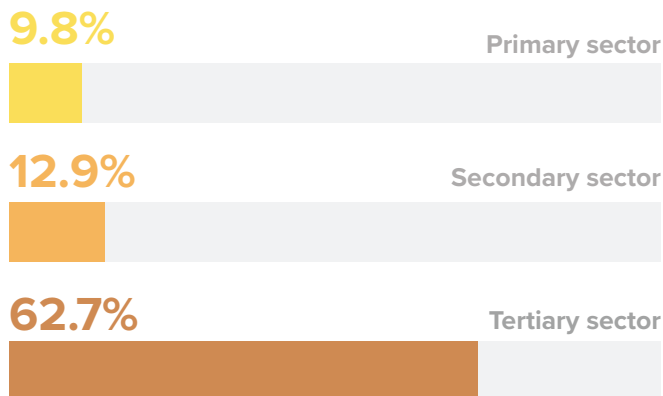
The safety net financed by the State is mainly composed of five programs:

- ✓ **Unemployment Relief Program**, which was launched in 2020 as a temporary monetary transfer for unemployed and workers who lost their jobs or income due to COVID-19. It entered its second phase for different categories of work, in particular the tourist sector. Young people under the age of 18 and persons receiving other subsidies are excluded.
- ✓ **COVID-19 Cash Transfer Program BCCAT**, which began in October, and which is aimed at vulnerable population groups and will be subject to the strictest assessment criteria.
- ✓ **The Food Pantry**, whose objective is to combat malnutrition by providing a subsidized weekly food basket.
- ✓ **Micro Small and Medium Enterprise (MSME) Support Program**, which grants \$2.5 million of subsidies to micro-enterprises throughout the country, with a limit of \$2,500 each, \$7 million of wage subsidies to promote retention of employees, and \$5 million of soft loans limited to approved small and medium enterprises to help with working capital in preparation for reopening and acceleration of production¹⁰².

03

MAIN ECONOMIC SECTORS

Economic structure of the country
(based on the country's total GDP)



The tertiary sector, in particular commerce, hotels and restaurants, absorb 65% of the employed population, followed by the primary (18%) and secondary sector (17%)¹⁰³.

04 YOUTH (15-24 YEARS)

« 19.9%
of the total population of the country

Young people (15–24 years) represent 19.9% of the total population of the country¹⁰⁴.

Young women in Belize are restricted to participation in their communities due to their domestic obligations. One in five Belize girls under the age of 15 is already married or in a union. For the majority of girls who live in rural areas, marriage to or cohabitation with older men is considered a way out of poverty. This exacerbates the cycle of intergenerational poverty, as these early unions result in early maternity¹⁰⁵.

In Belize, a quarter of young men and almost the same number of young women (23%) do not have access to the Internet or even a computer. Too often, they are adolescents who live in violent neighborhoods or vulnerable young people or with different capacities, which leaves them out of the development initiatives¹⁰⁶.



05 STAKEHOLDERS RELEVANT TO ECONOMIC INCLUSION PROGRAMS

PUBLIC

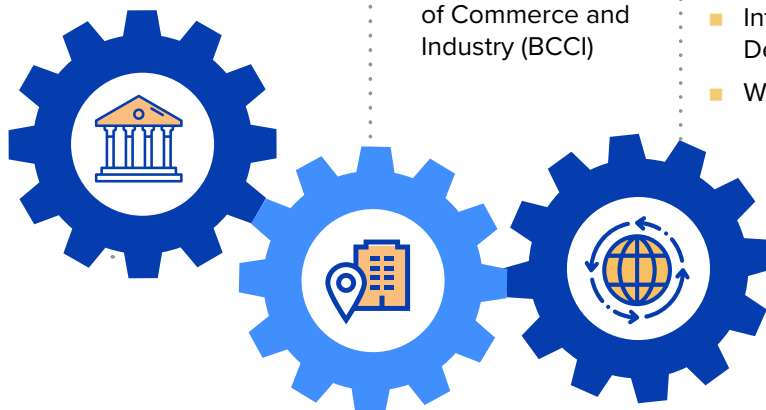
- Ministry of Human Development, Families and Indigenous Populations
- Ministry of Finance, Economic Development and Investment
- Belize Trade and Investment Development Service (BELTRAIDE)
- Social Security Board

PRIVATE

- Belize Chamber of Commerce and Industry (BCCI)

INTERNATIONAL COOPERATION

- United Nations Development Programme (UNDP)
- United States Agency for International Development (USAID)
- Inter-American Development Bank (IADB)
- World Bank



■ **UNDP initiatives for the response to COVID-19:**

- ✓ Rapid mapping to identify possible food shops and commercial partners who can provide services in the unattended areas of Belize. Food banks were also established at district level and hygiene supplies were provided.
- ✓ Expansion of the cash transfer program, BOOST, directed to single women, families, and other vulnerable groups deprived of their rights by the COVID-19 crisis.
- ✓ USD 79,000 from the Program to assist farmers financed through the EnGenDER project (Government of Canada/DFID) to ensure the continuation of production on the farm and avoid a possible food security crisis.



- **Beltraide, through BelizeINVEST program:** orientation and facilitation of the establishment of enterprises, information on investment opportunities, assistance with virtual Business to Business (B2B) meetings with public and private interested parties.

- **Contingency Emergency Response Component (CERC) of the World Bank:** support for the agricultural sector through cash transfers to small farmers and women involved in agriculture; funds for the purchase of eligible agricultural inputs; supply or small agricultural equipment, protective equipment and technical support.





The high rate of public debt, which will be worsened by the need to provide support by the State to mitigate the effects of COVID-19; in the long term, this may have an adverse effect on the country's economic growth and stability.

The high rate of criminality is still an element that impacts on the quality of life of citizens, and which has profound implications, especially for young people.

The gender gaps which lead young people to identify marriage as the solution for their future impede the building of social cohesion and women's economic autonomy.



PROPOSALS



One successful approach may be combining formalization with technical assistance for MSMEs (easing of bureaucracy, building technical capacities of employers and their employees, commercial image, production certificates, etc.) that demonstrates the advantages of this process, including the possibility of introducing monetary or credit incentives or incentives linked to improvements to production levels.

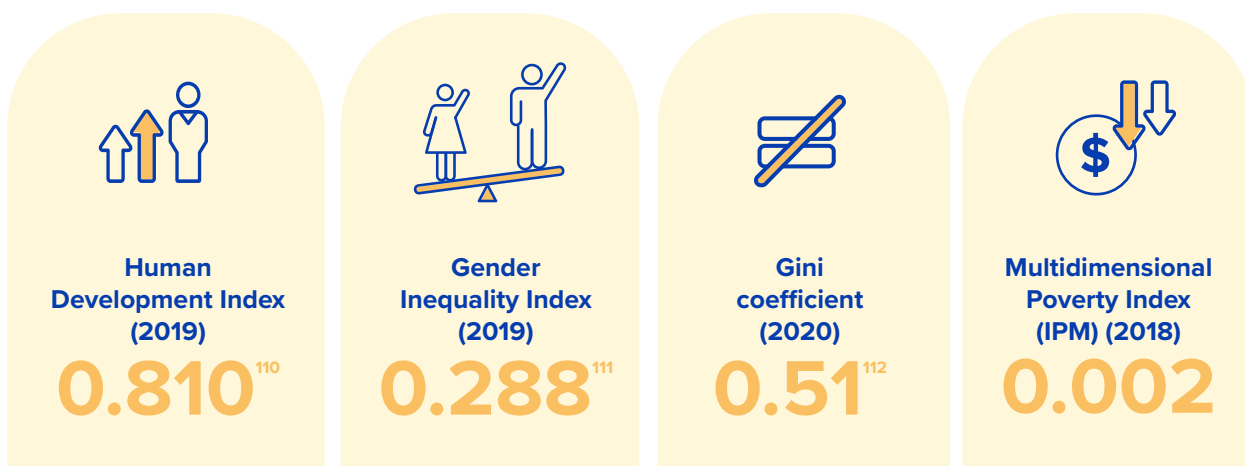
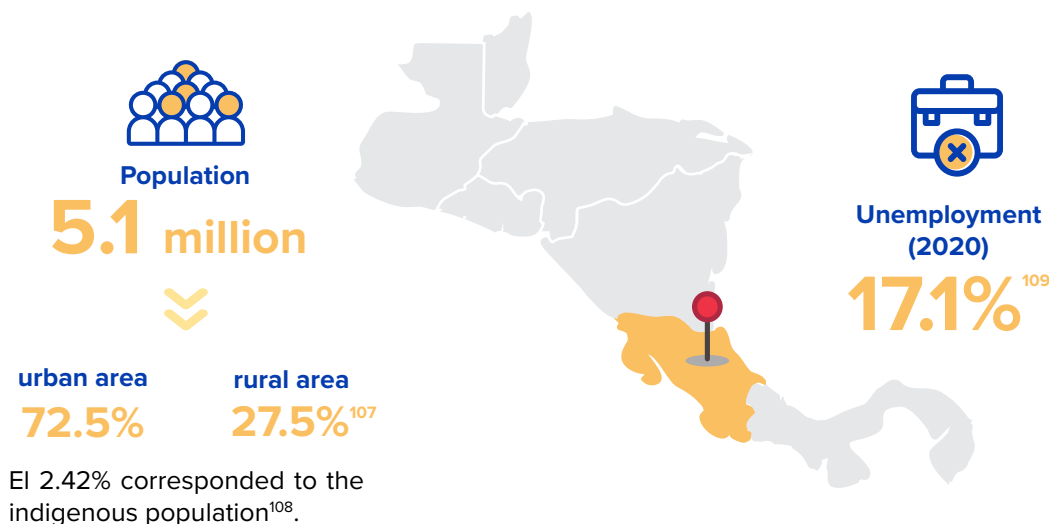
Strengthen "Youth Centers" through the professionalization and specialization of technical support staff created by the Department of Youth Services which provide training in information technology and skills for insertion into the labor market and whose implementation has proved highly effective.

For greater integration of the tourism value chain, an updated mapping of its main members is needed, involving every link and promoting spaces for dialogue while also developing an agenda that includes initiatives advantageous to companies and incentives for integration.

In Belize's development strategies, fully incorporate its comparative advantages (natural resources for renewable energy generation, agriculture and ecotourism; bilingualism that brings it closer to both the US and Latin American markets, its membership of CARICOM and SICA, its dual-aspect geography and commerce, etc.) for their sustainable use and for better impact on the economic growth of the country. The digital economy would require the government to implement policies and legislation that encourage innovation, the adoption of clean technologies and environmental efficiency.

COSTA RICA

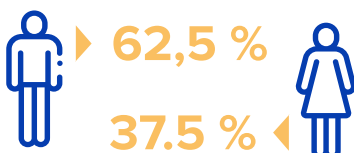
01 GENERAL SITUATION IN THE COUNTRY



Level of informality in the labor market

38.8%¹¹³

The employed population consists of 62.5 % men and 37.5 % women¹¹⁴.



The difference between men and women in levels of informality is 5% higher among women. This is more worrying, considering that women have a lower rate of participation in the EAP, which means that the denominator to estimate the rate of informality is lower than for men¹¹⁵.

The combination of political stability, social contract and sustained growth has resulted in the lowest poverty rates in Latin America and the Caribbean, where the proportion of the population with incomes less than USD 5.5 per person per day fell slightly from 12.9% to 10.7% between 2010 and 2016¹¹⁶.

The population living in conditions of multidimensional poverty is 16.6%.¹¹⁷

Costa Rica is transitioning to a green economy, decarbonization and is modifying its electricity generation matrix and is seeking to modify the energy matrix to electrify public transport. The country has prepared a National Decarbonization Plan (2018 – 2050).¹¹⁸



Homicide rate (2020)
11.1
per 100,000 inhabitants¹¹⁹

02 COVID-19

According to a government survey (August 2020), the impact of COVID-19 on the country's MSME can be summarized as follows:

- ✓ 56% have calculated a reduction in sales between 75% and 100%
- ✓ 25% of business have had to close completely
- ✓ 36% are up to date with payments to suppliers.

In addition, the Ministry of Labor and Social Security reports a total of 981,963 affected, of which:

- ✓ 58,843 companies requested a temporary contract suspension
- ✓ 100,806 companies requested a temporary reduction in working hours
- ✓ 220,703 dismissals

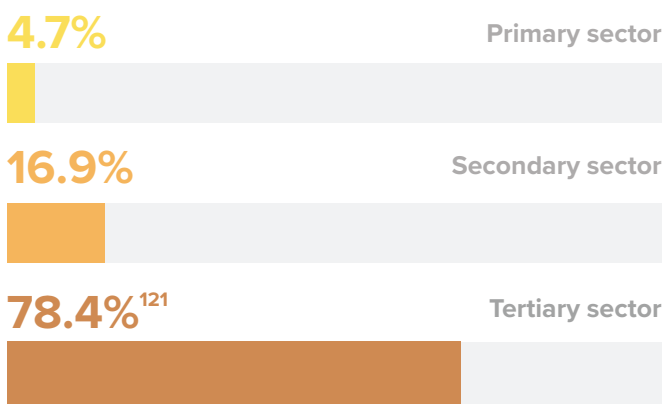
Added to these 3 cases are dismissals that did not go through the Ministry of Labor, self-employed workers, with temporary and informal work.

Measures and plans implemented:

- ✓ **Relief program promoted by PROCOMER**, the Development Bank System (DBS) and the National Apprenticeship Institute (INA) offering a platform which will provide tools to 200 micro, small and medium-sized exporters in different sectors and non-reimbursable funds to continue operating.
- ✓ **“Protect Bonus”** for more than 700,000 people as a one-off deposit to limit the effects of COVID-19 on the most vulnerable households.
- ✓ Disposition of 10.000 million colons as working capital credit for MSME.
- ✓ **Digital marketing:** The Ministry of Industry and Trade (MEIC) has provided digital platforms (SME city, Fygaro, Buy SME, Costa Rica Postal Directory) to allow enterprises to display their products and market them.¹²⁰

03 MAIN ECONOMIC SECTORS

Economic structure of the country
(based on the country's total GDP)



The tertiary sector absorbs 68.1% of the employed population, while the agriculture and livestock sector alone 13.4% with a small female component (4.2%)¹²².

Tourism, especially international, represents an important contribution to GDP 6.3%¹²³ which could result in a major recession in the country, estimated at – 5.6%¹²⁴ impacting on the broad progress in poverty reduction and causing an increase in unemployment and informal employment.

04 YOUTH (15-24 YEARS)

« 15%

of the total population of the country

Young people (15–24 years) represent 15% of the total population of the country¹²⁵. Their economic inclusion is recognized as a priority for the Government and is reflected in public policy, the Government Youth Policy 2020-2024. If, on the one hand, the country has seen a positive trend in the number of young people who complete secondary education, the ILO noted 42% of youth unemployment in the first quarter of 2020, higher than all the countries of Latin America which indicates the presence of barriers to employability which will be even more serious due to the increase in unemployment caused by COVID-19¹²⁶.

During the present decade, higher education coverage in Costa Rica has entered a phase of

stagnation. 28% of the Costa Rican population aged 24-35 years has higher education, of these 57.5% of the population aged 18 to 24 years who are in higher education come from households where none of the parents have undertaken university studies¹²⁷. 19.3% of the population aged between 12 and 24 years are not in employment, education or training (NEET). This percentage is concentrated in the peripheral areas of the country, in cantons with a low social development index¹²⁸.

Costa Rica has the National Agenda for the Prevention of Violence and Promotion of Social Peace (2019-2022), which establishes young people as a priority group. In the framework of this initiative, have been created Civic Centers for Peace (CCP).

05 STAKEHOLDERS RELEVANT TO ECONOMIC INCLUSION PROGRAMS

PUBLIC

- Ministry of Culture and Youth
- National Youth Council (CPJ)
- Ministry of Economy, Industry and Trade (MEIC)
- Directorate General SME (DIGEPYME)
- National Apprenticeship Institute (INA)

PRIVATE

- Business Partnership for Development
- Incubators and accelerators of companies such as UNA Incuba, Parque Tec, CIE – TEC, Auge
- Costa Rica Forever Association
- Business Development Centers

INTERNATIONAL COOPERATION

- United Nations Development Programme (UNDP)
- German International Development Agency (GIZ)

PUBLIC - PRIVATE

- SYME support network



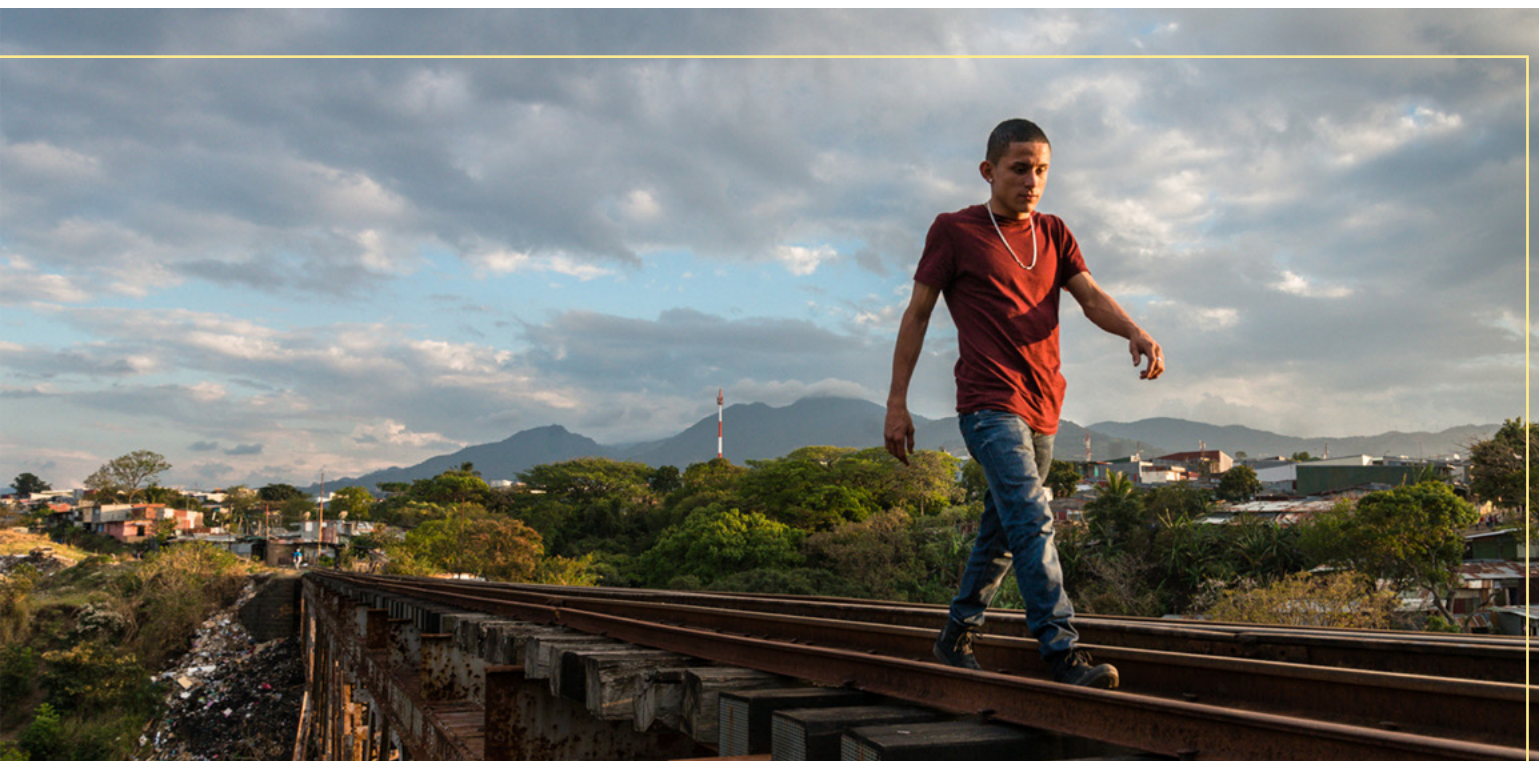
- **Joint Program of the Fund for the SDG:** Strengthening of the Development Bridge Strategy to break the cycle of poverty at local level, with a gender and environmental perspective. Efforts are directed at strengthening and expanding the economic autonomy of women in conditions of socioeconomic vulnerability. Notable among the beneficiary groups are indigenous, and afro-descendant women and women from the coastal area. The participating UN agencies are UNDP (lead agency), ILO, FAO and UN Women.



- The MEIC, INA and the Support Network have provided a one-stop shop to facilitate access to programs, tools, services and procedures to strengthen SME competitiveness.

- As shown in the response to COVID-19, Costa Rica has developed a good articulation of institutions, also applied to youth. In this framework, the MEIC and the Youth Council are promoting “Youth Enterprise Bootcamps” designed to support youth enterprise, promoting the development of the skills necessary to successfully create, generate or strengthen a business idea or model, providing the tools and instruments to validate, innovate and design a business plan or model where the entrepreneur can develop in the commercial market in a sustainable manner. This initiative is part of the National Development and Public Investment Plan 2018-2022.

- **National Employment Program:** This is a program of the Ministry of Labor and Social Security which promote projects to improve the living conditions of the unemployed or under-employed population. As part of this program, through the Empléate (Get a job) Initiative, aimed at people in the age-range 17 to 24 years, who are not in education or employment and who are also in a disadvantaged socioeconomic situation. It works by conditional transfers to support technical-vocational training, according to the needs of the market. The program operates in partnership with organizations and companies in the productive sector, as well as public and private training centers.



07

MAIN CHALLENGES



There are still deep gaps of discrimination and inequalities between women and men, as shown in the data on the percentage of women in employment, informality, burden of unpaid domestic work, distribution of land ownership (only 15% of land is in the name of women¹²⁹), the number of posts in the State authorities occupied by women, gender gaps in use of time.

The centralization of the country, especially in terms of presence of institutions, represents an obstacle to access to programs and services for the most vulnerable groups, in particular indigenous people and population groups living in more remote areas who face barriers of access to public programs and services.

Although COVID-19 has provided an opportunity to make advances in the process of digitalization at all levels of society, the country is still faced with a digital gap in terms of access, considering that, in some areas, in particular rural, access is difficult as is their use, particularly affecting the most vulnerable groups, especially women and the indigenous population.



PROPOSALS



To facilitate the implementation and effectiveness of the new national policy for Effective Equality between Women and Men 2018-2030, it will be fundamental to promote inter-institutional articulation between entities directly and indirectly involved. To that end, it will be important for INAMU to develop a monitoring and evaluation system to evaluate the results of the programs and take the appropriate decisions.



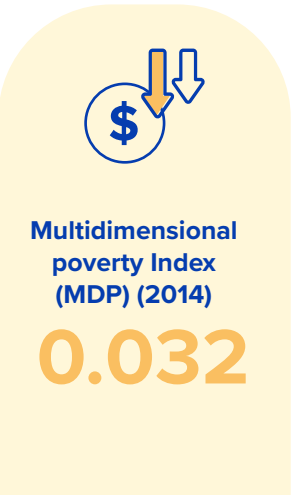
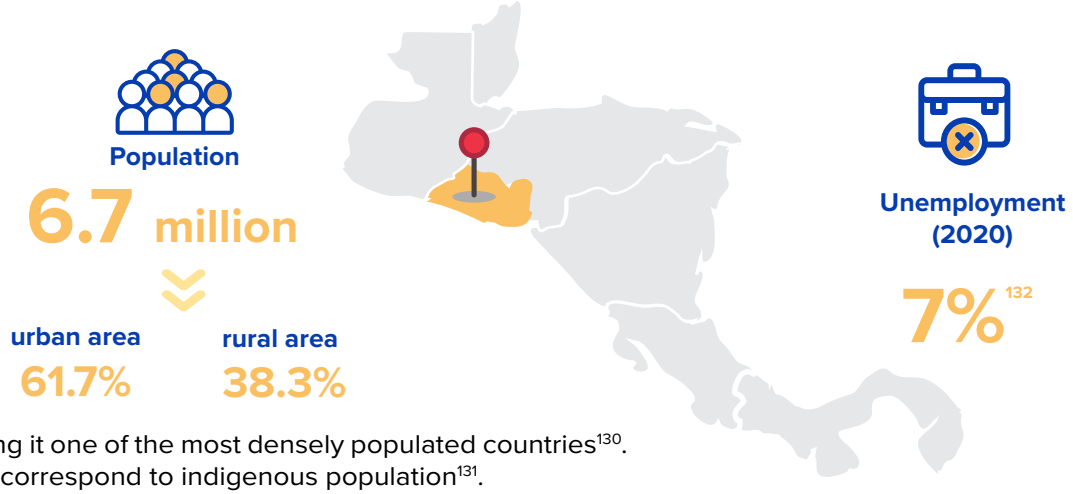
Greater alignment between the higher education curriculum and the demand for labor would facilitate access to the job market for young people. In addition, facilitate and align demand with the supply of labor would have a positive impact on the unemployment rate.



Adopt special measures to support MSME to make them competitive in the market: effective access to credit, technological improvements, access to the digital market, correction of problems of land tenure or registration of ownership of their assets in general, decentralization of financial and non-financial services.

EL SALVADOR

01 GENERAL SITUATION IN THE COUNTRY



The economically active population is 1.8 million people (28% of the total population) and is composed of 77% women, of which 69.7% are not job seekers due to domestic tasks, while this is only an obstacle for 2.2% of men. There is a wage gap, where women earn less than men¹³⁷.

It is characterized as a high migration country due to economic variables and levels of violence. The significant percentage of Salvadoran who have migrated abroad means a high level of remittances which contribute strongly to the country's economy.

Remittances account for 21.5% of GDP and the principal country of origin is the United States. In addition, between January and December 2020, they increased by approximately 4.8% compared with the same period in 2019. After a first decrease at the beginning of the pandemic due to the confinement measures in the USA, in the second semester, remittances ended up growing¹³⁸.

The country had recently recorded a modest reduction in poverty. The poverty rate (based on a poverty line of USD 5.5 per person per day) fell from 39% in 2007 to 29% in 2017. Extreme poverty (USD 3.2 per person per day) also fell from 15% to 8.5% during the same period¹³⁹.

The population living in a situation of multidimensional poverty is 7.9%, with an MDP of 0.032¹⁴⁰.

59.5% of the population consider that insecurity is the most important problem facing the country¹⁴¹.

Homicide rate (2020)
19.5
 per 100,000 inhabitants¹⁴²

02 COVID-19

In the first phase of the pandemic, the most vulnerable households received USD 300.

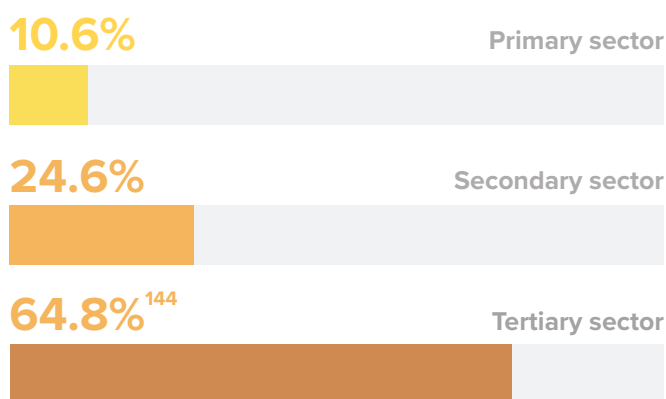
At the end of February 2021, the supply of computers by the Government to students in the most vulnerable families began to ensure access to education in digital form. Since February 2020, children and young people have not returned to in-person school attendance.

To reduce the impact of COVID-19, especially micro, small and medium-sized enterprises, the Government is promoting the following lines of support:

- ✓ Creation of a line of credit of \$360 million at a low rate of interest for small, medium-sized and large enterprises affected by the pandemic, and a further \$100 million to finance the informal sector over a period of 3 years, through the Central Bank.
- ✓ Coverage of 50% of wages of employees of micro, small and medium-sized enterprises affected by the shutdown caused by the pandemic¹⁴³.

03 MAIN ECONOMIC SECTORS

Economic structure of the country
 (based on the country's total GDP)



The tertiary sector, in particular commerce, hotels and restaurants absorb 31.5% of the employed population, followed by the primary sector (15.8%)¹⁴⁵.

72% of companies in El Salvador are informal and only 28% of them support the country's tax revenues¹⁴⁶.

04 YOUTH (15-24 YEARS)

« 18.9%
of the total population of the country

Young people (15-24 years) represent 18.9% of the total population of the country¹⁴⁷. The data indicate that the Salvadoran population is mostly young. If, on the one hand, this represents a great opportunity, on the other there is considerable concern, because young people represent one of the most vulnerable groups, especially in relation to the problem of violence. There is greater vulnerability at the economic level: the rate of youth unemployment (16-24 years) is 13.4% at national level, especially among those who have basic education¹⁴⁸. Just over a third of young people cannot continue with their studies because of economic problems and tend to enter the labor market in precarious conditions. In addition to the challenge of secondary education coverage, another major challenge is school retention in all the education cycles: the overall rate of school desertion for young people aged 15 to 19 years was 37.7%¹⁴⁹. Analyzing the situation of young Salvadorean women, the situation is even more difficult: 37.5% of women aged between 15 and 24 years fall into the category of NEET, not in employment, education or training, due to the impediments of unpaid domestic work and childcare, while for men this percentage is 14.1%. Also while for each young person, the duration of job seeking is between one week and one month, for women it is between 1 and 2 years¹⁵⁰.



05 STAKEHOLDERS RELEVANT TO ECONOMIC INCLUSION PROGRAMS

PUBLIC

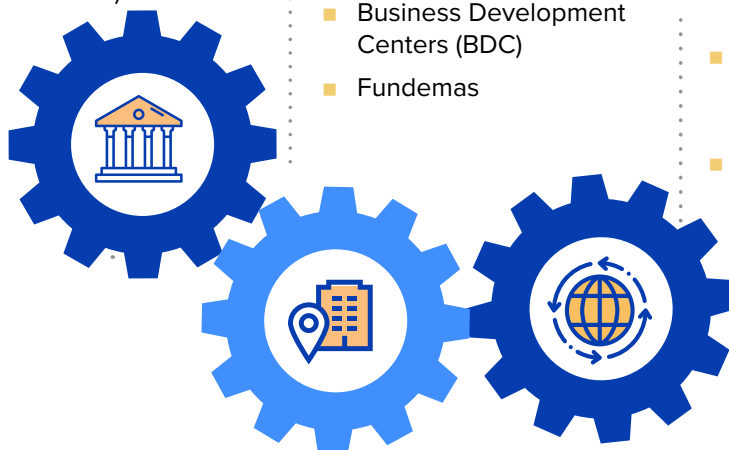
- National Youth Institute (INJUVE)
- National Commission for Micro and Small Enterprises (CONAMYPE)

PRIVATE

- Chamber of Trade and Industry of El Salvador
- Local Economic Development Agencies (LEDA)
- Business Development Centers (BDC)
- Fundemas

INTERNATIONAL COOPERATION

- United Nations Development Programme (UNDP)
- United States Agency for International Development (USAID)





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06 INITIATIVES IN IMPLEMENTATION/GOOD PRACTICES

- Since January 2021, establishment of the UNDP Acceleration Laboratory which will promote a new initiative, called the Digi-Chiquihuites offering a basket of digital services for enterprises headed by women.
- **Supplier Development Programme** promoted by UNDP in collaboration with the Chamber of Commerce, whose objective is to improve relations between the lead company and small supplier companies, based on a value chain approach.
- Specific programs to promote women's entrepreneurship, promoted by the Business Development Centers.



- Government Employment and Employability Program for young people with an inclusive approach, contemplating actions aimed at different groups, not only young NEETs. Also, due to the COVID-19 situation, it was not possible to report further progress.
- **Young360:** social enterprise born out of an initiative promoted by USAID, which promotes and impacts youth employability by building a favorable ecosystem through the creation of a virtual platform for jobs, events, fairs, etc.
- **Supérate Centers:** the 10 centers, established in different departments of the country, provide high quality education in English, information technology and values to young people with limited economic resources and high academic return over three years. They include the country's major groups of companies.

07 MAIN CHALLENGES



Lines of credit established to support companies in reducing the impact of COVID-19 will cause a significant rise in the country's debt and a distortion of the finance industry.

The BDC do not have monitoring mechanisms to measure the impact and results of the Centres in terms of increased competitiveness survival rate in the market, improvement in opportunities for companies benefiting from the services.

The low rate of economic growth and informality of companies (micro and small) and employment seriously affecting the country's capacity for resilience, considering its high level of exposure to natural disasters, also due to climate change.

The high level of gender inequality represents an obstacle to social cohesion in the country, considering that one of the barriers to access social and economic life of the country is the burden of domestic tasks and childcare which still essentially falls on women.

Youth gang wars (*pandillas*) and violence continue to have a negative impact on the quality of life of Salvadoreans. The response of the Government has generally been more of reaction rather than prevention. The progress made since 2016 could be undermined by the COVID-19 crisis.



PROPOSALS



Support producers and their associations to improve their productive capacity, through specialized management/administration and technical (quantity and quality) support, so that they become the suppliers for central and local government programmes and for international food-delivery cooperation to mitigate the emergency, using a short-value-chain approach.

Under national law, each municipal agenda should have an approach focused on young people prioritizing specific actions. In practice, in particular for smaller municipalities, the subject is relegated to the background. Emphasize the space dedicated to young people, promoting a process of review of municipal agendas linked to Agenda 2030.



Promote sustainable public-private partnerships in areas such as ecotourism, green transport, farming practices and energy systems, promoting community solutions and approaches which allow a transition to a clean and equitable economy⁵¹.

Provide programs for women to promote their access to and staying in the labor market, through advanced training, access to credit, articulation with the business environment, access to marketing tools and technology as a result of clear public policies based on disaggregated national and departmental data.

In coordination with the private sector, promote a training and labor insertion plan, both in terms of employment and entrepreneurship, which can offer real opportunities to young people, in particular those deportees who enter the country, presenting economic alternatives to criminal violence.

GUATEMALA

01 GENERAL SITUATION IN THE COUNTRY



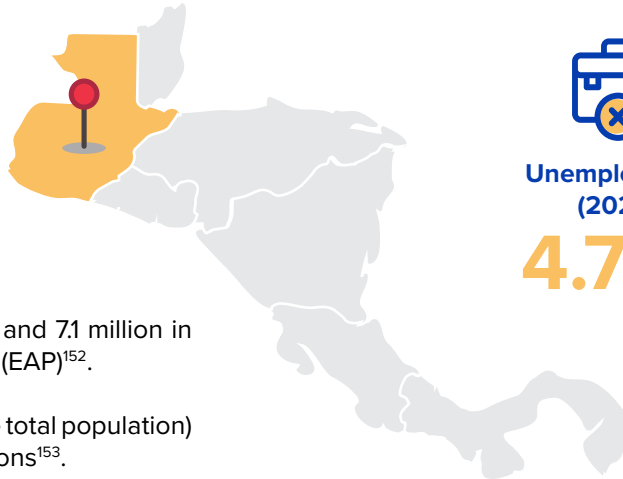
Population

16.8 million



Of which 12 million of working age and 7.1 million in the economically active population (EAP)¹⁵².

Over 6 million inhabitants (41% of the total population) self-identify as indigenous populations¹⁵³.



Unemployment (2020)

4.7%¹⁵⁴



Human Development Index (2019)

0.663¹⁵⁵



Gender Inequality Index (2019)

0.479¹⁵⁶



Gini coefficient (2014)

0.48¹⁵⁷



Multidimensional Poverty Index (MPI) (2014/2015)

0.134



Level of informality in the labor market (%)

80.1%¹⁵⁸

Women's participation in the labor market is 39.9% compared with 86.3% of men¹⁵⁹.



86.3 %

39.9 %



Guatemala is one of the most unequal countries in the world with a high poverty index, concentrated especially in indigenous and rural areas.

Before COVID-19, the Guatemalan economy showed a solid performance, although with modest rates of growth of 3.5% on average in the last 5 years. This economic stability, however, has not been reflected in a significant reduction in poverty and inequality¹⁶⁰.

28.9% of the population live in a situation of multidimensional poverty and 21.1% are classified as vulnerable to multidimensional poverty, with an MPI of 0.134¹⁶¹.

Micro, small and medium-sized enterprises are the main engine of the national economy, and generate the bulk of formal employment (85%) and an important source of income (40% of GDP)¹⁶².

The country closed 2020 with a remittance record higher than that of 2019, equal to an increase of 7.7%¹⁶³.



Remittances represented

14.6% of GDP



Homicide rate (2020)

15.3
per 100,000 inhabitants.

The youth population (18-30 years) is the most affected¹⁶⁴.

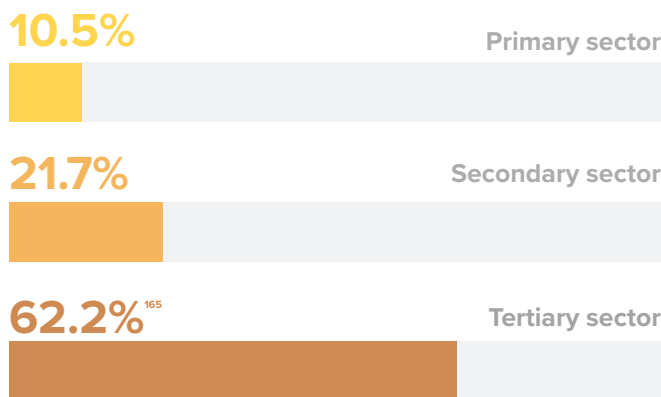
02 COVID-19

The *General COVID-19 emergency care plan* established three (3) components:

- ✓ Sanitary measures
- ✓ Social measures
- ✓ Supplementary measures, including economic inclusion measures, in terms of support to SMEs with access to credit funds, employment protection bonus, procurement of ventilators, COVID-19 tests, personal protective clothing and equipment, projects for economic reactivation.

03 MAIN ECONOMIC SECTORS

Economic structure of the country
(based on the country's total GDP)



The primary sector employs the majority of the population (31.9%¹⁶⁶) with the production essentially of coffee, sugar, bananas, african palm and cardamon, with particularly vulnerable labor conditions in terms of temporality and wages. The agriculture and livestock sector are the biggest employer of young people, 1 in 3 working young people are employed in this sector (29.6%)¹⁶⁷. The informal sector absorbs 70.6% of employment at national level, with a particular concentration in rural areas (8 in 10 workers are informal)¹⁶⁸.

04 YOUTH (15-24 YEARS)

« 20.9%
of the total population of the country

Young people (15–24 years) represent 20.9% of the total population of the country¹⁶⁹.

The average age is 19.7 years¹⁷⁰. This fact represents a great opportunity for the country, if properly channeled. 73.4% of the unemployed in Guatemala are young people aged between 15 and 29 years¹⁷¹. 200,000 young people demand access to the labor market but only 20,000 obtain decent work, according to the National Youth Policy 2012 – 2020.

The Guatemalan Government is living in a situation of high vulnerability, as it is highly exposed to the exploitation of a workforce which has difficulty in competing in the job market, because it has not had the opportunity to develop technical or specialized skills¹⁷².

24% are illiterate (high concentration in the indigenous population and among young women) and 14.5% live in conditions of extreme poverty and without access to basic services. The majority only have a primary education certificate and approximately 20% have secondary and/or university education¹⁷³.

Guatemala youth display a certain lack of interest or apathy towards the country's political and social life, which is expressed in its low level of participation. Currently, organizational and social opportunities are provided by religious groups and community youth organizations. This lack of leadership is an opportunity for the criminal gangs (*maras*) and youth gangs (*pandillas*) which offer themselves as a response to the needs of young people¹⁷⁴.

05 STAKEHOLDERS RELEVANT TO ECONOMIC INCLUSION PROGRAM

PUBLIC

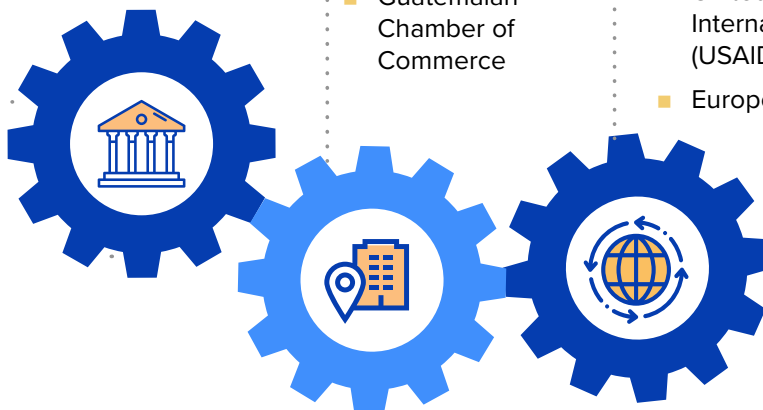
- National Youth Council (CONJUVE)
- National Training Institute (INTECAP)
- Ministry of Economy (MINECO), through the Vice-Minister of MSME Development

PRIVATE

- Guatemalan Chamber of Commerce

INTERNATIONAL COOPERATION

- United Nations Development Programme (UNDP)
- United States Agency for International Development (USAID)
- European Union (EU)



- To facilitate access to financing, from the end of 2019, the Superintendency of Banks (SIB) began to include data on the state of financial inclusion of Guatemalans by age group, which allowed the construction of a database for the development of strategies and initiatives designed to promote youth financial inclusion. Also relating to this initiative is a National Financial Inclusion Strategy, the fruit of inter-institutional coordination between MINECO, BANGUAT and the SIB with the objective of promoting access to, and use, of financial products by different segments of the Guatemalan population.



- **Partnership for Education, formed by Tigo Guatemala and USAID:** program which seeks to contribute to the training of vulnerable and returned young people, so that they can find an economic opportunity in the country, and do not have to migrate again. The courses are delivered in person and virtually during the first half of 2021 and are facilitated and certificated by INTECAP. The aim is to support 25,000 vulnerable young people from the Altiplano aged between 24 and 29 years¹⁷⁵.

- **National Bank of Opportunities (BANOP)** launched in 2020 by MINECO in coordination with CONJUVE to stimulate opportunities which promote the economy development of Guatemalan youth through coordination and articulation of programs and projects which generate entrepreneurship, employment and productivity.

- In the framework of the Regional Project on integral security and prevention of violence which affects young people in the SICA-PREJUVE (2015-2017) countries, UNDP Guatemala assisted 156 people, of which 70% were young people under the age of 30. A database of 60 companies and cooperative was created, in the private sector and institutions which work in favor of youth employability in the municipalities of Chimaltenango and Antigua Guatemala. The first jobs fair was held at departmental level, attend by approximately 1,000 people with the participation of over 20 companies¹⁷⁶.



07

MAIN CHALLENGES



A high percentage of EAP do not have any kind of formal education.

63% of the population live in rural areas and have a close relation with and dependency on the natural resources^{xii}. Adhesion to the Paris Agreement in 2015, the need to protect natural resources and offer income-generating opportunities to the population has led to commitments by the Government to elaborate and implement a green economy strategy. The translation of this strategy into policies and programs with public resources is the main challenge in reducing greenhouse gas emissions.

The provision of finance and the difficulty of accessing it represent a bottleneck for MSME, limiting their innovation, productivity and competitiveness in the market, affecting levels of income and longevity.



PROPOSALS



Encourage access to "formal" education and technical training (e.g., through flexible study plans, incentives and financing, thanks to close collaboration with the productive and services sectors, greater geographic coverage of the educational offer, the reconversion of programmes into digital format using virtual media) to guarantee coherence between the demand of the market and the formal and technical preparation of young people and women based on diagnostic analyses conducted at the departemento level.

Support the process of decentralization of the country through the promotion of regional development agencies, as envisaged in the national strategy, and through the creation of public-private centers which can provide integral local services to micro, small and new enterprises. The agencies could also provide services which make a positive contribution to a culture of formalization of micro and small enterprises.

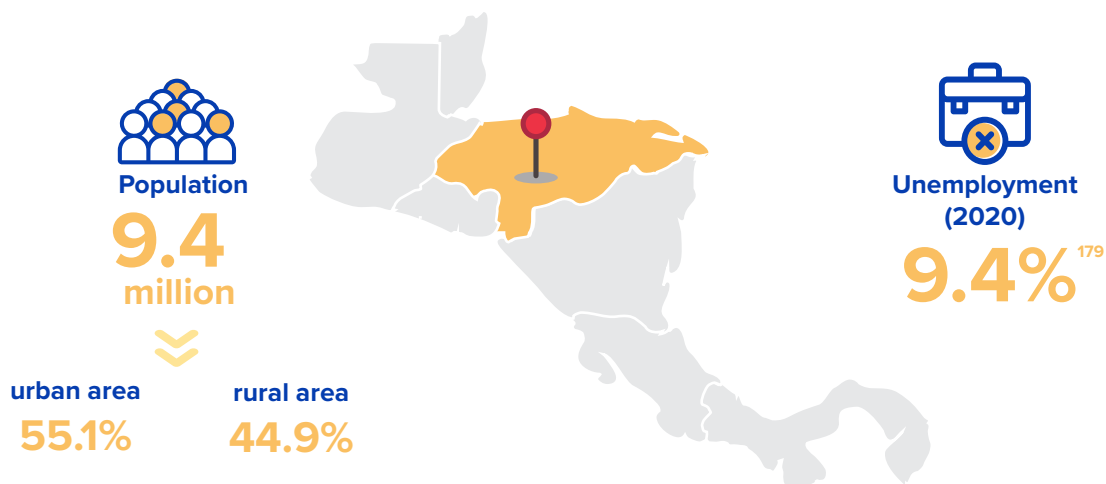
For the reduction of emissions by 2030, it is necessary to act on several fronts: firstly, it is fundamental to invest in agri-food production, which is one of the most polluting sectors, in particular agro-exports, and, secondly, the articulation between public entities and the private sector is a key factor to improve respect for environmental standards and transparent behavior with a low environmental impact.

Encourage articulation between credit institutions, including microcredit, and promote financial products which respond to the needs of micro and small enterprises, promoting their inclusion and increasing their competitiveness.

vii For further details on displacement for socio-environmental reasons, see UNDP (2021). Socioenvironmental cohesion in Central America and the Dominican Republic.

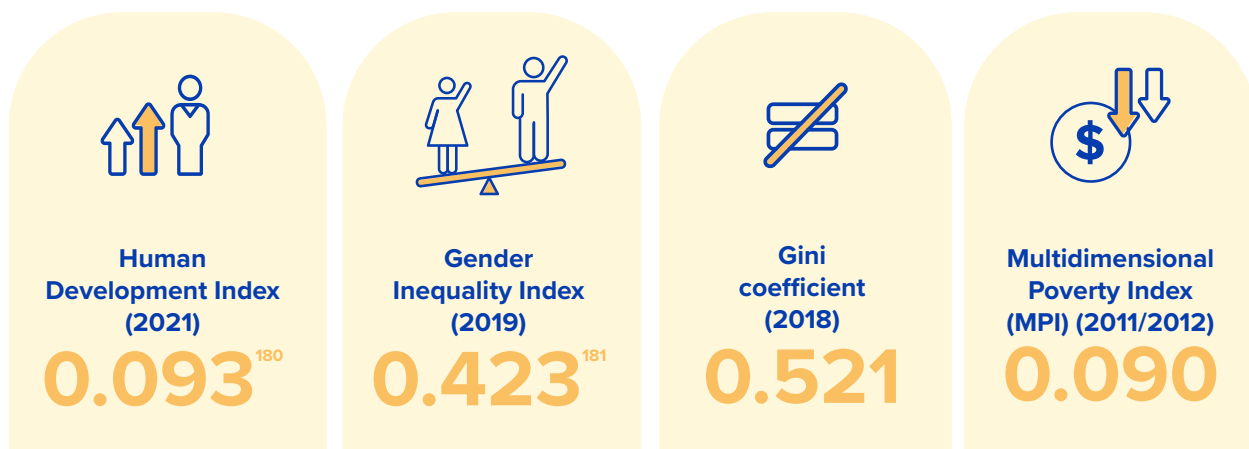
HONDURAS

01 GENERAL SITUATION IN THE COUNTRY



In the rural area, living conditions are more vulnerable (in terms of access to water, energy, basic sanitation systems) than in urban areas¹⁷⁷.

The indigenous population corresponds to 8.6% of the total population¹⁷⁸.



73.8% of the national population is of working age (15 years and over). However, the participation rate based on the population of working age is 59.4%. Women's participation in the labor market is 52%, compared with 85.9% for men¹⁸².

Gini coefficient (2018) is 0.521, among the highest in the region and with one of the most limited middle classes in Latin America and the Caribbean¹⁸⁴.

The country's GDP growth reached 4.8% in 2017, 3.7% in 2018 and 2.7% in 2019¹⁸⁵.

The country faces high levels of poverty and inequality. 48.3% of people live in poverty (2018) and the percentage of people living in poverty in rural areas (60.1%) is greater than in urban zones (38.4%)¹⁸⁶.

The population living in multidimensional poverty is 20%, with an MPI of 0.093¹⁸⁷.





Remittances represented

20% of GDP

Honduras is a country with high migration, in particular young people, and in the last years also children, with a significant loss of social capital for the country¹⁸⁸.

Remittances represent approximately 20% of GDP and the principal country of origin is the United States. In 2020, they increased by approximately 3.8% compared with the same period in 2019¹⁸⁹. The Central Bank indicated that 98.5% of Honduran families which receive this money use it primarily to pay for food, health services and education, and 1.5% is destined for investment in fixed assets¹⁹⁰.

A pattern of dualism between formality and informality extends to all sectors of the Honduran labor market, and the majority of low-quality work is informal. As the years of certified study increase, the level of informal employment decreases. For example, in

2017, 100% of people without any schooling had an informal job.¹⁹¹

The country is highly exposed to the consequences of climate change and natural disasters, such as the two hurricanes which affected it profoundly in 2020. In the Doing Business indicators of the World Bank (2019), Honduras is ranked 133 out of 190¹⁹². The country is particularly characterized by its long and numerous procedures required to set up a business, since citizen and legal insecurity can negatively affect interest in and the propensity to invest on the part of domestic and foreign companies.

However, Honduras is ranked 12th in the world as to the ease with which companies can obtain credit¹⁹³.



Homicide rate (2020)

37.6

per 100,000 inhabitants¹⁹⁴

02

COVID-19

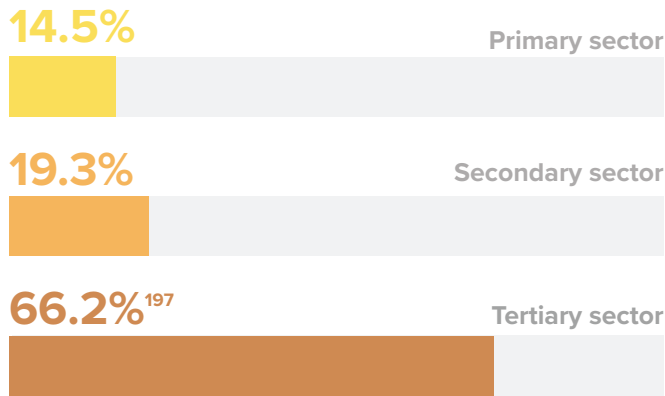
To reduce the impact, in particular on micro, small and medium-sized enterprises, the Government is promoting the following lines of support:

- ✓ Freezing of all prices of all the products in the basic basket.
- ✓ Allocation of a productive solidarity bonus to 190,000 small producers so that they have agricultural inputs. These funds will be used to support the planting of beans, maize, rice, vegetables, fruit, etc.
- ✓ Support through the Honduran Bank for Production and Housing (BANHPROVI) to freeze instalments on financing of MSME in the commerce, agriculture and tourism sectors.
- ✓ Approval of lines of direct financing to banks, cooperatives, micro funds and rural banks to expedite the utilization of the 2,500 million lempiras.
- ✓ Approval of 51 million lempiras through solidarity credit to support 5,000 entrepreneurs once the emergency allows them to restart their commercial activity¹⁹⁵.

UNDP has been invited by the Government of Honduras to collaborate on the definition of a methodology for the indexation of the population entitled to benefit from the single bonus, a subsidy of 2,000 lempiras for the most vulnerable population worst affected by the COVID-19 social confinement measures. UNDP has provided technical assistance to develop the Multidimensional Vulnerability Index and implementation of a digital mechanism to facilitate the delivery and receipt by the citizen¹⁹⁶.

03 MAIN ECONOMIC SECTORS

Economic structure of the country
(based on the country's total GDP)



The agriculture and livestock sector employs 35% of the economically active population. The agriculture and livestock sector plays an essential role in reducing food and nutrition insecurity¹⁹⁸.

04 YOUTH (15-24 YEARS)

« **20.7%**
of the total population of the country

Young people (15–24 years) represent 20.7% of the total population of the country¹⁹⁹.

This represents a great opportunity for the country which is experiencing the positive effects of the demographic bonus. Analyzing the data, a high level of vulnerability can be identified to which young people are exposed²⁰⁰.

With reference to rates of violence, in quantitative terms, the population most affected by homicides is men aged between 18 and 29 years²⁰¹.

Unemployment is concentrated in the youth population; of the total 447,774 unemployed in the country, 36.8% are young people under the age of 25²⁰². The percentage of NEET (2017) is 27.7% of all young people²⁰³, with a higher incidence among women²⁰⁴.

The problem of adolescent pregnancy is still significant in the country: for every 100,000 live births, 65 women die from causes related to pregnancy, and the fecundity rate among adolescents is 72.9 births for every 1,000 women aged 15 to 19 years²⁰⁵.

72.9
births for every 1,000 women
aged 15 to 19 years



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05

STAKEHOLDERS RELEVANT TO ECONOMIC INCLUSION PROGRAMS

PUBLIC

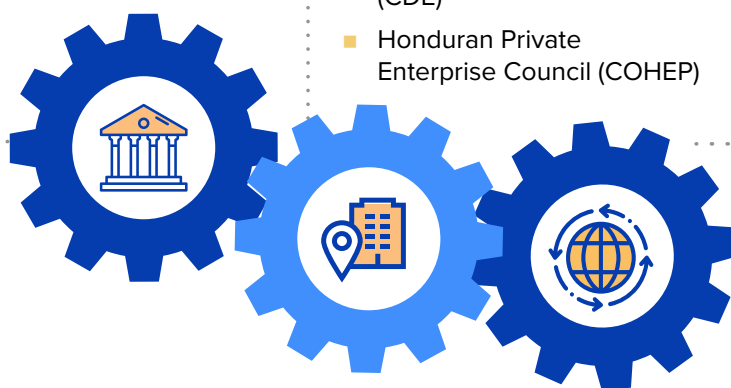
- National Youth Institute (INJ)
- National Vocational Training Institute (INFOP)
- Sub secretariat for MSME
- National Enterprise and Small Business Service (SENPRENDE)

PRIVATE

- Chamber of Trade and Industry meeting in the Federation of Chambers of Trade and Industry (FEDECÁMARAS)
- Business Development Centre for micro, small and medium-sized enterprises (CDE)
- Honduran Private Enterprise Council (COHEP)

INTERNATIONAL COOPERATION

- United Nations Development Programme (UNDP)
- United States Agency for International Development (USAID)
- Spanish International Development Cooperation Agency (AECID)



06

INITIATIVES IN IMPLEMENTATION/GOOD PRACTICES

- **PREVJUVE project:** promoted by UNDP, with funds from the Spanish International Development Cooperation Agency (AECID), selected 65 young people living in Tegucigalpa promoting and developing skills and capacities to generate enterprise and opportunities.

- UNDP has and is carrying on wide-ranging work with young people, considering their important role as decision-makers. One of the results is the construction of the proposed “Public Policies of/for/with Youth: Honduras 2018-2030”. In the course of elaboration of the Human Development Report 2021, young people have a key role in the consultations and formulation of proposals.

- UNDP Honduras supported the process of elaboration of a toolbox with key stakeholders in the business sphere following an inclusive business focus to encourage competitiveness in companies, helping them to improve their activity and reduce their socioenvironmental impact. These tools were incorporated in proposed amendments to the CDE operating manual.



- The Honduran Government has recognized the importance of direct support to the creation of jobs for young people on low income. “*Con Chamba Vivís Mejor*” (You live better with work) offers short-term internships for unemployed young people. The members of the Chambers of Trade and Industry make offers of work which coincide with the profiles of the young people registered in the National Employment Service (SENAEH).

07

MAIN CHALLENGES



Young people are one of the most vulnerable groups in the population. For lack of opportunities (small number of students in higher education and high number of unemployed young people) they are exposed in certain cases to migrating abroad in search of a future or getting involved in activities related to organized crime and violence.

Decent work for all is still one of the obstacles to the economic inclusion of a large percentage of the Honduran population. The existence of informal employment persists, especially in certain productive sectors and for certain segments of the population, in particular, young people and women.

There remain profound gender differences, both in access to permanent employment of women, a situation which has worsened with COVID-19. The lack of social protection and the burden of unpaid work continue to be bottlenecks for the economic inclusion of women.



PROPOSALS



Encourage the articulation between government institutions and the private sector, taking the opportunities provided by post-COVID-19 recovery through its strategies and plans for economic reactivation pursuing the principles of inclusion, promoting decent work and innovative practices.

Protect natural resources and biodiversity, linked to income generation, in particular for rural populations. This means formulating and implementing public policies which encourage a authority to decentralization, giving more room for local government, and training in local communities.



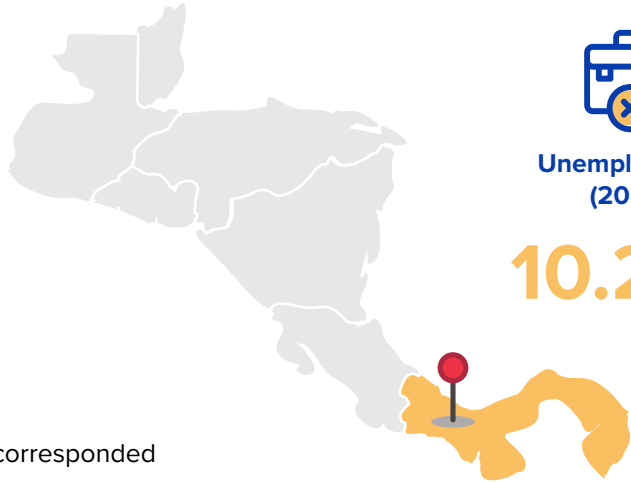
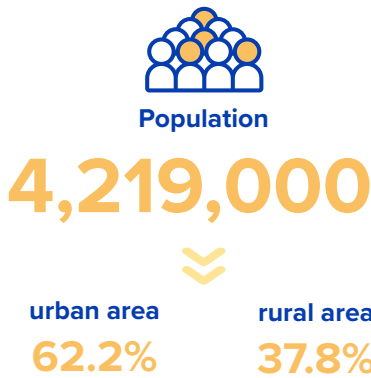
Promoting spaces for youth participation in communities where young people feel the opportunity to express and realize themselves, developing a responsible commitment to other citizens. This includes ensuring secondary education and encouraging technical specialization and an business culture.

With a view to improving education and securing greater technical specialization and entrepreneurship culture, encourage a reorientation of education to promote quality and technology innovation aligned with job-market demand and vocational skills.

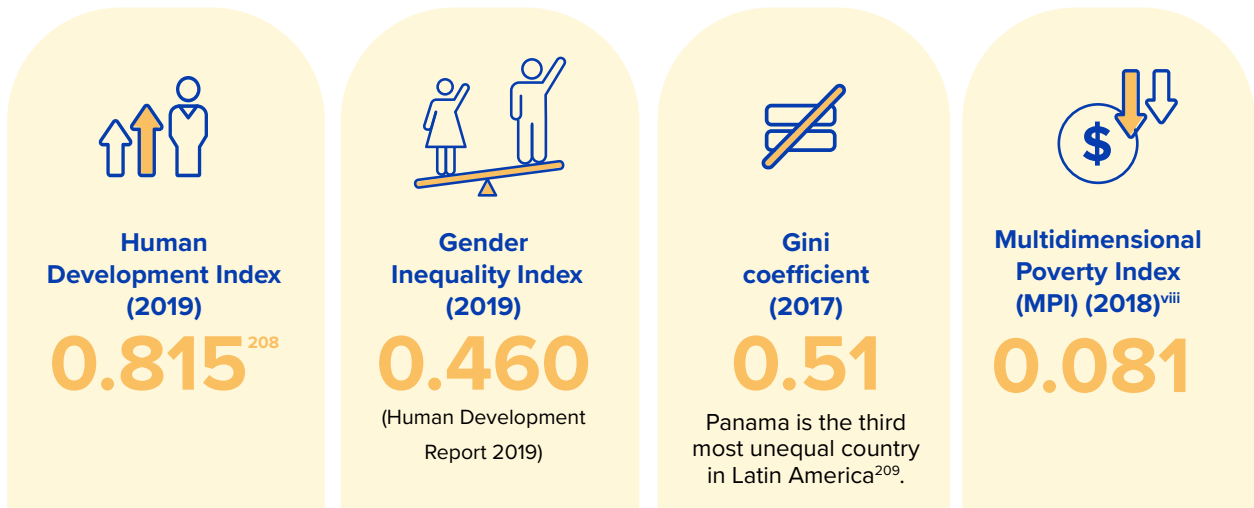
Promote the participation of women, designing programs aimed at sectors and types of work most attractive to women, providing childcare and guarantees of personal security for participants and monitoring the data in a disaggregated form.

PANAMA

01 GENERAL SITUATION IN THE COUNTRY



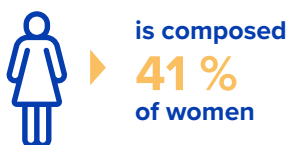
According to the 2010 census, 12.3% corresponded to indigenous population²⁰⁶.



Between 2014 and 2019, 85% of jobs created were informal²¹¹. In August 2019, 716,113 employed persons were recorded in (non-agricultural) informal employment (45 out of each 100 employed had an informal job).



In relation to the distribution of (non-agricultural) informal jobs by sectors or unit of production, the following composition was observed: 13% were employed informally in the formal sector, 77.4% informal employed in the informal sector and 9.6% informal employed in households²¹².



The economically active population correspond to 1.9 million people (45% of the total population) and is composed 41% of women. There is a wage gap where women receive less than men²¹³.

viii The MPI figure for Panama refers to the national data, since the global data, calculated by the Oxford Poverty & Human Development Initiative (OPHI), is not available.



Remittances represented

0.9% of GDP

Figures from the Department of Financial Enterprises of the Ministry of Trade and Industry show that, from January to September 2020, remittances sent abroad fell by approximately 40%; remittances received from abroad also fell by over 20% in the third quarter of 2020²¹⁴.

Remittances represent 0.9% of GDP and the primary country of origin is the United States. Immigrants send remittances from the country mainly to Colombia, China and the Dominican Republic.

The percentage of people in a situation of multidimensional poverty was 19.1% (2017), which, in absolute terms, was 777,752, with an MPI of 0.083²¹⁵.

Before COVID-19 pandemic, Panama was among the fastest growing countries in the world, with an average annual growth of 4.6% in the last 5 years²¹⁶.

Panama has progressed in poverty reduction in the last years, in part due to economic growth and public transfers. Between 2015 and 2018, if we use the poverty line USD 5.5 per day, this will give a reduction in poverty from 15.4% to 12.6%, while extreme poverty, fixed at USD 3.2 per day fell from 6.7% to 5.2%²¹⁷.



Homicide rate (2020)

11.6

per 100,000 inhabitants²¹⁸

02

COVID-19

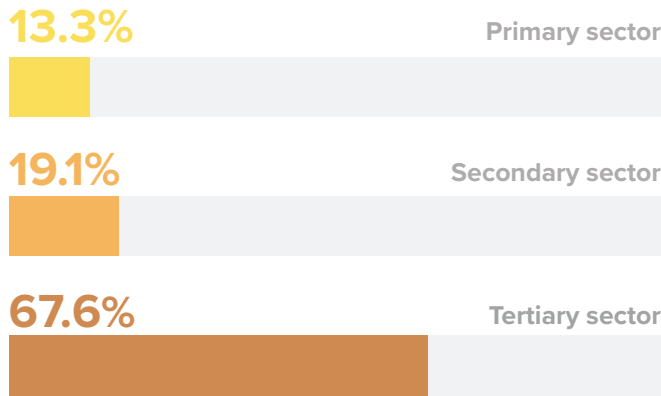
Panama was the first country in Central America and the third in Latin America to carry out scientific research on the new coronavirus²¹⁹.

In April 2020, the national Government launched its “Panama Solidario” plan under the responsibility of the Economic Consultative Council, an initiative which had an initial fund of USD 50 million to cover the basic needs of the most vulnerable Panamanian population affected by the economic impact of the new coronavirus pandemic. The tax regime was relaxed by deferral of payment of taxes, duties and charges by employers who received the benefits, on condition that companies did not reduce their workforce.

- ✓ Sending of medicines, hygiene products and personal protective equipment to more than 25 countries in the region through the Regional Humanitarian Assistance Logistics Centre, the “Humanitarian Hub” operated in Panama under the Ministry of Government, in partnership with the International Federation of the Red Cross and Red Crescent and the United Nations Humanitarian Response Depot (UNHRD), the latter administered by the World Food Programme (WFP).
- ✓ The Micro, Small and Medium-sized Enterprise Authority (AMIPYME) is implementing the artificial intelligence to advise small businesses and enterprises during the health crisis around the clock. The technological tool, called RITA, will provide answers to those who need information on business services.
- ✓ From 30 April 2020 began the first phase of the so-called digital voucher of \$80 through the personal identity card, as part of the Panama Solidario program. With the voucher, you can buy food, medicines and other articles. With this initiative, Panama became the first country in the continent and one of the first countries in the world to use the voucher to buy food, medicines, cleaning and hygiene articles.

03 MAIN ECONOMIC SECTORS

Economic structure of the country
(based on the total GDP of the country 2018)²²⁰



MSME constitute some 90% of the companies in the country and generate over 70% of jobs at national level²²¹.

04 YOUTH (15-24 YEARS)

« **16.4%**
of the total population of the country

Young people (15–24 years) represent 16.4% of the total population of the country²²².

In Panama, youth unemployment in September 2020 was 18,5%. In 2021, between 385,000 and 400,00 jobs were lost, of which 35% were of workers under the age of 30. Some 135,000 young people lost their sources of income²²³.

The situation is particularly bad among young people aged between 15 and 24 years. Among adolescents (15-19 years), the increase on school abandonment led to an increase in adolescent NEET in the last 5 years (25,872) which exceed their population growth (23,032), a trend which will worsen with COVID-19.

3 out of 4 young people who entered the age group 15-24 years between 2014 and 2019 were NEET and the unemployed almost tripled (181% increase). In urban environments, 2 out of 3 men who entered the age group 15 to 24 years between 2014 and 2019 were NEET²²⁴.

One of the Government's objectives is to reduce the youth unemployment figures. 52.8% of employed persons between the ages of 20 and 29 did not have social security, compared with 47.2% for the rest of the employed population over the age of 15 years. 22.4% of these young people are self-employed, less than the rest of the survey sample, with 34.3%. This indicates that many young people are working in the formal sector, but in conditions of informality²²⁵.



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05

STAKEHOLDERS RELEVANT TO ECONOMIC INCLUSION PROGRAMS

PUBLIC

- National Council of Public Youth Policies
- National Institute of professional Education and Training (INADEH)
- Micro, Small and Medium-Sized Enterprise Authority (AMPYME)
- Ministry of Social Development (MIDES)
- Ministry of Trade and Industry
- Ministry of Labor and Job Development (MITRADEL)
- Institute for Training and Exploitation of Human Resources (IFARHU)
- Panamanian Autonomous Cooperative Institute (IPACCOP)

PRIVATE

- National Private Enterprise Council (CONEP)
- Chamber of Trade, Industry and Agriculture of Panama (PANACAMARA)
- Youth360

INTERNATIONAL COOPERATION

- United Nations Development Programme (UNDP)
- United States Agency for International Development (USAID)
- United Nations Population Fund (UNFPA)
- German International Cooperation Agency (GIZ)



06

INITIATIVES IN IMPLEMENTATION/GOOD PRACTICES

- **“Learning by Doing”** project of MITRADEL whose objective is to contribute to a reduction in the rate of youth unemployment aged 17-24 years, by internships in a friendly business environment, supervised and guided by experts in employability.
- A partnership for youth labour and entrepreneurship was signed in September 2020, between the authorities of MITRADEL, MIDES and the Nestlé Panama company. This Memorandum of Understanding is intended to establish a framework of cooperation to facilitate and strengthen collaboration between the public-private partners and drive a national partnership for employability, enterprise and agro-enterprise for young people aged 18 to 29 years.
- **Vocational Orientation and Employment Program (POVE)** for young people aged 15 to 18 years with the objective of guiding them to identify interests, personal resources, expectations about a professional future and facilitate the transition from education to work.
- **Panama Pro-Youth project** for young people aged from 17 to 23 whose objective is to offer students leaving state schools with technical and vocational skills the opportunity to obtain a first work experience, through supervised internships in a sponsoring company.
- **Business Godfather Project** aimed at young people aged 15 to 17 years who are provided assistance and professional training to prevent school desertion. The young people receive work training for a future employment in a sponsoring company.



07

MAIN CHALLENGES



The country needs an educational transformation aimed at quality and a professional training focused on the labor market which facilitates access to young people and allows greater coherence between job offer and demand.

Carrying out a tax restructuring to incentivize registration and formalization of companies and work, which would allow a reduction of the high level of informality and ensure better social protection.

Weak system of statistics unreliable information collected. Availability of and access to information would allow better planning.



PROPOSALS



Taking into account that the high number of NEET young people and the difficulty that young people aged between 15 and 24 years have in accessing and remaining in the employment market represents one of the main challenges, the country requires an educational transformation oriented towards quality and vocational training linked to the labour market that will facilitate their access and allow greater coherence between labour supply and demand.

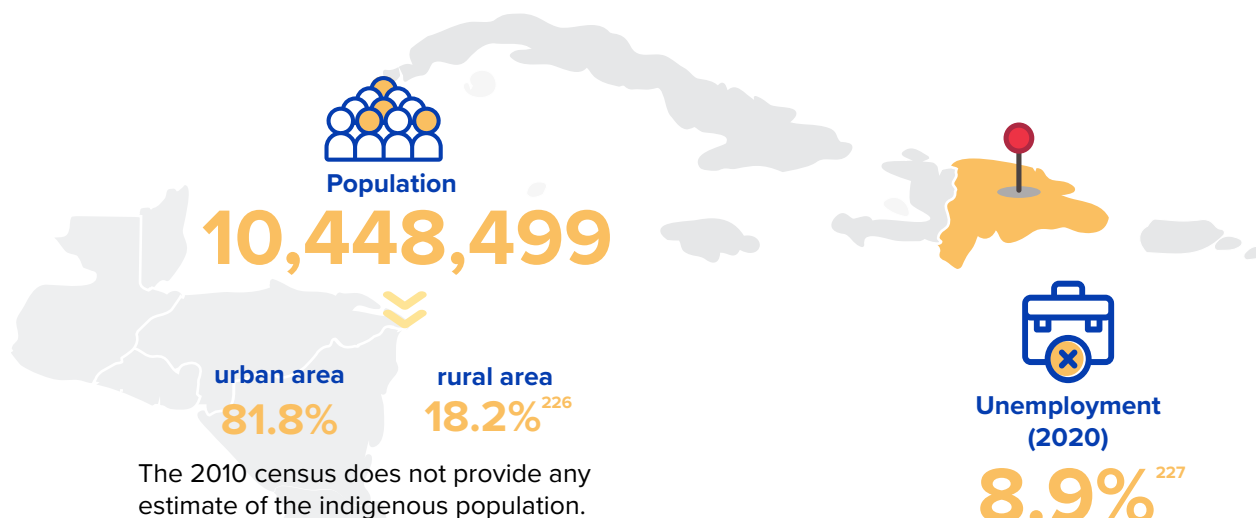
Review and promote a change in the AMPYME law, updating the challenges including simplification of the procedures for MSME, both in the Government and municipalities, including digitalization of services and promotion of enterprise laboratories and social innovation which allows improvement of the skills and knowledge of existing companies and entrepreneurs, through the establishment of business incubators.

Provide more up-to-date and disaggregated data which can provide a snapshot of the national context and, more specifically, the level of participation of young people and women in the labor market for the elaboration of active policies which strengthen their skills, in relation to demand for labor and offer public services to their access and permanence.

Strengthen green tourism in Panama, encouraging the community development and promoting the conservation of natural spaces, land and aquatic, in the 125 protected areas in the country.

DOMINICAN REPUBLIC

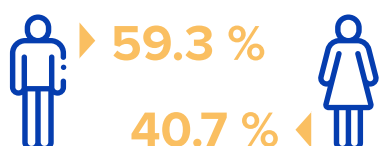
01 GENERAL SITUATION IN THE COUNTRY



Economically active population

5 million people

(around 50% of the total population) of which:



Dominican Republic is one of the most dynamic economies in the Latin American and the Caribbean region, with an average annual growth of 5.6% in the current decade, driven by export-oriented activities, such as manufacturing in tax-free zones and tourism. The Dominican economy shows a growing divergence (duality) between an economic sector of high growth and productivity concentrated in tax-free zones and able to generate a relatively limited quantity of good jobs and activities oriented to domestic consumption with low productivity²³².

3.9% of the population live in a situation of multidimensional poverty and another 5.2% are classified as vulnerable to multidimensional poverty, the MPI being 0.015.²³³

In the last years, the Dominican Republic has implemented a strategy of fiscal consolidation through fiscal reforms which have involved renegotiations with large companies and the application of mechanisms of control and transparency to improve and modernize the management of public finances.

While 50.3% of the employed population is part of the informal sector, it is notable that in the case of unemployed young people, 53% belong to the formal sector²³⁴.

The results show that, of the total unemployed population, 67.9% are women and 32.1% men, which shows that, at national level, the percentage of unemployed women is double that of men²³⁵. In addition, of the total number of women who did not look for a job in the reference period, 35.8% did not enter the labor market because they were dedicated to household tasks, in contrast to the 1% of men.

As regards pregnancy in adolescence, 13.8% of adolescent girls are already mothers (ENHOGAR 2018). 1 in 3 adolescent girls aged 15 to 19 did not attend school, college or university during the first pregnancy (31.1%) and almost half did not continue to attend school, college or university after the birth of their first child (48.7%).

13.8% of adolescent girls are already mothers



MSME represent over 233,000 formalized productive units which employ 642,303 people and rising to 2.2 million jobs when informal jobs are included, which is the equivalent of 55.4% of the employed population in the Dominican labor market, making a contribution to GDP of 38.6%²³⁶.

The Central Bank of the Dominican Republic (BRCD) reported that remittances in 2020 increased by 37.1% compared with 2019. The number of remittances equates to at least 10.4% of GDP. Some 83% of remittances come from the United States.



Remittances represented

10.4% of GDP



Homicide rate (2019)

9.9 per 100,000 inhabitants²³⁷

02 COVID-19

The pandemic pushed the Dominican Republic into its first recession in almost 25 years²³⁸.

The sectors which were most affected by the confinement measures implemented from March 2020 were hotels, bars and restaurants (-17.9%), construction (-4.00%) and transport and accommodation (-3.0%). Tourism's upstream links in the chain, because the closure of hotels has indirect effects which need to be considered.

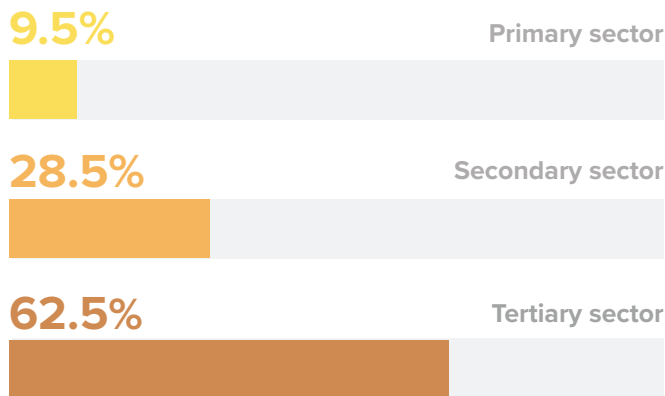
Measures to mitigate the effects of the pandemic:

- ✓ Plan for reactivation of MSME, aimed at micro, small and medium-sized enterprises with sales of up to RD\$58 million, consisting of three programs to support MSME with working capital, and associativity through cooperatives.
- ✓ The Government established that 20% of State procurement must be from MSME. In addition, it ordered prompt payment for public procurement from MSME.
- ✓ A short-term liquidity window for up to RD\$15 billion was established, to be channeled to finance MSME and other microcredits through the Reserve Bank.

- ✓ **Solidarity Assistance Fund for Employees (FASE)**, created to support workers of those companies which contribute to the Social Security Fund (TSS).
- ✓ **“Stay-at-Home” program**, designed especially for persons of limited means or who live in conditions of vulnerability, with the objective of protecting the household income and informal workers.
- ✓ **Program of Assistance for the Self-employed (Pa’ti)**: this program provides economic aid to self-employed persons who cannot work because of social distancing measures.
- ✓ **Ponte en Marcha** (Get Going) which has the objective of contributing to the reactivation of businesses and MSME in the country and show new ways of connecting with clients.
- ✓ Provision by UNDP of 800,000 tablets for distance learning.
- ✓ Distance school for learning from television programs recorded and transmitted nationally.

03 MAIN ECONOMIC SECTORS

Economic structure of the country
(based on the country's total GDP)



In terms of economic sectors, 46.7% of MSME belong to the commercial sector, followed by the services sector with 38.4% and the industrial sector with 14.9%²³⁹.

04 YOUTH (15-24 YEARS)

« 17.5%
of the total population of the country

Young people (15–24 years) represent 17.5% of the total population of the country²⁴⁰. The World Bank estimate of youth unemployment (15-24) is 8.9%. The youth population face obstacles that affect their quality of life, among them: low levels of education and high rates of unemployment²⁴¹.

Although young people constitute the biggest population subgroup in the labor force (32% of the EAP), the unemployment rate of this group is double that of the overall population and the highest in Latin America. The combination of these two phenomena, school desertion and unemployment mean that 20% of the population aged between 15 and 29 neither studies nor works (NEET). Of the economically active young people, barely 44.7% work, mainly men, despite the increase in school attendance and labor participation among women²⁴².

This phenomenon affects women to a greater extent, who show a proportion of young NEET more than double that of men (27% against 12%) (ENFT, 2016). In addition, young people are exposed to situations of violence and criminality. In 2016, this situation led to the death by homicide of 422 young people, representing 44.3% of the total deaths from this cause²⁴³.



05

STAKEHOLDERS RELEVANT TO ECONOMIC INCLUSION PROGRAMS

PUBLIC

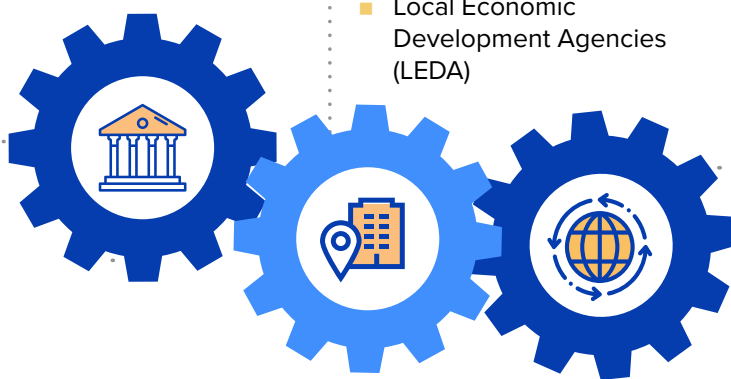
- Ministry of Industry, Trade and MSME (MICM)
- Ministry of Youth
- Ministry of Labor
- Ministry of Education (MINERD)
- Office of Social Policy Coordination

PRIVATE

- National Private Enterprise Council (CONEP)
- Chamber of Commerce of Santo Domingo
- Network of 25 MSME Centres
- Local Economic Development Agencies (LEDA)

INTERNATIONAL COOPERATION

- United Nations Development Programme (UNDP)
- United States Agency for International Development (USAID)
- Spanish International Development Cooperation Agency (AECID)
- Inter-American Development Bank (IADB)
- Oxfam
- Caribbean Export



06

INITIATIVES IN IMPLEMENTATION/GOOD PRACTICES

- **UNDP Inclusive Socioeconomic Recovery Program** which impacted over 300 stakeholders in the productive chain and entrepreneurs belonging to populations in a situation of vulnerability; the participants received tools and support to restructure their business models in terms of digitalization, fund-raising, marketing strategies and business development.

- **List of promising practices (UNDP, CONEP)** the objective of which is to share outstanding initiatives in the country's companies, to motivate more organization to join in actions aimed at achieving progress in the implementation of Agenda 2030 in the Dominican Republic.



- **Network of 25 MSME Centres**, which operate under the coordination of the MICM and from universities throughout the country, provide technical advisory services and training in virtual format.

- **Dominican Enterprise Project (PREMDE)**, which seeks to recognize and support the best entrepreneur project created by young people in the 32 provinces of the country; in the program participate project, which are at the prototype stage and which are based on technological innovation with a high social impact that improves people's quality of life, care of the environment and leave a transformational footprint on society.

07

MAIN CHALLENGES



The COVID-19 pandemic poses major challenges for the country, such as loss of foreign exchange revenues because of the reduction in key activities such as tourism, paralyzation of a good part of economic activities with direct and indirect effects on jobs and household incomes, and considerable fiscal challenges, as the Government has to implement mitigation measures in the face of the crisis, especially for the most vulnerable households, at the same time as its tax revenues fall.

Specialized technical education on themes of innovation (digital, programming and technological) is not considered as a competitive advantage for the country's growth.

The difficulty of access to quality business development with articulation of public and private entities aimed at specific professional training is an obstacle to increasing the competitiveness of MSME.



PROPOSALS



Implement a set of measures to support people in a situation of vulnerability or risk: the creation of an integrated support system, both academic and social, to prevent school abandonment; implementation of permanent measures in educational centers to reduce the incidence of adolescent pregnancy and its consequences for the rate of school abandonment; design of education for work, life skills and specific orientation.

Formulate public policies and strategies, derived from the inter-institutional coordination which takes into account, not only of the factors which influence the incorporation of women in paid work, but also the conditions and effects of this incorporation on their quality of life. Promote the participation of women in economic activity going beyond visions of initiatives for subsistence to an approach of sustainable economic development of women and women's economic empowerment.

Expand with greater impetus the scope of digital transformation and business innovation as measures to eliminate digital gaps, promote teleworking and maximize the operational capacities of MSME.

Drive and promote green enterprise in the recycling, ecological agriculture, energy efficiency sectors and aspects related to sustainability, so that they become a bond between the private sector and government efforts to fulfil the target set out for the protection of the environment and the fight against climate change.



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FINAL REMARKS



FINAL REMARKS

The pandemic has highlighted and exacerbated the enormous gaps created by the structural problems in the region: the high levels of inequality, labor informality, limited social protection and the vulnerability of some population groups. In this context, it is necessary to rebuild with equality and sustainability, with the aim of creating a true State of Wellbeing.

The governments of Central America and the Dominican Republic must strive for economic inclusion and social cohesion through active policies in the labor market which focus on the generation of formal employment and promotion of enterprise.

The formalization of enterprise must be part of a multidimensional and balanced approach, since this process has a close correlation with the business environment itself, economic growth and improvement of working conditions. The positive effects of formalization of companies are multiple: for countries, whose fiscal revenues increase, the ability to provide more public goods and services; for companies, having access to financing, business development and technological services and public procurement. Practice also shows that the fundamental condition for driving the formalization process is associating it with a clear provision of services: *to the person*, in terms of social protection and *to the company*, with respect to decentralized business services which allow increased competitiveness and access to new markets. In this way, formalization can present a real and attractive advantage to the business world, in particular, to micro and small enterprises.



There are two crucial audiences with regard to the promotion of enterprise and growth of MSMEs in the region: young people and women. There is a demographic bonus that must be capitalized on and recaptured in order to exert a shift in the way of thinking, which requires a business leadership that considers their inclusion.

It is of vital importance to guarantee access to quality educational opportunities, adapted to the demands of the labor market, which encourage the development of skills and aptitudes adapted to the requirements of the sectors of the economy with the greatest growth. Improving levels of access to higher education and reducing the percentage of school abandonment, especially in rural areas, is fundamental in advancing towards a digital market approach and the creation of a specialized labor force that allows access to higher paid jobs. Although the region has made significant progress in reducing gaps in access to the digital world in the last years, particularly thanks to the mass rollout of mobile connectivity, there are still considerable gaps in effective access to the digital world, which has profound implications for the opportunities and participation of the new generations.

Youth employment is one of the main challenges that the countries of Central America and the Dominican Republic are facing, both for the limited capacity of the economies to generate sufficient jobs for the youth population, and the low levels of education that this shows²⁴⁴. It is necessary to foster youth enterprise towards the creation of MSMEs which can connect to value chains with a potential for growth, improving mechanisms for access to credit, not only at the start-up stage, but also at times which determine their sustainability, growth and consolidation over time. Likewise, it is important to explore new measures to reduce contextual barriers which affect youth entrepreneurial activity. Public-private partnerships must be promoted to create, strengthen and coordinate the provision of resources and services. It is also useful to promote the linking of initiatives aimed at the youth section with the world of ICT, social and environmental innovation and programs to foster women's and youth entrepreneurship, ensuring economic and legal support to make them more resilient in the face of political, social or economic changes which may arise.

In turn, a fundamental element for the elimination of inequalities and the promotion of social cohesion is to achieve gender equality, which represents one of the structural nodes, especially in Central America and the Dominican Republic. The guarantee of access of women to financial resources, land, other productive assets and their participation in working life cannot come only from programs to support the development of capacities, knowledge and entrepreneurship, but also through programs which remove the exclusive burden of domestic tasks and childcare from the women who traditionally perform those roles.

Another population group which deserves particular attention in the analysis of economic inclusion and social cohesion is the indigenous community. The indigenous people, as culturally diverse societies, have the right to play a role in the national and regional order without renouncing their languages, cultures and aspirations. In addition, they reflect the idea that, if development tends to be associated with the achievement of specific political, economic and social objectives – such as eradicating monetary poverty or stimulating growth – the indigenous peoples customarily have a more complex and nuanced notion of what development is and why it is important. For these peoples to assume the key role to which they are entitled in the development agenda, it is necessary to consider seriously their voices and alternative visions²⁴⁵.

Inequality is not only expressed in different ways in the heterogeneous and diverse mosaic which characterizes the various indigenous peoples, but it manifests itself in them in a greater level of social disadvantage among young people and women. For this reason, it is necessary to promote their economic development through the implementation of actions directed towards training, development of productive projects and marketing of the products produced in line with their culture and values, and which are focused on developing mechanisms so that public action is culturally relevant. The relevance is directly linked to the strong relationship of this group with natural resources.

Finally, to ensure the sustainability of the government strategies and programs in the areas presented above, it is necessary to create institutionality at both national and local level, promoting a process of decentralization and localization which can respond, through a *bottom-up* approach to the needs of every individual. To achieve the 2030 Agenda, and as highlighted in Sustainable Development Goal (SDG) 17, the SDG will be fulfilled satisfactorily through the promotion of partnership and inter-institutional articulation resulting from direct partnership between the main stakeholders: governments, private sector and civil society.

The response to COVID-19 and the consequent reconstruction phase represent a historic opportunity to advocate for change, which means building a new social compact in favor of the vulnerable population groups, putting people's rights at the center of the process of transformation towards more equity and sustainability. The fundamental element of economic recovery must be inclusion, promoting access and more equitable use of the available resources.

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LIST OF ACRONYMS

AECID	Spanish International Development Cooperation Agency
AMPYME	Panama's Micro, Small and Medium-Sized Enterprise Authority
B2B	Business to Business
BANGUAT	Bank of Guatemala
BANHPROVI	Honduran Bank for Production and Housing
BANOP	National Bank of Opportunities Guatemala
BCCAT	Belize COVID – 19 Cash Transfer Program
BCCI	Belize's Chamber of Commerce and Industry
BELTRAIDE	Belize's Trade and Investment Development Service
BOOST	Building Opportunities for Our Social Transformation
CARICOM	Caribbean Community
CDE	Enterprise Development Centre
CEAL	Latin American Business Council
CEIE	Centre for Economic Integration Studies
CENPROMYPE	Regional Centre for the Promotion of Micro, Small and Medium-sized Enterprises
CERC	World Bank's Contingency Emergency Response Component
COHEP	Honduran Private Enterprise Council
CONAMYPE	National Commission of Micro and Small Enterprise El Salvador
CONEP	National Private Enterprise Council
CONJUVE	National Youth Council Guatemala
CPJ	Costa Rica's National Youth Council
CSR	Corporate Social Responsibility
DIGEPYME	Costa Rica's Directorate General SME
EAP	Economically Active Population
ECLAC	Economic Commission for Latin America and the Caribbean
EHPM	Multipurpose Household Survey
EU	European Union
FUNDEMAS	Business Foundation for Social Action
GDP	Gross Domestic Product

GIZ	German Development Agency
IDB	Inter-American Development Bank
IFARHU	Panama's Institute for Training and Exploitation of Human Resources
ILO	International Labour Organization
IMF	International Monetary Fund
INA	National Institute of Apprenticeship Costa Rica
INAMU	Costa Rica's National Women's Institute
INFOP	National Vocational Training Institute
INJ	Honduras' National Youth Institute
INJUVE	National Youth Institute El Salvador
INTECAP	National Training Institute Guatemala
IPACCOOP	Panamanian Autonomous Cooperative Institute
LAC	Latin America and the Caribbean
LEDA	Local Economy Development Agency
MEIC	Costa Rica's Ministry of Industry and Trade
MICM	Dominican Republic's Ministry of Industry, Trade and MSME
MIDES	Panama's Ministry of Social Development
MINECO	Ministry of Economy Guatemala
MINERD	Dominican Republic's Ministry of Education
MITRADEL	Panama's Ministry of Labor and Labour Development
MPI	Multidimensional Poverty Index
MSME	Micro Small and Medium Enterprise
NEET	Not in employment, education or training
NGO	Non-governmental organization
OAS	Organization of American States
OECD	Organization for Economic Cooperation and Development
PANACAMARA	Panama's Chamber of Commerce
POVE	Panama's Vocational Orientation and Employment Program
PROCOMER	Promoter of Foreign Trade of Costa Rica
SBD	Development Bank System of Costa Rica
SENAEH	Honduras' National Employment Service

SENPRENDE	Honduras' National Enterprise and Small Business Service
SIB	Superintendency of Banks
SICA	Central American Integration System
SIG	Gender Equality Seal for Public and Private Enterprises
U.S.	United States
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHRD	United Nations Humanitarian Response Depot
USAID	United States Agency for International Development
WFP	World Food Programme



