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**U.S. AGENCY FOR  
INTERNATIONAL DEVELOPMENT  
EL SALVADOR**

**ACTION PLAN**

**FY 1994-1995**



**APRIL 1993**

**FY 94-95 ACTION PLAN  
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A

## LIST OF ACROYNMS

ADS	Salvadoran Demographic Association
AIFLD	American Institute for Free Labor Development
ANDA	Water and Sewer Authority
APSISA	Health Systems Support Project
ATIE	Advanced Training in Economics
BCR	Central Reserve Bank
BFA	Agricultural Development Bank
BOP	Balance of Payments
CAM	Microenterprise Support Center
CAPS	Central American Peace Scholarship Program
CATIE	Tropical Agricultural Center for Research & Training
CDSS	Country Development Strategy Statement
CEL	National Electric Power Company
CENDEPESCA	Fishery Development Center
CENREN	Natural Resources Center
CENTA	National Center for Agricultural Technology
CHS	Community Health Service
CLASP	Central and Latin American Scholarship Program
CLUSA	Cooperative League of the United States
COMCORDE	Coordinating Committee for the Economic Development of the Eastern Zone
COPAZ	Peace Commission
CREA	Creative Associates
CRS	Catholic Relief Service
DIVAGRO	Agricultural Diversification Division of FUSADES
E/NR	Environmental and Natural Resources Management
EEC	European Economic Commission
EHRTS	Education and Human Resources Tech. Support
EPAT	Environmental and Natural Resources Policy Analysis and Training Project
ESAF	El Salvador's Armed Forces
FEDECCREDITO	Federation of Credit Unions
FEPADE	Foundation of Entrepreneurs for Educational Development
FESA	Salvadoran Ecological Foundation
FESAL	Family Demographic and Health Survey
FINCA	Foundation for International Community Assistance
FIS	Social Investment Fund
FMLN	Farabundo Marti National Liberation Front
FUNDASALVA	Anti-Drug Foundation of El Salvador
FUNTER	Pro-Rehabilitation Foundation
FUSADES	Salvadoran Foundation for Economic and Social Development
GDP	Gross Domestic Product
GOES	Government of El Salvador
GSP	General Schedule of Preferences

B

IDB	Interamerican Development Bank
IESC	International Executive Service Corps
IMF	International Monetary Fund
INCAE	Central American Business Administration Institute
ISDEM	Salvadoran Municipal Development Institute
ISRI	Salvadoran Rehabilitation Institute
M&E	Monitoring and Evaluation
MADELENA	Multiple Use Tree III Project
MAG	Ministry of Agriculture
MEA	Municipalities in Action
MIPLAN	Ministry of Planning
MOE	Ministry of Education
MOH	Ministry of Health
MPHHS	Multipurpose Household Survey
MSCI	Medical Service Corporation International
NGO	Non Governmental Organization
NRECA	National Rural Electrification Cooperative Association
NRP	A.I.D.'s Peace and National Recovery Project
NTAE	Non Traditional Agricultural Exports
PADF	Pan American Development Foundation
PNC	Civilian Police Force
PRN	GOES National Reconstruction Program
POD	Program Objectives Document
PROMESA	Environmental Protection Program
PROPEMI	Small and Microenterprise Program
PVO	Private Voluntary Organization
RENARM	ROCAP's Natural Resource Management Project
ROCAP	Regional Office for Central America and Panama
RTAC II	Regional Technical Aid Center II
SABE	Strengthen Achievement in Basic Education
SEMA	Executive Secretariat for the Environment
SEN	Environmental NGO Strengthening Project
SIU	Special Investigative Unit
SNF	National Secretariat for the Family
SNPVS	National Parks and Wildlife Service
TECHNOSERVE	Rural Small Enterprise & Coop. Development
TEDS	Turtle Excluder Devices
UNDP	United Nations Development Program
UNHCR	United Nations High Commission for Refugees
USDA	U.S. Department of Agriculture
USDH	U.S. Direct Hire
USG	United States Government
USPSC	U.S. Personal Services Contract
USTR	U.S. Trade Representative
VAT	Value Added Tax
WASH	Water and Sanitation for Health

## I. OVERVIEW: REVOLUTIONARY CHANGES IN EL SALVADOR

Converging historical forces have dramatically increased the probability of landmark success for political, social and economic development in El Salvador. The bloody, twelve-year civil war has ended with a comprehensive and, to date, effective peace settlement. While a tremendous task of national reconstruction and reconciliation remains, the signs are encouraging.

The U.S. Government has been the major external player in El Salvador over this period. AID's role in ameliorating the suffering of war and building the foundation for development was crucial. The investment -- nearly \$3.5 billion in economic assistance since 1980 -- was huge. A unique opportunity now exists to protect, consolidate and extend the gains made at such great cost in human and financial terms for El Salvador. That is the theme of AID assistance in this Action Plan. It has five parts:

- supporting peace, national reconciliation and reconstruction;

- building upon the economic turnaround to encourage continued strong growth with jobs and benefits flowing to all elements of society, and expanding the Salvadoran market;

- consolidating El Salvador's still fledgling democracy by extending and deepening reforms emanating from the peace negotiations and previous AID assistance. Free and open elections in 1994 with greater citizen participation will be only one indicator of progress in this respect;

- rebuilding and broadening access to basic social services, especially primary education and health, which suffered from substantial under-investment over the last 12 years as the GOES dedicated a large share of revenues for national defense; and,

- halting the environmental and natural resource degradation threatening to undermine sustainable advances in the other sectors.

El Salvador has a ways to go and will need the dedicated support of AID and the international donor community to consolidate and expand these gains. The Mission will build upon the watershed events by implementing a strategic program, which in some cases leads, and, in other cases, complements and reinforces efforts undertaken through other international donor activities. The principal vehicle to carry out the strategic program will be the policy-based sector approach. This approach will integrate the policy dialogue in the ESF Policy Reform activity with technical assistance, training and institutional strengthening instruments designed within sector-specific efforts. The key sectors addressed during this Action Plan period are: building democracy through citizen participation, improving governance and accountability; reforming the social sectors and developing human capital; and promoting sustainable economic growth through agricultural modernization.

As part of the approach, major sector assessments now underway or planned by AID in agriculture, health and education will seek ways of maximizing the country's human capital as El Salvador builds on current progress, concentrates on reconstruction, and then moves beyond it to sustainable development. Recommendations will be available for the Salvadoran government that takes office following March 1994 elections. With assistance from such a program, El Salvador will be seen as a country whose progress underscores the success of U.S. foreign policy and the AID program.

The following summary illustrates the tremendous progress attained over the last few years, in many instances with AID assistance. In 1992 El Salvador took historic steps implementing the Peace Accords and adopting the democratic reforms embodied in them. The Peace Accords signed on January 16, 1992, initiated a delicate period of ceasefire and demobilization for El Salvador's Armed Forces (ESAF) and the FMLN guerillas. U.S. assistance provided critical financial and programmatic guarantees to both sides, thus overcoming impediments in the negotiation process and facilitating demobilization. On December 15, 1992, the United Nations Secretary General, together with the GOES and FMLN, declared El Salvador's civil war officially ended. By early 1993 the FMLN had completed demobilization of its 8,500 ex-combatants (plus 3,000 wounded ex-combatants) and begun their reintegration into the civilian life of the country. The ESAF has been reduced from over 60,000 troops to approximately 30,000. An unprecedented purging of the ESAF Officer Corps is being implemented, and military reforms have been adopted. A new National Civilian Police Force (PNC) and Police Academy are being established under civilian control. An ongoing land transfer program gives first priority to FMLN and ESAF ex-combatants. Other assistance programs are underway, including efforts to document and register to vote all ex-combatants and the civilian population in the formerly conflictive areas of the country.

Major judicial, electoral and human rights reforms have been adopted by the National Assembly. These include, among others, constitutional reforms to improve judicial independence both professionally and financially, a new Electoral Code, the creation of a more representative National Council of the Judiciary (in charge of nominating judges) and reforms to strengthen the Judicial Career Service. A law guaranteeing individuals the right to public defense was enacted and revisions of the criminal code are in the final stages of drafting before public debate is initiated; these reforms will help improve due process and respect for human rights. The role of the Supreme Electoral Tribunal has been strengthened and the FMLN has been incorporated as a democratic political party. An independent Human Rights Ombudsman was named and initiated operations in mid-1992. In addition, President Cristiani has expressed GOES commitment to comply with the Truth Commission recommendations within the context of the Salvadoran Constitution.

Civilians have been selected to replace military officers directing the Special Investigative Unit (SIU), and a plan has been developed for the SIU's complete civilianization this year. In late February 1993, labor, business and GOES representatives signed a unique social pact committing the country to develop and submit a new Labor Code to the National Assembly by September 1993, as well as undertake other actions to improve labor-management relations. Judged by any standard, the democratic reforms adopted by El Salvador in 1992-93 are clearly of historic dimensions. The major steps that the GOES has taken require consolidation and sustained USG support to build public consensus on additional substantive reforms and train a new cadre of legal professionals to put these reforms into practice.

With the war over, the GOES also initiated a five-year, \$1.4 billion National Reconstruction Program (PRN) to rebuild the country and reintegrate formerly conflictive areas into the growing national economy. At the March 1992 and April 1993 World Bank-led Consultative Group Meetings, donors pledged \$850 million (including \$250 million by the USG) to help El Salvador finance the Program. The PRN covers implementation of the Peace Accords, extensive democratic reforms, and excombatant and exconflictive zone assistance. It implements the democratic reforms, such as forming the PNC, included in the Peace Accords and assists in the transition of ex-combatants to a peacetime economy by providing training, scholarships, credit and technical assistance; transferring land and providing agricultural credit; reactivating the economy in the formerly conflictive areas through employment generation; reestablishing basic education and health services; and rehabilitating the country's war-torn infrastructure. Timely and effective implementation of the PRN is essential to the successful consolidation of peace in El Salvador.

The GOES pressed ahead with its economic reform program in 1992 determined not to let it be pushed off course during the country's transition from war to peace. Key policy reform gains included further trade liberalization, elimination of interest rate controls, the introduction of a value-added tax, a major increase in electricity tariffs, strengthening the financial system including completing the privatization of three commercial banks, and improving public sector accountability by upgrading financial management and auditing. Significant progress was also made in continuing to diversify El Salvador's sources of international assistance by maintaining IMF support, completing a World Bank SAL I Program and initiating work on SAL II, signing an IDB Investment Sector Loan and other large IDB loans, completing a USG debt reduction agreement, and obtaining commitments of initial new assistance from the EEC, Japan, Germany and other donors.

The economy continues to respond impressively to the improved economic policies, democratic reforms and the advent of peace. Real output grew 4.7 percent in 1992, the highest growth in 14 years. Major gains were registered in employment and investment. Agricultural policy reforms helped produce the largest basic grain harvest on record while increasing small farmer incomes and rural employment. Beginning in August 1992, inflation surged temporarily, the result of the introduction of the value-added tax, adjustments in utility and public transportation rates, and looser monetary policy.

Preliminary data suggest that the benefits of the economic adjustment and recovery are reaching the poor. For example, the percent of urban households living in poverty declined slightly in 1992, and there was an expansion in primary education and health services, primarily in the ex-conflictive zones. Additionally, total employment increased by over 100,000 during the past three years. The GOES also made operational an impressive social safety network. This includes the Social Investment Fund, the National Reconstruction Program, the Municipalities in Action Program and other activities that have cushioned the effects on the poor of the economic adjustment process.

Notwithstanding such progress, serious problems remain. The fiscal situation deteriorated sharply in 1992 primarily reflecting higher than expected expenditures to implement the Peace Accords, as well as lower coffee export revenues and delayed implementation of key fiscal measures. Due to collapsing international coffee prices and lackluster export performance, the trade

deficit widened considerably in 1992. In real terms, merchandise exports represented only 29 percent of the level of the late 1970s. Moreover, even with three consecutive years of solid economic growth, real per capita GDP is still 22 percent below that of 1978.

Clouding the horizon are actions that could adversely affect Salvadoran economic growth and implementation of the Peace Accords. The passage of Section 599 of the FY 1993 FAA legislation has virtually stopped this country's foreign investment promotion and development of new Free Zones that were projected to create 100,000 jobs in the 1990s. El Salvador continues in pending status regarding General Schedule of Preference trade privileges, creating uncertainties which could have devastating effects on private investment, non-traditional exports and employment. While improving, investment in health and education social services, and infrastructure remains well below levels of the 1970s.

Furthermore, while many donors have pledged large amounts to help El Salvador finance its PRN, they have been slow in disbursing these funds. There are major gaps in funding the PNC, land transfers, ex-combatant assistance, implementation of democratic reforms and other high priority PRN activities. As a result, in 1993-94 the GOES may be forced to increase its own domestic financing for these programs, thereby increasing the money supply, raising inflation and possibly reversing the excellent economic performance experienced to date.

## II: ADVANCES IN THE STRATEGIC OBJECTIVES

### A. STRATEGIC OBJECTIVE 1: ASSIST EL SALVADOR MAKE THE TRANSITION FROM WAR TO PEACE

#### 1. Refinements in Strategic Objectives and Program Outputs

There were no alterations in the Strategic Objective. However, all of the performance indicators were changed to some degree. Performance indicator 1 was modified to measure civic participation through actual voting rather than possession of the necessary documentation. Voting is a more definitive indicator of participation in a democratic political process.

Performance indicator 2, employment growth in PRN zones, replaced that of average family income. Information obtained on average family income would not likely be reliable at this time. Also, employment growth is expected to reflect more clearly the results of the various economic recovery activities supported by the Mission in the PRN zones, such as the provision of land, credit, and vocational and agricultural training.

Performance indicator 3, ex-combatants employed and exercising voting rights, was added to demonstrate the reintegration of ex-combatants to civilian life. The demands of the peace process forced a greater segregation of program activities specifically for the ex-combatants.

The three program outputs were not changed. However, the number of indicators were substantially reduced and, in some cases, altered to reflect the new realities and highest priorities of the program. For example, the actual use of land distributed and the repayment of agricultural and microenterprise credits are now much more appropriate given changes in program emphases under Program Output 1.1. The indicators for the second program output were limited to the access to potable water and people benefitting from reconstruction of roads and bridges to reduce the data collection burden and to track the highest impact activities. Program Output 1.3 has three indicators, basically illustrating impacts on building democratic institutions and increasing civic participation through the Municipalities in Action (MEA) Program in the ex-conflictive zones.

#### 2. Performance Against The Strategic Objective

The Mission's National Peace and Recovery Project (NRP), as the principal contributor to this strategic objective, has already had a significant impact on the transition from war to peace. Project activities served as a programmatic and financial guarantor during the critical negotiations covering the whole "armed ceasefire" phase after the Peace Accords were signed January 16, 1992 and the ceasefire period began on February 1, 1992. The Project served to build confidence on both sides that the U.S. Government was committed to seeing the peace process completed. It provided tangible benefits enabling the leadership of both sides to transmit to combatants that their needs were being addressed. When the extremely delicate issues of land and credit, among others, threatened to torpedo the negotiations, the Mission had ready both dollars and local currency to accelerate implementation. Both sides knew that funding was available, and it was up to them to resolve the political considerations impeding initiation of the activities.

The Project has signaled the rest of the population that the USG has a strong interest in the country's postwar economic, social and political recovery and development. It has shown that our interest is not only to stabilize a war-torn society, but to assist in opening opportunities for the bulk of the population to participate and prosper. Within the context of the GOES program, the AID-supported project has provided concrete resources and a vehicle for dialogue, which have opened channels of communication among all sectors. People who one year ago would have shot first and asked questions later are now meeting on a regular basis to formulate efforts strengthening societal linkages and economic opportunities.

USG support under the NRP has been instrumental in addressing pressing needs, both planned and unplanned, during this critical first year since the signing of the Peace Accords. The USG supports the Salvadoran peace process through a comprehensive package of assistance to reintegrate warring factions into the social and economic life of the country and to revitalize areas whose populations had been severely affected by the war -- physically, economically and socially. U.S. aid for national reconstruction began with the ceasefire by providing an immediate and broad response, particularly in the 115 municipalities constituting formerly conflictive areas, with programs including: immediate conflictive zone relief, ex-combatant assistance, economic and social recovery, land transfers, and infrastructure rehabilitation. As of the end of March 1993, total commitments and expenditures provided by AID through NRP activities in the Mission's portfolio exceeds \$60 million. The highlights and early results of our assistance are as follows:

The Mission has contributed to reactivating the factors of production.

--Approximately 10,400 FMLN ex-combatants, including roughly 2,200 war-wounded, have received household kits, which consist of basic furniture (beds, table, chairs), kitchenware and linens. To date, 8,500 FMLN ex-combatants who plan to pursue agriculture as a livelihood have also been provided with agricultural starter packages, i.e., basic tools and seed kits. Approximately an additional 11,200 ESAF ex-combatants will receive agriculture starter packages in the near future.

--Catholic Relief Services provided agricultural technical assistance and credit (approximately \$2.0 million) through 23 indigenous NGOs, including 12 FMLN support groups during the 1992 crop season. Project funds have contributed to UNDP-sponsored vocational agriculture training for 6,000 members of the FMLN.

--Creative Associates (CREA), a U.S. firm working as a non-profit organization, has counseled 6,155 ESAF ex-combatants as part of socio-economic reintegration efforts.

--The Foundation of Entrepreneurs for Educational Development (FEPADE), a local NGO dedicated to vocational-technical and business management training, has trained (carpentry, mechanics, tailoring, electronics) over 1,700 ESAF and FMLN ex-combatants, while four other NGO's have trained an additional 1,000 ex-combatants. FEPADE has conducted four one-day seminars for 84 FMLN senior officials in market economics and related subjects.

--The GOES Emergency Land Transfer Plan contemplates 22,500 ex-combatant (7,500 FMLN and 15,000 ESAF) recipients receiving plots as called for in the Peace Accords. AID has been the principal donor providing support for land transfers to both civilians and ex-combatants through the Land Bank. Up to now, the Land Bank has financed the sale of 11,200 acres of land throughout El Salvador to 2,300 beneficiaries. Of this amount, 4,600 acres were transferred in the former conflictive zones to 1,000 beneficiaries mainly in FMLN controlled areas. Approximately 20,000 acres of government-owned land have been provided to 2,600 beneficiaries (roughly half to ex-combatants and half to squatters) through the government's Agrarian Transformation Institute.

--NGOs, including dozens aligned with the FMLN, have also played a major role in the provision of small and microenterprise credit, technical assistance, and training. Beneficiaries include refugees and the displaced. The FINCA village bank model, directed primarily at women, has been used to finance 82 village banks to date in the formerly conflictive zones. Using its reflows, the PROPEMI Project has granted 76 loans totaling approximately \$100,000 to small/micro-businesses in exconflictive areas. COMCORDE and the National Secretariat for the Family are also involved in administering these programs.

--The Agricultural Development Bank (BFA) and the Federation of Rural Savings and Loan Cooperatives (FEDECREDITO) disbursed \$2.4 million in credits to 2,100 beneficiaries for the 1992 crop year.

--Two U.S. PVOs (CLUSA and TECHNOERVE) provide technical and marketing assistance in parallel with available credit for non-traditional agricultural exports to small farmers, including ex-combatants.

AID assistance has contributed to reestablishing access to basic services.

--AID contributed to the UNDP-sponsored multi-donor effort to meet the immediate needs of FMLN troops as they moved into their 15 Accords-designated assembly areas for medicines and medical supplies, potable water and sanitation facilities, shelter materials and equipment to store food and tools.

--The health activity is assisting 16 privately run primary health facilities and 115 Ministry of Health (MOH) health posts and units in the ex-conflictive zones, to include provision of pharmaceuticals, medical supplies and equipment, and repair and/or installation of adequate water and sanitation facilities.

--During April-May 1992, the MOH completed the first vaccination campaign for residents in the ex-conflictive zones. The 1993 national vaccination campaign, which also includes PRN zones, began on February 28.

--The MOH has also recently begun a pre-diagnosis and medical treatment program for approximately 3,000 disabled FMLN ex-combatants.

--The Teleton Pro-Rehabilitation Foundation (FUNTER) is opening six satellite centers in ex-conflictive areas and has provided prosthetics for 152 FMLN-sponsored amputees. The Salvadoran Rehabilitation Institute (ISRI) is expanding its regional centers for treatment of the handicapped.

--The Ministry of Education (MOE) purchased workbooks and classroom materials for 200 "popular" schools, about one sixth of all facilities servicing the ex-conflictive zones. School equipment and furniture were provided and new teachers contracted for 60 MOE and 81 "popular" schools to reopen in the ex-conflictive zones. The MOE has also certified approximately 4,300 primary level students (both children and adults) previously enrolled in "popular" schools, and 1,400 secondary level students, permitting them to enter official classes at the beginning of the 1993 school year.

--AID is supporting a variety of PVO activities, including integrated assistance to help repatriated families re-establish, community health and education services, potable water, child care centers, sewing machines for income-generation, nutrition and education for children and mothers.

--An AID grantee, Medical Service Corporation International (MSCI), makes grants to a wide variety of NGOs for maternal child health activities and thus far has provided an estimated \$4.5 million of a planned total of \$7.2 million in subgrants to 37 Salvadoran PVO's, of which 23 are associated with the FMLN.

--PACT (a U.S. PVO) provides institutional strengthening services to 60 Salvadoran NGOs, in particular those which lack the essential management controls and accounting systems to be certified for AID and GOES funding.

--The Public Services Improvement Project has supported the rehabilitation of 181 Kms. of roads in ex-conflictive zones and work is underway on a further 21 Kms. A road inventory in the ex-conflictive zones has been completed, forming the basis for a plan to rehabilitate an additional 296 Kms. in 1993.

--The National Electric Power Company (CEL) is rehabilitating 59 Kms. of sub-transmission and distribution lines with AID-financed materials. CEL also plans to rehabilitate an additional 396 Kms. of sub-transmission and distribution lines and reconstruct seven substations. Also under MEA, an additional 109 Kms. of distribution lines in 57 communities will be rehabilitated.

The Mission supports strengthening local level democratic institutions and increasing civic participation.

--The Salvadoran Municipal Development Institute (ISDEM) and the U.N. High Commission for Refugees (UNHCR) assist mayors in the formerly conflictive zones to reconstitute municipal registers so that citizens may obtain or replace their birth certificates and identification documents, thus enabling them to request voter registration cards.

--AID-supported MEA activities began February 1, 1992, the first day of the official cease-fire, with ESF-generated local currencies. In the first year, MEA financed 1,200 projects, worth \$14 million, benefitting all 115 municipalities in the PRN area and providing approximately 7,300 person-months of employment. MEA's small-scale projects include schools, health posts, markets, daycare centers, electrification, and roads.

--The CAPS/CLASP peace scholarship projects provide short and long-term training in the U.S. for a variety of local leaders from the ex-conflictive zones.

--AID sponsored the attendance of four top FMLN leaders at an INCAE (Central American Business Administration Institute) regional seminar on Public Administration and Leadership Skills in a Democracy. Ten more INCAE seminars will be conducted for the top leadership of the FMLN and other political parties on the topics of macroeconomics, the functioning of market economies, local government, public administration, and project evaluation.

The progress of El Salvador's peace, reconciliation and national reconstruction process has thus far exceeded most observers' expectations. The Mission's activities under this strategic objective have been crucial elements to this success. Nonetheless, the peace remains fragile, and the dynamic and fluid nature of relationships among all sectors of society influence and constrain the implementation of NRP activities on a daily basis.

Another significant constraint affecting the program is that disbursements of other donor resources have been slower than expected. At the Consultative Group Meeting on April 1, 1993, the GOES sought accelerated donor support, especially fast-disbursing assistance, targetted most urgently on the PNC, land transfers, ex-combatant assistance, implementation of democratic reforms, and poverty alleviation in the ex-conflictive zones. While substantial pledges were made, few supported the fast-disbursing idea, nor funding for the PNC and land transfers.

### 3. Monitoring and Evaluation Status/Plans

There remains a serious lack of reliable data in the ex-conflictive zones. However, the Mission is undertaking a series of data collection activities which will provide the proper baseline information on the selected indicators to measure progress and impact over the life of the NRP. Through the NRP, the Mission carried out socio-economic surveys to define the current economic and social situation and to determine key priorities of the population. The GOES undertook its first nationwide census in 20 years during 1992, and this information will buttress Mission baseline data for the departments in the ex-conflictive zones.

The Mission is exploring the possibility of contracting CID/Gallup or a similar organization over the life of project to determine the population's participation in the program and their opinions on overall economic, social and democratic progress. These surveys will be supplemented with specific studies tracking recipient gains in accordance with the indicators. One problematic issue has arisen in terms of specifically tracking ex-combatants. Nobody is quite sure if the ex-combatants will want to be segregated and identified as such as time passes. It is not altogether clear whether participation in the war will, over the long term, signify a badge of honor or a moniker of disgrace. One possible way to handle this is to select small groups from each side and track them using a case study approach.

### 4. Central/Regional Coordination

Currently, the Mission has no plans to access central or regional project support to assist in implementing this program. However, it should be noted that in FY 93, the Mission received \$500,000 from the U.S. Congress' war orphan earmark, which will be obligated through an agreement with the Salesian Missions to provide psychological counseling, health and education services.

**TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE**

1-A

El Salvador				
STRATEGIC OBJECTIVE NO. 1 Assist El Salvador make the transition from war to peace				
Indicator: 1. Increase voter participation				
Unit: Percent increase (total)		Year	Planned	Actual
Source: Elections Tribunal Records, Special Survey	Baseline	1991	-----	(235,000)
<p>Comments: The total number of those voting in the 115 NRP municipalities in the March 1991 municipal and legislative elections was roughly 235,000. Without a reliable census by municipality for 1991, it is difficult to know what percent of those eligible (those who meet the requirement to register) actually voted, therefore we are using percent increase in total voting.</p>		1994	10	
	Target	1997	15	
Indicator: 2. Employment growth by gender in NRP areas				
Unit: Percentage change		Year	Planned	Actual
Source: Multipurpose Household Survey (MIPLAN)	Baseline	1993	-----	Pending
<p>Comments: Baseline data to be provided by survey in September 1993.</p>		1994		
		1995		
		1996		
		1997		

Indicator: 3. Percent of ex-Combatants (by gender): a) Employed and b) Exercising voting rights				
Unit: Percent		Year	Planned	Actual
Source: Special Surveys	Baseline	1993	-----	
Comments: In 1993 surveys will be carried out to establish baseline data. The survey will be of a control group or random sample and will be updated during the 1994 election year. For employment, data will be compared with household survey.		1994		
		1995		
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 1 Assist El Salvador make the transition from war to peace				
PROGRAM OUTPUT NO. 1.1 Reactivate factors of production (land, labor, and capital) to respond to economic opportunities				
Indicator: 1. People: a) Trained (by gender) under NRP				
Unit: Number trained		Year	Planned Men/Women Subtotal Cum.Total	Actual Men/Women Subtotal Cum.Total
Source: NRP Project Data	Baseline	1992	4,000/250 4,250	4,000/400 4,400
Comments:		1993	11,800/3,000 14,800 19,200	
		1994	8,900/500 9,400 28,600	
		1995	900/500 1,400 30,000	
		1996	900/500 1,400 31,400	
		1997	1,500/700 2,200 33,600	

Indicator: 1. People: b) Percent subsequently employed				
Unit: Percent		Year	Planned	Actual
Source: NRP project data	Baseline	1992	0	0
Comments: Will be based on student follow-on data from training institutions and agricultural and microenterprise credits given to graduate of training. Targets will be established upon completion of MIS to be refined by mid/late 1993.		1993	To be estab.	
		1994	To be estab.	
		1995	To be estab.	
		1996	To be estab.	
	Target	1997	To be estab.	
Indicator: 2. Percent of Land Bank clients with land in production				
Unit: Percent		Year	Planned	Actual
Source: Special Survey	Baseline	1992	100	85
Comments:		1993	100	
		1994	100	
		1995	100	
		1996	100	
	Target	1997	100	

Indicator: 3. Clients receiving: a) agricultural credit in NRP zones				
Unit: Number of clients		Year	Planned Men/Women Subtotal Cum. Total	Actual Men/Women Subtotal Cum. Total
Source: BFA, CRS	Baseline	1991	6,500/900 7,400	6,500/900 7,400
Comments: Baseline is based on BFA data from 1991. From 1993 to 1997, each community working with CRS will utilize recuperations to continue working with agriculture credit.		1992		14,500/1,900 16,400 23,800
		1993	17,000/2,000 19,000 42,800	
		1994	14,000/2,000 16,000 58,800	
		1995	15,000/2,000 17,000 75,800	
		1996	15,600/2,000 17,600 93,400	
	Target	1997	15,000/3,300 18,300 111,700	

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Indicator: 3. Clients receiving: b) microenterprise credit in NRP zones				
Unit: Number of clients		Year	Planned Men/Women Subtotal Cum. Total	Actual Men/Women Subtotal Cum. Total
Source: CAM, SNF, COMCORDE	Baseline	1991	-----	50/300 350
Comments:		1992	75/425 500	100/450 550 900
		1993	1,700/8,000 9,700 10,600	
		1994	90/800 890 11,490	
		1995	100/950 1,050 12,540	
		1996	110/1,000 1,110 13,650	
	Target	1997	130/1,200 1,330 14,980	

Indicator: 3. Clients receiving: c) village bank credit current on loan repayments in NRP zones				
Unit: Number of clients		Year	Planned Men/Women Subtotal Cum. Total	Actual Men/Women Subtotal Cum. Total
Source: CAM, SNF, COMCORDE	Baseline	1991	-----	100/5,000 5,100
Comments:		1992		350/6,800 7,150 12,250
		1993	500/9,200 9,700 21,950	
		1994	50/900 950 22,900	
		1995	50/950 1,000 23,900	
		1996	60/1,100 1,160 25,060	
	Target	1997	60/1,200 1,260 26,320	

STRATEGIC OBJECTIVE NO. 1 Assist El Salvador make the transition from war to peace				
PROGRAM OUTPUT NO. 1.2 Reestablish access to basic services				
Indicator: 1. Percent of the population with access to potable water in NRP areas				
Unit: Percent		Year	Planned	Actual
Source: 1992 Census and Multipurpose Household Survey	Baseline	1993	-----	
Comments: 1992 Census results will establish population of NRP areas. The MIPLAN Multipurpose Household Survey, to be performed in September 1993, will be used to monitor access to potable water.		1994		
		1995		
		1996		
	Target	1997		
Indicator: 2. Percent of population benefiting from NRP road/bridge activities				
Unit: Percent		Year	Planned	Actual
Source: 1992 Census and project data	Baseline	1993	-----	
Comments: 1992 Census data will establish population base. Each activity will then report on the number of people served.		1994		
		1995		
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 1 Assist El Salvador make the transition from war to peace				
PROGRAM OUTPUT NO. 1.3 Build local level democratic institutions and increase civic participation				
Indicator: 1. Percent of Cantones in NRP area participating in Municipalities in Action Program Town Meetings				
Unit: Percent		Year	Planned	Actual
Source: MEA program	Baseline	1992	-----	50
Comments:		1993	80	
		1994	100	
		1995	100	
		1996	100	
		1997	100	

11  
x

Indicator: 2. Increased frequency in town meetings involving civic associations or citizen groups				
Unit: Number of meetings		Year	Planned	Actual
Source: Municipal Records	Baseline	1992	-----	298
Comments:		1993	460	
		1994	460	
		1995	460	
		1996	460	
	Target	1997	460	
Indicator: 3. Increase in registered voters				
Unit: Percentage change		Year	Planned	Actual
Source: Electoral Tribunal Records	Baseline	1991	-----	591,354
Comments: The number of registered voters in 1991 in the 115 NRP municipalities was 591,354. The 1994 actual figures will be measured before the election in March 1994.		1994	12	
	Target	1997	18	

**TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"**

El Salvador
Bureau Objective: Respond to specific challenges
Bureau Sub-objective:
STRATEGIC OBJECTIVE NO. 1: Assist El Salvador to make the transition from war to peace

PROGRAM OUTCOME NO. 1.1 Reactivate factors of production to respond to economic opportunities	PROGRAM OUTCOME NO. 1.2 Reestablish access to basic services	PROGRAM OUTCOME NO. 1.3 Build local level democratic institutions and increase civic participation
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Projects (Number/Title)	Projects (Number/Title)	Projects (Number/Title)
5190394 National Recons	5190394 National Recons	5190394 National Recon
5190315 Trg for Produc	5190320 Public Serv Impr	5190361 CLASP
5190318 Microenter Dev	5190308 Health Sys Sup	5190388 Munic Develop
5190387 Small Enter Sup	5190346 Streng Rehabilit	
5190399 CRS	5190357 SABE	
	5190367 Maternal Health	
	5190377 FUNDASALVA	
	5190358 NRECA	

## B. STRATEGIC OBJECTIVE 2: EQUITABLE ECONOMIC GROWTH INCREASED

### 1. Refinements in Strategic Objective and Program Outputs

No changes were made to the Strategic Objective statement. Modifications to both the strategic objective performance indicators and the program output indicators during the program performance assessment exercise represent an improvement in the logic underpinning the relationships between means and ends. The Mission has eliminated five indicators and now has 20 to measure performance toward its economic growth strategic objective and the accompanying program outputs. This smaller set of indicators is more precise and better answers key questions.

At the strategic objective level, the Mission continues to be somewhat concerned about the reliability of the data used to measure the indicator for the proportion of the population living below the poverty line due to underreporting of income in the multipurpose household survey (MPHHS).

For Program Output 1, Creation and Maintenance of Appropriate Economic Policy Framework, the Mission will concentrate on tracking measures designed to capture the effects of policy changes and to focus on program impact rather than inputs. While the Mission will continue to report on GOES privatization efforts, this was eliminated as an indicator. ESF conditionality continues to press for privatization, but the Mission views this effort, among other things, as a means to lowering the fiscal deficit which is itself one of our indicators. The indicator "narrow range of external tariff rates" has also been deleted. In fact, the GOES has already substantially reduced the range within the context of the larger issue of trade liberalization.

Indicators for Program Output 2, Increased Private Investment, have not changed dramatically. The Mission had originally intended to track inflows of foreign investments. However, total private investment, using national accounts, demonstrates more impact. In other reporting formats, the Mission will disaggregate foreign vs. local investment. It should be noted that the application of Section 599 of the FY 93 FAA will severely affect this indicator (See San Salvador 1612 for further details).

Most of the indicators for Program Output 3, Increase Exports, were modified to measure more comprehensively change in the export sector. The indicator relating to the percentage change in the dollar value of non-traditional exports was split into two indicators to emphasize the importance of the light assembly subsector in non-traditional exports.

Indicators for Program Output 4, Increase Employment, have not changed. However, Mission data will be limited to urban area for the present time, because this is the most accurate data available. The MPHHS only began its rural surveys in 1992, and some doubts remain about the accuracy of the data. Therefore, until this data source can be monitored over a few cycles, the Mission will not officially report on rural indicators but will use this information to augment urban figures.

### 2. Performance Against Strategic Objectives

#### a. Current Performance and Trends

The Salvadoran economy continues to respond well to the improved macroeconomic

policies of the Government and the greatly improved prospects for a lasting peace. Output, employment and investment are up. Although a transitory inflationary surge occurred in late 1992 with the introduction of the value added tax and temporary monetary accommodation, the underlying base inflation rate remains low.

Regarding the Mission's Strategic Objective, the following progress has been achieved over the last year:

--Real GDP grew 4.7 percent in 1992, compared to 3.5 percent in 1991, and 3.4 percent in 1990.

--In per capita terms, these gains represent a growth of 2.3 percent in 1992, up from 1.4 percent in 1991.

--The MPHHS shows a drop in the percent of urban households living in poverty over the last three years. From 55.5 percent (1989) to 53.8 percent (1992) of urban households reported incomes below that required to purchase a basic basket of goods and services and therefore were considered to be living in relative poverty. Regarding those living in absolute poverty, there was no change with the level holding around 23.6 percent of all urban households.

Significant progress has been made by the GOES in implementing economic reforms leading to a more appropriate policy framework. These reforms have been reinforced by and coordinated with the IMF, World Bank and IDB.

--Implementing a 10 percent value-added tax (VAT).

--Reducing subsidies on public utilities through rate increases on electricity (30 percent) and water (15 percent).

--Completing the privatization of a major hotel. Initiating the privatization of the San Bartolo free zone and the sale of assets from the now dissolved grain marketing monopoly.

--Decreasing public sector employment by 13,500 through early retirement and voluntary separation programs.

--Eliminating remaining controls on interest rates. Privatizing three state-owned commercial banks and initiating the privatization process for two more banks. Initiating a program to strengthen financial system supervision and opening the financial sector to new domestic and foreign banks.

--Liberalizing trade through eliminating all import and export permit requirements for basic grains, powdered milk and fiber sacks. Reducing the tariff ceiling on most products to 20 percent.

While it is still too early to see the full effects of these reforms on the economy, they do reflect a serious effort on the part of the GOES. The following are highlights of selected indicators' results.

--Inflation declined from 23 percent in 1989 to 19.3 percent in 1990 and to 9.8 percent in 1991, but increased to 20 percent in 1992. This was largely due to the 10 percent value-added tax, a 30 percent increase in electricity rates, a 40-50 percent rise in public transportation fares, and a 10 percent tariff increase for milk imports. While these cost increases contributed to

higher prices, the fiscal deficit and a less restrictive monetary policy since April 1992 have also been significant in explaining the 1992 inflation rate.

--While the nonfinancial public sector deficit (before grants) declined to 2.5 percent of the GDP in 1990, it increased again to 4.4 percent in 1991 and 5.6 percent in 1992. The reasons behind this deficit increase include expenditures on the PRN, low coffee prices, higher electricity production costs due to the 1991 and 1992 drought, delays in implementation of the VAT and water and electricity rate increases, and higher than envisioned interest expenditures. The GOES implemented important fiscal adjustment measures, preventing even further widening of the deficit. In 1993, a pre-election year and the first year to bear the full 12-month impact of the PRN/Peace Accord expenditures, fiscal pressures will remain extremely high. The GOES plans to implement a fiscal package of revenue enhancement and expenditure restraint measures designed to hold the 1993 fiscal deficit to 5.4 percent of GDP.

--Notwithstanding a surge in family remittances, the current account deficit in 1992 before official transfers is expected to reach 6.5 percent of GDP. This result can mainly be attributed to a major widening of the trade deficit through low international coffee prices, slower than anticipated nontraditional export growth, and a surge in imports. This import rise occurred due to greater than expected GDP growth and a higher than projected increase in consumer goods' imports resulting from the decrease in the top tariff rate. In 1992, imports from the U.S. surged to nearly \$680 million (\$873 million including drawback imports) up from \$557 million in 1991.

Private investment is responding to the improved policy and political environment.

--Private investment has been rising steadily since 1989 and it jumped slightly in 1992 to 12.2 percent from 10.9 percent in 1991. In addition, existing plant capacity in use moved closer to 100 percent. Positive trends are expected to continue as the GOES implements a comprehensive plan under the IDB Investment Sector Loan to improve the investment climate in El Salvador. However, the impact of Section 599 legislation will inhibit stronger growth in this area.

Regarding exports, although coffee revenues fell \$70 million, nontraditional exports increased by 18 percent in 1992 (mainly the result of export rises to other Central American countries). In particular, drawback exports more than doubled (in terms of value added) from \$20 million in 1991 to \$42 million in 1992.

These positive trends in private investment and export industries are reflected in employment trends.

--Urban employment has increased by over 100,000 over the last three years. While this lowered the open unemployment rate from 8.4 percent in 1989 to 7.5 percent by early 1991, a huge influx of new workers into the urban labor market in response to greater employment opportunities caused a rise in early 1992 to 7.9 percent.

--Over the last three years as many as 100,000 part-time workers converted to full-time employment. This lowered the visible underemployment rate from 12.8 percent in 1989 to 3.5 percent in early 1992.

A study on the impact of structural adjustment on agriculture showed an increase in agricultural employment between 1989 and 1991 equivalent to about 32,000 full-time jobs. This undoubtedly increased further in 1992. In addition, there have been numerous reports since 1990 (including in early 1993) that agricultural workers have been paid wages considerably above the legal minimum wage, because producers had trouble finding available labor.

The Mission will continue to press for maintenance of the macroeconomic structural reform program in coordination with the IMF, World Bank and IDB. However, more emphasis will be placed on policy-based sectoral reform by linking ESF policy dialogue with technical assistance, training and institutional strengthening instruments, particularly regarding agricultural modernization and, possibly in the future, strengthening the financial system. The Mission is undertaking a major sectoral assessment in agriculture to define key policy initiatives.

#### b. Human Resources Development

This strategic objective will require training for private and public sector individuals in the areas of economics, financial management and accounting, tax collection and administration, privatization, and policy development. Skills must be enhanced to improve development programs, more effectively implement projects, design conceptual frameworks and maintain the forward momentum of policy reform. Training will also focus on strengthening private sector capabilities in agriculture, and small and microenterprise management.

### 3. Monitoring and Evaluation Status and Plans

The Mission has developed a sound monitoring and evaluation system for this strategic objective. We utilize GOES figures provided by the Central Bank, checked against data provided by the private sector. This data is complemented by the MPHHS and will be further refined when the 1992 national census figures are released. The agricultural and private sector portfolios supply data specific to AID-funded outputs. The Mission will supplement its system with a series of special studies and evaluations, e.g., a study to attempt to establish linkages between the Mission's economic policy reform activities and changes in the absolute and relative status of the poor. This study will help begin to develop additional answers to the question of how people have benefitted from AID interventions in El Salvador, particularly from the major economic policy reforms that have formed a core component of the Mission's program. Also, the Mission is assessing the agricultural sector by focussing on key policy and operational constraints, and developing more complete baseline data to help judge the impact of our interventions.

### 4. Central/Regional Coordination

The Mission utilized buy-ins with ROCAP to fund activities with FEDEPRICAP, a regional private enterprise association, to support Salvadoran businesses' collaboration in regional economic integration efforts. The services of a centrally-funded PSC were used to evaluate computer services for the Banking Superintendent, and the Mission has bought into the Advanced Training in Economics Project to provide 10-15 scholarships. In planning and implementing an agricultural sector assessment, the Mission bought into a Bureau contract with APAP. The Mission is seeking funding from the Antipoverty Lending Project to supplement Microenterprise Development activities.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

El Salvador				
STRATEGIC OBJECTIVE NO. 2 Equitable economic growth increased				
Indicator: 1. Level of Real Gross Domestic Product				
Unit: Index of Real GDP with base year of 1989=100 (Real GDP Growth Rate)		Year	Planned	Actual
Source: BCR, Gerencia de Politica Economica	Baseline	1989	-----	100.0 (1.1)
Comments:		1990		103.4 (3.4)
		1991		101.1 (3.5)
		1992	111.3 (4.0)	112.1 (4.7)
		1993	116.3 (4.5)	
		1994	121.6 (4.5)	
		1995	127.7 (5.0)	
		1996	134.0 (5.0)	
		Target	1997	140.7 (5.0)

Indicator: 2a. Proportion of urban population below relative poverty level				
Unit: Percentage		Year	Planned	Actual
Source: Multipurpose Household Survey (MIPLAN)	Baseline	1989	-----	55.5
Comments:		1990		60.2
		1991		56.1
		1992		53.7
		1993	54.5	
		1994	54.0	
		1995	53.5	
		1996	53.0	
		1997	52.5	
Indicator: 2b. Proportion of urban population living below absolute poverty line				
Unit: Percentage		Year	Planned	Actual
Source: Multipurpose Household Survey (MIPLAN)	Baseline	1989	-----	23.6
Comments:		1990		28.1
		1991		23.2
		1992	22.0	23.3
		1993	22.0	
		1994	21.5	
		1995	21.5	
		1996	21.0	
	Target	1997	21.0	

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Indicator: 3. Level of real gross domestic product per capita				
Unit: Index of real GDP with base year of 1989 =100 (Real per capita growth rate)		Year	Planned	Actual
Source: BCR, Gerencia de Politica Economica	Baseline	1989	-----	100(-0.8)
Comments:		1990		101.4(1.4)
		1991		102.8(1.4)
		1992	104.6 (1.8)	105.3(2.4)
		1993	106.4 (2.2)	
		1994	109.3 (2.2)	
		1995	112.2 (2.7)	
		1996	115.3 (2.7)	
		Target	1997	118.4 (2.7)

STRATEGIC OBJECTIVE NO. 2 Equitable economic growth increased				
PROGRAM OUTPUT NO. 2.1 Creation and maintenance of appropriate economic policy framework				
Indicator: 1. BOP current account deficit				
Unit: % of GDP		Year	Planned	Actual
Source: BCR, Gerencia de Politica Economica  Comments: Original planned targets were adjusted to reflect incorporation of NRP and Peace Accord activities into GOES economic program.	Baseline	1989	-----	9.4
		1990		6.7
		1991		5.0
		1992	5.0	6.5
		1993	5.6	
		1994	5.0	
		1995	4.0	
		1996	4.0	
	Target	1997	3.5	

Indicator: 2. Fiscal deficit of the non-financial public sector as a proportion of GDP				
Unit: Percentage		Year	Planned	Actual
Source: BCR, Gerencia de Politica Economica	Baseline	1989	-----	5.8
Comments: Original planned targets were adjusted to reflect incorporation of Peace Accord and NRP expenditures in the fiscal accounts.				2.5
				4.4
		1992	4.0	5.6
		1993	5.4	
		1994	5.1	
		1995	4.5	
		1996	4.0	
		Target	1997	3.0
Indicator: 3. Consumer price index				
Unit: End of period average		Year	Planned	Actual
Source: BCR, Gerencia de Politica Economica	Baseline	1989	-----	23.5
Comments:		1990		19.3
		1991		9.8
		1992	10.0	20.0
		1993	10.0	
		1994	10.0	
		1995	10.0	
		1996	10.0	
		Target	1997	10.0

Indicator: 4. Domestic savings as a proportion of GDP				
Unit: Percentage		Year	Planned	Actual
Source: BCR, Gerencia de Politica Economica	Baseline	1989	-----	6.8
Comments:		1990		5.1
		1991		8.9
		1992	9.6	9.7
		1993	9.4	
		1994	10.5	
		1995	12.0	
		1996	12.5	
		Target	1997	13.5
Indicator: 5. Public sector savings as a proportion of GDP				
Unit: Percentage		Year	Planned	Actual
Source: BCR, Gerencia de Politica Economica	Baseline	1989	-----	-1.6
Comments:		1990		-0.3
		1991		-0.7
		1992	0.4	0.2
		1993	1.0	
		1994	1.5	
		1995	2.0	
		1996	2.0	
		Target	1997	2.0

STRATEGIC OBJECTIVE NO. 2 Equitable economic growth increased				
PROGRAM OUTPUT NO. 2.2 Increase private investment				
Indicator: 1. Private investment as a proportion of GDP				
Unit: Percentage		Year	Planned	Actual
Source: BCR, Gerencia de Politica Economica	Baseline	1989	-----	9.8
Comments:		1990		9.5
		1991		11.0
		1992	10.9	12.2
		1993	11.0	
		1994	11.5	
		1995	12.0	
		1996	12.5	
		Target	1997	13.0

Indicator: 2. Gross capital formation as a proportion of GDP				
Unit: Percentage		Year	Planned	Actual
Source: BCR, Gerencia de Politica Economica	Baseline	1989	-----	13.3
Comments:		1990		11.8
		1991		13.5
		1992	14.3	15.6
		1993	15.0	
		1994	15.5	
		1995	16.0	
		1996	16.5	
		Target	1997	17.0
Indicator: 3. Aggregate of private investment attributable to selected Mission-supported activities				
Unit: Millions of US Dollars		Year	Planned	Actual
Source: USAID/El Salvador	Baseline	1989	-----	7.9
Comments:		1990		10.0
		1991		11.6
		1992	27.0	24.1
		1993	36.0	
		1994	36.0	
		1995	35.0	
		1996	12.0	
	Target	1997	13.0	

<b>STRATEGIC OBJECTIVE NO. 2 Equitable economic growth increased</b>				
<b>PROGRAM OUTPUT NO. 2.3 Increase exports</b>				
<b>Indicator: 1. Value non agricultural exports</b>				
<b>Unit: Total value in millions of US Dollars</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: BCR - Gerencia de Politica Econ.</b>	<b>Baseline</b>	1989	-----	210
<b>Comments:</b>		1990		240
		1991		267
		1992		330
		1993	365	
		1994	408	
		1995	460	
		1996	523	
		<b>Target</b>	1997	596

Indicator: 2. Value of maquila exports				
Unit: Total value added in millions US Dollars		Year	Planned	Actual
Source: FUSADES	Baseline	1989	-----	15
Comments:		1990		18
		1991		25
		1992		42
		1993	50	
		1994	60	
		1995	70	
		1996	85	
		Target	1997	100

Indicator 3. Value of traditional and non-traditional agricultural exports			
Unit Total value in millions of US Dollars	Year	Planned Trad/NonTr	Actual Trad/NonTr
Source: BCR - Gerencia de Politica Economica	Baseline	-----	252.8/34.8
Comments:	1990		296.2/45.7
	1991		272.1/48.7
	1992		217.3/50.7
	1993		271.5/54.8
	1994		316.7/60.5
	1995		356.2/69.3
	1996		387.7/82.3
	1997		419.2/97.8
	Target		
Indicator 4. Aggregate dollar value of exports attributable to selected Mission-supported activities			
Unit Millions of US Dollars	Year	Planned	Actual
Source: USAID/EI Salvador	Baseline	-----	19
	1990		29
	1991		47
Comments:	1992		96
	1993		80
	1994		111
	1995		116
	1996		21
	1997		31
	Target		

STRATEGIC OBJECTIVE NO. 2 Equitable economic growth increased				
PROGRAM OUTPUT NO. 2.4 Increase employment				
Indicator: 1. Level of total urban employment				
Unit: Index of number of urban employees. 1989		Year	Planned	Actual
Source: Multipurpose Household Survey (MIPLAN)	Baseline	1989	-----	100
Comments:		1990		112
		1991		113
		1992	119	120
		1993	124	
		1994	128	
		1995	132	
		1996	136	
		Target	1997	140

Indicator: 2. Unemployment Rate				
Unit: Percentage		Year	Planned	Actual
Source: Multipurpose Household Survey (MIPLAN)	Baseline	1989	-----	8.4
Comments:		1990		10.0
		1991		7.5
		1992	7.4	7.9
		1993	7.4	
		1994	7.0	
		1995	7.0	
		1996	7.0	
		Target	1997	7.0
Indicator: 3. Visible urban underemployment rate				
Unit: Percentage		Year	Planned	Actual
Source: Multipurpose Household Survey (MIPLAN)	Baseline	1989	-----	3.9
Comments:		1990		5.2
		1991		4.5
		1992	3.5	3.5
		1993	3.5	
		1994	3.3	
		1995	3.3	
		1996	3.3	
		Target	1997	3.3

Indicator: 4. Aggregate of employment generation attributable to Mission-supported activities				
Unit: Additional employment in thousands		Year	Planned	Actual
Source: USAID/EL Salvador	Baseline	1989	-----	9.4
Comments:		1990		13.3
		1991		21.4
		1992	28	47.2
		1993	68	
		1994	72	
		1995	83	
		1996	91	
		Target	1997	104

**TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"**

El Salvador
Bureau Objective: Support the achievement of broadly-based, sustainable economic growth
Bureau Sub-objective 1A: Encourage the adoption of and continue adherence to economic policies that promote investment, productive employment and export-led economic diversification
<b>STRATEGIC OBJECTIVE NO. 2: Equitable economic growth increased</b>

<b>PROGRAM OUTCOME NO. 2.1</b> Creation and maintenance of appropriate economic policy framework	<b>PROGRAM OUTCOME NO. 2.2</b> Increase private investment	<b>PROGRAM OUTCOME NO. 2.3</b> Increase exports
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Projects (Number/Title)	Projects (Number/Title)	Projects (Number/Title)
5190408 Econ Policy Ref	5190327 Agribusiness Dev	5190397 Agr Sec Modern
5190349 Tech. Sup., Pol. Analysis & Trng.	5190307 Agr Reform Sec	5190323 Free Zone Dev.
5190287 Ind Stabilization	5190323 Free Zone Dev	5190287 Ind. Stabiliz.
	5190287 Ind Stabilization	5190392 Small Farmer
	5190320 Public Services	5190362 Coffee Tech
	5190397 Agr Sec Modern	
	5190395 IESC	

**PROGRAM OUTCOME  
NO. 2.4 Increase  
employment**

**Project (Number/Title)**

**5190327 Abribus Dev**

**5190287 Ind. Stabilizat**

**5190318 Microenter Impr**

**5190387 Small Enterprise**

**5190392 Small Farmer Ex**

**5190315 Trg. Produc Com**

## C. STRATEGIC OBJECTIVE 3: ENDURING DEMOCRATIC INSTITUTIONS AND PRACTICES

### 1. Refinements in Strategic Objective and Program Outputs

The Strategic Objective statement has not changed. The voter registration Strategic Objective indicator was replaced with "increase in voter participation," which better measures impact in the election process. In addition, two indicators were added to demonstrate impact in the area of civil rights and public sector transparency and accountability in addition to overall public confidence in government. A review of the performance indicators showed that there was excessive overlap between previous program outputs. Thus, the first two program outputs were collapsed into one, "Increase citizen participation in the decision-making process." The program outputs targeting judicial reform were rephrased to reflect the sum of activities in this area. Similarly, it was decided to focus program outputs in the area of accountability on public sector financial management practices, given the importance of reforms to improve implementation and the public's perceptions. Program impact indicators have also been revised to eliminate end-of-project indicators which will be left to Semi-Annual Reporting.

Specifically, three indicators were identified for Program Output 1 to gauge more closely citizen participation in the decision-making process particularly at the municipal level. The Program Output 2 indicators focus on civil rights and legal reforms, improved court efficiency and openness of the judicial system to the public. The Program Output 3 indicators measure specific impacts of financial management reforms in the public sector in terms of budgeting, accounting, disbursement of public funds, and institutional accountability.

### 2. Performance Against The Strategic Objective

#### a. Current Performance and Trends

The process of strengthening democracy in El Salvador has shown great promise over the past year beginning with the signing of the Chapultepec Peace Accords on January 16, 1992. Agreements reached through this process are leading to far reaching changes in key democratic institutions, including:

--Justice sector reform, including legal reforms to improve criminal investigation and judicial procedures, organizational reforms to improve the effectiveness of the independent Attorney General's office and the Office of Public Defense, and structural and legal reforms to the judiciary to improve its independence, and that of the individual judges, from the executive branch and political or other influences;

--Electoral code reform, including changes in the electoral oversight body as well as procedural rules governing elections;

--The establishment of an independent Ombudsman for Human Rights, and labor, management and government agreement to develop a new Labor Code providing greater protection of internationally accepted workers rights;

--Creation of a new National Civilian Police (PNC) and Police Academy under civilian control and implementation of deep reforms in the Salvadoran Armed Forces.

These significant reforms together with other gains bode well for an enduring democracy in El Salvador. Critical to its sustainability is broad-based citizen participation, based on the credibility of the system. Polls have shown that while over half of the respondents believe that the 1991 elections were fair, only 33 percent believe the administration of justice to be impartial and only 42 percent believe their municipal government is honest. In terms of how people act upon these beliefs, 45 percent of those registered voted in the last presidential election (1989) and 44 percent voted in the last general election (1991 municipal and legislative); men were more likely to have voted. Public financial management is considered weak, inefficient and possibly corrupt.

Despite improvements, most institutions are still weak and the recent reforms must be operationalized to assure citizen participation, transparency and legitimacy. It requires a long term effort to strengthen institutions to the point that public attitudes reflect confidence in them.

The Mission recognizes the importance of and strongly supports civic participation efforts, i.e., the ability to access the decision-making process. A lack of access and voice contributed to the 12-year civil war.

--The March 1991 elections saw an increase of 17 percent in voter registration. The leftist Democratic Convergence Party fielded candidates for the first time. The Supreme Electoral Tribunal has been created to oversee the 1994 election with an independent director. New computer system purchases will help to address problems with the registry. A public voter-education campaign has been launched with NGO participation.

--Through the MEA Program, people in 63 percent of the cantones (similar to county districts) participated, over the last year, in open town meetings at the municipal level to determine what development projects will be undertaken. All 262 municipalities are participating in the program.

--In 1992 a new law was passed allowing municipalities to raise revenues and charge user fees to cover local services and administrative costs. Through ISDEM, 133 of the 262 municipalities are receiving technical assistance in implementing this law. In 1993, this income should cover 30 percent of their budgets. At least two municipalities applying the law are already able to meet 100 percent of their own administrative costs. Broader use of this law will be made in 1993 under MEA by conditioning funds under the program to the application of the regulations and evidence that the local governments are covering a growing portion of their own budgets.

--A policy analysis unit has been established within the Legislative Assembly, and analytical information produced is being used to enhance debate, decision making, and the quality of legislation.

Steps are being taken to improve procedural protection related to timeliness and impartiality in the judicial system.

--The Mission signed with the GOES the Judicial Reform II Project, which represents a major commitment by the justice sector to accelerate and deepen

the judicial reform process.

--A plan was developed for the complete civilianization of the Special Investigative Unit (SIU), two civilians have been trained to replace military leadership, and it now appears that the SIU will be transferred into the new National Civilian Police (PNC).

--A new law was enacted in mid-1992 guaranteeing individuals the right to public defense.

--Complete revisions of the criminal and criminal procedural codes are in the final stages of drafting before launching an extensive consultative process with the academic and legal community, and key political factions.

--A group composed of lawyers from NGOs, the courts, and major political parties prepared a draft law reforming the composition and functions of the National Council of the Judiciary, the body which screens and nominates candidates for judicial appointment. Following review by COPAZ and the Assembly, this law was enacted in December 1992.

--Constitutional reforms related to Supreme Court magistrates terms in office, appointment procedures and funding for the courts, and revisions to the judicial career law to further strengthen independence of lower court judges were also enacted in 1991 and 1992.

--An independent Human Rights Ombudsman was named in May 1992 and formally began operations in July. Over \$1 million in GOES resources were allocated for the Ombudsman's operations in CY 1992.

--Many of the foregoing activities already respond to the judicial reform recommendations of the Truth Commission Report. The USG will continue to support overall GOES legal reform efforts, as well as provide technical assistance to establish the Judicial School, to ensure defendants' access to counsel, and to develop and train the PNC.

There is a close relationship between public sector accountability, democracy and development. Therefore, the Mission is assisting efforts to improve public sector financial management and accountability.

--In 1992, a strategic plan of action for an integrated financial management and auditing system in the public sector was developed by the GOES. This plan is now being implemented.

--The Mission has signed two two-year technical assistance contracts to support integrated financial management efforts of the GOES. This complements the three-year effort aimed at improving revenue generation through a rational tax system and improved tax collection procedures.

--In 1992, legislation was passed which streamlines the Court of Account's expenditure pre-control process and allows the Ministry of Finance to set up decentralized paying offices to improve payment processing time. This is also a point of conditionality for the FY 93 Policy Reform Program.

--An interim law for the Court of Accounts was presented to the Legislative Assembly, representing a major step toward converting it from an exclusively expenditure pre-control agency to an ex-post audit agency.

--The GOES has also developed a 1993-94 action plan for auditing GOES agencies' financial statements.

--A 1992 GOES review of existing laws on budgeting and treasury operations resulted in an action plan to modernize such laws.

--The most significant achievement in public sector accountability has been the design of a new governmental accounting system based on a 1991 law for the Central Government, decentralized agencies and municipalities. The law requires that all 13 Central Government Agencies install the system by the end of 1993 (five have already complied).

During the Action Plan period, the Mission will pursue a sectoral approach based on policies leveraged within the ESF Policy Reform Program, complemented by technical assistance, training and institution strengthening instruments. This approach has shown initial success with the judicial reform activities, and will be expanded to enhance citizen participation, improve governance and public sector accountability.

#### b. Human Resources Development

To support accomplishment of this objective, training will be made available in the areas of: judicial administration, criminal investigative techniques, forensic science, legal issues, judicial statistics, national budget analysis, legislative committee functioning, democratic processes, civics and the role of local government, and municipal operations. In addition, training will be provided in union development, economics, occupational safety and health and basic literacy.

### 3. Monitoring and Evaluation Status/Plans

The Mission will monitor the status of indicators for this Strategic Objective combining project reporting, GOES statistics, and regular CID/Gallup polls. Specifically, indicators for Program Output 1 will be derived from project reporting under the upcoming Municipal Development Project and the Electoral Assistance Project as well as from voter registration data from the Supreme Electoral Tribunal and public opinion polls. The Judicial Reform II project, the Ministry of Justice and court records will be the primary source of information for Program Output 2. Program Output 3 will be monitored under the integrated financial management activity of the Technical Support, Policy Analysis and Training project at present and under the new Public Sector Accountability Project when it is authorized. In addition, CID/Gallup Polls will be commissioned to track attitudinal indicators. An assessment of the electoral process will be performed after the 1994 elections.

### 4. Central/Regional Coordination

The Mission anticipates several buy-ins to regional projects, including the LAC/DI AOJ contract with NCSC and the RHUDO municipal development project. The Mission hopes El Salvador will be among the countries participating in the planned American University civil-military training program and any extension of the Central American Journalism Project.

**TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE**

3-A

El Salvador				
STRATEGIC OBJECTIVE NO. 3 Enduring democratic institutions and practices				
Indicator: 1. Increased public confidence in: a) Electoral Process				
Unit: Percentage respondents judging elections honest		Year	Planned	Actual
Source: CID/Gallup Poll	Baseline	1991	-----	59.3
Comments: Poll executed following elections only. Question posed: Were the elections honest?		1994	68	
	Target	1997	75	
Indicator: 1. Increased public confidence in: b) Justice Sector				
Unit: Percentage respondents answering a lot or some		Year	Planned	Actual
Source: CID/Gallup Poll	Baseline	1993	-----	27.6
Comments: Question posed: Do you have confidence in your justice system?		1994	30	
		1995	30	
		1996	35	
	Target	1997	40	

Indicator: 1. Increased public confidence in: c) Municipal Government				
Unit: Percentage respondents indicating little or no corruption in the mayorship.		Year	Planned	Actual
Source: CID/Gallup Poll	Baseline	1991	-----	41.5
Comments: Question posed: Is there corruption in the mayor's office?		1992		
		1993	42	
		1994	43	
		1995	44	
		1996	45	
	Target	1997	50	
Indicator: 1. Increased public confidence in: d) Public Sector Financial Accountability				
Unit: Percent of positive responses		Year	Planned	Actual
Source: CID/Gallup Poll	Baseline	1993	-----	
Comments: Questions are being developed for the May 1993 poll.		1994		
		1995		
		1996		
	Target	1997		

Indicator: 2. Increased voter participation: a) National * (Presidential or Legislative)				
Unit: a) Total votes, b) Total votes/registered voters		Year	Planned	Actual
Source: Election Tribunal Records, 1992 Census	Baseline	1989	-----	a) 990,260 b) 45.0
Comments: Planned figures reflect target percentages, total number of votes will be recorded only as actual.		1991		a) 1,134,650 b) 44.2
		1994	b) 60	
	Target	1997	b) 65	
Indicator: 2. Increased voter participation: b) Municipal *				
Unit: a) Total votes, b) Total votes/registered voters		Year	Planned	Actual
Source: Electoral Tribunal Records, 1992 Census	Baseline	1988	-----	a) 1,049,965 b) 53.7
Comments: Planned figures reflect target percentages. Number of votes will be recorded only as actual.		1991		a) 1,134,650 b) 44.2
		1994	b) 60	
	Target	1997	b) 65	

Indicator: 2. Increased voter participation: c) Male/female				
Unit: Percentage respondents who claim to have voted		Year	Planned Male/Female	Actual Male/Female
Source: CID/Gallup Poll	Baseline	1991	-----	69.3/54.3
Comments: Query will be made in polls immediately following elections, i.e., 1994 and 1997. Question posed: Did you vote?		1994	---/60.0	
	Target	1997		
Indicator: 3. Percent of prison population held awaiting trial				
Unit: Percentage		Year	Planned	Actual
Source: Court Records, Ministry of Justice Records	Baseline	1992	-----	80
Comments:		1993	80	
		1994	60	
		1995	50	
		1996	50	
	Target	1997	40	

Indicator: 4. Amount of public resources audited				
Unit: Percentage		Year	Planned	Actual
Source: Court of Account Reports	Baseline	1992	-----	0
Comments:		1993	5	
		1994	10	
		1995	20	
		1996	25	
	Target	1997	25	
STRATEGIC OBJECTIVE NO. 3 Enduring democratic institutions and practices				
PROGRAM OUTPUT NO. 3.1 Strengthen citizen participation in the decision-making process				
Indicator: 1. Percentage of cantones participating in open town meetings				
Unit: Percentage		Year	Planned	Actual
Source: Municipal Records	Baseline	1992	-----	63
Comments:		1993	80	
		1994	100	
		1995	100	
		1996	100	
	Target	1997	100	

Indicator: 2. Increase in voters registered: a) Rural (selected Municipalities)				
Unit: Number of registered voters		Year	Planned	Actual
Source: Electoral Tribunal Records	Baseline	1991	-----	1,100,000
Comments: Includes all voters registered in 225 municipalities in Category C & D, i.e., municipalities with population of fewer than 40,000. Targets will be established when full results of 92 Census available.		1994	-----	
	Target	1997	-----	
Indicator: 2. Increase in voters registered: b) Youth (18-24)				
Unit: Percentage of survey responding affirmative		Year	Planned	Actual
Source: CID/Gallup Poll	Baseline	1992	-----	45.2
Comments: Question posed: Do you have an electoral carnet?		1994	60	
	Target	1997	75	

Indicator: 2. Increase in voters registered: c) Women				
Unit: Percentage of survey responding affirmative		Year	Planned	Actual
Source: CID/Gallup Poll	Baseline	1992	-----	63.5
Comments: Question posed: Do you have an electoral carnet?		1994	72.0	
	Target	1997	75.0	
Indicator: 3. Increase in amount of resources generated in 133 Municipal Governments to enable them to respond to the needs of their citizens				
Unit: Percentage of municipal-generated resources to total municipal budget		Year	Planned	Actual
Source: Municipal Records/ISDEM	Baseline	1993	30	
Comments:		1994	20	
		1995	30	
		1996	30	
	Target	1997	30	

<b>STRATEGIC OBJECTIVE NO. 3 Enduring democratic institutions and practices</b>				
<b>PROGRAM OUTPUT NO. 3.2 Improve procedural protection related to timeliness and impartiality in the judicial system</b>				
<b>Indicator: 1. Indigent detainees receiving legal counsel within 72 hours and with public defender present at arraignment</b>				
<b>Unit: Percentage</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Justice System Records</b>	<b>Baseline</b>	1993		
<b>Comments: Baseline being established</b>		1994		
		1995		
		1996		
	<b>Target</b>	1997		
<b>Indicator: 2. Increase percentage of cases resolved in compliance with stipulated time periods in the criminal procedure code, within 3 pilot areas</b>				
<b>Unit: Percentage</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Project and Court Records</b>	<b>Baseline</b>	1993		
<b>Comments: Pilot areas being selected in 1993</b>		1994		
		1995		
		1996		
	<b>Target</b>	1997		

Indicator: 3. Legal and administrative reforms enacted and implemented				
Unit: Number of reforms implemented		Year	Planned	Actual
Source: Justice System Records	Baseline	1992	-----	1
Comments: 1992 - Law institutionalizing public defenders. 1993 - Family code and Implementing Legislation, Agrarian code, admin procedures. 1994 - National Council of the Judiciary Implementing legislation and Judicial career law. 1995 - Sentencing code, Criminal and Criminal Procedure codes. 1996 - Civil and Civil procedure codes.		1993	4	
		1994	2	
		1995	3	
		1996	2	
	Target	1997	12 (cum)	
Indicator: 4. Increased citizen access to information about justice system				
Unit: Percentage of population reached		Year	Planned	Actual
Source: CID/Gallup Poll	Baseline	1993		
Comments: Baseline and targets to be established in design of pilot public education program during 1993.		1994		
		1995		
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 3 Enduring democratic institutions and practices				
PROGRAM OUTPUT NO. 3.3 Improve public sector financial management and accountability				
Indicator: 1. Increase in implementing agencies with decentralized budget control systems in operation				
Unit: Number of agencies		Year	Planned	Actual
Source: Ministry of Finance Reports	Baseline	1992	-----	0
Comments:		1993	5	
		1994	15	
		1995	15	
		1996	15	
	Target	1997	15	
Indicator: 2. Executive agencies fully implementing the new accounting system				
Unit: Number of agencies producing financial statements		Year	Planned	Actual
Source: Ministry of Finance Reports	Baseline	1992	-----	0
Comments: 1991 - New Accounting Law passed. 1993 - All 15 Central Government agencies are required to have the system installed.  Full implementation will therefore be tracked by the final outcome - financial statement production		1993	5	
		1994	15	
		1995	15	
		1996	15	
	Target	1997	15	

Indicator: 3. Average treasury payment processing time				
Unit: Number of days		Year	Planned	Actual
Source: Ministry of Finance Reports	Baseline	1993	-----	
Comments: Baseline estimates vary between 60-90 days. We are currently in the process of determining a precise figure.		1994	45	
		1995	45	
		1996	30	
	Target	1997	30	
Indicator: 4. Professional audits completed and disseminated by Court of Accounts				
Unit: Number of audits		Year	Planned	Actual
Source: Court of Account Reports	Baseline	1992	-----	0
Comments:		1993	25	
		1994	30	
		1995	35	
		1996	40	
	Target	1997	50	

**TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"**

El Salvador
Bureau Objective: Support the evolution of stable, democratic societies
Bureau Sub-objective 1A: Encourage the strengthening of competent civilian government institutions that will merit the confidence of political and military leaders, citizens and investors
<b>STRATEGIC OBJECTIVE NO. 3: Enduring democratic institutions and practices</b>

PROGRAM OUTCOME NO. 3.1 Strengthen citizen participation in the decision-making process	PROGRAM OUTCOME NO. 3.2 Improve procedural protection related to timeliness and impartially in the judicial system	PROGRAM OUTCOME NO. 3.3 Improve public sector financial management and accountability
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Projects (Number/Title)	Projects (Number/Title)	Projects (Number/Title)
5190391 Electoral Process	519-0376 Judicial Reform	519-0349 Tech. Sup., Pol. Analysis & Trng.
5190388 Municipal Dev	5190383 SIU	5190396 Pub Sec Account
5190375 Strengthen Dem	5190408 Econ Policy Ref	5190408 Econ Policy Ref
5190360 Leg Assembly	5190373 Fed of Bar Assoc	5190360 Leg Assembly
5190361 CLASP	5190403 Part & Governan	
5190308 Health Systems		
5190368 AIFLD		
5190349 Tech. Sup., Pol. Analysis & Trng.		
5190403 Part & Governan		
5190405 Freedom House		
5190411 Centro Demos		
TF		

#### D. STRATEGIC OBJECTIVE 4: HEALTHIER AND BETTER EDUCATED SALVADORANS

##### 1. Refinements in the Strategic Objective and Program Outputs

The Strategic Objective has not been changed. Program Output 4 and its indicators were modified to specify rural households only, since AID interventions are largely in rural areas.

Several changes were made in indicators at both the Strategic Objective and the Program Output level. The education performance indicator for the Strategic Objective was revised to focus on efficiency measures that account for years lost to repetition and dropout.

All of the indicators for Program Output 1 were changed to provide better intermediate measures of efficiency and effectiveness in primary education. Improvements in enrollment and completion rates, promotion rates, and test scores will appear sooner in the lower grades than in the higher grades as improved instructional methods and materials are developed and introduced starting from kindergarten and going sequentially through grade six.

Indicators for Program Output 3 were refined to define more clearly what is to be measured; i.e., only those children who have received the full basic vaccination series will be counted under the indicator, and deliveries by trained midwives and traditional birth attendants will be included as "deliveries by trained personnel."

##### 2. Performance Against The Strategic Objective

###### a. Current Performance and Trends

Since civil strife began in El Salvador in 1979, the capabilities of the health and educational systems have eroded as have national resource allocations for these basic services. Mission efforts prior to 1990 focused on delivery and maintenance of services as a safety net, in most areas, bridging the gap in GOES budgetary resources. The period starting in 1990 and onward marked a transition to institutional strengthening and encouraged the GOES and the private sector to assume more responsibility in the social sectors. Policy dialogue is addressing increased budgetary allocations for basic social services, while urging greater decentralization.

With the advent of peace, the GOES has initiated implementation of its \$1.4 billion National Reconstruction Program (PRN). The PRN is supporting the extension of basic education and health services to formerly conflictive areas, in addition to other activities. Specific activities in health and education under the Mission's contribution to this program are cited under S.O. 1, "Assisting El Salvador in the Transition from War to Peace".

The health and education sectors have suffered dramatically over the last decade. However, preliminary data are showing beginnings of a recuperation. The GOES has placed emphasis on these areas in its poverty alleviation program and has committed itself to double resource allocations to these sectors from 1991-95. Our current baseline at the Strategic Objective illustrates the need for attention in these sectors: 55 out of 1000 infants

die before their first birthday, and 126 out of 100,000 mothers die giving birth. If the child survives, it is likely that it will take him/her 13.7 years to complete sixth grade. Since approximately 50 percent of children under five suffers some form of malnutrition, it is probable that this average child is to some degree malnourished. However, there is reason to believe that these trends are reversing: World Bank statistics for 1991 show a decline in the infant mortality rate to 48/1000, primary school enrollment is back to its pre-war level of 80 percent, contraceptive prevalence has increased, and the crude birth rate has declined.

The Mission will be able to confirm expected gains with the Salvadoran Family Demographic and Health Survey (FESAL) in 1993 and with further implementation of the Strengthening Achievement in Basic Education (SABE) project.

Efforts are underway to increase the efficiency and effectiveness of primary education.

--Continuing policy dialogue with the MOE emphasizes re-opening of schools closed during the civil war, the incorporation of former "popular schools" operated independently by the FMLN into the national educational system, and the establishment of a system for distribution of basic school materials nationwide.

--In 1992-93, basic school supplies were distributed to 4,300 schools (3,000 facilities, most of which have double sessions) nationwide with support from the SABE Project. The first language and mathematics workbooks were distributed to kindergarten and first grade students throughout the country. These are the first revised texts since 1975.

--7,800 primary school teachers were trained in the use of the new first and second grade curriculum. Three 4-day seminars for school supervisors were held, with 225 participants in each seminar. Seventy regional training officers were trained and regional training centers received basic office supplies.

--A pilot project in decentralized management of educational resources is currently underway. Responsibility for managing school funds has been delegated to five schools in each of the three regions.

--Each region has developed a strategy to stimulate community involvement in the local schools; actions to implement these strategies will be initiated in early 1993.

--A pilot interactive radio project to teach mathematics to 50 first grade classes resulted in an expansion of the program to reach 3,000 classes nationwide. A number of Salvadoran commercial radio stations will donate air time (approximately 40 minutes/day) to broadcast such educational programming.

Contraceptive prevalence is rising slowly. Although data from the FESAL will not be available until later this year, the Mission estimates a rate over 50 percent, up from a 1988 level of 47 percent.

With increased emphasis on rural health, the number of Salvadoran communities receiving basic health care has tripled. In 1991, 579 communities were served, and in 1992 this number rose to 1,951. This expansion will impact on the other indicators for this program output. The following activities mark progress in this area:

--The number of reported cases of malaria in El Salvador fell from 40 percent of total reported cases in Central America in 1980 to three percent in 1991: a drop from 95,835 cases in 1980 to 5,933 cases in 1991.

--Since 1986 approximately \$36 million worth of pharmaceuticals and related items have been purchased through the APSISA Project for use in health facilities throughout the country. GOES budgetary resources have covered a greater share of these costs in recent years.

--The MOH has been working on the development of a cost recovery system accompanied by improvements in quality under the APSISA Project. Unitary costs for the MOH's hospital and ambulatory services have been estimated, fees have been defined, and a socio-economic patient classification system has been designed and developed and will be tested. Design of the recovery, control, and utilization of funds system will be completed by mid-June 1993.

The water and sanitation component of the Public Services Improvement Project (519-0320), Save the Children (519-0364) and the MEA program are the principal instruments used to measure Program Output 4, "Increased number of rural Salvadoran households with access to potable water and latrines." According to the MPHHS of 1992, 51 percent of rural households have access to potable water and 59 percent to latrines or sewage systems. Since 1989, the first two projects have built 87 water systems and 5,200 latrines benefitting approximately 53,000 people nationwide. The MEA program has implemented 586 combined water and sanitation projects benefitting over 800,000 people. Outputs under the Public Services Improvement Project have been minimal for a variety of design and institutional problems. However, with the recent component reconfiguration, implementation should accelerate in the near term.

Developing human capital will be crucial for long-term sustainable growth in El Salvador. The Mission will continue to invest in this sector utilizing a policy-based sector approach linking policy dialogue in the ESF Policy Reform Program with technical assistance, training and institutional strengthening instruments. Of key importance, the Mission is collaborating closely in designing and implementing education and health sector assessments with the World Bank and the IDB. These assessments will identify the policy guidance and demand gaps to enable mutually reinforcing efforts by all three donors.

#### b. Human Resources Development

Much of the training to address this objective will be of a short-term technical nature for public and private sector individuals and directed to the following areas: family planning, child hydration, children's nutrition, training of trainers, infant care, institutional development, latrine construction, sanitation, potable water, delivery systems of public services, training in role and function of education supervisors and school directors, curriculum specialists and teacher application of new teaching methodology.

### 3. Monitoring and Evaluation Status/Plans

Monitoring and evaluation systems for this strategic objective are defined and in place, except for potable water and sanitation. In an effort not to duplicate efforts, the Mission has to the extent possible tried to use existing sources of information. This has caused a timing problem in that the survey times did not coincide with the submission of the Action Plan.

The FESAL is the primary instrument used to monitor performance of the health-related indicators. It is considered to be the best available data source, as it uses a reliable, well-documented and comparable methodology. Although the FESAL is conducted only every five years, there is sufficient retrospective data to permit linear projections with a reasonable degree of confidence. These projections will be checked against the next survey's actual numbers. Actual data from FESAL 93 will be available at the end of CY 1993 and will provide more complete and up-to-date information on infant and child mortality, malnutrition, contraceptive use and vaccination coverage. The 1992 National Census and the multipurpose household surveys will also contribute to the data base.

The SABE project, in conjunction with the Ministry of Education, will be the major information source for educational indicators. Under SABE, national achievement tests are currently being administered in math and language for grades 1 through 6. Initial test score results will be available in September 1993. The Mission is working with the MOE to validate data and institutionalize data collection. Most of the problems encountered have been with defining coverage and gathering reliable information in a country just emerging from a major upheaval.

In overall terms, the social sector programs have a clear and well-focused approach to outputs and indicators. Water and sanitation data is being drawn from the projects and the MPHHS. The Mission's indicator tests rural coverage for which data collection began just this past year. The intent is to use this information, cross-checked with 1992 census data and the latest MPHHS to develop projections through 1997.

### 4. Central/Regional Coordination

In the health sector, Johns Hopkins and Family Health International provided technical assistance to develop a plan for the introduction of Norplant in El Salvador. The visits were centrally funded. The Centers for Disease Control and Prevention is currently providing centrally-funded TA for survey design, training of interviewers, and data collection and interpretation for FESAL 93. USAID/El Salvador has also accessed resources under the centrally-funded Water and Sanitation for Health Project (WASH) to provide periodic reports on the status of water supply and sanitation.

In the education sector, the centrally-funded EHRTS Project (Education and Human Resources Technical Support) has provided TA for educational financing and policy reform studies, sustainability work with FEPADE and FUNDASALVA, and scope of work development for the upcoming sector assessment. The central RTAC-II Project (Regional Technical Aid Center) is managed by FEPADE and allows Salvadoran university students to purchase low-cost, quality textbooks.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

4-A

El Salvador				
STRATEGIC OBJECTIVE NO. 4 Healthier and better educated Salvadorans				
Indicator: 1. Number of years to complete per 6th grade graduate				
Unit: Number of years		Year	Planned	Actual
Source: MOE	Baseline	1989	-----	13.7
Comments:		1992	13.7	13.7
		1993	13.5	
		1994	13.0	
		1995	12.0	
		1996	10.5	
		Target	1997	9.0
Indicator: 2. Infant Mortality				
Unit: No. of deaths of children under 1 year o age/1000 births		Year	Planned	Actual
Source: Family Demographic & Health Survey (FESAL)	Baseline	1988	-----	55
Comments: Actual data will be available by the end of CY 1993 once FESAL 93 is completed.		1992	48	
		1993	46	
		1994	44	
		1995	43	
		1996	42	
		1997	41	

Indicator: 3. Child mortality rate				
Unit: No. of deaths of children under 5 years of age/1000 births		Year	Planned	Actual
Source: FESAL	Baseline	1988	-----	23
Comments: No actual data is available for 1992. FESAL 93 will provide data by the end of CY 1993.		1992	23	N/A
		1993	22	
		1994	22	
		1995	21	
		1996	21	
	Target	1997	20	
Indicator: 4. Maternal mortality rate				
Unit: Maternal deaths/100,000 live births		Year	Planned	Actual
Source: MOH Reports/FESAL 93	Baseline	1988	-----	126
Comments: No actual data is available for 1992. FESAL 93 will provide data by the end of CY 1993.		1992	116	N/A
		1993	114	
		1994	110	
		1995	108	
		1996	105	
		1997	103	

Indicator: 5. Level of malnutrition: a) Mild				
Unit: Percent of children under 5 years		Year	Planned	Actual
Source: Nutritional Survey in El Salvador (ESANES)	Baseline	1988	-----	30.0
Comments: Levels of malnutrition a) mild, b) moderate and c) severe are separate and additive.  1992 data from MOH report. (Mission will estimate annual malnutrition levels based on MOH statistics, and update actual levels with FESAL survey every 5 years.)		1992	29.5	36.0
		1993	29.0	
		1994	28.0	
		1995	28.0	
		1996	27.0	
		1997	25.5	
Indicator: 5. Level of malnutrition: b) Moderate				
Unit: Percent of children under 5 years		Year	Planned	Actual
Source: Nutritional Survey in El Salvador (ESANES)	Baseline	1988	-----	15.0
Comments: 1992 data from MOH report.		1992	13.0	12.0
		1993	13.0	
		1994	12.0	
		1995	12.0	
		1996	11.5	
		1997	11.0	

Indicator: 5. Level of malnutrition: c) Severe				
Unit: Percent		Year	Planned	Actual
Source: ESANES	Baseline	1988	-----	5.3
Comments: 1992 data from MOH report.		1992	5.0	3.0
		1993	5.0	
		1994	4.9	
		1995	4.8	
		1996	4.6	
		1997	4.4	
STRATEGIC OBJECTIVE NO. 4 Healthier and better educated Salvadorans				
PROGRAM OUTPUT NO. 4.1 Increased efficiency and effectiveness of the k-6 educational system				
Indicator: 1 a) Net enrollment				
Unit: Pct. Children age 7-12 enrolled in grd 1-6		Year	Planned	Actual
Source: MOE, IBRD	Baseline	1990	-----	70.5
Comments: a) Total b) male c) female Baseline data reflects total net enrollment without gender breakdown. Gender disaggregation will be done in subsequent years.		1992	71.0	N/A
		1993	72.0	
		1994	73.0	
		1995	74.0	
		1996	75.0	
		1997	76.0	

<b>Indicator: 1 b) Completion</b>				
<b>Unit: Percent of children starting 1st grade who complete 6th grade</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: MOE</b>	<b>Baseline</b>	1990	-----	70.4
<b>Comments: a) Total b) male c) female Baseline data reflects total completion without gender breakdown. Gender disaggregation will be done in subsequent years.</b>		1992	71.0	
		1993	72.0	
		1994	73.0	
		1995	75.0	
		1996	77.0	
	<b>Target</b>	1997	78.0	
<b>Indicator: 2. Promotion Rate at specific grd. levels: a) 1st</b>				
<b>Unit: Percent of children enrolled in a grd who are promoted</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: MOE</b>	<b>Baseline</b>	1992	-----	43.5
<b>Comments:</b>		1993	45.0	
		1994	47.0	
		1995	49.0	
		1996	52.0	
	<b>Target</b>	1997	55.0	

Indicator: 2. Promotion rate at specific grd levels: b) 2nd				
Unit: Percent of children enrolled in a grd who are promoted		Year	Planned	Actual
Source: MOE	Baseline	1992	-----	57.5
Comments:		1993	58.0	
		1994	59.0	
		1995	61.0	
		1996	63.0	
	Target	1997	65.0	
Indicator: 2. Promotion Rate at specific grd. levels: c) 3rd				
Unit: Percent of children enrolled in a grd who are promoted		Year	Planned	Actual
Source: MOE	Baseline	1992	-----	59.1
Comments:		1993	60.0	
		1994	63.0	
		1995	66.0	
		1996	70.0	
		1997	72.0	

Indicator: 3. National achievement test scores in math and language for grade 1-6: a) 1				
Unit: Test scores achieved in each grd 1-6 for math and language		Year	Planned Math/Lang.	Actual Math/Lang.
Source: MOE	Baseline	1993	-----	
Comments: Data will be available in 2nd semester of CY 1993		1994		
		1995		
		1996		
	Target	1997		
Indicator: 3. National achievement test scores in math and language for grade 1-6: b) 2				
Unit: Test scores achieved in each grd 1-6 for math and language		Year	Planned Math/Lang.	Actual Math/Lang.
Source: MOE	Baseline	1993	-----	
Comments: Data will be available in 2nd semester of CY 1993		1994		
		1995		
		1996		
	Target	1997		

Indicator: 3. National achievement test scores in math and language for grade 1-6: c) 3				
Unit: Test scores achieved in each grd 1-6 for math and language		Year	Planned Math/Lang.	Actual Math/Lang.
Source: MOE	Baseline	1993	-----	
Comments: Data will be available in 2nd semester of CY 1993		1994		
		1995		
		1996		
	Target	1997		
Indicator: 3. National achievement test scores in math and language for grade 1-6: d) 4				
Unit: Test scores achieved in each grd 1-6 for math and language		Year	Planned Math/Lang.	Actual Math/Lang.
Source: MOE	Baseline	1993	-----	
Comments: Data will be available in 2nd semester of CY 1993		1994		
		1995		
		1996		
	Target	1997		

Indicator: 3. National achievement test scores in math and language for grade 1-6: e) 5				
Unit: Test scores achieved in each grd 1-6 for math and language		Year	Planned Math/Lang.	Actual Math/Lang.
Source: MOE	Baseline	1993	-----	
Comments: Data will be available in 2nd semester of CY 1993		1994		
		1995		
		1996		
	Target	1997		
Indicator: 3. National achievement test scores in math and language for grade 1-6: f) 6				
Unit: Test scores achieved in each grd 1-6 for math and language		Year	Planned Math/Lang.	Actual Math/Lang.
Source: MOE	Baseline	1993	-----	
Comments: Data will be available in 2nd semester of CY 1993		1994		
		1995		
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 4 Healthier and better educated Salvadorans				
PROGRAM OUTPUT NO. 4.2 Increased contraceptive prevalence				
Indicator: 1. Contraceptive prevalence: a) Metropolitan San Salvador				
Unit: Percent		Year	Planned	Actual
Source: FESAL	Baseline	1988	-----	64.0
Comments: No new actual data for 1992. FESAL 93 data will be available by the end of CY 1993.		1992	66.0	N/A
		1993	67.0	
		1994	68.0	
		1995	69.0	
		1996	69.0	
		Target	1997	70.0
Indicator: 1. Contraceptive prevalence: b) Other urban *				
Unit: Percent		Year	Planned	Actual
Source: FESAL	Baseline	1988	-----	56.0
Comments: No new actual data. FESAL 93 data will be available by the end of CY 1993.  * Other urban is differentiated from rural as towns having a mayor and basic public services, i.e., electricity and water.		1992	58.0	N/A
		1993	58.0	
		1994	59.0	
		1995	60.0	
		1996	61.0	
		Target	1997	62.0

Indicator: 1. Contraceptive prevalence: c) Rural				
Unit: Percent		Year	Planned	Actual
Source: FESAL	Baseline	1988	-----	34.0
Comments: No new actual data. FESAL 93 data will be available by the end of CY 1993.		1992	35.0	N/A
		1993	36.0	
		1994	37.0	
		1995	38.0	
		1996	39.0	
	Target	1997	40.0	
Indicator: 1. Contraceptive prevalence: d) Overall				
Unit: Percent		Year	Planned	Actual
Source: FESAL	Baseline	1988	-----	47.0
Comments: No new actual data. FESAL 93 data will be available by the end of CY 1993.		1992	50.0	N/A
		1993	51.0	
		1994	52.0	
		1995	53.0	
		1996	53.0	
	Target	1997	54.0	

<b>STRATEGIC OBJECTIVE NO. 4 Healthier and better educated Salvadorans</b>				
<b>PROGRAM OUTPUT NO. 4.3 Increase the number of Salvadoran receiving health and child survival serv.</b>				
<b>Indicator: 1. Basic services coverage</b>				
<b>Unit: Number of communities served by CHS</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: MOH/PVO annual reports, ADS reports</b>	<b>Baseline</b>	1991	-----	579
<b>Comments: Includes communities served by institutions supported by USAID.</b>		1992	750	1,951
		1993	2,100	
		1994	2,200	
		1995	2,400	
		1996	2,500	
	<b>Target</b>	1997	2,500	
<b>Indicator: 2. Children vaccinated (complete series)</b>				
<b>Unit: Percent of all children under 5</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: MOH statistics, FESAL</b>	<b>Baseline</b>	1988	-----	49
<b>Comments: Children with complete number of doses for Polio, DPT, Measles and BCG confirmed by vaccination certificate.</b>		1992	79	N/A
		1993	80	
		1994	82	
		1995	83	
		1996	84	
	<b>Target</b>	1997	85	

Indicator: 3 a) Prenatal care coverage				
Unit: Percent of women giving birth within 5 years of interview		Year	Planned	Actual
Source: FESAL	Baseline	1988	-----	67.5
Comments: FESAL 93 will provide data by the end of CY 1993.		1992	70	N/A
		1993	70	
		1994	71	
		1995	72	
		1996	73	
	Target	1997	74	
Indicator: 3 b) Deliveries by trained personnel				
Unit: Percent of women seen in MOH clinics		Year	Planned	Actual
Source: MOH statistics	Baseline	1988	-----	44.0
Comments: Data from MOH annual report.		1992	50.0	47.7
		1993	51.0	
		1994	53.0	
		1995	55.0	
		1996	57.0	
	Target	1997	59.0	

<b>STRATEGIC OBJECTIVE NO. 4 Healthier and better educated Salvadorans</b>				
<b>PROGRAM OUTPUT NO. 4.4 Increased number of rural Salvadoran households with access to potable water and latrines</b>				
<b>Indicator: 1. Rural households with access to potable water</b>				
<b>Unit: Percent of household served</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: MIPLAN</b>	<b>Baseline</b>	1992	-----	51.0
<b>Comments: Actual data from 1991-92 is from MIPLAN's Multi Purpose Household Survey. "Access to potable water" includes % of households with access to either private or common running water and/or wells. 1992 was the first year the survey included rural areas. Once trends can be established, the Mission will propose its targets.</b>		1993		
		1994		
		1995		
		1996		
	<b>Target</b>	1997		
<b>Indicator: 2. Rural households with access to latrines</b>				
<b>Unit: Percent of households served</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: MIPLAN</b>	<b>Baseline</b>	1992	-----	59.0
<b>Comments: "Access to latrines" includes % of households with access to private or public sewage systems and/or latrines. 1992 was the first year the survey included rural areas. Once trends can be established, the Mission will propose its targets.</b>		1993		
		1994		
		1995		
		1996		
	<b>Target</b>	1997		

**TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"**

El Salvador
Bureau Objective: Support the achievement of broadly-based, sustainable economic growth
Bureau Sub-objective 1B: Encourage accelerated opportunities for increased participation in the economy by the disadvantaged
<b>STRATEGIC OBJECTIVE NO. 4: Healthier and better-educated Salvadorans</b>

<b>PROGRAM OUTCOME NO. 4.1</b> Increased and effectiveness of the K-6 educational system	<b>PROGRAM OUTCOME NO. 4.2</b> Increased contraceptive prevalence	<b>PROGRAM OUTCOME NO. 4.3</b> Increased number of Salvadorans receiving health and child surv. serv.
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Projects (Number/Title)	Projects (Number/Title)	Projects (Number/Title)
5190357 SABE	5190308 Health Sys Sup	5190308 Health Sys Sup
5190361 CLASP	5190363 Family Health	5190367 Maternal Health
5190401 Soc Sec Reform	5190367 Maternal Health	5190401 Soc Sec Reform
	5190401 Soc Sec Reform	

**PROGRAM OUTCOME NO. 4.4** Increased number of rural Salvadoran household with access to potable water

Project (Number/Title)
5190320 Public Serv Impr
5190364 Comm Based Int
5190367 Maternal Health
LC-MEA

**E. STRATEGIC OBJECTIVE 5: IMPROVE ENVIRONMENTAL AND NATURAL RESOURCES MANAGEMENT**

**1. Refinements in Strategic Objective and Program Output**

No changes were made in the strategic objective statement. Slight changes have been made in the indicator concerning water quality. The Mission now gives greater attention and specificity to the problem of soil erosion in El Salvador and has developed two tracking indicators, turbidity (amount of soil in the water), and average water flow (water retentiveness of the soil).

For Program Output 1, the policy implementation indicator changed to reflect latest developments. The GOES has initiated legal reforms which incorporate policy elements originally included in the indicator list, e.g. they meet what was planned in terms of an environmental code and soil law. The Mission eliminated other indicators to focus efforts and reduce costs.

Program Output 3 now concentrates on producers rather than enterprises undertaking improved natural resource management activities. This will allow better gender disaggregation and enable attribution of environment and natural resource management (E/NR) activities in other projects.

**2. Performance Against The Strategic Objective**

**a. Performance and Trends**

In El Salvador's history, E/NR has not been considered a critical factor for economic and social development. The government, private sector and the general populace have not pressured or allocated resources to research, promote and conserve the environment. The amount of public sector resources allocated for E/NR has not exceeded one percent of the total annual budget in the last ten years. The low investment has contributed to a weak policy/legal framework, E/NR decisions lacking a sound analytical basis, few E/NR activities being implemented, and the general populace not knowing the ties between economic activity and sustainable resource management. The deteriorated state of the Salvadoran environment and natural resource base are symptomatic of this lack of national attention to the issues.

Given the history, overall E/NR implementation activities are in the earliest stages. However, steps are being taken by the GOES and a burgeoning NGO community with Mission support to stimulate action in this sector. Of particular note was the signing of the Environmental NGO Strengthening Project (SENS) in August 1992 with the Pan American Development Foundation. The purpose of the project is to strengthen Salvadoran environmental NGOs so that they can be self-sustaining advocates for natural resource management. In addition, the Mission and the GOES have signed the Environmental Protection Project (PROMESA), which will be the principal contributor to this strategic objective. Finally, the Enterprise for the Americas Board is currently negotiating with the GOES to formulate governing policies for the Environmental Conservation Fund. This fund results from interest on remaining GOES debt to the USG after the \$465 million worth of AID and PL 480 debt was forgiven in December 1992.

El Salvador is making strides in creating a policy/legal framework.

--The Executive Secretariat for the Environment (SEMA) issued an E/NR

Action Plan in 1991 with the support of various NGO's, proposed a National Environmental Emergency Plan for the ex-conflictive zones in 1992 and continues to work on the National E/NR Strategy which is due the Fall of 1993.

--The GOES presented its Environmental Agenda and Action Plan to the United Nations Conference on Development and Environment in June 1992.

--SEMA also continues coordinating the consolidation/refinement of existing laws and regulations applicable to managing the E/NR, e.g., a new Forestry Law has been drafted and should pass the Legislature this year.

Activities are underway to increase public awareness nationwide.

--SEMA sponsors weekly T.V. shows and daily radio spots announcements on E/NR issues, has published and distributed sixteen studies, and has carried out workshops and seminars for 20 NGOs.

--The Mission and SEMA are working with Ministry of Education officials to include environmental topics in primary school curricula and textbooks under the SABE project.

--SEMA, with the support of the private sector, has recently created the National Environment Prize. It will be awarded annually to the person or company making notable contributions for the promotion, protection and conservation of the environment and the natural resources.

Mission activities are promoting productive activities consistent with better natural resource management.

--Non-traditional agricultural exports such as cantaloupes and honeydews have been grown using environmentally sustainable techniques, through support of the CLUSA, TechnoServe, and the Agribusiness Development (DIVAGRO) projects. Two CLUSA-assisted cooperatives recently received international certification for growing organic coffee. Fifty agrarian reform cooperatives have received training on the proper use of agricultural pesticides.

--The Coffee Technology Project promotes controlled use of pesticides and environmentally sound hillside farming practices for 27,000 small farmers.

--The CLASP project trained 72 environmental educators and promoters (48 from local NGOs and 24 from GOES agencies) in Oregon and Alabama.

--DIVAGRO's Quality Assurance Program is covering eight export crops.

An important element to attain the strategic objective is coordination with the other donors, which the Mission has done extensively to reinforce policy dialogue. This is particularly true with the World Bank's SAL and Institutional Reorganization of the Agricultural Sector Project. The IDB is providing technical assistance to SEMA and is planning a major environmental project aimed at managing the Lempa River watershed, decontaminating industrial waste water, solid waste, and vehicular pollution.

The E/NR sector faces several continual problems. One is the slowness in the development of the strategy. Under the 1993 ESF policy reform program, the Mission will include measures which condition disbursements on demonstrating satisfactory progress in developing the E/NR strategy. The Mission and other

donors will assist the GOES with technical assistance to complete the strategy. A second is the low public awareness as highlighted in the CID/Gallup Survey of January 1993 contracted by the Mission. Reflecting a lack of education on these issues, Salvadorans consider E/NR issues as a low priority in relation to other problems confronting society and do not demonstrate a willingness to provide more tax resources or financial donations to private groups in order to combat them. The Mission intends to assist SEMA and other GOES agencies as well as NGOs to address this problem through educational/informational campaigns, workshops and seminars for all segments of society to increase knowledge and improve policy analysis capabilities.

Finally, there is much uncertainty about the impact of land distribution under the Peace Accords. In the initial years of reestablishing agricultural activities in the ex-conflictive zones and other parts of the country, degradation will probably increase.

#### b. Human Resources Development

The contractor under the PROMESA Project will be charged with doing a training needs analysis and formulating a full training plan. Most training requirements will be of a short-term technical nature. However, some long-term, academic training is contemplated. Some initial areas of short-term training emphasis are reforestation, forest management, organizational development and public awareness campaigns.

### 3. Monitoring and Evaluations Status/Plans

The Mission has yet to establish formal baseline measurements for the majority of strategic objective and program output indicators. The Mission does have baseline data for hectares of land under improved practices, the number of producers using improved E/NR practices, and some survey information regarding public awareness and attitudes. The PROMESA project is tied to the achievement of program outputs and the strategic objective, and the monitoring and evaluation system established there will provide the necessary data to support the indicators. The type of data collection activities include: a) carrying out special surveys annually, nationwide and in the demonstration areas, to measure public awareness and attitudes, and the impact of policy and regulatory changes; b) collecting gender disaggregated data by producer; c) taking satellite photos every two years to collect data on forest coverage; d) tracking policy and legislative implementation, application, and enforcement; e) testing water quality and water flow inside the demonstration area; and f) developing a model for testing the assumption that the targeted policies do affect producer behavior and use of environmental resources through, for example, the adoption of natural resources management techniques.

### 4. Central/Regional Coordination

The Mission will coordinate with and procure technical assistance from regional and centrally managed projects. The Central American Regional Natural Resource Management Project (RENARM) will provide technical assistance in policy, environmental education, and management of protected areas. The centrally-funded Environmental and Natural Resources Policy Analysis and Training Project (EPAT) will furnish software for modelling policy analysis. Agroforestry assistance will be obtained from the ROCAP-funded Multiple Use Trees III Project (MADELEÑA).

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

5-A

El Salvador				
STRATEGIC OBJECTIVE NO. 5 Improve environmental and natural resource management				
Indicator: 1. # of hectares of non-forested land under improved natural resource management including buffer zones				
Unit: Hectares		Year	Planned	Actual
Source: Project Data, MAG, SEMA and DIVAGRO	Baseline	1993	-----	7,900
		1994	15,100	
		1995	22,400	
		1996	25,800	
	Target	1997	29,600	
Indicator: 2. Water quality in PROMESA demonstrating agricultural area				
Unit: Turbidity/suspended solids (PPM)		Year	Planned	Actual
Source: PROMESA Water Quality Study, ANDA	Baseline	1991	-----	4.0
Comments: Turbidity will be measured by suspended solids because it represents a more scientific measurement. Location for measurement will be Rio Ahuachapio, Ahuachapan.  * Average measurement end of year.		1994	3.8*	
		1995	3.0*	
		1996	2.5*	
		1997	2.0*	

Indicator: 3. Seasonal water flow in PROMESA demonstrating area				
Unit: Volume per second (cubic meters/sec.)		Year	Planned Dry/Rainy	Actual Dry/Rainy
Source: CENREN	Baseline	1991	-----	1.35/4.9
Comments: Average water flow in dry season and rainy season, Rio Ahuachapio.		1994	0.5/3.5	
		1995	0.8/3.1	
		1996	1.5/2.8	
	Target	1997	2.0/2.5	
Indicator: 4. Forest cover				
Unit: Hectares		Year	Planned	Actual
Source: Satellite photos, CATIE, CEL, MAG/CENREN	Baseline	1978	-----	268,100
Comments: Pine, broadleaf, mangrove, trees and shrub. Does not include coffee plantations. 1978 is the most reliable data.		1995	273,000	
	Target	1997	280,000	

STRATEGIC OBJECTIVE NO. 5 Improve environmental and natural resource management				
PROGRAM OUTPUT NO. 5.1 Natural resource use policy/legal framework created and implemented				
Indicator: 1. Establish environment and NRM Strategy				
Unit: Yes/No (strategy exists)		Year	Planned	Actual
Source: SEMA	Baseline	1993	12/31	
(*) Strategy will be updated every two years.		1995	12/31 (*)	
	Target	1997	12/31 (*)	
Indicator: 2. Selected policies implemented: a) National Envmtl. Educ. Policy				
Unit: Decree		Year	Planned	Actual
Source: SEMA	Baseline	1993	12/31	
Comments: Drafted in 1992.		1994	N/A	
		1995	N/A	
		1996	N/A	
	Target	1997	N/A	

Indicator: 2. Policies/Regs drafted: b) Consolidation and refinement of existing laws and regulations including: i. Forestry, ii. Environment general law, iii. Irrigation/drainage

Unit: Legislation drafted		Year	Planned	Actual
Comments: i. New forestry law will be passed by 12/31/93 ii. Environment General law being drafted iii. Irrigation/Drainage law under review	Target	1995	12/31	
		1996	N/A	

Indicator: 2. c) GOES expenditures/investment in natural resources (National)

Unit: Percent of national budget		Year	Planned	Actual
Source: GOES Ordinary Budget/SETEFE Extraordinary Budget	Baseline	1993	-----	.7/\$9.3
Comments: Targets reflect percent of combined national budget allocated to environmental purposes. Once actualized, specific amounts will be noted (\$million).		1994		
		1995		
		1996		
	Target	1997		

STRATEGIC OBJECTIVE NO. 5 Improve environmental and natural resource management				
PROGRAM OUTPUT NO. 5.2 Increase public awareness of environmental problems in target areas and nationwide				
Indicator: 1. % of survey respondents indicating understanding and awareness of environmental issues: target areas and Ahuachapan				
Unit: Respondents by sex		Year	Planned Male/Female	Actual Male/Female
Source: PROMESA Demonstration Area Survey, CID/Gallup	Baseline	1993	N/A*	
Comments: * Baseline information expected to be available in September 1993, CID/Gallup Report.		1994		
		1995		
		1996		
	Target	1997	80.0/80.0	
Indicator: 2. % of survey respondents indicating understanding and awareness of environmental issues: Nationwide				
Unit: Respondents by sex		Year	Planned Male/Female	Actual Male/Female
Source: Target area, CID/Gallup	Baseline	1993	-----	69.4/60.5
Comments: % saying environment was a very serious problem. % expected to be equal male/female by 1999 (80.0%).		1994	71.4/62.5	
		1995	73.4/64.5	
		1996	75.4/66.5	
	Target	1997	77.4/68.5	

<b>STRATEGIC OBJECTIVE NO. 5 Improve environmental and natural resource management</b>				
<b>PROGRAM OUTPUT NO. 5.3 Improve productive activities which are consistent with better natural resource management</b>				
<b>Indicator: 1. # and % of target beneficiaries under ANR's portfolio</b>				
<b>Unit: Producers by sex</b>		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source: Project Data</b>	<b>Baseline</b>	1993	12/31	
<b>Comments: Baseline expected to be developed and implemented by 12/31/93.</b>		1994		
		1995		
		1996		
		1997		

**TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"**

El Salvador
Bureau Objective: Support the achievement of broadly-based, sustainable economic growth
Bureau Sub-objective 1C: Encourage preservation of sustainable natural resource base
<b>STRATEGIC OBJECTIVE NO. 5: Improve environmental and natural resource management</b>

<b>PROGRAM OUTCOME NO. 5.1</b> Natural resource use policy/legal framework created and implemented	<b>PROGRAM OUTCOME NO. 5.2</b> Increased public awareness of environmental problems in target areas and nationwide	<b>PROGRAM OUTCOME NO. 5.3</b> Improve productive activities which are consistent with better natural resources management
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Projects (Number/Title)	Projects (Number/Title)	Projects (Number/Title)
5190385 Env/Natural Res	5190385 Env/Natural Res	5190385 Env/Natural Res
5190397 Agr Sec Modern	5190400 PADF/SENS	5190392 Small Farmer
	5190357 SABE	5190327 Agribus Dev
	5190397 Agr Sec Modern	5190382 Technoserve
	5190361 CLASP	5190362 Coffee Tech
	5980791 RTAC II	5190358 NRECA
		5190400 PADF/SENS
		5190397 Agr Sec Modern

### III: PORTFOLIO ANALYSIS AND NEW INITIATIVES

The negotiation of a comprehensive Peace Accord and a definitive ceasefire led to a formal conclusion of hostilities in El Salvador on December 15, 1992. The Mission has played a central role in supporting the overall peace process, including assistance for sweeping democratic reforms and for the process of demobilizing the FMLM and reducing the ESAF. Supporting peace, reconciliation and reconstruction became our number one objective, the \$300 million Peace and National Recovery Project, its centerpiece.

With the completion of five large projects, i.e., Health and Jobs For Displaced Families, Earthquake Reconstruction, Judicial Reform I, CAPS and Agrarian Reform Financing, the number of ongoing projects by the end of FY 93 will be 35. In FY 94, the portfolio is scheduled to drop sharply to 25-29 projects although the Health Systems Support and Public Services Improvement activities may have to be extended for one year. By the end of FY 95, the Mission will have reduced the portfolio down to between 20 and 24 projects.

The Mission's new initiatives over this Action Plan period will specifically reinforce strategic objectives relating to enduring democratic institutions, healthier and better educated Salvadorans, and increased equitable economic growth. Each new activity will be a crucial contributor to overall reintegration and reconciliation efforts to consolidate the peace. The new starts will focus on sectoral approaches. The Mission has already established and will expand direct linkages with the ESF Policy Reform Project by structuring sectoral measures within the policy dialogue matrix. The new activities will provide the analytical basis for determining the critical policy issues, and then will provide the necessary technical assistance, training and institutional strengthening to implement the measures. While some macroeconomic issues will continue to form part of the matrix, responsibility for leveraging major economic structural adjustment will increasingly be with the IMF, World Bank and IDB in their cash transfer loan programs. In all sectors, the Mission will work closely with the other donors to coordinate and reinforce efforts. This approach will enable greater leverage on policy and project implementation as AID's resources decline.

The new initiatives starting with Agricultural Sector Modernization and Public Sector Accountability in FY 94, and Participation and Governance, and Social Sector Reform in FY 95 are planned for five years each. The Mission will incorporate the corresponding policy changes in the FY 94, FY 95 and FY 96 ESF Policy Reform Program. The technical assistance, training and institutional strengthening instruments will help implement the measures over the remaining project period. In addition to these activities, the Mission is planning a \$2-3 million LOP increase to the Technical Assistance, Policy Analysis and Training Project (519-0349) to carry on tax administration and integrated financial management activities as a precursor to the initiation of the Public Sector Accountability Project. The Microenterprise Development Project (519-0318) will probably receive an LOP increase, contingent upon the results of an ongoing evaluation. Also, the Mission will begin analysis of the financial intermediation system to strengthen and make efficient private credit and capital mobilization entities, thus enabling greater access by small and medium borrowers, particularly in the rural areas. This activity will be a shelf project for FY 95 or more likely, a start in FY 96.

NEW PROJECT DESCRIPTION

LAC BUREAU

OBJECTIVE: Support the evolution of stable democratic societies

LAC BUREAU

SUB-OBJECTIVE: Strengthen civilian government institutions

MISSION STRATEGIC

OBJECTIVE No. 3: Enduring democratic institutions and practices

ACTIVITY TITLE: Public Sector Accountability, 519-0396

LOP FUNDING: (\$000) FY 94: \$4,000 LOP: \$15,000 (G)  
over 5 years

FUNCTIONAL

ACCOUNT: DA, ESF

A. CONSISTENCY WITH MISSION STRATEGY

1. Activity Goal: Enduring democratic institutions and practices

Preliminary verifiable indicators:

- improved management of public funds
- increased efficiency of the Court of Accounts
- increased decentralization in GOES budget decisions
- improved and reliable tax and cost-recovery mechanisms

2. Activity Purpose: Increase the efficiency of GOES financial management and the accountability of civil servants for public funds.

Preliminary Verifiable Indicators:

- a functioning decentralized GOES accounting system
- improved cash management procedures at the Ministry of Finance
- improved prompt payment of suppliers
- regular professional audits of GOES institutions and programs
- standardized internal control assessments in GOES institutions
- presentation to the Legislative Assembly of the Ministry of Finance's annual financial statements
- transparent system for tax administration and improved tax collections, enforced by the legal system

B. RELATIONSHIPS TO A.I.D. AND OTHER DONOR ACTIVITIES

The proposed Project follows reforms in financial management and tax administration which USAID/El Salvador has pursued in its ESF Policy Reform Program. Key measures in the FY 93 program include GOES financial statements prepared in accordance with recognized international standards, the development of improved government cash management practices, and specific tax reforms. USAID has led the development of the reform agenda in this

area, which will continue as a core element of the FY 94 and FY 95 ESF Programs. Financial management system modernization is of mutual concern among the IMF, IBRD, IDB and UNDP, all of whom have activities in this area.

#### C. RELATION OF ACTIVITY TO OVERALL A.I.D. POLICY OBJECTIVES

The Central American Strategy proposes technical assistance and policy dialogue in order to reform tax structures and administration while promoting honesty and efficiency in government. Emphasis is placed on the quality, reliability, timeliness and credibility of financial information and transparency in the decision-making process.

#### D. ACTIVITY DESCRIPTION

While other countries in Latin America have made significant improvements in their public sector accountability practices, El Salvador's civil war and constitutional constraints, among other factors, have impeded such progress. Consequently, the GOES public sector accountability system is antiquated. El Salvador still clings to the practice of disbursement pre-approval instead of relying on decentralized internal control systems and an effective independent ex-post audit process. The tax system, although improving, still requires streamlining and improved collection methods. Processing of tax payments is inordinately slow.

A policy-based sector approach will be formulated. Policy conditionality is included in ESF Programs, while the proposed Project helps the GOES implement the reforms. This approach will provide the framework so that other donors (e.g. World Bank) might contribute as was done in Bolivia with the SAFCO project. The proposed project will help the GOES establish a modern integrated financial management system and a modern independent audit function. The improved system will speed payment processing, maximize the collection of taxes and fees, make it possible for the GOES to earn interest on idle resources, minimize GOES borrowings, and produce auditable financial reports on the operations of GOES activities. The Project will also promote an independent audit agency to assure fair, objective, reliable government financial and performance reporting. Working through the Ministry of Finance and the Court of Accounts, the Project will assist the GOES to modernize its financial management laws, regulations, and procedures in order to achieve decentralization of financial management functions and increase government efficiency at all levels.

The Project will fund technical assistance, automated equipment and training for the GOES. It will also support NGOs, such as the Salvadoran Association of Accountants, to provide in-country training and professional development for GOES employees who will implement the new system. The NGOs are also expected to undertake public awareness and education activities for the legal reforms necessary to put a modern financial management system in place.

#### E. PLANNED IMPLEMENTATION ARRANGEMENTS

The Mission and the GOES will execute a Handbook 3 Grant Agreement.

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#### F. SUSTAINABILITY OF PROPOSED ACTIVITIES

To carry on with financial management reforms once A.I.D. support ends, the Project must create a stronger demand for accountability and public awareness of the economic development impact of using sound financial management practices. These objectives can be obtained by strengthening watchdog NGOs, creating a chief financial officer within the executive branch and developing a professional, independent audit agency which has earned the public's trust.

#### G. MISSION MANAGEMENT ROLE

USAID will manage this project via a project-funded PSC project manager supervised by the Controller with assistance from the Economic Analysis Office.

#### H. POTENTIAL ISSUES AND/OR INNOVATIVE PROGRAM APPROACHES

1. The reform movement in the area of financial management within the GOES is relatively new. While initial reactions are positive, support may falter as the impact of anticipated reforms becomes clearer. Consumer opposition to needed electricity and water rate increases and government worker concerns about ministry budget reallocations are likely examples of the obstacles which may materialize. The will to overcome institutional rivalries and redefine certain ministerial roles within the government will depend in part on the Mission's ability to provide high level, respected technical assistance with strong persuasive abilities.
2. When existing procedures are streamlined and automated, some civil service cuts will have to be made in the Court of Accounts and the Ministry of Finance, probably in the 1994-95 timeframe. Success of the program in this area will depend on GOES resolve to cut public sector personnel levels and in-country training to those GOES employees who will need to be retrained.

**NEW PROJECT DESCRIPTION**

**LAC BUREAU**

**OBJECTIVE:** Support broadly-based, sustainable economic growth

**LAC BUREAU**

**SUB-OBJECTIVE:** Encourage increased economic opportunities for the disadvantaged  
Encourage preservation and sustainable use of the natural resource base

**MISSION STRATEGIC**

**OBJECTIVE No. 4:** Equitable economic growth increased

**ACTIVITY TITLE:** Agricultural Sector Modernization, 519-0397

**LOP FUNDING:** (\$000) FY 94: \$3,000 LOP: \$20,000 (G)  
over 5 years

**FUNCTIONAL**

**ACCOUNT:** DA

**A. CONSISTENCY WITH MISSION STRATEGY**

1. **Activity Goal:** Equitable economic growth increased

**Preliminary verifiable indicators:**

- percentage change in families with incomes below the poverty level
- percentage change in productive agricultural employment
- percentage change in dollar value of non-traditional agricultural exports

2. **Activity Purpose:** To improve the income of Salvadorans who earn their living directly or indirectly from agriculture.

**Preliminary Verifiable Indicators:**

- development of agricultural policy incentives to modernize production, facilitate trade, increase investment and promote sustainable land use.
- privatization of state-owned or -managed agricultural enterprises
- increased financial viability of farmer-owned cooperatives
- increased use of modern production technologies
- improvement of open land market systems
- improvement of small farmer access to production credit

**B. RELATIONSHIPS TO A.I.D. AND OTHER DONOR ACTIVITIES**

The Project will support GOES, private sector, and other donor efforts to modernize the agricultural sector through the development and implementation

of sectoral policies, an area where the U.S. has had a leading role in shaping the reform agenda. It will complement the World Bank Agriculture Sector Reform and Investment Program (PRISA) which will upgrade the National Center for Agricultural Technology (CENTA), the public agricultural research and extension agency, and reform the Ministry of Agriculture's management and organizational structure. Policy reforms implemented under the Project will increase the impact of the Mission's current projects in non-traditional export promotion, agricultural credit, land transfer and environmental/natural resource management, as well as activities in privatization and pricing policies, e.g., the privatization of the Basic Grains Supply Institute (IRA), seed production and BFA assets and basic grains pricing.

#### C. RELATION OF ACTIVITY TO OVERALL A.I.D. POLICY OBJECTIVES

A.I.D.'s Central American Economic Assistance Strategy promotes broad-based, sustainable economic growth through policy reforms which stimulate trade and investment, through opportunities for increased economic participation by the poor, and through policies and practices which promote preservation and sustainable use of the natural resource base. The Agricultural Sector Modernization Project implements this strategy with support to reforms which remove policy constraints, promote technological improvement, reduce tenure insecurity, promote trade linkages, privatize state-owned enterprises, help mobilize domestic financial resources, and promote sound environmental laws and regulations.

#### D. ACTIVITY DESCRIPTION

Although diversification into light industry has occurred to some extent, El Salvador's economic base remains the agricultural sector, which produces its major exports. However, the agricultural sector remains essentially rooted in the 1950's. It has been unable to respond effectively to the rapidly changing markets and conditions of the 1990's. What is needed is a different set of incentives and a better technological base which will enable it to respond quickly to changing prices and take advantage of market opportunities. To date, USAID has assisted the GOES to implement reforms which have had a profound effect on agricultural productivity: macroeconomic policy, financial and trade liberalization, export promotion, and privatization activities. The next round of reforms in the agriculture sector will be undertaken through a policy-based sector approach which includes ESF cash transfer and sectoral technical assistance in addition to continuing AID-supported projects. Using the 1993 sector assessment as a basis, USAID expects to assist the GOES administration elected in March 1994 to adopt a policy framework which embodies the anticipated ESF conditionality. The anticipated policy reforms in the FY 94 and FY 95 ESF Policy Reform Cash Transfer will:

- promote privatization policies which will assist the GOES to divest itself of agricultural enterprises;
- develop policies providing market-based incentives to encourage demand for improved production and post-harvest technology, increased agribusiness inputs and a more rational allocation of credit to farmers to acquire these inputs;
- support institutional reforms encouraging private sector driven technology generation, adaptation, and transfer, and private sector provision of inputs;
- adjust labor and wage policies to address growing labor constraints;

- deepen reforms for land market systems;
- promote tax policy reforms to encourage sustainable land use, diversify agricultural production, allocate factors of production through market signals, and promote greater agricultural trade and investment;
- formulate financial sector reforms to increase access to market-rate production credit.

The Agriculture Sector Modernization Project will support the implementation of these critical market-based agricultural reforms by providing technical assistance, training, studies, and limited commodity procurement to ensure that the proposed reforms are implemented in a timely manner and translated into higher rates of agricultural growth. Public and private institutions will be strengthened to develop, analyze and implement agricultural policies. The focus will be on making free markets function more effectively and efficiently in the agricultural sector, thereby complementing the World Bank program for reorganization of the Ministry of Agriculture.

#### E. PLANNED IMPLEMENTATION ARRANGEMENTS

Funds will be obligated through a Handbook 3 Grant Agreement. Principal implementing agencies will be the Ministry of Agriculture, selected NGOs, the Central Reserve Bank, the Agricultural Development Bank, and the land transfer agencies.

#### F. SUSTAINABILITY OF PROPOSED ACTIVITIES

Modernization of the agricultural sector will enhance the lives of over half of the population of El Salvador and contribute significantly to sustainable economic growth and stability. The Project does not increase recurrent costs, nor does it require external financing after the PACD.

#### G. MISSION MANAGEMENT ROLE

A USDH in the Office of Agriculture and Natural Resources will manage the project with the assistance of a USPSC.

#### H. POTENTIAL ISSUES AND/OR INNOVATIVE PROGRAM APPROACHES

The degree to which the PRISA project is successful in reorganizing the Ministry of Agriculture into a more efficient organization will be key to the success of this project.

## NEW PROJECT DESCRIPTION

LAC BUREAU  
OBJECTIVE: Support the achievement of broadly-based, sustainable economic growth

LAC BUREAU  
SUB-OBJECTIVE: Encourage increased economic opportunities for the disadvantaged

MISSION STRATEGIC  
OBJECTIVE No. 4: Healthier and better educated Salvadorans

ACTIVITY TITLE: Social Sector Reform, 519-0401

LOP FUNDING: (\$000) FY 95: \$5,000 LOP: \$15,000 (G)  
over 5 years

FUNCTIONAL  
ACCOUNT: DA

### A. CONSISTENCY WITH MISSION STRATEGY

#### 1. Activity Goal: Healthier and better educated Salvadorans

##### Preliminary verifiable indicators:

- Increased number of children completing the sixth grade
- Reduced infant and child mortality rates
- Reduced malnutrition rates

#### 2. Activity Purpose: To strengthen delivery of health and education services.

##### Preliminary Verifiable Indicators:

- Real increase in ordinary budget outlays for education and health services, higher proportion of outlays for non-salary costs
- Increased contraceptive prevalence (percentage of women using a modern contraceptive method)
- Increase in preventive health measures; e.g., vaccinations, prenatal care
- Increased levels of performance on third and sixth grade achievement tests

### B. RELATIONSHIP TO A.I.D. AND OTHER DONOR ACTIVITIES

This Project will enlarge the policy reform activities begun under current education and health projects in a manner consistent with the GOES approach to the Consultative Group. The World Bank includes measures which could affect budget allocations and personnel in the social sectors in its planned SAL II conditionality. It has provided \$26 million to encourage decentralized social service provision and supports primary education decentralization through the EDUCO Project. The World Health Organization assists the Ministry of

Health with training and technical assistance. The IDE supports education and health sectors through both ministries and local government, PVO's and community groups, and also supports post-secondary vocational training. In public health, the Project will strengthen the cost recovery reform begun under the AID-supported Health Systems Support Project and will expand the policy dialogue to include family planning and maternal-child health. In education, the Project will pursue policy reforms which will increase the impact of the AID-supported Strengthening Achievement in Basic Education (SABE) Project on increased efficiency and quality of primary education.

#### C. RELATIONSHIP OF ACTIVITY TO OVERALL A.I.D. POLICY OBJECTIVES

A.I.D.'s Central American Strategy aims to increase access to basic education and primary health care and to improve the efficiency with which these services are delivered by public and private agencies. The Project will implement the strategy by improving the policy framework and management practices in the education and health sectors.

#### D. ACTIVITY DESCRIPTION

In the 1980s there were drastic real declines in GOES ordinary budget spending on health and education. Aggravating this situation is the inefficiency and highly centralized configuration of public sector delivery systems. Resources are concentrated in the urban areas (where the majority of private resources are also found) and are disproportionately allocated to higher education and hospitals versus primary education and preventive health care. High levels of poverty-related illness (malnutrition and infectious disease) persist in the child and infant population. El Salvador suffers a severe education deficit compared to the rest of Latin America and the Caribbean, and the deficit widened considerably during the 1980s. Teacher salaries are low, administrative costs are high and too little is spent on textbooks and educational materials. Repetition rates are high, especially in the early school years. While the GOES has increased real spending levels for both education and health programs in the last couple of years, further increases and more efficient allocation of available resources are needed.

To date, USAID has assisted the GOES to achieve initial cost-recovery for health services and curriculum reform. Future support for the education and health sectors will be undertaken through a policy-based sector approach which includes ESF cash transfer funds, sectoral technical assistance and EAI debt forgiveness proceeds to complement the Mission's continuing technical assistance and institutional strengthening projects. Using the 1993 health and education sector assessments as a basis, USAID expects to assist the GOES administration elected in March 1994 to adopt key policy reforms. The FY 94 and FY 95 ESF Policy Reform Cash Transfer will include policy measures which:

- Directly relate planning and delivery of services with analytical studies, e.g. for health, basic education, labor, and poverty, as a guide for allocation of resources within the sectors.
- Institutionalize the regular evaluation of the quality of service delivery by public and private providers.
- Recover the cost for selected services and products from the direct user on an equitable basis.
- Decentralize authority for budget, day-to-day management, and selection of services to lowest cost-effective level.

- Increase the role of PVOs and other private sector service providers.
- Remove constraints on resource mobilization and investment by the private sector in commercial provision of health and family planning services.

The Social Sector Reform Project will assist the GOES to structure these reforms and implement them. Technical assistance and training will assist the GOES to carry out analytical studies required to gather information and to evaluate the quality of social service delivery. The information will be used to improve planning and budgeting systems so that resources are directed to high priority programs, e.g., preventive health and primary schools, and away from moribund or less cost effective activities. Based on the policy reforms achieved, the Project will also help the GOES to institute cost reduction, recovery and sharing programs. Project assistance will assist the GOES to decentralize responsibility and authority for program direction and budget control. Where appropriate, private provision of health and education services will be encouraged. To promote the participation of NGOs in improving social service provision, funds from the 1993 EAI debt reduction will be made available to support child development activities. The framework agreement to govern these funds was negotiated in April 1993.

#### E. PLANNED IMPLEMENTATION ARRANGEMENTS

The project will be signed as a five-year HB 3 grant implemented by a technical assistance contract and HB 13 grants to NGOs.

#### F. SUSTAINABILITY OF PROPOSED ACTIVITIES

By focussing on implementation effectiveness (technical assistance, training and decentralization), with a parallel encouragement of increased domestic financing of sector activities, balancing cost recovery with improved quality, this project should play a strong role in the ultimate sustainability of activities receiving support.

#### G. MISSION MANAGEMENT ROLE

USAID/El Salvador will manage this program jointly between the Health and Education Offices.

#### H. POTENTIAL ISSUES AND/OR INNOVATIVE PROGRAM APPROACHES

The use of the 1993 EAI debt forgiveness proceeds will provide a flexible, competitive means for promoting NGO involvement in both policy and program activities.

## NEW PROJECT DESCRIPTION

### LAC BUREAU

OBJECTIVE: Support the evolution of stable democratic societies

### LAC BUREAU

SUB-OBJECTIVE: Encourage pluralism, tolerance of opposing views, and support for democratic values

### MISSION STRATEGIC

OBJECTIVE No. 3: Enduring democratic institutions and practices

ACTIVITY TITLE: Participation and Governance, 519-0403

LOP FUNDING: (\$000) FY 95: \$5,500 LOP: \$10,000(G)  
over 5 years

### FUNCTIONAL

ACCOUNT: DA

#### A. CONSISTENCY WITH MISSION STRATEGY

1. Activity Goal: Enduring democratic institutions and practices

Preliminary verifiable indicators:

- Expanded channels of communication and participation through citizen ability to influence local and national public policy decision makers
- Increased citizen confidence in government through heightened efficiency and accountability

2. Activity Purpose: To strengthen democratic representation and responsive government structures.

Preliminary verifiable indicators:

- Increased civic participation in the democratic process through stronger multipartisan, private mediating structures for public policy formation, e.g., neighborhood associations, advocacy groups, public interest organizations, media and alternative sources of information
- Establishment of formal channels, in both legislative and executive branches, for citizen comment on proposed legislation and regulations
- Transparent, agile registration procedures for NGOs.
- A unified civil registry and a single citizen identification/voter registration document
- Improved capacity of Ministry of Labor to enforce the new labor code and to use arbitration and mediation in dispute resolution.
- Expansion of agile property titling procedures for all real property.

#### B. RELATIONSHIPS TO A.I.D. AND OTHER DONOR ACTIVITIES:

The Project synthesizes a portfolio of initiatives carried out by USAID to promote and strengthen citizen voice, pluralism, participation and confidence

in their government. These activities have gained momentum since the January 1992 Peace Agreements; their achievements will attain broader impact under the proposed Project. The Project complements other Mission activities to increase the responsiveness and transparency of government functions, to increase oversight, especially of the budget process, by the Legislative Assembly, and to promote national reconstruction and reconciliation. It will also complement European Community assistance to the Legislative Assembly and small private grants to NGOs.

#### C. RELATION OF ACTIVITY TO OVERALL A.I.D. POLICY OBJECTIVES

The common thread of increasing citizen participation and responsive governance reinforces the A.I.D. Central American Objective to develop stable democratic societies by encouraging pluralism, tolerance of opposing views and support for democratic values. The policy-based sector approach to strengthening democratic institutions builds on lessons learned through project assistance provided in the late 1980s and early 1990s and incorporated into the Agency Democracy and Governance Policy. This assistance laid the foundation for increased citizen advocacy and participation, more open debate between competing groups, and the expansion of channels for popular influence on government.

#### D. ACTIVITY DESCRIPTION

The dialogue between different segments of society engendered by national reconciliation and reconstruction has highlighted the need for continued evolution of government and private entities which help mediate social change. The Mission will use a policy-based sector approach to attain increased democratic representation and responsive government structures. Conditionality within the FY 93 Policy Reform Cash Transfer includes the enactment of a new labor code, which is expected to include improved procedures for the registration of labor unions and the use of mediation in labor-management disputes. The FY 94 and FY 95 conditionality will include measures to further promote and strengthen pluralism and civic participation, such as:

- unification of the civil and voter registries
- establishment of legal requirements for public comment periods on proposed legislation and regulations
- simplified registration procedures for NGOs
- implementation of the new labor code
- legal reform to expand coverage of the simplified procedures for land titling

The Project will assist the GOES in implementing these reforms through technical assistance, training, institutional strengthening and commodity support, with activities focussed on: (a) expanding citizen participation, and (b) increasing responsiveness/accessibility of key government services. Assistance will be provided to the Legislative Assembly and to the Ministries of Labor and Justice to establish a public comment procedures to facilitate citizen participation in public policy making. This participation will be promoted by NGOs focussed on citizen advocacy and alternative information sources, which, as mediating structures in the private sector, serve as channels for popular participation in government and the open dissemination of information and opinion. The Project will also provide technical assistance, training and limited commodity support to strengthen Salvadoran NGO

organizations and the media to enable these organizations to better foster debate and citizen participation in the public policy making process. Apart from the legislative process, the Project will support activities, for example, through the Centro DEMOS, to foster understanding among the diverse social and economic groupings found in Salvadoran society.

To increase the responsiveness of government, the Project will assist the GOES to establish a unified civil and voter registry and to establish an efficient process for the issuance of this document. This will permit issuance of a single national identity card which permits access to voting, government services, and commercial transactions. The Project will provide technical and commodity assistance to the Ministry of Interior to improve the agility of the registration process for NGOs. Further, the Project will provide commodities and training to the Social Registry, which is applying the Peruvian model for administrative simplification, for expansion of agile property titling procedures to all real property.

#### E. PLANNED IMPLEMENTATION ARRANGEMENTS

The Project will be signed as a HB 3 grant with a mechanism for support to NGOs and a possible PASA with the Federal Mediation and Conciliation Service.

#### F. SUSTAINABILITY OF PROPOSED ACTIVITIES

The changes in responsive governance and efficacy of NGOs and the media, as viewed by the citizenry, will provide the long-term sustainability of this program. The legal reforms such as land title registry, simplification of the registration process for NGOs and unions, and consolidation of cédulas and carnets into one single ID applying to GOES institutions and procedures will, in most cases, result in the elimination of costly inefficiencies in government. Participating NGOs will be assisted to strengthen their program performance, management, and accountability, but their sustainability will ultimately be determined based on their success in generating demand for their services and ideas.

#### G. MISSION MANAGEMENT ROLE

This Project will be managed by the Democratic Initiatives Office.

#### H. POTENTIAL ISSUES AND/OR INNOVATIVE PROGRAM APPROACHES

The GOES institutions and NGOs which participate in the Project are still developing the institutional capacity necessary to carry out these activities. However, the present projects in the USAID democratic initiatives portfolio are providing technical assistance to upgrade capacity. While we will need to continue this assistance into the proposed project we anticipate that the GOES and NGOs will be able to successfully carry out the reforms proposed by 1995.

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B. Table 3: USAID/(El Salvador) PORTFOLIO -- PROJECT TIMELINE

PROJECT NUMBER\TITLE	FY92				FY93				FY94				FY95				FY96				FY97			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
5190281 Health/Jobs for DP	X	X	X	X	X	X	X																	
5190287 Indust. Stab./Recov.	X	X	X	X	X	X	X	X	X	X	X	X												
5190296 Judicial Reform	X	X	X	X	X	X																		
5190307 Ag. Reform Fin.	X	X	X	X	X	X	X	X																
5190308 Health Syst. Support	X	X	X	X	X	X	X	X	X	X	X	X												
5190315 Training for Produc.	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				
5190318 Microenterpr. Dev.	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5190320 Public Serv. Improv.	X	X	X	X	X	X	X	X	X	X	X	X												
5190323 Free Zone Dev.	X	X	X	X	X	X	X	X	X	X	X	X												
5190327 Agribusiness Dev.	X	X	X	X	X	X	X	X	X	X	X	X												
5190333 Earthquake Reconst.	X	X	X	X	X	X																		
5190337 El Salv. Peace Sch.	X	X	X	X	X	X	X	X																
5190346 Strength. Rehabil.	X	X	X	X	X	X	X	X	X	X	X													
5190349 Tech. Support	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X								
5190357 SABE	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5190358 CA Rural Elect.	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X								

PROJECT NUMBER\TITLE	FY92				FY93				FY94				FY95				FY96				FY97			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
5190360 Legis. Assembly	X	X	X	X	X	X	X	X	X	X	X	X	X											
5190361 CLASP II	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5190362 Coffee Tech				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5190363 Family Health Serv.	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X								
5190364 Comm. Based Integ.	X	X	X	X	X	X	X	X	X	X	X	X												
5190367 Maternal Health	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5190368 AIFLD	X	X	X	X	X	X	X	X	X	X	X	X	X	X										
5190373 Fed. of Bar Assoc.	X	X	X	X	X	X	X	X	X	X	X	X												
5190375 Strengthen Democ.	X	X	X	X	X	X	X	X	X	X	X													
5190376 Judicial Ref. II				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5190377 FUNDASALVA	X	X	X	X	X	X	X	X	X	X	X													
5190382 Rural Ent. Dev.	X	X	X	X	X	X	X	X	X	X	X													
5190385 Env/Natural Res.							X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5190387 Small Enterp. Sup.							X	X	X	X	X	X	X	X	X	X	X	X	X					
5190388 Municipal Dev.							X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5190391 Democratic Elect.				X	X	X	X	X	X	X	X	X	X	X	X	X								
5190392 Small Farmer Exp.	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X					
5190394 National Reconst.		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	

PROJECT NUMBER\TITLE	FY92				FY93				FY94				FY95				FY96				FY97				
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
5190395 IESC II				X	X	X	X	X	X	X	X														
5190396 Pub. Sec. Account.											X	X	X	X	X	X	X	X	X	X	X	X	X	X	
5190397 Agricultural Sector Modernization											X	X	X	X	X	X	X	X	X	X	X	X	X	X	
5190399 CRS				X	X	X	X	X	X	X	X	X													
5190400 PADF				X	X	X	X	X	X	X	X	X	X	X											
5190401 Social Sec. Reform															X	X	X	X	X	X	X	X	X	X	
5190403 Particip. & Govern																X	X	X	X	X	X	X	X	X	
5190410 Orphans/Displ. Ch.								X	X	X	X	X	X	X	X										
5190405 Freedom House								X	X	X	X	X													
5190411 Centro DEMOS								X	X	X	X	X													
<b>TOTAL PROJECTS</b> (number ongoing by 10/1 of next FY)				<b>34</b>				<b>35</b>				<b>22</b>				<b>16</b>				<b>13</b>				<b>5</b>	

#### IV: ENVIRONMENT--BIOLOGICAL DIVERSITY AND TROPICAL FORESTS

The Mission prepared a Natural Resource Management Strategy in FY91, which was approved per STATE 370739 dated November 9, 1991. In the strategy, the Mission outlined problems and constraints, as well as resolution approaches for a broad range of natural resources issues, including biological diversity and tropical forestry. In September 1992, the Mission sent a biodiversity update (1992 San Salvador 09199). The following is an summary of major challenges the country is facing, and progress in addressing biological diversity and tropical forest concerns.

##### A. Major Conservation Challenges

The major challenges to conservation of biological diversity and the reduction of deforestation in El Salvador are: high population density, pressure for access to land, and lack of government attention to natural resource issues for the last 12 years at least in part because of the civil war. In addition, there is a lack of legal basis for protected areas and of long term plans for buffer zones to take some of the pressure off the few areas that are presently designated for protection.

##### B. Progress

The current government has shown an active interest in E/NR issues and started to take concrete steps to halt the worst deterioration in Central America. In June 1991, the Mission supported with local currency the establishment of the Executive Secretariat for the Environment (SEMA) within the Ministry of Agriculture and has coordinated closely with it since then. To date, SEMA's technical staff has published 16 working papers of which nine deal directly with biodiversity and protected areas. Also, SEMA prepared the GOES Environmental Agenda and Action Plan which was presented at the Earth Summit in June 1992.

The Fishery Development Center (CENDEPESCA) a division under the Directorate of Natural Resources in the Ministry of Agriculture (MAG) has taken special interest in research and enforcement, and reduced the number of shrimp boat licenses from 210 to 85 with a goal of reaching 47 (the number recommended for a sustained-yield shrimp fishery) by 1994.

In 1991, the Mission sponsored the visit of a turtle expert with the U.S. Fish and Wildlife Service to assess the current situation of marine turtles and make recommendations for their protection and reproduction. Based on the recommendations, CENDEPESCA promoted training in the use of Turtle Excluding Devices (TEDS) with assistance from AID. In September 1992, a National Marine Fisheries Service team trained a fishing crew which then completed four cruises with shrimp boat captains and company owners to train them in the proper use of the TEDs to maximize shrimp catch while protecting the turtles.

From 1990 into 1992, the GOES initiated an educational campaign called "My Tree and Me." The purpose was to educate the general populace about the importance and benefits of protecting the environment and natural resources

more rationally. Under the GOES National Reconstruction Plan, some 5,000 kilograms of native species tree seeds have been collected for reforestation programs. Preliminary estimates indicate that some 25,000 hectares could be planted with these seeds.

With the conclusion of the war, not only has the GOES begun to focus on its E/NR problems, but so has the donor community. The AID-funded PROMESA Project has just been signed; the IDB, with a major Watershed Management Project, and the World Bank, with SAL II conditionality and a probable project loan in 1994 or 1995, are not far behind.

### C. Follow Up

The Mission is sponsoring a bio-diversity and socio-economic diagnostic study of two protected areas in El Salvador which will be part of the Demonstration Area of the Salvadoran Environmental Protection Project (PROMESA): El Imposible National Park and the Barra de Santiago protected area, a prime mangrove area whose estuary will benefit from the natural resource management efforts financed under PROMESA in the associated watershed.

The PROMESA Project, obligated in April 1993, will address the issues of biological diversity and deforestation through Policy Reform, Environmental Education, and Demonstration components. The policy framework assembled under the Project will include actions such as a Fisheries Law and Protected Areas Law. PROMESA will provide support to train the National Parks and Wildlife Service (SNPVS) in developing management plans and encourage innovative arrangements such as the agreement between the Natural Resources Center (CENREN) and the Salvadoran Ecological Foundation 20-30 (FESA) for the NGO to manage the Imposible National Park.

PROMESA will assist CENDEPESCA to establish a program in the Barra de Santiago to monitor fish catches and document changes, thereby assuring a sustained-yield fishery in the mangroves and estuary habitats.

V. RESOURCE REQUIREMENTS

Program Budget: The Mission believes it is crucial to maintain budget levels at or near the levels approved in the FY 94 ABS for FY 94 and FY 95 (FY94 \$120 million ESF, \$55 million DA and FY95 \$85 million ESF, \$50 million DA). The program experienced increases over the last year as the U.S. took on a major role in supporting the peace process -- especially demobilization and democratic reforms -- and the reconciliation and reconstruction activities prior to and following the December 1992 formal end of the war. Continued significant budget levels will demonstrate U.S. commitment to the foregoing process through the uncertainty of the 1994 election process. It will enable us to deepen and consolidate the economic and democratic reforms imbedded in our ESF assistance. The funds will give the Mission appropriate leverage with the newly elected government to stay the course on these reforms and set priorities to focus on areas, such as basic social services, which suffered from low investments during the war.

These budget levels will meet mortgage requirements for ongoing and new activities related to the Peace and National Recovery Project (NRP), democracy building activities, the social sectors and the environment. The decline demonstrated in the FY 95 budget will enable the Mission to remove itself from certain areas, such as investment promotion, free zones and major infrastructure activities, without creating a significant dislocation. By that time, we hope that other donor resources will become more relevant, in those areas. In addition, the Mission will need to continue concentration on overall policy reforms and technical assistance to implement the reforms. This approach, we believe, will be a recipe for success in El Salvador and protect the \$3.5 billion in economic assistance provided during the war years.

Staffing Levels: The Mission is pursuing a staffing strategy in line with a gradual reduction in program resources. This process is continuing despite the 1992 AID Program and Operations Assessment Report No. 3 showing El Salvador as the most understaffed Mission in the world. As mentioned in the ABS, the Mission will maintain 36 USDH and 295 total staff through FY 94. The table below summarizes the Mission's personnel requirements through FY 95:

OE FUNDED EMPLOYEES

	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>
USDH	36	36	33
FSNDH	41	41	37
USPSC	17	17	15
FSNPSC	<u>119</u>	<u>119</u>	<u>112</u>
Subtotal	213	213	197

PROJECT FUNDED EMPLOYEES

	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>
USPSC	20	20	16
FSNPSC	<u>62</u>	<u>62</u>	<u>58</u>
Subtotal	82	82	74
 Mission Total	295	295	271

In FY 94 and FY 95, we will see a decline in management units through the termination of a number of projects. However, the manpower-intensive requirements under the NRP and its related activities, plus the 1994 elections and unanticipated projects related to the Peace Accords (e.g., Centro Demos, Freedom House) have expanded responsibilities. Thus, the initial personnel reductions are projected at eight percent overall. The Mission will be able to sustain the cut, with difficulty, in USDHs to 33 as planned. We believe an overall cut of eight percent in 1995 should enable us to still meet the intense management, implementation, monitoring and accountability requirements currently facing the Mission.

OE Funding: As mentioned in the ABS, the Mission has taken several steps to reduce OE costs such as moving OE-funded FSNS to project funding where appropriate, implementing a strong preventive maintenance program for housing, office equipment and vehicles, and reducing new purchases to the bare minimum. Nonetheless, and until the program reduces significantly, the Mission will have to maintain its OE budget at around \$8.1 million in FY 94 and FY 95.

MONETARY REQUIREMENTS

	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>
Appropriated Funds	4,318.3	3,995.8	3,960.7
Trust Funds	<u>3,854.3</u>	<u>4,136.3</u>	<u>4,200.3</u>
 TOTAL	8,172.6	8,132.1	8,161.0

The Mission uses over \$4.0 million equivalent in local currency trust funds for operating expenses. Currently, the Mission operates with an 18-month reserve in local currency trust funds at current expenditure rates.

Given the planned FY 93-95 ESF levels, the Mission will be able to program local currency for OE trust funds to maintain or even increase the reserve funds. The key constraint to this approach is the artificial trust fund caps proposed by AID/W over the last few years. If these caps continue, the Mission will have to solicit higher dollar OE levels to manage properly our portfolio over the next several years. With tight OE levels worldwide, more flexibility in the use of trust funds would seem indicated, thereby saving taxpayer dollars.

Internal Control Assessment: The Mission continues to support strongly the increased emphasis in establishing, strengthening and maintaining internal control. The latest assessment took place in September 1992, in which one material weakness related to commodity management and 11 non-material weaknesses were identified. The Mission's Management Control Review Committee has met on a quarterly basis, chaired by the Deputy Mission Director, since the assessment was issued. As of March 31, 1993, the Mission has closed eight of the non-material weaknesses. The remaining recommendations will be closed by September 1993.

## VI. MISSION AND AID/W INITIATED ISSUES

A. Supporting the New, Democratically-Elected Government. The Mission believes that it is crucial to hold planned levels through the March 1994 elections and the installation of a new democratically-elected government in June 1994. Strong budget levels will demonstrate continued USG commitment to the peace, national reconciliation and reconstruction efforts while enabling the Mission to maintain momentum in consolidating and extending the democratic reforms achieved, and deepen efforts in the social sectors and the environment to accomplish sustainable growth. It will also support the new government in outlining its development agenda. Our FY 94 ABS requested \$120 million ESF and \$55 million DA for FY 1994 and \$85 million ESF and \$50 million DA for FY 1995. Already we have been told that FY 1994 levels have been cut to \$100 million ESF and \$50 million DA. It is critical that these cuts go no deeper.

B. AIFLD Incorporation in Regional Project. At last year's Action Plan Review the Mission and the Bureau agreed that AIFLD's bilateral grant would be phased down in an orderly fashion to be eventually incorporated in the regional grant. The Mission will extend the project through March 1995, providing \$2 million in 1993 and \$1 million in 1994. This should bring AIFLD's operations in line with efforts in other Central American countries. Will the regional project be able to pick up El Salvador in FY 1995 as previously agreed?

C. Trust Fund Cap. Given planned ESF levels, the Mission will be able to generate sufficient local currency resources to finance substantial OE trust fund requirements for the next few fiscal years. In addition, the Mission could build reserves to cover an additional 18 to 24 months. However, an artificially low trust fund cap of \$3.6 million in FY 94 and FY 95 has been set by AID/W. USAID/El Salvador considers that these limitations are unreasonable, given global funding realities. Thus, the Mission requests the cap be raised to at least \$4.0 million for FY 94 and FY 95.

**TABLE 4**  
**USAID/EI SALVADOR**  
**SUMMARY PROGRAM FUNDING TABLE**  
**Dollar Program**

A

Funding Category	FY93 Estimated	FY94 Requested	FY95 Requested
<b>Development Assistance</b>			
<b>Mission Strategic Objective #1</b> Assist in Transition from War to Peace			
519-0308 Health Systems Support	2,800,000	2,000,000	---
519-0315 Trng. for Productivity Competitiv.	1,400,000	1,100,000	500,000
519-0318 Microenterprise Development	1,000,000	500,000	
519-0320 Public Services Improvement	---	2,017,000	---
519-0357 Strength. Achievement in Basic Edu.	2,400,000	1,100,000	---
519-0361 CLASP	835,000	1,000,000	770,000
519-0367 Maternal Health/Child Survival	2,500,000	2,500,000	---
519-0387 Small Enterprise Support	1,250,000	750,000	---
519-0410 Orphans/Displ. Child. (Salesians)	500,000	---	---
<b>Subtotal</b>	<b>12,685,000</b>	<b>10,967,000</b>	<b>1,270,000</b>
<b>Mission Strategic Objective #2</b> Equitable Economic Growth Increased			
519-0315 Trng. for Productivity Competitiv.	600,000	2,100,000	500,000
519-0318 Microenterprise Development	1,500,000	500,000	---
519-0320 Public Services Improvement	---	2,181,000	2,000,000
519-0362 Coffee Technology	1,125,000	3,000,000	1,125,000
519-0387 Small Enterprise Support	1,250,000	1,750,000	---
519-0392 Small Farmer Export and Marketing	---	1,275,000	850,000
519-0397 Agricultural Sector Modernization	---	2,250,000	4,500,000
<b>Subtotal</b>	<b>4,475,000</b>	<b>13,056,000</b>	<b>8,975,000</b>

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Funding Category	FY 93 Estimated	FY 94 Requested	FY 95 Requested
Development Assistance			
Mission Strategic Objective #3 Enduring Democ. Institutions & Practices			
519-0357 Strength. Achievement in Basic Edu.	---	250,000	300,000
519-0361 CLASP	1,065,000	1,625,000	3,506,000
519-0368 AIFLD	2,000,000	1,000,000	---
519-0388 Municipal Level Democratic Dev.	3,000,000	3,000,000	5,200,000
519-0396 Public Sector Accountability	---	---	4,000,000
519-0403 Participation and Governance	---	---	5,500,000
<b>Subtotal</b>	<b>6,065,000</b>	<b>5,875,000</b>	<b>18,506,000</b>
Mission Strategic Objective #4 Healthier & Better Educated Salvadorans			
519-0308 Health Systems Support	3,300,000	1,965,000	---
519-0320 Public Services Improvement	---	1,150,000	1,624,000
519-0357 Strength. Achievement in Basic Edu.	300,000	900,000	2,400,000
519-0361 CLASP	950,000	---	2,105,000
519-0363 Family Health Service	2,400,000	2,979,000	---
519-0364 Community Based Integ. Rural	1,985,000	---	---
519-0367 Maternal Health/Child Survival	2,500,000	2,801,000	---
519-0401 Social Sector Reform	---	---	5,000,000
<b>Subtotal</b>	<b>11,435,000</b>	<b>9,795,000</b>	<b>11,129,000</b>

Funding Category	FY 93 Estimated	FY 94 Requested	FY 95 Requested
<b>Development Assistance</b>			
<b>Mission Strategic Objective #5 Environmental &amp; Natural Resources Management</b>			
519-0320 Public Services Improvement	---	104,000	---
519-0357 Strength. Achievement in Basic Edu.	300,000	250,000	300,000
519-0361 CLASP	950,000	875,000	630,000
519-0362 Coffee Technology	375,000	1,000,000	375,000
519-0385 Env/Natural Resources	6,400,000	5,000,000	5,000,000
519-0392 Small Farmer Export and Marketing	---	225,000	150,000
519-0397 Agricultural Sector Modernization	---	750,000	1,500,000
<b>Subtotal</b>	<b>8,025,000</b>	<b>8,204,000</b>	<b>7,955,000</b>
<b>Mission Strategic Objective - Other</b>			
519-0406 Program Development and Support	1,620,000	1,803,000	1,865,000
519-0094 Special Development Activities	200,000	300,000	300,000
598-0791 RTAC II	300,000	---	---
598-0774 ATIE	700,000	---	---
<b>Subtotal</b>	<b>2,820,000</b>	<b>2,103,000</b>	<b>2,165,000</b>
<b>Subtotal DA</b>	<b>45,505,000</b>	<b>50,000,000</b>	<b>50,000,000</b>

<b>Economic Support Fund</b>			
<b>Mission Strategic Objective #1 Transition from War to Peace</b>			
519-0394 National Reconstruction Plan	30,000,000	25,000,000	27,900,000
<b>Subtotal</b>	<b>30,000,000</b>	<b>25,000,000</b>	<b>27,900,000</b>
<b>Mission Strategic Objective #2 Equitable Economic Growth Increased</b>			
519-0349 Tech. Support, Policy Anal. & Trg.	3,000,000	3,000,000	1,250,000
519-0408 FY 93 Economic Policy Reform	56,000,000	48,000,000	40,000,000
<b>Subtotal</b>	<b>59,000,000</b>	<b>51,000,000</b>	<b>41,250,000</b>
<b>Mission Strategic Objective #3 Enduring Democ. Institutions &amp; Practices</b>			
519-0349 Tech. Support, Policy Analy. & Trg.	1,000,000	1,000,000	750,000
519-0360 Legislative Assembly	1,100,000	---	---
519-0376 Judicial Sector Reform	3,400,000	7,000,000	3,100,000
519-0396 Public Sector Accountability	---	4,000,000	2,000,000
519-0405 Freedom House	500,000	---	---
519-0408 FY93 Economic Policy Reform	14,000,000	12,000,000	10,000,000
519-0411 Centro DEMOS	1,000,000	---	---
<b>Subtotal</b>	<b>21,000,000</b>	<b>24,000,000</b>	<b>15,850,000</b>
<b>Subtotal ESF</b>	<b>110,000,000</b>	<b>100,000,000</b>	<b>85,000,000</b>

Funding Category	FY93 Estimated	FY94 Requested	FY95 Requested
<b>Demobilization and Transition Fund</b>			
Mission Strategic Objective #1 Transition from War to Peace			
519-0394 National Reconstruction Plan	34,750,000	---	---
<b>Subtotal DTF</b>	34,750,000	---	---
<b>P.L. 480 Title I</b>			
<b>Subtotal</b>	30,000,000	30,000,000	30,000,000
<b>PROGRAM TOTAL</b>	220,255,000	180,000,000	165,000,000