

Global Roundtable with Carlos Enrique García González

Natasha: Welcome to the Global Roundtable organized by Global Foundation for Democracy and Development. Today we have the honor of the presence of Mr. Carlos Garcia, Permanent Representative of El Salvador to the United Nations. Welcome Mr. Garcia. It is a pleasure to have you with us today.

Carlos: Thank you very much for inviting me and it is a pleasure for me to be here and share with your audience questions you may have.

N: Thank you. I'd like to introduce you to our audiences. Mr. Carlos Garcia has been the Permanent Representative of El Salvador to the United Nations since February 2013. But he has a very long standing career as a diplomat representing his country to the United Nations since 1996. Currently he is the Vice Chairman of the Commission for Social Development and also the Vice Chairman of the Commission on the Status of Women. Prior to joining the Permanent Mission of El Salvador to the United Nations, he worked as Director of Multilateral Affairs and as Chief of the Caribbean Affairs at the Ministry of Foreign Affairs of El Salvador. He holds a special courses degree in International Relations from the Diplomatic Academy in Madrid, Spain, and the Bachelor's degree in International Relations from the University of El Salvador.

And as always, we are going to present the country, Mr. Garcia so proudly represents to the United Nations system. El Salvador is located in Central America bordering the North Pacific Ocean between Guatemala and Honduras. It is the smallest Central American country and the only one without a coastline on the Caribbean Sea. As we said, El Salvador is the smallest but still the most densely populated country in Central America with around 6 million inhabitants. Urban population comprises 64% of the total population. The Head of State is currently President Carlos Mauricio Funes Cartagena since June 2009. The natural resources of El Salvador are hydro power, geo-thermal power, petroleum and arable land. The agriculture has subsistence crops: corn, rice, beans, oil seeds and sorghum. And cash crops are coffee and sugar. El Salvador has the third largest economy in the region. The GDP is 45 billion. After the global recession in 2009, the economy slowed down and went from 3.5 to 1.5 in 2012. The unemployment rate is 7%.

Ambassador Garcia, let me start by talking about El Salvador's economy. Despite being the smallest country in Central America and despite all the challenges like infrastructure, war that ended in 1992, violence issues, natural disasters, El Salvador has a very strong and resilient economy. According to the human development index, El Salvador ranked tenth among all Latin American countries and, actually, it ranked third in Central America behind Costa Rica and Panama. How can you explain this extreme strength and resilience of the Salvadorian economy?

C: I would say that the economy of El Salvador's strength is based on two very interesting positive cycles, one related to migration and the contribution of remittances to El Salvador. You brought to the audience at the beginning of this interview that El Salvador has 6 million people

living in El Salvador and around 2 million outside. I would say that it is 2.7 million actually. I would think that 98% of this 2.7 million lives here, in the United States. And the contribution from remittances is around 19% of our GDP.

N: That is very high.

C: It is very high but at the same time, of course, presents challenges and opportunities. But I will first address the opportunities. When you have an economy that is based on remittances, of course, you have to think that we have to link the source of those remittances, (in this particular case the United States), and El Salvador together with other Central American countries, and the Dominican Republic as well. We manage to have a free trade agreement with the United States. On a large scale what we are doing is connecting one big economy, like the United States, and other economies, in this case Central America plus the Dominican Republic, in exchange of goods and services. This is boosted by the remittances because at the same time we are investing, let us say, from these remittances that are coming from the United States to the personal needs of population. This is due to the fact that remittances are a private capital that governments cannot control. But in case of my country, it will contribute to strengthening local economies, and by doing so, strengthening the small and medium enterprises.

N: Through remittances?

C: Through the remittances. But these small and medium enterprises, what they are doing, is promoting, let's say, local product, very common to Salvadorians and which has been brought to the United States market, but mostly remains where Salvadorian communities are larger. For example, California, where there are around 1.2 million Salvadorians. Then we have in Virginia, Metro, Washington D.C. area, the second largest Salvadorian community, and the third one comes in the tri-state area: in New York, New Jersey and Connecticut. The fourth is Dallas. But if you look at the overall scheme of this distribution, it is based on a very interesting approach in terms of the labor market which is the Salvadorians are mostly related to services in the United States.

N: You mean most of them are employed in the service sector?

C: Yes, exactly. And this has one positive effect and one negative. The positive is that because of that kind of industry or, sector within the United States, is very dynamic, it creates good opportunities quickly, and some level of salary quickly, so Salvadorians are able to send remittances to their families in their country and have always, let's say, almost on a weekly basis some resources that are invested by them.

N: According to the statistics, I think, one third of all households receive remittances. So it is pretty significant.

C: Absolutely.

N: Especially in rural areas, villages.

C: Everywhere because one third of our population is migrant. And more than that, if we look at the dimension on the rural areas, I will stand that concept to the beside the capital city which is San Salvador. You have more Salvadorians going to the United States from the eastern part of our country, namely Usulután, San Miguel, Morazan and La Unión, let's say, where in the context of the civil war, these areas suffered from more violence in the first place, but secondly where the population has dedicated itself mostly to agriculture. So you now have a combination: from services in the United States and agriculture on the other that could be the logic of the economy if that will take place in the same area, meaning El Salvador, but it is not. It is not physically in the country itself but it is the reality in the relationship of Salvadorians and United States Salvadorians.

N: So you would say there is a strong agriculture in the rural areas and then on the other side a lot of Salvadorians working in the service sector in the US.

C: Exactly. In the United States. That creates a positive chain-cycle of investment and agriculture, and then in services. This is one side of the equation. There is another side, coming from what is happening in the capital San Salvador, and why it is important to take this into account. Because in most of the Latin American countries, the capital city is where all governmental offices and business are located, as well as the private sector. Many of the private sector investments are located or focused on that area. So the same is happening in San Salvador. And in 2001 one of the Presidents of my country, Mr. Flores at that time, decided to promote the dollarization of our economy, meaning that we adopted the US dollar as our current currency. And the colon was replaced by US dollar which contributed to maintaining a certain level of investment, reduces some percentage in terms of taxes, but at the same time creates good opportunities for supporters from El Salvador to the United States.

N: So would you say that the adoption of US dollar as the national currency was positive for the country?

C: It has two sides. The positive side was the one I just mentioned because it creates or strengthens the logic of the system in this cycle on services, services also in El Salvador, and agriculture in rural areas. Now it also has, I would say, challenges on the other hand.

And those challenges are mostly felt by the total population in terms of that the living cost of our country, expenses are increasing the cost of living, whilst the salaries keep at the same level before dollarization took place. So that creates a certain imbalance between the level of income to every different family and on the other hand increased prices of food and other goods.

Now how do we solve that contradiction? Remittances.

Remittances unfortunately in that regard came to create a counterbalance to that negative equation. It is complex because besides, let's say, the US input in to this equation, also at the same, it strengthened the Central American integration process, meaning that other countries like Belize, Guatemala, Honduras, Nicaragua, Costa Rica, Panama and the Dominican Republic joined together in integration of our economies. And not only from the economic perspective, but at the same time on the political side, on social policies and areas like environment, energy and in other sectors with the idea to have a more comprehensive approach to the issue of integration.

In the minds of many people the model that Central America took into account was based on the success of the European Union. However, we have to recognize that Central America had some different processes of integration in the past. In fact, during the 1960s, Central America strengthened its economy due to the increase in level of trade between neighboring countries. In that regard, the Salvadorian press sector in government of that time benefited from that kind of exchange because, as you rightly pointed out, our country keeps a very important level of exchange with others who keep a high rank in the income of the region. So if you see, it is a combination of two integration processes if you like: one with regards to the United States, on a larger scale taking into account our migrants, which is one third of our total population, it is a lot of people...

N: Yes, so practically one third of Salvadorians live abroad.

C: Exactly. Then the second process that is contributing to this issue is the inter-Central American trade based on the Central American integration process.

N: And now you actually have migration from neighboring countries into Salvador which is a new phenomenon. It is a recent phenomenon. How is that impacting the country?

C: Well it is very interesting that you mention it because it is true. And this phenomenon comes because of the dollarization of our economy. Because if you look at who is working or migrating to El Salvador and working there are people from Honduras, Nicaragua and in some cases some Guatemalans but, mostly come from Honduras and Nicaragua. And they are also focusing their attention on the rural areas as well. Why? Because I would say the challenges coming from migration and the intense use of remittances is that some of the families in these rural areas of El Salvador prefer to wait until they receive payments from Salvadorians living abroad instead of working...

N: Right.

C: And because of that others need to fill these needs in terms of agriculture for planting crops and so on and so forth. So Nicaraguans and Hondurans are coming to El Salvador...

N: So these families are becoming investors and these migrants are becoming workers?

C: Becoming workers. It is a smaller scale of what is happening with El Salvadorians who came to the United States ...

N: To the United States...

C: But that model is replicated in El Salvador on a very small scale. Now this has of course positive and negative aspects as well. The positive side will be that El Salvador is living on a very small scale the whole issue of migration. Of course, we have to take into account cultural issues, historical issue as well. Why? Because, for example, in accordance to our constitution or national laws, El Salvador recognizes other Central American citizens born in those countries as part of Salvadorians if they wish to accept the nationality of our country. So there is no problem legally speaking...

N: It is very easy to obtain El Salvadorian nationality. You don't have to be born in El Salvador.

C: No, if you were born in a near Central American country, then because our national legal framework creates some recognition of that process and this is something that we have to put in the context of history. You very rightly pointed out that El Salvador after independence from Spain, we created one integrated nation from all other Central American countries and, in fact, El Salvador was the capital of that movement at that time. And there was created also or established the federal constitution of Central American member states at that time and mostly the ideas considered in that Central American federation are still reflected in El Salvador's constitution. So there is a connection in that process.

N: But then it also exacerbates Salvadorian problem of overpopulation in a way, right? How does that play into that very fragile economic texture?

C: I would say that, that dilemma was faced mostly in the 60s, in the first phase of the integration process and, of course, its crisis came when El Salvador and Honduras faced a war between our two countries. Of course, publicly speaking it was called or named the war of football or soccer at that time. It just took 100 hours but of course that was not the problem. The problem behind it was migration issues because Salvadorians were moving to Honduras at that time and they were basically doing jobs and labor related to agriculture and were about to buy some of the properties close to the border, so the government of Honduras decided to not to allow Salvadorians to own that property because there were no clear boundaries or frontiers between two countries. Historically speaking, of course, and that created some tension and ended up in a war. There is another side of that story which, closing the line that El Salvador was experiencing a very good performance in the context of Central American integration and Honduras wanted to curtail. Why? Because Honduras is larger than El Salvador and it was kind of competing in the region. But, of course, this is something that we can explore a little bit more.

N: And it is still going on. There are still some issues with Honduras about that.

C: Recently, after this war, El Salvador and Honduras signed a peace agreement in Peru. In that context it was decided that we would bring our issue, or frontiers, or leave the dispute to the International Court of Justice. The Court made a ruling and the part on which there was a dispute in terms of boundaries was settled by the Court, and El Salvador together with Honduras proceeded to the physical limitation of that border. The pending issues are related to what El Salvador recognizes as part of unknown claims from our country in the ruling or in the territorial dispute at the beginning which was related with some of the islands in the Gulf of Fonseca which are shared historically by El Salvador, Honduras and Nicaragua. There is of course a lot of argument there from Honduras side, but in our view that dispute was resolved in 1912 when the Central American Court of Justice ruled on that dispute as well. And then a very important element in this question is that Nicaragua was the other part in terms of the problem of the Gulf of Fonseca, it was not part of the International Court of Justice, the limitation sentence. So the Court cannot impose through any third party the decision that affects their own sovereign rights as well if they were not even...

N: If they were not even present involved. So it is still pending.

C: Absolutely. Still pending. But in our view to give you a wrap in this answer, I would say that because of El Salvador goes beyond these boundaries in terms of how we are (and this is a very important question because it deals with the perception of our own country, of where our boundaries are and where we are going because there is no boundary any more). And why is that? Because of globalization. 1/3 of our population lives in the United States but not only in the United States. We also have people in Canada, Mexico, Australia...

N: United Kingdom, Germany, Spain...

C: Yes, United Kingdom. Spain. A very large place. Australia, for example. There is a huge Salvadorian community there. Around 30,000 Salvadorians are living in Australia. So in our mind boundaries are no longer any more in that part of our geographical territory. This creates challenges and opportunities as always. Life is like that.

N: Let me ask you about something else that is a challenge for Salvador. And it is a topic of violence. Unfortunately in 2012 El Salvador is only second to Honduras in the UN's global murder rankings. There are about 25,000 gang members on the streets and there are about 9,000 in prisons. In 2012, 16 killings a day were reported. It is a big issue for Salvador. But some progress has been made. As we know, since January 5 towns have been designated as peace zones and a lot has been done in negotiation with *maras*. So can you tell us a little bit what the government is currently doing. It seems it has been a lot of progress.

C: Yes, this is a very important question because first we need to understand what happened in that moment with regards to security issues. First the government in itself, let's say, did not promote the negotiation meaning government members with *maras* (*gangs*). What happened on the ground was there was an initiative coming from two, let's say, leaders: one from the catholic

church and then, the other leader, was a former gorilla commander. They joined efforts based on the idea that was to provide an opportunity for different, rebel gangs to stop violence and try to adopt a process in which they can eventually or progressively be incorporated to the society. The government supported that initiative that was conducted by these two leaders I mentioned before, and it created a very important timeframe for the following issues. First, we reduced in a matter of one year around 50% of that percentile. Salvador is no longer in the second position. We are actually out of that kind of list because we reduced our crimes or murders from 16 to 5 every day. That represents huge steps in...

N: ...in a very short time period.

C: Exactly. Now that is the fact. How to explain that? And this is a difficult part for most of the analysts and politicians. What happened is that we have to put in the context that figure with a larger scale on changes that the administration of President Mauricio Funes has been developing in the course of his administration starting in 2009 till now. And what is that? Very simple. President Funes' commitment was to invest and focus the main part of his administration on social issues. Why is that? Very simple as well. If you look at the context in the year of 2008, when the economic and financial crisis emerged, the main focus of the crisis was based on the financial aspect in a secondary phase from the economic aspect. That means that the financial tools that deal with borrowing, loans and all this stuff and the possibility of access to credit at the international level was reduced --but not necessarily at the same time in terms of the real economy meaning trade or the production of goods and services. And that is very important to understand that El Salvador bases its economy mostly in that part of economy -- in goods and services. And let's say, the financial aspect is that El Salvador borrowed to invest in expanding social protection floor. What is that? That is investing in health, investing in education and also creating different opportunities for vulnerable groups, mostly in rural areas.

N: So would you say this is one of the biggest legacies of the current president right now?

C: Yes, I would say so. I would elaborate a little more on that on the specific policies that support that idea, especially on general issues.

N: Yes, if you can tell us Ciudad Mujer that we know you are very proud of and all Salvadorians should be really proud of.

C: Ciudad Mujer is a very innovative and interesting model for addressing gender issues. It is called, let's say, on the international level "one stop shop."

What does that mean? It means that in a very specific facility, the government focuses on 17 different services including health, education, access to credit, entrepreneurship, violence against women.

N: When did the project start, how long has it been going?

C: This project started in 2010. It was an initiative of our first lady Dr. Vanda Pignato, and happened not only that she the first lady, but she also plays the role with social inclusion meaning that as a ministerial level she deals with social areas that include the protection of vulnerable groups who are children, women, persons with disabilities, elderly and indigenous communities. So this idea of Ciudad Mujer was created in the context of the political campaign of president Mauricio Funes, but actually was developed and implemented until 2010. At that time El Salvador had access to a \$20 million loan from the Inter-American Development Bank, and it said that if Salvadorians were able to provide services to 5000 women within the premises of Ciudad Mujer within a one year period, then the project could be considered as not only sustainable, but also a success. What happened, in reality, was that our first lady took a very important role in not only addressing and promoting this initiative, but also making sure that all Salvadorian institutions contributing to Ciudad Mujer gave their best efforts. One year after this program took place, El Salvador was divulging that we have served 120,000 women in that very first year. Just in one year. So we surpassed the goals set by Inter-American Bank far a lot and then we realized that that's a very important tool for developing a country.

N: The other aspect that you mentioned 120,000 women were served but also in many ways, in ways of getting loans, in ways of getting employment, in ways of getting education. It is very versatile and very broad.

C: Exactly. We have to understand how Ciudad Mujer works. Well let me before going into that, I would like to say two things. First, all services provided by Ciudad Mujer are free of charge. So any women that attend this institution do not pay a thing. Second, of course, is the focus on women. And this is very important. Because not only beneficiaries in this case are women, but also the personnel inside of Ciudad Mujer are women. No men are allowed there.

N: So it is a real Ciudad Mujer.

C: It is a real Ciudad Mujer. I would say that I had the honor to be there a couple of times but invited by...

N: As a guest of honor...

C: As a guest of honor... by the first lady but, of course, if I try to go by myself I will not enter the facility of Ciudad Mujer! That is very important. And believe me that I have been there many times. It is something that contributes to something that is very very delicate or sensitive in the context of Latino-Americans which is the creation of an environment that gives you a sense of trust. That is the very first thing that you can perceive when you enter Ciudad Mujer. And why is that? Why is it needed? And this is an important part of it. Because in Ciudad Mujer when you get to this introduction part, of course, any woman has a particular issue that she would like to address, either health issue, or any legal problem, or violence against her, you know, any particularities. But what Ciudad Mujer does at the very beginning is to avoid that kind of fragmentation. She, of course, will receive treatment or will have her concern addressed on that

particularity, but immediately she is engaging with a social worker in a very frank and friendly conversation trying to discover different issues that affect those women simultaneously.

N: So she has been attended to as a woman, as a person, as a professional, as a mother, as a potential entrepreneur in every possible way.

C: Absolutely. In every possible way. Let us say, if any woman comes, because she has some health problems, she is, of course, attended on the health area but she, for example, will say, "I would like to have, certain money to invest in a very small enterprise." That is thinking from these women at the very beginning. So the next step after health issues is taking these women to a very important window which is the financial side of that entrepreneurial arena. And that is very important because Ciudad Mujer does something very strategic in our region, in Central America, in El Salvador and any other place in Latin America, including the Dominican Republic, which is the following. You usually have regular financial windows which, of course, as any commercial bank if you want to have a loan, you are requested to have a co-signer. And when you get this co-signer, then you are allowed to have a credit or have an access to credit. Well most of the poor women do not have anyone who can act as a co-signer and so she can never have an access to credit.

N: So for a regular financial institutions they are a huge risk that they would not take.

C: What the government does in Ciudad Mujer, we have both windows. We have this normal or regular financial institution on one window and the window in front of that almost literally speaking we created a bank of development meaning that there is a bank supported by the government, which grants credit to any woman from, let's say, \$1.00 to \$500.00 without a co-signer. Any woman can have \$500.00 as a limit without any co-signer and she can start a small business. But that is not only the money. That is the first step in this area.

The next window is related to another national institution that deals with training with regard to different abilities for having any enterprises including areas like, for example, preparing or dealing with a budget, or how do you plan for, if you are going to have a small enterprise, what would you do, what would be the first step to do in general.

N: Let me ask you a little bit about your work at the United Nations because we also know that you worked in the area on the Commission on the Status of Women and with us Margaret Hayward, our representative to the UN system and she has a few questions for you in that area.

M: Yes, Ambassador, you are very busy, you "wear many hats" at the UN, I see and one of them is the Vice Chair of CSW, the Commission on the Status of Women and the themes of which were empowerment of women in rural areas for poverty eradication. I just want to ask you what are the challenges that you've seen and the potential achievements. If you could tell us a little bit about the theme for 2014 that you will be also chairing.

C: Thank you very much. What regards to rural women and empowerment of rural women, this is a very important issue because we realize that in many countries on the planet rural women play a very important role not only in terms of, let us say, providing food and focusing their attention on agriculture but most of the population live in rural areas in developing world.

That creates a huge amount of women who require different and particular needs covered, for example, in terms of education, in terms of health, in terms of also how these women can dedicate themselves to create different opportunities in entrepreneurship that not necessarily are related to agriculture, because that in a way sets a kind of portrait of capturing of this amount women in the area that may be not necessarily are felt comfortable or maybe they wish to have a different aspiration beyond agriculture. So that is a very important area. Second, I would say that when we had the Commission on the Status of Women, we were not able to come up with an agreement in what we called the agreed conclusion. And it was very unfortunate at that time because the reason for not having that agreement came from an issue that was not related to rural women at all. It was related to sexual and reproductive rights in a very old discussion on abortion that, of course, if you put in the context of rural women is nonsense. Anyway the UN did a lot of interesting negotiations.

But my point is that this issue is also important because if there is a significant number of women in a rural area that means that, for example, in case of El Salvador, 52% of our total population are women. That means that if we are going to be serious in terms of addressing democracy, for example, democracy means the majority – the majority of women. So in our case gender is a pillar for democracy. There are two important pillars for how democracy works: first who is the majority, in our case – women. And if the needs and aspirations of the majority, are achieved or not. So in our case addressing gender issues is the way in which we address democracy on a larger scale. Of course, men can't be just put aside. They are part of society. However, they are having more important positions on the political level and other power positions that allow them to keep women away from those positions.

N: But that has been changing too recently. Everywhere.

C: Hopefully. This is a tendency but needs to be strengthened. And I would say something that is very important and you may understand. I think that in the past it was considered that women would replace men and keep them away.

N: That was a fear.

C: That was a fear of many men. But that is not how gender issues work. What happens is that men and women are equal in terms of rights, but also there is a need to keep a balance in any other aspect of their life, including economy, access to education, health, heritage, name it... It comes all in the 12 critical areas of Beijing Plan of Action coming from Beijing conference. So what happens is that if men are not able to integrate and treat women as equal, as partners, then we have this kind of a conflict. So gender issues try to provide different tools and policies on the

public level that hopefully can be replied on the private level as well. In order to have a comprehensive society where men and women have equal opportunities and, of course, not only opportunities but benefits as well, for example, in terms of earning. How can it be possible that men do certain jobs and women do the same jobs but they are earning less than men?

All these kinds of inequalities need to be addressed. And, in fact, if you look at the recent status of ECLAC, plays a very important role in the region because it is a strategic think-tank of our region in terms of development, has pointed out that in El Salvador, precisely in 2012, when we had our annual meeting of ECLAC, we addressed the issue of inequality and how the region would benefit if we addressed that inequality through different policies. One of those policies goes in line with gender equality. If you look at the whole issue from a broader perspective, you will realize that investing in gender equality and the advancement of women is the best investment that any government can do and that is what El Salvador is doing now.

N: Thank you, Mr. Garcia. We really really appreciate all your input on El Salvador and on the United Nations process, especially on the gender inequality and equality. It is a pleasure to talk to you and we are hoping to continue this conversation in the very near future. Thank you for coming over.

C: Thank you for inviting me and it is my pleasure to talking to you and sharing with my colleagues and friends of Latin America and the Caribbean what we are doing in El Salvador but this, of course, is not only in El Salvador. This is extended to all Latin Americans. Thanks.

N: Thank you.

N: Thank you for watching the Global Roundtable. Today we have enjoyed the conversation with Mr. Carlos García, Permanent Representative to the United Nations from El Salvador.