

Global Jobs Pact Country Profile: El Salvador

The international economic crisis that began in late 2008 has had an impact of unprecedented severity on the Salvadoran economy, as evidenced by the sharp decline of 3.5% in GDP in 2009. Two direct effects of the crisis have been a drop in remittances sent to families by Salvadoran workers abroad and a decline in Salvadoran exports. The impact on employment has also been marked, principally in terms of a loss of formal jobs. By the same measure, falling tax revenues have reduced the Government's margin of manoeuvre to apply a vigorous anti-cyclical fiscal policy.

In June 2009, the Government put in place an important response package, the Global Anti-Crisis Plan (GAP). The GAP's four central objectives seek to 1) protect existing jobs and generate new sources of employment; (2) protect vulnerable populations from the impact of the crisis, especially the poorest and most excluded; (3) implement a universal social protection system; and (4) create all-inclusive public policies on economic and social matters. These objectives are in turn supported by four principal areas of action: boosting production and generating income and jobs; establishing a system of universal social protection; bolstering public finances; and promoting development policies.

While the crisis has caused considerable hardship on El Salvador, it has also presented policy-makers with an opportunity to reflect on alternatives for economic restructuring and to analyse and develop policies to redress market failures and improve the potential for job creation and growth based on increased productivity. The formulation of new political strategies requires rethinking both horizontal and vertical measures, reconsidering the role of existing institutions, and recognizing the need for placing innovation and increased labour productivity at the core of growth strategies.

For more information on the job crisis and recovery in El Salvador, please visit the [ILO Job Crisis Observatory](#).