

PN-ACA-409
93581

**Participation of Women in the
Economy and Reform:
El Salvador Country Assessment**

Final Report

U.S. Agency for International Development

**Prepared for: Bureau for Global Programs,
Center for Economic Growth,
Office of Economic Growth and Institutional Reform**

Prepared by: Coopers & Lybrand, L.L.P.

**Sponsored by: Private Enterprise Development
Support Project III
Contract No. PCE-0026-Q-00-3031-00
Delivery Order No. 6
Prime Contractor: Coopers & Lybrand, L.L.P.**

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EXECUTIVE SUMMARY

The process of political and economic reform underway in many developing countries offers the potential for women to contribute to economic growth in a more egalitarian and democratic fashion. However, in some countries, it is unclear whether or not women are benefitting from new economic opportunities created by the reform process. Moreover, as developing countries struggle to reverse negative economic trends, it is important that both government and private sector leaders recognize women's economic contributions and capitalize on women's potential as agents of economic growth. In recognition of these concerns, the Center for Economic Growth has launched a new initiative, the Participation of Women in the Economy and Reform (POWER), a project that aims to strengthen women's economic participation.

As part of the POWER design process, country assessments of women's economic participation were undertaken in four countries: Egypt, El Salvador, Indonesia, and Uganda. El Salvador proved to be an interesting case study for the POWER project design. Despite post-war tensions, El Salvador's economy is expanding, offering new opportunities for both men and women at all socio-economic levels. Parallel to this economic transition are socio-cultural changes, with attitudes toward working women, education of girls, and even men's and women's roles in the home changing -- for the better. Recent reforms in family law reflect the changing cultural climate. Among other things, the new Family Code stipulates the principles of equal rights for husband and wife within the union and joint property ownership. These shifts are primarily a result of the significant changes that the twelve-year civil war brought about. Economic reform and growth, along with the socio-cultural changes and related legal reforms, have created a climate in El Salvador in which there are significant windows of opportunity to increase women's economic participation in general, and in the formal sector in particular.

This report is divided into four chapters. Chapter I provides an introduction to the report; Chapter II contains background information on El Salvador as it relates to women's economic participation. Chapter III contains the team's recommendations, or "key entry points" for the POWER project design -- as well as several possible interventions the POWER project could employ to exploit those entry points in El Salvador. Chapter IV consists of the country analysis that supports the recommendations presented in Chapter III. The POWER team conducted analyses in three areas: women's participation in the formal labor force, women's participation as business owners, and women's participation in organizations that promote economic empowerment. Following are some of the highlights of the team's country analysis.

- Women in the Labor Force

In general, improvements in El Salvador's labor market -- for both men and women -- have accompanied the economic policy reforms implemented since 1989, and the improved economic performance since then. Currently, women account for close to 40% of El Salvador's 2 million workers, a rate high by Latin American standards, and one that is expected to continue to rise. The two main reasons for the high rates of women's labor market participation are (i) the civil

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conflict which led to male outmigration; and (ii) the fall in real wages experienced during the 1980s which induced many women to join the labor force to supplement household income. The large proportion of female-headed households in El Salvador -- close to 30% -- increases the significance of women's incomes.

Women's employment is concentrated in three sectors: services, commerce, and manufacturing. These three sectors account for 93% of urban female employment, in contrast to 65% of urban male employment. While this distribution of the female workforce has not changed significantly since 1988, a shift among the sectors -- from commerce to manufacturing and services -- has occurred. The increase in manufacturing's share of urban female employment suggests an improvement in the job opportunities for women: 24% of employed urban women were in manufacturing; 48% of the sector's workers are women; and, perhaps most importantly, over 40% of women in manufacturing are employed in formal establishments. In contrast, 82% of female workers in commerce are located in the informal sector.

Another important impact of the high growth of the Salvadoran economy on women workers is a rise in the relative wages of women. El Salvador's recent economic growth is supported by an expansion of sectors which are relatively female-intensive. An increase in demand for women workers combined with a decrease in the cultural prejudices which lead to wage or occupational discrimination have resulted in improvements in women's wages, although they are still lower than men's.

Overall, the combination of strong economic growth, movement toward a more open and competitive economy, along with institutional changes that diminish some of the factors which artificially raised the relative cost of female labor, are opening the way for women to participate in quality jobs in the formal sector.

- Women in Business

For the same reasons cited above, the number of women business owners in El Salvador has increased in recent years. A recent household survey estimates that women own 17% of all businesses in El Salvador, and 36% of urban microenterprises. Although there are no major legal restrictions to women's participation in business, constraints to business development exist for men and women alike, notably in breaking through the "glass ceiling" between micro and small business. A large population of small-scale entrepreneurs exists in El Salvador that have "outgrown" microenterprise credit programs. Many microentrepreneurs want to expand their businesses, but lack the track record and collateral required to access the formal banking system; in other words, they have nowhere to "graduate" to when their credit needs exceed the limits of micro-lending programs. As a significant percentage of Salvadoran microenterprises shows great promise to contribute to economic growth, turning the glass ceiling into a window of opportunity by helping promising microentrepreneurs to access financial services after graduation is an important area of intervention for USAID to consider.

Women tend to be most active in the smallest enterprises, most of which are in the informal sector and considered "survival" enterprises. Because women face limited options when starting a business -- due to time-consuming household responsibilities, limited access to finance, and limited education or skills -- women-owned enterprises are concentrated in sectors with low barriers to entry, low capital/work ratios, and low productivity. Thus, these are often the sectors with the least opportunity for growth. Like women's employment, women-owned businesses of all sizes are most prevalent in the services, commerce, and manufacturing sectors, while male-owned businesses are heavily concentrated in the agricultural, construction, and transportation sectors. Women entrepreneurs also comprise half of all entrepreneurs in the finance sector, although it must be noted that the financial services sector, though growing, is very small. When comparing the sectoral concentration of women-owned businesses to GDP growth by economic sector, it becomes clear that women entrepreneurs are taking advantage of only a few windows of opportunity created by economic reform and growth. For example, the construction sector experienced a growth rate of 10.3% in 1993 -- significantly higher than the 7.4% overall GDP growth rate registered that year -- yet women own only 2.41% of enterprises in that sector.

While lack of capital continues to be the biggest constraint women microentrepreneurs face, it is promising to note that women owners of medium and large enterprises generally have access to the formal banking system once a track record is established. Other major constraints include market saturation and lack of training and networking. Despite these and other constraints, many Salvadoran women have reached top management positions in the formal sector; women occupy 27% of top management positions.

- Women's Participation in Organizations

Organizations are the primary mechanism for carrying out the economic and policy changes and related activities described in this report. In terms of POWER, this means that the extent to which organizations consider women's economic needs and opportunities can greatly influence the impact of such programs on women. Organizations in El Salvador which address women and economic growth include public institutions such as government ministries; private organizations, such as professional associations, business groups, and trade unions; research and educational institutions; and of growing importance, non-government organizations (NGOs). A complex web links these organizations in El Salvador's economic development efforts.

Since the mid-1980s, many of these organizations have changed their approach to addressing women's issues, an important step to improving women's economic opportunities. For example, government ministries previously focused on women as mothers, but now treat them as economic actors, emphasizing credit and training; business associations and trade unions now have women in leadership positions; and the number of NGOs has increased nearly ten-fold. While these organizations are implementing useful and innovative activities, much remains to be done. In particular, Salvadoran organizations are in need of institutional strengthening, visions oriented toward sustainability and client service, better coordination, and additional data and analysis concerning women's economic activities.

* * *

The process of political and economic liberalization underway in El Salvador offers a "window of opportunity" for a project like POWER to work with USAID, the Salvadoran private sector, and the government to ensure that women have equal access to new employment, business, and leadership opportunities. While the government has made great strides toward liberalizing the economy, it is important that additional steps be taken to ensure that women have the education, skills, and resources to take advantage of the opportunities created by economic growth.

- Key Entry Points

Field work in El Salvador led to five design considerations for the POWER design team. The team applied these principles to identify key entry points -- that is, specific opportunities for strengthening women's economic participation in El Salvador. Furthermore, these considerations form the El Salvador team's fundamental recommendations for the overall POWER project design process.

- Design for "Add-Ons" Rather than for Separate Projects
- Emphasize "Integrated" Projects
- Use Flexibility in Defining Target Populations
- Develop a Small Core and Many Short-Term Specialists
- Develop a POWER Network and Clearinghouse on Women's Economic Participation

To strengthen women's formal sector economic participation -- that is, women's participation as workers and entrepreneurs in the formal sector -- the team suggests the following six areas as key entry points for the POWER project. These are not the only areas where the team saw potential to improve women's economic participation, but they are areas the team believes are most relevant to both Salvadoran women and the objectives of the POWER project.

Entry Point #1: *Counting and Defining Women's Work: Invisible Workers*

The availability of accurate gender-based information has an important impact not only on economic planning, but also on areas such as job recruitment and promotion, training programs, and eligibility for agricultural assistance, land tenure, and credit. In El Salvador, data on women's economic participation are generally non-existent, insufficient, or not analyzed. Thus, the team suggests that POWER be used to strengthen the ability of institutions that collect and analyze economic data to incorporate gender.

Entry Point #2: *Developing Training Strategies That Link Supply and Demand*

In El Salvador, little analysis of the links between the demand and supply sides of the labor market has been undertaken. This lack of analysis often results in a labor force with skills that do not match the needs of employers. Moreover, it often means that training programs direct women into "traditionally female" occupations which offer lower pay and mobility. As one way to improve women's employment options, POWER could develop national or sectoral demand-driven training strategies.

Entry Point #3: *Breaking the "Glass Ceiling" Between Microenterprise and Small Business*

As described above, many Salvadoran microentrepreneurs have outgrown micro-lending programs. To help Salvadoran microentrepreneurs break this glass ceiling, POWER could undertake several interventions including: promoting financial sector reforms that, for instance, eliminate subsidized interest rates; and designing follow-on projects to microenterprise credit activities that can assist the promising businesses to expand.

Entry Point #4: *Increasing Legal and Economic Literacy*

Despite recent legal reforms that eliminate much of the previous discrimination against women, they have not yet been fully institutionalized. This is due primarily to lack of education about the new laws. POWER could increase legal and economic literacy through dissemination of information and education of legal professionals.

Entry Point #5: *Promoting Organizational Coordination*

Lack of coordination amongst organizations results in duplication of efforts and competition for limited resources. Better collaboration between organizations could increase the efficiency and effectiveness of many organizations and programs. POWER could promote organizational collaboration through, for example, workshops and network development.

Entry Point #6: *Developing Childcare Services on a Cost Recovery Basis*

One key issue related to women's labor force participation is that some employers may be reluctant to hire women of child-bearing age because of fear of absenteeism and "abuse" of maternity leave benefits. This suggests that provision of childcare facilities may be important to promoting women's entry into the workforce. POWER could finance short-term studies on the viability of different approaches to cost-recovery based childcare. These studies would include cost-benefit, economic, and financial analyses of different childcare options. The results of these studies would be used to develop and test pilot projects.

ACRONYMS

AIFLD	American Institute for Free Labor Development
AMCOE-3	Association of Women Vendors of Central Market Building N-3 (<i>Asociación de Mujeres Comerciantes del Edificio N-3 del Mercado Central</i>)
AMPES	Micro and Small Entrepreneurs Association (<i>Asociación de Micro y Pequeños Empresarios</i>)
AMS	Association for the Self-determination and Development of Salvadoran Women (<i>Asociación para la Autodeterminación y Desarrollo de las Mujeres Salvadoreñas</i>)
ASIPES	Salvadoran Association for Research, Economic and Social Development (<i>Asociación Salvadoreña de Investigación y Promoción Económica y Social</i>)
BFA	Agricultural Development Bank
CAM	Microenterprise Support Center (<i>Centro de Apoyo a la Microempresa</i>)
CLASP	Central and Latin American Scholarship Program
COMUTRAS	Committee of Salvadoran Working Women (<i>Comité de Mujeres Trabajadoras Salvadoreñas</i>)
CORDESAL	Salvadoran Corporation for Development (<i>Corporación Salvadoreña para el Desarrollo</i>)
ESEN	School of Business and Economics
ETZ	Economic Trade Zone
FEDECCREDITO	Savings and Loan Federation (<i>Federación de Cajas de Crédito</i>)
FEPADE	Foundation of Entrepreneurs for Educational Development
FIGAPE	Small Enterprise Guarantee Fund (<i>Fondo de Garantía para la Pequeña Empresa</i>)
FINCA	Foundation for International Community Assistance (<i>Fundación para la Asistencia Comunitaria</i>)
FIS	Social Investment Fund
FJND	Jose Napoleon Duarte Foundation (<i>Fundación José Napoleón Duarte</i>)
FMLN	Farabundo Martí National Liberation Front
FOGAPE	Guarantee Fund for Small Businesses (<i>Fondo de garantías para requeños Empresaries</i>)
FUNDAMAV	Marco Antonio Vasquez Foundation (<i>Fundación Marco Antonio Vásquez</i>)
FTZ	Free Trade Zone
FUDEM	Foundation for the Development of the Salvadoran Woman
FUNDEMUN	Salvadoran Foundation for the Development of Women and Children (<i>Fundación Salvadoreña para el Desarrollo de la Mujer y el Niño</i>)
FUSADES	Salvadoran Foundation for Economic and Social Development
GDP	Gross Domestic Product
GOES	Government of El Salvador
GREENCOM	Green Communications Project
IDB	Inter-American Development Bank

INSAFORP	National Program for Professional Training (<i>Programa Nacional de Formación Profesional</i>)
MIPLAN	Ministry of Planning
MOE	Ministry of Education
MOH	Ministry of Health
NGO	Non-governmental Organization
NRP	USAID's Peace and National Recovery Project
NTAE	Non-traditional Agricultural Exports
ORMUSA	Salvadoran Women's Association (<i>Organización de Mujeres Salvadoreñas</i>)
ONUSAL	United Nations [Peace Accord] Commission for El Salvador
PACT	Private Agencies Cooperating Together
PROCOMES	European Community Program for the Development of Handicrafts (<i>Programa de Desarrollo de las Artesanías de la Comunidad Económica Europea</i>)
PROPEMI	Small and Microenterprise Program (<i>Programa para la Pequeña y Microempresa</i>)
PVO	Private Voluntary Organization
RENARM	Natural Resource Management Project of the USAID Regional Office for Central American and Panama
RTAC II	Regional Technical AID Center II
SABE	Strengthen Achievement in Basic Education
SNF	National Secretariat for the Family
SRN	National Secretariat for Reconstruction
TECHNOSERVE	Rural Small Enterprise and Cooperative Development
UCA	University of Central America
USAID	United States Agency for International Development
USAID/W	United States Agency for International Development/Washington

CHAPTER I
INTRODUCTION

A. PURPOSE

The El Salvador country assessment is part of the second phase of a three-step process for the design of a new project, Participation of Women in the Economy and Reform (POWER), in the Center for Economic Growth. The three phases are: (i) building an analytical foundation, (ii) carrying out field research, and (iii) finalizing the actual project design.

The first step of Phase I was an extensive survey of the literature on women's economic participation which focused on gender *vis-a-vis*: (i) economic policy reform, (ii) legal and regulatory issues, (iii) business development, and (iv) organizational development. Next, a concept paper was prepared which outlined preliminary parameters for the project. The concept paper was a "working document," defining a vision for the project, including its objectives and potential types of interventions, but open for further revision based on input from USAID and the findings of the field assessments.

Phase II, the field assessments, used the above parameters to investigate opportunities for increasing women's economic participation in four countries: Egypt, El Salvador, Indonesia, and Uganda. More specifically, the purposes of the field assessments were:

- to gather country-specific data and information on the opportunities and constraints to women's economic participation;
- to address relevant questions and issues left unanswered by the literature review;
- to identify critical "points of entry" for encouraging women's economic participation; and
- to "test" the demand for various initiatives under the POWER project within the objectives and parameters defined in the concept paper.

As the following sections demonstrate, El Salvador was an excellent choice for a case study exploring opportunities for strengthening women's economic participation. Despite post-war tensions, El Salvador's economy is expanding, offering new possibilities for women at all socioeconomic levels. Parallel to this are changes in socio-cultural attitudes about men and women at work and, to some degree, at home. These shifts are linked with both international rethinking about the roles of men and women, as well as with the significant changes that the civil war brought.

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The war thrust thousands of women into positions as primary breadwinners, as heads of households, and/or as military participants.¹ The similarities between the effects of the war on women and its U.S. World War II counterpart, the "Rosie the Riveter" phenomenon, including pressures after the war to push women back into the home, are notable.

Finally, El Salvador was a positive case study because of USAID/El Salvador, both in its external and activities. As the section on gender issues in Chapter III describes, the Mission has not only increased the number of women who are beneficiaries of its programs and projects, it has also designed and followed an in-house strategy to integrate gender issues into all Mission planning, moving away from segregated women-in-development projects.

B. METHODOLOGY

The field research in El Salvador was carried out by a three-person team: Valerie Estes, Organizational Specialist and Team Leader; Juan J. Buttari, USAID Economist; and Sylvia Lopez Smyth, Business and Administrative Specialist.² In addition, Patricia Martín, Gender/WID Advisor to USAID's Latin American and Caribbean Bureau, provided the team with important assistance. She spent the first week in the field with the team, linking team members with people, projects, and ideas regarding women and economic growth. The following USAID/El Salvador staff also gave the team extremely useful substantive and logistical support while in the field: Amalia Alberti, Gender Technical Specialist; Francisco Molina, Deputy Director, Economics Office; Carrie Thompson, WID Officer and Deputy Director of the Office of Democratic Initiative; and Patricia Viéytez of the Program and Project Development Office.

Prior to the field work, the team held preliminary meetings concerning the current status of socioeconomic change in El Salvador and other ongoing research issues in Washington with USAID, the Inter-American Development Bank, and the World Bank. The team also participated in a two-day workshop with the other three field teams and with representatives of the Center for Economic Growth to develop parallel research methodologies. The field study was carried out in El Salvador for three weeks, from January 30 through February 18, 1995. A debriefing to discuss preliminary findings with USAID/El Salvador was held on February 17, 1995.

¹ A study carried out by an NGO working with ex-combatants from the FMLN (Farabundo Martí National Liberation Front), states that 3,285 women registered as former combatants with ONUSAL, the United Nations Commission for El Salvador which administers the peace treaty (Fundación 16 de Enero, "*Diagnóstico de la situación actual de la mujer ex combatiente*," Proyecto Fortalecimiento de ONGO's para el Desarrollo y La Paz Salvadoreña [PRODEPAS], San Salvador, 1993). This number does not include many others who were directly affected by the war: women who did not register, those who served in auxiliary positions, those who were widowed or abandoned, or those who served with government forces.

² See the full Scope of Work in Annex C.

The team conducted more than sixty five interviews with representatives of USAID, other donors, the public sector, the private sector, non-governmental organizations (NGOs), and research and academic institutions. Interviews and focus groups were carried out not only in the capital city of San Salvador but also in the provincial centers of Cojutepeque and Herradura.³ In addition to interview and other primary data, the team collected numerous documents pertaining to economic growth.⁴

C. ORGANIZATION OF PAPER

The report begins with an introduction to the country of El Salvador and the recent economic, political, legal, business, and organizational changes which affect Salvadoran women and their economic participation (Chapter II). Next, a summary of Key Entry Points and design considerations for POWER are presented (Chapter III). Finally, in the last section (Chapter IV), the detailed information is presented on the following issues and the relationship of each to women and economic growth: economic reform, the labor force, laws and regulations, business, and organizations.

³ See Annex D, List of Contacts.

⁴ See Annex E, References.

CHAPTER II

**COUNTRY PROFILE:
WOMEN AND ECONOMIC GROWTH**

A. INTRODUCTION

El Salvador, the smallest Central American country in territory (approximately the size of Massachusetts), has a population of 5.1 million,⁵ 46% urban and 56% rural.⁶ San Salvador, the capital, contains about 20% of the population, or just under one million people. Another one million Salvadorans left the country because of the civil war, 500,000 to 800,000 of whom are in the United States.

The twelve-year (1980-1992) war exacted a heavy social and economic cost, diverting resources from economic growth and social services to support of the war. It also affected women, giving them new opportunities and new burdens. It opened up economic roles, ranging from head of family business to soldier, but also increased the number of women-headed households and the concomitant problems of greater poverty and pressures to be both primary breadwinner and mother.

The signing of the Peace Accords in January 1992 marked a historical turning point. The Government of El Salvador (GOES) and the Farabundo Marti National Liberation Front (FMLN) agreed to end the armed conflict, promote the democratization of the country, guarantee respect for human rights, and reunify Salvador society. The Peace Accords also marked the demobilization of the FMLN and its inclusion as a legitimate political party, which successfully fielded candidates in local and national elections of 1994. Economic reform and growth, begun in 1989 with the election of Alfredo Cristiani, were given bolstered by peace.

As the subsequent sections describe, economic reform and growth, along with socio-cultural shifts affecting women's roles, have created a climate in El Salvador in which there are significant windows of opportunity to increase women's economic participation in general and in the formal sector in particular. For example, women in the middle class not only expect to have higher education, they also expect to have a career. (Poor women have always had to work.) Though still low, women's representation in the legislative, judicial, and executive branches has increased. New legislation, particularly the Family Code, is regularizing the legal and financial status of women. Increasing numbers of organizations are implementing these changes and as a result, creating new and vocal stakeholders for Salvadoran women's economic activity and equity.

B. THE CHANGING SOCIO-ECONOMIC CLIMATE

During the past decade, women's socio-economic roles have changed significantly. Three major events have contributed to women's changing roles: (i) the change in attitudes toward women

⁵ This is one of the highest population densities in the world, with 250 persons per square kilometer.

⁶ However, the population growth rate of 1.4% is among the lowest in Central America, primarily due to a 64% decline in fertility rate between 1960 and 1993 and to war-related emigration and fatalities.

which took place in the hemisphere in general and in the United States in particular; (ii) the civil war; and (iii) the economic reform processes that began in 1989.

Relationships between economic and policy reforms and increased economic opportunities for women are not clear. Existing data show neither direct causation nor clear correlations between reform and benefits for women. Rather, the three factors listed above - attitudinal changes, the war, and economic reform - interact. Most important is the fact that economic opportunities for women are improving and that this is an excellent time for a project with the goals and purposes of POWER to enable women to take advantage of new opportunities.

- *Changes in Attitudes Toward Women*

Since the 19th century and the beginning of the coffee trade, El Salvador has had strong economic and social ties with other regions and with the United States in particular, and external models have influenced many aspects of Salvadoran culture, from fast-food restaurants to educational systems. Another influence has been the examination of gender questions, from the reasons for women's low self-esteem to appropriate work roles. These issues were further heightened by the civil war and women entering -- sometimes unwittingly or unwillingly -- new positions in the family and on the job.

- *The Civil War*

The war created new work experiences for many women, and gave women, the majority of whom were poor, heightened expectations and greater confidence in their abilities. The new circumstances also opened up dialogues about appropriate economic and domestic roles for men and women. However, with peace and the opportunity to explore expanded economic possibilities, many women are also experiencing pressure -- from society as a whole and from some male partners -- to go back to "who they were." Such pressures are evident in the kind of training that many former women soldiers are offered, e.g., choices between dressmaking or bread-baking rather than between electronics or mechanics. The quiet coercions are very similar to the "Rosie the Riveter" syndrome of the United States after World War II, in which women -- who during the war occupied jobs as welders and electricians -- were forced back into domestic roles.

- *Economic Reform*

At the same time the peace process began and attitudes toward women were reflected in political agendas nationally and internationally, the Government of El Salvador began to implement the economic reforms described in Chapter IV. As a result of all these factors, women's attitudes towards their socio-economic roles began to change and they began participating more actively in the labor market, where they are now close to 40% of El Salvador's 2 million workers.

As one example of these changes, the daughters of the middle-class not only now expect to go to university, they expect to have careers. For example, even by 1991 at the public University of El Salvador, women students made up 53% of new students,⁷ and at the prestigious four-year School of Business and Economics (ESEN), women represent more than one-half the student body. Furthermore, these middle-class women are now talking with their husbands about whose name goes on the property title and the checking account, capital assets that are extremely important in securing credit. By tradition, rather than by law, only the husband's name was on the title, but because of increasing experience in the workforce and with money in general, women are becoming more cognizant of the importance of having access to capital and financial equity.

One consequence of the above changes is that working women of all social classes have become a new and active category of stakeholders in the national system. Their desires and efforts are reflected in the material of the following chapters: changes in the labor force, in laws and regulations, in the business and trade-union communities, and in the policies, strategies, and activities of government, non-profit organizations, and international donors.

Finally, another new category of stakeholder which may affect women's opportunities is returning emigrants. From a range of social classes and primarily male, they left because of the war; with peace, many are now coming home. It will be interesting to see if their experiences abroad affect not only their approach to the social and economic challenges of post-war El Salvador but also their attitudes about appropriate roles for men and women.

C. POLITICAL PROFILE

The constitution of 1983 established El Salvador as a republic, with a democratic and representative form of government in which authority is divided among the three traditional branches: executive, legislative, and judicial.⁸ The executive branch includes a president, vice president, and thirteen ministries. The legislature (*Asamblea Legislativa*), or congress, is a single body composed of 64 locally- and 20 nationally-elected members. Judicial power is exercised by a 14-member Supreme Court (*Corte Suprema de Justicia*), appellate courts (*Cámaras de Segunda Instancia*), and local courts (*Juzgados de Primera Instancia* and *Juzgados de Paz*). Table 1 on the following page presents the numbers of women in the most important positions of the three government branches.

⁷ Source: Fundación para el Desarrollo de la Mujer Salvadoreña (FUDEM), "*El diagnóstico general de la situación de la mujer en El Salvador*," July 1992.

⁸ See section on public organizations in Chapter IV for more discussion of the role of government entities *vis-a-vis* women and economic growth.

TABLE 1
Women in the Legislative, Judicial, and Executive Branches, 1994

BRANCH OF GOVERNMENT	NUMBER OF WOMEN	TOTAL	% WOMEN
Legislative Assembly	9	84	11%
Judicial			
• Supreme Court ¹	2	15	13%
• Appellate Courts ²	5	52	10%
• Justices of Peace ³	138	319	43%
Executive ⁴			
• Ministries	1	13	8%
• Deputy Ministries	3	13	23%

- Notes: ¹ The number of women on the Supreme Court increased from zero to two in 1994.
² In 1993, the first woman was appointed at the Appellate Level.
³ The increase in the number of women at the Justice of the Peace level is due primarily to the new Family Code and the new Juvenile Offender's Law.
⁴ In addition to the female ministers and deputy ministers, two women head secretariats: The National Secretariat of the Family (SNF) and the National Secretariat for Reconstruction (SRN).

The legislative assembly and municipal elections of March 1991 were the seventh free and democratic elections held in El Salvador and the first in which the leftist parties actively participated. The March 1994 presidential, national assembly, and municipal elections -- in which women were 40% of the voters -- were the critical test of the peace process and the durability of democracy in the country. As the first peacetime elections, they provided a basis for judging the success of the peace and reconstruction process, as well as democratic and economic reforms.

D. ECONOMIC PROFILE

The economic crisis of the 1980s, fueled by the world recession, rising oil prices, internal violence, and counter-productive policies, by and large, left El Salvador uncompetitive by international standards. Rent seeking was widespread, and capital flight took place in reaction to civil violence and the threat of socialization. Toward the end of the 1980s, and after negative growth early in the decade, the economy was essentially stagnant, and a new administration saw no alternative to initiating drastic policy reforms.

At the end of the 1980s, the economic slide of that decade ended and the GOES implemented reforms which profoundly restructured the economy. Upon taking office in June 1989, the Cristiani administration began implementing comprehensive macroeconomic and structural

reforms based on a free market model. The Cristiani administration launched an economic adjustment program which consisted of three components: stabilization, structural reform, and social protection. The program aimed to restore internal and external balance and to reorient the economy toward more reliance on competitive market forces.

Armando Calderon Sol's administration, elected in 1994, has continued to reform, and in fact announced a revised economic program that deepened the reforms of the previous administration. The program includes further reductions in import duties, a more modern regulatory framework for electricity and telecommunications, privatization of state-owned enterprises in those sectors, measures to improve tax administration, and increased social spending. Many of these proposals are supported by USAID/El Salvador's Modernization of the State program and mission-sponsored technical assistance and studies. Generally speaking, the reforms of the 1990s and the resulting economic growth have benefitted women, as well as men. The removal of labor market distortions and dynamism of the economy have created new employment and entrepreneurial opportunities for many.

Economic performance since the initial reforms has been quite impressive. Beginning in 1979 through most of the 1980s, economic growth had been negative or close to zero. By contrast, in 1990, real gross domestic product (GDP) grew nearly five-fold. In both 1992 and 1993, it grew by more than 7.4% annually, and in 1994 strong growth held at 6.0%. The year of weakest growth was 1991 when GDP rose at the respectable rate of 3.6%. Given population growth rates mainly below 2.0%, real per capita GDP resumed positive growth starting in 1990 with growth over 4.0% in the last three years.

A leading sector in the 1990 economic recovery was agriculture, which grew at almost 8% as a result of incentives from better exchange rate policies, elimination of most price controls, and less state intervention in basic grains and coffee marketing. At the same time, non-traditional crops grew at an unprecedented rate. For the years 1989 to 1993, manufacturing, construction, utilities, and commerce were dynamic sectors. During much of that period, the sectors grew at rates exceeding those of the overall economy, with manufacturing having the largest share in GDP. The growth of manufacturing has in particular benefitted women, providing many with jobs and reliable incomes.

The economic expansion began in 1990 and continued through 1991. Real GDP growth reached 4.6% in 1992, the highest level of growth in the last 14 years, and a 5% real growth rate was predicted for 1993. Strong growth observed in commerce, industry, and the service sector indicates that the recovery, which was primarily led by agriculture in 1990, has spread to other sectors. The improved incentive structure for agriculture resulted in a record area planted and production in basic grains, at the same time that non-traditional crops grew at an unprecedented rate. Exports increased by 17% in 1990, although they fell in 1991 and 1992 as a consequence of adverse terms of trade that mainly reflected low coffee prices. In 1993 there was, however, a strong recovery which reflected greater export volumes, higher prices for coffee, and an 18% increase in non-traditional exports.

It appears that the GOES economic reform program has had a positive impact on the poor, at least in the short term. The price of food, often a major expenditure for the poor, has stabilized. Urban employment increased by up to 120,000 jobs between 1991 and 1994, while rural employment also increased. Increased economic growth and greater employment was also associated with a modest reduction in poverty rates. In 1992, 53% of urban families reported incomes below that required to purchase a consumption basket of basic goods and services. This is compared with 56% in 1991 and 55% in 1989.

Since 1990, the Salvadoran Government's economic program has received strong support from international financial institutions. In December 1992, the U.S. government reduced bilateral debt with El Salvador by 75%, from \$617 million to \$151 million. In 1993, The IMF approved a 12-month stand-by agreement which paved the way for a rescheduling of \$135 million of its Paris Club debt with official creditors, and the World Bank approved a \$75 million structural adjustment loan.

E. DEMOGRAPHIC AND SOCIAL PROFILE

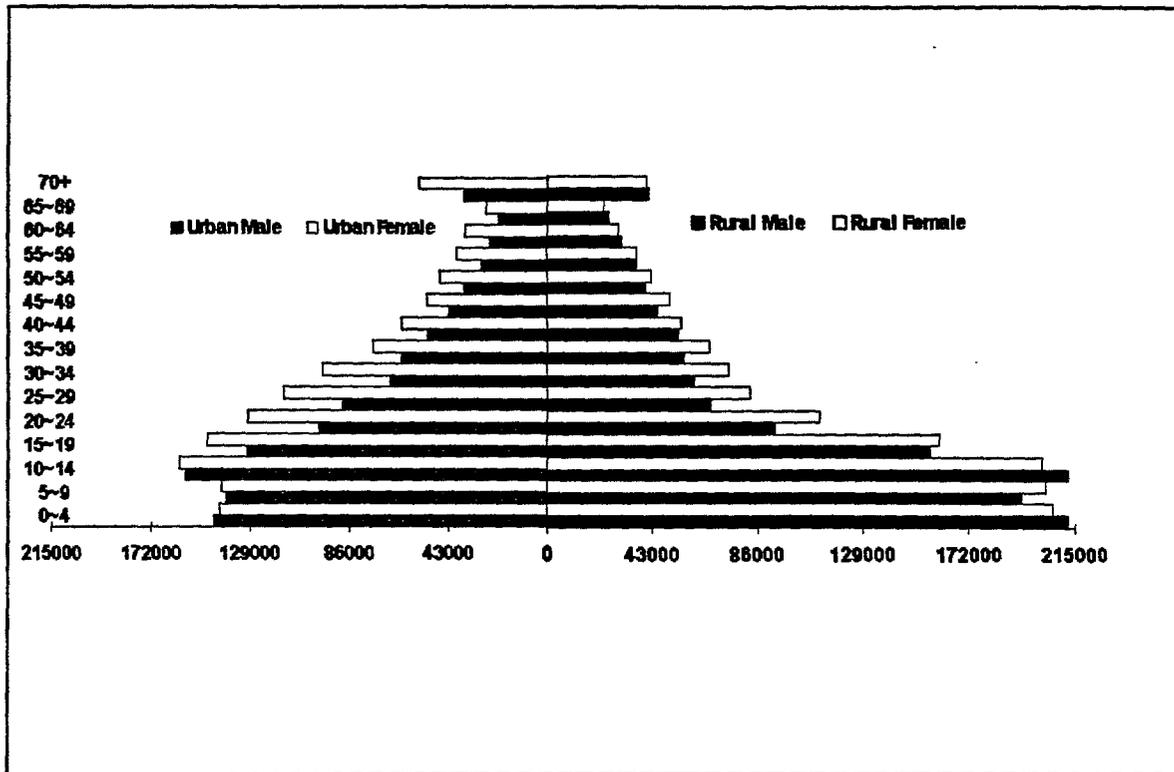
The following section presents relevant information concerning women and the labor force in El Salvador. Although the data are primarily from 1992 or earlier and even though specific numbers may have changed in three years, the patterns or relationships remain the same.⁹

1. Population and Gender Ratio Imbalances

In Salvador's population of 5.1 million (44% urban and 56% rural) women outnumber men in several age groups. This, in turn, affects women's participation in the labor force. Table 2 on the following page shows the imbalanced gender ratios, particularly in the urban population between the ages of 20 and 40.

⁹ Principal source: Patricia Martín, "El Salvador: A Profile of Gender and Development," for USAID/El Salvador through GENESYS, The Futures Group, Washington, D.C., 1994.

TABLE 2
Population by Age and Gender, Urban and Rural, 1991-1992



Three important factors contribute to this gender imbalance in general and between rural and urban areas in particular:

- The recent civil conflict in which many Salvadorans, especially young to middle-aged males, were killed.
- The migration out of the country, particularly to the United States, by other men in order to avoid military conscription or threats on their lives.
- The tendency for more rural women than men to migrate to cities in search of work, a phenomenon that is fairly typical in Latin America.

One of the results of male emigration and premature deaths is the high number of female-headed households, especially in urban areas. This, in turn, has important consequences for the number of women who must work in order to support a family.

Gender ratio imbalances also affect the demand and supply of labor. A dearth of men, and resulting labor shortages, can create occupational opportunities for women. This happened during the war, when many women moved into labor niches previously occupied by men. On the other hand, a surplus of women in the labor market, particularly those who are single heads of household -- the case in El Salvador -- means that a proportionately larger number of women are in need of work and are competing, not only with men but also with each other, for jobs. As the section on Business in Chapter IV indicates, one consequence of this is that the sectors in which women are concentrated -- very small-scale enterprise for example -- are saturated and provide few growth opportunities.

2. Female-Headed Households and Working Wives

a. Female-Headed Households

In El Salvador, about 30% of urban households and 22% of rural households are headed by women.¹⁰ These numbers are similar to households in the United States (31%), higher than Indonesia (14%), and lower than Jamaica (42%). It is important to consider the prevalence of female-headed households for two reasons: (i) the phenomenon is not a transitory one, and (ii) POWER should take this population into account in its design and implementation.

b. Working Wives

About 50% of Salvadoran urban wives work, a number which exceeds that of many industrialized countries. A high percentage of working wives is an indication of a number of factors, including: the necessity of a dual-income household because of high costs of living relative to income; relatively good employment opportunities for women; and a sociocultural environment which supports working wives. As described earlier and confirmed through interviews, this is all true in El Salvador. Wives of all social classes want -- and need -- increased income-earning opportunities.

3. Literacy and Education

The government of El Salvador has placed a high priority on education, and the country is making good progress toward achieving equity in literacy between men and women. The overall adult literacy rate in 1990 was 72%, higher than the average for developing countries (65%) but slightly lower than the rate of Central America as a whole (76%). The urban female literacy rate is 93% of the rate for urban men, and the rural female rate is 92% of rural men's. This is much higher than the overall average for developing countries in which female literacy is only 53% of men's.

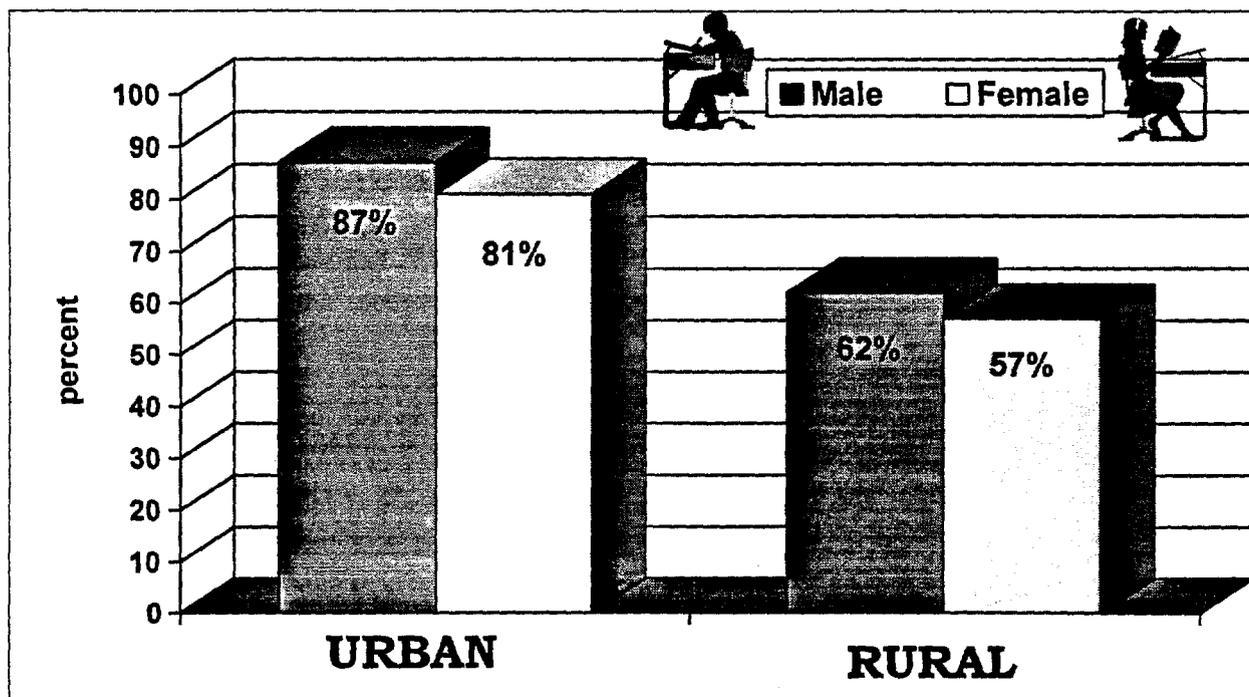
¹⁰ The rural-urban difference between female-headed households is most likely due to the large number of single women who emigrated to cities from the war zones.

Section B of Chapter IV on women in the labor market provides more information on the significance of women's education and their employment and earning potential.

The effect of the war on education cannot be overemphasized. Schools in many rural areas were closed for long periods of time; the ability of thousands of families and opportunities to send their children to school was disrupted; and thousands of others emigrated to cities or abroad. One result was a decrease in school attendance and achievement, for both girls and boys, during that period.

Table 3 shows differences in literacy rates by gender and residence. The urban population exceeds the rural population in total literacy by 25%, but the rural literacy rate of almost 60% is higher than most developing countries.

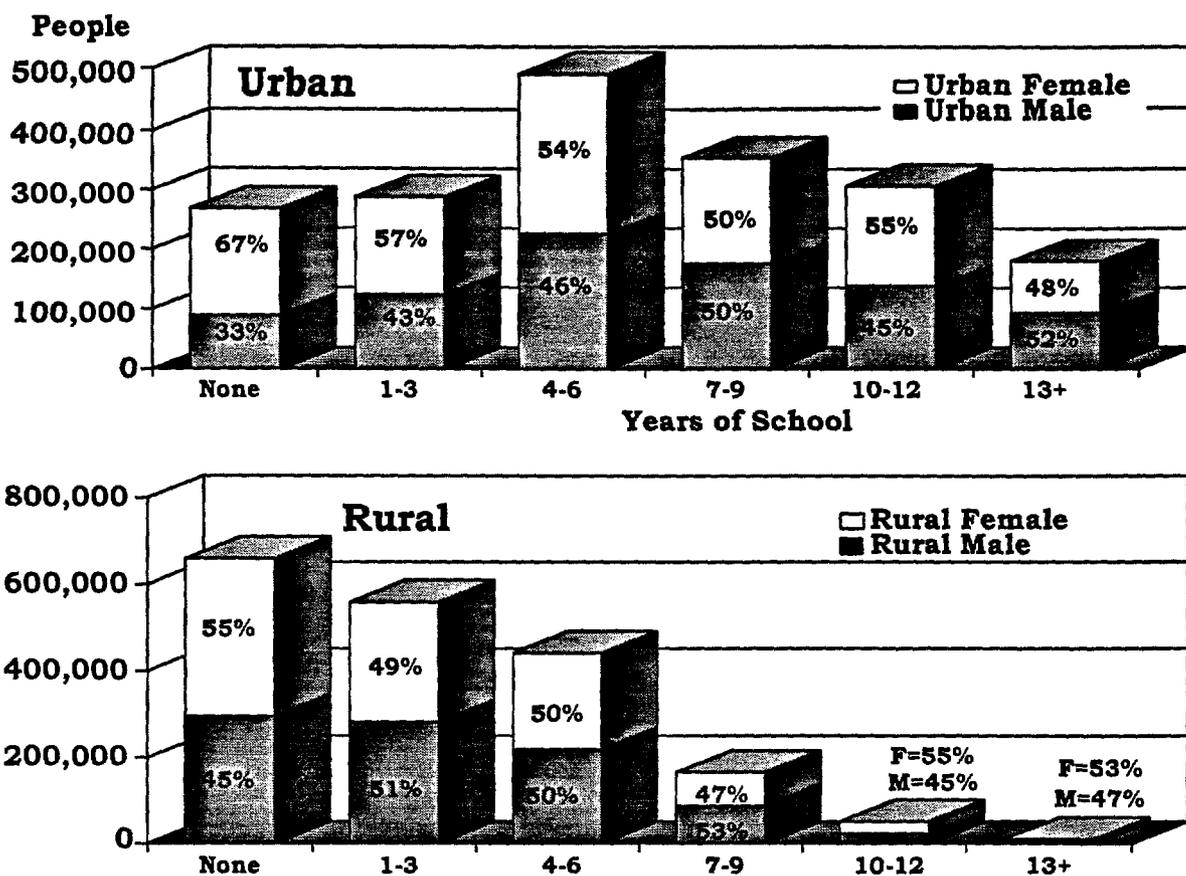
TABLE 3
Literacy Rates of Population over Age Six, by Gender and Residence, 1991-1992



Literacy rates, however, only measure minimal skill levels. One needs to look at the amounts of education being attained by men and women to have a fuller picture of the extent of human resource development and of gender equity in education. According the United Nations Human Development Report of 1993, both men and women average 4.1 years of schooling, which suggests that educational equity is being reached.

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TABLE 4
School Years Completed, by Gender and Residence, 10 Years and Older, 1991-1992



However, while the overall picture looks relatively balanced, several patterns are worth noting:

- Educational attainment in rural and urban areas is different. In the rural sector, the largest group of both genders is that without any formal education.
- Urban educational attainment peaks for both genders at the 4-6 year level. The number of urban residents without any formal education is about one-third that of rural residents. It is very possible that many of these unschooled urbanites are rural immigrants.

Even though there is still much to be done to improve the educational status of women and girls, recent improvements in the educational status of women indicate that there is a critical mass of both rural and urban women who have enough schooling to be able to take advantage of interventions that POWER might offer.

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F. LEGAL AND REGULATORY PROFILE

Several legal, regulatory, and policy changes have taken place in this decade which not only affect the economy, but also -- indirectly or directly -- affect women's economic opportunities. They include reforms in regard to labor laws and family law. This section summarizes these changes and their relationship to women and economic growth. Business laws and regulations and their implications for women, are discussed in the business section in Chapter IV. Chapter IV also provides more detailed information on regulations governing the labor market.

Gender is frequently overlooked in assessments of policy-derived impacts because there is more concern with overall economic performance than with the welfare of a particular group within the economy (e.g., women entrepreneurs). Factors that negatively affect women are often overlooked, not out of malice, but out of a belief that policies are gender-neutral.

To assess differential impacts based on gender it is useful to assess them from the "macro-" to the "administrative" (business or household) level. It is often at this "administrative" level that social attitudes that lead to gender-based discrimination and that translate directly into gender-specific barriers to employment and financial services can be seen.

1. Labor Law

The emphasis of the labor code reform approved in April 1994 is to place women on an equal basis with men regarding their access to industries and occupations by eliminating most protective legislation concerning dangerous or unhealthy areas in which women were legally prohibited from working. Many see it as an improvement over the previous law which attempted to protect women but dealt with them as minors, and, in effect, limited their labor market possibilities.

However, one area of protective legislation still exists. Current Constitutional Law (1983) establishes a special regime for women workers and provides a basis for obliging employers to establish and "maintain" nursery and childcare centers. The existence of this legislation continues to limit women's employment opportunities as it leads many employers to believe that the costs of hiring women are higher than the costs of hiring men.

2. Family Law

The potentially beneficial impacts of the labor code reform are reinforced by the new Family Code which has many consequences for women and their economic roles, particularly regarding property rights and legal status. Among the changes are:

- the recognition of non-matrimony unions (especially regarding responsibility for children and property rights);

- the introduction of three schemes for couples holding property and the designation of community property as the scheme that will prevail automatically;
- the designation of a family home which cannot be sold or otherwise affected unless both partners so agree;
- the acceptance of work in the household and childcare as a contribution to the economic sustenance of the union;
- the principle of equal rights for husband and wife within the union; and,
- the elimination of different gender-based standards as grounds for divorce.

An indirect consequence of the application of the Family Code is that women will be able to possess collateral that can be used to obtain credit. It is too soon to measure the impact of the Family Code. Its success will depend to a certain degree on the success of the entire legal reform program, as the Family Code introduces various procedural innovations such as oral trials, pretrial conciliations and the assignment to the judge of the responsibility for moving the procedures forward.

G. ORGANIZATIONAL PROFILE

Salvadoran organizations -- government, public, private, and non-profit -- have significantly increased their attention to women's economic issues in the last decade and present major windows of opportunity for the future. Examples of their activities include:

- The Ministry of Planning is specifically analyzing women's economic activities as a part of the National Household Census.
- The Ministry of Education is reviewing elementary textbooks for gender biases.
- The National Secretariat of the Family is coordinating the development of a national gender strategy, offering credit and training to microentrepreneurs, and beginning new training in non-traditional occupations for women.
- Three women (19%) now sit on the Board of Directors of the national Chamber of Commerce. This is a change from zero in 1991.

- AIFLD (American Institute for Free Labor Development), which provides technical assistance to Salvadoran trade unions, now holds training sessions especially designed for women union members. Though still fledgling, the Committee of Salvadoran Working Women (COMUTRAS), which focuses specifically on women in unions, is active and growing.
- Between 1980 and 1992, the number of Salvadoran NGOs registered with the United Nations increased by more than 600%, from 22 to almost 160, and since 1992, the number has grown even more. Most NGOs include women as beneficiaries, and some work primarily with women. One study shows the following project emphases among NGOs focusing on women: income earning (35%); training and education (31%); health (14%); law (8%); credit (4%); communication (4%); and research (3%).¹¹

¹¹ Pinzon, Emma, *"Introducción del concepto de genero en proyectos de desarrollo, Clasificación de proyectos,"* Ministry of Planning, San Salvador, no date.

CHAPTER III

**KEY ENTRY POINTS
AND DESIGN CONSIDERATIONS**

A. INTRODUCTION

Central to the success of POWER is clarifying and articulating the relationship between increases in women's economic participation and economic growth. POWER is not an equity project; it is an economic growth project.

Many variables are linked to increasing women's participation. In addition to economic reform, important variables include: related policy and legislative reforms; changes in labor market needs; private sector development; new or reformed organizations in the public, private, and non-profit sectors; and socio-cultural changes. The "Key Entry Points" of this section identify opportunities related to these variables which could significantly improve women's economic participation.

The POWER El Salvador team has identified six Key Entry Points for the POWER project:

- Counting and Defining Women's Work
- Developing Training Strategies Which Link Supply and Demand
- Breaking the "Glass Ceiling" Between Micro-Business and Small-Business
- Increasing Legal and Economic Literacy
- Promoting Organizational Coordination
- Developing Childcare Services on a Cost Recovery Basis

The Key Entry Points section is organized as follows. The first section sets forth issues, or "guiding principles" which the POWER design team should consider. The next section contains a description of the six entry points, presenting the rationale for each, followed by examples of potential interventions, or specific mechanisms or activities which POWER could undertake.

B. DESIGN CONSIDERATIONS

The following recommendations relate to the design of the POWER project itself. They are based on needs or preferences stated by USAID/El Salvador and on information from other donors and project implementors.

1. Design for "Add-Ons" Rather than for Separate Projects

Given the dramatically reduced budgets of both USAID/W and USAID/El Salvador, POWER will have more success in responding to Mission needs if it can assist them with projects which are already in the pipeline. Suggestions for project design include:

- Determine mission needs by scoping out Action Plans of a selected group of missions and planning POWER's agenda around them.

- Determine the simplest way for missions to buy-in to POWER, a centrally-managed project.

In terms of USAID/El Salvador's portfolio, the following projects might provide a good linkage for POWER:

- Training for Productivity and Competitiveness
- Microenterprise Development Project
- Small Enterprise Support Project
- Peace and national Recovery Project
- Non-Traditional Agricultural Exports (NTAE) Production and Marketing
- Coffee Technology Transfer

Potential points of collaboration between these projects and POWER are described under each entry point. Additional information about the mission's strategy and portfolio are provided in Annex A of this report.

2. Emphasize "Integrated" Projects

"Integrated" is used here in two senses: (i) including both men and women as potential beneficiaries, and (ii) providing services to beneficiaries in "integrated" projects. For example, an integrated project might deliver training in business management, as well as credit assistance and legal literacy information.

3. Use Flexibility in Defining Target Populations

Because of the worldwide nature of POWER and the differing needs of women in various countries (for example, women farmers in Uganda vs. urban microentrepreneurs or factory workers in El Salvador), the parameters for target beneficiaries should be kept flexible. As one example, rather than concentrating solely on women already in the formal sector, informal-sector women who are ready to "graduate" up to the formal sector should also be included.

Organizational beneficiaries should also remain flexible, though there should be an emphasis on those already linked to USAID programs.

4. Develop a Small Core and Many Short-Term Specialists

What can POWER do for a mission that it can not do for itself? This question is an important design consideration, and one of the answers lies in the quality of technical expertise it can provide to missions.

Because of the range of POWER's technical assistance possibilities, because of the variety of needs of missions, and because of diminished USAID/W budgets, the core team should be kept

small. However, the roster of short-term specialists should be large. This would enable the core to respond quickly with appropriate, tailored assistance. Potential areas of expertise should include: labor market analysis, business management, finance and credit, training design, non-traditional agriculture, and organizational strengthening, particularly of NGOs.

5. Develop a POWER Network and Clearinghouse on Women's Economic Participation

Gender and economic growth is becoming a prominent issue for bilateral and multilateral donors, as well as for the major international private voluntary organizations, and many important initiatives are currently in process.¹² This is true not only in El Salvador but also internationally. However, information on research findings and operational projects is generally not disseminated outside of the institution itself.

Consequently, it is recommended that one objective of POWER be improving inter-organizational coordination on issues of women in the private sector by forming an international network to share research information and lessons learned, coordinate strategies, and serve as a resource center and clearinghouse on the topic of women and economic growth.

A related aspect is intra-organizational cooperation within USAID, particularly between the Center for Economic Growth and the Office of Women in Development.

¹² See, for example, the new World Bank Institutional Development Fund grant for El Salvador which is described in the section on Organizations.

C. KEY ENTRY POINTS

ENTRY POINT #1: Counting and Defining Women's Work: Invisible Workers

a. Why Is This Important?

Statistical information is very important in determining public policy and economic strategies. These data, their definitions, and their analyses affect not only how women are counted but also how they are defined. What is the work of women and how many do it? Are they workers or housewives? Are they economically active or inactive? Are their economic situations improving or getting worse?

In El Salvador, despite a relatively sophisticated Ministry of Planning and other strong research organizations, many of women's economic activities are not defined as "work" (i.e., economic activity) or the data on women's economic participation are non-existent, insufficient, or not analyzed. Some of these statistical shortfalls are due to methodological issues and some to varying perceptions about what is and what is not "economic activity."

The example of women's agricultural labor helps to illustrate these points. The primary perception of women's and men's roles in agriculture is that men are farmers and women are farm wives. Women agriculturalists who are heads of households are an exception. The traditional perception of men's and women's agricultural roles is reinforced by agricultural labor force statistics which exclude many women farmers. For example, the Ministry of Planning's (MIPLAN) 1992-93 Household Survey reports that women are 17% of agricultural workers, but studies by the National Center for Agricultural and Forestry Technology (CENTA) suggest that a more accurate figure is 30%, almost double MIPLAN's estimate. The data affect formulation of strategies in delivering agriculture services such as training, credit, and land titling. If a large number of women farmers omitted from counts, many women will not receive assistance.

Another area for examination is women's participation in the informal sector, a very important source of income for many Salvadoran women. Although there are data about women's participation in the informal sector -- current formal data show that women represent about 57% of all operators in the sector -- many believe these numbers are under-counted. As an example, when the team interviewed a group of female micro-entrepreneurs, four of the six women reported their occupation as "housewife," even though they also reported that they worked more than half-time as entrepreneurs. In a formal census, these women would be counted as "economically inactive," as housewives, despite their income-earning activities.

In order to have an accurate statistical picture on which to base economic and policy decisions, it is essential that all relevant data be gender-disaggregated and that they be analyzed for gender-based opportunities and constraints. In El Salvador, for example, gender-disaggregated data on economic subsectors are very difficult to find, leading to an incomplete picture of men's and women's activities. If gender-disaggregated data collection and gender analyses are not done, one result is inaccurate or unrealistic social and economic indicators. Furthermore, without

baseline data, it is impossible to determine the effects of economic reform and policy on men versus women.

The availability of accurate gender-based information has an important impact not only on economic planning but also on areas such as job recruitment and advancement, training programs, and eligibility for agricultural assistance, land tenure, and credit. In addition, gender-disaggregation of data and follow-up analyses would not only clarify relative impacts on beneficiaries, they would also help guide design re-tuning for more successful project outcomes.

A final aspect of this issue is the dissemination of information. Information is not useful if it is not accessible. National census data, for example, currently includes some gender-disaggregation and analysis, but the results are not made readily available to decision-makers and the public.

b. Potential Interventions

Following are two examples describing how POWER could assist USAID/El Salvador and the Government of El Salvador (GOES) to include women in their data collection and analysis strategies.

- MIPLAN is the primary Salvadoran institution for the collection of macro-level data. Working with MIPLAN and/or through FUEDEM and FUSADES,¹³ POWER could help improve the base of statistical information on women and analyses related to gender, including the Household Survey. Such efforts would include the collection and analysis of gender-disaggregated labor market data and related statistics. FUEDEM and/or FUSADES could serve as dissemination sources for these data.
- POWER could also work with USAID/El Salvador to develop a systematic way to monitor labor market developments by gender. Such analysis would provide the Mission with baseline data regarding the economic situation of male and female workers, and would trace labor force changes as the policy context or other factors change. It would also assist the Mission in monitoring progress toward the achievement of equality of opportunity.

The Mission's Economic Office would be a logical home for this activity. The idea would be to carry out periodic analyses, perhaps every two years, focusing on pre-selected variables of gender interest, such as occupational distribution and wage structure.

¹³ See section on organizations in Chapter IV for more detail regarding FUEDEM (Foundation for the Development of the Salvadoran Woman) and FUSADES (Salvadoran Foundation for Economic and Social Development). Both organizations have excellent records as research organizations and both have worked with gender issues, particularly FUEDEM.

ENTRY POINT #2: Developing Training Strategies That Link Supply and Demand

a. Why Is This Important?

Training is a very important part of USAID/El Salvador's activities, cutting across strategic objectives, sectors, and programs. However, to date, there has been very little analysis of the links between the demand and supply sides of the labor market. This is also true of training in the country as a whole.¹⁴

In general, training plans have been *ad hoc* and have not taken the needs of the private sector into account. For example, in an evaluation of the micro-enterprise training program for approximately 10,000 ex-combatants, several findings related to the private sector emerged.¹⁵

FINDING	RECOMMENDATION
Only 40% of trainees reported that they are working.	Establish closer links between training programs and employment opportunities.
Greatest frustration of trainees was lack of information about and availability of credit.	Integrate small-business training, technical assistance, and credit programs.
Graduates indicated that they are working or desire to work in areas different from their training.	Provide basic vocational counseling prior to course enrollment.

Another point often mentioned by interviewees about training was the gender-segregated tracking that goes on in training programs. For example, women are generally directed to courses such as dressmaking and men to courses such as electronics. One of the results of this is a huge difference in future income. A FEPADE (Foundation of Entrepreneurs for Educational Development) analysis of men and women trained between 1987 and 1994 showed that women represented 6% of trainees in agriculture, 20% in computers, 82% in data entry, and 98% in dressmaking. Dressmaking aside, these numbers do not accurately reflect possibilities for women in the private sector. In other words, women's economic opportunities are narrowed even before they enter the labor market because of gender-stereotyped training.

Based on the above, a Key Entry Point for POWER is assisting in the development of a national-level training strategy which links supply and demand in the private sector and promotes increased income-earning possibilities for women. This could be done through both research and operational activities.

¹⁴ An important exception is the "Mission Training Strategy Package" of 1994 (Chatman, et al.) However, it focuses on trainees as change agents and on the institutions which deliver training. It does not address labor-market needs. It does, however, call for an increased target for women trainees.

¹⁵ "Evaluation of the Ex-Combatant Training Program of the National Reconstruction Program, no author, October 1993.

a. Potential Interventions

Three opportunities for POWER assistance in the area of developing training programs that link supply and demand are described below.

- POWER could assist the Mission or a major training institute such as FEPADE to develop such a strategy. Steps in the process would include:
 - Analysis of future private sector employment opportunities for women. This would include analysis of the labor market at local and regional levels and its ability to absorb new entrepreneurs and/or employees.
 - Linkage of training efforts with these labor market needs, with a particular emphasis on training women and eliminating gender-stereotyped training.
 - As a part of this linkage, analysis of primary institutions providing training to the private sector, their course offerings, and their success rates for placement.
 - Inclusion of preliminary vocational counseling in the training program.
 - Placement service and follow-on support for graduating trainees.

Other aspects of the process would include:

- private sector participation on training advisory committees;
 - development of curricular, instructional materials and equipment relevant to the needs of employers;
 - competency based instructional systems;
 - certification systems for graduates and instructor; and
 - work-study programs for trainees.
- As described in more detail in the organizational section of Chapter IV, FEPADE is carrying out a pilot activity which links training with labor market needs in the private sector, with a special emphasis on women's opportunities. This project could be an excellent case study for POWER, which could use it as a model for other similar activities and for lessons learned.
 - In addition, POWER could work with FEPADE in regard to a number of other labor market issues. As the most important training organization in the country, FEPADE has the potential for reaching and influencing all technical-vocational training in the country, as well as trained managers. Consequently, it could be an important node for POWER-based activities concerning training and/or linking training with labor market needs.

ENTRY POINT #3: Breaking the "Glass Ceiling" Between Microenterprise and Small Business

a. Why Is This Important?

• Firm-Level Issues

Frequently in El Salvador, a microentrepreneur's business grows to the point where it needs a greater injection of capital to sustain or expand than the micro-credit program will provide. When this occurs, the microentrepreneur often has nowhere to go for financing as their credit needs make them ineligible for the micro programs, and "graduation" to the formal banking system is rare. As described in more detail in Chapter IV, the formal banking sector is not an option, particularly for women, since these institutions do not have viable lending programs to work with the small-scale private sector and have no incentives to do so.

At the same time, a percentage of the large population that has participated in microenterprise credit programs in El Salvador shows great promise for economic growth.¹⁶ There are constraints on both men and women in breaking through the "glass ceiling" between micro- and small-business, but the constraints on women appear to be even greater. As a recent World Bank study points out, gender differences are found in the lending sector used, in the size of loans, and in investment strategies (World Bank, 1995).

GENDER DIFFERENCES IN CREDIT PROGRAMS

Both women and men are active in micro- and small-scale borrowing but with some notable differences. For example, men tend to predominate in the regulated financial sector, and women are concentrated in non-regulated lending schemes. Gender differences are also observed in the size of loans granted, investment strategies, and the business sectors in which men and women operate. Women tend to run smaller businesses in traditional sectors and are more risk-averse than men. Gender differences based on household responsibilities, geographic mobility, and access to real collateral also affect men's and women's business decisions.

¹⁶ The data on all micro-enterprise credit beneficiaries in the country are incomplete. However, examples from major USAID/El Salvador micro-credit projects show 13,859 beneficiaries between 1991 and 1994 in the Peace and National Recovery Project (4,643 men [34%] and 9,216 women [66%]) and more than 50,000 beneficiaries in the CAM/FINCA Project between 1991 and 1993 (95% of whom are women).

Consequently, a Key Entry Point for POWER is to assist the population of successful microentrepreneurs who have the potential to "graduate" to a larger-scale sector, by providing appropriate technical assistance, training, and financial services.¹⁷

Related issues include: (i) GOES policies regarding finance for small-scale businesses, and (ii) the sustainability of lending institutions.

- Financial Sector Policy Issues

The World Bank study cited above also points out that GOES credit policies affect men and women differently:

Current GOES efforts to establish a policy and regulatory environment for small-scale finance in El Salvador should avoid measures that affect credit availability based on gender. For example, studies have shown that subsidized interest rates skew loan distribution toward men and large-scale enterprises and reduce women's access to credit. The government, therefore, should avoid distorting interest rates that prohibit these segments of the population from receiving credit (World Bank, 1995, p. 32).

In regard to USAID policy, it is recommended that it continue its current policies of emphasizing self-sufficiency, rather than "social welfare," in credit programs. One recommendation is that financial support of institutions should be of short duration, perhaps as short as one to two years, and conditioned on fast movement toward financial sustainability. This emphasis on self-sufficiency should also be a model for of human beneficiaries.

- b. Potential Interventions

The Key Entry Point of assisting women and men to graduate from the microenterprises to larger scale businesses has three aspects: (i) the beneficiaries themselves; (ii) the institutions that carry out the assistance; and (iii) the national policy and regulatory framework for small business.

¹⁷ An objective stated in the original project paper for the Microenterprise Development Project (CAM/FINCA) was that the project support the graduation of beneficiaries out of village banks into larger-scale enterprises. This objective was not carried out, but the evaluation team still believed that "the original concept is valid and useful for the purpose of self-sufficiency. If CAM learns to identify those clients with actual entrepreneurial drive and productive or commercial skills, it should nurture them and assist them to expand their business" (Ganuza, Nash, Rivarola, 1993).

(i) Female and Male Beneficiaries: Training, Credit, and Information

- POWER could work with a USAID microenterprise credit and training project to develop a system for identifying potential graduates and to design follow-on projects for these women and men. Potential counterparts in El Salvador include: AMPES (the Micro and Small Entrepreneurs Association), CAM (the Center for Microenterprise Support), and PROPEMI (the Small Business and Microenterprise Program).
- Any program to provide micro-entrepreneurs with credit to expand their businesses should also be an "integrated" one, delivering training, technical assistance, and information at the same time. Services should cover business management issues; market information; and legal and regulatory issues, including taxation and business regulations.

(ii) Organizational Issues: Delivery Institutions

The organizations listed above carry out well-managed projects and, internally, are relatively solid. However, there are many other institutions in the country, most of them NGOs, which have non-formal micro-credit and training projects and which are relatively weak organizationally. Providing them with institutional strengthening would further facilitate the graduation to the formal sector of competent small-scale female and male entrepreneurs and the sustainability of these organizations. Such assistance might include:

- strengthening the managerial, administrative, and technical capacity of organizations providing financial services; and
- promoting the provision of technical assistance and training based on demand and need of borrowers.

POWER could assist in this institutional strengthening through such organizations as the National Chamber of Commerce. In addition, ESEN, the School of Business and Economics described in the section on organizations in Chapter IV, would be another source of expertise.

(iii) National Policy and Regulatory Frameworks

POWER could assist USAID/El Salvador to work with the Inter-American Development Bank and the World Bank to ensure that the GOES considers the following policy and regulatory issues in regard to gender and credit:

- Development of regulatory frameworks, financial products, and lending technologies and mechanisms that are flexible, promote equitable access to men and women, and take into account the gender constraints and opportunities of credit programs and policies.
- Inclusion of measures to regulate and monitor gender-based information systems among financial institutions in plans to strengthen the Financial Sector Superintendency.

ENTRY POINT #4: Increasing Legal and Economic Literacy

a. **Why Is This Important?**

In general, current Salvadoran legal and labor codes are not discriminatory, particularly with the passage of the Family Code and the revised Labor Code. However, the tension is between *de jure* and *de facto* situations. As one interviewee, a woman member of the legislature said, "Our laws are good. We just don't yet have the institutions." Another constraint is the general public's lack of understanding of their legal rights, among both men and women. This is true for issues ranging from legal titles for land and property to inheritance to credit applications.

As with other economic issues, these constraints affect both women and men, but they are intensified for women. For example, even married women often do not have their name on joint collateral, such as real property or bank accounts. One reason is that there is a socio-cultural tendency to assume that the male is head of household and, therefore, that property or other financial equity should be in his name alone. Professional women interviewed said that this was true even within their cohort, although changing gradually. It is even more true of women who have had less access to education, in both rural and urban areas. One of the effects of this *de facto* situation is that women entrepreneurs do not legally own property that can be sued as collateral for credit or other entrepreneurial growth.

POWER's support of legal and economic literacy programs at all socioeconomic levels could help rectify this gap between the *de jure* and the *de facto*. The aim would be to promote awareness of the benefits of current legislation among the legal profession (judges, justices of peace, and lawyers) and laypersons, and to improve the ability of such persons to implement the legislation.

b. **Potential Interventions**

Two possibilities for POWER intervention in the area of increasing legal and economic literacy follow, Dissemination of Information and Education of Legal Professionals.

(i) **Dissemination of Information**

- Currently, there are some information dissemination programs about the new Family Code, particularly on the part of some NGOs. POWER could amplify these channels to include more information on issues of economic equity. Within government, the National Secretariat for the Family would be an excellent partner for this activity.

- Other important channels of information are AIFLD (American Institute of Free Labor) and COMUTRAS (Committee of Salvadoran Working Women). AIFLD works with organized labor in general and COMUTRAS works with a variety of blue-collar woman, particularly in the free trade zones. POWER could assist these organizations to expand their training programs to cover legal and economic issues, in addition to those related to the Labor Code.
- POWER could assist ESEN, the School for Business and Economics, mount an economic literacy campaign as an applied-research project for its students.

(ii) Education of Legal Professionals

- USAID/El Salvador's Judicial Reform Project II includes the training of judicial representatives and dissemination of information through a public media information campaign. POWER could work with this project in incorporate issues of economic literacy into these activities.

ENTRY POINT #5: Promoting Organizational Coordination

a. **Why Is This Important?**

As described in more detail in the organizational section of Chapter IV, coordination both between organizations in the public and private sectors and within these sectors themselves, is limited. The exception is the National Secretariat on the Family, which is beginning to coordinate gender issues at the government level. People know each other as individuals and are informally aware of each others' activities, but no formal system of information sharing or coordination currently exists.

One result of this lack of coordination is an inefficient overlap of activities and, at times, competition for territory and beneficiaries. In addition, the segmentation increases the pre-existing tensions between sectors such as business and labor and public and private. Yet, in many cases, the goals of these organizations *vis-a-vis* women have more common than conflicting interests.

Increased collaboration or, at least, information sharing between and within sectors could increase the efficiency and effectiveness of the activities of all organizations. For example, greater information sharing among credit and other types of financial organizations could promote the development of strategies and policies that would result in more useful services for both male and female entrepreneurs.

b. **Potential Interventions**

As described in Chapter IV, a variety of Salvadoran organizations work with issues related to women's economic activities. The following examples of interventions focus on the financial sector. However, the model of increasing inter-organizational effectiveness by sharing lessons learned and exchanging information to increase effectiveness would apply to many areas; for example, workshops or seminars of public and private organizations working in the area of training for women could be promoted.

If the POWER Project developed the Network and Clearinghouse described below under "Design Considerations," these resources and expertise could be used as the base for a national network or series of seminars on women in the private sector.

The Financial Sector as an Example

Inter-institutional collaboration between formal and non-formal lenders could be increased to take advantage of the relative strengths of both types of organizations and increase efficiency and effectiveness of services. Examples of potential activities include:

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- POWER could work with local organizations to develop and implement workshops on gender and finance issues for formal and non-formal lending organizations and major public and private organizations that provide technical training. The overall objective would be to discuss strategies for increasing institutional collaboration and to exchange information on how to provide effective financial and non-financial services to male and female small-scale borrowers. The workshop would also serve as an information session on gender issues related to finance.
- If successful, POWER could expand these networks and seminars to a regional base.
- POWER could facilitate the formation of an inter-institutional formal/non-formal finance committee that would seek ways to improve cooperation between institutions as a way of competently and effectively reaching both female and male borrowers.

c. Potential Linkages with Current USAID/El Salvador Activities and Related Organizations

- The organization to coordinate activities would depend on the topic or sector under consideration. In regard to training, for example, POWER could assist FUEDEM in broadening its "Training for Women Entrepreneurial Leaders"¹⁸ to include representatives of micro- and small-scale sectors and a variety of training institutions. FEPADE could serve as another important counterpart.
- Within USAID/El Salvador, the Gender Committee could play a role in providing information and supporting linkages among organizations in the public and private sectors and within technical sectors.
- The faculty and the student body of ESEN present a number of possible opportunities for linkages. These include integrating the academic experience of the school with an applied internship in an organization focusing on increasing women's economic participation, such as one of the informal sector women's associations. The link would benefit both partners, giving students experience in the "real" world and increasing knowledge about the benefits and constraints of women in the private sector, and giving the associations technical assistance which they would not be able to afford otherwise.

¹⁸ See organizational section of Chapter IV.

ENTRY POINT #6: Developing Childcare Services on a Cost Recovery Basis

a. **Why is This Important?**

Developing fee-based, self-sustaining childcare services is an area relevant for many countries. It is of particular relevance for countries such as El Salvador which are faced with the challenge of developing second-generation follow-up measures to intensive policy reform efforts. These measures aim to:

- facilitate women's uninterrupted participation in the labor force without neglecting children's health and development; and,
- raise labor force stability so that firms will be able to recover investments and returns in workers' training and hiring.

While access to childcare facilities will benefit both male and female employers, the focus in this report is the effect such policies might have on the employment opportunities for women.

Around the world and in El Salvador, legislation in developing countries traditionally has advocated the provision of free or heavily subsidized facilities, which, in fact benefit only a few. The reason is that they are costly. The efficient approach is to encourage their creation on a cost-recovery cost-sharing basis, i.e., users and beneficiaries (including companies) bear the cost.

The significant proportion of female-headed households in El Salvador, along with the trend of rising labor force participation of women, indicate the importance of alleviating obstacles to women's competing in the formal-sector labor force on par with men. As indicated later in this report, one key issue related to women's labor force participation is that employers may be reluctant to hire women of child-bearing age because of fear of absenteeism and "abuse" of maternity leave benefits. If the reasons for absenteeism -- such as justified concern for adequate childcare -- were diminished, the competitive stance of women would be enhanced. This suggests that the provision of place-of-employment childcare facilities may be important.

In addition to lower rates of absenteeism, potential benefits for the employers also include less job turnover, access to a broader range of skills (i.e., young women who otherwise might not be in the labor force), and good image and public relations, all of which strengthen the pool of potential workers.

b. **Potential Interventions**

POWER could finance short-term studies on the viability of different approaches to provision of cost-recovery based childcare. The basis of such studies could be interviews with company management and employees, and evaluations of financial and economic costs in order to assess the interest level of the different involved parties. The results of the studies could provide the

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basis for developing pilot projects. Such projects could test selected approaches involving modalities of contribution and collaboration among USAID, NGOs, private firms and trade associations, employees of specific firms, and local governments. The approaches to be analyzed should include:

- *In-firm facilities*: In-company childcare facilities offer the benefit that the employer (and employees under some of the options) retains control over the quality and functioning of the childcare. One disadvantage is that the organization is liable for the center and responsible for the operations.
- *Consortium centers*: Under this option a groups of employers create a childcare center. The advantage is that single employers may not have a sufficient number of employees to ensure the financial viability of an in-house center. The advantages are lower costs and less direct management responsibilities. Among others, the disadvantages are less visibility as a company program, less value for public image and a less convenient center location.
- *Parent-run centers*: These centers may be on-site or near site. The company may provide some start-up funding and in-kind services such as mailing and printing. The advantages to the company is that this reduces their liability and management burden. (The US Federal Government frequently uses this approach. Agencies provide rent-free space and utilities. A board of directors formed by parents and employees pay for all costs except for rent and utilities provided by the companies.)
- *Contracted services*: A company, or group of companies, can hire a childcare management business to operate a center for their employees. An advantage is to leave the management responsibilities to professionals. Another advantage is that companies may negotiate better prices on the basis of volume compared to what single employees would have to pay on their own.
- *NGO funding*: This is a variant of the practice by some U.S. firms to use company foundation funding (for example, The Corning Foundation). USAID should explore involving NGOs in the direct provision of these services by themselves, or through helping design employer-employee arrangements, for instance.

The core of the proposed studies should be cost-benefit analysis of the different childcare options. The studies should include financial analyses of the alternatives as well as economic analyses. The financial analyses would identify different break-even points under different assumptions.

Benefits to be considered include benefits to the firm (which justify a contribution by the firm), to the employees (which justify their contribution), and to the society at large (more skilled workers, happier persons, well-cared for children) which might justify contribution by society, through tax credits, direct transfers, etc.

The last point raises the issue of which is the most efficient way of public support (tax credit or direct transfer) and at what level of the public sector (local or central government). Another issue is whether the employees that contribute should be those who are beneficiaries or potential beneficiaries, or whether all employees should contribute. Under one formula a firm might contribute only start-up costs with the employees picking up operating costs through childcare fees.

CHAPTER IV
COUNTRY ANALYSIS

A. INTRODUCTION

This chapter presents detailed case-study data regarding opportunities for increasing women's economic participation in El Salvador. The chapter responds to the Scope of Work purpose of gathering "country-specific data and information on the opportunities and constraints to women's economic participation" and identifying "critical 'points of entry' for encouraging women's economic participation." The parameters for this country-specific information are those identified in the literature review and concept paper cited earlier:

- Labor Force Development
- Legal and Regulatory Issues
- Business Development
- Organizational Development

Each of these four sections presents El Salvador-specific data, identifies opportunities and constraints to women's economic participation, and concludes with recommendations.

B. WOMEN IN THE LABOR MARKET: TRENDS AND PROSPECTS

1. Overview

In 1994, El Salvador's labor force consisted of an estimated 2 million workers. Given an estimated population of 5.1 million, the labor force participation rate for the whole population (sometimes referred to as the crude participation rate) was around 39%. Another relevant measure is the working-age population actually in the labor force -- known as the global participation rate. As does El Salvador, many developing countries use 10 years of age as the dividing line between working and non-working age. In El Salvador, some 74% of the population are 10 years or older. Accordingly, the global participation rate is over 53%. These rates are relatively high for a country at El Salvador's development level.¹⁹

a. Geographic Distribution

In 1994, approximately 60% of the labor force was urban. As in other countries, it is likely that over the last 15 years, the proportion of workers in urban areas has risen. In El Salvador, out-migration from war zones (mainly rural) might have propelled this tendency; with the peace settlement, some reverse migration back to rural areas might occur.²⁰

Given the small size and high population density of El Salvador, it is important to note that differentiating rural zones from urban zones may be even more difficult or arbitrary than usual. However, a key point here is the urban labor market covers more than 50% of the labor force and thus provides insights into what is happening in the total labor market. With this in mind, the present analysis will focus on the urban labor market and, unless otherwise indicated, the related discussion will refer to this market.

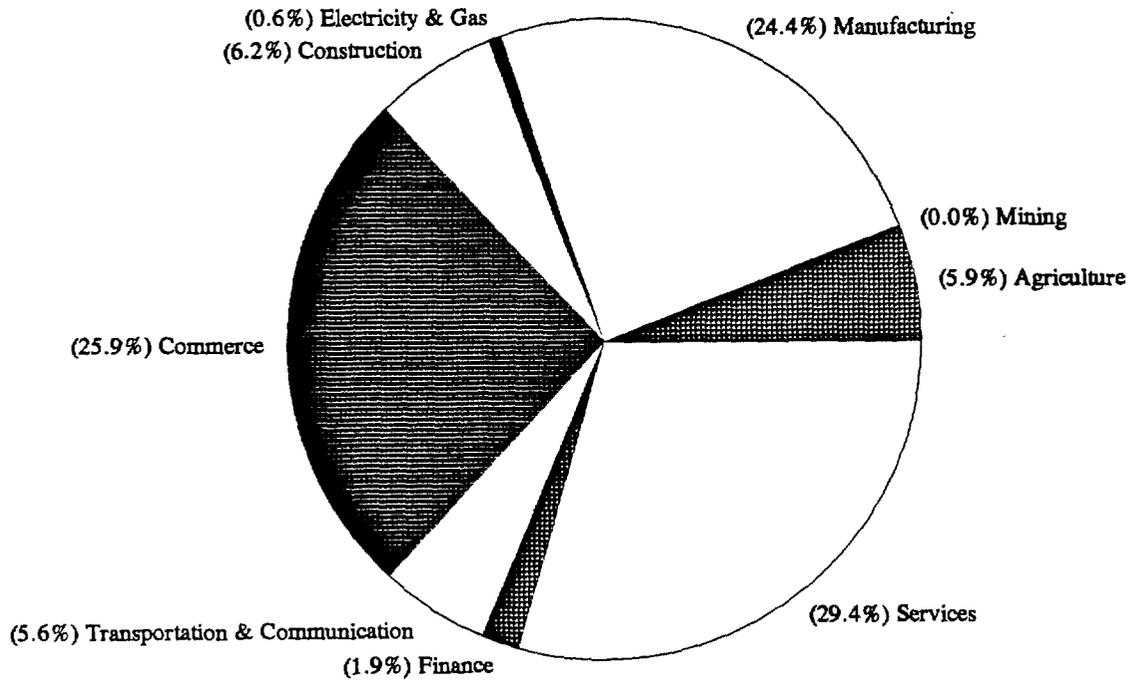
b. Sectoral Distribution

As indicated in Table 5 on the following page, services accounts for the highest share -- over 29% -- of the urban labor force, with commerce and manufacturing following at 26% and 24% respectively. While seasonal fluctuations affect such statistics (as the surveys took place in different months), the figures (Annex B, Table 1) suggest that the importance of manufacturing has steadily risen since 1988. A fall in the labor force share of agriculture and services has probably accompanied the rise in manufacturing.

¹⁹ For example, the rates are much higher than the rates for Guatemala which has a comparable but slightly lower per capita GNP; they are even higher than the rates for Costa Rica, which has a higher per capita GNP than El Salvador.

²⁰ These are conjectures. As explained by Gregory (1993a), a consistent set of labor market time-series statistics which would enable one to make such an analysis does not exist. Up to March 1991, household surveys covered only urban areas. Surveys in 1992 and 1993 included rural areas but did not include war zones. The timing of the surveys and sampling methods have changed over time, thus affecting comparability.

TABLE 5
Sectoral Distribution of the Labor Force, 1994



c. Employment Status

In terms of employment status, October 1992-March 1993 data (MIPLAN) show that approximately 45% of urban workers were classified as "permanently salaried" while about 25% were self-employed. The proportion of workers earning "temporary salaries" was around 12%. Comparing these figures with the results of the October 1990-March 1991 survey as presented in Gregory (1993a), the following changes over time appear:

- the proportion of workers earning permanent salaries rose significantly (about 20%);
- the share of employers rose from 3.1% to 5.8% in 1993;
- the proportion of the self-employed fell somewhat (from 27.5% in 1991 to 25.1% in 1993);
- the proportion of workers earning temporary salaries was cut almost by half (from 20.1% in 1991 to 11.5% in 1993); and,

5)

- the proportion of unremunerated family workers remained essentially at the same level with, perhaps, a slight drop.

While it is not possible to assess the extent to which the differences in results reflect sampling methods,²¹ it is unlikely that most of the differences are caused by changes in sample size and procedures. For example, the rise of the permanent salaried and the fall in the temporary salaried are of such magnitude that the figures suggest real changes resulting from interactions with other economic variables. Given that real GDP annual growth rates in 1993 and 1992 were more than twice the 1991 rate (7.4%, 7.5%, and 3.6%, respectively), improvements in labor market conditions are to be expected.

In fact, the employment status statistics suggest that overall, labor market conditions have improved in recent years. A higher proportion of workers were able to find regular employment (i.e., "permanent" jobs); they shifted away from "casual" or "subsistence" activities reflected in the categories of "temporary salaried" workers, the self-employed, and unremunerated family workers.

d. Occupational Group

According to occupational group, in 1992 most urban workers were classified as artisans and operatives (21%), sales personnel (20%) and service workers (15%). Office workers comprised 11% of the urban labor force, and technicians and professionals made up for 9%. The distribution for 1993 is essentially the same.²² Unfortunately, no clear comparison can be made with the preliminary estimates for the first semester of 1994 due to a change in the way the occupational groups are defined during the latter year.

e. Unemployment

Urban unemployment rates have ranged from 8.4% in 1989 to 7.5% in early 1994, suggesting an overall decrease in unemployment. However, the reported rates fluctuate significantly during the intervening years and it is hard to establish a trend.²³ As happens in most other countries, unemployment falls with age. In 1993, for example, some 50% of the urban unemployed were persons 15 to 24 years of age.

²¹ The October 1990-March 1991 figures are based on a sample of about 6,000 households while those for October 1992-March 1993 are based on some 12,000 urban households.

²² As expected. The 1992 data refer to data from the April-September 1992 survey, while the 1993 data were gathered through the October 1992-March 1993 survey.

²³ The timing of the surveys and changes in methods heavily influence the fluctuations.

Regarding unemployment rates and education, for the urban labor force as a whole (i.e., both sexes), unemployment rates are lowest for persons with post-high school education or for those with little formal education. In 1993, for instance, the unemployment rate for persons with post-high school education was 6%, while the rate for persons with no formal education, or with 3 years or less of formal education, stood at 7%. Unemployment rates for other education levels ranged between 8 and 10%.

Gregory (1993a) reports similar results for 1991. He explains that the low levels of unemployment associated with very low education levels reflect the fact that workers of very low education are likely to have low expectations or higher needs and, thus, are less choosy regarding jobs. People with intermediate levels of education, on the contrary, tend to have higher expectations and can depend on relatives' incomes while engaged in longer job searches. The low unemployment rates for highly educated workers are likely to reflect the relative shortage of such individuals.

f. Wages

Little can be said about the changes in wages in recent years. The data collected by MIPLAN on earnings are not adequate for wage analysis.²⁴ However, the consensus among economists is that real wages fell significantly during the 1980s, and that wages have probably bottomed out in the last couple of years.

* * *

Summing up, changes in the labor market have accompanied the changes in economic policy that have taken place in El Salvador since 1989, and the improved economic performance since then. In general, the empirical evidence suggests an improvement in labor market conditions. The issue, as it relates to gender, is whether women have shared the benefits of such improvement. The following sections focus on selected issues relating to how women fare in the Salvadoran labor market relative to men, and how their relative condition has changed since the late 1980s.

2. Women's Share of the Labor Force

Women account for close to 40% of El Salvador's 2 million workers. That proportion will probably continue to rise as the labor force participation rate for men between the ages of 20 and 49 may have peaked in recent years, while the rate for women has risen steadily. The difference underscores that, if the trend continues, the relative importance of women in the labor market will continue to rise.

²⁴ See Gregory (1993a and 1993b). MIPLAN officials acknowledge that income data from the household surveys are much less reliable than data on other variables.

TABLE 6
Women's Share of the Labor Force in Selected Latin American Countries

Country	% Women in Labor Force
El Salvador	38
Venezuela	32
Honduras	31
Costa Rica	30
Guatemala	26

Source: International Labor Office, Yearbook of Labor Statistics, 1993.

As Table 6 shows, women's share of El Salvador's labor force is high by Latin American standards. In El Salvador's urban areas the rates are even higher, ranging from 40% to 45%.

The high and probably rising proportion of Salvadoran women in the labor force indicates that how women fare in the labor market in terms of remuneration is an important determinant of family income and poverty alleviation in the country. Moreover, it underlines the importance of efficiently allocating the skills embodied in the female labor force. Such skills are an important contributor to economic growth.

3. Determinants of Women's Labor Force Participation

Several factors determine women's labor force participation. These can be separated into two main categories: exogenous and endogenous. The exogenous factors include the civil war and fall in real wages, while endogenous factors include variable such as age and education.

a. Exogenous Factors

Two explanations are often given for high female activity rates: (i) the civil conflict (late 1970s to early 1990s) which led to significant male outmigration and forced women to fill their vacancies in the labor market; and (ii) the fall in real wages experienced during the last decade, which may have induced women to join the labor force to compensate for the reductions in family income (Gregory 1993a).

While both factors have likely played a role, rising female participation rates are occurring throughout Latin America and in many other developing regions. Accordingly, a component of the high rates in El Salvador is likely to be a reflection of a long-term trend. However, due to lack of data prior to the war years, it is not possible to ascertain whether such a long-term trend is stronger in El Salvador than in other Latin American countries.

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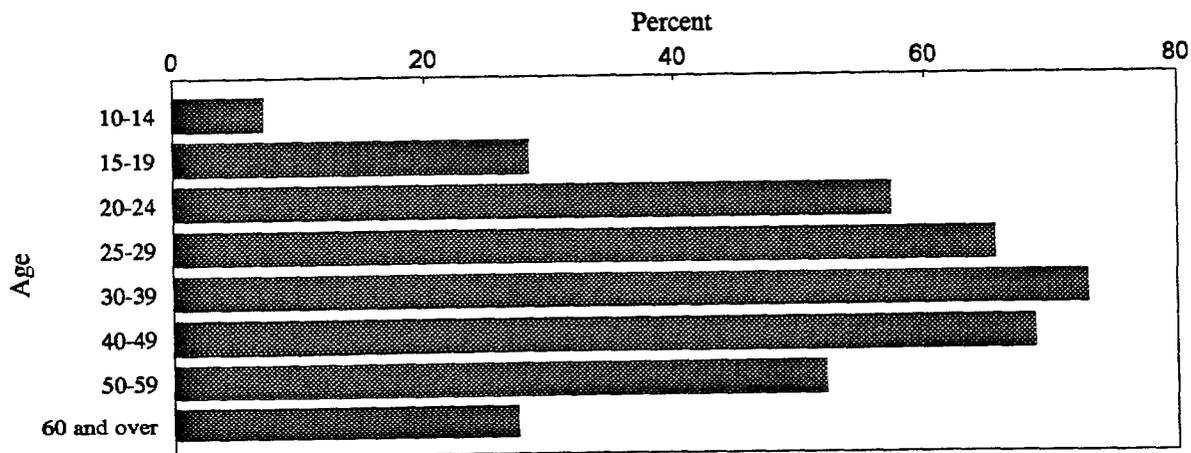
The high proportion of Salvadoran households headed by women (close to 30%) is consistent with the hypothesis that internal strife and male outmigration have led to increased female activity rates. As noted, the fall in real wages may also have contributed to the rise in female activity rates. It is therefore possible that as the fall in real wages subsides, the rise in female participation rates would slow down. However, there is no evidence of such slowdown even when, as mentioned, real wages may have bottomed out already.

b. Endogenous Factors

Gregory (1993a) also examined the determinants of women's labor force participation in El Salvador, with a focus on the endogenous factors.²⁵ A summary of his findings follows:

- up to age 50, there is a positive association between age and being in the labor force (i.e., up to age 50, the older a woman becomes the higher the probability she will be in the labor force);
- there is a positive association between female labor force participation and education, the status of being the head of a household, living in a metropolitan area, size of household, and being married; and,
- in contrast, other things equal, the higher the family income the lower the woman's participation rate.

TABLE 7
Labor Force Participation Rates of Urban Women by Age, 1994



²⁵ Following standard methods, Gregory regressed labor force participation on age, education, household status, size of household, region, family income, and marital status.

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The actual relationship between age and female labor force participation differs from Gregory's *a priori* expectations. In accordance with the experience in other countries, he reasoned that women might be expected to join the labor force when young and withdraw from the labor force later after marriage and bearing children. The positive association between participation and age (up to age 50 -- Table 7 on the previous page) however, reflects the prevalence of the economic and cultural forces that induce participation over those that discourage it.

With one exception, Gregory's other results are in accordance with theory and expectations. Of special interest is the fact that education raises the value of time in the labor market relative to time in household activities and thus tends to raise labor force participation. Accordingly, other things equal, as the educational level of Salvadoran women continues to rise (see below), it is expected that female activity rates will also continue to rise in the coming years.

4. Gender-Based Differences by Sector

The male and female distribution of the employed labor force distributions differ significantly. While for both men and women, services, commerce, and manufacturing account for more than 50% of urban employment, women are much more concentrated in those three sectors than men. According to the October 1992-March 1993 and April-September 1992 surveys, those three sectors accounted for some 93% of urban female employment (see Annex B, Tables 3 to 6). In contrast, they only accounted for around 65% of urban male employment. Men are more evenly distributed across sectors, with agriculture and construction accounting for significant proportions of their urban employment.

The high concentration of women in services, commerce, and manufacturing as a group does not seem to have changed much since 1988. Nonetheless, the distribution of women's employment among those three sectors does seem to have changed with a shift from commerce into manufacturing and services. The increase in manufacturing's share of urban female employment suggests an improvement in the job opportunities for women as non-traditional economic activities have expanded. This interpretation is consistent with the changes in the distribution of women's labor in the formal and informal sectors, which is discussed later. The productive sector distribution of male urban employment, in contrast, has remained fairly stable over recent years.

"Gender intensiveness" can be measured by the gender distribution of the workers in a sector.²⁶ According to this measure, in 1992, the most female-intensive sector was services (63% of its workers were women), with commerce (55%), manufacturing (48%), and finance (46%) following.

Finance: Of these sectors, finance has the highest proportion of its female workers in the formal sector (95%). This implies that women who are able to find employment in finance had a very

²⁶ For example, if 55% of the workers in sector A are women, while only 30% of workers in sector B are, one may say that sector A is more female-intensive than sector B.

high probability of working in the most attractive segment of the sector (i.e., the formal subsector). Nonetheless, in terms of the potential of finance as a source of future employment for women, it should be noted that only slightly over 2% of females employed in urban zones worked in finance. Even if the financial sector expanded significantly, it would be unlikely to surpass services, commerce, and manufacturing as a source of jobs for women in the coming years.

Services: Omitting domestic servants, the services sector was the sector with the next highest proportion of female workers in formal establishments (60%).²⁷ This plus the fact that (i) the sector employs some 33% of the employed female labor force (excluding domestic servants), and (ii) shifts are taking place within the sector (women moving out of domestic service into other services), suggest that services will continue to be an important source of employment for women. Moreover, the sector might be a good entry point into formal activities.

Manufacturing: Manufacturing is a sector of great interest and potential because:

- It is an important source of jobs for women; in 1992, 24% of the women employed in urban areas were in manufacturing;
- It is relatively female-intensive -- 48% of its workers are women; and,
- Over 40% of the women employed in manufacturing are in formal establishments.

Given the Government of El Salvador's policy emphasis of economic liberalization, and the country's efforts to increase non-traditional exports (many of which are manufacturing-based), manufacturing has potential as a source of relatively good employment opportunities for women in the future.

Commerce: Finally, commerce has the highest proportion of its female workers in the informal sector (82%). Commerce probably serves as an entry point into the urban zones for rural-urban migrants, and it probably absorbs a significant number of female workers leaving domestic service. Informal commerce is likely to continue to perform an important role as an employer of women, but as El Salvador's economy improves and new economic opportunities arise, it is hoped that women will shift from informal activities to formal ones.

²⁷ The inclusion of domestic servants in the services sector would change the statistics but would not change the essential points raised here.

5. Gender-Based Differences in Formal and Informal Employment

In urban areas, while most men work in the formal sector, most women work in the informal sector.²⁸ The differences in the formal/informal distribution by gender are considerable as Tables 3 to 6 in Annex B illustrate.

According to the October 1992-March 1993 household survey results, the proportion of women working in informal establishments was 57%, versus 38% for urban men. If women working as domestic servants were counted as working in informal sector establishments (which the surveys do not do), the proportion would be even higher -- up to 62%.

Nonetheless, as sources of employment in urban areas for both women and men, the importance of informal sector establishments fell by 10% between 1991 and 1993. Accordingly, based on the assumption that working in formal sector establishments is more advantageous than working in informal sector establishments, the economic changes of the last couple of years have benefitted both genders.

Moreover, the statistics suggest a significant occupational shift within the informal sector. Female domestic servants account today for a much lower proportion of females in the informal sector than a few years ago. Gregory (1993a) reports that domestic servants accounted for 78% and 70% of female informal services employment in urban areas for 1988 and early 1991, respectively. For 1993 that proportion had fallen to around 52%. This means that women have shifted from domestic services to other informal services. While it is not possible to infer this from the statistics, it is likely that other services such as repair services, may offer women more opportunities to develop skills needed to enter the formal sector.

Other changes within the distribution of urban female workers in informal establishments point in the same direction. For instance, while in early 1991 the share of manufacturing in informal female employment was 22%, in 1993 the share had risen to 28%. It is unlikely that such a rise (27%) is just a statistical accident.

6. Gender-Based Differences by Occupational Group

The male and female distributions of the urban employed labor force differ significantly by occupational group. For example, Table 7 in Annex B shows that during the period October 1992-March 1993, women were concentrated in sales (28% of the employed female labor force), services (24%), office workers (12%), and non-agricultural laborers (11%). In contrast, males were employed as artisans and operatives (30%), sales (14%), and agricultural laborers (12%). Like the trends in the distribution by productive sector, men are more evenly spread than women across the spectrum of occupations.

²⁸ In the household surveys carried out by MIPLAN, the informal sector is defined as consisting of the self-employed, employees, employers, and family workers in establishments with fewer than five workers, except workers in professional, administrative, and technical occupations.

WOMEN MANAGERS

While the proportion of women in professional occupations is very close to that of men, the proportion of women in managerial occupations is less than one-half that of men. The ratio of total employed men to employed women in the urban labor force was 1.12 (511,262 men to 455,066 employed women), the ratio of male to female managers was 2.97, indicating that it is more difficult for women to gain access to management positions. The situation for 1992 was essentially the same according to April-September 1992 figures.

Dramatic changes in the occupational distribution cannot be expected to occur in a matter of one year or less. Accordingly, one would expect the occupational distributions for the first semester of 1994 to be essentially the same as that for early 1993. Unfortunately, the occupational classification used by MIPLAN in the preliminary results from the 1994 household survey seems to differ from the one used in the previous surveys. The available 1994 tabulations distinguish between managers, scientists, and professionals where the previous surveys only distinguished between managers and professionals.

Nonetheless, the 1994 preliminary estimates may indicate some change in women's access to higher-level occupations. As in the previous years, professional occupations absorb more or less the same proportion of males as females (around 8% for each). However, while managerial occupations account, as before, for a greater proportion of male than of female employment, the difference is less marked -- 4.5% versus 3.2%. This may reflect, a reclassification of some office employees into managerial occupations and is an issue worthy of further study.

All things considered, there is basis for concluding that helping create the conditions for enabling women to compete on an equal footing with men for access to the top occupational groups is a relevant objective in El Salvador. How this should be done is discussed in the last section on policy implications.

7. Gender-Based Differences by Employment Status

The employment status group with the highest relative frequency for both men and women is "permanent salaried."²⁹ However, the proportion for men has been much higher than for women (for the three last years the proportion for men has hovered around 50%, for women around 37%). On the other hand, while the proportion of men who are "permanently salaried" shows some decrease since 1988, the proportion of women in the same category has remained relatively stable.

The decrease in the "permanent salaried" group for men has been accompanied by a rise in the share of "employers" which might be interpreted as an improvement in their employment status. On the other hand, the proportion of "self-employed" men has also tended to rise, which could reflect a shift from the formal to informal activities. It is unclear what employment status reveals about how men have fared in recent years. It is also difficult to detect trends over time. As Gregory (1993b) points out, the weight of permanent and temporary salaried workers

²⁹ The main groups are: employer, self-employed, unremunerated family worker, permanent salaried, temporary salaried, and domestic service.

fluctuates significantly from year to year, which blurs any inference one can make from the changes in such a category during short periods of time.

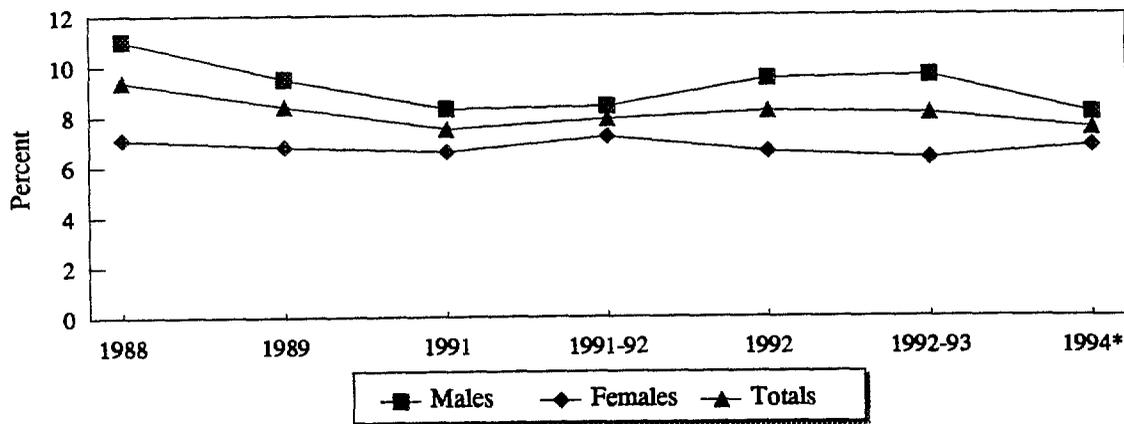
Two other differences between men's and women's employment status have emerged: (i) the proportion of men who are employers is twice that for women; and (ii) while the proportion of men working as domestic servants is negligible, the proportion for women has been above 10%.

However, two relatively clear trends regarding women's employment emerge. They are: (i) the fall in the proportion of women employed as domestic servants (from some 16% in 1988, to 11.5% to 12% in 1992-1993, and about 11% the first semester of 1994); and, (ii) a fall in the proportion of women who are temporarily salaried (from close to 9% in 1988 to between 5% and 6% from 1992 to 1994). These changes in the distribution of women according to employment status have been accompanied by some rise in the proportion of women in the employer category, but mainly in the proportion of women who are self-employed (around 29% in 1988 to some 36% between 1992 and 1994). These changes reinforce the impression that the labor market situation of women during recent years has improved.³⁰

8. Gender-Based Differences in Unemployment

Unemployment may be examined in terms of open unemployment rates and the duration of unemployment. In terms of the former, by and large, urban rates have fallen since 1988. This generalization holds for both men and women as Table 8 below shows.

TABLE 8
Urban Unemployment Rates by Gender, 1988 - 1994



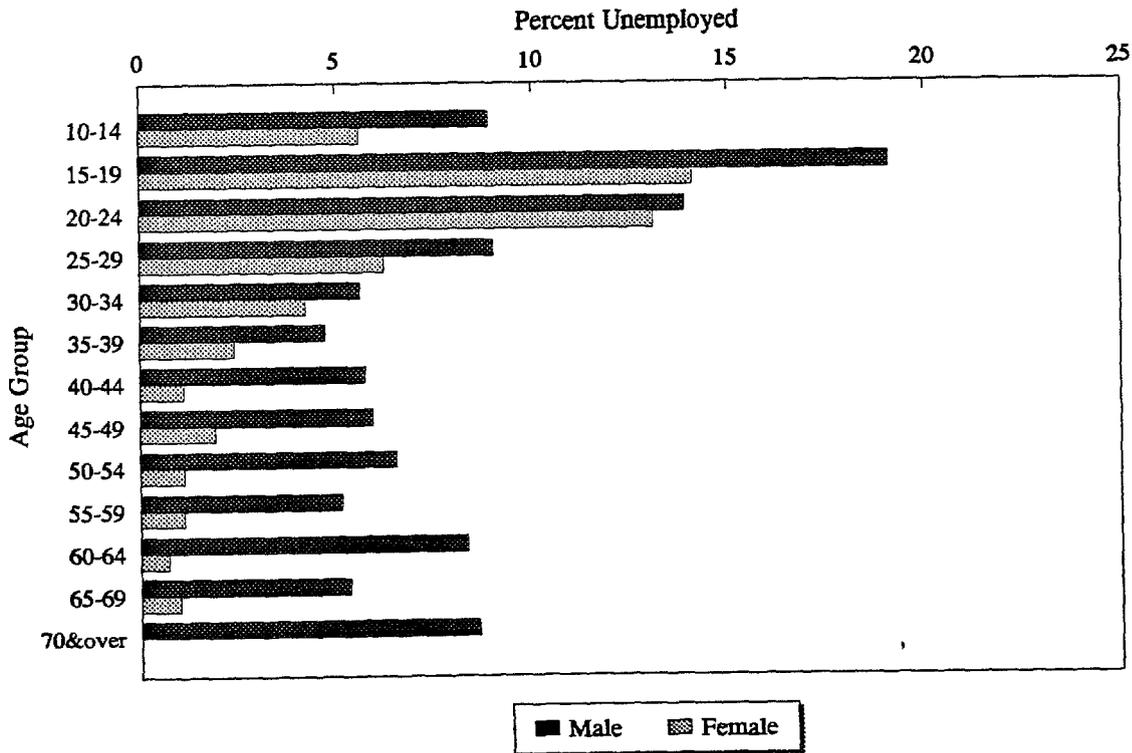
³⁰ The proportion of women employed as "unremunerated family workers" shows no clear pattern. In 1988 it was estimated at 6.3%. Then it shows a rise to around 9% in 1991, followed by a drop to less than 6% in April-September 1992. The October 1992-March 1993 survey, however, shows an increase to somewhat over 7% and the tentative figures for the first part of 1994 mark the figure at some 8%. While the lack of a clear time pattern regarding female unremunerated family workers, and the possibility their proportion has increased in the last couple of years, do not support the text's conclusion, they do not offset the other favorable changes noted in this report.

a. Unemployment Rates

Over the years, urban unemployment rates for women have consistently been lower than for men. While the difference in the rates has fluctuated over time, women in urban areas have typically experienced unemployment rates which are 35% to 39% lower than those of men.

Moreover, the lower unemployment rates for women are apparent in almost all age groups. A noteworthy break in this pattern occurs between the ages of 20 to 39 (prime reproductive years). The relatively high unemployment rates for women at prime reproductive age are likely to reflect employers' concern with maternity leave benefits or dropout rates after giving birth. Such interpretation is consistent with anecdotal reports regarding labor market dynamics in El Salvador (see comments on labor legislation later in this section). However, as shown in Table 9 on the following page, for the period October 1992-March 1993 the unemployment rates for men were higher in all age groups. Nonetheless, for the 20 to 24 age group the rates are almost the same and the difference for the 30 to 34 age group is relatively small.

TABLE 9
Unemployment by Age and Gender, Oct. 1992 - March 1993



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It is noteworthy that, as happens in most other countries, young men and women experience the highest unemployment rates. Excepting the youngest age group (10 to 14 years), as noted above, unemployment tends to decrease with age. However, as reflected in Table 9 of Annex B, this pattern is clearer for women than for men, whose unemployment rates rose in the middle-age groups.

In sum, the unemployment situation has improved with economic growth and both genders have benefitted. The fall of unemployment rates in the face of rising participation rates is important and highlights the significance of economic growth (Gregory 1993a). Another implication directly related to the labor market situation of women is the need for the government to be very cautious when setting regulations or practices which might raise the relative cost of hiring women of prime reproductive age, the time at which their highest rates of unemployment tend to occur. By the same reasoning, to the extent possible, it is important to avoid policies -- minimum wages above free market equilibrium for example -- which discourage the hiring of the youth and presumably more inexperienced workers.

b. Duration of Unemployment

Duration of unemployment is an important dimension because high unemployment rates with *short periods of unemployment* suggest a market with abundant job opportunities in which unemployment reflects, basically, a significant amount of mobile workers between jobs (Gregory, 1993b). Moreover, long periods of unemployment tend to decrease a worker's ability to be reemployed at conditions similar to what the worker enjoyed in the past. Long-term unemployment may even make a worker "unemployable."

For analytical purposes, it is convenient to distinguish between workers with and without prior work experience. As Table 10 of Annex B shows, for October 1990-March 1991, women tended to be unemployed for longer periods than men for both experienced and inexperienced workers. While only some 17% of unemployed men with previous work experience suffered from periods of unemployment one year or longer, 29% of unemployed women were in that situation. Analogously, the proportion of experienced unemployed men with less than one month of unemployment was about twice the proportion of women. However, for both experienced men and women, the bulk of unemployed workers (65% of men, 62% of women) suffered from unemployment which ranged from 1 to less than 12 months.

For workers without previous experience, the 1990-early-1991 distribution was similar. Both unemployed men and women had basically the same proportion of persons unemployed for periods ranging from 1 to less than 12 months. The differences were for the proportion of workers facing short unemployment spells (less than 1 month) and long-term unemployment (1 year or more). The proportion of men in short-term unemployment was about twice that of women. For persons in long-term unemployment, while women still showed a higher proportion than men, the difference was much less than for workers with previous experience.

What does the data show? For experienced workers, the data are consistent with the hypothesis that the incidence of frictional unemployment was higher for men than for women.³¹ The obverse hypothesis, of course, is that longer-term unemployment afflicted women more than men. On the other hand, the distributions by gender of unemployment duration might just reflect the fact that women were able to engage in job search for greater lengths of time than men. To assess the seriousness of the higher proportion of women in the intervals of more than one year of unemployment one would need information in addition to that available in the published tabulations by MIPLAN, for example, the proportion of household heads by gender facing longer unemployment, the intensity of job search, and so on.

The significance of overall duration of unemployment *vis-a-vis* labor market conditions is an interesting relationship to consider. In this respect, Gregory (1993b) reasons that while the substantial proportion of workers facing unemployment of more than four months (38% for men, 50% for women) was indicative of a labor market in which finding jobs was difficult, on the other hand, the fact that some 62% of men and 50% of women were able to find jobs in less than four months meant that the difficulty did not seem extraordinary at least for workers with prior experience.

While the high proportion of workers without previous experience who are unemployed for periods longer than four months (65% for men, 62% for women) could be indicative of great difficulty in finding a job, on the other hand it must be noted that this category contains relatively young, first-time workers who may be less committed to serious search.

Summing up, the majority of unemployed men and women in urban areas, whether first time job seekers, or experienced workers, face unemployment periods of roughly the same duration. However, the data are consistent with the proposition that women who lose or change jobs and become unemployed are at higher risk of facing longer-term unemployment than men. It is not possible to determine the reasons or the latter.

9. Gender-Based Differences in Education and Wages

Three issues related to education and women's employment stand out: (i) the interaction between education and wages; (ii) the relative educational situation of women and men and whether the association between education and wages differs between men and women; and (iii) determinants of women's wages. The policy implications of these findings are discussed last.

³¹ Frictional unemployment is the unemployment that results from the time needed to match workers with vacancies. Accordingly, one can take it as a relatively "benign" form of unemployment.

03

While most acknowledge that education is an important determinant of higher earnings, some analysts think that, in El Salvador, the impact of education on women's earnings is weaker than for men.³² USAID/El Salvador-sponsored research addresses this issue (Gregory, 1993b).

a. Educational Status of Men and Women

Overall, Salvadoran women suffer from lower education levels than men, as Tables 13 through 19 of Annex B depict. In 1992 as shown in Table 10 below, while the proportion of males 10 years or older without any formal schooling was under 10%, the proportion for women was 17%. While 32% of females had at most 3 years of formal schooling, the proportion for men was 23%. 11.5% of men had 13 years or more of schooling, compared to 8.6% of women.

TABLE 10
Urban Education Levels (%) by Gender, April - September 1992

Years of Education	Population, over 10 yrs		Urban Labor Force		Urban Employed	
	Male	Female	Male	Female	Male	Female
None	9.7	17.2	11.0	16.5	10.8	17.1
1 - 3	13.7	15.0	13.3	14.8	13.0	15.2
4 - 6	26.6	24.6	24.0	21.5	24.0	21.7
7 - 9	20.7	17.5	19.5	14.6	19.3	14.1
10 - 12	17.6	17.0	18.8	20.0	19.0	19.3
13 plus	11.5	8.6	13.3	12.5	13.7	12.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Source: MIPLAN Survey.

While the proportion of the male and female populations with 1 to 6 years of schooling is about the same, the proportion is lower for women for the group of 7 to 9 years of education; this suggests that a lower proportion of girls finish primary school. Likewise, the proportion is lower for women in the group of 13 years of education or more which suggests that a lower proportion of women finish graduate studies.

³² See for example, World Bank, June 1994 and World Bank, 1995. Interviews in El Salvador with gender specialists from international development institutions confirmed these findings.

Except for those with higher education, the 1992 labor force exhibited similar characteristics. The proportion of female workers without formal schooling was much greater than that of males (16.5% versus 11%). A much higher proportion of women workers than of men had at most only three years of schooling. Nonetheless, the proportion of workers with ten years of more of education was more or less the same for each gender.

The 1992 distribution of the employed urban labor force shows a similar pattern of a higher proportion of employed women who have no education, while the proportion of employed women with higher education is not very different from that of men. The higher proportion of uneducated women in the employed labor force means that such women fill unskilled low-paying occupations.

For the urban population ten years or older and the employed labor force, the situation in 1994 was essentially the same. A much higher proportion of females had no schooling, or had schooling of three years at most. For the urban population, the proportion of males with higher education was significantly bigger than that of females; for the employed labor force the difference was small.³³

According to a preliminary analysis of the most recent population census, the relative educational situation for young girls seems to be improving (Arriaga and Reed, no date). This is a widespread notion which is only partially confirmed by the latest survey data.

If the proposition that the relative education of girls is rising is correct, one would expect to find in 1994 that the education level for young girls, 6 to 9 years of age, is closer to that of boys of the same age than is the case with women overall and, especially, older age groups. Table 18 in Annex B indeed supports such contention for the urban population.

- While 41% of girls aged 6 to 9 in urban areas had no formal schooling, the corresponding proportion for boys of the same age was even higher -- over 48%. Moreover, while only some 1.4% of the boys had between 4 and 6 years of schooling, the corresponding proportion for girls was more than twice that. Thus, in 1994, young girls in urban areas had more schooling than boys of the same age.
- In contrast, for the higher age brackets, the situation is reversed. For instance, at age 30 to 39, almost 14% of women had no formal schooling, while the proportion for men was much lower (8%). Analogously, for that same age group the proportion of men with higher education is larger than that of women. At an even higher age bracket (50 to 59 years), the situation is similar.

³³ Preliminary 1994 results for rural areas are not very different from those for urban areas.

These results are consistent with the proposition that in recent years, in urban zones, young girls have caught up (and even surpassed) with boys in terms of education. They suggest the success of special efforts undertaken to increase girls' access to education.

The same conclusions do not quite hold for rural zones. As Table 19 in Annex B shows, girls 6 to 9 years of age have less formal schooling than boys, although the difference is small (some 68 to 66%). This suggests that, in rural areas, while girls are "catching up" to boys, they have not yet achieved parity.

The relative disadvantage of young girls in rural zones, becomes more important if one considers that while 44% of the Salvadorans 6 years or older live in rural zones, most of the 6 to 9 years old live in rural zones (53%). A significant proportion of the latter are likely to migrate later to urban areas where, lacking adequate skills, they would add to the education deficit among older urban women and have access only to low-paying jobs.

b. Interaction Between Education and Wages

For men and women each additional year of schooling is associated with increases in earnings of 8.7% and 8.1%, respectively (Gregory, 1993b). The differences between returns to education by gender are so small, however, that they are unlikely to be statistically significant.³⁴ While the absolute level of remuneration for women is lower than for men (see Table 11), the proportional increases in earnings associated with additional schooling is the same. Gregory's results offer strong support for increased investment in education and negate the existence of any significant difference by gender in the returns to education.

c. Wages and the Wage Structure

The questions related to wages and the wage structure are multiple. This section will address the following issues: How much do women make relative to men? Are wage differentials widening, narrowing, or stable? What factors are influencing change, if any? Is there a pattern to the differentials? What are the policy implications?

³⁴ Experience also showed a significant and positive influence on earnings. Formal sector employment is associated with higher earnings and so is employment in the metropolitan area of El Salvador. Gregory's results are consistent with *a priori* expectations and suggest that, in El Salvador, existing income data distortions do not result in unconventional coefficients.

• Women's Wages and Wage Differentials

In El Salvador, as almost everywhere else in the world, women generally earn lower wages than men. The factors behind their lower earnings are various and include outright wage discrimination,³⁵ barriers to women's access to higher-paying occupations, and differences in human capital endowments (education and experience). The determinants of women's wages are discussed in the next section.

A recent study has placed overall earnings for women in fifteen Latin American countries at 71% of male earnings for the early 1980s (Psacharopoulos and Tzannatos, 1992). An even more recent study for a subset of six Latin American countries shows a narrowing of wage differentials by gender during the 1980s with women making an average of close to 80% of men's wages toward 1990 (Winter, 1994).³⁶

The most reliable wage data for El Salvador are consistent with these estimates. In July 1994 in El Salvador's metropolitan zone, women employed in manufacturing, commerce, construction, and services earned approximately 82% of what men earned per time period in the same sectors.³⁷

As Table 11 on the following page shows, wage ratios by occupation indicate that gender wage differentials in El Salvador have narrowed considerably in the relatively short period from July 1992 to July 1994. A similar trend has occurred in other Latin American countries, but the compression of the wage differences has been faster in El Salvador (Winter, 1994). This result validates the proposition that the relative wages of women were rising (Gregory 1993a).

³⁵ This means higher wages for men than for women of comparable skills in the same occupations and industries.

³⁶ These results are mainly for urban or metropolitan areas.

³⁷ The source for the wage data used in this section is FUSADES, Labor Market Surveys. These establishment surveys are designed to collect hourly and monthly wage data by gender, occupation, and industry, as well as other pertinent labor market information such as gender composition of workers in specific occupations and hours worked. The surveys take place in July and December of each year and started in July 1992. The data originate in establishments of various sizes, big and small, of the metropolitan area of San Salvador. In general, wage information obtained directly from establishments is more accurate than the same type of information obtained through household surveys.

TABLE 11
Ratios of Urban Women's and Men's Wages by Occupation, July 1992 - July 1994

Occupation	Salary (Women/Men)				
	July 1992	Dec. 1992	July 1993	Dec. 1993	July 1994
Office Workers	93.1	88.6	88.1	89.1	95.9
Tech. & Mid-Level Prof.	91.6	74.7	86.6	73.4	81.1
Sales Persons	88.8	88.5	75.8	78.7	74.6
Machine Operators	77.6	83.1	N/A	85.0	79.7
Unskilled Workers	65.4	82.0	46.8	85.7	100.0
Top Management	58.8	45.1	59.5	103.4	69.9
Mech. & Craft	58.7	150.3	N/A	75.8	60.6
Professionals	49.7	78.5	70.9	83.5	62.4
AVERAGE	68.5	75.1	72.7	75.4	81.6

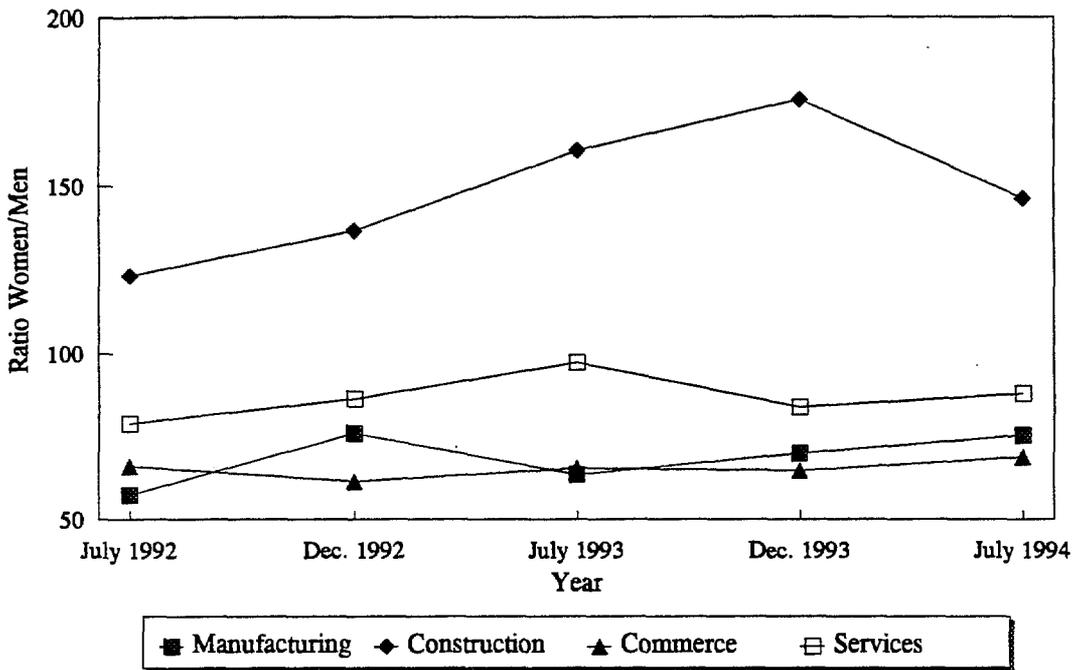
Note: These figures are for manufacturing, services, commerce, and construction combined.
Source: FUSADES Labor Market Surveys

As Table 12 on the following page indicates, during the period 1992 to 1994, relative female wages in manufacturing rose from 57% to 75%, in construction from 123% to 146%, in commerce from 66% to 69%, and in services from 79% to 88%. The narrowing of the wage ratios by gender holds even if the last two periods (December 1993 and July 1994) are compared with the first two (July 1992 and December 1992), or the last three with the first two.³⁸

³⁸ Of course, an exception is construction where the wage ratio has widened. Since few women are employed in construction, such widening has little if any practical significance. On the other hand, the key point made in the text that the relative wages of women are rising holds even in the construction industry.

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TABLE 12
Women/Men Wage Ratios by Sector, July 1992 - July 1994



d. Determinants of Women's Wages

This report can only generalize about the causes for the rise in the relative wages of women. But it seems safe to reason that the high growth of the Salvadoran economy has been accompanied by an expansion in sectors which make relatively intensive use of women. Moreover, the rise in the relative wages of women suggests that the relative demand for women workers has risen faster than the relative supply of female labor.³⁹

The impact of the relative demand and supply factors has probably been reinforced by a decrease in the prejudices which lead to wage or occupational discrimination by gender. Such decrease in prejudices is likely to occur faster in rapidly liberalizing economies in which competitive forces become ever more determining in economic decisions.

Moreover, the above explanations would be consistent with the changes in the occupational distribution discussed in earlier sections, and with the general impression among Salvadorans that labor market conditions for women have improved. In addition, the narrowing of gender

³⁹ "Relative" in this sense refers to the demand and supply for/of women workers compared to the demand and supply for/of men workers. As pointed out in earlier sections, the participation rate of women has continued to rise in El Salvador. This makes the rise in the relative wages of women more remarkable.

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wage differentials would be also consistent with the tendency for a narrowing of the wage structure under conditions of falling unemployment, growth, and labor market tightening (Reder, 1955; Rees, 1973).⁴⁰

Despite the recent rise in women's wages compared to men's, their overall lower wages may reflect the effects of the following four factors:

- women have less access to education and other forms of human capital;
- female-intensive occupations are occupations in which the relative wage of women is particularly low;
- due to cultural factors women have access mainly to low paying occupations even if they are endowed with the same levels of human capital as men; and,
- women are (more or less) uniformly paid proportionally lower wages than men across occupations regardless of the proportion of women workers in the occupations.

Previous sections of this report argue that, in El Salvador, indeed women are endowed with lower levels of human capital (education) than men although that situation is changing among the young. Accordingly, as previously noted, lower education levels can explain only part of the wage differentials by gender.⁴¹

In exploring some of the other patterns or explanations for the lower relative wages, it is important to note that, as in other countries, Salvadoran wage differentials by gender show significant dispersion by industry and occupation. It is then natural to explore whether the compression in wage differentials occurs even after controlling for occupation, and whether there is an association between the compression and the proportion of female workers in specific occupations and industries.

To control for wage dispersion relating to different occupations, Tables 20 and 21 in Annex B show the ratio of women's to men's wages in eight commonly found occupations by industry for each of the establishment surveys. Table 22 in Annex B ranks the occupations in each industry

⁴⁰ In periods of labor shortage, skill-wage differentials tend to narrow. One reason for this is that unskilled workers are able to extract higher wages that compensate for the generally more unpleasant nature of their occupations. Moreover, as skilled workers tend to become scarcer, semi-skilled workers are promoted to skilled occupations. By the same token, as the Salvadoran economy has grown in recent years, employers have probably been more willing to hire women into positions to which they had less access in the past.

⁴¹ Although opinions differ, recent analyses have concluded that differences in education and other human capital variables explain less than 50% of the differences in wages (Psacharopoulos and Tzannatos, 1992).

according to the wage ratio (women to men) and the proportion of women employed in each occupation. The intent of these tables is to explore whether the female-intensive occupations (i.e., those employing high proportions of women) tend to be occupations in which women earn particularly low wages relative to men. If such were the case, a negative association between the two ranking systems would exist. Such negative association would be consistent with gender discrimination through restriction of women to occupations where their relative wages are particularly low compared to men's in the same occupations.

The Spearman rank correlation coefficients do not support the contention of such type of employment discrimination.⁴² Most of the rank correlation coefficients were not statistically significant thus indicating a lack of pattern. Moreover, the four coefficients that were significant were positive. Further, of the twenty coefficients estimated, thirteen were positive and of those, in addition to the four that were significant, three of them gave values of 0.60 or higher.

A different but related issue is whether the lower relative wages for women tend to occur in specific occupations but not in others. To such end the occupations were classified into four relative wage groups according to the following criteria (see Annex B, Table 23):

- *higher than men* if the occupations paid wages to women which were above 110% of men's wages in the same industry
- *approximately equal* if women in such occupations earned between 90% and 110% of wages earned by men in the same industry
- *lower than men* if women's wages were between 70% and 89% of men's wages for the industry
- *much lower than men* if women's wages were less than 70% of men's wages for the industry

No clear pattern emerges. For the most part, women earned lower (or much lower) wages than men in "prestige" occupations such as top management and professionals, as well as in mechanic, craftsmen or unskilled workers positions. While there is some tendency for a higher incidence of "equal" or just "lower" groupings among unskilled and office workers than among top management or professionals, overall the groupings seem random.

⁴² The Spearman rank correlation coefficient measures the degree to which two variables are associated with each other in rank or ordering. The coefficient will take values between plus and minus one indicating the strength and direction of the association.

e. Policy Implications

Several conclusions relevant to policy-makers can be derived from the wage and education data reviewed in this section.

- Both in rural and urban areas, there is a high proportion of young girls and boys with no access to schooling. This means that increasing access to primary education must continue to be a priority for Salvadoran policy-makers.
- Secondly, as one would expect, the need for access to education is more serious in rural areas.
- Thirdly, girls in rural areas still are at a disadvantage relative to boys and their condition still needs special attention.
- Finally, there is a need for remedial education programs targeted at the older female workers (say above age 20), who are at a disadvantage relative to men in terms of their educational levels.

10. The Legal and Regulatory Framework

As in many other countries, El Salvador has traditionally established a special labor regime for women. However, in April 1994, the main source of labor market regulation, the labor code, was significantly reformed. This section reviews key legal dispositions relating particularly to women, the recent changes, and their likely effects on labor market conditions for women.

a. The Legal Regime Up to 1994

The creation of a special labor code for women in El Salvador is anchored in the Constitution of 1983. The Constitution established remunerated leave for women before and after giving birth and guarantee of their job upon return (Article 42). The same article also provides a basis for obliging employers to establish and maintain nursery and childcare centers.

The labor code itself is broader and more specific.⁴³ Chapter V addresses "the work of women and minors" thus implicitly placing women on an equal footing with children. The relevant articles are summarized below.

Article 105: Forbade employment of workers less than 18 years old and women in dangerous or unhealthy activities.

⁴³ The labor code was adopted in 1972 and was first reformed in 1978.

Article 106: Defined "dangerous activities." Examples included: machine repair, oiling, and cleaning; any activity involving the use of cutting utensils such as electric saws and knives (kitchen and butcher knives excepted); underground and underwater work; all types of construction activities; work in mines and quarries; work at sea; other activities specified in laws, safety and health regulations, agreements and the like.

Article 108: Addressed the nature of "unhealthy activities." Those were defined as activities that in themselves can harm workers or which involve the use of materials which can harm workers, for example, those jobs which could lead to poisoning or intoxication. In case of doubt regarding whether an activity is dangerous or not the final determination would be made by a unit within the Department of Labor.

Article 110: Established that pregnant women could not be assigned to jobs requiring "considerable" physical effort -- especially after the fourth month of pregnancy.

Article 111: Pregnant women in positions which required dealing with the public were to be transferred to other types of jobs at their request.

Article 112: After giving birth a woman was entitled to the same job she held before her pregnancy.

Article 113: Established that women cannot be discharged during pregnancy or before maternity leave ends. The exception is when the cause for the discharge took place prior to pregnancy. Yet, even then, a woman cannot be discharged before the completion of maternity leave.

Articles 309

and 311: Women are entitled to remunerated maternity leave for a period of three months. To enjoy remunerated maternity leave a woman is required to have worked for the same employer for six months prior to giving birth. Yet, in any case, pregnancy entitles a woman to a three-month leave whether remunerated or not.

Employers and employees are also required to contribute to a social insurance fund at the rate of 7.5% and 3.0%, respectively, of a basic wage (6,000 colones per month). The fund pays 75% of the maternity benefits (remuneration) up to a cap. The employer pays the remaining 25%. However, as many workers earn more than the salary cap, the employer often pays much of the maternity entitlement. The consensus among specialists is that, at present, maternity leave regulations are enforced and met by formal sector firms -- whether large or small.

b. The 1994 Changes To The Labor Code

The thrust of the April 1994 reforms was to place women on an equal footing as men regarding their access to industries and occupations. Gone are the code sections which treated women as if they were minors. The special regime regarding dangerous or unhealthy activities applies only to minors. In addition, the reforms annul Articles 111 and 112 that established the right to obtain job transfers during pregnancy and the right to the same job after birth.

c. Implications

The recent labor code changes expand the labor market opportunities for women. Moreover, other changes in family law which enhance the proprietary rights of women and thus their creditworthiness (see Chapter II, Country Profile) reinforce the labor law reforms' favorable impact on women's labor market prospects.

The previous classification of women as minors, specifically the restrictions regarding activities considered unsafe or unhealthy, was generally seen by employers as too broad and vague and thus a threat to potential employers.

Maternity leave benefits are not out of line relative to the legal regime in other developing countries. However, they seem to be more effectively enforced in El Salvador than in many other countries. Yet small firms struggling to expand generally perceive the maternity leave regime as onerous and there is a widespread notion that employers prefer not to hire women who might be pregnant.⁴⁴ In view of relatively high rates of fertility, especially among rural women, such reluctance would not be surprising. Moreover, the relatively high unemployment rates of women of prime reproductive age does support this impression.

Nonetheless the elimination of special job transfer rights during pregnancy and of the right to return to the same job after birth (Articles 111 and 112) should ameliorate the job prospects of women of prime reproductive age. Another step to improve the employment prospects of women includes the establishment of economically viable childcare facilities (discussed below).

11. Implications for POWER

The information presented in the previous sections indicates an overall improvement in labor market conditions in El Salvador since the adoption and implementation of the 1989 economic stabilization program and structural reforms. The evidence indicates that women as well as men have benefitted from these reforms in terms of opportunities in the labor market.

⁴⁴ The analysts, however, were not able to find any evidence of present abusive or discriminatory practices in this regard. It does seem that, probably during the early 1970s, employers in some sectors may have tried to obtain assurances of non-pregnancy prior to hiring young women. By most accounts such practices no longer occur.

The combination of strong economic growth, movement toward a more open economy and competition, along with institutional changes that diminish some of the factors which artificially raised the relative cost of female labor, are opening the way for women to participate in quality jobs in the formal sector. The case of El Salvador contradicts propositions loosely made in some of the literature that the implementation of some economic liberalization measures in developing countries affects women differently than men and sometimes, adversely.⁴⁵ Nonetheless, two conditions remain:

- Relative to men, women have been and still are at a disadvantage in the labor market; and,
- Further efforts to enhance the labor market opportunities for women are warranted.

This section identifies areas in which the Salvadoran experience is a source of "lessons learned," and those areas which warrant further USAID intervention. The areas are:

- Broad economic policy and institutional reforms;
- Education and training;
- Support for anti-discrimination regulation and enforcement in the labor market to eliminate gender bias;
- Development of childcare services on a cost recovery basis; and,
- Improvement of the statistical base relating to gender analysis.

a. Economic Policy and Institutional Reforms

The Salvadoran experience underlines the importance of achieving economic stability and of ridding the economy of policy-induced distortions. Furthermore, provided social peace and the structural reforms continue, the growth and continuous improvement of social conditions are very likely to be sustainable.

This points to a first fundamental operational implication for USAID. True improvement in social conditions, and progress for all population groups including both genders, can only be attained if a society is able to develop the economic foundations needed to support social betterment.

⁴⁵ See for example, Coopers & Lybrand, January 1995 and Tanski, 1994.

To such end, through its policy dialogue with developing countries, and through project and non-project assistance, USAID should encourage the creation of a policy and institutional setting conducive to sustainable growth with widely spread benefits. This means not letting down on USAID involvement in policy reform issues, on the contrary, reinforcing it.

When an economy operates in a policy context such as El Salvador's pre-reform years, POWER should encourage policy reforms of the type in-process presently in El Salvador. However, where the economic policy context is adverse, as in pre-1989 El Salvador for example, and when the authorities are reluctant to change it, POWER's resources probably can be better applied elsewhere.

Even with El Salvador's progress in policy reform, there are still numerous opportunities for POWER. For example, POWER could identify and analyze factors such as cumbersome regulations and institutionally-determined high transaction costs that hinder the hiring of women. Such analyses could be linked to USAID/El Salvador's economic office's applied analysis efforts. In countries where labor market regulations adversely impact the hiring of women, POWER could be a catalyst for providing the analysis and awareness of the importance of eliminating such regulations. A related point is that, as part of the structural reforms, the Agency should be wary of barriers to the efficient allocation of resources. Such barriers include labor market institutions or regulations which, frequently with the best of intentions, make the hiring of labor, or of some type of labor -- women for instance-- too costly relative to the cost of other types of labor or capital. It also includes obstacles to the development of other markets which affect the potential for employment creation. The financial market is a case in point.

b. Education and Training

Moving to another area for USAID action, a second fundamental point is that the Agency should support the expansion of the educational opportunities available to women. This means providing women access to all educational levels and career paths on parity with men.

Enhancing girls' and young women's access to education at the lower levels and advancing their literacy and numeracy skills, should continue to be a top priority, especially in rural areas. Such efforts must be linked to improvements in the education system. However, it is also important to develop or enhance training and education programs who reach women of working age whether in the labor force or not.

Targeted training and education for female workers above the younger age cohorts and, across cohorts, in rural areas should indeed become a priority in a country such as El Salvador where USAID is already allocating significant resources to educating the young. It is unlikely that all relevant population groups in slums and small villages are already being adequately served. The appropriateness of specific additional targeted interventions would have to be evaluated in light of benefit-cost as well as distributional criteria.

Furthermore, training efforts should be closely linked to labor market needs. In this connection sectors exporting non-traditional goods in general, textiles, paper and paper goods, plastics, finances, and, to a lesser extent, construction are likely to be dynamic sectors with the potential of significantly contributing to the participation of women in the formal sector. USAID should support efforts to promote skills needed in the short term in these industries in El Salvador. Yet, the training program/system has to build on private sector indications regarding needs.

c. Support for Anti-Discrimination Regulation and Enforcement

Through POWER, USAID should help developing countries legislate and enforce regulations that eliminate labor market discrimination against women. POWER could provide the expertise to develop or refine regulation and cost effective-implementation mechanisms. For example, POWER could tap the United States' experience with similar efforts and assist the GOES to strengthen its administrative capacity to combat labor market discrimination such as: (i) unequal pay in the face of equal responsibilities (i.e., within the same occupations) and human capital (i.e. relevant education, experience, and ability); and (ii) higher paying or prestige occupations or positions. Efforts in this area complement previous recommendations regarding labor market policies and efforts toward open and competitive markets.

Reliance on gender-related quotas or preferential treatment is not recommended. Such an approach would run counter to efforts to do away with barriers to competitive market forces in which income rewards are linked to productivity and individual effort. Moreover, efforts to promote a gender-based system of preferences would unnecessarily add to social tensions in El Salvador and would encourage the expansion of unneeded bureaucracies.

Finally, if an adequate policy and institutional setting is not achieved (as described earlier), trying to implement non-discriminatory labor market practices is not likely to be effective. However, if the setting is adequate, the implementation of anti-discrimination laws would reinforce the income creating effects of economic growth, do away with labor and product market barriers, and encourage investment in human capital.

d. Development of Childcare Services on a Cost Recovery Basis⁴⁶

Developing fee-based, self-sustaining childcare services is an area relevant for many countries. Specific details of POWER's potential role in support of this are provided in Chapter III, Key Entry Points. This issue is of particular relevance for countries such as El Salvador which are faced with the challenge of developing second-generation follow-up measures to intensive policy reform efforts. These measures aim to:

- facilitate women's uninterrupted participation in the labor force without neglecting children's health and development; and,

⁴⁶ See U.S. Department of Labor (1989).

- raise force stability so that employers will be able to recover investments and returns in workers' training and hiring.

While access to childcare facilities will benefit both male and female employers, the focus in this report is the effect such policies might have on the employment opportunities for women.

Around the world and in El Salvador, legislation has traditionally tended to advocate the provision of free or heavily subsidized childcare facilities, which, in fact benefit only a few groups. The reason is that they are costly. The efficient approach is to encourage their creation on a cost-recovery cost-sharing basis, i.e., with both users and beneficiaries (including companies) bearing the cost.

The significant proportion of female-headed households in El Salvador, along with the trend of rising labor force participation of women, indicate the importance of alleviating obstacles to women's participation in the formal labor force. As discussed previously in this report, one key issue related to women's employment is that employers may be reluctant to hire women of child-bearing age because of fear of absenteeism and "abuse" of maternity leave benefits. If the reasons for absenteeism -- such as justified concern for adequate childcare -- were diminished, the competitive stance of women would be enhanced. This suggests that the provision of place-of-employment childcare facilities may be important.

In addition to less absenteeism, potential benefits for the employers also include less job turnover, access to a broader range of skills (i.e., young women who otherwise might not be in the labor force), and good image and public relations, all of which strengthen the pool of potential workers.

e. Improvement of the Statistical Base and Gender Analysis

Analysis of Salvadoran data proves that insights regarding the labor market conditions for women are limited by the availability of published data.⁴⁷ In this light, POWER could help provide the expertise for improving developing countries' capacity to collect and analyze gender-disaggregated statistics.

Moreover, POWER could assist field missions to carry out labor market analyses with a focus on women workers. The present report may constitute a reference point. Such analyses would help missions identify baseline situations regarding women workers and trace the change as policies and other factors are altered. It would assist Missions monitor progress toward the achievement of equality of opportunity for women.

⁴⁷ For example, as noted in this report, published data does not enable one to assess the seriousness of apparent long term unemployment because of lack of information on other income sources, household-head status, and intensity of job search.

USAID's economic offices would be a logical home for these activities. The idea would be to carry out periodic analyses, say once a year, or every two, to focus on pre-selected variables of gender interest such as occupational distribution and wage structure and levels, for instance.

* * *

In sum, to enable women to achieve their economic potential in developing economies, there is no substitute for achieving a climate which promotes confidence in the economy, encourages the efficient use of resources, does away with labor market and other barriers, and stresses the creation of human capital.

C. BUSINESS DEVELOPMENT, WOMEN, AND ECONOMIC OPPORTUNITIES

1. Introduction

The purpose of this section is to examine characteristics of women entrepreneurs and their businesses as well as opportunities and constraints that they face and then draw conclusions for the POWER project. From the outset it is important to note that there is very little gender-disaggregated data on the formal sector of the economy in El Salvador. As far as the team could ascertain, many private associations and institutions do not collect gender-disaggregated data at the firm-level.

In order to explore or get a "feel" for the participation of women as business owners in the formal sector of the economy, the team conducted interviews with women in business in a variety of sectors as well as women that were considered leaders within the business community. The team also interviewed representatives of banks and associations that foster business development.

Based on the information gathered in these interviews as well as the utilization of secondary sources, the team agrees that:

- there are no major legal restrictions to women's participation in business;
- constraints to business development vary greatly according to the size of the business and the social class of the business owner; and,
- a percentage of the huge population that has participated in micro-credit programs in El Salvador shows great promise to contribute to economic growth.

Nevertheless, constraints on both men and women exist, notably in breaking through the "glass ceiling" between micro and small business. There appears to be a large population of enterprises that have grown to the point where they need more credit in order to finance expansion. However, the current limit of the micro-credit programs makes them ineligible for further financing and there are very few other financing options to which they can "graduate." Women seem to face greater constraints than men in breaking through the "glass ceiling" between micro and small business. These and other key issues follow.

a. Definitions: Firm Size

Before describing why gender matters and key characteristics of women owned businesses and women entrepreneurs, it seems necessary to define the term "firm size."

There is no standard definition of the conditions that delineate firm size, in this case, that distinguish microenterprises from small businesses. Some organizations use total assets as a

parameter, other organizations use number of employees, while yet others take both variables into account. The variation of definitions is apparent in the following examples:

- The Small and Microenterprise Program (PROPEMI) defines "microenterprises" as those businesses whose total assets vary between 101 and 500,000 colones (\$11.47 and \$56,818).
- The Savings and Loan Federation (FEDECCREDITO) defines "microenterprise" as a business whose total assets do not exceed 100,000 colones (U\$11,363) while the total assets of a "small business" vary between 100,000 and 750,000 colones (\$11,363 and \$85,227).
- The Salvadoran Foundation for Economic and Social Development (FUSADES) quarterly survey "Business Climate-*Clima de Negocios*" defines microenterprises as businesses that employ from 1 to 10 employees, while small businesses employ between 11 and 19 employees and possess total assets not exceeding 750,000 colones (\$85,227).

Thus, due to the existence of different definitions it is difficult to get exact data for each business category. For the purpose of this report, the definition established by the Government in El Salvador (GOES) is adopted as follows:

- microenterprise 1-5 employees
- small business 6-9 employees
- medium enterprise 10-99 employees
- large businesses more than 100 employees

2. Why Gender Matters

Salvadoran women participate in business in a variety of ways: as owners, as employees, and as managers in the private sector. As labor force data shows, their participation in the labor force has increased during recent years (see Section B). This may be attributed to the following reasons:

- Male casualties and migration: Twelve years of civil war left a large number of women as heads of household. In 1990, 28.90% of all homes were headed by women, increasing household dependency on women's income for survival (FUDEM, 1992). Most female heads of household (68%) are concentrated in urban areas and informal sector economic activities.
- Need for additional income: Many families need two incomes as the cost of living relative to income is high.

Both the GOES and USAID have recognized the importance of private sector development as the main motor of economic growth in El Salvador. Female employees and business owners are playing and will continue to play a key role in El Salvador's economic growth via their participation in the private sector.

It is common knowledge that throughout Latin America, the bulk of employment is concentrated in micro and small enterprises, many of them in the informal sector. When analyzing employment according to the size of the productive unit, the dominance of businesses with fewer than four employees cannot be ignored. The following table shows that in 1992, microenterprises employed the greatest number of urban economically active population: 58.2% of employment was generated by businesses with fewer than 9 employees, and 49.9% of employment was generated by businesses with fewer than 4 employees.

TABLE 13
Generation of Urban Employment and Type of Business

Type of Business	Total	Percentage	Cumulative Percentage
Microenterprise	889,368	49.9%	49.9%
Small business	146,780	8.2%	58.2%
Medium - Large business	745,434	41.8%	100.0%
Total	1,781,582	100.00%	

Source: FUSADES, May 1991.

This data is important because women tend to be most active in the smallest enterprises. According to information taken from the 1988 government-sponsored household survey of 14,220 microenterprises in El Salvador's urban areas, 36% were owned by women. Most of these businesses (55%) were located in the San Salvador Metropolitan Area.

Many donor and government programs have been successful in supporting women in the creation of microenterprises. However, very few of these microentrepreneurs graduate to the small business category, and even fewer become mid-sized businesses. Since women comprise such a large percentage of micro and small enterprise owners, alleviating their constraints to expansion and productivity will ultimately contribute to national economic growth.

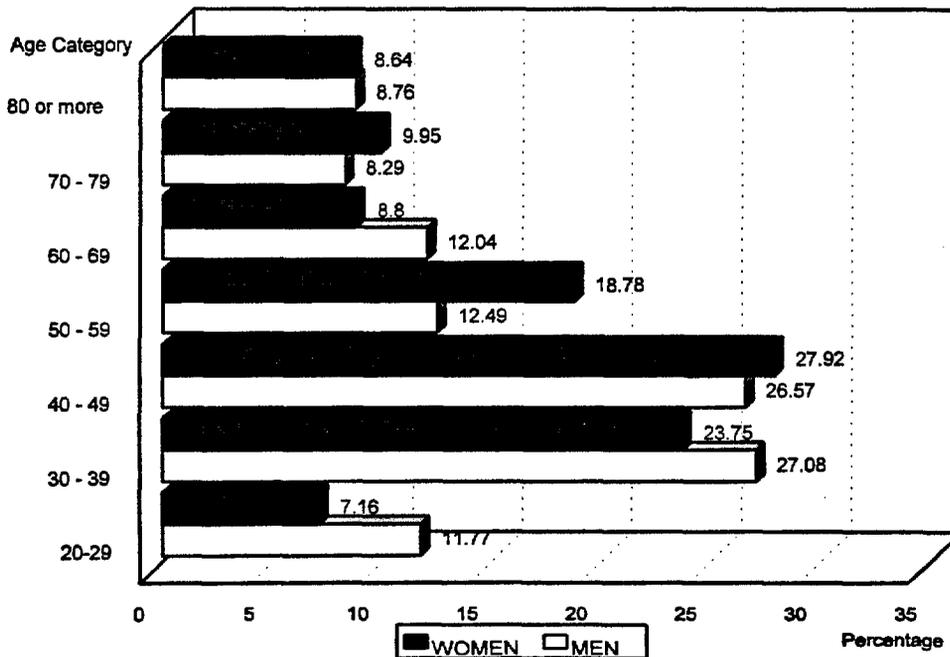
3. Characteristics of Women-Owned Businesses

The businesses established by Salvadoran women range from informal road-side stalls to merchandise retailing chains. Coinciding with what literature predicts, Salvadoran women who own middle-sized or larger businesses tend have more education and job experience and belong to the upper-middle class, while women microentrepreneurs frequently lack even the most basic literacy and numeracy skills. In the course of the team's interviews, three key differences emerged between these two groups of entrepreneurs: (i) age, (ii) motive for creating their business; and (iii) sector of their business.

a. Age

It is interesting to note that most female microentrepreneurs are older than their male peers. Table 14 shows the percentage of male and female micro-entrepreneurs by age category. The largest number of women microentrepreneurs (27.92%) are concentrated in the 40-49 age category, while men tend to be concentrated in the 30-39 age category.

TABLE 14
Percentage of Microentrepreneurs by Age Category and Gender



Source: Salazar, 1994.

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Additionally, women's participation in the 50-59 and 70-79 age brackets, is greater than men's. This is due to the fact that women tend to start their enterprises later than men because of their domestic and household responsibilities. Most women are unable to delegate their responsibilities to care for children and the home.

As mentioned before, Salvadoran women who own mid-sized and larger businesses tend to be more educated, belong to the upper-middle class and often have previous job experience. Although no gender-disaggregated data is available on mid-sized and larger business owners, the team could get a feel for characteristics of these women entrepreneurs through interviews.

Many successful business women interviewed stated that they had created their businesses late in life, after raising their children. However, the younger generations of upper-middle class women entrepreneurs are not following this pattern, and are getting into the labor market as soon as they graduate from university. These younger women stress that they have chosen a career path that they will not abandon when they start a family.

b. Motives for Creating a Microenterprise or Small Business

Most women microentrepreneurs and/or small business owners start and maintain their business as a matter of economic survival, not choice. Women face limited options when starting a micro or small business due to: (i) their household responsibilities that limit the amount of time they can devote to their business and restrict their mobility; and (ii) limited access to finance and lack of training. Therefore, it is not surprising that women concentrate in those sectors with low barriers to entry, low capital/work ratio, and low productivity.

MIRNA - PROFILE OF A MICROENTREPRENEUR

I was born in Los Laureles, Morazán. As a small girl I lived very poorly in a rented room with my family. I finished first grade when I was nine and continued studying until second grade. I don't know how to read well.

I started working when I was more or less ten years old, helping my mother by selling "tortillas." For some years I also worked as a maid, but that job was really exhausting, even more after my baby girl was born. When I was 38, my partner Ramiro and I came to San Salvador to work and earn more. Ramiro left for the States in 1987 and remained there for two years, working as a dish-washer. At the beginning he sent us some money, not much. Later on, less and less.

Installing a little shop was my idea. I had thought of it for a long time, as it would allow me time to do my household chores. As long as I know how to count and give people their change, it's easy. I borrowed 300 colones from my sister just to buy the necessary goods, and I already had the refrigerator. From then the business has been expanding, although my profits are barely enough to feed four people.

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Most of the women owners of medium or large businesses interviewed had some kind of family support from a male relative (father, husband) the first time they tried to obtain financing to launch a business. Furthermore, many of the large Salvadoran businesses are family-owned, thus it is a common practice for women family members to become board members of the business, ensuring that ownership and control remain in the hands of the family and a trusted person.

JEANNETTE - PROFILE OF AN ENTREPRENEUR

Ten years ago, Jeannette was working for her family owned tourism agency. At that point in her life, Jeannette decided that she wanted to become independent and re-launch her career. She had the idea of diversifying by getting into the rental car business. She would cater her product to those executives who were staying in San Salvador's hotels and offer an additional sight-seeing service. Her new business would create new synergies with her family's travel agency.

Although Jeannette's decision to become an entrepreneur was well received by her direct family, many of her friends and relatives questioned her judgement. She did not seem to need this social support to carry on with her project. Her self-confidence helped her and allowed her to proceed.

Jeannette told the team about her difficulty accessing credit. When she went to one of the local bank's branches with her business plan, a loan manager refused to give her credit. Jeannette then sent her brother with the same business plan, and the loan was granted!

In her mind Jeannette had clear personal goals. Independence was what mattered most to her. She preferred hands-on work and wanted to be where the action was. The confidence that flowed from ownership created the drive to endure the consequences of that independence. She had the drive to put her imprint on what she was creating.

c. Sectors of Activity

The MIPLAN Household Survey provides gender-disaggregated data on business owners.⁴⁸ However, it does not disaggregate data by the size of the business or people employed by the business. As shown in Table 15 on the following page, the MIPLAN household survey reports that women own 17% of all businesses in El Salvador, amounting to at least 20,274. Table 15 also shows that most female business owners are concentrated in the services, commerce and manufacturing sectors, while male business owners are heavily concentrated in the agricultural, construction, and transportation sectors.

Women-owned businesses account for 64% of all businesses in the services sector and 50% of those in the financial sector, although it should be noted that the financial sector consists of only

⁴⁸ The survey questionnaire distinguishes between *patronos* or business owners and people who are self-employed.

148 businesses. It is not surprising that women-owned businesses are virtually absent from traditionally male-dominated sectors such as construction and transportation.

TABLE 15
Business Owners by Gender and Sector

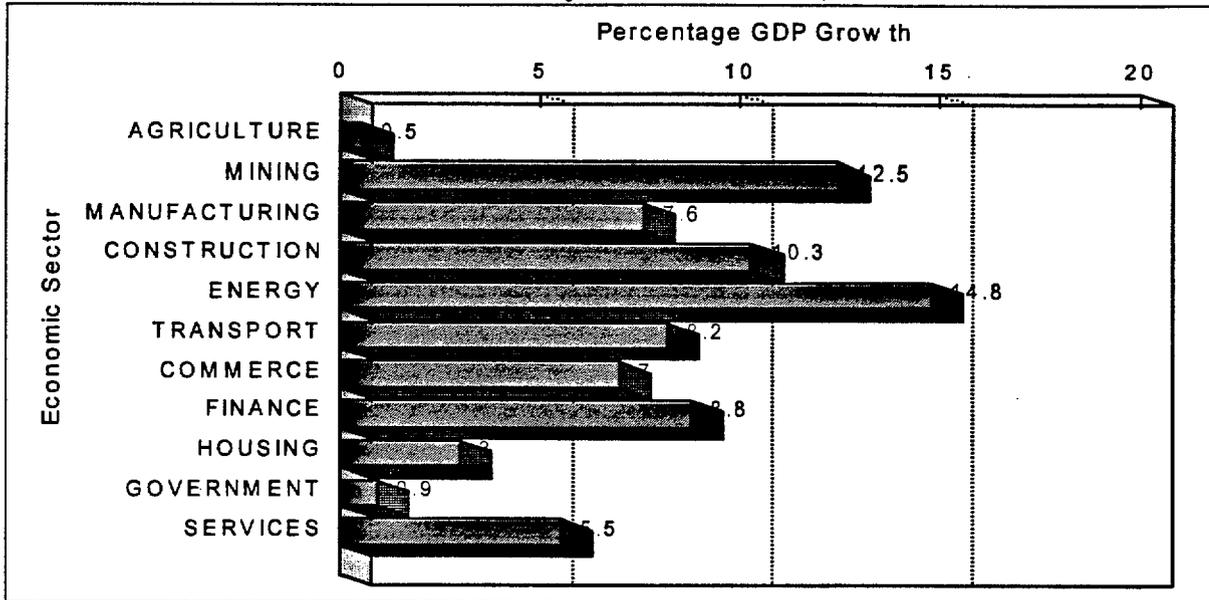
Sector	Number of Women	Percent	Number of Men	Percent	Total	Percent Female
Agriculture	4,384	21.62	60,304	61.95	64,688	6.78
Mining	0	0	74	100.00	74	0.00
Manufacturing	4,725	23.30	11,301	11.61	16,026	29.48
Construction	148	0.73	5,998	6.16	6,146	2.41
Commerce	4,467	22.04	10,730	11.02	15,197	29.39
Transportation	290	1.43	5,388	5.53	5,678	5.11
Finance	74	0.36	74	0.07	148	50.00
Services	6,186	30.52	3,463	3.55	9,649	64.11
TOTAL	20,274	100.00	97,332	100.00	117,606	17.24

Source: MIPLAN, Multiple Purpose Household Survey Results, 1992 - 1993.

Combined with information in Table 16 on the following page, the data show that women entrepreneurs are taking advantage of only a few windows of opportunity created by sound economic programs while missing out on others.

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TABLE 16
GDP Growth by Economic Sector, 1993



Source: U.S. Dept. of Commerce, 1995.

In 1993, the **construction sector** has reached a growth rate of 10.3%. The field team was astounded at the construction activity in the San Salvador area. Reports from the U.S. Commerce Department state that some housing developers are booked solid for the next 12-15 months. By not participating in this business segment, women business owners are missing key opportunities.

Women entrepreneurs participate in the **financial sector** in a variety of ways: (i) as bank employees or managers; (ii) as brokers; and (iii) as owners of businesses that provide financial services. Since 1990, El Salvador has had a free market exchange rate and has legalized non-bank foreign exchange houses (U.S. Dept. of Commerce, March 1995). These regulatory changes, in conjunction with almost \$800 million in remittances that flow into the country every year, have created a boom in the financial market. Data shown in Table 17 point out that women represent half of the owners in this sector; it can be speculated that only medium and large businesses are represented in this business segment. (See Section C.5 for a description of women managers in the financial sector.)

Commerce and services have historically been areas of significant participation for women entrepreneurs. Although there is very little data on the subject, a report prepared by the Foundation for the Development of the Salvadoran Woman (FUDEM) states that women owning micro and small businesses are concentrated in commerce (74%). Managers of micro-credit programs confirmed this by stating that most women clients own commerce and trade enterprises, while men typically own production-oriented businesses. This pattern is consistent with the results of the POWER literature review.

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TABLE 17
Urban Microentrepreneurs by Gender and Sector, 1988

Sector	Number of Women	Number of Men	Percentage of Women	Percentage of Men
Agriculture	0	1,211	0.00%	100.00%
Mining	N/A	N/A	N/A	N/A
Manufacturing	992	3,357	22.80%	77.20%
Public Utilities	N/A	N/A	N/A	N/A
Construction	N/A	N/A	N/A	N/A
Commerce	3,555	1,258	73.90%	26.10%
Transportation	156	894	14.90%	85.10%
Finance	0	107	0.00%	100.00%
Services	40	989	3.90%	96.10%
Total	4,743	7,816	37.8%	62.2%

Source: FUEM, 1992.

Within the broad sectors mentioned above, interviewees identified key sub-sectors which women in micro and small businesses choose for starting their businesses. They include:

- food and beverages processing;
- food and beverages commercialization;
- textiles and shoes;
- retail;
- beauty parlors; and,
- very small-scale sales.

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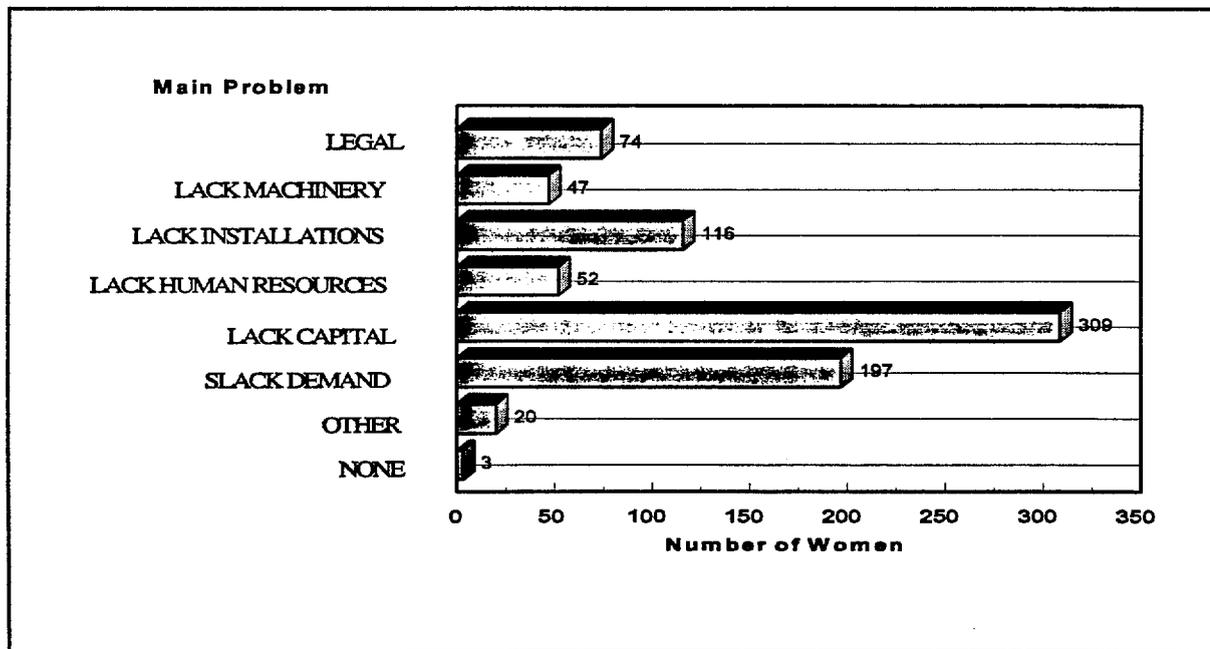
Additionally, interviewees pointed out that medium and large businesses are also heavily concentrated in the commercial and services sector, providing products with greater value-added. Women have created and managed such success stories as Kismet (a large retail chain comparable to Sears) and a supermarket chain called "Las Americas." Other successful business women are exporting to foreign markets and expanding their efforts to Central America. However, these are the exceptions, not the rule, as most women entrepreneurs supply the local market.

Many interviewees mentioned tourism as a key growth area, and an important window of opportunity for women entrepreneurs. Women are taking advantage of El Salvador's "ethnic tourism," a term which describes the visits of Salvadorans living overseas that come to El Salvador to visit friends and family, as well as the increase in the number of business visitors....

4. Opportunities and Constraints for Entrepreneurs

The constraints to starting, operating, and expanding a business differ between micro and small business owners and medium and large business owners. As shown in Table 18, a survey of women microentrepreneurs in the San Salvador Metropolitan Area revealed that women in this business considered lack of capital and slack demand as the main barriers to the growth of their business (Salazar, 1994).

TABLE 18
Main Problems Encountered by Women Microentrepreneurs



Source: Salazar, 1994.

Women owners of medium and large-scale business listed access to capital as a constraint only during start-up. Once a track record is established, women in medium to large-scale enterprises generally have access to the formal banking system. Thus, access to capital is not a barrier for this group of businesswomen. Medium to large-scale businesswomen mention training in business skills and access to information via networking as the two main barriers to business development.

Further detail regarding the constraints that women business owners face is provided below.

a. Market Saturation

As mentioned before, women tend to concentrate in those markets with low barriers to entry and a low capital/work ratio. Thus a high proportion of women compete among themselves in a saturated market in which they have very few growth opportunities. Examples of such market are very small scale sales and food and beverages commercialization.

The lack of demand resulting from the saturation of the market has several implications. First, women owners of micro and small businesses work more days per week and longer hours than their male peers. Most women surveyed by the Institute for Social Research and Development (INSIDE) worked 7 days a week. Second, women tend to earn less per month than their male peers. The INSIDE survey reports that most female micro and small business owners earn between 501 and 1,000 colones (\$58 and \$117) per month, while the market basket at the time of the survey amounted to 1,472 colones (\$173) putting many women below the national poverty line.

b. Access to Credit

The access to and cost of credit are major issues for all entrepreneurs, regardless of the size of the business. Nevertheless, the problem is more severe in the case of micro and small business owners, where available data suggest that women predominate in informal sector borrowing (World Bank, April 1995). Several factors affecting access to credit are discussed below.

• Sources of Credit

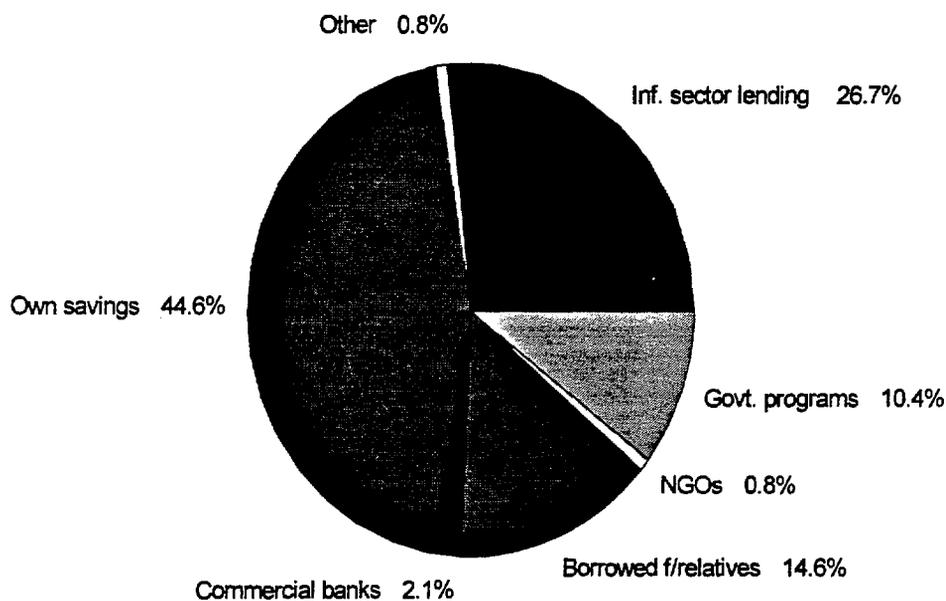
Table 19 on the following page shows that micro and small-scale women entrepreneurs in the San Salvador Metropolitan Area have utilized their own savings, borrowed from informal sector financiers, or from their relatives to obtain start-up capital for their endeavors. These sources are not mutually exclusive, and several interviewees mentioned more than one. Data shows that access to GOES-supported programs has been minimal and to NGO credit programs almost nonexistent.

Formal financing opportunities for women in the micro and small business segment are extremely rare. According to bank managers interviewed by the team, commercial banks are not interested

in the microenterprise and small business market due to: (i) the high risk involved; (ii) high administrative costs; and (iii) the fact that micro and small businesses do not seek any additional banking services (i.e., opening bank accounts to pay salaries, etc.).⁴⁹ Furthermore, women often lack the necessary collateral to get a bank loan, as property titles are normally kept in the name of their husbands or male relatives. Many times women entrepreneurs lose opportunities to obtain collateral which they can use to get access to credit because they are unaware of their rights. For example, through ignorance of their rights under the new Family Code (See Chapter II). Women also find bank procedures bureaucratic and cumbersome.

No gender-disaggregated data is available for loans taken by medium and large businesses. However, women interviewed mentioned utilizing the formal banking system and borrowing from relatives as the main sources of capital.

TABLE 19
Sources of Capital Utilized by Micro and Small Businesses



Source: Salazar, 1994.

- *Credit Institutions*

In addition to the formal commercial banking system, micro and small businesses have access to other credit institutions. In the public sector, the following institutions offer financial services to small businesses: the Agricultural Development Bank (*Banco de Fomento Agropecuario - BFA*),

⁴⁹ Nevertheless, according to bank managers interviewed, following Central Bank guidelines, 10% of their loan portfolio is allocated to this segment.

the Federation of Credit Banks (*Federación de Cajas de Crédito* - FEDECCREDITO) and the Small Enterprise Guarantee Fund (*Fondo de Financiamiento y Garantía para la Pequeña Empresa* - FIGAPE). BFA and FEDECCREDITO do not maintain gender-disaggregated data on borrowers, but data collected by FIGAPE show that during the month of September 1994, more loans were granted to men than to women (88 loans for women vs. 108 loans for men).

NGOs are the primary provider of services to micro and small businesses. The major NGOs operating in El Salvador are the Association of Salvadoran Small and Medium Enterprises (AMPES), the Microenterprise Support Center (CAM), and the Small Business and Microenterprise Program (PROPEMI).

The field team identified weaknesses within credit institutions themselves that as a result reduced the demand and supply of credit within the micro and small business segment. There are several factors that hinder the effectiveness of NGOs' lending operations:

- NGOs are fighting to attract the same kind of borrowers (those who already have a good credit history and are reliable clients). Thus, there is limited inter-institutional coordination and narrow coverage of the microenterprise and small business sector. According to one survey, only 7% of women in the informal sector have participated in NGO and/or GOES programs (Salazar, 1994).
- NGO credit managers interviewed stated that waiting periods of 4 weeks are not uncommon. Since working capital needs are urgent in nature, long waiting periods have contributed to the difficulty of some NGOs in attracting clients (USAID/El Salvador, February 1992). Thus, micro and small businesses utilize other -- often more expensive, but readily available -- sources of capital such as the informal sector.
- Furthermore, many NGOs providing credit programs suffer structural weaknesses. They have limited administrative and technical capacity. A site visit by the team to an NGO credit program verified that all paperwork and administrative matters in the different regions were done manually and seemed rudimentary.
- Another common feature of these organizations is their focus on helping borrowers meet their immediate needs, instead of helping them develop economically profitable and growing businesses that will eventually have links with the formal banking system.

GENDER BIAS AND DISCRIMINATION IN LENDING

"Formal and non-formal lending institutions have demonstrated gender-bias in delivery of services. It is common for staff of formal financial institutions, for example, to request that loans to female heads of households include the signature of a male son over 18 years. The Agricultural Commercial Bank (Banco Agrícola Comercial - BAC), for its part, limits borrowers to under 57 years in the case of men compared to 52 years for women. This can be a problem for women who tend to borrow at a later age when they are free from family responsibilities and have time to start a business. In contrast NGOs such as the Association for Women's Business Development and Organization (OEF El Salvador) only work with female clients and exclude men. In the case of AMPES, the program targeted the commercial and trading sector to limit risk taking and achieve high turnover of loans. Targeting the commerce sector had the effect of favoring women because of their over-representation in trading activities."

"Moving to a Gender Approach in El Salvador: Issues and Recommendations," World Bank Report

- *Loan Size and Interest Rate*

A World Bank study states that average loan sizes in the formal sector using guarantee schemes tend to be bigger than those of the informal sector, and loans to women tend to be smaller overall (World Bank, April 1995). Data provided by the Guarantee Fund for Small Enterprises (*Fondo de Garantía Agropecuaria*, FOGAPE) shows that loans made to women were 69% smaller than those made to men.

Coinciding with the literature review, women's businesses and loans in El Salvador tend to be significantly smaller than men's. Table 20 shows that women's participation in credit programs is greater in the Community Bank categories and decreases visibly when collateral is required. Loans provided through the use of Community Banks range between 400 and 3,000 colones (\$47 to \$352). The loan amount increases for micro and small businesses that provide collateral as a guarantee, but fewer loans are provided in this category. Loan amounts provided by CAM range between 1,000 and 24,000 colones (\$235 and \$2,823), with loan amounts averaging 5,000 colones (\$588).

The interest rate paid by women in the informal sector varies according to the source of the loan. According to women interviewed, informal sector financiers charge 20% fixed interest rate for a loan payable in 20 days.⁵⁰ The lowest interest rates are found in NGO and government credit programs. However, as shown in Table 20, the interest rate and repayment periods vary greatly.

⁵⁰ Suppliers play an important role as informal sector financiers by selling their goods using credit schemes.

TABLE 20
Major NGO Credit Programs⁵¹

INSTITUTION	% WOMEN	% OF ARREARS	CREDIT AMOUNT (in colones)	INTEREST RATE	GUARANTEE
AMPES	65	1.5	500 to 1,000,000	16% year	collateral
CAM	90	N/A	1,000 to 24,000	3% month	signature
PROPEMI	42	8	1,000 to 225,00	18% year	collateral
FEDECCREDITO	65	1	100 to 300,000	22% year	collateral
FIGAPE	74	5.12	100 to 300,000	17% year	guarantors collateral-solidarity groups
CORDESAL	100	30	500 to 10,000	24% year	guarantors collateral - solidarity groups
FUNDEMUN	100	0	400 to 2,400	3% week	signature
ORMUSA	100	0	15,000	24% month	signature
FUNDAMAV	100	N/A	20,000 to 40,000	15% year	signature
FJND	100	3	500 to 8,000	4% month	signature

⁵¹ AMPES and CAM figures taken from interviews with credit managers (January 1995), all other figures taken from Héctor Salazar, "Las informales: estudios sobre el sector urbano femenino en El Salvador," Instituto de Investigación Social y Desarrollo (INSIDE), El Programa Nacional de Formación Profesional (PRONAFORP) and the European Community, San Salvador, 1994.

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ASIPES	100	8	100 to 3,000	3% month	signature
PROCOMES	79	20	400 to 1,500	6% month	signature
AMCOE-3	97	10	300 to 2,000	5% month	signature
AMS	100	N/A	600 to 1,500	4% month	signature
FINCA	90	0	400 to 4,000	3% month	signature

The major concern about the interest rates and micro-scale loans that cater primarily to women is that these loans restrict the opportunities for women to accumulate capital and escape the subsistence lending cycle. For example, the team interviewed women who belonged to a CAM solidarity group and were using their loans to buy goods to resell. Our experience coincided with figures from a survey where 84.1% of the credits provided to women in the informal sector were used for buying goods and raw materials, while only 15.9% of the credits were used to buy capital goods (Salazar, 1994).

Given the nature of the barriers women small and micro entrepreneurs encounter in accessing credit, in designing its activities, POWER should look at these restrictions and develop interventions that consider not only the development of credit lines catered to small business development but also the strengthening of financial institutions themselves.

c. Laws and Regulations

Legalizing an existing business to become part of the formal sector tends to be a prohibitively expensive move for most micro and small enterprise owners. A few examples illustrate the cost of creating a company.

- All new companies must be registered with the Registry of Commerce (*Registro de Comercio*). Registration fees amount to 0.3% of the capital involved with a limit which is periodically adjusted.
- To engage in trade, a company must not only obtain registration as a mercantile organization but also get an establishment registration and pay registration fees starting from 200 colones (\$23) on assets between 20,000 colones (\$2,352) and 50,000 colones (\$5,882). Furthermore, the company must pay an annual business license fee of 200 colones (\$23).

- Social security charges are additional costs, as employers must contribute 2% of an employee's salary towards disability, old age, and life insurance, and 7.5% for disease, work-related accidents, and maternal insurance. They must also withhold and remit the contributions of their employees.

To complicate matters further, most of the registration processes tend to be cumbersome and time consuming. For example, the Registry of Commerce takes an average of four months to complete a registration request. Once within the formal sector, taxes also tend to be cumbersome and expensive for the business owner as shown by the following tax chart.⁵² Although these barriers exist for men and women alike, women tend to be more affected by them as most women microentrepreneurs and owners of a small business often operate at survival levels, are less educated than their male counterparts, and often lack experience with licensing and regulatory agencies.

TAX CHART	
TRANSACTION TAXES	
Value Added Tax :	10%
Other taxes :	on beverages and cigarettes
Import duties :	5% to 30%
Transfer of shares :	none
RESIDENT INDIVIDUALS	
Individual income tax :	progressive, from 10% to 30%
Territorial scope :	Salvadoran-source income only
Foreign income tax :	not creditable
Net wealth tax :	progressive, from 0.5% to 2%
Inheritance/gift tax :	none
RESIDENT ENTERPRISES	
Corporate Income Tax :	25% on that part of income exceeding c\$75,000
Territorial scope :	Salvadoran-source income only
Foreign income tax :	not creditable
Annual losses :	no carry-forward: no carry-back
Corporate net worth tax :	progressive, from 0.9% to 2%

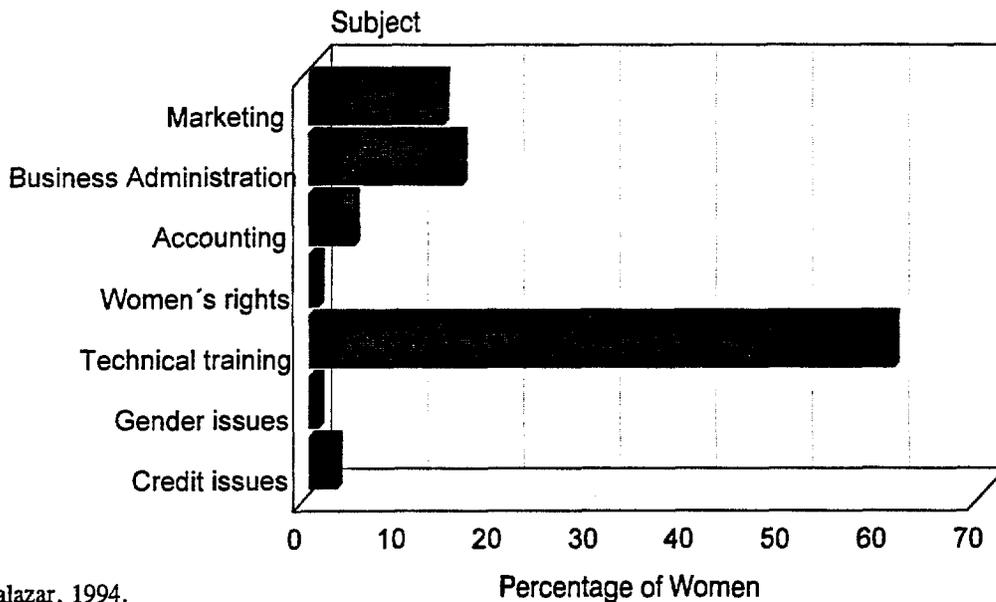
⁵² International Bureau of Fiscal Documentation, Latin America Supplement No. 95, March 1994.

d. Training and Networking

Lack of training has been mentioned as one of the major problems affecting all women entrepreneurs. Although most women interviewed acknowledge the benefits derived from training received, they pointed out that business training should focus more on market analysis, financial management and development of "soft" skills such as negotiation and leadership.

The INSIDE survey reports that 22.7% of women entrepreneurs interviewed in the San Salvador Metropolitan Area had participated in some training course, showing the coverage of NGO and government programs. Table 21 shows that most women microentrepreneurs with some training were trained in technical issues. Important areas such as accounting, marketing and business administration played a secondary role.

TABLE 21
Training Categories for Urban Microentrepreneurs



Source: Salazar, 1994.

In general, training courses on gender issues and women's rights are not assigned the importance they should, as many NGOs and the GOES believe that by providing technical training courses alone, women will get incorporated into productive activities.

5. Women as Managers

A relatively large number of women in El Salvador have reached top management positions in the formal sector of the economy. According to a 1994 survey conducted in the San Salvador Metropolitan Area, women occupied 27% of top management positions. Table 22 provides more detailed data on women in management.

TABLE 22
Top Management Positions in the San Salvador Metropolitan Area by Gender and Sector

	Total Top Managers	General Managers (LMEs) ¹	Prod/Ops Managers (LMEs)	Other Managers (LMEs)	Managers in Small Businesses
TOTAL	9,539	983	513	2,072	5,971
Total women	2,586	158	144	545	1,737
% Women	27.11	16.16	28.09	26.32	29.10
Industry	2,327	257	257	685	1,737
Total women	450	37	59	149	202
% Women	19.25	14.50	22.98	21.76	17.96
Construction	365	22	14	74	255
Total women	41	0	0	10	30
% Women	11.44	0	0	14.41	12.15
Commerce	4,263	372	99	921	2,870
Total women	1,546	96	38	249	1,162
% Women	36.27	25.81	38.41	27.12	40.50
Services	2,584	332	144	391	1,717
Total women	549	25	47	135	341
% Women	21.27	7.68	32.75	34.69	19.89

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Note: ¹ "LME" stands for Large and Medium scale businesses.
Source: FUSADES, July 1994.

Table 22 provides a fuller picture of top management positions held by women. The statistics are broken down by economic sector. Not surprisingly, the most prominent feature of the table is that women holding top management positions are concentrated in commerce and in the service industries. Like the trends in business ownership, very few women occupy managerial positions in the construction sector. Furthermore, although 26% of top management positions are held by women, only 16% of general managers are women.

Interviews conducted in San Salvador pointed towards an encouraging trend. Most people interviewed remarked on the increased participation of women in occupations related to the provision of financial services. For example, the Bank of Cuscatlán has 22 branches throughout the country, and 20 of them are managed by women. According to Ms. Nelly de Aguilar, General Manager of Bank of Cuscatlán's Escalón branch, "Following the privatization process of the financial sector, the Bank of Cuscatlán established a policy by which it fosters the participation of women throughout the corporate ranks." She added that "the provision of financial services has a huge public relations component, for which women are preferred to men." The bank also places an emphasis on internal promotion.

Although the hiring of these women is mostly done at entry levels (cashiers, etc.), Ms. Aguilar mentioned that she started as a secretary several years ago and achieved her current position due to incentives and opportunities that the bank provided. She attended university after work, with the help of a bank scholarship. The bank also paid 100% of tuition if a grade point average of 7 (3/4) or more was obtained.

6. Current Initiatives

Two main successful initiatives are currently attempting to strengthen business capacity in general, and increase women's opportunities in the formal sector in particular. The Foundation of Entrepreneurs for Educational Development (FEPADE) has been implementing a "train the trainer" approach dealing with female business leaders. In addition, the Government has created the Institute for Professional Training (*Instituto de Formación Profesional - INSAFORP*) which links actual demand generated by the business market to training experience.

- FEPADE - Training Leaders

FEPADE is carrying out one of the best training initiatives to incorporate women (as employees and entrepreneurs) into the formal sector of the economy. FEPADE first identified sectors that are experiencing enormous growth and represent windows of opportunity for women (such as the textile industry). The institution then implemented a "train the trainer" approach, training women who have been identified as leaders. Such is the case of Marta, an engineer who was granted a scholarship to study productions operations management in the textile industry in New York.

Now Marta is not only training other women and acting as a coordinator for training programs for factory managers in the textile industry, but is also providing technical assistance to businesses within this sector.

In summary, the FEPADE program has identified and nurtured dynamic women that act as role models and agents for change within their community and field.

- INSAFORP: GOES Training Initiative

Although structural adjustment demands to reduce public expenditures have resulted in the need to cut many government programs, the GOES has stated on several occasions that training and education are a priority for the period 1994-1999.

An important development was the creation of the Institute of Professional Training (*Instituto de Formación Profesional*) (INSAFORP) in 1993. INSAFORP has as its mission the management and coordination of the National System of Professional Training (*Sistema Nacional de Formación Profesional*). To finance its operations, all companies with more than 10 employees have to contribute 1% of all salaries paid.

Its main functions are to:

- develop and periodically revise the National Policy on Professional Training;
- develop norms, evaluate and approve the public and private sector professional training programs;
- provide technical assistance to organizations dedicated to the provision of professional training; and,
- design global professional training programs based on the demand generated by businesses.

INSAFORP will link professional training to actual demand generated by the business market. According to the Deputy Director, INSAFORP could and will open many windows of opportunity for women by promoting their participation and training them in areas traditionally dominated by men, and in need of more supply of labor (e.g., construction).

7. Conclusions and Implications for POWER

The literature presents very little information about women in formal small scale business in El Salvador and even less regarding women in medium and large businesses. This shortage of documentation reflected the previous lack of interest of both researchers and donors in the participation of women in more formal and larger enterprises. For many years donors had

concentrated their efforts in the development of microenterprises in an attempt to help what has been perceived as the most fragile and vulnerable group.

However, El Salvador has changed. The growth of the Salvadoran economy and recent legal reforms have created numerous windows of opportunity that, if taken advantage of, could maximize the women's participation in the formal sector, and break the glass ceiling that many women entrepreneurs experience.

Donors such as USAID are now considering both the needs and roles of women in the formal and informal sectors. Being aware of the existing barriers and the needs of women will help in the design of strategies for increasing participation of women in the formal sector.

Many of these concepts have already been incorporated in the USAID strategy statement for 1995. To mention a few, USAID has (i) required the collection and analysis of gender-disaggregated impact data for all relevant sector assessments, projects, and evaluations and (ii) encouraged linkages among projects and activities to emphasize the importance of gender-disaggregated data. In addition, the mission has recommended that greater emphasis be placed on encouraging growth through microenterprises by identifying impediments to growth in the various microenterprise occupational areas and disseminating information on the growth potential of certain types of business.⁵³ Therefore, USAID/El Salvador will be undertaking many relevant initiatives in the near future.

A joint analysis of the present economic situation in El Salvador, a simplified diagnostic of the opportunities and constraints facing women entrepreneurs, and USAID's strategy leads to two recommendations for the POWER design team: first, narrow the focus of the project and second, narrow the definition of the target population.

a. The Focus of the POWER Project

The purpose of the POWER project has been defined as "to identify and implement interventions that enable and strengthen women's economic participation" by taking action in the creation of an enabling environment for women's economic participation through the development of laws, regulations, etc. at the same time strengthening women's access to skills and resources.

In the case of El Salvador, the enabling environment already exists. No laws or regulations need to be created. Furthermore, many women have already taken advantage of these opportunities. Nevertheless, much has to be done in the ways of disseminating information, enforcing these laws and creating a social conscience regarding women rights and bringing women up to speed in management and technical issues allowing them to become competitive in the new market place.

⁵³ Integration of Gender Considerations in Development, Strategy Statement, USAID-El Salvador, 1995.

b. The Definition of the Target Population

Considering the social and cultural norms in El Salvador, and based on the information gathered through interviews and secondary data, many of the constraints limiting women's access to and participation in the formal economy are faced exclusively by small and micro entrepreneurs. Currently, women and men in microenterprise credit programs cannot obtain further financing when their enterprises grow to the point where they need more credit in order to finance expansion. The current limits on credit in microenterprise programs makes many entrepreneurs ineligible for the capital needed to expand, and few projects exist to facilitate "graduation." At the same time, a huge percentage of the Salvadoran population that has participated in micro-credit programs shows great promise to contribute to economic growth. Thus, POWER should focus on the population of successful microentrepreneurs who, with the appropriate technical assistance, training and credit support, have the potential to "graduate" to a larger scale sector. This will also allow POWER to take advantage of synergies created by existing projects concerned with microenterprise development.

D. ORGANIZATIONS, WOMEN, AND ECONOMIC OPPORTUNITIES

1. Introduction

An essential reason for including organizations in the planning of POWER is that organizations are the primary mechanisms for carrying out the economic and policy changes described in the preceding sections. Organizations which affect women and economic growth include public institutions, such as government ministries; private organizations, such as professional associations, business groups, and trade union organizations; research and educational institutions; and, of growing importance, non-governmental organizations (NGOs). A complex web links these organizations in economic development efforts. USAID terms the various entities "development partners," and they are increasingly important at both the local and global levels.

In the organizations described below, a focus on gender means not only increased participation of women as beneficiaries and as implementors but also the acknowledgement of gender as a variable in policies, planning, and operations. If gender is not included as a variable -- what is sometimes called gender blindness or gender neutrality -- women's activities and gender-based constraints become invisible and are ignored or left out. As a project officer for USAID/El Salvador explained, "We didn't have anything against women, we just didn't see them. Now that we have to disaggregate program impacts by sex, we've seen that they were often left out of projects. Having to compile information made us think, and we began to consciously include women in our program emphases."

Some, but not all, of the organizations described below are headed by women. What is key, however, is a core constituency of actors -- usually female -- who first promote an agenda. Although the field team interviewed many men supportive of women's issues, in no instance did a man initially champion an issue or activity. In the changes in unions, for example, the initial push came from outside evaluators and from women in the local unions. In the Chamber of Commerce, it was an individual woman who -- despite general opposition but with the help of male family members -- opened up the chamber's Board for other women.

In the field interviews with women leaders of the following organizations, all believed that being a woman positively affected the work of their organization *vis-a-vis* other women. For example, a congresswoman said, "Although it is difficult being a woman in this institution [National Assembly], I think we do help breach the barriers for women. As important, the people believe that we do. We are also important as role models."

The following presents an overview of the public and private institutions that are involved with economic issues of women and suggests opportunities for POWER. The sections include:

- Organizational Growth and Development
- Organizational Activities and Services by Sector
 - Public Sector
 - Private Sector
 - Research, Educational, and Training Organizations
 - Non-profit Sector (NGOs)
 - Other Donor Organizations
- Conclusions and Implications for POWER

2. Organizational Growth and Development: Change Between 1984 and 1994

As earlier sections have demonstrated, the last decade prompted immense changes in Salvadoran women's economic and socio-cultural roles and, in turn, in the organizations which address women's economic activities. Examples include:

a. Public Sector

In 1984, government ministries primarily focused on women as mothers. In 1994:

- The Ministry of Planning is specifically analyzing women's economic activities as a part of the National Household Census.⁵⁴
- The Ministry of Education is reviewing elementary textbooks for gender biases.
- The National Secretariat of the Family is coordinating the development of a national gender strategy, offering credit and training to microentrepreneurs, and beginning a new project on training in non-traditional occupations for women.

⁵⁴ More, however, remains to be done. See Key Entry Point in Chapter III regarding "Counting Women's Work."

b. Private Sector

- In 1984, no women were on the Executive Board of the Chamber of Commerce. In 1992, one was elected. Now there are three (19% of the total).
- In 1984, women were not acknowledged as part of the trade union movement. In fact, men even held the posts as heads of women's committees. Though still fledgling, an organization focusing specifically on women workers is active, and unions are beginning to acknowledge the importance of women members.

c. Non-Profit Sector

- The non-profit sector includes research and academic organizations and non-governmental organizations (NGOs). In 1984, there were approximately 30 NGOs in El Salvador. Now, there more than 200 registered with USAID/El Salvador alone.⁵⁵ Many of these work with women's issues, and their role as development partners is increasingly important in the strategies of government and international donors.

3. Organizational Activities

a. Public Sector

Within the government, the National Secretariat for the Family (SNF) and the Women's Unit in the Attorney General's Office (PRMU) have specific mandates to represent women. A number of other government institutions specifically target women in their programs or have programs which benefit women; notably, the Ministry of Education (MOE), the Ministry of Health (MOH), the Ministry of Planning (MIPLAN), and the National Center for Agricultural and Forest Technology (CENTA). The following summarizes the activities and services of those that deal most specifically with women and economic growth.⁵⁶

- National Secretariat of the Family (SNF)

Current Initiatives: The SNF is the national government body responsible for women's affairs in El Salvador. Created in 1989 by executive decree to advise the president on issues affecting the well-being and protection of the family, it has a clear social mandate with a focus on

⁵⁵ To be registered with USAID/El Salvador, an NGO must demonstrate sufficient institutional capacity, as well as interest in working with USAID. Consequently, the number of NGOs in the country as a whole is much greater than the 200 registered with the Mission.

⁵⁶ This information is summarized from several sources: field interviews, the "*Directorio de organismos que dirigen acciones hacia las mujeres*," by the *Secretaría Nacional de la Familia, Unidad de Atención a la Mujer*, República de El Salvador, and, very importantly, a report of the joint World Bank/Inter-American Development Bank gender initiative team (April 1995).

addressing problems that affect women and children. The Executive Secretary is appointed by the president. In the current and past administrations, the president's wife has occupied this role.

The SNF falls under the auspices of Ministry of the Presidency and is also funded through this office. To ensure that it has voice on the country's social affairs, the Executive Secretary of the SNF sits on the Social Committee, which consists of the ministers of social public institutions.⁵⁷ The SNF acts at two levels: (i) in an implementation capacity, and (ii) in an advisory and policy-making role on issues such as legal property rights and family violence. Two SNF projects relate specifically to women as economic actors: a community bank system which is similar to CAM/FINCA's and a new program in which women will be trained in non-traditional occupations such as carpentry and brick-laying.

As a part of its advisory and policy roles, in 1995, the SNF organized the *Comité Nacional de la Mujer* (National Committee on Women), which it will coordinate. Motivated by the need to develop a national strategy and action plan for the United Nation's Fourth World Conference on Women to be held in Beijing in September 1995, the Committee is developing a working strategy on gender issues in conjunction with NGOs active in women's issues (for example, FEPADE, FUSADES, and FUDEM). The Committee is composed of representatives of the Ministry of Education and Ministry of Planning, as well as other government offices. The national Action Plan will be presented first at a PrepCom meeting in New York and then at Beijing.

Opportunities and Constraints: The SNF is an important center for influencing GOES policy and activities. In addition, it has an influential coordination role with non-governmental and private sector organizations. Consequently, it can serve as an important clearinghouse and dissemination center for a variety of gender-based activities.

The SNF is one of the primary beneficiaries of the World Bank's Institutional Development Fund grant described at the end of this section. It is intended to develop the capacity of the Secretariat for the Family to monitor the status of women *vis-a-vis* men and identify problems pertaining to public sector services and gender issues. With this support, the SNF will be able to carry out its current responsibilities and new initiatives even more effectively. Consequently, it is essential that USAID/El Salvador continue to strengthen its links and coordinate efforts with this office.

⁵⁷ Made up of the Ministries of Planning, Education, Health, Agriculture, Interior, the Vice Ministry of Housing, the Social Investment Fund, and the Secretariat for Reconstruction.

- The Women's Office

The Women's Office, created in 1983 to address discrimination against women works primarily at a research level. It has moved among various government offices, from the Attorney General's Office to the Ministry of Education. In order to centralize government efforts, it will be closed this year, and its functions moved to the SNF.

- Attorney General's Office, Women's Unit (Procuraduría de la Mujer, PRMU)

Current Initiatives: With the closure of the Women's Office, the PRMU -- which is a part of the Human Rights Division of the Attorney General's Office -- is the only other GOES entity other than the SNF with a specific mandate to address women's issues. Its major accomplishment to date has been the drafting of a law on family violence, which a joint NGO/GOES advisory group is currently revising.⁵⁸

Opportunities and Constraints: The PRMU has a very small professional full-time staff, which severely limits its capacity. Although PRMU has the obligation to work on a wide range of legal rights issues, the focus of this office has been on human rights abuses by the military and the police.

- Ministry of Planning (MIPLAN)

Current Initiatives: An activity of MIPLAN which has great impact on women is the administration and analysis of census data, particularly the Household Survey. These data and their analyses affect not only how women are counted in El Salvador but also how they are defined. Are they workers or housewives? Are they economically active or inactive? Are they married or single? Are they poor? In turn, the numbers and definitions shape public policy and economic strategies. As discussed in more detail in the chapter on Key Entry Points, this counting and defining of women and their work is not always accurate.

MIPLAN also includes the Office of Technical Cooperation, which houses a UNIFEM-sponsored project entitled "The Introduction of Gender in Development Projects." The main achievement of the project, begun in 1992 and ending in early 1995, has been to establish a gender network consisting of representatives of NGOs and GOES who have received gender training. In addition, MIPLAN is represented on the *Comité Nacional de la Mujer* described above.

Opportunities and Constraints: In contrast to many countries, MIPLAN has developed a sophisticated data collection methodology and a reasonably good data base. Using existing techniques, it could fairly easily improve its analysis of data regarding women and their activities. For example, it could improve labor force statistics to better reflect true economic

⁵⁸ USAID's Office of Democratic Initiatives has also given support to this legislation.

contributions by gender, particularly women's work in such sectors as agriculture and the informal economy.

MIPLAN will be a primary beneficiary of the World Bank's Institutional Development Fund grant described later in this section. With support from USAID and/or a project like POWER, a clearer and more accurate picture of women's economic activities could be obtained which would have a major impact on the perceptions and policies regarding gender differences and opportunities in El Salvador.

- Other Government Programs

Current Initiatives: The Ministry of Labor, the Ministry of Community Development, the Social Investment Fund (FIS), and the National Secretariat for Reconstruction (SRN) have programs which significantly affect women.

FIS is a social safety net program that supports initiatives developed by community groups, NGOs, and initiatives of local governments. The fund supports projects in education, sanitation, natural resources, potable water, health, and nutrition and childcare facilities. It is estimated that approximately 1.9 million people have benefitted from the FIS. The fund classifies beneficiaries into the following categories: (i) the general population, (ii) children aged 7-12, (iii) women and children under age 6. It does not maintain gender-disaggregated statistics on total number of beneficiaries.

The SRN is responsible for executing the investments program of the National Reconstruction Plan, a poverty-alleviation strategy to assist the population most affected by the war, re-integrating them into social and economic life. It does not have an implicit or explicit strategy to recognize the potentially different situation of men and women in its target zones. Because the SRN relies on local government, NGOs, or other government agencies to execute their projects, activities financed by the SRN are subject to the individual policies of these organizations. In the majority of cases, gender is not considered as a project planning or implementation variable.

Opportunities and Constraints: Although these programs do not necessarily target women, because of their nature, they invariably include women. In addition, they are programs with large budgets. However, since they do not maintain gender-disaggregated information on beneficiaries, it is impossible to determine how many men and women have benefitted from these programs and their relative impacts. This is another instance where the Key Entry Point of "Counting Women's Work" is important. Gender-disaggregation of data and follow-up analysis would not only clarify relative impacts on beneficiaries, they would also help guide design re-tuning for more successful project outcomes.

b. Private Sector Organizations

• The Chamber of Commerce

Although the Chamber of Commerce does not keep membership records by gender, the application procedure theoretically does not discriminate in any way against women. Application requires a two-year track record in business, bank or financial references, and a recommendation from a member. Membership fees vary from 65 (\$7.6) to 1,000 colones (\$117) per month, and are determined by the firm's capital.

The Chamber of Commerce is an important organization for Salvadoran businesspeople. Not only does it organize commercial exhibitions and fairs, but it also hosts major workshops for its members on topics such as exports, tourism, and management. Additionally, the Chamber has training activities geared towards microenterprises and small businesses.

In addition, chamber members are an important source of information on the private sector. An interview conducted with several members of the Chamber of Commerce confirmed that women and men face the same barriers in the business environment and that cultural patterns within society are changing. Women are now occupying positions of power within corporations, are heavily represented within the financial sector, and are represented in the chamber, with three female members on the board of directors. In the minds of the interviewees, business men and women utilized the same information networks.

Current Initiatives: A Women's Committee was recently created. From the information available, it appears that the agenda of the Women's Committee of the Chamber was more oriented toward social service issues than toward supporting women entrepreneurs or dealing with their specific concerns. For example the Women's Committee sponsors *Escolín*, a program that provides school supplies to poor children.

• Trade Unions

El Salvador is a country in which an extremely high percentage of the population, female and male, is a part of a trade or labor organization. Consequently, not only do economic and policy reforms regarding labor affect thousands of women, these organizations are important venues for reaching women in the private and public sectors. Examples of occupations in the organized trade or labor sector include: textile and construction workers; guild and trade workers, such as bus dispatchers; public employees, such as teachers; land-based or marketing cooperatives; and several microenterprise sales and cottage industry organizations. However, these unions, cooperatives, and informal sector organizations are not joined together in a straight-forward fashion. There is an array of associations, federations, confederations, and similar groupings.⁵⁹

⁵⁹ For more details, see: Checchi and Company, "AIFLD-AID Cooperative Agreement in El Salvador: Midterm Evaluation," for USAID, Washington, D.C., no date.

The largest organizations contain members of several or all of the above categories. The Center of Salvadoran Workers (*Central de Trabajadores Salvadoreños*, CTS) is an example. Its current affiliate members total approximately 29,045 from the following organizations:

- National Association of Workers of the Ministry of Public Health and Social Assistance: 4,500;
- National Association of Commerce of the Informal Economy: 400;
- Association of Street Vendors of El Salvador: 500;
- National Union of Peasant Workers: 2,500;
- Association of Municipal Workers of El Salvador: 250;
- Union of Canning Factory Workers of El Salvador: 95; and
- Federation of Integrated Development Communities: 20,000

The data are not disaggregated by gender, but we can predict that many of the workers of the Ministry of Public Health will be women and that the majority of those in the Association of Commerce of the Informal Economy and Association of Street Vendors will be women.

- *American Institute for Free Labor Development (AIFLD)*

Current Initiatives: Labor organization assistance and training under the USAID/El Salvador program is handled through a contract with the American Institute for Free Labor Development (AIFLD), which has its regional office in El Salvador. Until recently, AIFLD's attitudes toward women in the workplace were traditional. That is, women as workers were generally ignored and the minimal focus on women concentrated on women as mothers or as very small-scale entrepreneurs.⁶⁰ Women occupied few positions as local, regional, or national leaders -- in fact, men even held such positions as head of the women's committees in local unions -- and AIFLD had no outreach or strategy to increase women's participation as union members or leaders.

AIFLD, however, is changing in general and in its relationship to women's roles in particular. One major AIFLD change has been the re-organization of its Education Department, which was done for general reasons of budget and efficiency but which has also had an effect on women union members. One result has been training sessions exclusively for women, which are an outgrowth of 1994 needs-assessment meetings with representatives of the Committee of Salvadoran Working Women (COMUTRAS) (*Comité de Mujeres Trabajadoras Salvadoreñas*) and other women union members. An important recommendation from them was the need for training that focuses on women and is designed specifically for them. Since then, two workshops have been held for women representing more than thirty regional and national labor

⁶⁰ For example, until 1994, primary AIFLD efforts in regard to women were focused on its Mobil Medical Unit, which trained health promoters, almost all of whom were women, to give service to workers and their families. It also supported a program of micro-credit to market and street vendors, the overwhelming majority of whom were women.

organizations. The courses included such topics as: Analysis of Gender Issues, Labor Legislation, Women and Unions, and New Routes for Unions.

Opportunities and Constraints: Even though AIFLD is now including women in its foci, it still must overcome several constraints for any training that involves women workers being away from home or work. These include: difficulty in getting permission to leave the workplace for training; fear of being fired, if participating in union-based training (which applies to both men and women); difficulty in getting permission from male family members to be away from home overnight; and difficulty in finding others to take on childcare responsibilities. It has also been hard to find women who are able to take the time away from family for any union-based activities after work.

However, the women of COMUTRAS are beginning to overcome some of these constraints.⁶¹ In contrast to AIFLD, which does not work with the thousands of women in the offshore factories in free trade zones (*maquilas*), COMUTRAS is beginning to work informally with them and to lobby with various ministries about workers' complaints regarding economic, physical, and psychological abuses. During the time that the team was in El Salvador, COMUTRAS organized a demonstration of more than 200 women at a meeting of *maquila* representatives. Its goal, which it accomplished, was to get press coverage about their concerns.⁶²

AIFLD, COMUTRAS, and related organizations would be very good planning and delivery mechanisms for technical assistance and information dissemination on many issues of importance to blue-collar women, including legal literacy on family and labor laws and economic retraining. For example, many of the women that these organizations represent are facing potential unemployment because of privatization for those in the public sector and because of age in the *maquila* sector, which has a high turnover and hires primarily those who are young and single. With their previous work experience, these populations would be prime candidates for successful economic retraining programs.

⁶¹ One of the leaders of COMUTRAS, Amanda Villatoro, is not only a Deputy in the National Assembly, she will also be a Salvadoran representative to the United Nations World Conference on Women in Beijing.

⁶² Until recently, there was often a press blackout concerning trade union activities, particularly those related to the *maquilas*, which are important sources of revenue for the state.

c. Research and Academic Organizations

- University of Central America (UCA)

Current Initiatives: Since 1989, the Sociology Faculty of UCA has offered a three-course gender program under a special sociology option. In addition, a general course on gender issues -- open to the public at large and to both men and women -- is given at night, and the campus radio station has a discussion program on women's concerns, which is broadcast at least twice a week.

Opportunities and Constraints: The faculty has also designed a formal diploma program in gender studies but neither internal nor external funding has yet been secured. However, its graduates form an important network in both the private and public sectors. Both the faculty and its graduates are a useful dissemination network, as well as a source of gender-literate professionals within a variety of organizations.

- School of Business and Economics (Escuela Superior de Economía y Negocios, ESEN)

Current Initiatives: Funded by a non-profit foundation in 1994, with planning support from USAID/El Salvador, ESEN is a four-year, higher-degree, business school that specializes in modern business practices, banking and commerce, and other managerial disciplines. It has one of the most rigorous and modern business curricula in the country, emphasizing analytical and technological skills, basic management, and broader knowledge in the arts and sciences. In addition to the regular courses, seminars have been offered on such subjects as "Management of Family Firms" and "Management Risk and Excellence." Recruitment for the approximately 100 students admitted annually is nation-wide, with about 50% of its students on scholarship. Women represent about one-half of the student body.

Opportunities and Constraints: Opportunities for linking ESEN with other organizations are presented in Section IV. In addition, ESEN could be a resource to present seminars on women's economic issues in the private sector, both formal and informal. Because of the high profile of the school,⁶³ the seminars could focus attention on key constraints and opportunities for women's economic participation in El Salvador.

- Foundation for the Development of the Salvadoran Woman (Fundación para el Desarrollo de la Mujer Salvadoreña, FUEM)

FUEM is an NGO which was formed to improve the position of Salvadoran women through research, training, and action projects. It has particular interest in women's economic issues.

⁶³ The director, a woman, is the former Minister of Planning, and the former President of El Salvador is on the board.

It maintains close ties with FUSADES (see below) and other organizations which represent the private sector, as well as with a variety of NGOs.

Current Initiatives: An important FUDEM activity was the in-depth study, "General Diagnosis of the Situation of the Salvadoran Women," which took data from the MIPLAN censuses, particularly from the Household Surveys, and analyzed them to give a clearer picture of the position of women in El Salvador (FUDEM, 1992a). It was a potential model for the kind of analyses which MIPLAN itself ought to be doing.

Other activities have included:

- The Foundation's Legislative Commission analyzed existing or proposed laws which affect women and their families, including the Family Code and -- working with the National Association of Private Companies (ANEP) (*Asociación Nacional de la Empresa Privada*) -- the revision of the Labor Code.
- As a part of a program called "Training for Women Entrepreneurial Leaders," FUDEM organized a seminar on "Development of Women Entrepreneurs" for high-level executives, company directors, and members of boards of directors.
- It coordinated a workshop which brought together women leaders in the private sector from all over Central America. In the meeting, women discussed their successful experiences, as well as they obstacles which they face.

Opportunities and Constraints: Given its excellent track record, its interest in research, and its ties with the private sector, FUDEM could be a key institution to carry out a number of POWER activities. These could include providing data and dissemination advice on women and the labor market, working with MIPLAN and other GOES entities regarding gender analyses of data, and serving as a link for activities which involve women leaders in the private sector.

- Salvadoran Foundation for Economic and Social Development
(Fundación Salvadoreña para el Desarrollo Económico y Social,
FUSADES)

Current Initiatives: FUSADES, funded by USAID, plays a major role in economic research and in operational activities, with a diverse portfolio of more than \$75 million. Its Export Investment and Promotion Program (PRIDEX) specializes in generating employment and investment; its Economic and Social Studies Department (DEES) carries out macro-economic and sectoral research, and its Association Strengthening Program (FORTAS) furnishes valuable technical assistance to business associations and their constituent groups on export promotion and investment.

As the List of References (Annex D) for this report indicates, FUSADES produces in-depth studies on such issues as strategies for economic reform, as well as monthly bulletins on themes ranging from social development and the private sector to privatization to the position of micro-enterprises in the competitive market.

Opportunities and Constraints: FUSADES could serve as a key organization for POWER activities, particularly *vis-a-vis* research and activities on women in the private sector and as a dissemination point for information to leaders in the public and private sectors.

d. Non-Governmental Organizations (NGOs)

As in other Latin American countries, there are a multitude of non-governmental organizations (NGOs) that focus on women's issues, in both integrated and women-only programs. They are a very important type of organization for delivering services, transmitting ideas, and organizing action around political, economic, and social issues. Many of these organizations have matured considerably in the last years and demonstrate increasing capacity in technical areas and internal management.

The most established NGOs are religious and date back to the 1960s and 1970s; however, the number of NGOs increased significantly in the last decade. This is due to the restructuring of the state, privatization in general, increased civic participation, and, especially, to the war. For example, of the 186 Salvadoran NGOs registered with the United Nations in 1992, 64% were registered during the most intense time of the civil conflict, 1985-1992 (FUSADES, 1994). Since the Peace Accords of 1992, numbers have increased even more.

In terms of the technical focus of the forty largest and best organized NGOs working with women, 26% work in credit, income generation, and agricultural production, 15% in human and women's rights, and 13% in maternal and child health.

• An NGO for Training: FEPADE

FEPADE, the Foundation of Entrepreneurs for Educational Development (*Fundación Empresarial para el Desarrollo Educativo*), was created in 1986 as a private-sector response to problems of education in El Salvador. Its goals include promoting, facilitating, and offering training, as well as serving as a link between productive sectors and national training sources. Supported by USAID/El Salvador, its membership consists of companies such as Citibank, ESSO, the Cuscatlán Bank, TACA (the national airline), and Xerox of El Salvador.

Among other activities, FEPADE has programs for technical-vocational training, management development, and a masters degree in business administration, providing training in skills needed by priority sectors of economy. As of 1993, it had trained 50,000 workers and 14,000 managers. It also has training programs in non-traditional occupations for women, such as construction skills (through the Central American Technological Institute) and the repair of home

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appliances. Finally, FEPADE is one of the NGOs working with the SNF to develop a national gender strategy.

Current Initiatives: A recent pilot activity of FEPADE, supported by USAID's Peace and National Recovery Project, is designed to link training with labor market needs, with a special emphasis on women's opportunities. Its phases are to: (i) conduct a labor needs assessment of private manufacturing concerns and agricultural businesses with five or more employees in eight areas of the country; (ii) based on these data, carry out training appropriate for projected needs; and (iii) link trainees with targeted companies.

A preliminary report (FEPADE, 1994) on the needs assessment indicated that:

- of the companies surveyed, women were about 28% of all workers;
- 77% of the companies expected 1995 to be "good" or "very good"; and
- 70% said they would consider hiring women if there were opportunities.

However, the Director of FEPADE's Technical-Vocational Training, who is working closely with this activity, said that most owners or managers still need to be educated to overcome their negative stereotypes about women as employees.

Opportunities and Constraints: As the most important training organization in the country, FEPADE has the potential for reaching and influencing all technical-vocational training programs in the country, as well as trained managers. Consequently, it could be an important node for POWER-based activities concerning training and/or linking training with labor market needs. (See Chapter III, Key Entry Points for a discussion of this linkage.) In addition, FEPADE has recently begun to consider seriously economic constraints and opportunities for women and to integrate gender as a variable in its planning, analyses, and reporting.⁶⁴

The pilot project described above would be an excellent case study for POWER, which could use it as a model for others and for lessons learned.

- USAID/El Salvador and NGOs

USAID/El Salvador works extensively with NGOs to provide humanitarian and development assistance. The nearly 200 NGOs registered with the Mission vary markedly in size, scope, and capability, but all share a strong commitment to improving the quality of life of Salvadorans. While continuing to respond to immediate human needs, particularly in emergency situations, NGOs have increasingly taken on long-term sustainable development activities, participating as planners, implementors, evaluators, and beneficiaries. On the other hand, USAID/El Salvador

⁶⁴ This new focus on women and gender issues contrasts with trainee data from 1991 in which 75% of beneficiaries were male. Of 5,000 persons trained in management and administration, only 21% were women, and in the Scholarship and Educational Credit component, only 11% of trainees were women.

is also focusing on institutional sustainability and is beginning to reduce the participation of NGOs which have not attained sustainable programs.

Through a series of workshops, a broad range of NGOs have been consulted on the elaboration of program strategies. These efforts have resulted in a wider consensus of program strategies, an increased number of NGOs implementing projects directly, and a renewed commitment by the NGO community to the goals and objectives of national development. For example:

- Approximately \$70 million of National Reconstruction program funding in the ex-conflictive zones has been channeled through 130 NGOs (122 Salvadoran and 8 international) to plan and carry out activities. Of these, 93 are currently active. Women have been beneficiaries in all these programs, and gender analyses of the institutions themselves is a part of a current institutional-strengthening exercise.
- 19 NGOs received grants through the Office of Democratic Initiatives to carry out programs oriented toward civic and political participation, especially among women and youth. Other NGO activities focused on women's legal rights.
- USAID/El Salvador has assisted 60 NGOs to obtain legal status. In addition, CARE has been working to gain legal status for its local credit committees, the majority of which target women.

4. Other Donor Organizations: Institutional Development Fund of the World Bank

Based on joint research by the World Bank and the Inter-American Development Bank, the World Bank has just approved an Institutional Development Fund (IDF) grant for the Government of El Salvador. Aimed at establishing greater gender accountability in the public sector, the initiative will provide line agencies with access, through the IDF, to funding to improve their effectiveness in reaching male and female clients.

The grant will be used for three main purposes:

- to establish a technical assistance fund which will be administered by MIPLAN and which will be accessible to public sector executing institutions (*institutos públicos ejecutores*, IPEs) interested in strengthening their capacity with respect to gender issues;
- to strengthen the capacity of MIPLAN to incorporate gender analysis in their sectoral planning with IPEs; and,
- to develop the capacity of the Secretariat for the Family to monitor the status of women *vis-a-vis* men and identify problems pertaining to public sector services and gender issues (World Bank, 1995).

Given the importance of this initiative and the financial position of both the World Bank and the IDB as donors in El Salvador, it is important that USAID/El Salvador continue to coordinate its gender integration and equity efforts with these donors.

5. Conclusions: Implications for POWER

In this overview of Salvadoran organizations, public and private, the first thing to note is that there is a broad range of institutions carrying out useful and innovative activities with which POWER could link. These include such organizations as the SNF and MIPLAN in the government; the Chamber of Commerce, AIFLD, and COMUTRAS in the private sector; and FUDEM, FUSADES, and FEPADE in the NGO community. Examples of potential linkages are presented in Chapter III on Key Entry Points.

The second note is that the situation is not perfect: much remains to be done. Some of the constraints and gaps -- which translate into opportunities for POWER -- are described below.

a. Need for Institutional Strengthening

The majority of organizations in all the sectors described above -- particularly those which are smaller -- are institutionally weak.⁶⁵ Internal management, planning, implementation, and evaluation procedures are either non-existent or *ad hoc*, and financial sustainability is rare. In addition, technical capacities are limited. This includes organizations ranging from small NGOs carrying out micro-credit activities to the Women's Committee of the National Chamber of Commerce. Organizational weaknesses affect beneficiaries when the organization cannot ensure the delivery of on-going, high-quality services.

The IDF of the World Bank is an important step in giving support to GOES entities, particularly the SNF and MIPLAN, but it does not address NGOs or other private-sector organizations. Consequently, the strengthening of organizations which promote the participation of women in the private sector could be one focus of POWER activities.

b. Welfare Orientation of Many Organizations

Many organizations still operate with the tenets of earlier development approaches; that is, they treat beneficiaries as "welfare recipients" rather than as potential entrepreneurs whose skills and incomes can be enhanced through training and other technical assistance. More established credit programs, which did not emphasize training or financial accountability, are one example of the earlier mentality.

⁶⁵ Important exceptions are FUDEM, FUSADES, and FEPADE.

Consequently, it is essential that POWER emphasize goals of self-sustaining, economically-viable beneficiaries in its work with organizations. These same goals should be applied to the organizations themselves.

c. Few Linkages Between Organizations and Between Sectors

Although there is some coordination of organizations working with gender issues at the governmental level, primarily through the SNF, the team found little evidence of on-going coordination among organizations within other sectors or between sectors. One NGO leader said that not only is there no umbrella organization of NGOs working with women's projects, but also it would be difficult to create one because of the competition among them for the limited resources that exist. People know each other as individuals and are informally aware of each others' activities, but no formal system of information sharing or coordination currently exists.

One result is an inefficient overlap of activities and, at times, competition for territory and beneficiaries. In addition, the segmentation increases the pre-existing tensions between sectors such as business and labor and public and private. Yet, in many cases, the goals of these organizations *vis-a-vis* women have more elements in common than in conflict.

POWER could respond to the lack of linkages by supporting the development of mechanisms for increasing coordination within and among sectors, including skeleton coordinating committees which could present seminars and workshops on gender and economic issues, act as clearinghouses, and disseminate relevant information across organizations and sectors.

d. Lack of Data and Analyses about Women's Economic Activities

This issue is addressed in more detail as a Key Entry Point in Chapter III. However, reports from all sectors and organizations indicate that it is difficult to form a clear picture of women and their economic activities because of either lack of data or lack of gender analyses of existing data. Many policies and strategies of organizations, ranging from the government to smaller NGOs, are based on suppositions or incomplete data.

Therefore, a very important entry point for POWER is the collection and analysis of gender-based information on a systematic basis in both public and private sectors.

ANNEX A

**USAID/EL SALVADOR:
ACTION PLAN AND OPPORTUNITIES FOR POWER**

A. USAID/EL SALVADOR AND GENDER CONSIDERATIONS¹⁵

1. USAID/El Salvador Action Plan

1995 and 1996 mark the end of USAID/El Salvador post-war assistance and begin a new emphasis on sustainability and institutionalization of policies and practices that will work to alleviate the causes of war in El Salvador. Progress has been made, but despite five years of development achievements, the country remains a very poor one where development successes are fragile and not yet sustainable.

USAID/El Salvador's Action Plan concentrates on five strategic objectives:

- Transition from war to peace;
- Broad-based economic growth;
- Democratic institutions and practices;
- Quality with equity in health and education; and,
- Environmental and natural resource management.

The following section provides a brief overview of the three strategic objectives most relevant to POWER: transition from war to peace, broad-based economic growth, and democratic institutions and practices. It also summarizes the mission's accomplishments to date and on-going activities within those strategic objectives which relate to women and economic growth. Following the discussion of the strategic objectives is a table which gives further information on the mission's budget and related programs. The final section summarizes USAID/El Salvador programs and projects which have potential links to POWER.

2. Funding for Fiscal Years 1995 - 1997

As the table on A-5 - A-7 indicates, the Mission's budget will decrease by 27% (\$18 million) in the next two years. This will not only affect the number of programs that can be carried out but also the monies available for buy-ins to USAID/Washington projects like POWER. The implications of decreasing budgets in all USAID missions are addressed in Chapter III, Key Entry Points and Design Considerations.

3. Integrating Gender Concerns

During the past three years, USAID/El Salvador has engaged in a systematic process to integrate more effectively gender considerations into its program and projects in order to maximize development impact while the program still has a high level of resources. The first step, in

¹⁵ The major source for this chapter is USAID/El Salvador, "USAID/El Salvador Action Plan, FY 1996-1997," San Salvador, February 1995.

integration of gender throughout the Mission and, in 1995, hired a technical advisor to support this process.

Following the gender strategy, training was held in 1994 for USAID staff, counterparts, and contractors involved in key projects in each program area. For each project, participants conducted a gender analysis and developed a workplan for addressing gender issues.¹⁶ All of these actions demonstrate a high level of mission commitment to ensure that gender issues are fully integrated and that programs effectively reach both women and men.

Another result of the Mission's gender strategy has been a significant improvement in reporting on project impacts using gender-disaggregated data. For example, the \$300,000,000 National Recovery Project (NRP) in the former conflictive zones has moved from very little disaggregation of data by gender to carrying out gender analyses of project implementors and giving technical assistance on gender issues.

B. STRATEGIC OBJECTIVES RELEVANT TO POWER

1. Strategic Objective I: Transition from War to Peace

a. Planned Outcomes and Target Groups

This Strategic Objective focuses on reintegrating former combatants into society, reactivating the factors of production to respond to economic opportunities, reestablishing access to basic services and infrastructure, building local-level democratic institutions, and increasing civic participation. Target groups and geographic areas are those largely excluded from the mainstream of Salvadoran economic and social networks from the late 1970s through 1991.

b. Accomplishments Related to Women and Economic Growth

- In 1994, 5,950 women in these zones were trained in trades and agriculture. This is 29% of a total of 20,350.
- Since 1992, women have represented a total of 32% of the 58,754 persons receiving agricultural, microenterprise, and village bank credit.¹⁷

¹⁶ For details, see Alan Lessik, "Integration of Gender in Projects and Programs: USAID/El Salvador," for USAID/El Salvador through GENESYS, The Futures Group, May 1994.

¹⁷ This credit will taper off in 1996, with rural credit through NGOs continued under Strategic Objective II. If these numbers are disaggregated, men received significantly more agricultural credit and women more microenterprise credit. See other sections in this report on FINCA/CAM and other microenterprise lending in which women more than 80% of participants.

- Women are 26% of the 11,000 persons who have received land through the Land Transfer Program.
- Approximately 150 non-governmental organizations (NGOs) have participated in reconstruction activities with both women and men in the ex-conflictive zones. About \$70 million has been channeled through them.

2. Strategic Objective II: Broad-Based Economic Growth

a. Planned Outcomes and Target Groups

Increasing economic growth so that benefits accrue to a broad range of the population is a critical element in creating sustainable development. It is the foundation of efforts to decrease poverty, improve quality of life, and eliminate some of the root causes of the civil war. USAID/El Salvador policies and programs under this objective aim to assist in developing an appropriate economic and social policy framework that encourages increased private investment, diversified exports, and expanded employment opportunities.

However, since an increase in overall wealth does not guarantee equity, the program concentrates on the predominantly rural poor majority, helping to generate reliable sources of income and better access to public social services, and incorporating this population into the larger economy. Related activities include promoting non-traditional agriculture, strengthening village banks, providing loans to micro- and small-enterprises, and a wide range of training opportunities.

b. Accomplishments Related to Women and Economic Growth

- Inflation, which hits poor households the hardest -- and, in turn, the women who manage them -- fell by more than half, from 24% in 1989 to 9% in 1994, the lowest rate since 1976.
- Overall economic policy reforms (i.e., reduced inflation rates and increased investment and employment) contributed to reducing the number of households in extreme poverty from 28% in 1992 to 27% in 1993. As discussed in the preceding chapter, women-headed households are a significant percentage of these households.
- Non-traditional agricultural exports (NTAEs) increased 70%, from \$49 million to \$66 million, between 1991 and 1994. As other studies have analyzed, this is a very important economic growth area for rural women.¹⁸

¹⁸ See, for example: Amalia Alberti, "Impact of Participation in Non-traditional Export Production on the Employment, Income, and Quality of Life of Women in Guatemala, Honduras and Costa Rica," for USAID/ROCAP, Guatemala City, April 1991.

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- The *maquila* (offshore assembling of products) sector increased from \$25 million in 1991 to \$109 million in 1994. This is one of the fastest growing areas for women's employment in the private sector. However, USAID/El Salvador, as is true of all USAID missions, is limited in its activities vis-a-vis *maquilas* by U.S. Congressional mandates.¹⁹

3. Strategic Objective III: Strengthened Democratic Institutions and Practices

a. Planned Outcomes and Target Groups

The Peace Accords significantly increased activities directed toward creating more transparent and effective democratic institutions, ensuring freer and fairer elections and fostering tolerance for political differences among different political and social groups.

This Objective aims to achieve four related outcomes: improved citizen participation in the public-policy/decision-making process; improved legal and institutional framework for effective protection of human and citizen rights; improved mechanisms to ensure public sector accountability and oversight; and increased devolution of power to the local level. The target population is the entire citizenry, with an emphasis on increasing community-level, NGO, and other participatory mechanisms.

b. Accomplishments Related to Women and Economic Growth

- During the March 1994 General Elections, voter turnout increased by 30% from the 1989 presidential elections. Women comprised over 40% of voters.
- Participation in community decision-making processes, especially for rural women and youth, has been promoted through training sessions on identifying concerns, planning civic actions, and accessing decision-makers.
- Through an NGO awareness campaign, information on domestic abuse, women's legal rights, and other family matters has been disseminated to men and women. This coincides with television, press, and radio campaigns, workshops, and small seminars which were carried out to develop greater public support and political commitment for judicial reform and, which highlighted rights for women, children, and seniors.

¹⁹ Some estimates are that 90% of *maquila* workers are women. In addition, many of the reported labor abuses -- financial, physical, and emotional -- are in *maquilas*. However, partly as a result of the 1991 press coverage of U.S. jobs being lost to USAID-sponsored offshore development and the subsequent Congressional legislation, USAID/El Salvador no longer works with firms or employees connected with free trade zones. Therefore, the Mission has no links to women in *maquilas*. This includes training and research.

- A new Family Code which expanded fundamental rights for women, children, and senior citizens went into effect in 1994. Not only is it one of the most progressive in the hemisphere, it also has important ramifications for women and their economic opportunities, as discussed in Chapter II.

C. SUMMARY OF USAID/EL SALVADOR PORTFOLIO

The following table is a summary of USAID/El Salvador's 1996-1997 Action Plan. It includes strategic objectives, budget estimates for 1995, 1996, and 1997, program outcomes, and projects with potential links to POWER.²⁰

**TABLE A-1
USAID/EL SALVADOR 1996-1997 STRATEGIC OBJECTIVES**

= new start or under design

STRATEGIC OBJECTIVE	BUDGET ESTIMATE OR REQUEST	% OF TOTAL	PROGRAM OUTCOMES	PROJECTS WITH LINKS TO POWER (many projects are associated with more than one Strategic Objective)
I. ASSIST EL SALVADOR TO MAKE THE TRANSITION FROM WAR TO PEACE	1995 17,671,000 1996 9,918,000 1997 11,936,000	26% 21 24	1.1 Factors of production reactivated to respond to economic opportunities. 1.2 Access to basic social services and infrastructure re-established. 1.3 Local level democratic institutions built and civic participation increased. 1.4 Ex-combatants reintegrated.	0315 Training for Productivity & Competition 0318 Microenterprise Development 0357 SABE 0361 CLASP 0387 Small Enterprise Support 0394 Peace & National Recovery 0414 Social/Economic Policy Reform

²⁰ Source: USAID/El Salvador, "USAID/El Salvador Action Plan, FY 1996-1997," San Salvador, February 1995.

II. BROAD-BASED ECONOMIC GROWTH INCREASED	1995 11,579,000 1996 7,558,000 1997 9,512,000	17% 16 19	2.1 Appropriate economic and social policy framework created and maintained. 2.2 Increased private investment. 2.3 Increased exports. 2.4 Increased employment.	0315 Training for Productivity & Competition 0318 Microenterprise Development 0357 SABE 0362 Coffee Technology 0387 Small Enterprise Support 0392 NTAE Production & Marketing 0397 Equitable Rural Economic Growth # 0401 Social Sector Reform # 0414 Social/Economic Policy Reform
III. STRENGTHENED DEMOCRATIC INSTITUTIONS AND PRACTICES	1995 10,764,000 1996 12,124,000 1997 11,906,000	16% 25 24	3.1 Improved citizen participation in the public policy/ decision-making process. 3.2 Improved legal and institutional framework for effective protection of human and citizen rights. 3.3 Improved mechanisms to ensure public sector accountability and oversight. 3.4 Increased devolution of power to local level.	0315 Training for Productivity & Competition 0361 CLASP 0368 AIFLD 0376 Judicial Reform II 0394 Peace & National Recovery 0414 Social/Economic Policy Reform

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IV. IMPROVED QUALITY WITH EQUITY IN HEALTH AND EDUCATION	1995 23,239,000 1996 14,139,000 1997 10,736,000	37% 30 22	4.1 Increased equity and quality of the K-6 educational system. 4.2 Increased contraceptive prevalence rate with greater reliance on modern, temporary methods. 4.3 Increased primary health and child survival coverage.	0315 Training for Productivity & Competition 0357 SABE 0361 CLASP 0394 Peace & National Recovery 0401 Social Sector Reform # 0414 Social/Economic Policy Reform
V. IMPROVED ENVIRONMENTAL AND NATURAL RESOURCE MANAGEMENT	1995 2,373,000 1996 4,061,000 1997 5,062,000	4% 8 10	5.1 Natural resource use policy/legal framework created and implemented. 5.2 Increased public awareness of environmental problems nationwide. 5.3 Improved productive activities consistent with sustainable natural resource management.	0357 SABE 0361 CLASP 0392 NTAE Production & Marketing 0397 Rural Equitable Economic Growth #
BUDGET TOTALS	1995 \$67,226,000 1996 47,800,000 1997 49,152,000	This represents a decrease of 27% (\$18,074,000) between 1995 and 1997.		

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D. TARGETS OF OPPORTUNITY FOR POWER

This section briefly describes the projects listed above which have potential links with the goals and purposes of POWER. The details of potential linkages are described in more detail in Chapter III, Key Entry Points.

- 0315 *Training for Productivity and Competitiveness*
Develops human resources needed by private sector for increasing production, productivity, and competitiveness through establishment of special training programs and linkages between productive sectors and educational institutions. By 1994, it had trained 14,046 women (of 50,328 total) in vocational training and 3,137 (of 10,534 total) in management training.
Implementor: Foundation of Entrepreneurs for Educational Development (FEPADE)
Project Activity Completion Date (PACD): 8.31.97
- 0318 *Microenterprise Development Project*
Purpose is to establish a viable, sustainable institution to provide microentrepreneurs with increased access to financial and non-financial services. By 1994, 84% of its village bank borrowers were women, and 75% of individual borrowers were women.
Implementor: CAM/FINCA
PACD: 8.30.97
- 0361 *Caribbean and Latin American Scholarship Program (CLASP) II*
Trains leaders in democratic practices and technical skills, including enterprise development. More than 40% of participants to date have been women.
Implementor: USAID/El Salvador
PACD: 7.15.97
- 0368 *American Institute for Free Labor Development*
Purpose is to develop a strong democratic labor movement and improve labor-management relations. Has begun to increase number of women in its training sessions.
Implementor: American Institute for Free Labor Development
PACD: 3.31.96
- 0376 *Judicial Reform II Project*
Provides resources needed to support efforts to make justice system more effective and impartial, including design and implementation of new Family Code, providing training to judicial representatives, and disseminating information through a public media information campaign. Women have been a targeted audience for the campaign.
Implementor: Ministry of Justice, et al.
PACD: 9.30.97

- **0387 *Small Enterprise Support Project***
Assists small businesses to increase incomes and employment. Increases access by small enterprises to credit, training, and technical assistance and assists them in expanding operations and creating jobs for the unemployed and underemployed.
Implementors: Salvadoran Foundation for Economic and Social Development (FUSADES) and Small and Microenterprise Program (PROPEMI).
PACD: 9.30.96

- **0392 *NTAE Production and Marketing***
Increases production and marketing of non-traditional agricultural exports (NTAEs) by cooperatives and small farmers. 20% of employment-days-generated in 1994 were for women.
Implementor: CLUSA
PACD: 6.30.96

- **0394 *Peace and National Recovery Project***
The large (\$300,000,000) umbrella peace project which carries out credit, land title, micro-enterprise, and training activities (among others) in the former conflictive zones.
Implementors: Approximately 150 NGOs and four governmental agencies
PACD: 4.30.97

- **0397 *Coffee Technology Transfer***
Assists coffee producers, especially small producers, to increase yields, profits, and rural employment through improved technology. Approximately 16% of farmers and 12% of technicians are women.
Implementor: PROCAFE
PACD: 3.31.97

The potential new project, Equitable Rural Economic Growth (0397) -- which is still in a preliminary stage -- may also be an important entry point for POWER activities. Tentatively, it will include a major component on increasing rural economic growth in sectors in addition to agriculture.

ANNEX B

LABOR MARKET TABLES

Table 1

**Sectoral Distribution of the Urban Labor Force
(percents)**

	Jan-June 1988 *****	Oct 1990 - Feb 1991 *****	April - Sept 1992 *****	Oct 1992 March 1993 *****	Jan - June 1994 *****
Agriculture	8.1	10.4	8.0	9.5	5.9
Mining	0.1	*	0.1	0.1	0.0
Manufacturing	21.7	22.7	23.5	23.8	24.4
Electricity & Gas	0.7	0.8	0.9	0.9	0.6
Construction	6.2	5.1	5.8	5.7	6.2
Commerce	24.5	25.8	24.6	24.5	25.9
Transportation & Communication	5.5	5.4	5.2	5.0	5.6
Finance	3.0	2.9	2.2	2.2	1.9
Services	30.4	26.9	29.7	29.5	29.4
Totals	100.2	100.0	100.0	101.2	100.0
	716,473	n. a.	929,813	966,306	1,117,910

Source: MIPLAN, Encuesta de Hogares Múltiples; data through 1992 from Gregory (1993a, 1993b)

Table 2
Labor Force Participation Rates of Urban Female Population by Age Group
 (percents)

Age	Early 1989 a	Early 1991 b	Early 1992 c	Mid 1992 d	Early 1993 e	Early 1994 f
10-14	4.3	5.8	8.9	5.0	7.4	7.2
15-19	26.1	26.4	28.6	25.0	29.0	28.4
20-24	48.2	51.3	52.4	52.3	54.4	57.3
25-29	59.6	60.9	61.6	62.9	64.2	65.6
30-39	64.7	67.4	68.9	69.0	67.9	72.9
40-49	58.9	65.7	65.8	65.9	67.5	68.7
50-59	44.0	52.1	49.7	47.7	50.8	52.1
60 and ove	23.5	24.9	26.7	27.3	26.7	27.4
Totals	40.4	43.1	44.5	43.5	45.2	47.1

Source: MIPLAN household surveys

a: data from the October 1988-March 1989 survey;

b: data from the October 1990-March 1991 survey

c: data from the October 1991-March 1992 surve

d: data from the April-September 1992 survey

e: data from the October 1992-March 1993 survey

f: preliminary data for the 1st semester survey for 1994

Table 3

October 1992-March 1993 Structure of The Urban Employed Female Labor Force by Sector and Subsector

(percents)

	Distribution of female workers by sector	% of female workers in sector	% of female workers by		% of female workers in informal sector ***
			modern	informal **	
Agriculture	3.93	21.88	84.87	15.13	0.96
Mining	0	0.00	0.00	0.00	0.00
Manufacturing	23.83	47.23	40.99	59.01	22.63
Electricity & Gas	0.24	13.28	97.91	2.09	0.01
Construction	0.38	3.15	95.71	4.29	0.03
Commerce	28.91	55.64	16.74	83.26	38.72
Transportation & Communication	0.92	8.66	81.76	18.24	0.27
Finance	2.23	47.74	96.57	3.43	0.12
Services	39.57	63.06	59.58	40.42	37.27
Totals*	100.01		43.03	56.97	100

Source : MIPLAN October 1992-March 1993 Survey

* May not add to 100 due to rounding

** Does not include domestic servants

*** Includes domestic servants

Table 4

1992 Structure of the Urban Employed Female Labor by Sector and Subsector

(percents)

	Distribution of female workers by sectors	% of female workers in sector	% of female workers by	
			modern	informal**
Agriculture	1.85	10.7	72.1	27.9
Mining	0.02	10.86	100.0	0
Manufacturing	24.38	47.75	43.4	56.6
Electricity & Gas	0.3	14.92	94.1	5.9
Construction	0.42	3.37	97.6	2.4
Commerce	29.25	54.93	18.2	81.8
Transportation & Commerce	1.07	9.4	72.5	27.5
Finance	2.25	46.29	94.8	5.2
Services	40.46	62.88	59.7	40.3
Totals *	100			

Source : MIPLAN April-September 1992 Household Survey

* Totals may not add up due to rounding

** Does not include domestics

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Table 5

October 1990-March 1991 Structure of The Urban Employed Female Labor Force by Sector and Subsector

(percents)

	Distribution of female workers by sectors	% of female workers in sector	% of female workers by	
			modern	informal
Agriculture	5.0	22.0	85.0	15.0
Mining	0.0	0.0	0.0	0.0
Manufacturing	22.8	45.7	39.2	60.8
Electricity & Gas	0.3	16.9	100.0	0.0
Construction	0.6	5.6	89.9	10.1
Commerce	36.2	64.0	15.2	84.8
Transportation & Communication	0.8	6.8	68.9	31.1
Finance	2.5	39.3	82.5	17.5
Services	31.8	53.8	47.1	52.9
Totals *	100		37.1	62.9

Source: Gregory (1993a)

* Totals may not add up due to rounding

Table 6

1988 Structure of The Urban Employed Female Labor Force by Sector and Subsector
(percents)

	Distribution of female workers by sector	% of female workers in sector	% of female workers by	
			modern	informal
Agriculture	5.0	23.8	67.3	32.7
Mining	-	-		
Manufacturing	20.0	38.4	51.5	48.5
Electricity & Gas	0.0	0.5	100.0	0.0
Construction	2.0	11.5	43.2	56.8
Commerce	35.0	60.2	21.0	79.0
Transportation & Communication	2.0	12.4	77.8	22.2
Finance	3.0	39.9	95.8	4.2
Services	35.0	49.1	43.2	56.8
Totals *	102.0			

Source: Gregory (1993a)

Percent totals may not add to 100 due to rounding.

Table 7

Distribution of the Urban Employed Labor Force by Occupational Group and Gender

April-September 1992

Oct 1992-March 1993

	Males		Females		Males		Females	
		%		%		%		%
Professional	47128	9.4	39372	9.2	49690	9.7	39061	8.6
Managerial	8264	1.6	2751	0.6	8322	1.6	2802	0.6
Office employees	46835	9.3	51318	12.0	47669	9.3	53560	11.8
Sales	67819	13.5	121312	28.3	71727	14.0	127579	28.0
Services	38117	7.6	104514	24.4	39742	7.8	111729	24.6
Agricultural laborers	64847	12.9	7138	1.7	61928	12.1	17389	3.8
Non-agricultural laborers	24999	5.0	51291	12.0	25762	5.0	51962	11.4
Artisans and operatives	149155	29.8	45687	10.7	151090	29.6	45437	10.0
Transport workers	45433	9.1	5147	1.2	47099	9.2	5333	1.2
Others	8493	1.7	195	0.0	8233	1.6	192	0.0
Total	501088	100.0	428725	100.0	511262	100.0	455044	100.0

1st Semester 1994

	Males		Females	
		%		%
Managerial	27134	4.54	16495	3.2
Scientists	33938	5.68	17883	3.4
Professional	49024	8.21	41136	7.9
Office employees	29535	4.94	48456	9.3
Sales and services	68675	11.50	147927	28.5
Agricultural laborers & fishermen	32408	5.42	1255	0.2
Officers, artisans, and operatives	160544	26.87	94400	18.2
Machinists	64366	10.77	25432	4.9
Other	131790	22.06	126581	24.4
Total	597414	100.00	519565	100.0

Source: MIPLAN Surveys

Table 8

Urban Unemployment Rates by Gender and Year

(percents)

	1988	1989	1991	1991-92	1992	1992-93	1994*
Males	11.0	9.5	8.3	8.4	9.5	9.6	8.1
Females	7.1	6.8	6.6	7.2	6.6	6.3	6.8
Totals	9.4	8.4	7.5	7.9	8.2	8.1	7.5

Sources: For 1988 to 1992 MIPLAN data as presented in Gregory (1993b). For other years MIPLAN. surveys.

Table 9

Unemployment Rates by Age and Gender in Urban Areas: October 1992-March 1993

Age groups	males				females			
	employed	unemploye	labor forc	unemp.rate (%)	employed	unemploye	labor forc	unemp.rate (%)
10-14	18718	1838	20556	8.9	10411	622	11033	5.6
15-19	50101	11833	61934	19.1	38263	6300	44563	14.1
20-24	69897	11284	81181	13.9	62313	9372	71685	13.1
25-29	66688	6580	73268	9.0	67677	4441	72118	6.2
30-34	62903	3753	66656	5.6	61196	2656	63852	4.2
35-39	60387	2985	63372	4.7	52938	1311	54249	2.4
40-44	47918	2922	50840	5.7	45525	511	46036	1.1
45-49	38419	2388	40807	5.9	36585	702	37287	1.9
50-54	29038	2026	31064	6.5	27478	295	27773	1.1
55-59	23481	1262	24743	5.1	18592	199	18791	1.1
60-64	17794	1606	19400	8.3	13500	97	13597	0.7
65-69	13962	777	14739	5.3	10382	104	10486	1.0
70 & over	11956	1126	13082	8.6	10184		10184	0.0
Total	511262	50380	561642	9.0	455044	26610	481654	5.5

Source: MIPLAN, Household Survey

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Table 10

1990-1991: Urban Unemployment According to Length of Unemployment, Work Experience and Gender

(%)

Duration in Months	Workers with Prior Work Experience		Workers without Prior Work Experience	
	Males	Females	Males	Females
Less than 1	18.4	8.7	9.1	5.4
1 to less than 2	25.1	25.1	12.3	18.1
2 to less than 4	18.5	16.5	14.0	14.2
4 to less than 12	21.3	20.3	27.6	21.0
12 or more	16.7	29.4	36.9	40.9

Source: Gregory(1993b) based on MIPLAN survey data

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Table 11

April-September 1992: Duration of Unemployment according to Gender, Work Experience and Region

Duration in Months	Whole Country (urban and rural)				Urban Areas	Urban Areas			
	Workers with Prior Work Experience		Workers without Prior Work Experience			Workers with Prior Work Experience		Workers without Prior Work Experience	
	Males	Females	Males	Females		Males	Females	Males	Females
Less than 1	30.1	19.9	6.3	11.0	26.6	14.3	8.6	9.4	
1 to less than 2	29.1	27.0	19.4	20.2	25.7	26.2	19.2	20.4	
2 to less than 4	16.9	19.2	13.8	10.8	18.3	19.4	13.5	8.6	
4 to less than 12	13.2	17.5	27.8	32.7	15.4	18.7	25.6	34.8	
12 or more	10.8	16.4	32.7	25.2	13.9	21.4	33.1	26.8	
Totals	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Source: MIPLAN Household Survey

0.1

Table 12

October 1992-March 1993: Duration of Unemployment According to Gender, Work Experience, and Region

Duration in Months	Whole Country (urban and rural)				(%)	Urban Areas			
	Workers with Prior Work Experience		Workers without Prior Work Experience			Workers with Prior Work Experience		Workers without Prior Work Experience	
	Males	Females	Males	Females		Males	Females	Males	Females
Less than 1	32.1	21.1	10.6	13.0	28.4	17.0	8.3	12.9	
1 to less than 2	33.1	35.1	31.7	31.7	28.4	28.2	36.1	32.2	
2 to less than 4	18.8	19.4	15.9	20.0	20.3	23.2	15.2	19.3	
4 to less than 12	10.5	12.2	13.2	14.1	14.3	16.8	14.9	15.4	
12 or more	5.8	12.3	28.5	21.2	8.5	14.9	25.5	20.2	
Totals	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Source: MIPLAN Household Survey

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Table 13

April-September 1992: Urban Population 10 Years and Older by Years of Schooling and Gender

	Males	Males (%)	Females	Females (%)
	-----	-----	-----	-----
No formal schooling	82,983	9.7	181,167	17.2
1 to 3 years	117,187	13.7	158,112	15.0
4 to 6 years	227,946	26.6	260,126	24.6
7 to 9 years	177,094	20.7	184,313	17.5
10 to 12 years	150,232	17.6	179,003	17.0
13 years or more	98,484	11.5	91,279	8.6
Other studies	1,893	0.2	1,415	0.1
Totals	855,819	100.0	1,055,415	100.0

Source: MIPLAN Household Survey

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Table 14

April-September 1992: Urban Labor Force by Years of Schooling and Gender

	Males	Males (%)	Females	Females (%)
	-----	-----	-----	-----
No formal schooling	60,657	11.0	75,788	16.5
1 to 3 years	73,766	13.3	67,981	14.8
4 to 6 years	132,799	24.0	98,876	21.5
7 to 9 years	107,762	19.5	67,048	14.6
10 to 12 years	103,912	18.8	91,680	20.0
13 years or more	73,418	13.3	57,258	12.5
Other studies	1,112	0.2	486	0.1
Totals	553,426	100.0	459,117	100.0

Source: MIPLAN Survey

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Table 15

April-September 1992: Urban Employed Labor Force by Years of Schooling and Gender

	Males	Males (%)	Females	Females (%)
	-----	-----	-----	-----
No formal schooling	53,964	10.8	73,254	17.1
1 to 3 years	65,381	13.0	65,373	15.2
4 to 6 years	120,067	24.0	93,009	21.7
7 to 9 years	96,801	19.3	60,373	14.1
10 to 12 years	95,291	19.0	82,928	19.3
13 years or more	68,472	13.7	53,302	12.4
Other studies	1,112	0.2	486	0.1
Totals	501,088	100.0	428,725	100.0

Source: MIPLAN Survey

1991

Table 16

First Semester 1994: Population 10 years & Older by Years of Schooling and Gender
(country urban areas)

	Males	Males (%)	Females	Females (%)
No formal schooling	100,239	10.3	192,200	16.2
1 to 3 years	140,688	14.5	194,035	16.4
4 to 6 years	244,153	25.2	291,165	24.6
7 to 9 years	210,825	21.8	207,797	17.6
10 to 12 years	166,057	17.1	194,593	16.4
13 years or more	106,432	11.0	102,766	8.7
Other studies	913	0.1	562	0.0
Totals	969,307	100.0	1,183,118	100.0

Source: MIPLAN, Preliminary Estimates Survey 1st Semester 1994

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Table 17

First Semester 1994: Employed Population by Years of Schooling and Gender
(country urban areas)

	Males	Males (%)	Females	Females (%)
	-----	-----	-----	-----
No formal schooling	63,353	10.6	79,848	15.4
1 to 3 years	81,645	13.6	82,444	15.9
4 to 6 years	135,735	22.7	112,229	21.6
7 to 9 years	126,836	21.2	77,999	15.0
10 to 12 years	109,976	18.4	102,996	19.8
13 years or more	80,396	13.4	63,571	12.2
Other studies	404	0.1	478	0.1
Totals	598,345	100.0	519,565	100.0

Source: MIPLAN, Preliminary Estimates Survey 1st Semester 1994

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Table 18

First Semester 1994: Education of the Younger and Senior Population Groups in Urban Areas

	6 to 9 years of age				30 to 39 years of age				50 to 59 years of age			
	Males	Males (%)	Females	Females (%)	Males	Males (%)	Females	Females (%)	Males	Males (%)	Females	Females (%)
No formal schooling	59,487	48.4	49,389	41.0	11,821	7.9	26,859	13.7	12,329	16.7	33,954	32.9
1 to 3 years	61,564	50.1	66,684	55.4	13,489	9.0	25,662	13.1	16,595	22.5	24,267	23.5
4 to 6 years	1,764	1.4	4,392	3.6	31,153	20.8	48,206	24.6	18,894	25.6	22,091	21.4
7 to 9 years	0	0.0	0	0.0	29,654	19.8	32,493	16.6	8,533	11.6	8,670	8.4
10 to 12 years	0	0.0	0	0.0	34,413	23.0	38,319	19.5	7,953	10.8	6,289	6.1
13 years or more	0	0.0	0	0.0	28,877	19.3	24,601	12.5	9,513	12.9	8,022	7.8
Other studies	0	0.0	0	0.0	110	0.1	184	0.1	42	0.1	0	0.0
Totals	122,815	100.0	120,465	100.0	149,517	100.0	196,324	100.0	73,859	100.0	103,293	100.0

Source: MIPLAN, Preliminary Estimates Survey 1st Semester 1994

Table 19

First Semester 1994: Education of the Younger and Senior Population Groups in Rural Areas

	6 to 9 years of age				30 to 39 years of age				50 to 59 years of age			
	Males	Males (%)	Females	Females (%)	Males	Males (%)	Females	Females (%)	Males	Males (%)	Females	Females (%)
No formal schooling	95,672	66.0	89,962	67.7	32,872	33.2	52,793	44.7	37,033	54.8	44,570	66.7
1 to 3 years	48,643	33.5	41,938	31.5	27,463	27.7	30,891	26.2	19,258	28.5	15,351	23.0
4 to 6 years	601	0.4	1,042	0.8	24,057	24.3	25,187	21.3	8,858	13.1	6,304	9.4
7 to 9 years	0	0.0	0	0.0	9,334	9.4	6,156	5.2	1,891	2.8	269	0.4
10 to 12 years	0	0.0	0	0.0	4,381	4.4	2,175	1.8	516	0.8	198	0.3
13 years or more	0	0.0	0	0.0	866	0.9	786	0.7	0	0.0	132	0.2
Other studies	131	0.1	0	0.0	131	0.1	0	0.0	0	0.0	0	0.0
Totals	145,047	100.0	132,942	100.0	99,104	100.0	117,988	100.0	67,556	100.0	66,824	100.0

Source: MIPLAN, Preliminary Estimates Survey 1st Semester 1994

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Table 20

**Women to Men Wage Ratios in 4 Industries and Selected Occupations
July 1992 through July 1994 (San Salvador Metropolitan Zone; in percents)**

July 1992		
Total	Salary Wmn/Men	Labor Women
office workers	93.1	64.6
tech & mid-prof	91.6	35.0
sales persons	88.8	41.8
machine operators	77.6	46.5
unskilled workers	65.4	29.4
top management	58.8	25.5
mech. & craft	58.7	15.1
professionals	49.7	30.4
Total	68.5	38.0

December 1992		
Total	Salary Wmn/Men	Labor Women
mech. & craft	150.3	13.8
office workers	88.6	68.5
sales persons	88.5	57.4
machine operators	83.1	43.8
unskilled workers	82.0	21.9
professionals	78.5	32.2
tech & mid-prof	74.7	31.3
top management	45.1	37.9
Total	75.1	38.5

July 1993		
Total	Salary Wmn/Men	Labor Women
office workers	88.1	70.4
tech & mid-prof	86.6	31.1
sales persons	75.8	47.2
professionals	70.9	37.1
top management	59.5	26.6
unskilled workers	46.8	23.8
Total	72.7	40.4

December 1993		
Total	Salary Wmn/Men	Labor Women
top management	103.4	19.4
office workers	89.1	70.0
unskilled workers	85.7	22.6
machine operators	85.0	50.0
professionals	83.5	34.8
sales persons	78.7	57.7
mech. & craft	75.8	16.3
tech & mid-prof	73.4	32.8
Total	75.4	40.7

July 1994		
Total	Salary Wmn/Men	Labor Women
rural workers	124.5	
unskilled workers	100.0	17.9
office workers	95.9	66.7
tech & mid-prof	81.1	33.4
machine operators	79.7	47.3
sales persons	74.6	56.7
top management	69.9	29.1
professionals	62.4	42.1
mech. & craft	60.6	11.8
Total	81.6	37.4

note: These figures are for manufacturing, services, commerce, and construction combined.

Table 21

**Women to Men Wage Ratio and Proportion of Female Workers by Industry and Occupation: July 1992 July 1994
(San Salvador Metropolitan Zone; in percents)**

July 1992

Manufacturing	Salary Wmn/Men	Labor Women	Construction	Salary Wmn/Men	Labor Women	Commerce	Salary Wmn/Men	Labor Women	Services	Salary Wmn/Men	Labor Women
tech & mid-prof	83.4	26.7	top management	111.5	25.8	tech & mid-prof	113.9	22.3	sales persons	158.8	25.8
machine operators	77.2	50.0	sales persons	111.4	1.3	sales persons	97.5	46.7	office workers	101.6	75.7
office workers	74.9	57.6	tech & mid-prof	110.8	32.5	office workers	95.6	62.2	tech & mid-prof	98.1	48
professionals	69.9	27.0	office workers	93.8	55.5	professionals	93.4	18.4	unskilled workers	95.4	24.8
mech. & craft	60.7	26.6	unskilled workers	90.9	2.6	unskilled workers	79.8	38.2	machine operators	75.3	8.5
sales persons	49.8	31.5	professionals	53.8	16	machine operators	70.1	16.1	top management	55.5	35.9
top management	45.5	35.7	Total	123.3	8.3	top management	67.5	17.6	mech. & craft	46.5	0.3
unskilled workers	42.4	35.0				mech. & craft	62.9	3.1	professionals	36.0	36.2
Total	57.4	40.8				Total	66.1	38.0	Total	78.7	42.1

December 1992

Manufacturing	Salary Wmn/Men	Labor Women	Construction	Salary Wmn/Men	Labor Women	Commerce	Salary Wmn/Men	Labor Women	Services	Salary Wmn/Men	Labor Women
mech. & craft	165.9	22.3	sales persons	245.3	15.6	machine operators	118.8	0.8	unskilled workers	111.9	25.9
professionals	103.0	27.1	mech. & craft	143.1	0.1	sales persons	92.4	61.5	machine operators	111.8	3.7
sales persons	95.4	45.1	office workers	124.4	50.6	office workers	78.2	72.5	office workers	106.4	71.1
machine operators	84.2	48.2	unskilled workers	100.9	1.8	unskilled workers	73.7	24.9	tech & mid-prof	93.7	34.4
office workers	81.6	62.7	tech & mid-prof	98.2	25.4	professionals	69.8	27.1	mech. & craft	90.3	0.1
tech & mid-prof	73.5	30.0	professionals	86	19.8	tech & mid-prof	60.5	29.0	professionals	76.8	36.2
unskilled workers	71.5	29.7	top mangement	73.5	13	mech. & craft	58.5	13.9	sales persons	69.9	40.6
top mangement	63.8	15.7	Total	136.7	6.4	top mangement	39.6	55.8	top mangement	47.9	31
Total	75.9	39.4				Total	61.4	47.4	Total	86.3	38.0

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Table 21 continued

July 1993

Manufacturing	Salary Wmn/Men	Labor Women	Construction	Salary Wmn/Men	Labor Women	Commerce	Salary Wmn/Men	Labor Women	Services	Salary Wmn/Men	Labor Women
professionals	95.2	25.8	sales persons	203.4	1.0	unskilled workers	249.2	32.2	office workers	107.9	80.0
office workers	89.9	60.2	office workers	115.9	58.1	tech & mid-prof	105.3	24.7	tech & mid-prof	99.7	44.4
sales persons	87.3	46.1	professionals	74.6	20.4	office workers	74.9	70.2	professionals	75.9	43.3
tech & mid-prof	75.0	21.4	tech & mid-prof	67.6	21.5	sales persons	74.4	46.9	sales persons	62.2	61.0
top management	67.0	18.4	top management	61.7	10.3	professionals	68.1	31.1	top management	58.5	39.0
unskilled workers	50.1	36.7	<i>Total</i>	<i>160.6</i>	<i>4.8</i>	top management	55.9	23.8	<i>Total</i>	<i>97.2</i>	<i>40.6</i>
<i>Total</i>	<i>63.5</i>	<i>48.9</i>				<i>Total</i>	<i>65.4</i>	<i>39.9</i>			

December 1993

Manufacturing	Salary Wmn/Men	Labor Women	Construction	Salary Wmn/Men	Labor Women	Commerce	Salary Wmn/Men	Labor Women	Services	Salary Wmn/Men	Labor Women
office workers	104.3	58.7	tech & mid-prof	162.0	33.7	top management	180.4	13.9	unskilled workers	107.8	30.9
professionals	89.2	23.0	office workers	112.4	51.4	machine operators	124.6	6.8	sales persons	103.8	53.8
machine operators	87.7	54.3	unskilled workers	107.4	1.3	tech & mid-prof	83.4	19.6	professionals	102.6	37.3
sales persons	84.6	42.0	professionals	105.4	21.0	unskilled workers	82.2	27.3	office workers	89.2	76.7
unskilled workers	82.4	28.1	top management	78.9	12.8	office workers	75.1	72.5	tech & mid-prof	77.1	52.0
mech. & craft	79.5	33.1	mech. & craft	72.8	0.2	sales persons	73.5	62.6	top management	76.3	24.9
top management	62.3	23.3	<i>Total</i>	<i>175.9</i>	<i>4.9</i>	mech. & craft	69.3	10.8	machine operators	74.8	1.8
tech & mid-prof	58.7	23.2				professionals	41.7	43.5	mech. & craft	63.1	3.6
<i>Total</i>	<i>70.0</i>	<i>44.0</i>				<i>Total</i>	<i>64.7</i>	<i>45.5</i>	<i>Total</i>	<i>83.8</i>	<i>44.6</i>

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Table 21 continued

July 1994

Manufacturing	Salary Wmn/Men	Labor Women	Construction	Salary Wmn/Men	Labor Women	Commerce	Salary Wmn/Men	Labor Women	Services	Salary Wmn/Men	Labor Women
office workers	105.2	57.6	office workers	161.6	55.3	office workers	85.7	66.1	machine operators	450.2	0.0
unskilled workers	97.4	31.3	tech & mid-prof	114.7	23.6	tech & mid-prof	79.0	26.6	top management	111.8	19.9
sales persons	94.8	43.6	unskilled workers	105.2	0.7	sales persons	78.3	60.2	tech & mid-prof	101.7	41.2
machine operators	82.4	54.5	professionals	94.6	11.5	mech. & craft	69.9	37.5	unskilled workers	92.2	27.8
top management	81.9	17.9	top management	64.5	12.2	unskilled workers	67.6	25.9	office workers	90.3	73.7
professionals	78.6	30.8	<i>Total</i>	<i>146.3</i>	<i>3.7</i>	top management	61.4	40.5	sales persons	79.5	40.1
mech. & craft	76.7	16.3				machine operators	42.5	5.3	mech. & craft	75.9	0.2
tech & mid-prof	67.1	27.6				professionals	36.4	60.8	professionals	56.1	44.1
<i>Total</i>	<i>75.2</i>	<i>40.5</i>				<i>Total</i>	<i>68.8</i>	<i>47.8</i>	<i>Total</i>	<i>87.9</i>	<i>41.4</i>

note:

a. "total" refers to workers in all occupations in the given industry. It is not restricted to the 8 occupations indicated in the table.

b. occupations for which no observations were available in specific industries are not included in the relevant time period.

Table 22

Rank Correlation Between Wage Ratios and Proportion of Female Workers by Industry, Occupation, and Time Period: July 1992 through July 1994

July 1992																							
Manufacturing		1. Salary Wmn/Men	rank	2. Labor Women	rank	Construction		1. Salary Wmn/Men	rank	2. Labor Women	rank	Commerce		1. Salary Wmn/Men	rank	2. Labor Women	rank	Services		1. Salary Wmn/Men	rank	2. Labor Women	rank
tech & mid-prof	83.4	1	26.7	7	top management	111.5	1	25.8	3	tech & mid-prof	113.9	1	22.3	4	sales persons	158.8	1	25.8	5				
machine operators	77.2	2	50.0	2	sales persons	111.4	2	1.3	6	sales persons	97.5	2	46.7	2	office workers	101.6	2	75.7	1				
office workers	74.9	3	57.6	1	tech & mid-prof	110.8	3	32.5	2	office workers	95.6	3	62.2	1	tech & mid-prof	98.1	3	48.0	2				
professionals	69.9	4	27.0	6	office workers	93.8	4	55.5	1	professionals	93.4	4	18.4	5	unskilled workers	95.4	4	24.8	6				
mech. & craft	60.7	5	26.6	8	unskilled workers	90.9	5	2.6	5	unskilled workers	79.8	5	38.2	3	machine operators	75.3	5	8.5	7				
sales persons	49.8	6	31.5	5	professionals	53.8	6	16	4	machine operators	70.1	6	16.1	7	top management	55.5	6	35.9	4				
top management	45.5	7	35.7	3	Total	123.3		8.3		top management	67.5	7	17.6	6	mech. & craft	46.5	7	0.3	8				
unskilled workers	42.4	8	35.0	4						mech. & craft	62.9	8	3.1	8	professionals	36.0	8	36.2	3				
Total	57.4		40.8							Total	66.1		38.0		Total	78.7		42.1					

Spearman Rank Correlation coeff: -0.012

Spearman Rank Correlation coeff: 0.056

Spearman Rank Correlation coeff: 0.765*

Spearman Rank Correlation coeff: 0.341

December 1992																							
Manufacturing		1. Salary Wmn/Men	rank	2. Labor Women	rank	Construction		1. Salary Wmn/Men	rank	2. Labor Women	rank	Commerce		1. Salary Wmn/Men	rank	2. Labor Women	rank	Services		1. Salary Wmn/Men	rank	2. Labor Women	rank
mech. & craft	165.9	1	22.3	7	sales persons	245.3	1	15.6	4	machine operators	118.8	1	0.8	8	unskilled workers	111.9	1	25.9	6				
professionals	103.0	2	27.1	6	mech. & craft	143.1	2	0.1	7	sales persons	92.4	2	61.5	2	machine operators	111.8	2	3.7	7				
sales persons	95.4	3	45.1	3	office workers	124.4	3	50.6	1	office workers	78.2	3	72.5	1	office workers	106.4	3	71.1	1				
machine operators	84.2	4	48.2	2	unskilled workers	100.9	4	1.8	6	unskilled workers	73.7	4	24.9	6	tech & mid-prof	93.7	4	34.4	4				
office workers	81.6	5	62.7	1	tech & mid-prof	98.2	5	25.4	2	professionals	69.8	5	27.1	5	mech. & craft	90.3	5	0.1	8				
tech & mid-prof	73.5	6	30.0	4	professionals	86	6	19.8	3	tech & mid-prof	60.5	6	29.0	4	professionals	76.8	6	36.2	3				
unskilled workers	71.5	7	29.7	5	top mangement	73.5	7	13	5	mech. & craft	58.5	7	13.9	7	sales persons	69.9	7	40.6	2				
top mangement	63.8	8	15.7	8	Total	136.7		6.4		top mangement	39.6	8	55.8	3	top mangement	47.9	8	31	5				
Total	75.9		39.4							Total	61.4		47.4		Total	86.3		38.0					

Spearman Rank Correlation coeff: 0.059

Spearman Rank Correlation coeff: -0.123

Spearman Rank Correlation coeff: -0.012

Spearman Rank Correlation coeff: -0.247

Table 22 continued

July 1993

Manufacturing				Construction				Commerce				Services							
1. Salary		2. Labor		1. Salary		2. Labor		1. Salary		2. Labor		1. Salary		2. Labor					
Wmn/Men	rank	Women	rank	Wmn/Men	rank	Women	rank	Wmn/Men	rank	Women	rank	Wmn/Men	rank	Women	rank				
professionals	95.2	1	25.8	4	sales persons	203.4	1	1.0	5	unskilled workers	249.2	1	32.2	3	office workers	107.9	1	80.0	1
office workers	89.9	2	60.2	1	office workers	115.9	2	58.1	1	tech & mid-prof	105.3	2	24.7	5	tech & mid-prof	99.7	2	44.4	3
sales persons	87.3	3	46.1	2	professionals	74.6	3	20.4	3	office workers	74.9	3	70.2	1	professionals	75.9	3	43.3	4
tech & mid-prof	75.0	4	21.4	5	tech & mid-prof	67.6	4	21.5	2	sales persons	74.4	4	46.9	2	sales persons	62.2	4	61.0	2
top management	67.0	5	18.4	6	top management	61.7	5	10.3	4	professionals	68.1	5	31.1	4	top management	58.5	5	39.0	5
unskilled workers	50.1	6	36.7	3	Total	160.6		4.8		top management	55.9	6	23.8	6	Total	97.2		40.6	
Total	63.5		48.9							Total	65.4		39.9						

Spearman Rank Correlation coeff: 0.389

Spearman Rank Correlation coeff: -0.048

Spearman Rank Correlation coeff: 0.389

Spearman Rank Correlation coeff: 0.714

December 1993

Manufacturing				Construction				Commerce				Services							
1. Salary		2. Labor		1. Salary		2. Labor		1. Salary		2. Labor		1. Salary		2. Labor					
Wmn/Men	rank	Women	rank	Wmn/Men	rank	Women	rank	Wmn/Men	rank	Women	rank	Wmn/Men	rank	Women	rank				
office workers	104.3	1	58.7	1	tech & mid-prof	162.0	1	33.7	2	top management	180.4	1	13.9	6	unskilled workers	107.8	1	30.9	5
professionals	89.2	2	23.0	8	office workers	112.4	2	51.4	1	machine operators	124.6	2	6.8	8	sales persons	103.8	2	53.8	2
machine operators	87.7	3	54.3	2	unskilled workers	107.4	3	1.3	5	tech & mid-prof	83.4	3	19.6	5	professionals	102.6	3	37.3	4
sales persons	84.6	4	42.0	3	professionals	105.4	4	21.0	3	unskilled workers	82.2	4	27.3	4	office workers	89.2	4	76.7	1
unskilled workers	82.4	5	28.1	5	top management	78.9	5	12.8	4	office workers	75.1	5	72.5	1	tech & mid-prof	77.1	5	52.0	3
mech. & craft	79.5	6	33.1	4	mech. & craft	72.8	6	0.2	6	sales persons	73.5	6	62.6	2	top management	76.3	6	24.9	6
top management	62.3	7	23.3	6	Total	175.9		4.9		mech. & craft	69.3	7	10.8	7	machine operators	74.8	7	1.8	8
tech & mid-prof	58.7	8	23.2	7						professionals	41.7	8	43.5	3	mech. & craft	63.1	8	3.6	7
Total	70.0		44.0							Total	64.7		45.5		Total	83.8		44.6	

Spearman Rank Correlation coeff: 0.482

Spearman Rank Correlation coeff: 0.788*

Spearman Rank Correlation coeff: -0.435

Spearman Rank Correlation coeff: 0.624*

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Table 22 continued

July 1994

Manufacturing					Construction					Commerce					Services				
1. Salary		2. Labor		rank	1. Salary		2. Labor		rank	1. Salary		2. Labor		rank	1. Salary		2. Labor		rank
Wmn/Men	rank	Women	rank		Wmn/Men	rank	Women	rank		Wmn/Men	rank	Women	rank		Wmn/Men	rank	Women	rank	
office workers	105.2	1	57.6	1	office workers	161.6	1	55.3	1	office workers	85.7	1	66.1	1	machine operators	450.2	1	0.0	8
unskilled workers	97.4	2	31.3	4	tech & mid-prof	114.7	2	23.6	2	tech & mid-prof	79.0	2	26.6	6	top management	111.8	2	19.9	6
sales persons	94.8	3	43.6	3	unskilled workers	105.2	3	0.7	5	sales persons	78.3	3	60.2	3	tech & mid-prof	101.7	3	41.2	3
machine operators	82.4	4	54.5	2	professionals	94.6	4	11.5	4	mech. & craft	69.9	4	37.5	5	unskilled workers	92.2	4	27.8	5
top management	81.9	5	17.9	7	top management	64.5	5	12.2	3	unskilled workers	67.6	5	25.9	7	office workers	90.3	5	73.7	1
professionals	78.6	6	30.8	5	Total	146.3		3.7		top management	61.4	6	40.5	4	sales persons	79.5	6	40.1	4
mech. & craft	76.7	7	16.3	8						machine operators	42.5	7	5.3	8	mech. & craft	75.9	7	0.2	7
tech & mid-prof	67.1	8	27.6	6						professionals	36.4	8	60.8	2	professionals	56.1	8	44.1	2
Total	75.2		40.5							Total	68.8		47.8		Total	87.9		41.4	

Spearman Rank Correlation coeff: 0.788*

Spearman Rank Correlation coeff: 0.619

Spearman Rank Correlation coeff: 0.271

Spearman Rank Correlation coeff: -0.435

* means significant at 0.01 percent.

Table 23

Grouping of Wage Ratios by Occupation and Industry: July 1992 - July 1994 (percents)

July 1992																
Manufacturing				Construction				Commerce				Services				
Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	
<i>Lower</i>	tech & mid-prof	83.4	26.7	<i>Higher</i>	top management	111.5	25.8	<i>Higher</i>	tech & mid-prof	113.9	22.3	<i>Higher</i>	sales persons	158.8	25.8	
	machine operators	77.2	50.0		sales persons	111.4	1.3	<i>Approx. equal</i>	sales persons	97.5	46.7	<i>Approx. equal</i>	office workers	101.6	75.7	
	office workers	74.9	57.6		tech & mid-prof	110.8	32.5		office workers	95.6	62.2		tech & mid-prof	98.1	48	
<i>Much Lower</i>	professionals	69.9	27.0	<i>Approx. equal</i>	office workers	93.8	55.5	<i>Much Lower</i>	professionals	93.4	18.4		unskilled workers	95.4	24.8	
	mech. & craft	60.7	26.6		unskilled workers	90.9	2.6		unskilled workers	79.8	38.2	<i>Lower</i>	machine operators	75.3	8.5	
	sales persons	49.8	31.5	<i>Much lower</i>	professionals	53.8	16		machine operators	70.1	16.1	<i>Much lower</i>	top management	55.5	35.9	
	top management	45.5	35.7		<i>Total</i>	<i>123.3</i>	<i>8.3</i>						mech. & craft	46.5	0.3	
	unskilled workers	42.4	35.0						<i>Lower</i>	top management	67.5	17.6		professionals	36.0	36.2
	<i>Total</i>	<i>57.4</i>	<i>40.8</i>						<i>Total</i>	<i>66.1</i>	<i>38.0</i>		<i>Total</i>	<i>78.7</i>	<i>42.1</i>	

December 1992															
Manufacturing				Construction				Commerce				Services			
Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women
<i>Higher</i>	mech. & craft	165.9	22.3	<i>Higher</i>	sales persons	245.3	15.6	<i>Higher</i>	machine operators	118.8	0.8	<i>Higher</i>	unskilled workers	111.9	25.9
<i>Approx. equal</i>	professionals	103.0	27.1		mech. & craft	143.1	0.1	<i>Approx. equal</i>	sales persons	92.4	61.5	<i>Approx. equal</i>	machine operators	111.8	3.7
	sales persons	95.4	45.1		office workers	124.4	50.6		office workers	78.2	72.5		office workers	106.4	71.1
<i>Lower</i>	machine operators	84.2	48.2	<i>Approx. equal</i>	unskilled workers	100.9	1.8	<i>Lower</i>	unskilled workers	73.7	24.9		tech & mid-prof	93.7	34.4
	office workers	81.6	62.7		tech & mid-prof	98.2	25.4		professionals	69.8	27.1	<i>Lower</i>	mech. & craft	90.3	0.1
	tech & mid-prof	73.5	30.0	<i>Lower</i>	professionals	86.0	19.8	<i>Much lower</i>	tech & mid-prof	60.5	29.0		professionals	76.8	36.2
	unskilled workers	71.5	29.7		top mangement	73.5	13		mech. & craft	58.5	13.9	<i>Much lower</i>	sales persons	69.9	40.6
<i>Much lower</i>	top mangement	63.8	15.7		<i>Total</i>	<i>136.7</i>	<i>6.4</i>		top mangement	39.6	55.8		top mangement	47.9	31.0
	<i>Total</i>	<i>75.9</i>	<i>39.4</i>					<i>Total</i>	<i>61.4</i>	<i>47.4</i>		<i>Total</i>	<i>86.3</i>	<i>38.0</i>	

July 1993															
Manufacturing				Construction				Commerce				Services			
Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women
<i>Approx. equal</i>	professionals	95.2	25.8	<i>Higher</i>	sales persons	203.4	1.0	<i>Higher</i>	unskilled workers	249.2	32.2	<i>Approx. equal</i>	office workers	107.9	80.0
<i>Lower</i>	office workers	89.9	60.2		office workers	115.9	58.1	<i>Approx. equal</i>	tech & mid-prof	105.3	24.7		tech & mid-prof	99.7	44.4
	sales persons	87.3	46.1	<i>Lower</i>	professionals	74.6	20.4	<i>Lower</i>	office workers	74.9	70.2	<i>Lower</i>	professionals	75.9	43.3
	tech & mid-prof	75.0	21.4	<i>Much lower</i>	tech & mid-prof	67.6	21.5		sales persons	74.4	46.9	<i>Much lower</i>	sales persons	62.2	61.0
<i>Much lower</i>	top management	67.0	18.4		top management	61.7	10.3	<i>Much lower</i>	professionals	68.1	31.1		top management	58.5	39.0
	unskilled workers	50.1	36.7		<i>Total</i>	<i>160.6</i>	<i>4.8</i>		top management	55.9	23.8		<i>Total</i>	<i>97.2</i>	<i>40.6</i>
	<i>Total</i>	<i>63.5</i>	<i>48.9</i>					<i>Total</i>	<i>65.4</i>	<i>39.9</i>					

Table 23 continued

December 1993															
Manufacturing				Construction				Commerce				Services			
Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women
<i>Approx equal</i>	office workers	104.3	58.7	<i>Higher</i>	tech & mid-prof	162.0	33.7	<i>Higher</i>	top management	180.4	13.9	<i>Approx equal</i>	unskilled workers	107.8	30.9
<i>Lower</i>	professionals	89.2	23.0		office workers	112.4	51.4		machine operators	124.6	6.8		sales persons	103.8	53.8
	machine operators	87.7	54.3	<i>Approx equal</i>	unskilled workers	107.4	1.3	<i>Lower</i>	tech & mid-prof	83.4	19.6	<i>Lower</i>	professionals	102.6	37.3
	sales persons	84.6	42.0		professionals	105.4	21.0		unskilled workers	82.2	27.3		office workers	89.2	76.7
	unskilled workers	82.4	28.1	<i>Lower</i>	top management	78.9	12.8		office workers	75.1	72.5		tech & mid-prof	77.1	52.0
	mech. & craft	79.5	33.1		mech. & craft	72.8	0.2		sales persons	73.5	62.6		top management	76.3	24.9
<i>Much lower</i>	top management	62.3	23.3	<i>Total</i>		175.9	4.9	<i>Much lower</i>	mech. & craft	69.3	10.8		machine operators	74.8	1.8
	tech & mid-prof	58.7	23.2						professionals	41.7	43.5	<i>Much lower</i>	mech. & craft	63.1	3.6
<i>Total</i>		70.0	44.0					<i>Total</i>		64.7	45.5	<i>Total</i>		83.8	44.6

July 1994															
Manufacturing				Construction				Commerce				Services			
Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women	Wage group	Occupation	1. Salary Wmn/Men	2. Labor Women
<i>Approx equal</i>	office workers	105.2	57.6	<i>Higher</i>	office workers	161.6	55.3	<i>Lower</i>	office workers	85.7	66.1	<i>Higher</i>	machine operators	450.2	0.0
	unskilled workers	97.4	31.3		tech & mid-prof	114.7	23.6		tech & mid-prof	79.0	26.6		top management	111.8	19.9
	sales persons	94.8	43.6	<i>Approx equal</i>	unskilled workers	105.2	0.7	<i>Much lower</i>	sales persons	78.3	60.2	<i>Approx equal</i>	tech & mid-prof	101.7	41.2
<i>Lower</i>	machine operators	82.4	54.5		professionals	94.6	11.5		mech. & craft	69.9	37.5		unskilled workers	92.2	27.8
	top management	81.9	17.9	<i>Much lower</i>	top management	64.5	12.2		unskilled workers	67.6	25.9		office workers	90.3	73.7
	professionals	78.6	30.8		<i>Total</i>	146.3	3.7		top management	61.4	40.5	<i>Lower</i>	sales persons	79.5	40.1
	mech. & craft	76.7	16.3						machine operators	42.5	5.3		mech. & craft	75.9	0.2
<i>Much lower</i>	tech & mid-prof	67.1	27.6						professionals	36.4	60.8	<i>Much lower</i>	professionals	56.1	44.1
<i>Total</i>		75.2	40.5					<i>Total</i>		68.8	47.8	<i>Total</i>		87.9	41.4

note: see text for classification criteria

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ANNEX C
SCOPE OF WORK

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PARTICIPATION OF WOMEN IN THE ECONOMY AND REFORM (POWER)

Scope of Work for the Country Assessments

A. Background

The Center for Economic Growth is in the process of designing a new initiative, the Participation of Women in the Economy and Reform (POWER) Project, that aims to strengthen women's economic participation. The design process has been a collaborative process with significant input from the Regional Bureaus, the Women in Development Office and the USAID field missions.

The design of the POWER project is being carried out in three phases. The first phase consisted of Washington-based research and analysis in order to establish the analytical foundation for the project; the second phase will involve field work in Egypt, El Salvador, Indonesia and Uganda; and the third phase will involve the actual design of the project.

As part of establishing the analytical foundation for the POWER project, the design team conducted an extensive review of the literature on women's economic participation. The literature review focused on four main areas: gender *vis-a-vis* economic policy reform, legal and regulatory issues, business development, and institutional support. The review revealed several key questions and issues that have not yet been fully addressed. Moreover, the literature review was not able to gather or analyze country-specific data.

This scope of work outlines the objectives and parameters of the country assessments to be carried out in the second phase of the POWER project design. Similar assessments of women *vis-a-vis* economic reform have already been conducted in Poland and Hungary under the aegis of the PEDS II project. Using a similar approach, the POWER country assessment teams will gather comparable data and information on the opportunities and constraints to women's economic participation. However, the POWER country assessment teams will move a step beyond the studies conducted in Poland and Hungary in order to identify "entry points" for strengthening women's economic participation in the four selected countries. This in turn will assist USAID's Center for Economic Growth in defining the types of interventions to be carried out under the POWER project.

B. The POWER Project

During the first phase of the project design, the POWER team prepared a concept paper in addition to the literature review mentioned above. The concept paper aims to define a vision for the project, including its objectives and potential types of interventions. It is intended to be a "working document" that will be revised following the completion of the country assessments. The objectives of the project, as described in the concept paper, are outlined below.

1. The Goal of the POWER Project

The goal of the POWER Project is to strengthen women's economic participation and their role in the process of economic policy-making. This goal statement reflects several important dimensions of the POWER Project. Of foremost importance is the emphasis on women's economic participation, as opposed to political participation or other forms of participation. This means that the POWER project will focus largely on strengthening the productive capacity of women and their ability to generate income -- be it as employees in the workforce or as owners of businesses.

A second important dimension of the project is the focus on **strengthening**, as opposed to merely increasing, women's economic participation. As demonstrated in the case of Central and Eastern Europe and the former Soviet Union, the number of women in the labor force is not necessarily a good indication of the strength of their economic participation or their range of opportunities. In strengthening the economic participation of women, the POWER project aims to:

- Improve the quality¹ of women's employment in those sectors where women comprise a large percentage of the workforce and where there is potential for growth;
- Expand and diversify women's range of occupational choice so that women have the opportunity to move into new areas of economic growth; and
- Strengthen women's participation in business so that women can create and expand businesses in growth areas, with a particular focus on expanding businesses beyond the microenterprise level.

A third dimension of the goal statement focuses on strengthening women's role in the **process of economic policy-making**. This means that POWER is not merely concerned with the impacts of economic policies on women; this would imply a passive role for women vis-a-vis economic policy. In contrast, POWER seeks to encourage women's active involvement in influencing how economic policies are formulated and administered so that they too are recognized as critical stake-holders in the process. In order to achieve this objective, POWER will seek to strengthen women's capacity to advocate for economic change.

2. The Purpose of the POWER Project

The purpose of the POWER project is to identify and implement interventions that enable and strengthen women's economic participation. This statement also captures several important dimensions of the project. First, the focus of the project is on identifying and

¹ What "quality" employment means is open to interpretation. The term "quality" here means the potential for growth and advancement, for wages above subsistence level (at a minimum), benefits befitting the circumstances of employment, safe working conditions, and some degree of job security.

implementing interventions. As such, this is not a project geared toward studying the status of women; nor is it about studying the panoply of constraints women face. Rather, it is about **taking action** and carrying out initiatives that have a direct impact on women's economic participation.

Secondly, the POWER project aims to enable and strengthen women's economic participation. As noted above, this does not necessarily mean increasing the numbers of women in the labor force. Nor does it mean increasing women's economic participation through quotas or targets. Rather, POWER seeks to:

- create an enabling environment for women's economic participation through the development of laws, regulations, policies and institutions that encourage -- rather than restrict -- women's participation; and
- strengthen women's access to skills and resources that will make them more competitive in a liberalized economy, and therefore, have greater choice in how and where to participate.

C. The Country Assessments

Working from the base established by the literature review and the concept paper, the POWER field teams will investigate the opportunities for increasing women's participation in four countries: Egypt, El Salvador, Indonesia and Uganda. These countries are by no means the only countries in which POWER will operate. Rather, they are intended to be "case examples" from which the design team can determine the types of interventions POWER should support.

The purpose of the country assessments is four-fold:

- to gather country-specific data and information on the opportunities and constraints to women's economic participation;
- to address relevant questions and issues left unanswered by the literature review;
- to identify critical "points of entry" for encouraging women's economic participation; and
- to "test" the demand for various initiatives under the POWER project within the objectives and parameters defined in the Concept Paper.

D. Methodology

Prior to travelling to each of the countries, the field teams will review the literature in order to collect country-specific data on the issues outlined below. The teams will then conduct field research for a three week period in the selected countries. The field research will enable the team to collect up-to-date information, as well as address gaps in the data provided by the literature review.

The field teams will gather information primarily through focused interviews, as well as recent studies. The teams will conduct interviews with a variety of sources representing diverse perspectives including, but not limited to: public sector officials, including members of legislatures; leaders of women's groups and other business, professional, labor, and advocacy organizations; USAID and other donor staff; businesswomen and other private sector actors such as corporate or industry managers; women workers; and bankers.

The field work will be divided into three phases as follows:

Days 1 - 3: *Phase I: Establish Country Economic and Political Context:* This phase will bring the team members up to speed on the recent and current economic and political developments in the country, as well as USAID's program and objectives in the country. Specific activities include: a review of the mission portfolio and strategy; planning sessions with the local consultant; briefings with USAID mission and embassy staff such as the private sector officer, women in development officer, and chief economist; working with mission staff and the local consultant to set up appointments and begin seminar preparations.

Days 4 - 15: *Phase II: Field Interviews:* The team will use the majority of their time in the field to conduct interviews with relevant people as described above and recommended by the mission and local consultant. The purpose of these interviews will be to gather information in the four areas most relevant to POWER as described below in part D. Interviews should be conducted in at least two regions outside of the capital city, and attempt to incorporate urban, peri-urban, and rural perspectives where time permits.

Each team should aim to interview a broad range of individuals in each of the following categories: (i) public sector (civil service and legislature); (ii) private sector (business and industry, both employees and managers); (iii) civil society (NGOs, professional associations, labor organizations, etc., both gender-specific and integrated); and (iv) donors (USAID and others).

Days 16 - 18: Synthesis and Debriefing: During the final three days, the field teams will begin to synthesize their initial findings. The teams may choose to hold a seminar for about ten key players in the country to discuss the team's preliminary findings and brainstorm ideas for POWER interventions. The teams will also provide a debriefing for the USAID mission.

During the two-week period following field work, the teams will analyze and synthesize the information collected in the field; they will also prepare a detailed report outlining their findings, conclusions and recommendations.

E. Key Issues

As noted previously, the POWER team conducted an extensive literature review during the first phase of the project design. At the end of review, the team identified a number of the "gaps" in the literature, in addition to areas with inconclusive data and areas with particular need for country-specific data. These "gaps" define some of the key issues to be examined as part of the country assessments. Consistent with the presentation of the literature review, these issues fall into five broad categories: economic policy reform, the labor force, legal and regulatory issues, business development, and institutional support.

It is important to note that the issues outlined below should be considered "guidelines" for the field teams, understanding that the specific issues will vary from country to country. Moreover, given that not all of these issues can be examined in depth in a short period of time, the country assessment teams should focus on those issues that are most relevant and important in the context of their specific country. It is most important that the teams **focus on identifying the key entry points for increasing women's economic participation and their role in the process of economic policy-making.**

1. Economic Policy Reform

■ Opportunities that Arise from Economic Reform: What new opportunities for economic participation have been created by economic reform?

- in business, including opportunities for entrepreneurship as well as employment in micro, small and medium-scale enterprises and the informal sector;
- in agriculture, including non-traditional crop production, agro-industry, export-oriented agriculture, and micro and small agro-enterprises; and,
- in industry, for wage employees and managers.

To what extent are women taking advantage of these new opportunities? Is the lack of information regarding benefits for women of economic reform a "gap" in the literature,

or does the lack of information reflect a true disparity between the benefits of economic reform on the broader economy versus its effects on women?

What are the barriers preventing women from accessing the new opportunities? What specific interventions could assist women to overcome these barriers and fully benefit from the new opportunities? What are USAID and other donors currently doing to overcome these constraints?

- Sectors not Addressed by the Literature on Economic Reform: The literature on economic policy reform provides little information concerning gender-specific effects of certain sectoral reforms such as financial sector reform and reforms oriented towards or affecting the services sector. Do such reforms have different impacts on women than men?; and is there evidence to support the hypothesis that such reforms will benefit women, or is it too early in the reform process to tell?
- Effects of Economic Reform on Women's Businesses: The literature regarding the impacts of economic reform does not specifically address a key issue -- the effects of reform on women-owned businesses. Nevertheless, since women's businesses tend to be concentrated in different sectors and subsectors than men's, then their businesses and their viability may be affected differently, especially since reform policies often take a sectoral approach.

Has economic reform -- for example the development of new industries and contraction of others, privatization, or deregulation -- affected women-owned businesses differently than men's?

How are women's roles in the business community changing as a result of political and economic reform? How are the opportunities and constraints facing women in business likely to evolve as a result of the reform process?

- Impacts of Economic Reform on Women in the Public Sector: The literature is inconclusive on the impacts of economic reform on women employed by the public sector. The questions remain:

Have women been squeezed out of the public sector in numbers disproportionate to men? To what extent have women's salaries been affected as a result of economic reforms such as reductions in public spending? How have women coped with public sector job loss? Are retraining or other employment services available?

2. Participation in the Labor Force

The scope of the literature review did not include detailed descriptions or analysis of women's participation in the labor force. The teams should examine women's labor force participation,

with an eye toward identifying opportunities for (i) improve the quality of women's employment in those sectors where women comprise a large percentage of the workforce; and (ii) expanding and diversifying women's range of occupational choice. The team will examine:

- gender-disaggregated trends in labor force participation, including employment, unemployment, and re-employment rates
- gender-based differences in sectors of employment
- gender-based differences in occupations
- gender-based differences in income
- social benefits, such as maternity leave and child-care allowances benefits

3. Legal and Regulatory Issues

- Country-Specific Information: The literature reveals that many types of laws -- for example, personal status laws and protective legislation -- have broad impacts on women's participation in economic life. However, the literature review also reveals the difficulty of making analytically-sound, cross-country generalizations regarding legal and regulatory issues. Instead, it appears that analysis of legal and regulatory systems lends itself better to a country-specific approach. Thus, the field work will be particularly important to develop possible POWER interventions in the legal and regulatory arena.

Describe the legal system vis-a-vis women, particularly (i) laws put in place to promote women's equal participation, but are not implemented or fully understood at all administrative levels (e.g., U.N. conventions) and (ii) specific laws, regulations, or practices that directly limit women's economic participation. Are there any laws or policies that restrict women's ability to organize or participate in public discussions?

- Business and Market Regulations and Laws: The literature provides little information about the impacts of government regulations and procedures governing business on women entrepreneurs. Do such regulations and procedures affect women differently than men? If so, how do women deal with the situation?

4. Business Development

- Status of Women in Business: What is the role of women, as opposed to men, in the ownership of businesses?

- Sectors and sub-sectors of involvement
 - Capitalization
 - Status within the business, e.g., owner, co-owner, manager, etc.
 - Formal and informal sectors
 - Multiple activities to generate income
 - Numbers and gender of employees
- **Women in the Formal Sector:** The literature presents very little information about women in formal small-scale business (as owners, operators, or workers) and even less regarding women in medium- or large-scale business (except as workers in export processing zones). Several inter-related questions regarding women in business remain:
- to what extent do women participate in the formal sector and in small-, medium- and large-scale businesses?; does the lack of documentation of their participation in such areas accurately reflect women's participation, or does it instead reflect the interests of researchers and donors?
 - if the lack of documentation is a result of the latter (rather than a reflection of women's true involvement), what are the factors that propel women toward or enable women to enter more formal or larger enterprises?
 - what are the gender specific opportunities and constraints to women's involvement in the business community? Examine issues related to women's entry into business as well as the viability of their enterprises.
 - Relations with the government
 - Access to market information
 - Access to financial markets and services
 - Socio-cultural considerations
 - Physical mobility and time constraints
 - Control over income
 - what government and donor efforts are underway to promote women's entrepreneurship beyond the microenterprise level? are they effectively serving the needs of local businesswomen? what else is needed?
- **Appropriate Business and Management Training:** One of the literature's recommendations concerns improving women's access to and participation in business and management training as well as career advisory and job placement services. The literature notes that the training offered often does not address or improve skills demanded by the market.
- Describe the business and management training programs available and women's participation in them. Has any business training been developed in light of local

economic conditions (perhaps, for example, in collaboration with local businesses) as well as in response to women's specific needs? If such training exists, what are the factors that promoted its development and can similar training be replicated elsewhere?

- What institutions support business development and, in particular, women in business? How are they perceived by women entrepreneurs? How do business associations regard women in business?

5. Institutional Support and Representation

- Women's Organizations and Economic Policy-Making: Women participate as actors and founders in a wide variety of organizations, although their influence and extent of involvement varies greatly by type of organization and by country. One issue particularly pertinent to POWER is the degree to which women's organizations -- the fledgling professional and business groups, the alternative labor organizations, and the government and political institutions in which women are active and influential -- are involved in the economic policy-making process.

- Have new institutions/associations emerged as a result of economic and political reform? What institutions and resources are needed to ensure that women are able to participate fully in economic growth and opportunities offered by the reform process? Examine opportunities for providing assistance that are conducive to on-going or planned USAID activities in each country or region.
- What institutions in the country support women's economic participation or represent women's economic concerns?
- Have any of these groups developed advocacy or lobbying strategies to reach economic policy-makers or to ensure that organizations that recognize gender concerns are included when key economic and business policies are discussed, developed, and implemented? If so, what factors have contributed to effective representation in the policy-making process? what are the constraints?
- What is the role of women in law and academia? Have any of these women used their expertise to enhance women's economic participation?
- To what extent do women participate in integrated organizations such as labor unions and chambers of commerce? Are any such non-gender specific organizations directly supporting women's economic participation?
- How conducive is the cultural climate of private business and the bureaucracy to women's participation in decision-making positions?

- **Services Provided by Organizations:** The literature notes that the organizations in which women participate provide a number of services, including, for example, training, finance, and social services. However, detailed examples of the types of services provided are rare.
 - What specific types of support services do organizations supply?; what additional types of support do women workers and entrepreneurs need?; and what support, if any, will organizations need in order to supply such services?

- **Women in Politics and Government:** There does not appear to be a direct correlation between women in top policy and decision-making positions and the status of women in general.
 - What opportunities do women have to influence political and economic reform? How are these opportunities changing as a result of the reform process?
 - To what extent have women in politics and government pursued a women-oriented agenda?
 - How do women and men view women leaders, managers, and politicians?

F. Deliverables

Prior to departing the country, the country assessment teams will present their initial findings and conclusions to the USAID mission in an oral debriefing. The teams will then return to the U.S. to prepare and submit their draft report. The draft report will be reviewed by the Center for Economic Growth and the USAID mission. Following receipt of comments, the team will finalize the report. The country assessment teams will also provide a presentation of its findings and recommendations to the Center for Economic Growth in Washington.

In order to ensure consistency, each of the country assessment reports will follow a similar outline and format, as described on the following pages. This outline may be revised during the team planning sessions in Washington.

ANNEX D
LIST OF CONTACTS

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