

A Strategy for Reducing Inequalities in Central America and the Dominican Republic

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PITCH

Reducing economic and social inequalities in Central America and the Dominican Republic requires a new productive model, focused particularly on improving opportunities for women and young people in areas of social exclusion. New research on inequalities across four dimensions – life and health; living conditions; financial autonomy and dignified work; and personal and legal security – reveals the lack of access to the benefits of development facing many people in the region. These inequalities – between and within social groups, and across different geographical areas – seem to be at the root of recent political, social, and economic turbulence.

MOTIVATION

The region of Latin America and the Caribbean has largely succeeded in reducing extreme poverty over the last decade, but inequalities of income and wealth remain the highest in the world, and they have damaged sustainable growth and social inclusion. It has been the focus of regional bodies within the sub-region of Central America and the Dominican Republic seeking to foster integration and human development through regional policies, such as the Central America Integration System.

In an effort to inform policy-making and bridge the gap between research, policy, and practice, the new study takes a multidimensional perspective to understanding inequalities in the sub-region, identifying potential causes, and exploring a policy approach for tackling them.

METHODS

The study analyzes secondary data and existing research evidence, using the Oxfam and LSE Multidimensional Inequality Framework¹, which identifies inequalities in seven areas or domains of life, such as health, education, and living conditions. Each domain has a number of sub-domains and a set of indicators and measures, disaggregated by at least two or three relevant dimensions – gender, location, income or age – which make it possible to look at horizontal inequalities (those between different groups of people), vertical inequalities (those between individuals by economic level), and spatial inequalities (those between people in different geographical areas). The selection of domains, sub-domains, indicators, and relevant horizontal dimensions for disaggregation was done in consultation with experts, and also determined by data availability. The analysis of indicators and disaggregations, as well as the analysis

of critical drivers, were discussed and validated in a workshop with experts from academia, development institutions, and civil society organizations.

RESULTS

The results show that there are different horizontal and vertical inequalities in the four priority domains for Central America and the Dominican Republic: life and health; living conditions; financial autonomy and dignified work; and personal and legal security.

In terms of people's ability to enjoy safe lives, diminishing exposure to violence, within a context of high levels of generalized violence in the sub-region, is essential for closing inequalities. Violence is also an extreme effect of inequalities: adolescents and young adult men (those aged 15-44) are especially affected by homicidal violence, particularly in border and coastal crossing areas in El Salvador, Guatemala, and Honduras. Sexual violence has its biggest effects on women with more children, a history of family violence, and partners who consume alcohol and have sexist attitudes.

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Geography Central America and Dominican Republic

Find out more about this project: <https://www.afd.fr/en/carte-des-projets/analysing-multidimensional-inequality-and-impacts-regional-policy-inequality>

Key words Inequality, multidimensional inequality, vertical inequality, horizontal inequalities, rural areas, social exclusion, Central America, Dominican Republic.

Themes Inequality, Gender, Social link.

Figure 1 Inequalities in Central America and Dominican Republic: Expressions, drivers and proposals



Linked to violence are perceptions of personal and legal security. People in higher socio-economic groups, with more education and living in urban areas, show less confidence in the police and the justice system than people in lower socio-economic groups, with less education and living in rural areas.

While there is progress on access to education in Central America and the Dominican Republic, it is not yet available for everyone. Indicators show gender gaps in education closing across the sub-region, but other gaps remain, such as those linked to economic status. In addition, the area of residence (urban versus rural), household income, and, in Guatemala, being an indigenous person, persist as strong determinants of access to education as well as educational performance.

Gender biases also characterize access to dignified work and responsibility for unpaid care work. Across Central America and the Dominican Republic, individuals are less likely to have their own incomes if they are women, young, and living in a rural area. Rural areas also have high levels of informal employment, in a generalized sub-regional context

of pronounced informality. This translates into poor access to social protection systems. Women are mostly self-employed, domestic workers, or unpaid family workers – all vulnerable positions.

Particularly relevant is the high proportion of young population in CARD, that is not in education, employment or training (known as "NEET"), with a marked bias against women in all the subregion.

Inequalities are also felt at home. Households in rural areas and in lower income quintiles have less access to water and water services, basic sanitation, public waste removal, and adequate housing compared with households in urban areas and in higher income quintiles.

This study identifies two structural drivers that help to explain the inequalities in Central America and

the Dominican Republic. First, these countries have 'minimalist states': states with a precarious productive system that partly determines the low levels of economic development, and which is linked to low social investment, low tax collection, and weak institutional robustness. All of this reduces the sub-region's capacity for a comprehensive and structural approach to tackling inequalities.

Second, there are the social institutions and norms that shape and regulate societies in the sub-region, assigning roles to certain 'social groups' based on wealth, ethnicity, or gender. This configuration has profoundly influenced the allocation of public goods and services, as well as the accumulation of assets.

RECOMMENDATIONS

- ▶ Reducing inequalities in Central America and the Dominican Republic requires a strategy of building productive ecosystems in areas of social exclusion to bridge the gaps in the labor market, especially for women and young people. There will be no change in patterns of inequality unless there are profound changes in the productive model.
- ▶ Regional institutions, national governments, and international development institutions should implement four essential components of the strategy: strengthening public institutions to promote equity; providing inclusive quality education and technical-vocational training, aligned with productive sector demand; supporting social entrepreneurship; and addressing potential biases in the institutions involved in terms of norms, practices, and processes.
- ▶ Investment in the production of reliable disaggregated data and statistics in the different areas related to multidimensional inequalities at the national and regional level is key to revealing who is being left behind and what can be done.

¹ www.inequalitytoolkit.org