



RECALL-Symposium, November 18-22 2002, México

“Resource Utilization:
Globalization and Local Structure”

The Peace Accords in El Salvador - Distributional Implication of Macroeconomic and Land Policy

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Abstract

In 1992 a peace agreement was signed in Chapultepec, Mexico between the Salvadorean guerrilla and Government finishing 12 years of civil war. The peace agreement had as specific aim to incorporate the former combatants into civil life by a series of programs, particularly a credit program for agricultural production, housing, education and capacitating. The agenda of the peace agreement-if fully implemented and consolidated-should have laid down the institutional foundations of political democracy in the post-war period. However, the agreement did not directly address the profound economic and social inequalities that fuelled the civil war.

The negotiation, implications, and uneven implementation of the Chapultepec (Peace) Accords and their relation to post-war macroeconomic policy are the subject of this paper. The analysis focuses on the political bargaining between representatives of domestic organizations and institutions that shaped both the agreement, and its subsequent implementation.

The paper presents results from empirical research work from August 2000 to April 2001 in rural areas of El Salvador compiling information from census household information of six randomly selected villages of PTT-Beneficiaries, 86 structured interviews of randomly selected households and groups and expert interviews. The data has been analysed with a regression of type Logit to prove the probability of the several determinants influencing the outcome of credit, investment and income on single households. Further analysis comprises frequency analysis to sort out the most relevant characteristics of the households regarding socio-economic components.

The analysis shows that while assessing the results of land titling programs, the results do not meet expectations because of poor planning and especially of concomitant contradictions in agricultural and economic policy, poor conduction and contradiction among the donor organizations. The reasons vary, among them we found: **(a)** the granting of land titles proceeded in some cases slowly and in others has not even been completed; **(b)** land titling has not led to the reallocation of land to the “most efficient”; and **(c)** there is statistical evidence that whereas no direct relationship exists or can be observed between ownership of land and enhanced credit access more secure property rights on land boost land conservation measures.

Keywords: Agrarian reform, agricultural credit, property rights, structural adjustment program