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***Sustainable Development &
Democracy in
El Salvador
1997 - 2002***

USAID



May 1996

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1995 Data and Analysis

Transition from War to Peace

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STRATEGIC OBJECTIVE 1995 PERFORMANCE

El Salvador

STRATEGIC OBJECTIVE : ASSIST EL SALVADOR TO MAKE THE TRANSITION FROM WAR TO PEACE

Indicator: 1. Population living in poverty (NRP rural)

Unit: People, percent		Year	Planned	Actual
Source: Multi-purpose household Survey	Baseline	1993	N/A	-4.34
<p>Comments: This indicator measures the change (decrease) in the spread between percent of population living in relative poverty in NRP rural areas and those living in relative poverty in rural areas nationwide.</p> <p>Data for prior years has been corrected, and data presented for 1995 are preliminary. Original data showed that poverty in NRP areas was greater than nationwide. Targets were based on those results. 1995 revised results show that relative poverty in NRP rural areas was actually <i>less</i> than relative poverty in rural areas nationwide.</p> <p>Note that in 1995 the sample size of the multi-household survey was pared in half (from 20,000 to 10,000 households) which may have skewed results. Due to unreliability of this data, planned figures for 1996 have not been modified.</p> <p>Numbers are reported on a calendar year basis.</p>		1994	5.41	-2.77
		1995	4.41	-2.74
	Target	1996	3.41	

Indicator: 2. Population living in extreme poverty (NRP rural)				
Unit: People, percent		Year	Planned	Actual
Source: Multi-purpose household survey	Baseline	1993	N/A	14.8
<p>Comments: This indicator measures the change (decrease) in the spread between percent of population living in extreme poverty in NRP rural areas and those living in extreme poverty in rural areas nationwide.</p> <p>The data presented for 1995 are preliminary. The spread between the percent of population living in extreme poverty in NRP rural areas compared to those living in extreme poverty countrywide has increased since 1994 to 8.97 percentage points.</p> <p>As mentioned under indicator 1, figures may be skewed due to a substantial reduction in survey size. Due to unreliability of this data, planned figures for 1996 have not been changed.</p> <p>USAID has decided to concentrate limited remaining NRP funds in areas of extreme poverty/greatest unmet need.</p> <p>Numbers are reported on a calendar year basis.</p>		1994	7.48	7.93
		1995	6.48	8.97
	Target	1996	5.48	

Indicator: 3. Elections are free and open				
Unit: Yes/No		Year	Planned	Actual
Source: Election observer reports	Baseline	1994	yes	yes
Comments: 1994 General Elections (presidential, legislative and mayoral). 1997 mayoral elections are legislative and mayoral only.		1997	yes	

El Salvador								
FACTORS OF PRODUCTION (LAND, LABOR, CAPITAL) REACTIVATED TO RESPOND TO ECONOMIC OPPORTUNITIES								
Indicator 1. People trained (by gender) under NRP								
Unit: People, number		Year	Male	Planned Female	Total	Male	Actual Female	Total
Source: NRP Database	Baseline	1992	4,000	250	4,250	3,960	600	4,560
<p>Comments: To improve results and impact, two program adjustments were made which substantially increased beneficiaries trained: (1) technical assistance/training to Land Bank clients to increase the amount of land in production (see indicator 1.1.4) and (2) micro-enterprise and agricultural credit clients trained to improve credit recuperation rates and to increase income.</p> <p>Through March 31, 1996, 91,965 beneficiaries have received training and/or technical assistance through the NRP. Of those, 65,646 were men and 26,319 were women.</p> <p>These numbers are reported by fiscal year, as of September 30, 1995.</p>		1993	11,800	3,000	14,800	17,927	2,489	20,416
		1994	15,512	3,317	18,829	29,505	9,822	39,327
		1995	6,533	1,767	8,300	11,535	11,607	23,142
		1996	3,399	1,449	4,848			
	Target	1997	2,148	940	3,088			

Indicator: 2. Clients receiving credit								
Unit: Clients, number		Year	Male	Planned Female	Total	Male	Actual Female	Total
Source: NRP Database	Baseline	1991	6,500	900	7,400	6,650	6,200	12,850
<p>1/ Projections for years 1994-1997 were revised in the 1994-1995 Action Plan.</p> <p>Through March 31, 1996, 84,464 beneficiaries have received credit through the NRP.</p> <p>These numbers are reported by fiscal year, as of September 30, 1995.</p>		1992	14,575	2,325	16,900	7,250	450	7,700
		1993	19,200	19,200	38,400	20,362	8,798	29,160
		1994 ^{1/}	11,320	2,834	14,154	5,180	3,864	9,044
		1995	4,128	3,012	7,140	16,904	4,605	21,509
	Target	1996	2,400	600	3,000			

Indicator: 3. Beneficiaries with increased income after receiving both training and credit.						
Unit: Survey respondents, percent			Planned		Actual	
Source: Special Survey (Daniel Carr and Associates)		Year	Male	Female	Male	Female
<p>Comments: This indicator was established last year, measuring income impact resulting from 10 credit and training programs. This data is meant to be illustrative of the entire training/credit program.</p> <p>1995 figures are taken from a random sample of 808 families which measures increases in family income in male and female heads of household.</p> <p>Annual surveys will be conducted to compare beneficiary income levels before and at least six months after receiving credit.</p>	Baseline	1995	60	70	65	67
		1996	65	75		
		1997	65	75		

Indicator: 4. Land Bank clients with land in production				
Unit: People, percent		Year	Planned	Actual
Source: OCTA survey	Baseline	1993	100 ^{1/}	25 ^{2/}
<p>Comments: Land in production is land cultivated under annual crops, permanent crops, and/or pastures in use, as well as land used for agro-industrial purposes.</p> <p>Survey results from July 1995 show a leveling off of beneficiaries with land in production from 1994. Results are derived from land transferred at least six months prior to the survey.</p> <p>As of March 31, 1996, 32,463 beneficiaries had received title to land of a universe of 35,000 beneficiaries. It is projected that all transfers will be completed by August 1996, at which time a final survey of clients with land in production will be conducted.</p> <p>1/ The original target of 100% by 1992 was established by the Peace Accords, without input from the USG. That target was obviously unrealistic; subsequent targets set in March 1994 reflect a more realistic expectation.</p> <p>2/ Actual figure revised from Action Plan 1994-1995, based on survey results in early 1993.</p>		1994	50	64
		1995	60	64
	Target	1996	75	

El Salvador

ACCESS TO BASIC SOCIAL SERVICES AND INFRASTRUCTURE REESTABLISHED

Indicator 1. NRP population served by MEA infrastructure projects

Unit: People, cumulative percent

Source: MEA Survey

Comments: This indicator tracks the overall impact of the NRP's most significant "basic services and infrastructure" activity (excluding road construction projects, which are tracked under indicator 1.2.2), as follows:

	PROJECTS COMPLETED				
	1992	1993	1994	1995	Cum. Total
educational facilities	246	118	67	27	458
community buildings:	24	20	8	4	56
electrical projects:	91	76	117	49	333
health posts:	47	8	37	21	113
potable water systems:	45	15	20	12	92
roads:	606	375	318	207	1506
other:	20	6	5	25	56
TOTAL	<u>1,079</u>	<u>618</u>	<u>572</u>	<u>345</u>	<u>2614</u>

NRP funding for MEA is scheduled to end in FY96.

These numbers are reported by fiscal year, as of September 30, 1995.

	Year	Planned	Actual
Baseline	1992		
	1993		70
	1994		73
	1995	80	75
	1996	80	

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Indicator: 2. Roads improved which required rehabilitation in the NRP.

Unit: kilometers of road, cumulative percent		Year	Planned	Actual
Source: Project 0320, MEA, NRP "caminos vecinales" Project	Baseline	1992	N/A	N/A
<p>Comments: "Roads" includes roads, bridges, overpasses, etc. "Improved" means any type of physical improvement as well as extensions, widening, etc.</p> <p>The target for this indicator is taken from a 1992 NRP infrastructure needs assessment, in which 9,048 kms of roads were identified as needing rehabilitation in the NRP area. We have set a life of project target of 25% based on this universe of inadequate roads.</p> <p>As of March 31, 1996, 22% or 1,960 kilometers of inadequate roads had been improved.</p> <p>Based on customer surveys conducted in 1995-6, road improvement was the number one priority among the rural poor; therefore, additional funds will be assigned to this sector in 1996-7 and targets have been set for FY96 and FY97.</p>		1993	N/A	10
		1994	N/A	17
		1995	20	20
		1996	23	
		1997	25	

El Salvador

LOCAL LEVEL DEMOCRATIC INSTITUTIONS BUILT AND CIVIC PARTICIPATION INCREASED

Indicator 1: Open town meetings held

Unit: Meetings, number

Source: Municipal Records/MEA Program Data

Comments: The number 460 is equal to the 115 municipalities in the NRP area holding four town meetings per year. The decline in 1995 is attributed to a substantial decrease in MEA activity as the program draws to a close in mid-1996: only 345 projects were completed in FY95 compared to 572 projects in FY94.

	Year	Planned	Actual
Baseline	1992	N/A	288
	1993	460	448
	1994	460	423
	1995	460	365
	1996	460	

Indicator 2: Cantons participating in MEA program town meetings

Unit: Cantons, percent

Source: MEA Program Data

Comments: Total number of cantons in NRP area is 871. The increase in the number of cantons participating in open town meetings in FY95 is probably attributed to increased training of mayors and municipal council members under the Municipal Development Project.

Targets for FY97 have been eliminated since the MEA project will terminate in FY96.

	Year	Planned	Actual
Baseline	1992	N/A	50
	1993	80	63
	1994	90	74
	1995	90	89
	1996	90	

Indicator 3: Registered voters in NRP				
Unit: Registered voters		Year	Planned	Actual
Source: Electoral Tribunal Records	Baseline	1991		591,496
Comments: The target for FY97 has been eliminated since no additional funding for this indicator is expected. Registered voter activity will be tracked countrywide, including the NRP, by SO Democracy.		1994		634,227

Indicator 4: Non-Governmental Organizations (NGOs) participating in reconstruction activities					
Unit: NGOs, number (cumulative)		Year	Planned	Actual	
Source: NRP Database	Baseline	1992		82	
Comments: The cumulative number of NGOs was originally estimated at 80; however, this number was modified upward in the 1994 Action Plan to reflect Mission and Agency objectives to increase use of NGOs in implementing USAID-supported projects.		1993		103	
		1994	118	130	
		1995	120	131	
		1996	122		
		Target	1997	122	
	As of March 31, 1996, 136 NGOs have participated in the NRP.				
These numbers are reported by fiscal year, as of September 30, 1995.					

El Salvador

EX-COMBATANTS REINTEGRATED

Indicator 1: Ex-combatants receiving vocational or academic training

Unit: Ex-combatants, number

Source: NRP database

Comments: These data do not reflect short-term training which was held in the areas of troop concentration immediately after the Peace Accords. Beneficiaries are counted upon course completion or graduation.

The increase in actual numbers over planned figures is due to more ex-combatants choosing academic training over other benefit packages.

As of March 31, 1996, 21,523 ex-combatants have received vocational or academic training.

These numbers are reported by fiscal year, as of September 30, 1995.

	Year	Planned	Actual
Baseline	1992	N/A	N/A
	1993	10,000	11,710
	1994	6,192	5,071
	1995	2,473	4,519
	1996	432	
	1997	1,331	

Indicator 2: Ex-combatants receiving rehabilitation services

Unit: Ex-combatants, number

Source: NRP database

Comments: These services include: physical and occupational therapy; prosthetic and orthotic care; professional rehabilitation; and specialized medical interventions.

Starting in June 1994, the target population includes both ex-combatants and civilian war wounded. Beneficiaries may receive more than one service (e.g., rehabilitation, orthotic care) but are counted only once.

The decrease in the 1995 figure from the planned figure is due to a delay in start-up activities in the World Rehabilitation Foundation program. Shortfalls in 1995 are expected to be re-captured in 1996.

As of September 30, 1995, 4,401 have received rehabilitation services.

These numbers are reported by fiscal year, as of September 30, 1995.

	Year	Planned	Actual
Baseline	1992	2,600	1,400
	1993	975	1,397
	1994	1,500	882
	1995	1,800	722
	1996	1,500	

Indicator 3: Ex-combatants receiving credit				
Unit: Ex-combatants, number		Year	Planned	Actual
Source: NRP database	Baseline	1993	N/A	8,085
Comments: Indicator measures agricultural and micro-enterprise credit recipients. <i>Tenedores</i> (squatters) are no longer included in figures. As of March 31, 1996, 14,681 ex-combatants have received credit. These numbers are reported by fiscal year, as of September 30, 1995.		1994	6,794	2,234
		1995	1,500	4,362
		1996		

Indicator: 4. Ex-combatants and tenedores receiving land				
Unit: Ex-combatants, number		Year	Planned	Actual
Source: Land Bank, ISTA and FINATA	Baseline	1993	N/A ^{1/}	2,635 ^{2/}
Comments: Beneficiaries reported include both FMLN and ESAF ex-combatants and <i>tenedores</i> (squatters) who have received land from the Land Bank, ISTA and FINATA. <i>Tenedores</i> are included because they are an important population group served by the Land Transfer Program. As of March 31, 1996, 32,463 beneficiaries have received land (USAID:19,980; EEC: 2,016; GOES/Others: 10,467). The total beneficiary population is 35,000. The land titling program is scheduled to end by August 1996. These numbers are reported by fiscal year, as of September 30, 1995.		1994	7,200	8,621
		1995	7,200	6,310
	Target	1996	3,600	

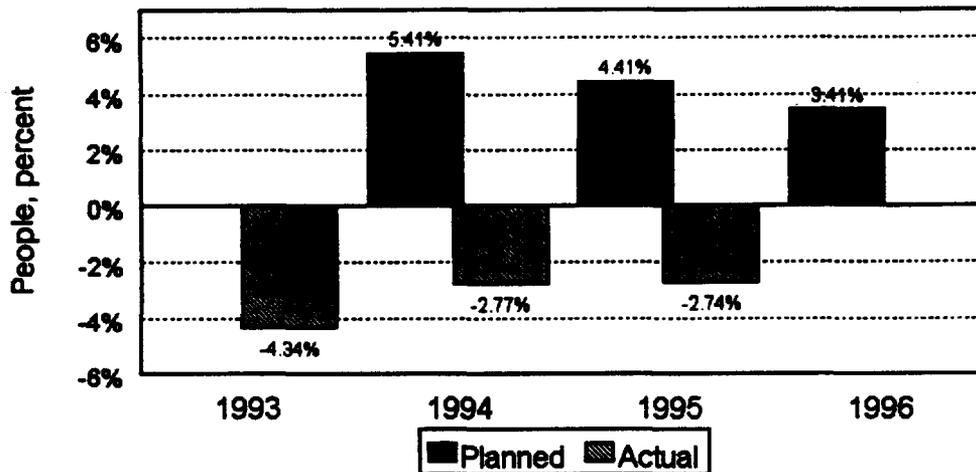
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STRATEGIC OBJECTIVE: ASSIST EL SALVADOR TO MAKE THE TRANSITION FROM WAR TO PEACE

Indicator 1

**Population Living In Poverty
NRP Rural**



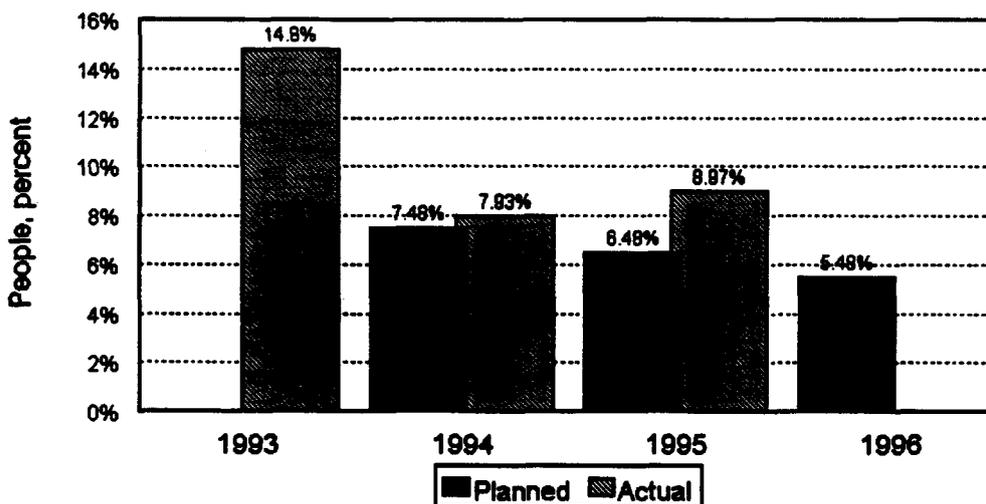
Data source: Multipurpose Household Surveys; As of December 1995

Data has been corrected for 1993 and 1994. Targets were based on incorrect baseline data, which showed that the level of poverty in the NRP was higher than nationwide. In fact it was lower, reflected in the negative numbers. (Targets cannot be adjusted retroactively).

Based on preliminary GOES data for calendar year 1995, relative poverty in NRP areas was 2.74 percent less than those living in poverty in rural areas countrywide.

Indicator 2

Population Living In Extreme Poverty NRP Rural

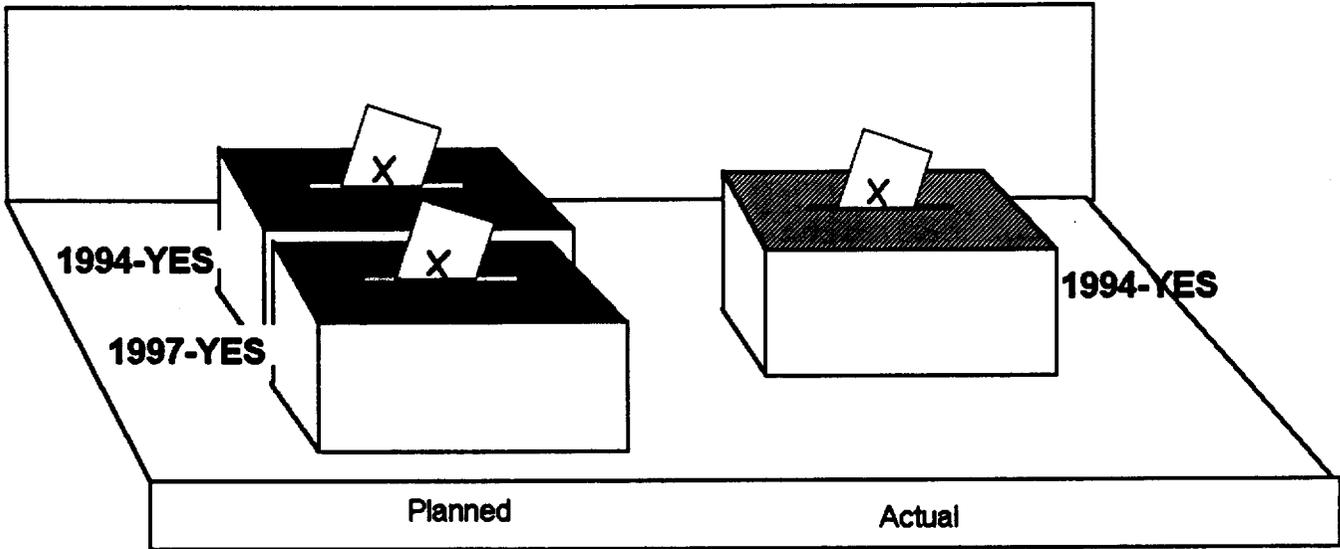


Data source: Multipurpose Household Surveys;
As of December 1995

Based on preliminary GOES data for calendar year 1995, the spread between those living in extreme poverty in NRP areas and those living in extreme poverty in rural areas countrywide was 8.97 percent, compared to an expected target of 6.48 percent.

Indicator 3

Elections are Free and Open



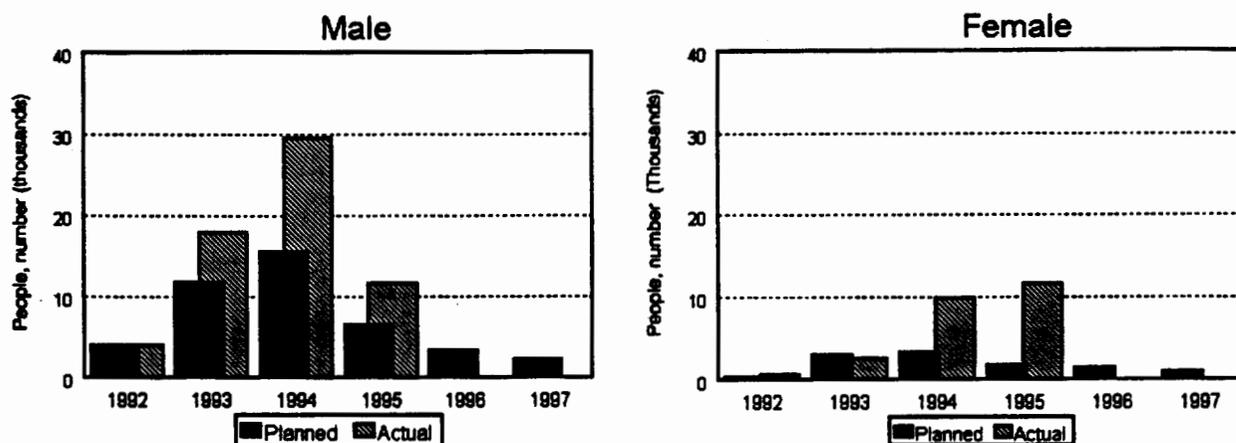
Data Source: Election observer reports

The 1994 general elections (presidential, legislative and mayoral) were declared "free and open" by international election observers. The 1997 elections are mayoral and legislative only.

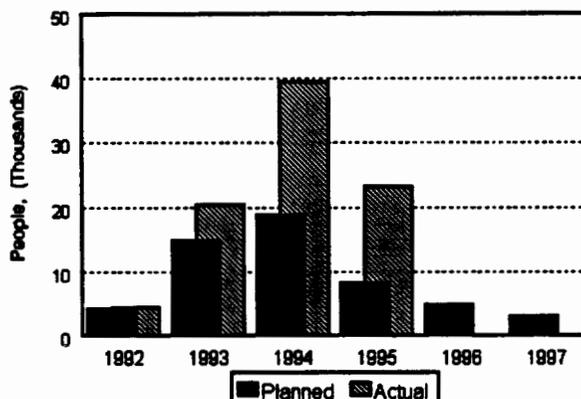
Factors of Production (land, labor, capital) Reactivated to Respond to Economic Opportunities

Indicator 1

People Trained Under NRP



Total

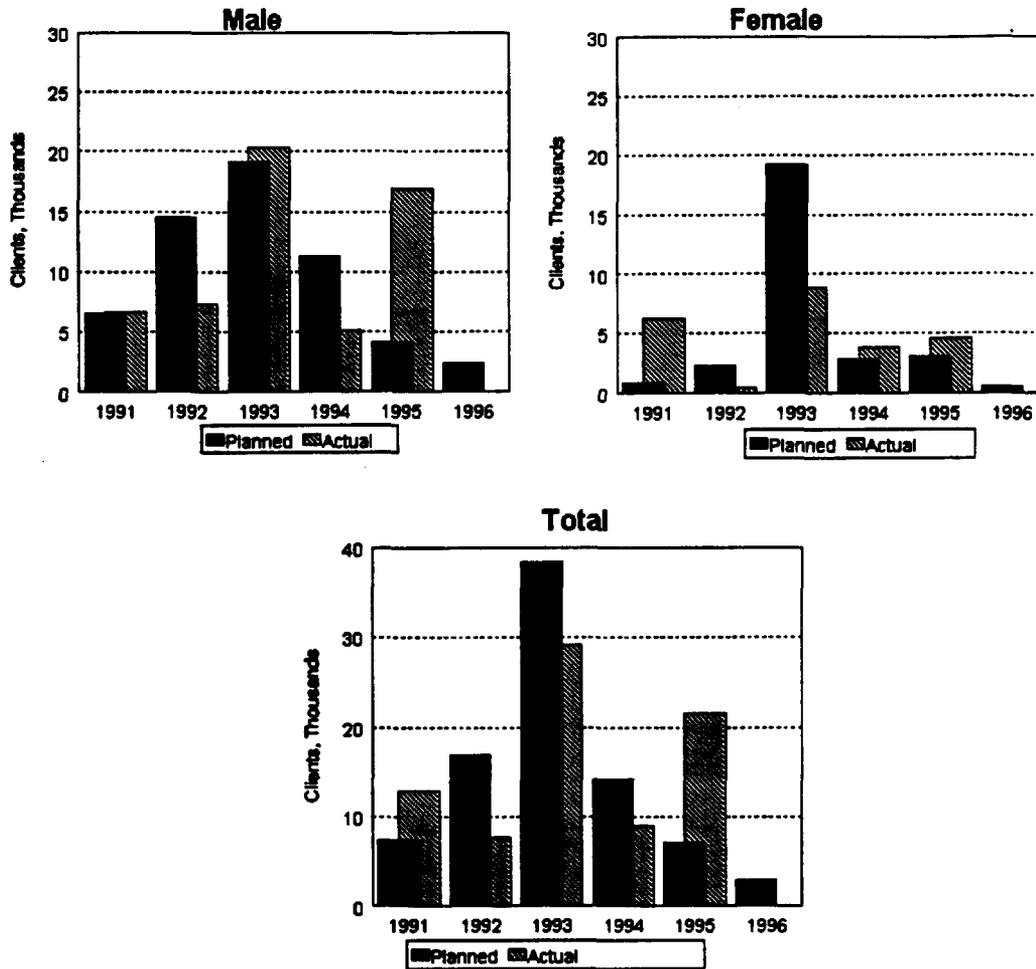


Data source: NRP database;
As of September 1995

As of March 1996, almost 92,000 people (71 percent men and 29 percent women) received one or more of the following: vocational training, technical assistance\training (mostly micro-enterprise and agricultural production), university or high school educations. The substantial increase in the number of trained beneficiaries is derived from a greater emphasis on technical assistance to land bank clients to increase the amount of land in production, and more training for agricultural and micro-enterprise credit clients.

Indicator 2:

Clients Receiving Credit



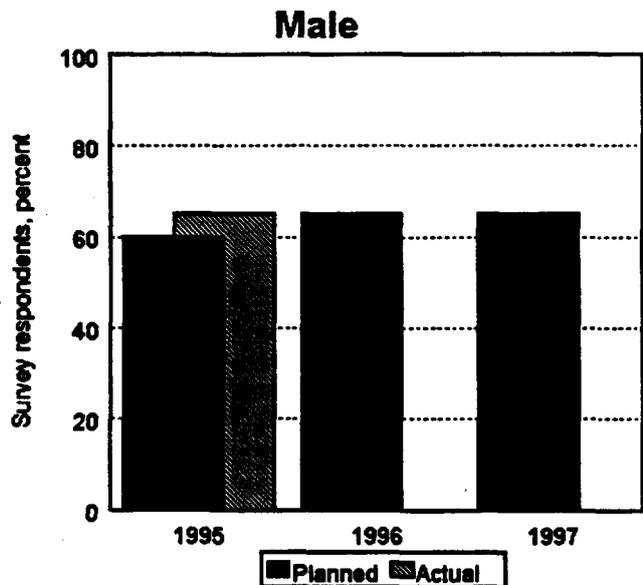
Source: NRP database, September 1995

From 1991 through September 1995, over 80,000 beneficiaries received credit to improve farm production or small business ventures, which represents a 95 percent accomplishment of the target. Credit has been channeled through the Agrarian Development Bank and nearly 50 NGOs. Credit recuperation rates are generally much higher for NGOs and civilians. Ex-combatants and civilian populations who have received multiple loans (e.g., land, housing, and agricultural credit) as part of the Peace Accords are finding these loans very difficult to repay. The GOES is presently analyzing this situation and will probably offer some sort of debt-forgiveness and loan re-structuring package. The Mission is currently undertaking a study of its credit portfolio, based on which it will design a long-term sustainable micro-finance strategy.

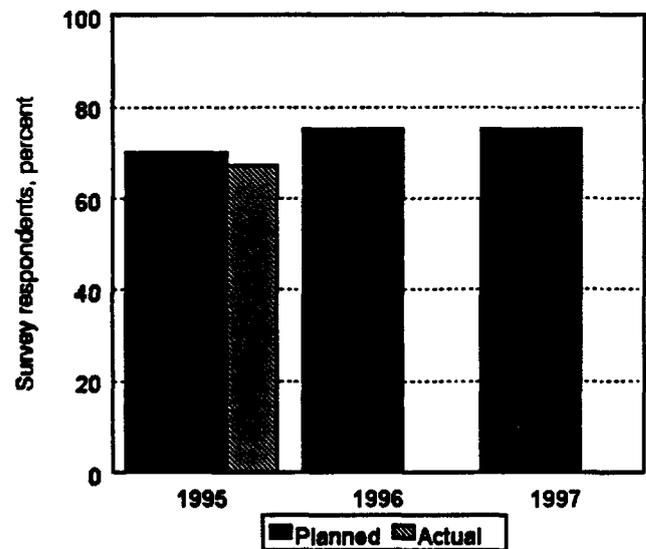
Indicator 3:

Beneficiaries with Increased Income After Receiving Credit

Male



Female

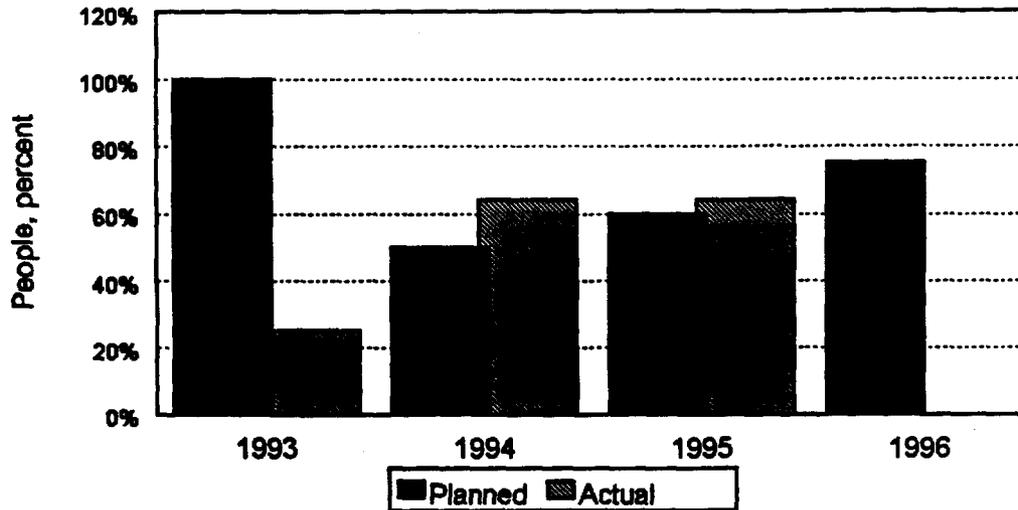


Source: NRP project survey
April 1996

In April 1996, Daniel Carr and Associates completed an impact survey on income of the ten largest and most representative credit activities supported under SSO. Results from sampling of more than 800 respondents, conclude that 65 percent of male and 67 percent of female beneficiaries have increased their income after receiving credit and technical assistance, compared to projections of 60 percent for male and 70 percent for female beneficiaries. Family incomes (including families whose incomes remained the same or decreased) increased on an average of 35 percent. Beneficiaries from all institutions reported increases in "quality of life" indices. A second survey will be conducted in late 1996 or early 1997, which will include beneficiaries who have received credit in early 1996.

Indicator 4:

Land Bank Clients With Land in Production



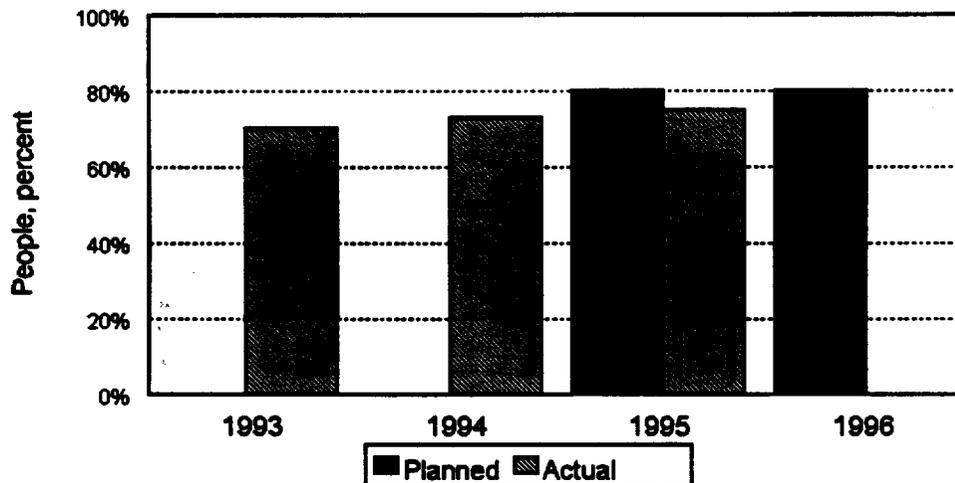
Source: USAID/OCTA Survey, July 1995

As of March 1996, USAID spent more than \$60 million providing land to 32,500 ex-combatants and squatters. A survey of the 1,314 transferred properties as of July 1995, conducted by the Land Transfer Coordinating Office in July-September of 1995, reported that nearly 64 percent of the initial 395 properties transferred in 1994 as in production, compared to a planned figure of 60 percent. However, only 46 percent of all 1,314 properties are in production, due to the fact that most of this land was transferred in 1995. Although the amount of land in production is in line with expectations, it should be noted that production levels on much of the transferred land is at a subsistence level only. Much of the land is held collectively, reducing levels of capital improvements. A significant number of the newly-formed communities do not have basic services (water, electricity, access roads) technical assistance or access to credit, resulting in low land utilization rates.

Access to Basic Social Services And Infrastructure Reestablished

Indicator 1:

NRP Population Served by MEA Infrastructure Projects

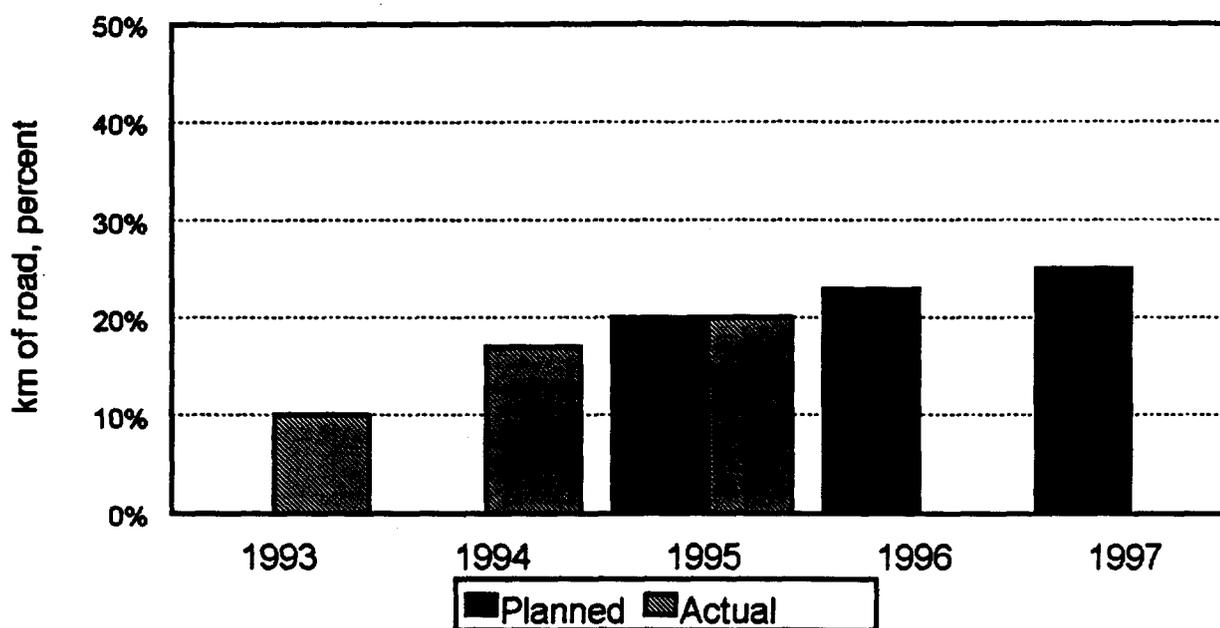


Source: MEA Survey,
September 30, 1995

As of September 1995, approximately 2,600 small infrastructure projects under the Municipalities in Action program have been completed (e.g., school rooms, water systems, community buildings, health posts), serving approximately one million people, or 75 percent of the 1.4 million inhabitants living in the NRP zone, compared to a target of 80 percent. Population served by road reconstruction activities is reported under indicator 2.2.

Indicator 2:

Roads Improved which Required Rehabilitation in the NRP



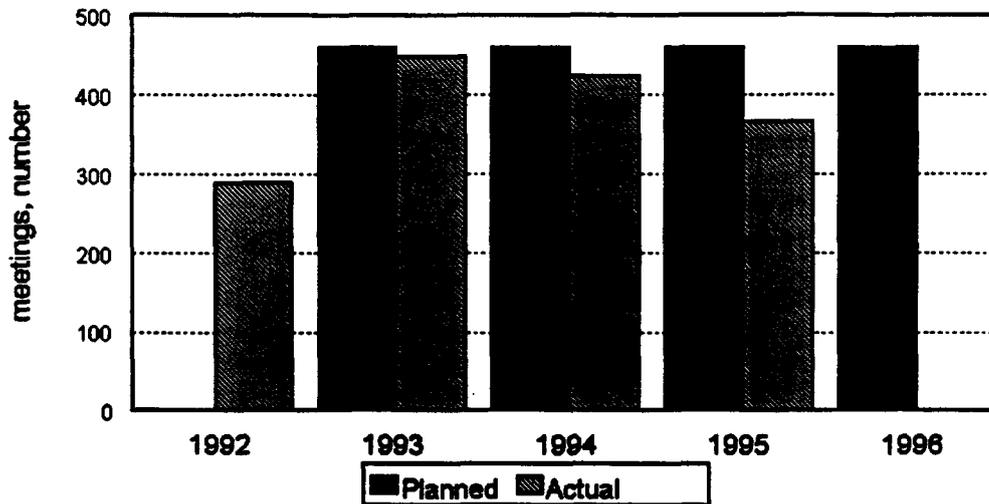
Source: Project data,
September 1995

Twenty percent of the inadequate roads in the former conflictive zones have been improved, compared to a cumulative planned figure of 21 percent for FY1995. From 1992 through 1995, a total of 1,883 kilometers of road was rehabilitated. Customer surveys conducted in the NRP during this past year consistently demonstrate that farm-to-market roads are the highest priority unmet need; hence, secondary road rehabilitation and related activities will continue to be funded through the last phase of the project. Planned figures have been set for FY96 and FY97. As the Municipalities in Action program ends in 1996, infrastructure activities will be implemented primarily through NGOs in collaboration with local municipalities.

Local Level Democratic Institutions Built and Civic Participation Increased

Indicator 1:

Open Town Meetings Held

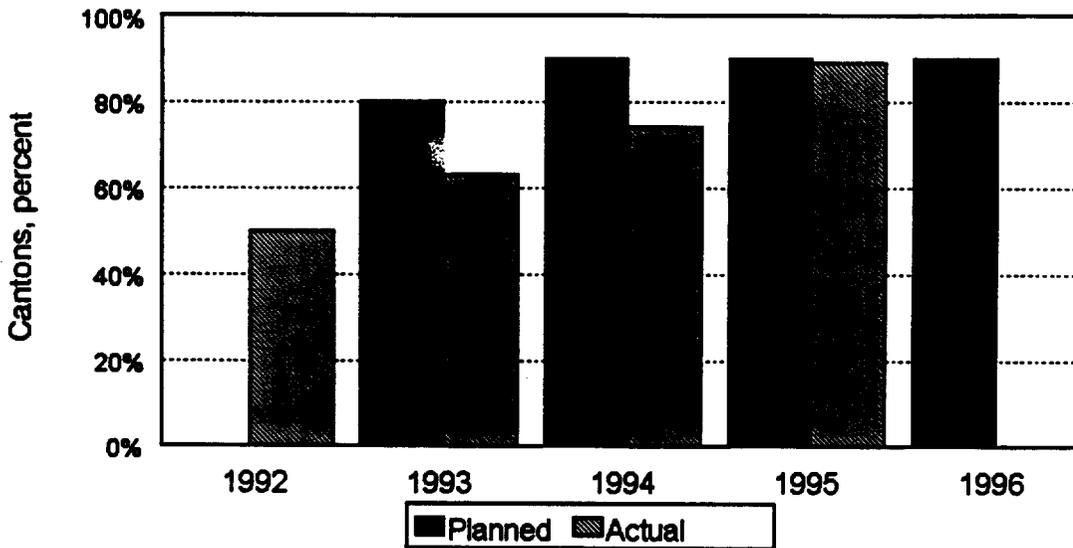


Source: Municipal records, MEA program data
September 1995

A total of 365 open municipal town meetings were held in the 115 NRP municipalities in FY95, compared to a planned target of 460. This represents four meetings per year per municipality. The probable reason for the decrease of 58 meetings from the 1994 level of 423 meetings is the substantial decrease in Municipalities in Action activity as the program draws to a close in mid-1996.

Indicator 2:

Cantons Participating in MEA Open Town Meetings

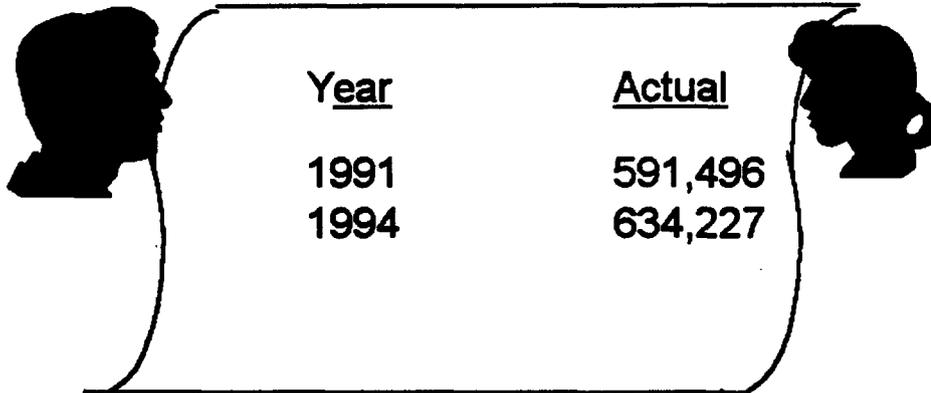


Source: MEA Program Data
September 1995

In 1995, 89 percent of the 871 cantons in the NRP participated in open town meetings, up 15 percent from FY94. As with the previous indicator, this indicator will not be tracked after the completion of the Municipalities in Action program in 1996.

Indicator 3:

Registered Voters in NRP



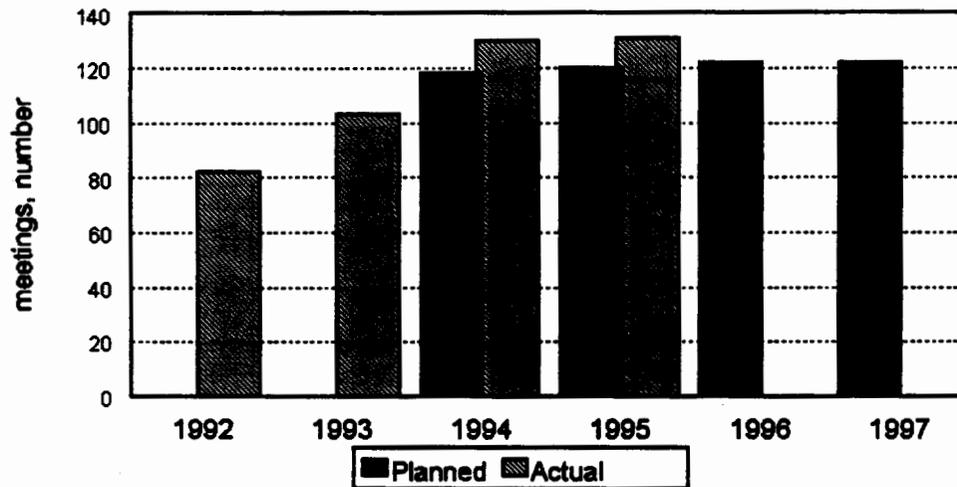
<u>Year</u>	<u>Actual</u>
1991	591,496
1994	634,227

Source: Electoral Tribunal Records,
1994

The voter registration drive, in which USAID participated prior to the national and municipal elections in 1994, enabled more than 90 percent of the voting age population in the NRP to register to vote. It is expected that USAID's broad-based municipal government activities, which support the NRP, will contribute to high levels of voter participation in the 1997 municipal elections. However, tracking of this indicator in 1997 will occur under SO Democracy.

Indicator 4:

NGOs Participating in Reconstruction Activities



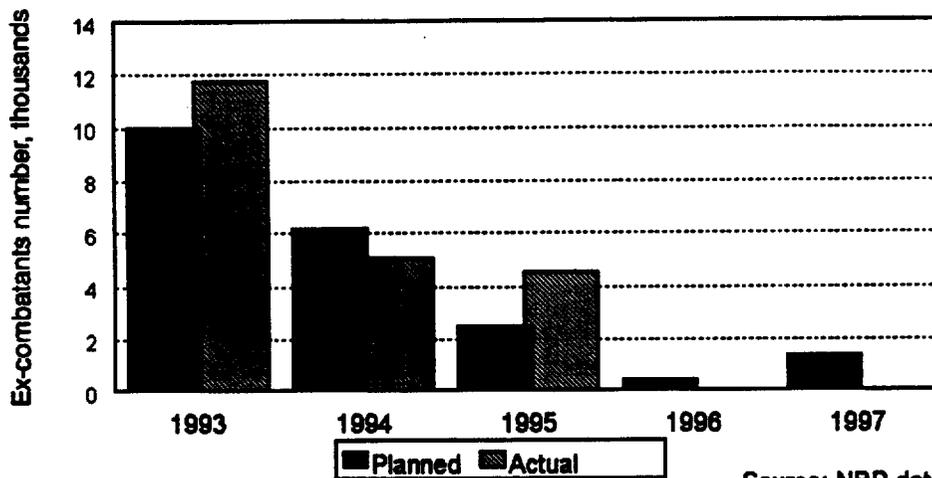
Source: NRP data
September 1995

As of September 1995, 131 NGOs (120 Salvadoran and 11 international) participated in the NRP, channeling approximately \$87 million to beneficiaries. Work through NGOs has enabled the NRP to act more quickly and effectively in response to customer needs, improved access to specific beneficiary groups (e.g., demobilized National Police, FMLN ex-combatants), strengthened local level democratic institutions, and enhanced outreach to marginal and oftentimes isolated target groups. USAID has assisted more than 100 community-based institutions obtain legal recognition and has directly supported the formation of national and regional federations of NGOs. Institutional strengthening services have been provided to more than 40 national NGOs. During the final two years of the NRP, almost all new funds will be channeled through NGOs.

Ex-Combatants Reintegrated

Indicator 1:

Ex-Combatants Receiving Vocational or Academic Training

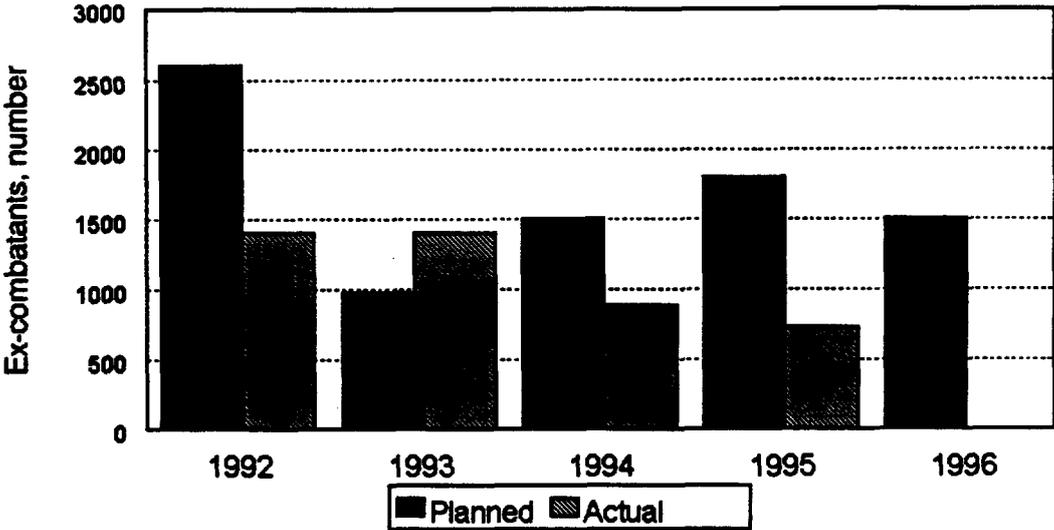


Source: NRP database
September 1995

As of March 1996, more than 21,500 ex-combatants from the FMLN and Government troops and the demobilized national police have been enrolled in 6-month vocational training courses or two, three or five year academic scholarship programs. Trainees have exceeded planned numbers by over 10 percent.

Ex-Combatants Receiving Rehabilitation Services

Indicator 2:

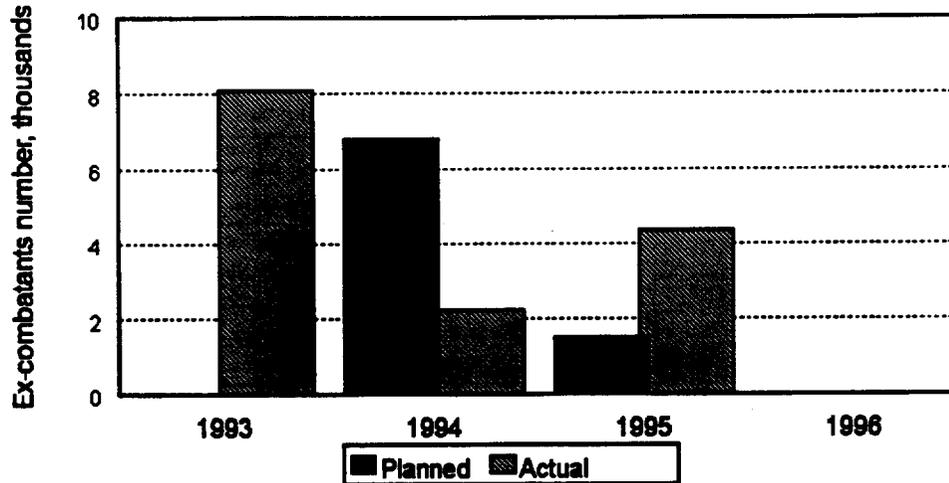


Source: NRP database

As of September 1995, 4,401 ex-combatants (and civilians, as of 1994) have received rehabilitation services, about 2,400 less than expected. This difference will be re-captured in 1996 as the slow-to-start world rehabilitation fund program becomes fully operational, providing physical and occupational therapy, prosthetic and orthotic care, and professional rehabilitation.

Indicator 3:

Ex-Combatants Receiving Credit

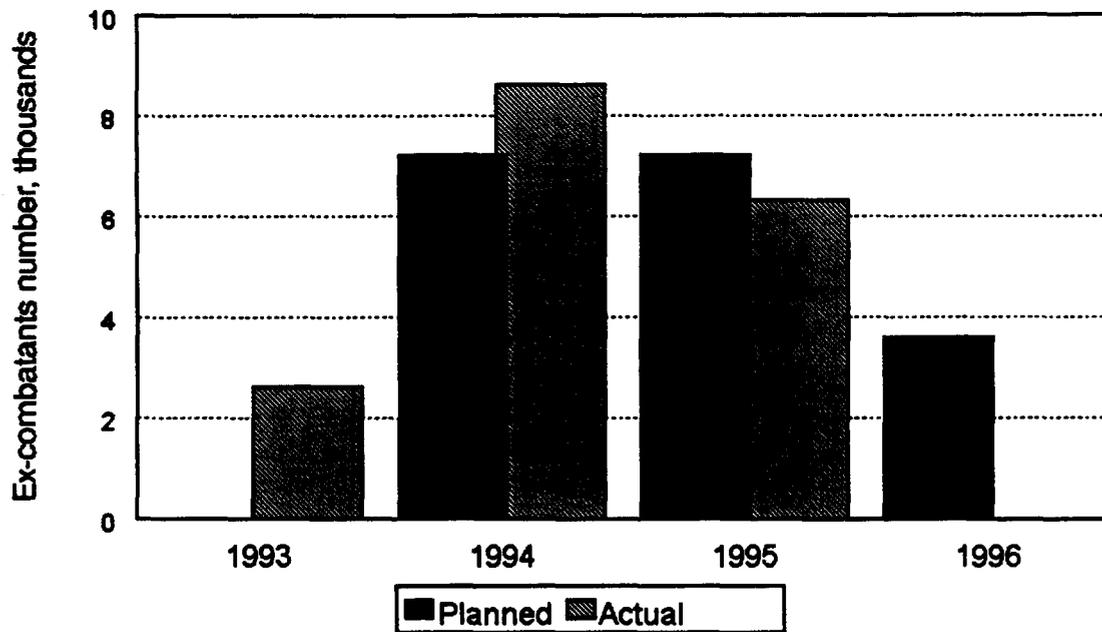


Source: NRP database
September 1995

As of March 1996, 14,681 ex-combatants received credit, compared to a planned figure of 8,294. The Agrarian Development Bank, the principal Salvadoran Government provider of credit to ex-combatants, refined its data base in December 1995; new figures for 1994 reflect these changes.

Indicator 4:

Ex-Combatants and Tenedores Receiving Land



Source: Land Bank, ISTA, FINATA
September 1995

Although the land transfer program moved quite slowly in 1993-4, it has now picked up speed. As of March 1996, 32,500 ex-combatants and squatters have received land, representing 92 percent of the total. It is expected that the remaining beneficiaries will receive land by August 1996, completing this project within the original time frame.

Broad-based Economic Growth

STRATEGIC OBJECTIVE 1995 PERFORMANCE

El Salvador						
STRATEGIC OBJECTIVE: Broad-based economic growth increased						
Indicator: 1. One basic need unmet						
Unit: Households, percent		Year	Planned		Actual	
			Rural	Urban	Rural	Urban
Source: Multipurpose Household Surveys	Baseline	1989	N/A	N/A	N/A	43.5
Observations: This indicator measures households which lack at least one of four basic needs satisfied: - less than 3 persons per bedroom - access to potable water - access to sanitation services - children aged 7-10 attending school COMMENTS: 1993 figure is not available because the 1993 Multipurpose Household Survey did not include data on school attendance.		1990	N/A	N/A	N/A	N/A
		1991	N/A	N/A	N/A	42.5
		1992	N/A	N/A	90.8	41.4
		1993	88.9	40.4	N/A	N/A
		1994	88.8	39.4	N/A	40.6
		1995	87.8	38.4	88.6	38.6
		1996	86.8	37.4		
		Target	1997	85.8	36.4	

Indicator: 2. Population living in poverty ^{1/} a) urban, b) rural, c) overall								
Unit: Households, percent		Year	Planned			Actual		
			a	b	c	a	b	c
Source: Multipurpose Household Surveys	Baseline	1989	N/A	N/A	N/A	55.5 (32.8)	N/A	N/A
<p>Observations: 1/ Includes both population living below relative poverty level and in extreme poverty. Due to lack of historical trend, targets for rural and overall are estimated but subject to revision.</p> <p>COMMENTS: Beginning in 1994, the GOES changed its methodology for conducting the multipurpose household survey and is using expenditure data to validate reported income. 1994 and 1995 poverty levels are much lower than originally estimated; however, we can not estimate how much of the reduction is due to the improvement in the methodology for capturing income data, and what proportion of the reduction in poverty is due to improvements in family income.</p>		1990	N/A	N/A	N/A	60.2		
		1991	N/A	N/A	N/A	56.1 (40.4)	N/A	N/A
		1992	55.0	N/A	N/A	53.7 (30.8)	66.1 (49.9)	59.7 (40.0)
		1993	54.5	69.8	59.8	50.5 (26.6)	65.3 (N/A)	57.5 (N/A)
		1994	54.0	69.2	59.3	43.8	64.6	52.4
		1995	53.5	68.6	58.8	40.3	58.2	47.7
		1996	53.0	68.0	58.3			
		Target	1997	52.5	67.3	57.8		

Indicator: 3. Population living in extreme poverty ^{1/} a) urban, b) rural, c) overall								
Unit: Households, percent		Year	Planned			Actual		
			a	b	c	a	b	c
Source: Multipurpose Household Surveys	Baseline	1989	N/A	N/A	N/A	23.6 (2.2)	N/A	N/A
<p>Observations: 1/ Those with a total income that does not allow them to purchase the basic food basket.</p> <p>Due to lack of historical trend, targets for rural and overall are estimated and subject to revision.</p> <p>COMMENTS:</p>		1990	N/A	N/A	N/A	28.1		
		1991	N/A	N/A	N/A	23.2 (2.0)	N/A	N/A
		1992	22.0	N/A	N/A	23.3 (2.9)	33.6 (10.2)	28.2 (6.4)
		1993	22.0	40.6	30.5	20.8 (3.5)	33.8 (N/A)	27.0 (N/A)
		1994	21.5	39.4	30.0	16.3	34.8	23.9
		1995	21.5	38.2	29.4	12.6	26.4	18.3
		1996	21.0	37.1	28.5			
		Target	1997	21.0	35.9	27.9		

Indicator: 4. Index of Real Gross Domestic Product per capita				
Unit: Index of Real GDP with base year of 1990=100^{1/} (Real GDP Growth Rate) per capita		Year	Planned	Actual
Source: BCR, Gerencia de Política Económica	Baseline	1989	N/A	96.9 (-0.6)
COMMENTS: Data has been modified to reflect new population projections.		1990	N/A	100.0 (3.2)
		1991	N/A	102 (2)
		1992	103.8 (1.8)	108.1 (5.9)
		1993	106.8 (2.9)	114.1 (5.6)
		1994	111.4 (4.4)	118.9 (4.2)
		1995	116.3 (4.4)	124.1(4.3)
		1996	121.4 (4.4)	
		Target	1997	126.4 (4.4)

El Salvador

Appropriate economic and social policy framework created and maintained

Indicator: 1. BOP current account deficit as % of GDP

Unit: value of deficit, percent

Source: BCR, Gerencia de Política Económica

COMMENTS:

	Year	Planned	Actual
Baseline	1989	N/A	10.7
	1990	N/A	7.6
	1991	N/A	5.6
	1992	5.0	6.4
	1993	5.6	4.3
	1994	5.0	3.7
	1995	4.0	4.9
	1996	4.0	
Target	1997	3.5	

Indicator: 2. Nonfinancial Public Sector Deficit as % of GDP (before grants)

Unit: value of deficit, percent

Source: BCR, Gerencia de Política Económica

COMMENTS:

	Year	Planned	Actual
Baseline	1989	N/A	6.6
	1990	N/A	2.8
	1991	N/A	4.9
	1992	4.0	6.5
	1993	5.4	3.6
	1994	5.1	2.0
	1995	1.8	0.9
	1996	1.3	
Target	1997	0.8	

Indicator: 3. Consumer price index				
Unit: Annual inflation rate.		Year	Planned	Actual
Source: BCR, Gerencia de Política Económica	Baseline	1989	N/A	23.5
Observations: End-of-period inflation rate.		1990	N/A	19.3
		1991	N/A	9.8
		1992	10.0	20.0
		1993	10.0	12.1
		1994	10.0	8.9
		1995	10.0	11.4
		1996	10.0	
	Target	1997	10.0	
	Indicator: 4. National Savings as % of GDP			
Unit: Percentage		Year	Planned	Actual
Source: BCR, Gerencia de Política Económica	Baseline	1989	N/A	7.7
COMMENTS: Data has been changed to reflect the BCR's new national savings estimates.		1990	N/A	9.6
		1991	N/A	11.9
		1992	9.6	15.5
		1993	9.4	17
		1994	10.5	15.1
		1995	12.0	14.7
		1996	12.5	
	Target	1997	13.5	

Indicator: 5. Public Sector Savings as % of GDP**Unit: Percentage****Source: BCR, Gerencia de Política Económica****COMMENTS:**

	Year	Planned	Actual
Baseline	1989	N/A	-1.8
	1990	N/A	-0.4
	1991	N/A	-0.7
	1992	0.4	0.2
	1993	1.0	0.8
	1994	1.5	2.0
	1995	2.0	3.2
	1996	2.0	
Target	1997	2.0	

Indicator 6. Social sector budget as a percent of GDP				
Unit: percentage		Year	Planned	Actual
Source: Ministry of Finance	Baseline	1991	N/A	2.4
COMMENTS:		1992	N/A	2.6
		1993	N/A	2.8
		1994	3.1	3.2
		1995	3.4	3.5
		1996	3.8	
		1997	4.2	
	El Salvador			
Increased private investment				
Indicator: 1. Private investment as % of GDP				
Unit: Percentage		Year	Planned	Actual
Source: BCR, Gerencia de Política Económica	Baseline	1989	N/A	11.2
COMMENTS: Actual data have been revised according to the BCR's new estimates for private investment.		1990	N/A	11.3
		1991	N/A	12.6
		1992	10.9	14.5
		1993	11.0	14.6
		1994	11.5	15.1
		1995	12.0	16.1
		1996	12.5	
		Target	1997	13.0

Indicator: 2. Gross capital formation as % of GDP				
Unit: Percentage		Year	Planned	Actual
Source: BCR, Gerencia de Política Económica	Baseline	1989	N/A	14.7
COMMENTS:		1990	N/A	13.0
		1991	N/A	14.8
		1992	14.3	17.0
		1993	15.0	17.4
		1994	15.5	18.2
		1995	16.0	23.8
		1996	16.5	
	Target	1997	17.0	
	El Salvador			
Increased exports				
Indicator: 1. Nontraditional non-agriculture exports (million \$)				
Unit: Millions of US Dollars		Year	Planned	Actual
Source: BCR, Gerencia de Política Económica	Baseline	1989	N/A	209.9
Observations: Excluding maquila exports.		1990	N/A	239.7
		1991	N/A	267.3
		1992	N/A	329.5
		1993	365.4	391.4
		1994	407.5	433.2
		1995	459.3	500.8
		1996	523.1	
	Target	1997	596.3	

Indicator: 2. Maquila				
Unit: Millions of US Dollars		Year	Planned	Actual
Source: BCR, Gerencia de Política Económica	Baseline	1989	N/A	15.0
Observations: Domestic value added of assembled products. COMMENTS:		1990	N/A	18.0
		1991	N/A	24.9
		1992	23.5	42.1
		1993	50.0	71.1
		1994	60.0	108.4
		1995	70.0	157.7
		1996	85.0	
		Target	1997	100.0
Indicator: 3. Traditional agricultural exports (millions \$)				
Unit: Millions of US Dollars		Year	Planned	Actual
Source: BCR, Gerencia de Política Económica	Baseline	1989	N/A	252.8
COMMENTS:		1990	N/A	296.2
		1991	N/A	272.1
		1992	N/A	217.3
		1993	271.5	282.3
		1994	316.7	324.1
		1995	356.2	425.6
		1996	387.7	
		Target	1997	419.2

Indicator: 4. Nontraditional agricultural exports (million \$)								
Unit: Millions of US Dollars		Year	Planned		Actual			
Source: BCR, Gerencia de Política Económica	Baseline	1989	N/A		34.8			
COMMENTS:		1990	N/A		45.7			
		1991	N/A		48.7			
		1992	N/A		50.7			
		1993	54.8		58.0			
		1994	60.5		65.9			
		1995	69.3		78.3			
		1996	82.3					
		1997	97.8					
El Salvador								
Increased employment								
Indicator: 1. Index of total urban employment (1989=100) a) total (average), b) male, c) female								
Unit: People, index		Year	Planned			Actual		
			a	b	c	a	b	c
Source: Multipurpose Household Survey	Baseline	1989	N/A			100	100	100
COMMENTS: Multipurpose household surveys conducted in January-June for the 1988, 1990, and 1994 figures, in October-February for the 1989 and 1991 figures, and in October-March for the 1993 figures. Preliminary results for 1994 have been adjusted.		1990	N/A			112	112	113
		1991	N/A			113	111	115
		1992	119			120	118	123
		1993	124	122	127	122	117	129
		1994	128	126	131	141	143	138
		1995	132	130	135	142	146	137
		1996	136	134	139			
	Target	1997	140	138	144			

Indicator: 2. Urban unemployment rate a) total (average), b) male, c) female

Unit: People, percent

Source: Multipurpose Household Survey

COMMENTS: Multipurpose household surveys conducted in January-June for the 1988, 1990, and 1994 figures, in October-February for the 1989 and 1991 figures, and in October-March for the 1993 figures.

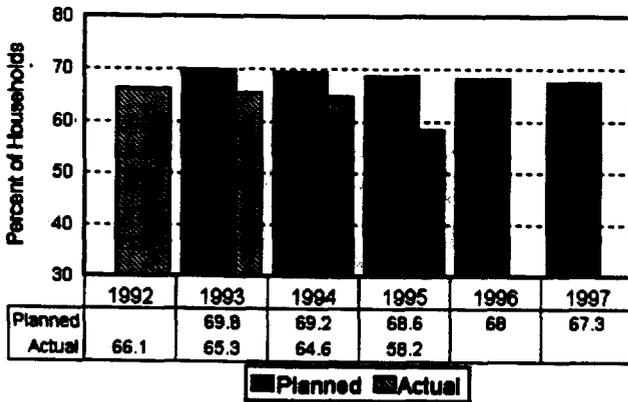
Preliminary results for 1994 have been adjusted.

	Year	Planned			Actual		
		a	b	c	a	b	c
Baseline	1989				8.4	9.5	6.8
	1990				10.0	10.1	9.8
	1991				7.5	8.3	6.6
	1992	7.4			7.9	8.4	7.2
	1993	7.4	7.8	7.0	8.0	9.6	6.6
	1994	7.0	7.3	6.5	7	8.1	5.7
	1995	7.0	7.3	6.5	7	8.6	5
	1996	7.0	7.3	6.5			
Target	1997	7.0	7.3	6.5			

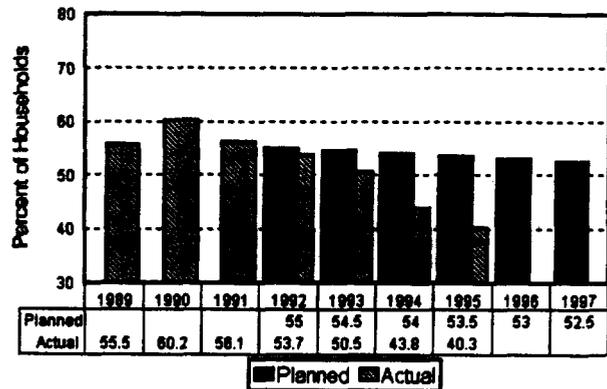
STRATEGIC OBJECTIVE: BROAD-BASED ECONOMIC GROWTH INCREASED

Population living in poverty

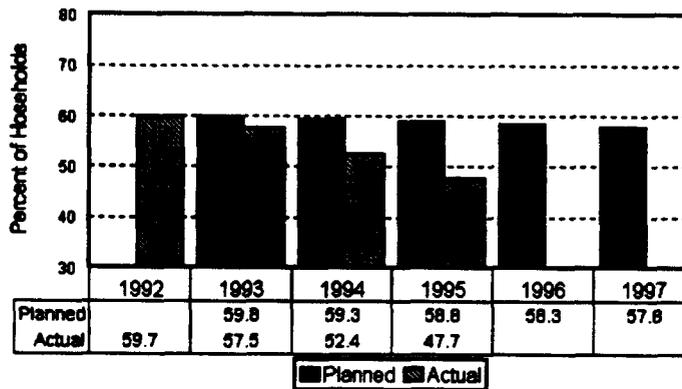
Rural



Urban



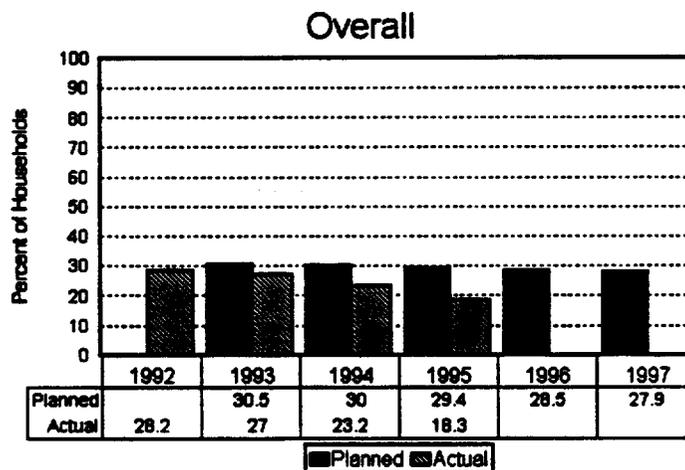
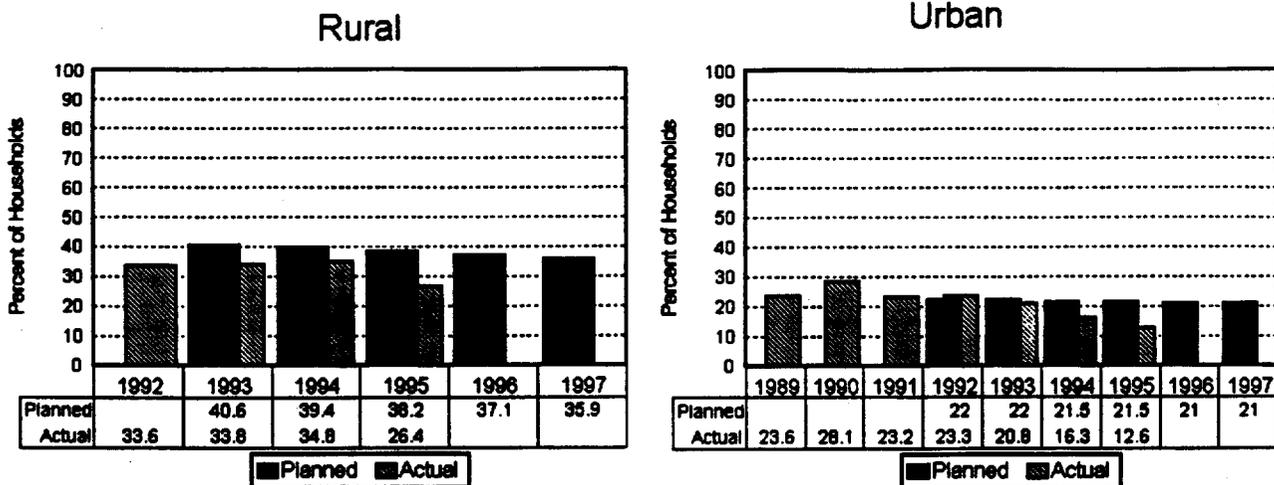
Overall



Data source: Multipurpose Household Surveys, 1995

Note: many of the targets in this section appear to be less ambitious than actual performance would suggest. The reason is twofold: when targets were established robust economic growth was not anticipated. In addition, the GOES revised its methodology for calculating GDP in 1995. Actual data from 1991 has been revised, in many cases showing better performance than previously reported. Targets, however, cannot be revised retroactively.

Population living in extreme poverty



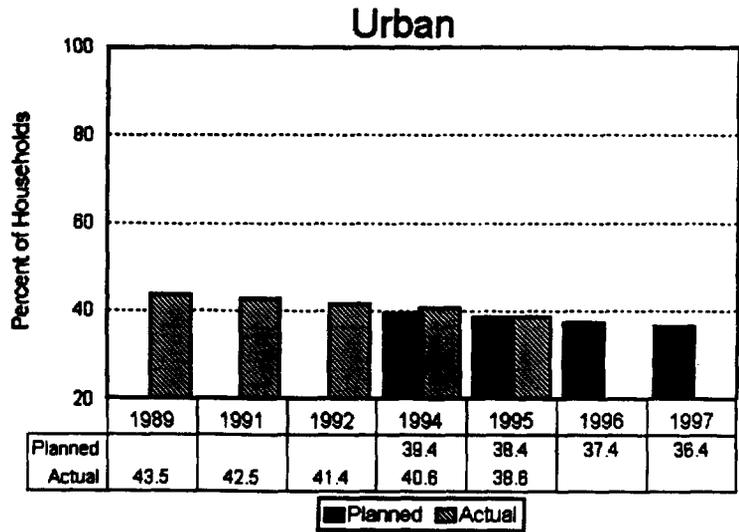
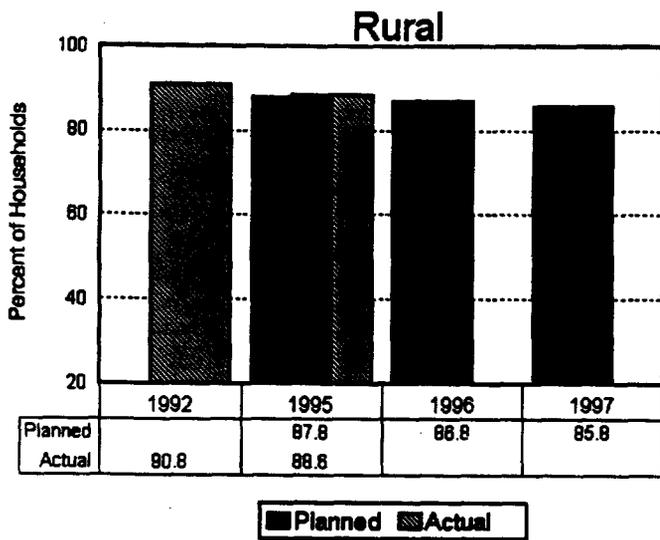
Data source: Multipurpose Household Surveys, 1995

Under the current scenario of high GDP growth, low inflation and higher social sector expenditures, key indicators show that the incidence of poverty has been reduced in El Salvador. The proportion of households living in poverty (having access to less than two basic baskets) has declined from 59.7 percent in 1992 to 47.7 percent in 1995. Furthermore, households living in extreme poverty (having access to less than one basic basket), have been reduced from 28.2 percent of total households to 18.3 percent.¹ Although impressive gains have been made, poverty remains a major problem, especially in the rural areas, where 60 percent of the households that live in relative and extreme poverty reside. This concentration of poverty in the rural areas represents a significant threat to the consolidation of peace, the strengthening of democracy, and the consolidation of policy reforms.

One Basic Need Unmet

Households which lack at least one of four basic needs:

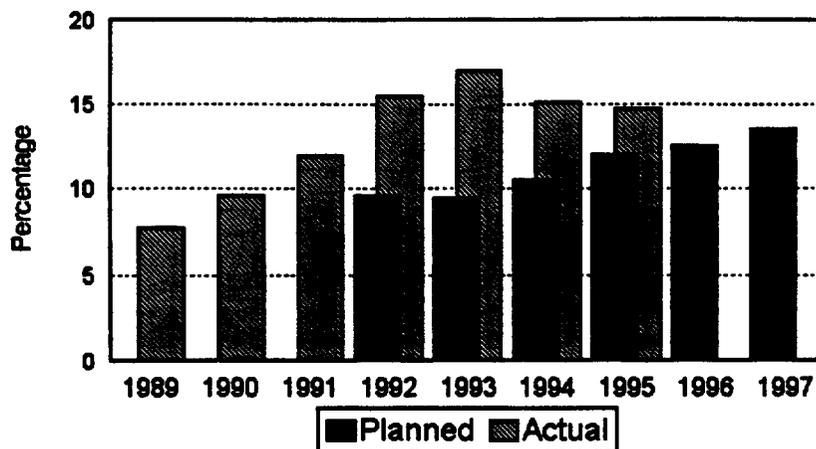
- Less than 3 persons per bedroom
- Access to potable water
- Access to sanitation services
- Children age 7-10 attending school



Data source: Multipurpose Household Surveys; 1995

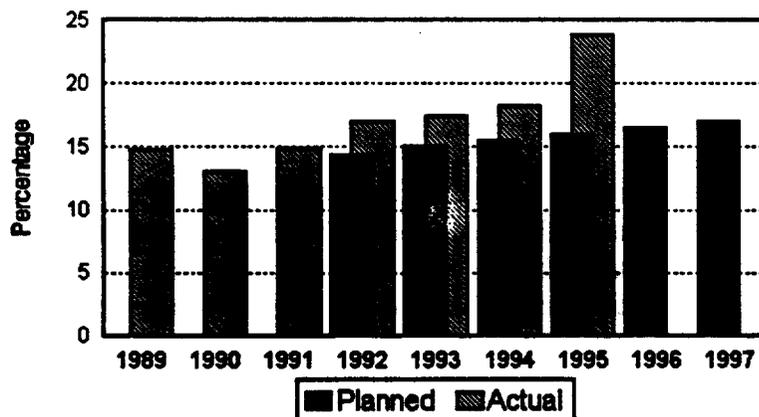
Another method that is used to track poverty is the basic needs method. Households are classified as having one basic need unmet if they have more than three people per room, if children aged 7-10 are not attending school, if they lack access to potable water, and if they lack sanitation services. According to this method, urban households which lack at least one basic need unmet have been reduced from 43.5 percent in 1989 to 38.6 percent in 1995; while rural households have decreased from 90.8 percent in 1992 to 88.6 percent in 1995. These results are consistent with those obtained with poverty levels method. The basic needs unmet indicator confirms that there is a severe lack of basic needs satisfied and that this phenomenon is also predominantly rural. The indicator also shows the large gaps in social investment between urban and rural areas.

National Savings as % of GDP



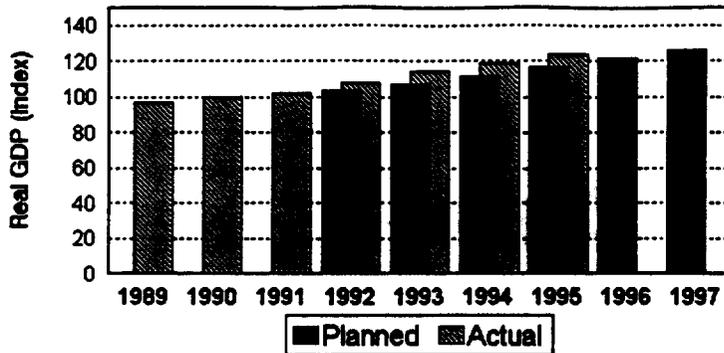
Data source: BCR, Gerencia de Política Económica; 1995

Gross Capital Formation as % of GDP



Data source: BCR, Gerencia de Política Económica; 1995

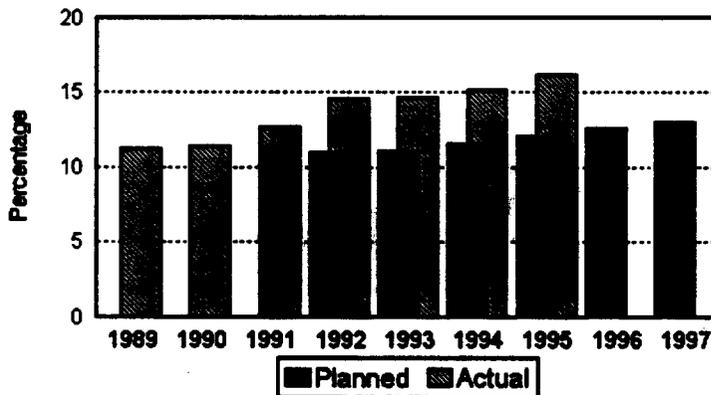
Index of Real Gross Domestic Product per capita



1990 = 100

Data source: BCR, Gerencia de Política Económica, 1995

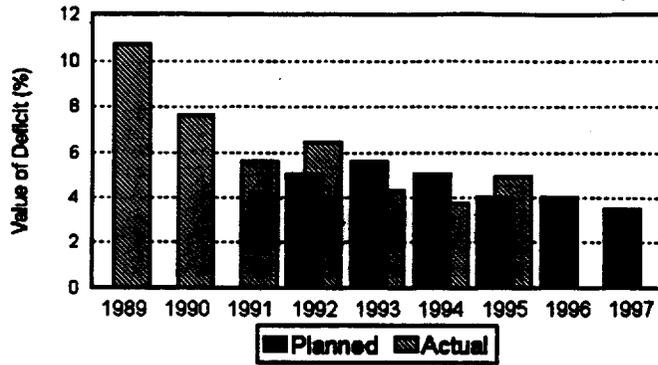
Private Investment as % of GDP



Data source: BCR, Gerencia de Política Económica, 1995

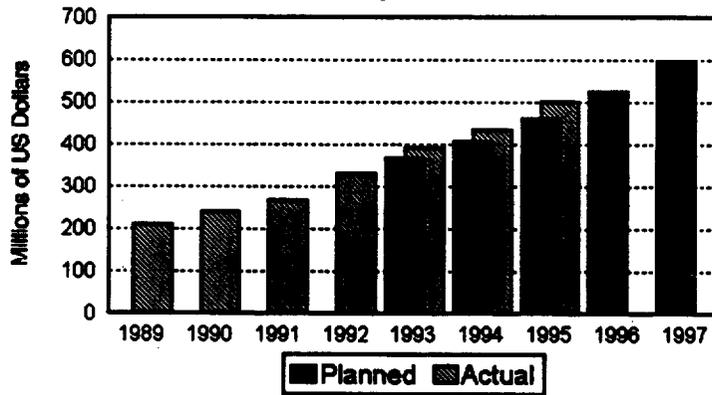
In 1995, El Salvador's real GDP grew at a healthy annual rate of 6.1 percent, and per capita GDP rose by more than four percent. The banking and insurance sectors and commerce led the way with 16 percent and 8 percent annual increases, respectively. The other two sectors that had a significant contribution to GDP growth in 1995 were manufacturing, growing at 7 percent, and agriculture growing at 5 percent. Even though per capita GDP growth has averaged about four percent a year for the last six years, its level remains 12 percent lower than 1978. This means that it would take five more years of an average increase of real GDP of six percent per year, to be able to reach the level of per capita that El Salvador had 17 years ago. Private investment as a percentage of GDP increased from a 11.2 percent of GDP in 1989 to 16.1 of GDP in 1995.

BOP Current Account Deficit as % of GDP



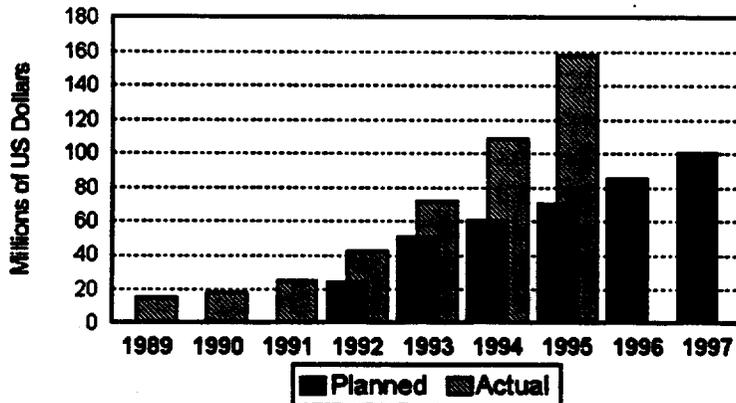
Data source: BCR, Gerencia de Política Económica; 1995

Nontraditional Non-agriculture Exports



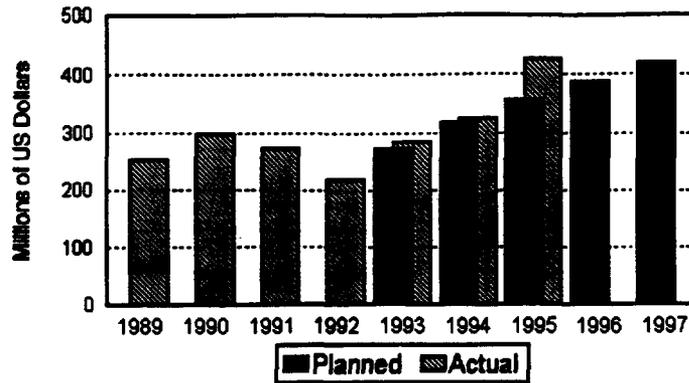
Data source: BCR, Gerencia de Política Económica; 1995

Maquila Drawbacks



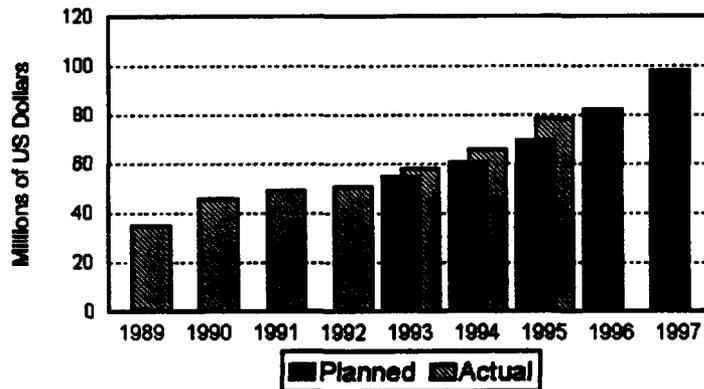
Data source: BCR, Gerencia de Política Económica; 1995

Traditional Agricultural Exports



Data source: BCR, Gabinete de Política Económica, 1995

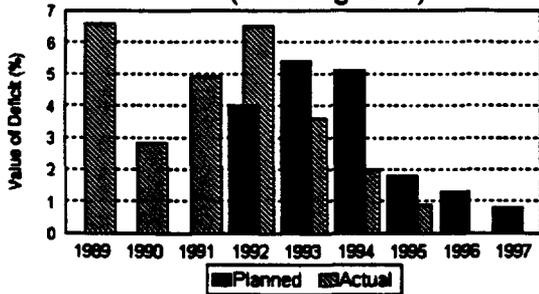
Nontraditional Agricultural Exports



Data source: BCR, Gabinete de Política Económica, 1995

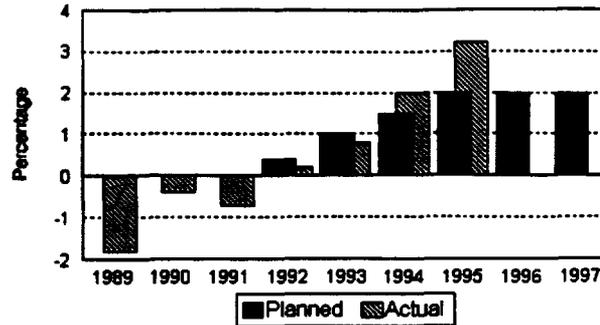
Total exports grew by 33 percent in 1995 compared to 1994. Traditional agricultural exports grew by 31 percent in 1995, mainly explained by a rise in coffee prices. Nontraditional exports to the Central American Common Market continued to grow rapidly. Maquila (textile assembly), for the fifth year in a row, had a robust growth with an impressive value added increase of 45 percent in 1995. Notwithstanding a rapid export growth and remittances of approximately 1.2 billion dollars, the current account deficit rose from 3.7 percent of GDP in 1994 to 4.9 percent in 1995. This was largely due to the growth in the trade deficit, as imports grew 30 percent in 1995 compared to 1994. Consumer goods were the fastest-growing category of imports, growing at 33 percent compared to 23 percent for intermediate goods and 26.5 percent for capital goods. Nevertheless, net foreign reserves of the Central Reserve Bank grew by \$147 million as capital inflows continued to rise.

**Nonfinancial Public Sector Deficit as % of GDP
(before grants)**



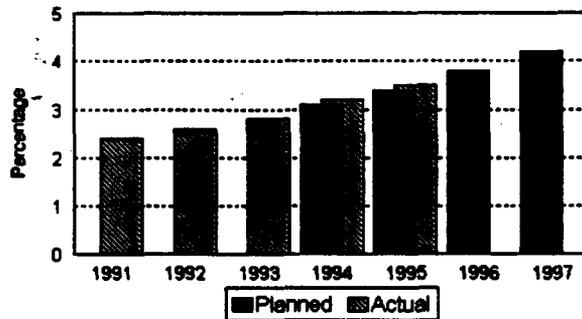
Data source: BCR, Gerencia de Política Económica, 1998

Public Sector Savings as % of GDP



Data source: BCR, Gerencia de Política Económica, 1998

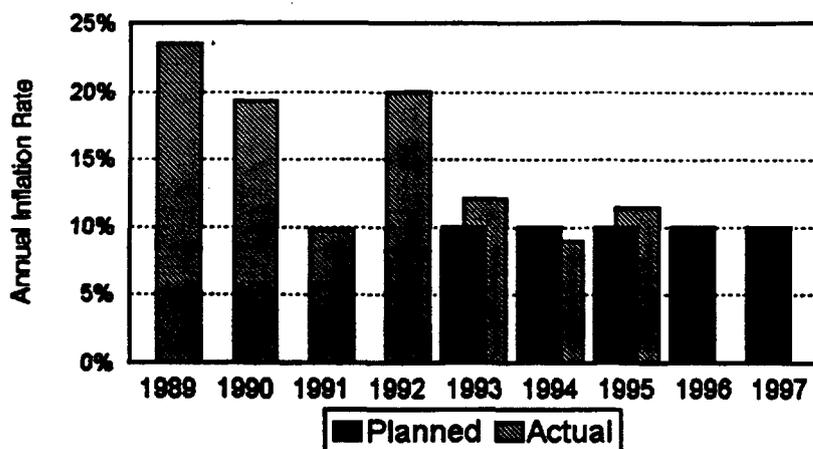
Social Sector Budget as a percent of GDP



Data source: Ministry of Finance, 1998

The fiscal situation continues to improve as the Nonfinancial Public Sector Deficit (before grants) is reduced from two percent of GDP in 1994 to less than 1 percent in 1995. This result can be explained by improvements in tax administration (e.g., reducing tax evasion and avoidance) and a three percentage point increase in the Value Added Tax. This improvement in tax effort in combination with a current expenditure restraint has resulted in an increase in public sector savings, from 2 percent of GDP in 1994 to 3.2 percent in 1995. Tax revenues as a percentage of GDP has risen from a negligible 7.6 percent of GDP in 1989 to around 12 percent of GDP in 1995. Further progress in tax reform and tax administration is needed, especially to continue to expand social sector spending. Despite having increased every year since 1992, the 3.5 percent of GDP reached in 1995 remains too low. Further growth in tax revenues will also be needed to compensate for projected reductions in donor assistance.

Consumer Price Index

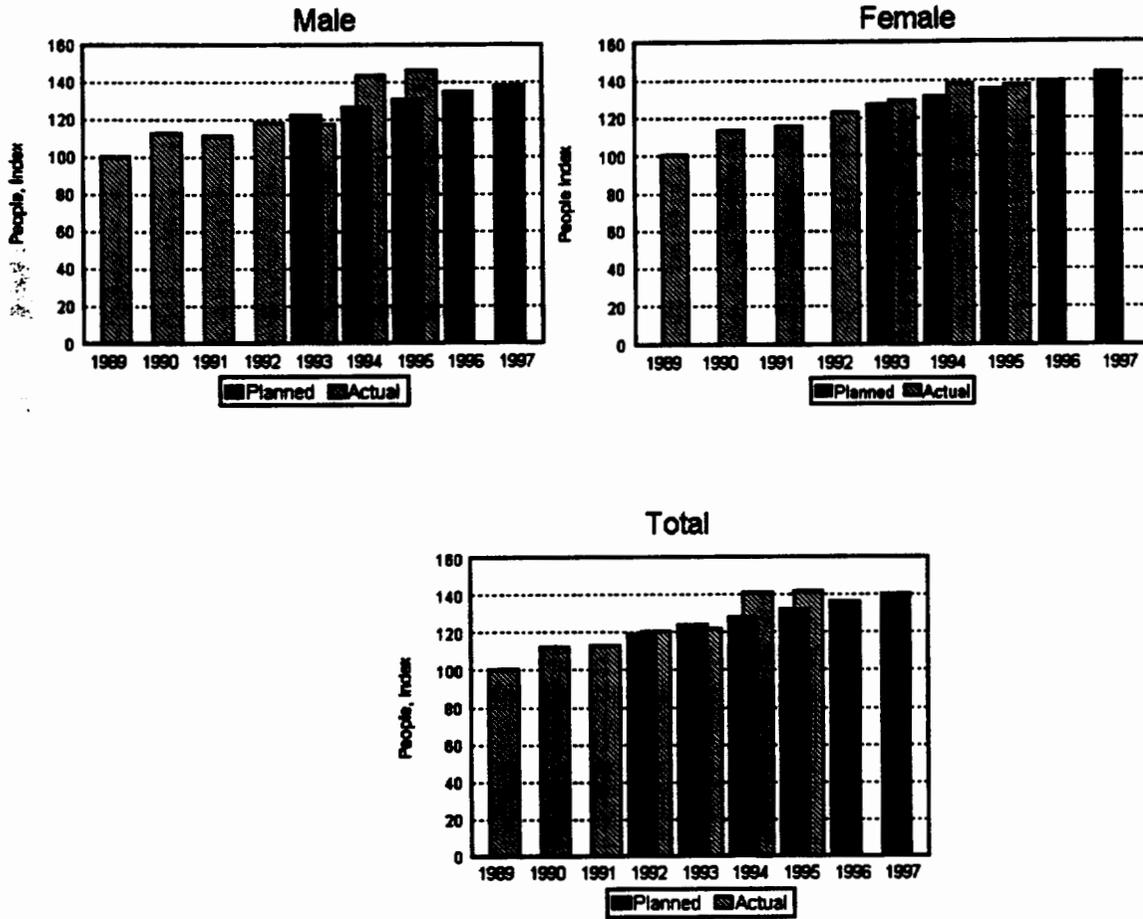


Data source: BCR, Gerencia de Política Económica; 1995

Year-end inflation rose from 8.9 in 1994 to 11.5 in 1995. The increase was due mainly to a combination of hikes in public utilities charges (electricity, water, telephone), a three percentage point Value Added Tax increase, and a rapid expansion of credit to the private sector through July 1995. In order to slow down aggregate demand and reduce import demand, the Central Reserve Bank tightened monetary controls beginning mid-1995 by increasing reserve requirements and placing bonds in the financial system.

**Intermediate Result No 4:
INCREASED EMPLOYMENT**

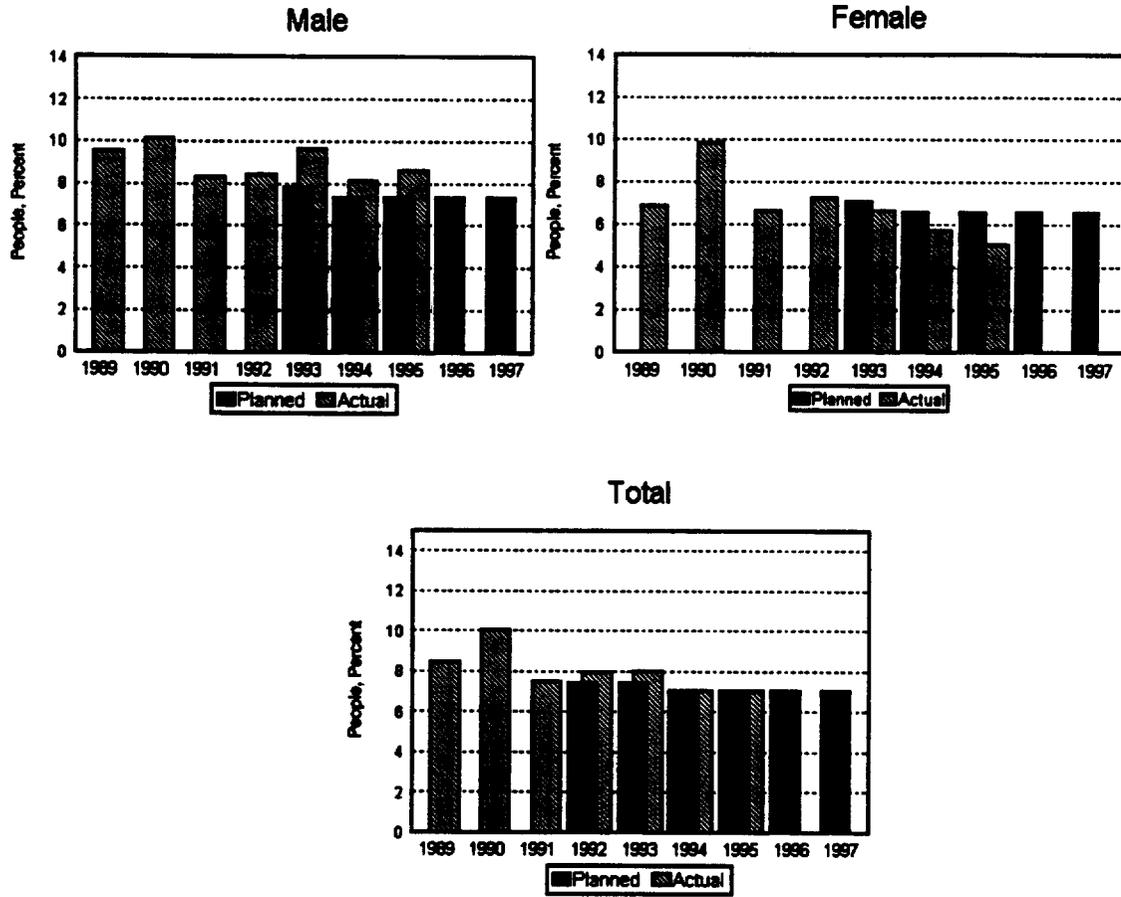
Index of Total Urban Employment



Data source: MPLAN, Multipurpose Household Surveys, 1985

Indicator 2

Urban Unemployment Rate



Data source: MPLAN, Multipurpose Household Surveys, 1995

Urban unemployment statistics reflect the benefits of El Salvador's economic growth. The overall unemployment rate remained steady in 1995 at 7.0 percent, even with the net addition to the labor force of about 2,000 workers being absorbed. El Salvador's unemployment figures come from the household survey, and discouraged workers (those who respond that are not looking for work because they believe no jobs are available or they don't know how to look for work) are counted as unemployed.

When urban unemployment figures are disaggregated by gender, and considered in light of the reduction seen last year in urban poverty, some interesting results emerge. During 1995, a significant number of women withdrew from the labor force, either to become homemakers or to go to school. Female labor force participation dropped from 46.1 percent to 43.9 percent. The unemployment rate for women with 1 - 3 years of schooling, for example, remained about 3.0 percent, but 3,000 women in that category left the labor force. The overall unemployment rate for women was 5.0 percent in 1995, down from 5.7 percent in 1994. The figures suggest that any urban female worker who chooses to seek work will find a job, but that more women are choosing not to work outside the home. One interpretation of this phenomenon is that with higher household incomes and more work opportunities for men, households are more easily able to elect strategies that allow women to work in the home.

Labor force participation by male urban potential workers (residents age 10 and above) dropped slightly in 1995, from 62.2 percent to 61.2 percent, mainly reflecting higher numbers of male urban residents in school or retired. In absolute numbers, about 18,000 net new male workers joined the labor force and about 13,000 found jobs. These numbers translate into an increase in male urban unemployment from 8.1 to 8.6 percent. Increased joblessness among men was largely confined to those with 6 or fewer years of schooling. While total employment expanded for this group, it did not grow as quickly as the number of new jobseekers.

1. In 1994, the methodology for conducting the Multi-purpose Household Survey was changed, and they are now using household consumption data to validate reported income. In 1995, due to lower levels of funds available for the survey, they reduced the sample size from 20,000 to 10,000 households. Poverty levels in 1994 and 1995 are much lower than originally estimated. However it is difficult to judge how much of the improvement in poverty is due to actual improvements in the reporting of household earnings, change in the sample size, or improvements in household purchasing power. Economic growth alone in 1994 and 1995 cannot fully explain the reduction in poverty levels.

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***Strengthened Democratic Institutions
and Practices***

STRATEGIC OBJECTIVE 1995 PERFORMANCE

USAID/El Salvador				
STRATEGIC OBJECTIVE: Strengthened democratic institutions and practices				
Indicator: 1. Free and fair elections				
Expressed as: Yes/No		Year	Planned	Actual
Source: Election observer reports	Baseline	1991	Yes	Yes
Comments: The 1994 elections included presidential, legislative and mayoral elections. The 1997 elections are legislative and mayoral only.		1994	Yes	Yes
	Target	1997	Yes	
Indicator: 2. Citizen support for selected democratic institutions				
Unit: survey respondents Expressed as: percent		Year	Planned	Actual
			M F	M F
Source: Seligson study	Baseline	1991	n/a n/a	54*
Comments: Baseline data is urban only; therefore, while the 1995 study was nation-wide, only urban data is shown to facilitate comparison. In relation to other Central American countries, El Salvador was shown to have relatively low "system support" in 1991 and this continued in evidence in 1995. Note: the 1995 result was not a "statistically significant" decrease; therefore, it <u>cannot</u> be inferred that citizen support for selected democratic institutions decreased in 1995.		1993	n/a n/a	n/a n/a
		1994	n/a n/a	n/a n/a
		1995	n/a n/a	49 49
		1996	n/a n/a	
	Target	1997	57 57	
* Baseline is not available M/F.				

Indicator: 3. Citizen tolerance for political differences						
Unit: survey respondents Expressed as: percent		Year	Planned		Actual	
			M	F	M	F
Source: Seligson study		Baseline	1992	n/a	n/a	45*
<p>Comments: Baseline data is urban only; therefore, while the 1995 study was nation-wide, only urban dated is shown to facilitate comparison.</p> <p>In relation to other Central American countries, El Salvador was shown to have relatively low political tolerance in 1991. Note: the 1995 result was a "statistically significant" increase; therefore, it <u>can</u> be inferred that citizen tolerance for political differences increased in 1995 -- this result gives cause for some optimism.</p>			1993	n/a	n/a	n/a n/a
			1994	n/a	n/a	n/a n/a
			1995	n/a	n/a	56 51
			1996	n/a	n/a	
		Target	1997	60	55	
*Baseline is not available M/F.						

El Salvador

Improved citizen participation in the public policy/decision-making process

Indicator 1a: Eligible voters registered

Unit: eligible voters Expressed as: percent		Year	Planned	Actual
Source: Electoral Tribunal Records	Baseline	1991	n/a	n/a
Comments: 1997 election will be only for mayoral and legislative seats. Tribunal records do not disaggregate by sex.	(June)	1993	n/a	72
	(March)	1994	n/a	95
	Target	1997	95	

Indicator: 1b. Eligible voters voting

Unit: eligible voters Expressed as: percent		Year	Planned	Actual
Source: Electoral Tribunal Records	Baseline	1991	n/a	n/a
Comments: Gallup polls taken after the election indicate that approximately 40% of voters were women and 60% were men.		1994	n/a	52*
	Target	1997	55	

* First round of elections; 49% for second.

Indicator: 2. Cantones participating in open town meetings				
Unit: cantones Expressed as: percent of total		Year	Planned	Actual
Source: Municipal Records	Baseline	1992	N/A	63
Comments: Late disbursement of MEA funds in 1995 discouraged local governments from holding open town meetings, as they had few resources to offer for local infrastructure projects.		1993	80	69.7
		1994	85	74
		1995	90	63
		1996	75	
	Target	1997	90	
Indicator: 3. Regular use of open municipal council meetings in pilot municipalities				
Unit: municipalities Expressed as: number		Year	Planned	Actual
Source: Municipal records		1992	n/a	n/a
Comments: This indicator gives the total number of open council meetings in the pilot municipalities; the average number per municipality during 1995 was 1.5, with a high of 4 in some municipalities and a low of 0 in others. Performance improved significantly in 1995 because MEA conditionality requiring recipient towns to hold open council meetings went into effect.		1993	n/a	0
	Baseline	1994	10	2
		1995	15	62
		1996	44	
	Target	1997	64	

Indicator: 4. Citizens using civil society organizations to affect decision-making at the local and national levels						
Unit: survey respondents Expressed as: percent		Year	Planned		Actual	
			M	F	M	F
Source: Public opinion poll (CID/Gallup)		1992	n/a	n/a	n/a	n/a
<p>Comments: Baseline established in September 1994 public opinion poll. Respondents were asked if they participate in a group or groups that do any of the following: delivers services, speaks out for special interest groups, promotes policies, educates and gives out information, raises funds for a cause, or provides training.</p> <p>The 1995 result is n/a as this question was inadvertently omitted by CID/Gallup when poll was conducted.</p>		1993	n/a	n/a	n/a	n/a
	Baseline	1994	n/a	n/a	9.5	4.0
		1995	9.5	4.0	n/a	n/a
		1996	10.0	5.0		
	Target	1997				
Indicator: 5a. Citizens demonstrating knowledge of constitutional rights						
Unit: survey respondents Expressed as: percent		Year	Planned		Actual	
			M	F	M	F
Source: Public opinion poll (CID/Gallup)		1992	n/a	n/a	n/a	n/a
<p>Comments: New (modified) indicator. Baseline established in September 1994 public opinion poll. This indicator measures respondents who are able to name three rights guaranteed to them under the Salvadoran constitution.</p> <p>The 1995 result is n/a as this question was inadvertently omitted by CID/Gallup when poll was conducted.</p>		1993	n/a	n/a	n/a	n/a
	Baseline	1994	n/a	n/a	22.2	12.6
		1995	22.2	12.6	n/a	n/a
		1996	24	14		
	Target	1997				

Indicator: 5b. Citizens demonstrating knowledge of constitutional responsibilities						
Unit: survey respondents	Expressed as: percent		Year	Planned		Actual
Source: CID/Gallup public opinion poll				M	F	M F
Comments: New (modified) indicator. Baseline established in September 1994 public opinion poll. This indicator measures respondents who are able to correctly name at least one responsibility which they have as citizen under the Salvadoran constitution. The 1995 result is n/a as this question was inadvertently omitted by CID/Gallup when poll was conducted.	Baseline		1994	n/a	n/a	38.2 25.1
			1995	38.2	25.1	n/a n/a
			1996	40	26.5	
			1997			

USAID/El Salvador					
Improved legal and institutional framework for effective protection of human and citizen rights					
Indicator: 1. Indigent detainees receiving legal counsel from the public defender's office					
Unit: indigent detainees	Expressed as: number		Year	Planned	Actual
Source: Public Ministry Records			1992	n/a	n/a
Comments: Baseline established in March 1993. Most detainees are men; information not readily available in disaggregated form.	Baseline		1993	n/a	7,156
			1994	n/a	8,423
			1995	10,000	13,115
			1996	14,000	
	Target		1997	18,000	

Indicator: 2. Case backlog in a) criminal courts and b) family courts							
Unit: cases	Expressed as: percent of total	Year	Planned		Actual		
			A	B	A	B	
Source: Court Records		1992	n/a	n/a	n/a	n/a	
		Baseline	1993	n/a	n/a	70	73
<p>Comments: This indicator measures the percent of total active cases older than one year from time of filing. An active case is one that has not reached final disposition. Progress is measured by a reduction in this percentage.</p> <p>• Data for 1993 were derived from a nationwide survey covering all family and criminal cases in all courts. When family courts were established in the last quarter of 1994, only new family cases went to these courts, i.e., the backlog of pending cases was not transferred to them. In large part this explains the appearance of extremely improved efficiency in the family courts; these courts have not had the time to develop a backlog, and it is hoped that due to the efficiency measures being introduced, they will not.</p>		1994	60	63	46	n/a	
		1995	50	50	47	10*	
		1996	43	30			
		Target	1997	33	10		

Indicator: 3. Selected legal and administrative reforms enacted and implemented						
Unit: reforms enacted	Expressed as: number	Year	Planned		Actual	
Source: Justice System and Legislative Assembly Records	Baseline	1992	n/a		1	
Comments: Expected reforms are as follows: Public Defenders Law - passed Family Code - passed Labor Code - passed Family Procedures Law - passed Juvenile Offenders Law - passed Agrarian Code Administrative Procedures NCJ Independence - passed (enabling legislation) Career Protection for Prosecutors and Public Defenders Sentencing Code Criminal and Criminal Procedure Code Civil and Civil Procedure Codes		1993	3		2	
		1994	3		3	
		1995	4		0	
		1996	2			
	Target	1997	3			
Indicator: 4. New cases resolved in a) criminal courts and b) family courts in under 1 year						
Unit: new cases	Expressed as: percent of total	Year	Planned		Actual	
			A	B	A	B
		1992	n/a	n/a	n/a	n/a
Source: Court Records	Baseline	1993	n/a	n/a	23	61
Comments: This indicator measures the percentage of cases that reach final disposition in relation to new cases filed during the same period. Progress is measured by an <u>increase</u> in this percentage.		1994	35	70	100	n/a
		1995	50	80	75	73
		1996	70	90		
	Target	1997	100	100		

USAID/El Salvador

Improved mechanisms to ensure public sector accountability and oversight

Indicator: 1. Percentage of national budget audited each year a) operational b) investment

Unit: national budget Expressed as: percent

Source: Court of Accounts Audit Reports

Comments: This indicator tells us about the extent of audit coverage. The goal, within 4 years, had been to audit at least 20% of the entire GOES operational budget (recurrent costs) each year. Obviously, the program has been much more successful than anticipated; technical innovations were adopted much more easily by GOES agencies, and more auditors were available than expected.

Operational expenses are routine and do not need to be budgeted every year. Investment expenditures should be audited more often because they involve large amounts of non-routine spending and contracting - projects are usually short-lived and require prompt auditing. The goal for investment funds is to audit 65% by the end of CY 1997.

Year	Planned		Actual		
	A	B	A	B	
1992	n/a	n/a	n/a	n/a	
1993	n/a	n/a	0	0	
Baseline	1994	5	10	26	27
	1995	10	25	24	25
	1996	15	45		
Target	1997	20	65		

Indicator: 2. Percentage of national budget audited each year that pertains to GOES entities whose financial statements received qualified or unqualified audit opinions					
Unit: audited portion of national budget	Expressed as: percent	Year	Planned	Actual	
Source: Court of Accounts Audit Reports		Baseline	1992	n/a	
<p>Comments: This indicator tells us how much of the government's funds are controlled by entities with "adequate" accounting systems (i.e., those producing financial statements receiving a "qualified" or "unqualified" opinion by auditors). Only a part of the GOES budget is audited every year. The indicator looks at the audited part and quantifies what percentage of that audited part pertains to GOES entities whose financial statements received "unqualified" or "qualified" opinions.</p> <p>The 1995 result was so high in large part because the GOES entities that had auditable accounting systems in place were the ones already in the best shape, and therefore most likely to receive an acceptable audit result. As the other entities become auditable over the next few years, it is likely that the percentage of acceptable audit results will drop; it is possible, for example, that we will meet the 60% target in 1997 by declining to it rather than working up towards it. The 100% result for 1994 also does not tell us about the quality of the audits themselves; it is possible that mediocre audits did not uncover some serious problems. Quality of audits will be something the Mission will focus on in the future.</p>			1993	n/a	
			1994	15	100
			1995	30	100
			1996	45	
		Target	1997	60	
Indicator: 3. Percentage of national budget reflecting cost/output relationship					
Unit: national budget	Expressed as: percent	Year	Planned	Actual	
Source: Annual National Budget Law		Baseline	1992	n/a	
<p>Comments: This indicator tells us about the quality of <u>budget methods</u> used by GOES entities. In 1995, none of the entity budgets are expressed in terms of outputs, rather they are presented in terms of expenditure categories, or inputs. The budget must be presented in terms of outputs in order for the public to know what results have derived from the expenditures. The 1996 budget is currently being prepared in cost/output form.</p>			1993	n/a	
			1994	0	0
			1995	32	0
			1996	48	
		Target	1997	65	

USAID/El Salvador

Increased devolution of power to local level

Indicator: 1. Locally generated annual revenue in pilot municipalities

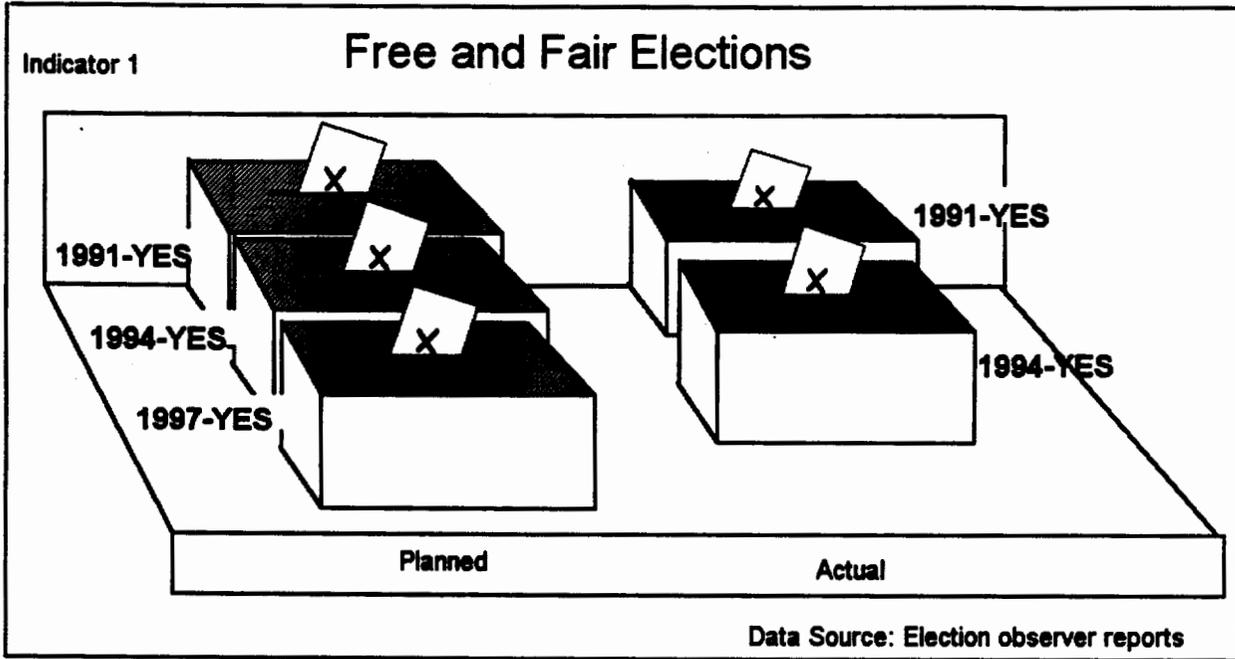
Unit: revenue increase Expressed as: percent change		Year	Planned	Actual
Source: Instituto Salvadoreño de Desarrollo Municipal (ISDEM)	Baseline	1991	n/a	-
Comments: Locally generated revenues for the pilot municipalities is as follows: 1991 c6,189,580 1992 c12,949,786 1993 c18,211,289 1994 c22,853,800 1995 c29,577,579		1992	n/a	109
		1993	n/a	40.6
		1994	30	25.5
		1995	20	30
		1996	30	
	Target	1997	30	

Indicator: 2. National budget transfers to local government

Unit: national budget Expressed as: percent		Year	Planned	Actual
Source: National Budget, Municipal Records	Baseline	1992	n/a	.17
Comments:		1993	n/a	.17
		1994	.25	.25
		1995	2.5	2.0
		1996	3.0	
	Target	1997	3.5	

Indicator: 3. Municipalities managing urban water systems in pilot municipalities					
Unit: municipalities	Expressed as: number		Year	Planned	Actual
Source: Municipal Records		Baseline	1992	n/a	n/a
Comments: The legal framework for decentralization of water services is not yet in place. USAID is financing legal studies on this issue, however, and these studies will present options to the GOES for transfer of management of water systems to the municipalities.			1993	n/a	0
			1994	5	7
			1995	15	9
			1996	25	
		Target	1997	39	

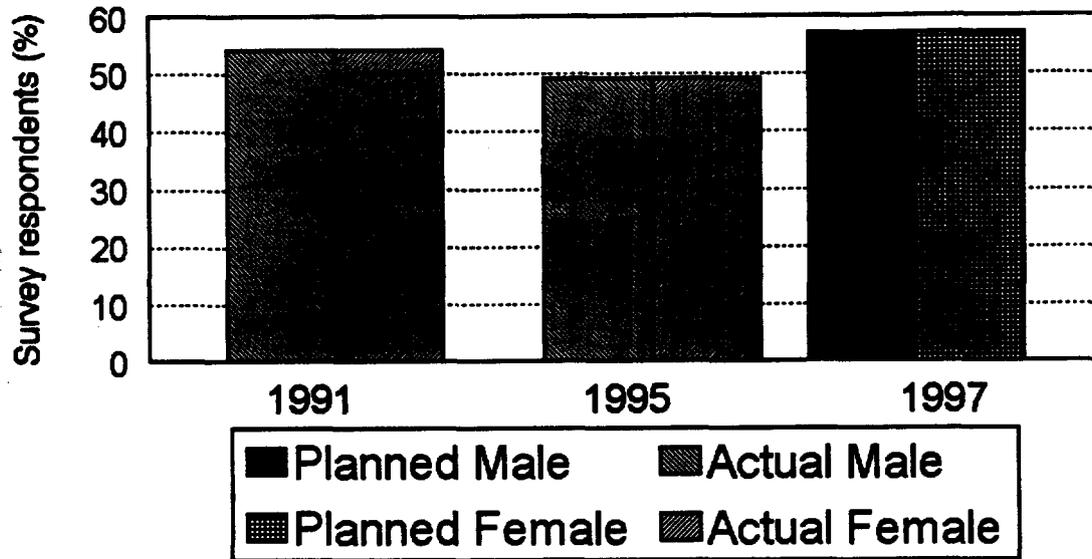
STRATEGIC OBJECTIVE: STRENGTHENED DEMOCRATIC INSTITUTIONS AND PRACTICES



The last two elections carried out in El Salvador were free and fair.

Indicator 2

Citizen support for selected democratic institutions

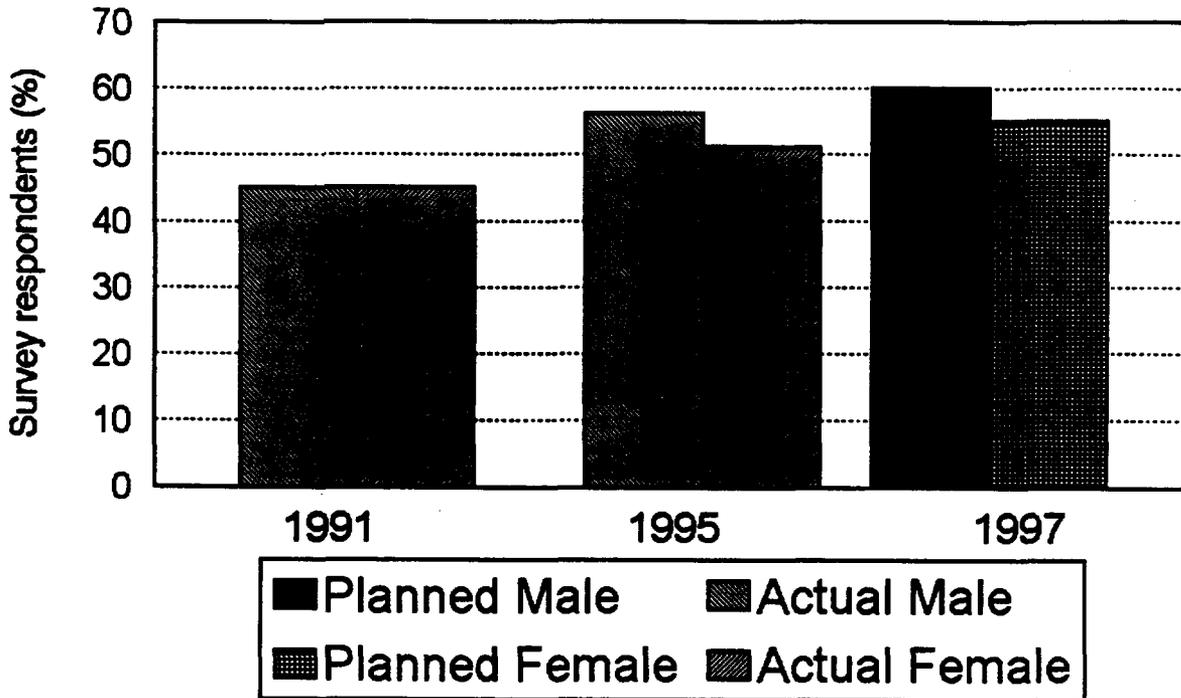


Data Source: Seligson study
February 1995

There was a slight drop in citizens' support for selected democratic institutions from 1991 to 1995. The inference to be drawn from this result is, perhaps contrary to what might be expected, citizens do not feel greater support for democratic institutions after the Peace Accords. The authors of the study speculate that this may be attributed to rising expectations of citizens.

Indicator 3

Citizen tolerance for political differences



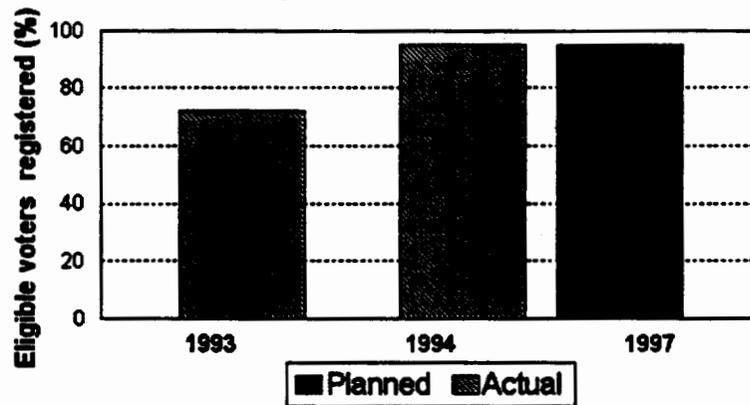
Data Source: Seligson study
February 1995

There was a statistically significant increase in citizens' tolerance for political differences in El Salvador from 1991 to 1995. This is a very encouraging result; it might be inferred from this result that the Peace Accords process and post-Accords integration of the FMLN into the political process have increased citizens' tolerance for beliefs different from their own.

Improved citizen participation in the public policy/decision-making process

Indicator 1a

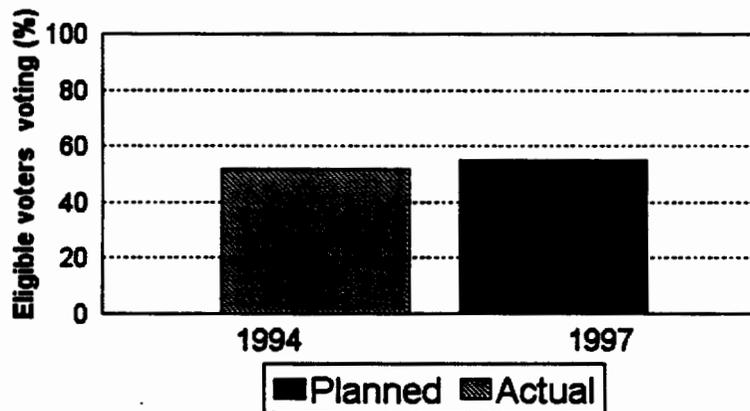
Eligible voters registered



Data Source: Electoral Tribunal Records

Indicator 1b

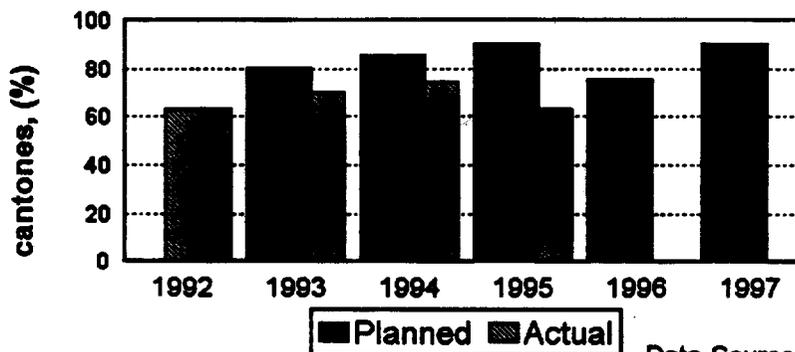
Eligible voters voting



Data Source: Electoral Tribunal Records

There was no 1995 result for these indicators as the next election is not until 1997.

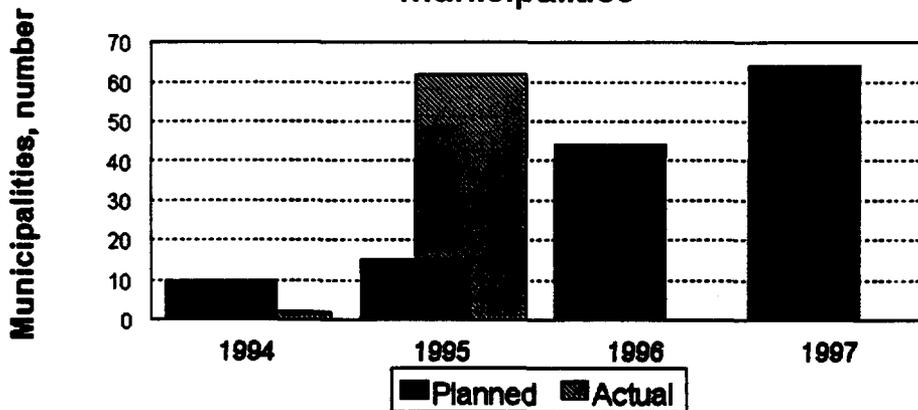
Indicator 2 Cantones participating in open town meetings



Data Source: Municipal Records
December 1995

Performance over the last few years has not quite met targets for this indicator, and in fact dropped somewhat from the previous year. Late disbursements of funds under the Municipalities in Action Project, which provides funds for community investment projects, discouraged local governments from holding open town meetings, as they had few resources to meet citizens' demands early in the year. Once municipalities begin generating greater resources locally, and the GOES begins transferring increasing portions of the national budget to municipalities, it is expected that open town meetings will be held regularly and participation of cantones (communities) in these meetings will continue to increase.

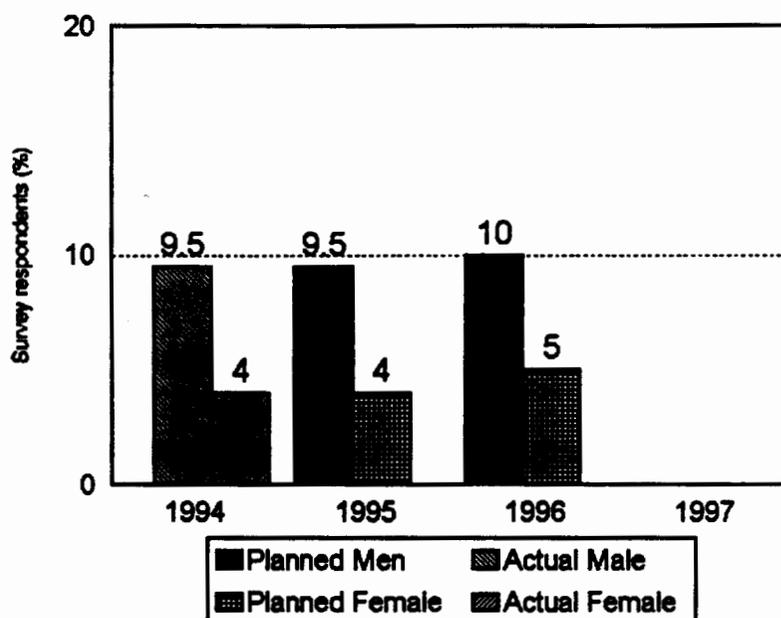
Indicator 3 Regular use of open municipal council meetings in pilot municipalities



Data Source: Municipal Records
December 1995

The incidence of open town council meetings increased dramatically in 1995 and well surpassed the target of 15 open council meetings. Performance improved significantly in 1995 because Municipalities in Action project conditionality requiring recipient towns to hold open council meetings went into effect. It is USAID's hope that mayors continue this tradition after project funds disappear (i.e., after 1997) because they learn that it enhances their credibility and legitimacy with those they represent.

Indicator 4 **Citizens using civil society organizations to affect decision-making at the local and national levels**

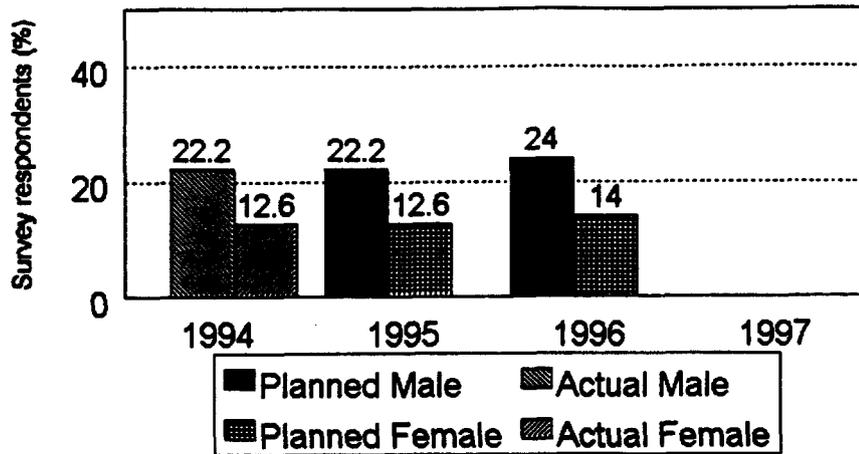


Data Source: Public opinion poll (CID/Gallup)
No data for 1995

There is unfortunately no result in 1995 for this indicator as this question was omitted inadvertently by CID/Gallup when the poll was conducted. This information will be available when the September 1996 CID/Gallup poll is carried out.

Indicator 5a

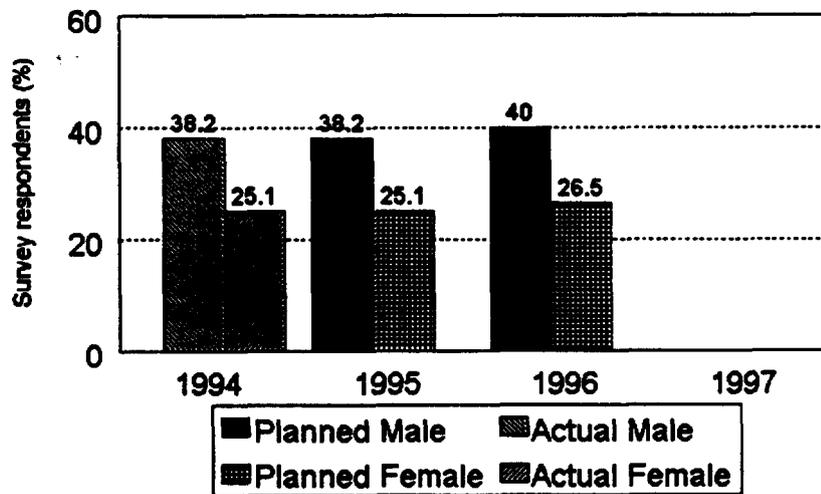
Citizens demonstrating knowledge of constitutional rights



Data Source: Public opinion poll (CID/Gallup)
No data for 1995

Indicator 5b

Citizens demonstrating knowledge of constitutional responsibilities



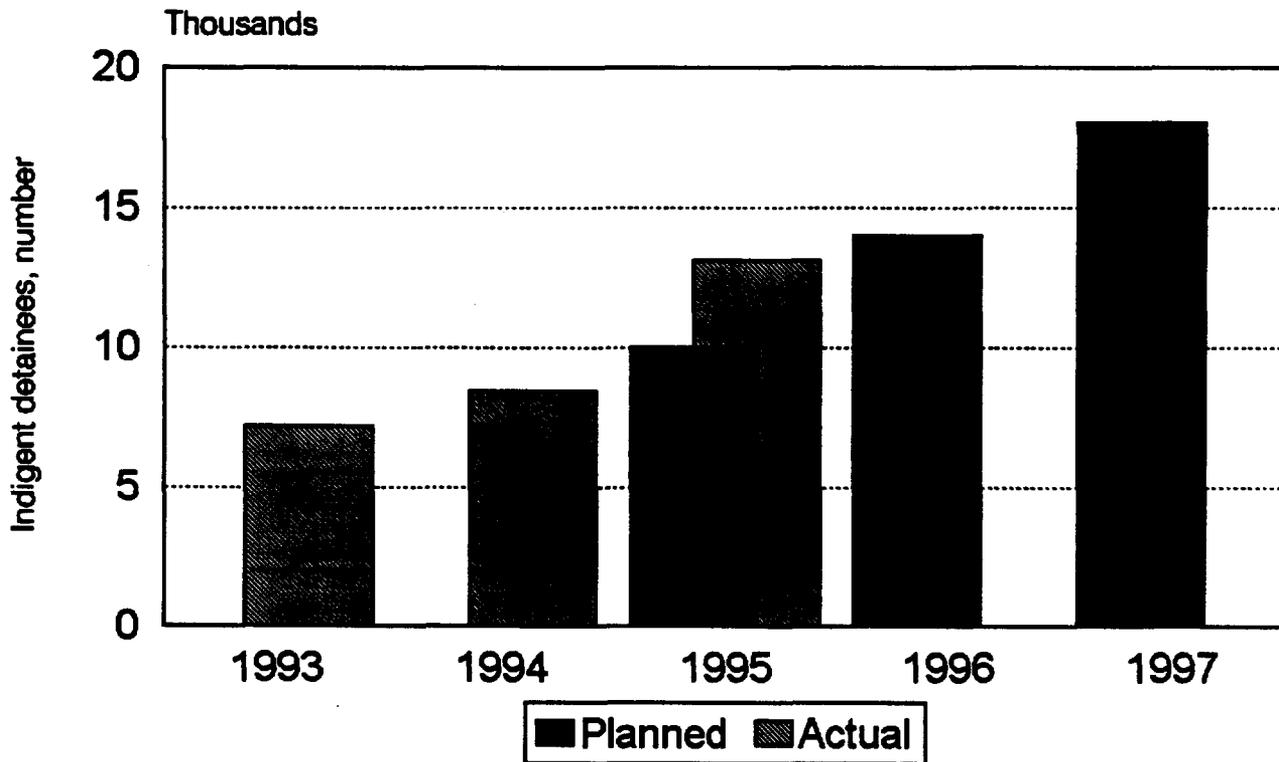
Data Source: Public opinion poll (CID/Gallup)
No data for 1995

There is unfortunately no result in 1995 for these indicators as these questions were omitted inadvertently by CID/Gallup when the poll was conducted. This information will be available when the September 1996 CID/Gallup poll is carried out.

Improved legal and institutional framework for effective protection of human and citizen rights

Indicator 1

Indigent detainees receiving legal counsel from the public defender's office

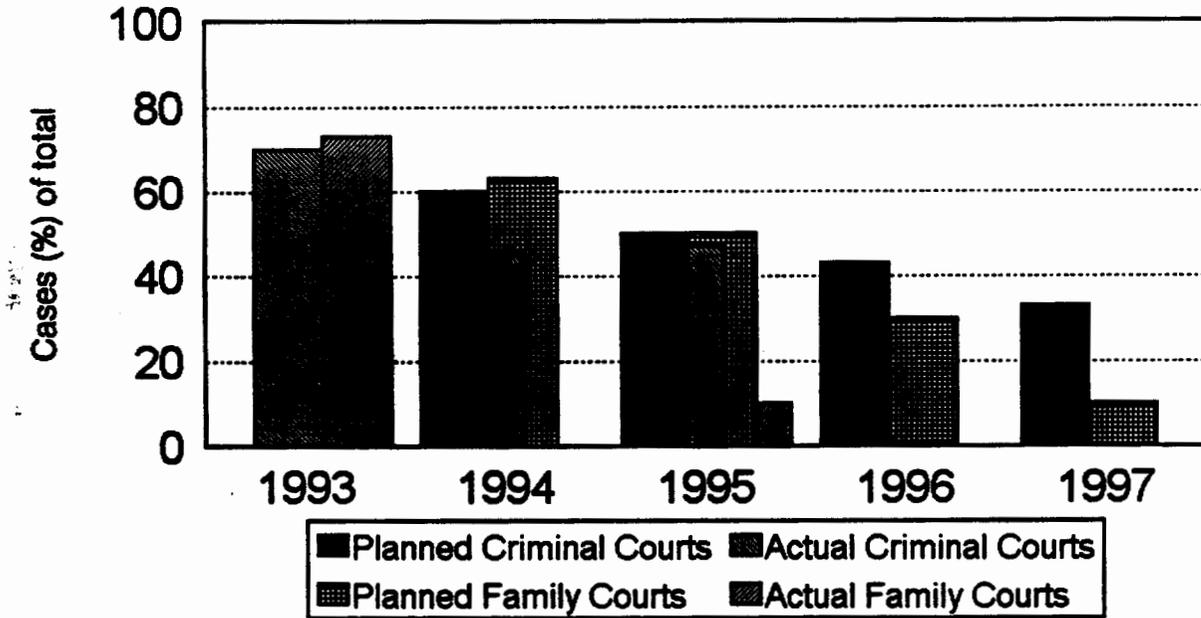


Data Source: Public Ministry Records
End of CY 1995

The 1995 result significantly exceeded the target for 1995 due to improving performance by the public defender's office. This improved performance is due largely to the training provided to public defenders and the new manual case tracking system, which is currently in the process of being computerized.

Indicator 2

Case backlog in criminal courts and family courts

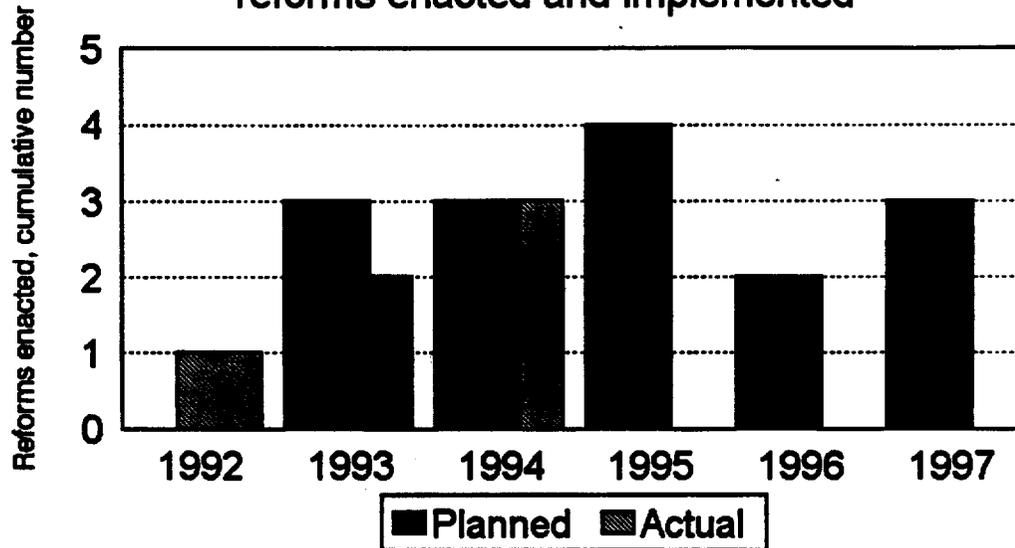


Court Records
End of CY 1995

The target for this indicator was met in criminal courts and significantly surpassed in family courts. The reason for the superlative performance in the family courts is that these bodies started with a "clean slate" of new cases only when they were established in October 1994.

Indicator 3

Selected legal and administrative reforms enacted and implemented

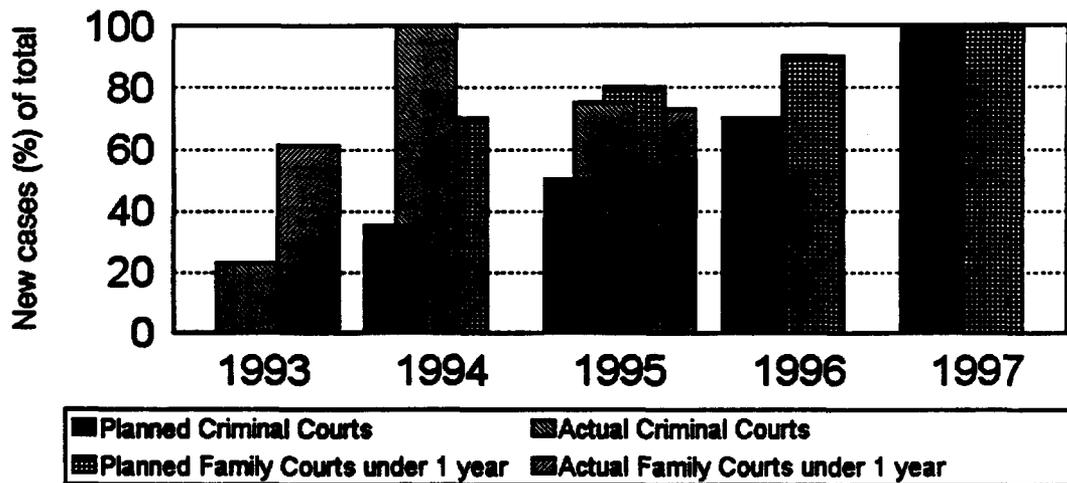


Data Source: Justice System and Legislative Assembly Records
End of CY 1995

This was a disappointing year for legislative reforms. USAID was expecting the Criminal Code, the Criminal Procedures Code, the Sentencing Law and the Career Protection for Prosecutors and Public Defenders laws to be passed in 1995. Continued debate in the press, within the Assembly and among the public at large about the relation between the crime wave and current and proposed criminal legislation, made it difficult for political decisions to be made. Given the recent introduction of emergency criminal legislation that is "tough on crime," it is uncertain when this targeted legislation will pass.

Indicator 4

New cases resolved in criminal courts and family courts under 1 year



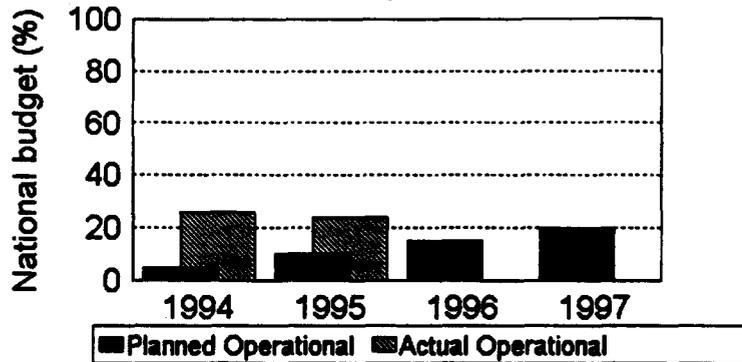
Data Source: Court Records
End of CY 1995

This indicator was more than met in criminal courts and nearly met in family courts. This result is very positive and is largely attributable to the establishment of the Case Purging Center with financing from the Judicial Reform II Project. During 1994 and 1995, 29,000 criminal cases were purged from the system. Both criminal courts and family courts now appear to be processing new cases with a fair degree of efficiency.

Improved mechanisms to ensure public sector accountability and oversight

Indicator 1a.

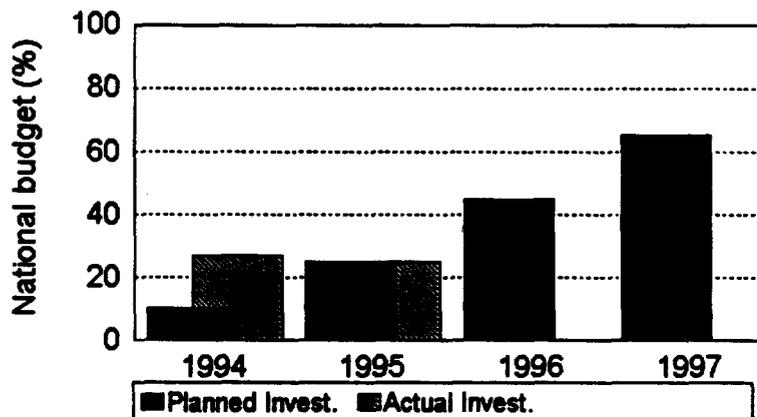
Percentage of national Operational budget audited each year



Data Source: Court of Accounts Audit Reports
End of CY 1995

Percentage of national Investment budget audited each year

Indicator 1b.

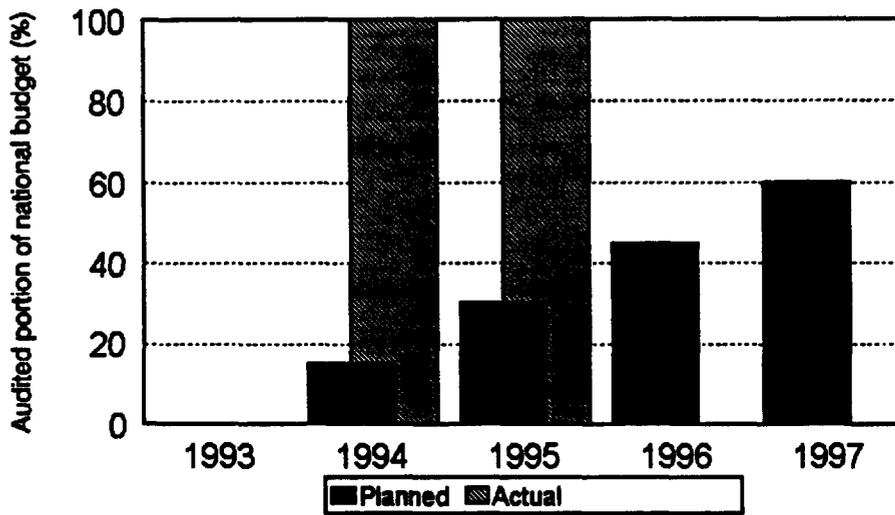


Data Source: Court of Accounts Audit Reports
End of CY 1995

This year's result was almost identical to last year's--both results met or, in the case of the operation budget, well exceeded their targets. The percent of the national operational budget audited currently already surpasses the target set for 1997; technical innovations were adopted by GOES agencies more easily, and more auditors were available than expected. The performance against these indicators suggests that USAID's support in this area has met with significant, early success and has made a strong contribution toward improving government transparency and accountability.

Indicator 2

Percentage of national budget audited each year that pertains to GOES entities whose financial statements received qualified or unqualified audit opinions

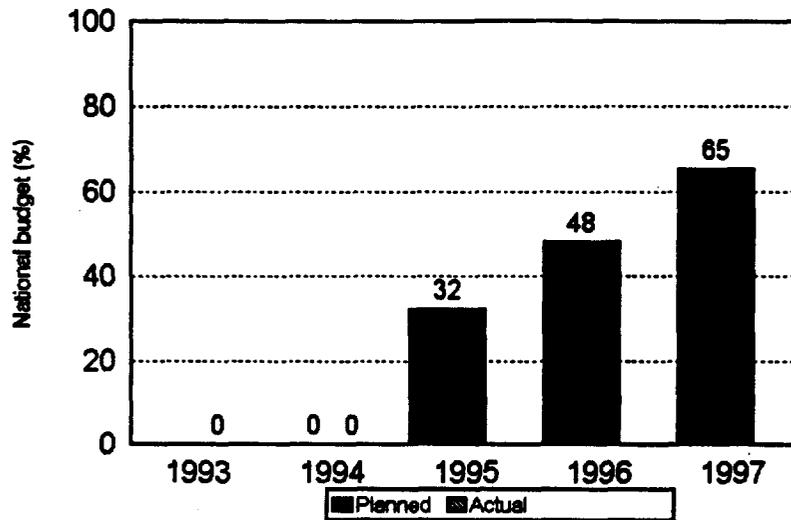


Data source: Court of Accounts Audit Reports
End of CY 1995

In both 1994 and 1995, performance against this indicator was 100%. Performance in this area has been outstanding in large part because it reflects those GOES entities which had auditable accounting systems in place. They were therefore most likely to receive an acceptable audit result. As the other entities become auditable over the next few years, it is likely that the percentage of acceptable audit results will drop.

Indicator 3

Percentage of national budget reflecting cost/output relationship



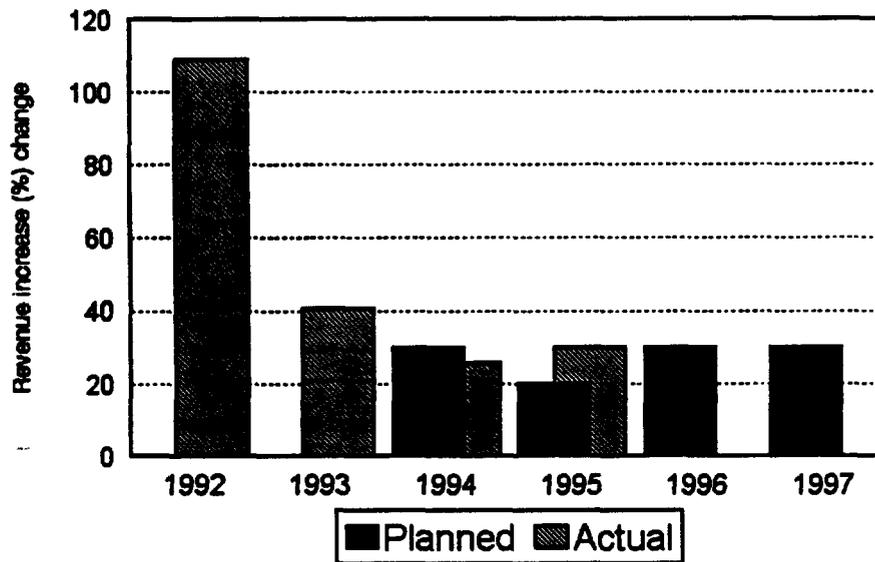
**Data Source: Annual National Budget Law
End of CY 1995**

There has been no progress on this indicator to date. The 1996 budget is currently being prepared in cost/output form. It is expected that performance in this area will improve in 1996.

Increased devolution of power to local level

Indicator 1

Locally generated annual revenue in pilot municipalities

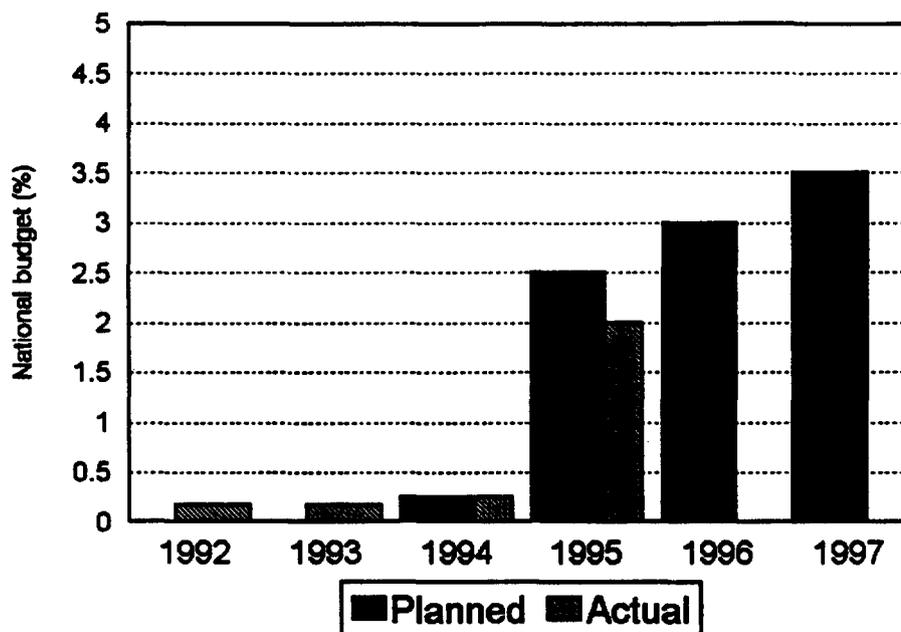


Data Source: Instituto Salvadoreño de Desarrollo Municipal (ISDEM)
End of CY 1995

Performance against this target was surpassed by 50 percent in 1995. Municipalities are taking steps to implement resource-generation authorities currently available to them. (The dip in the target established for 1995 was due to the late start-up of the project).

Indicator 2

National budget transfers to local government

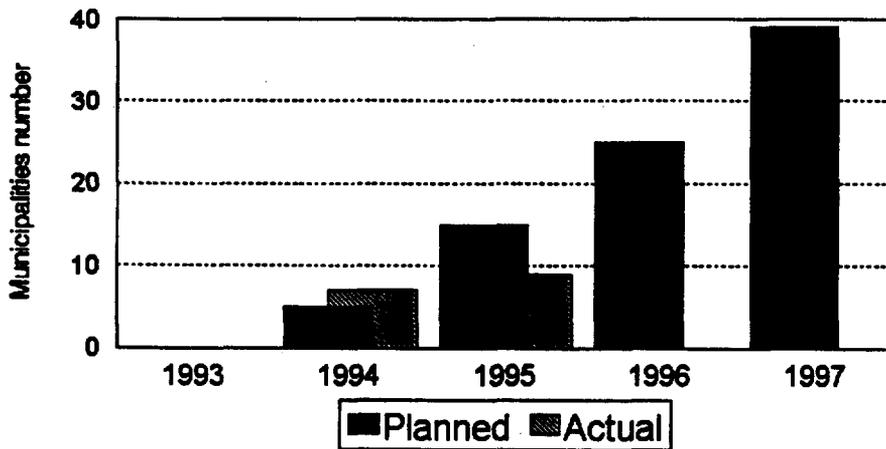


Data Source: National budget, Municipal Records
End of CY 1995

Performance against this indicator was close to the targeted level. Performance did not meet the target as the GOES chose the fixed amount of 2 percent of the national budget for transfer to municipalities in 1995.

Indicator 3

Municipalities managing urban water systems



Data Source: Municipal Records
End of CY 1995

Performance against this indicator was slightly better than half of the targeted level. The reason for this less-than-expected performance is that the legal framework for decentralization of water services is not yet in place. USAID is financing legal studies on this issue, however, which will present options to the GOES for transfer of management of water systems to the municipalities.

***Improved Quality with Equity in Health
and Education***

STRATEGIC OBJECTIVE 1995 PERFORMANCE

El Salvador								
STRATEGIC OBJECTIVE: Improved Quality with Equity in Health and Education								
Indicator: 1. 6th graders graduating in 6 years: a) National, b) Urban, c) Rural								
Unit: 6th graders, percent		Year	a M/F Total	Planned b M/F Total	c M/F Total	Actual a M/F Total	b M/F Total	c M/F Total
Source: MOE	Baseline	1992	N/A	N/A	N/A	27/31 29	41/46 43	19/21 20
<p>Comments: The targets were established using data from 1991-1992, and the data were calculated using UNESCO's methodology. Planned figures are based on a goal of 95 % for both rural and urban, M/F, within one generation (ie 25 years, or by the year 2017).</p> <p>The Mission's experience over the past three years with MOE shows that they have not been able to produce reliable data, for this and other indicators. A new MIS, funded by the World Bank, has likewise been unsuccessful in collecting reliable data.</p>		1993	29/33 31	43/48 45	22/24 23	27/35 34	38/44 43	16/23 19
		1994	32/36 34	45/50 47	25/27 26	N/A	N/A	N/A
		1995	34/38 36	47/52 49	28/30 29	29	N/A	N/A
		1996	36/40 38	49/54 52	31/33 32			
	Target	1997	39/43 41	51/56 54	34/36 35			

Indicator: 2. Infant Mortality Rate (IMR) (under 1 year): a) National, b) Rural, c) Other Urban, d) MSS										
Unit: Deaths per 1000 births		Year	Planned				Actual			
			a	b	c	d	a	b	c	d
Source: Family Demographic & Health Survey (FESAL) ^{1/}	Baseline	1988	N/A	N/A	N/A	N/A	55	61	51	41
Comments: Rural and other Urban IMR to decrease to IMR in Metropolitan San Salvador (MSS). IMR is best measured every 3 to 5 years to allow sufficient time for a notable change to occur. Current MOH data and vital statistics system is inadequate to determine IMR. 1/ USAID will seek other donor support to fund the FESAL every 3 years.		1993	51	59	50	40	41	44	35	38
		1996	40	43	34	37				
		1999	38	41	32	35				
	Target	2002	37	40	31	34				

Indicator: 3. Child Mortality Rate (CMR) (age 1 to 5): a) National, b) Rural, c) Other Urban, d) MSS										
Unit: Deaths per 1000 births		Year	Planned				Actual			
			a	b	c	d	a	b	c	d
Source: FESAL	Baseline	1988	N/A	N/A	N/A	N/A	15	33	26	N/A
Comments: Rural and Other Urban CMR decreases to CMR found in MSS. CMR is best measured every 3 to 5 years to allow sufficient time for a notable change to occur. Current MOH data and vital statistics system is inadequate to determine CMR.		1993	12	15	12	7	12	14	12	7
		1996	11	13	10	5				
		1999	10	12	10	5				
	Target	2002	9	11	9	4				

Indicator: 4. Total Fertility Rate (TFR) a) National, b) Rural, c) Other Urban, d) MSS										
Unit: Children per woman		Year	Planned				Actual			
			a	b	c	d	a	b	c	d
Source: FESAL	Baseline	1988	N/A	N/A	N/A	N/A	4.6	5.9	3.8	3.1
<p>Comments: Rural and Other Urban TFR decreases to TFR found in MSS.</p> <p>TFR is best measured every 3 to 5 years to allow sufficient time for a notable change to occur. Current MOH data and vital statistics system is inadequate to determine TFR.</p> <p>TFR measures the average number of children that would be born alive to a woman during her lifetime if she were to go through her child bearing years conforming to age-specific fertility rates of a given year.</p>		1993	4.0	5.0	3.5	3.0	3.85	4.96	3.52	2.69
		1996	3.0	4.0	3.0	2.0				
		1999	3.0	4.0	2.5	2.0				
	Target	2002	2.5	3.5	2.0	2.0				

El Salvador

Increased equity and quality of the K-6 educational system

Indicator: 1. Net enrollment children 7-12 grade 1-6: a) National, b) Urban, c) Rural

Unit: Children, percent		Year	Planned			Actual		
			a M/F Total	b M/F Total	c M/F Total	a M/F Total	b M/F Total	c M/F Total
Source: MOE	Baseline	1993	N/A	N/A	N/A	64/66 65	N/A	N/A
Comments: Planned figures are based on a goal of 95% for both rural and urban figures, M/F, within 1 generation.		1994	66/67 67	73/71 72	64/60 62	89/88 89	92/88 90	89/88 89
		1995	89/88 89	92/89 90	89/89 89	83	89	77
		1996	89/88 89	92/89 90	89/89 89			
	Target	1997	90/89 90	92/90 91	90/90 90			

Indicator: 2. Promotion rate 1st grade level a) National, b) Urban, c) Rural

Unit: Children, percent

		Year	a M/F Total	Planned b M/F Total	c M/F Total	a M/F Total	Actual b M/F Total	c M/F Total
Source: MOE	Baseline	1992	N/A	N/A	N/A	60/63 62	65/68 66	58/61 59
Comments: Planned figures are based on a goal of 95% for both Rural and Urban figures, M/F, within 1 generation.		1993	61/65 63	66/69 67	59/62 60	78/79 79	80/84 82	70/79 76
		1994	63/66 64	67/70 68	60/64 62	78/79 79	84/88 86	68/78 74
		1995	64/67 65	68/71 70	62/65 63	83	N/A	N/A
		1996	65/68 67	69/72 71	63/66 65			
	Target	1997	66/70 68	70/74 72	65/68 66			

Indicator: 3. National achievement test scores in language at the end of 1st cycle (3rd. grade) a) National b) Urban c) Rural			Planned			Actual		
Unit: Test scores		Year	a M/F/T	b M/F/T	c M/F/T	a M/F/T	b M/F/T	c M/F/T
Source: MOE Achievement Tests	Baseline	1993	N/A	N/A	N/A	2/2.2/2.1	2.1/2.2/2.2	2/2.1/2
Comments: Baseline testing took place in April/May 1994. Figures represent the average dominance score (from 0-9) of critical language skills taught in 3rd grade. (# of cases = 2,977)		1994	1.8/2.0/ 1.9	1.9/2.1/2.0	1.9/1.9/1.9	1.8/2.0/1.9	1.8/2.1/1.9	1.9/1.7/1.8
		1995	2.1/2.3/ 2.2	2.2/2.4/2.3	2.1/2.3/2.2	2.0	2.3/2.1 /N/A	2.0/1.7 /NA
		1996	2.7/2.9/ 2.8	2.8/3.0/2.9	2.6/2.8/2.7			
		1997	3.3/3.7/ 3.5	3.4/3.8/3.6	3.2/3.6/3.4			
		1998	4.3/4.7 4.5	4.4/4.8/4.6	4.2/4.6/4.4			
Indicator: 4. National achievement test scores in language at the end of 2nd cycle (6th grade) a) National b) Urban c) Rural			Planned			Actual		
Unit: Test scores		Year	a M/F/T	b M/F/T	c M/F/T	a M/F/T	b M/F/T	c M/F/T
Source: MOE Achievement Tests	Baseline	1994	N/A	N/A	N/A	2.4/2.3/2.4	2.5/2.4/2.5	2.2/2.2/2.2
Comments: These statistics are based on a representative sample of approximately 3000 students. Figures represent the average dominance score (from 0-9).		1995	2.5/2.5/ 2.5	2.6/2.6 2.6	2.4/2.4 2.4	N/A	N/A	N/A
		1996	2.8/2.8 2.8	2.9/2.9 2.9	2.7/2.7 2.7			
		1997	3.4/3.4 3.4	3.5/3.5 3.5	3.3/3.3 3.3			
		1998	4.0/4.0 4.0	4.1/4.1 4.1	3.9/3.9 3.9			
		1999	4.8/4.8 4.8	4.9/4.9 4.9	4.7/4.7 4.7			

El Salvador

Increased contraceptive prevalence rate (CPR) with greater reliance on modern, temporary methods

Indicator: 1. Contraceptive prevalence rate: a) National, b) Rural, c) Other Urban ^{1/}, d) MSS

Unit: Percent		Year	Planned				Actual			
			a	b	c	d	a	b	c	d
Source: FESAL	Baseline	1988	N/A	N/A	N/A	N/A	47.1	34.2	56.4	64.4
Comments: Rural and Other Urban CPR to increase to CPR of MSS. Note that as the FESAL will not be repeated until 1996, "interim" proxy indicators will be tracked in 1994 and 1995 (see indicators 4.2.3 and 4.2.4). 1/ Other Urban is differentiated from Rural as, "town having major and basic public services, i.e., electricity and water", per FESAL.		1993	51.0	36.0	58.0	67.0	53.3	42.8	56.7	66.4
		1996	56.0	45.0	59.0	69.0				
		1999	58.0	47.0	61.0	71.0				
	Target	2002	60.0	49.0	63.0	73.0				

Indicator: 2. Percent of modern temporary contraceptive methods in CPR: a) National, b) Rural, c) Other Urban ^{1/} and d) MSS

Unit: Percent		Year	Planned				Actual			
			a	b	c	d	a	b	c	d
Source: FESAL	Baseline	1988	N/A	N/A	N/A	N/A	17.5	10.0	21.7	26.2
Comments: Percent in Rural, Other Urban and MSS eventually to be equal. 1/ Other Urban is differentiated from Rural as, "town having major and basic public services, i.e., electricity and water", per FESAL.		1993	22	15	24	30	21.4	14.6	24.0	29.5
		1996	26	19	28	34				
		1999	30	22	32	38				
	Target	2002	33	25	35	41				

El Salvador

Indicator: 3. Family planning users; all methods: a) National only

Unit: Men and women, number		Year	Planned	Actual
Source: Annual service statistics from MOH, ISSS and NGOs	Baseline	1993	N/A	129561
		1994	N/A	160480
		1995	193000	270955
		1996	231000	
		1997	277000	
		1998	305000	
	Target	1999	335000	

Indicator: 4. Family planning users; modern, temporary methods only: a) National Only

Unit: Men and women, number		Year	Planned	Actual
Source: Annual service statistics from MOH, ISSS and NGOs	Baseline	1993	N/A	45150
		1994	N/A	53133
		1995	63000	123500
		1996	77000	
		1997	91000	
		1998	101000	
	Target	1999	111000	

El Salvador

Increased primary health care (PHC) and Child Survival (CS) coverage

Indicator: 1. Children under 5 vaccinated with complete series in four diseases: a) National, b) Rural, c) Other Urban, d) MSS

Unit: Children, percent

Source: FESAL

Comments: Percent in Rural and Other Urban areas to increase to percent in MSS.

Children with complete number of doses for Polio, DPT, Measles and BCG confirmed by vaccination certificate.

Note that the FESAL will not be repeated until 1996; "interim" proxy indicators will be tracked in 1994 and 1995 (see indicators 4.3.4, 4.3.5, 4.3.6).

	Year	Planned				Actual			
		a	b	c	d	a	b	c	d
Baseline	1988	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	1993	80	N/A	N/A	N/A	75.3	72.3	74.9	83.0
	1996	79	75	78	86				
	1999	82	78	81	89				
	2002	85	81	84	92				

Indicator: 2. Women vaccinated with complete tetanus series (2 doses): a) National, b) Rural, c) Other Urban, d) MSS

Unit: Women, percent

Source: FESAL

Comments: Percent in Rural and Other Urban areas to increase to percent in MSS.

See comment for 4.3.1 above.

	Year	Planned				Actual			
		a	b	c	d	a	b	c	d
Baseline	1988	N/A	N/A	N/A	N/A	55.8	60.3	54.5	46.4
	1993	N/A	N/A	N/A	N/A	55.2	52.4	57.7	58.2
	1996	58	55	61	61				
	1999	61	58	64	64				
	2002	64	61	67	67				

Indicator: 3. Pregnant women receiving minimum of four prenatal care visits: a) National, b) Rural, c) Urban, d) MSS										
Unit: Pregnant women, percent	Year	Planned				Actual				
		a	b	c	d	a	b	c	d	
Source: FESAL	Baseline	1988	N/A	N/A	N/A	N/A	51.8	40.0	63.7	68.9
Comments: Percent in Rural and Other Urban areas to increase to percent in MSS. See comments from 4.3.1 above.		1993	N/A	N/A	N/A	N/A	59.9	48.7	62.8	77.5
		1996	66	55	69	84				
		1999	72	61	75	90				
		2002	78	67	81	96				

Indicator: 4. DPT3 doses distributed: National only				
Unit: Doses, number	Year	Planned	Actual	
Source: MOH Annual Statistics	Baseline	1993	N/A	694000
Comments: MOH data collection does not record number of children vaccinated; only number of doses distributed. It is assumed that the increased number of doses distributed will result in more children fully immunized. FESAL data, next planned tentatively for 1996 and every 3 years thereafter, will determine the number of children under five fully immunized.		1994	N/A	759000
		1995	770000	784189
		1996	780000	
		1997	790000	
		1998	800000	
		Target	1999	810000

Indicator: 5. Tetanus toxoid doses distributed: National only				
Unit: Doses, number		Year	Planned	Actual
Source: MOH Annual Statistics	Baseline	1993	N/A	1360000
Comments: MOH data collection does not record number of women vaccinated; only number of doses distributed. It is assumed that the increased number of doses distributed will result in more women fully immunized. FESAL data, next planned tentatively for 1996 and every 3 years thereafter, will determine the number of women fully immunized.		1994	N/A	1470000
		1995	1480000	973907
		1996	1490000	
		1997	1500000	
		1998	1510000	
	Target	1999	1520000	

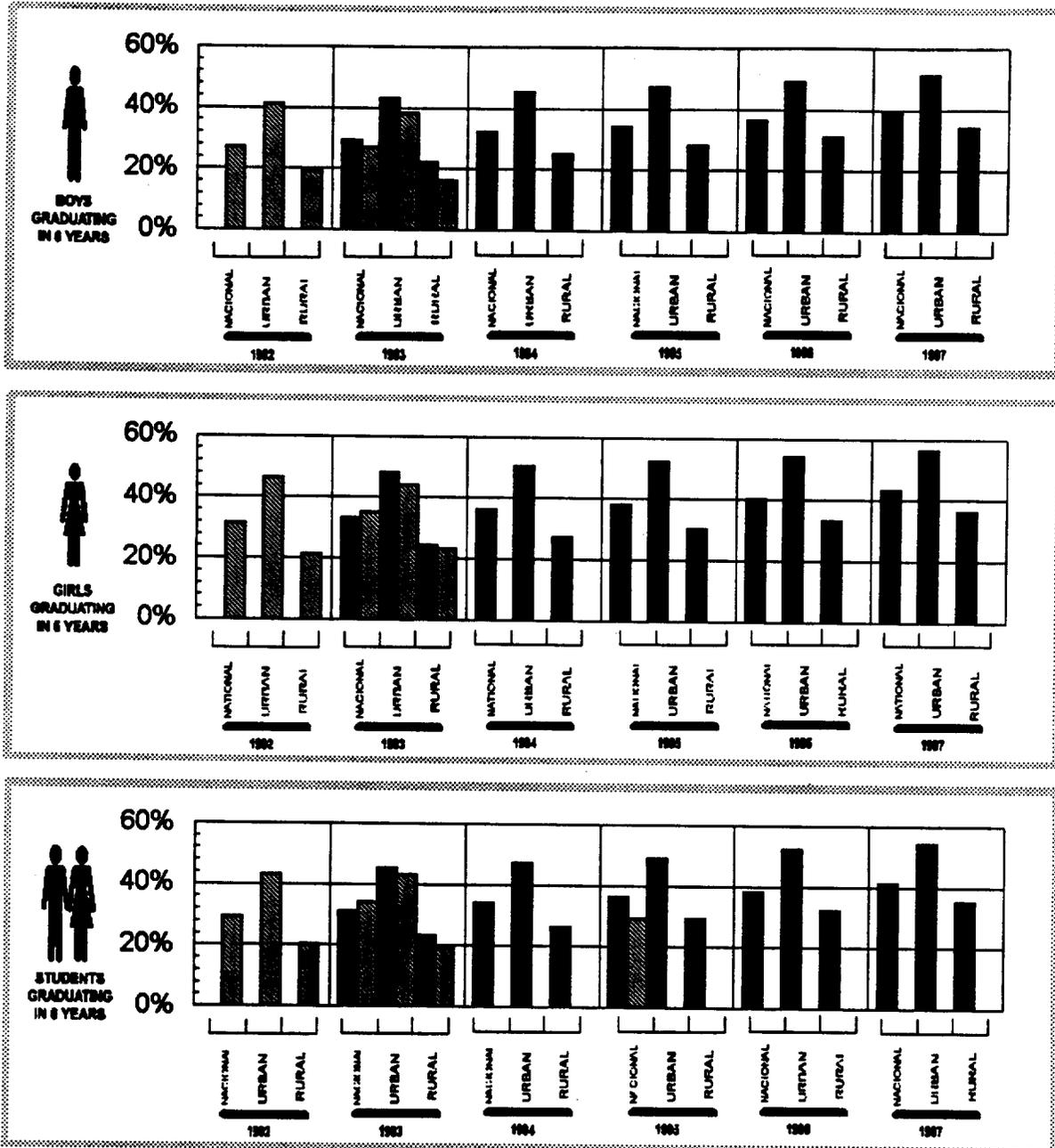
Indicator: 6. Number of prenatal visits: National only				
Unit: Prenatal visits, number		Year	Planned	Actual
Source: MOH and NGO Annual Statistics	Baseline	1993	N/A	188000
Comments: MOH data collection does not record number of pregnant women receiving prenatal care; only total number of visits made. It is assumed that the increased total number of prenatal care visits made will result in more pregnant women receiving the minimum of four visits per pregnancy per the MOH norms. FESAL data, next planned tentatively for 1996 and every 3 years thereafter, will determine the number of pregnant women who received the recommended minimum of four or more visits.		1994	N/A	205000
		1995	225000	308109
		1996	250000	
		1997	270000	
		1998	300000	
	Target	1999	330000	

Strategic Objective Improved Quality with Equity in Health and Education

Indicator 1

6th Graders Graduating in Six Years:
National, Urban, Rural

▨ Actual
■ Planned



Data Source: Ministry of Education, November 1985

Data for 1995 show a decline in sixth graders graduating in exactly six years. Thirty four percent were reported in 1993 -- down to 29 percent in 1995. This figure also lags behind global statistics. No information was reported in 1994.

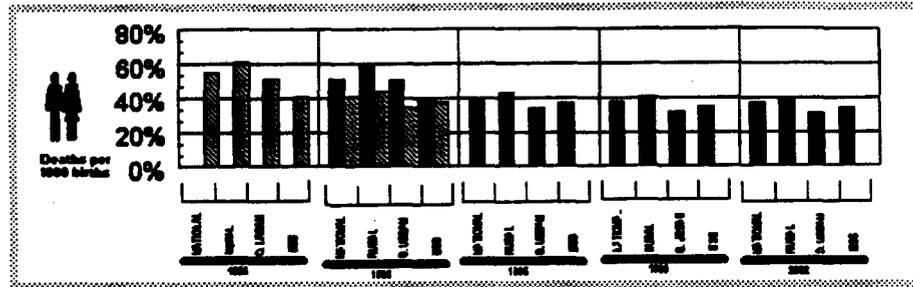
This data has been difficult to acquire. The Ministry of Education has provided data on a very irregular basis, due to a management information system that has not functioned well for several years. This statistic must be estimated (based on matriculation rates, promotion rates and desertion rates), because there is no practical way to study the academic record of 90,000 sixth grade graduates in order to count how many years they attended school.

Compared with a baseline of 29 percent, the 1995 result does not show more improvement because the impact of the Strengthening Achievement in Basic Education project is sequential (i.e. impacting first on the lower grades, and later on the higher grades.) The full impact on sixth grade will be evident in three years, when the mandatory promotion policy of grades 1 - 3 will be observable in the sixth grade. The promotion rate for grade one has jumped from 60 percent to 83 percent, but the full impact of other factors, such as a lower desertion rate, is unknown.

Indicator 2

Actual
Planned

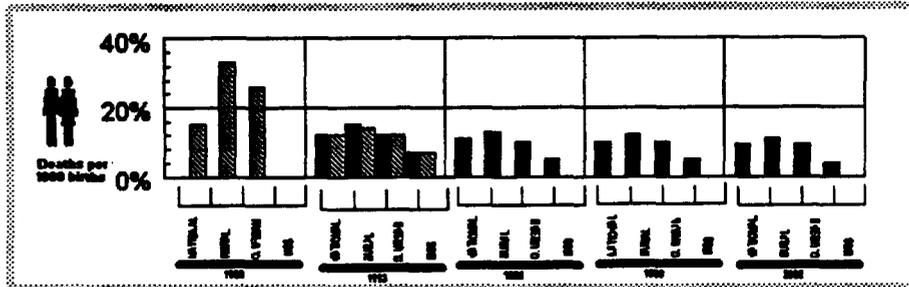
Infant Mortality Rate (under 1 year): National, Rural, Other Urban, and San Salvador Metropolitan Area



Date Source: Family Demographic & Health Survey (FDSAL), 1993

Indicator 3

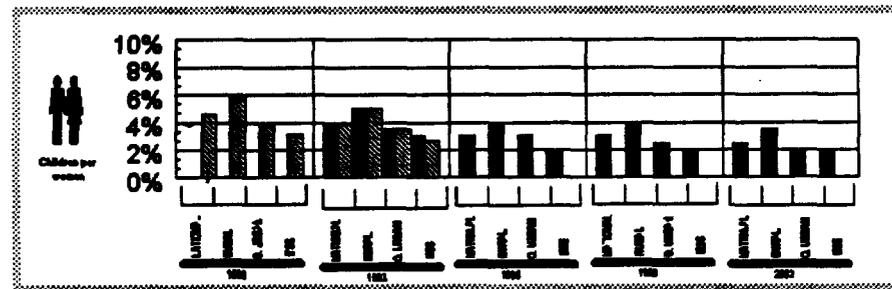
Child Mortality Rate (age 1 to 5): National, Rural, Other Urban, and San Salvador Metropolitan Area



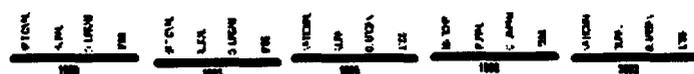
Date Source: FDSAL 1993

Indicator 4

Total Fertility Rate: National, Rural, Other Urban, and San Salvador Metropolitan Area



Date Source: FDSAL 1993



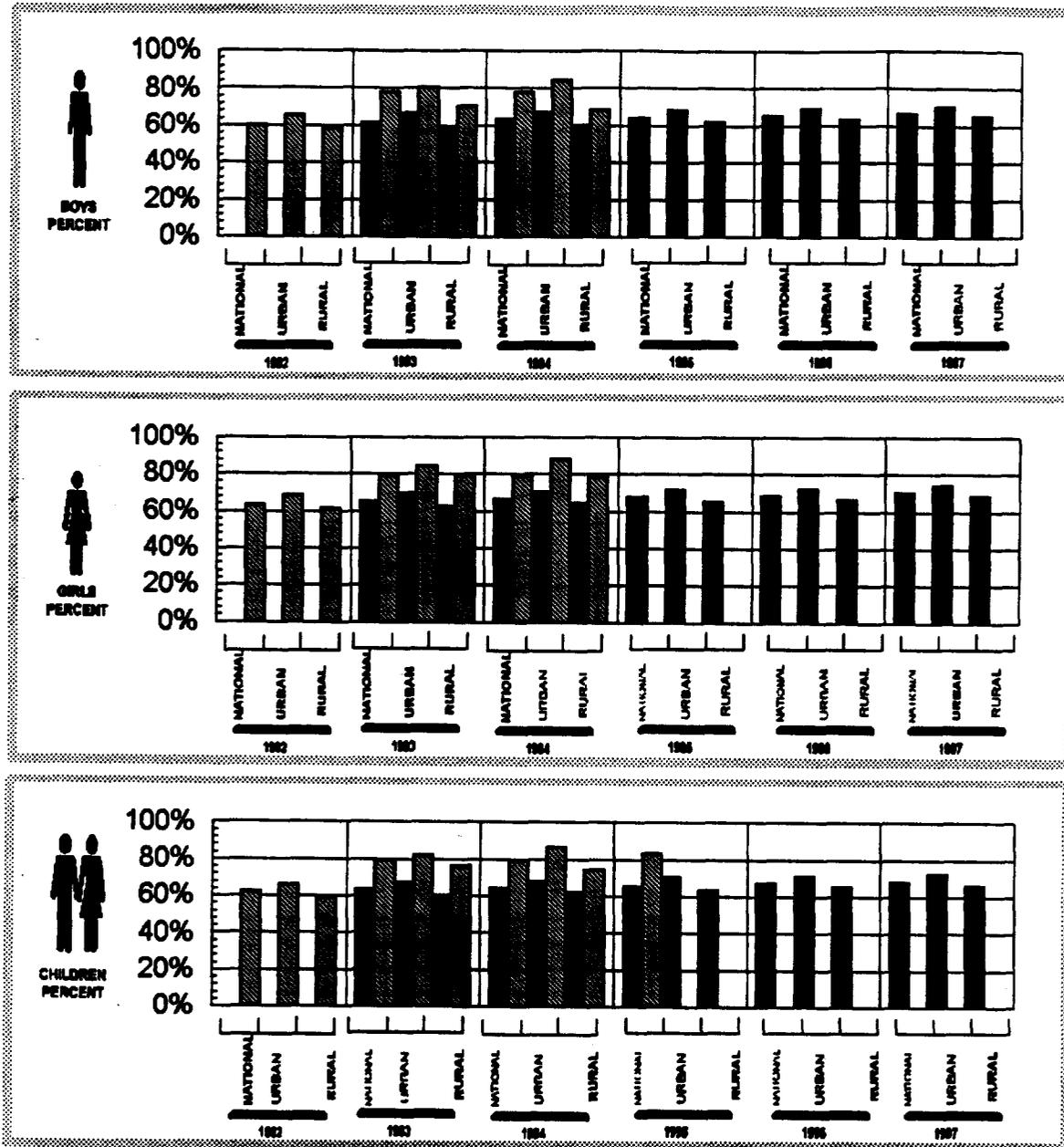
Date Source: FDSAL 1993

The health indicators at the Strategic Objective level--infant mortality rate, child mortality rate and total fertility rate--are standard health indicators with international recognition. Because these indicators typically need several years to demonstrate significant change, it is not cost effective to collect them annually.

Indicator 2

Promotion Rate 1st Grade Level:
National, Urban, and Rural

▨ Actual
■ Planned



Data Source: Ministry of Education, November 1995

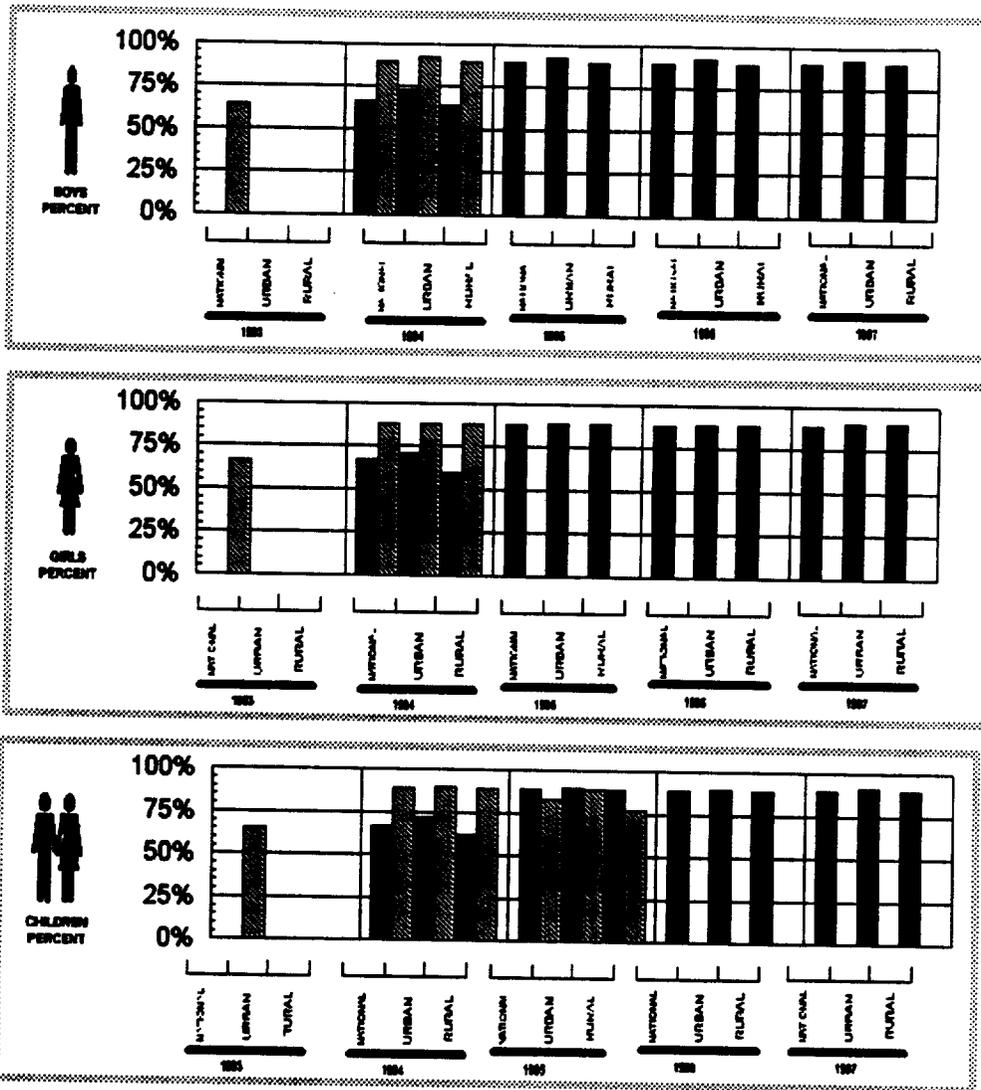
Gender and rural/urban disaggregation are not available for this indicator. Nevertheless, testers were able to extrapolate this data from school samples for the national testing program. The data should be regarded as illustrative. Eighty-three percent is consistent with the dramatic increase in first grade promotions since the Ministry changed its promotion policy in 1993. As such, 83 percent is far ahead if the preliminary target of 64 percent, and reflects a successful policy change influenced by USAID.

Increased Equity and Quality of the K-6 Educational System

Indicator 1

Net Enrollment Children 7-12 grade 1-6:
National, Urban, and Rural

Actual
 Planned



Data Source: Ministry of Education and an independent source, November 1995

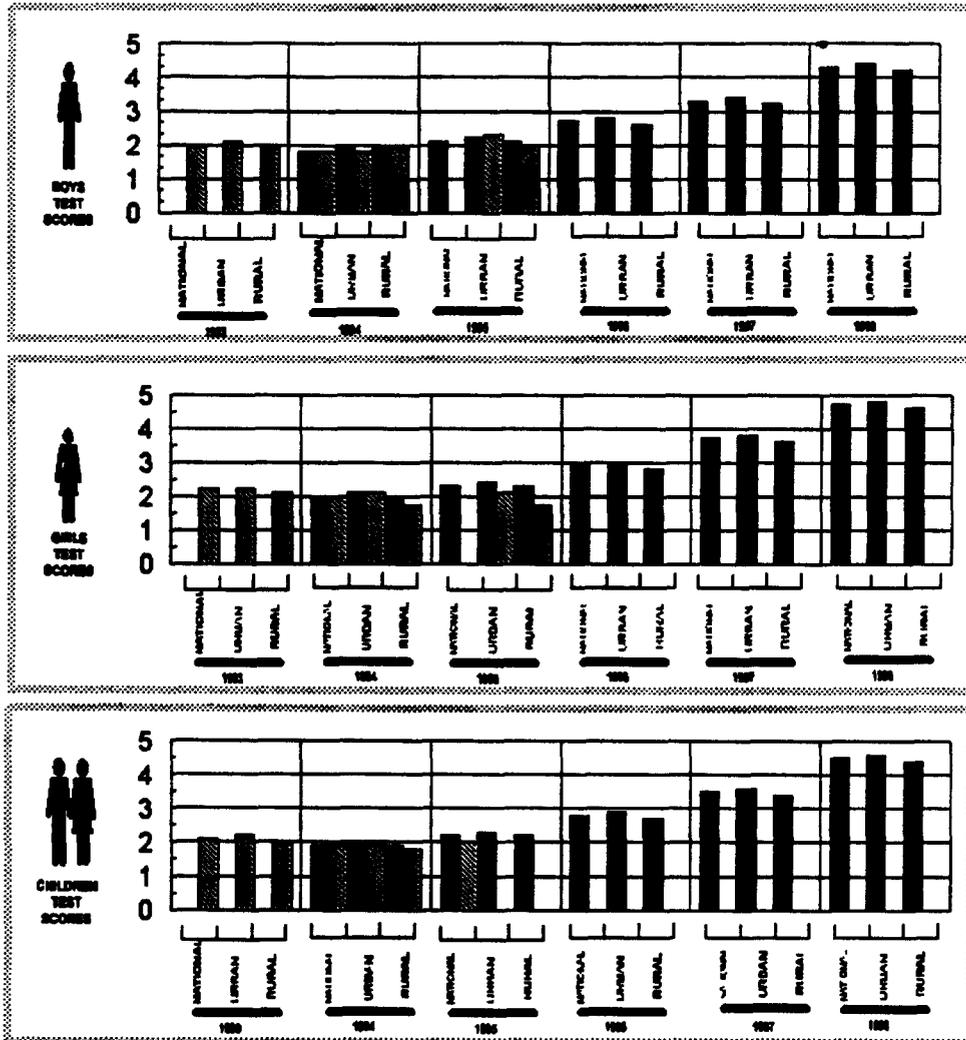
This data shows an upward trend. Although it is not as high as the 1994 result of 89 percent, it is substantially higher than the 1993 baseline of 64 percent. The drop is attributed to the uncertain nature of the raw data. The 83 percent result confirms there has been a strong rise in school attendance in the specified demographic group.

This statistic proved very difficult to acquire from the Ministry. USAID therefore had to contract an independent statistician to collect the data.

Indicator 3

▨ Actual
 ■ Planned

National Achievement Test Scores in Language at the End of 1st Cycle (3rd grade): National, Urban, and Rural



Data Source: Ministry of Education Achievement Tests, November 1995

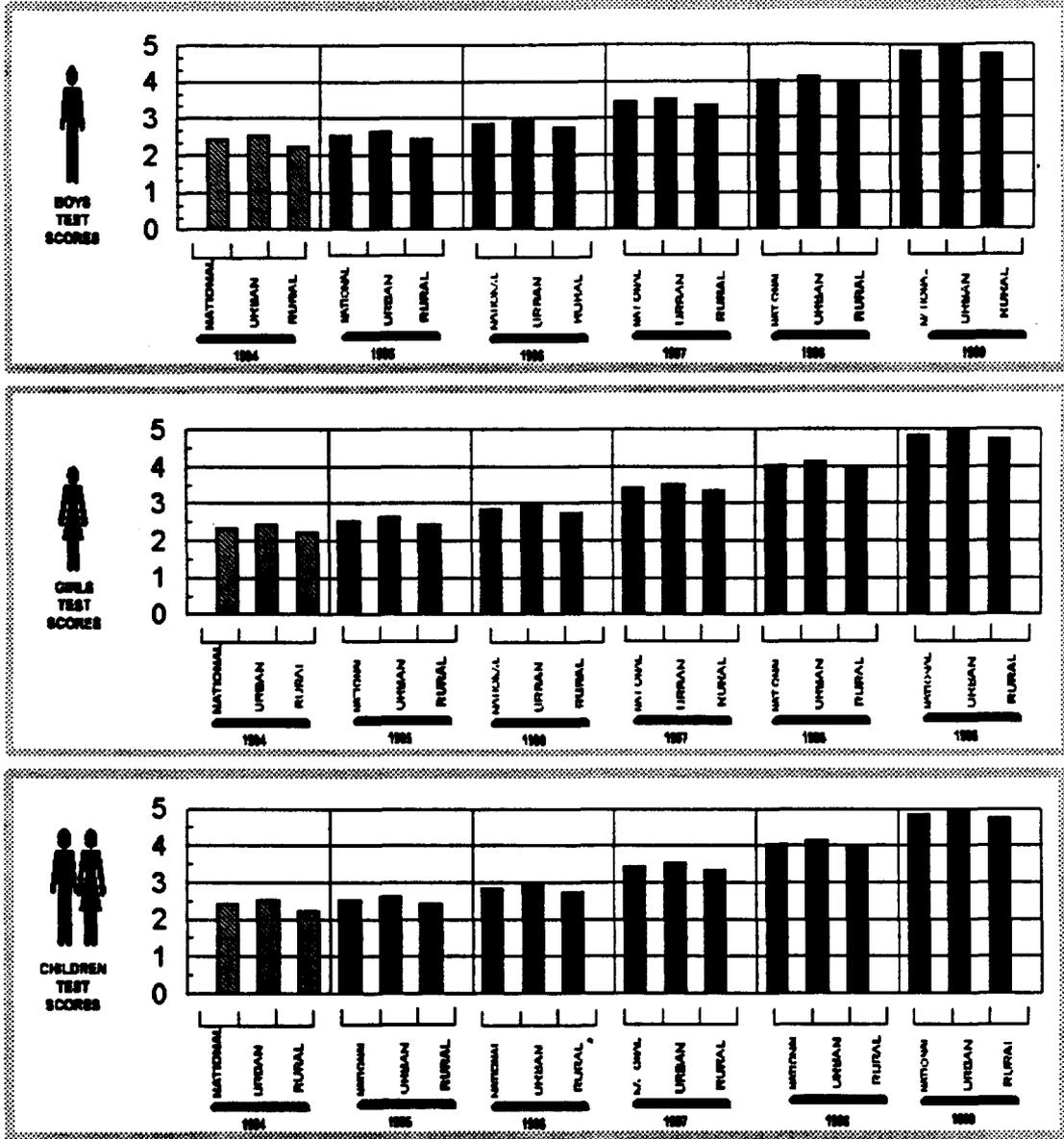
This result, mastery of two language learning objectives in third grade, out of a possible nine learning objectives, reflects an improvement from 1994. It is close to the target of 2.1. The most interesting result is that urban boys scores jumped from 1.8 to 2.3, putting the boys on a par with the girls.

These results, while moving in the right direction, are moving slowly. USAID and Ministry of Education officials are studying the implications and taking appropriate measures to improve the quality of instruction.

Indicator 4

▨ Actual
 ■ Planned

National Achievement Test Scores in Language at the End of 2nd Cycle (6th grade): National, Urban, and Rural



Data Source: Ministry of Education Achievement Tests

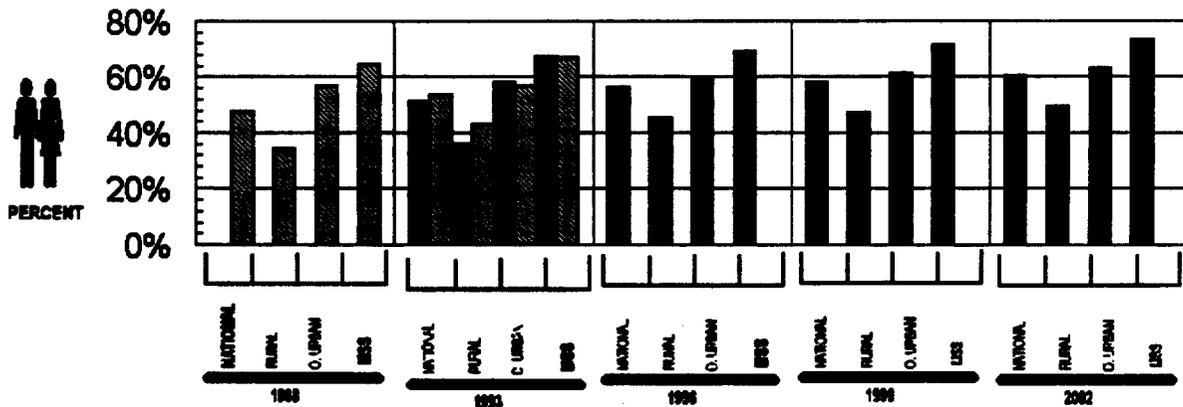
Baseline data for this statistic exists, even though the impact of USAID's program has not yet reached the sixth grade. To adjust for this, the Ministry of Education skipped 6th grade testing this year, in favor of 5th grade testing. Sixth grade testing will resume at the end of 1996.

Increased Contraceptive Prevalence Rate with Greater Reliance on Modern, Temporary Methods

Indicator 1

Actual
Planned

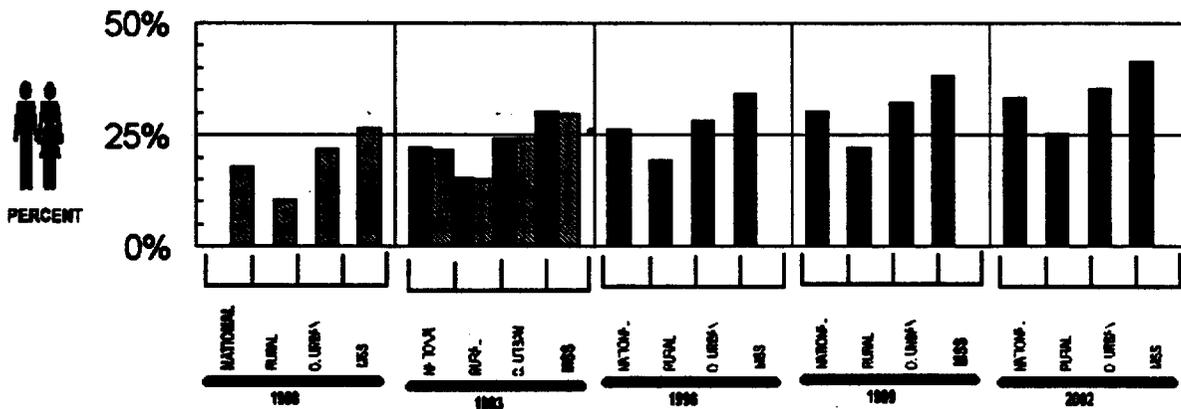
Contraceptive Prevalence Rate: National, Rural, Other Urban, and San Salvador Metropolitan Area



Data Source: FESAL 1993

Indicator 2

Percent of Modern Temporary Contraceptive Methods in CPR: National, Rural, Other Urban, and San Salvador Metropolitan Area



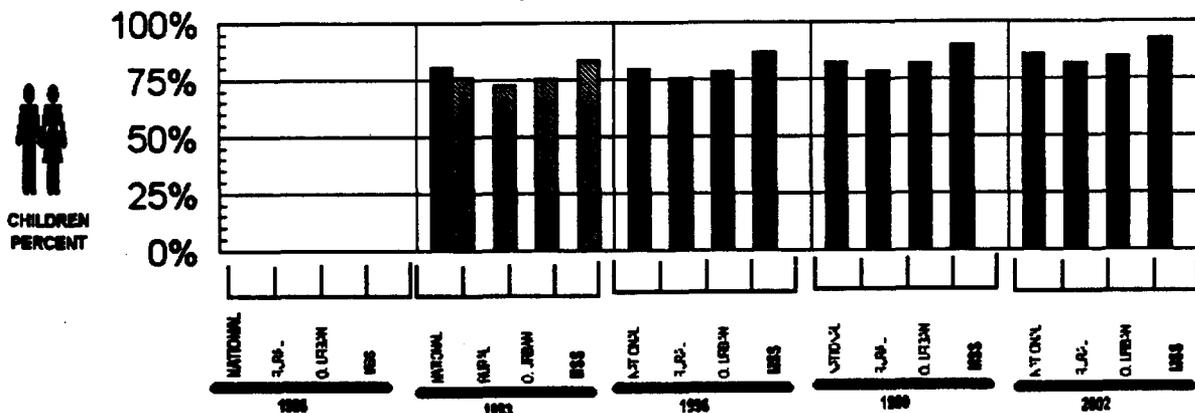
Data Source: FESAL 1993

Increased Primary Health Care and Child Survival Coverage

▨ Actual
 ■ Planned

Indicator 1

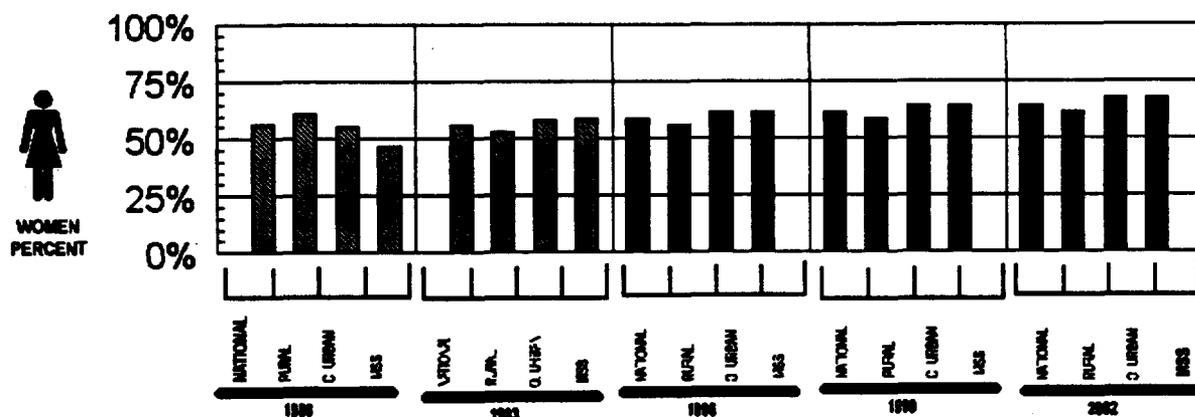
Children under 5 Vaccinated with Complete Series in Four Diseases: National, Rural, Other Urban, and San Salvador Metropolitan Area



Data Source: FESAL 1993

Indicator 2

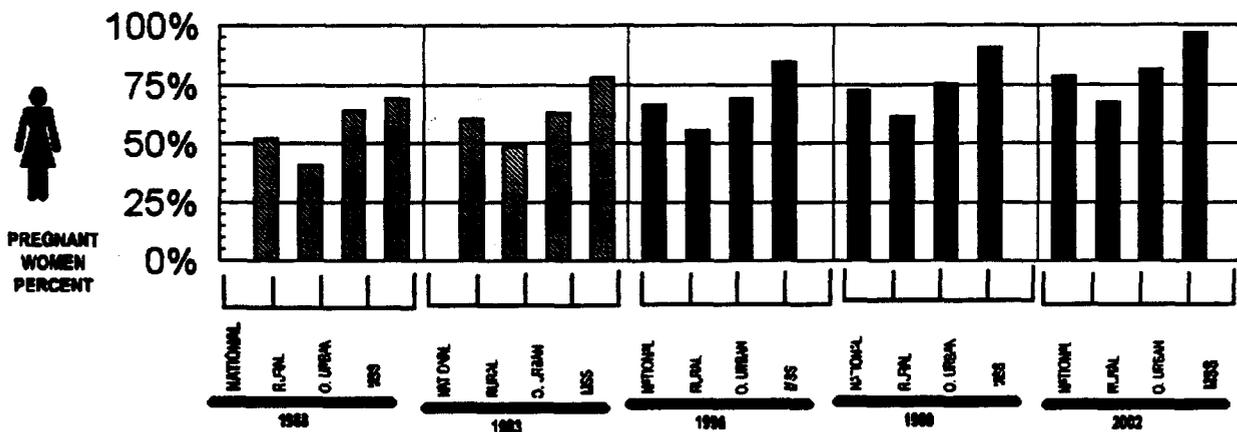
Women Vaccinated With Complete Tetanus Series (2 doses): National, Rural, Other Urban, and San Salvador Metropolitan Area



Data Source: FESAL 1993

Indicator 3

Pregnant Women Receiving Minimum of Four Prenatal Care Visits: National, Rural, Urban, and San Salvador Metropolitan Area



Data Source: FESAL 1993

Although data is not available annually for the health and family planning indicators, they were chosen as they are internationally recognized standard indicators. However, in order to demonstrate annual progress the Mission added several *interim annual indicators* that are related to the Intermediate Result and for which data is available annually.

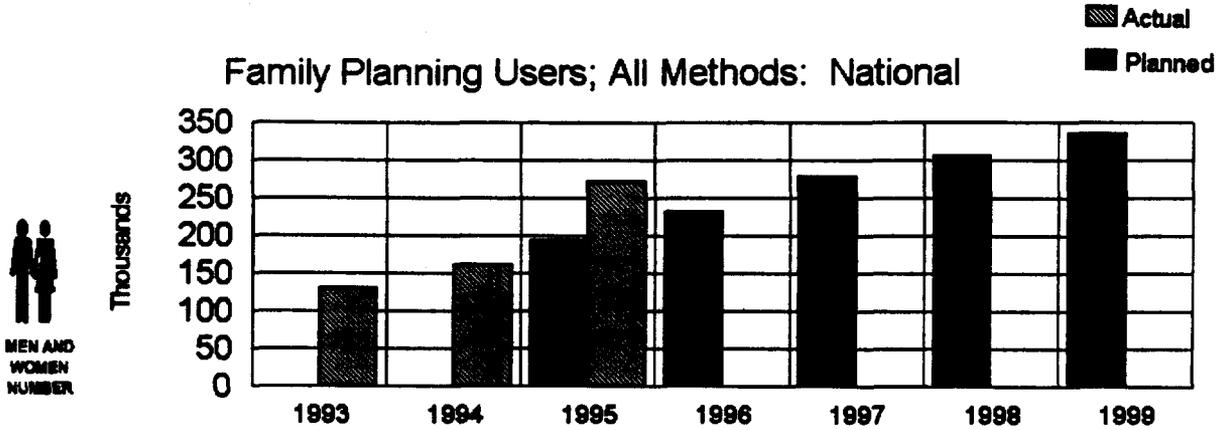
Mission indicators at the Strategic Objective level; infant mortality rate, child mortality rate and total fertility rate will not change over a one-year period, at current program levels. Therefore, annual data collection is not warranted.

Targets for certain indicators are nearly achieved. For example, contraceptive prevalence rate (CPR) and the percent of the CPR comprised of modern, temporary methods, might increase in new programs in countries with a low CPR. Measurement of these indicators is appropriate in one or two year cycles. In El Salvador, however, where family planning use is relatively high (53.3 percent), annual increases are likely to be too low to justify frequent measurement.

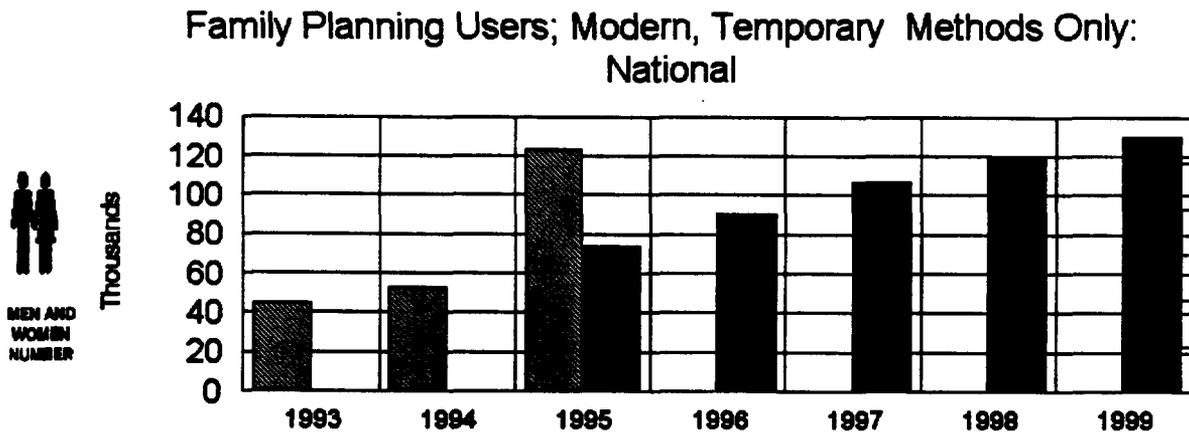
Some indicators should be measured and reported annually, but cannot be due to variations in definition and collection methods. For example, children under five vaccinated with complete series in four immunizable diseases, is not included in the Management Information System of the Ministry of Health. The MOH's annual immunization indicator for children is, children under one vaccinated for each of the four diseases. Likewise the MOH does not track women vaccinated with complete tetanus series, instead it tracks the number of doses of each tetanus vaccine distributed. Finally, pregnant women receiving a minimum of four prenatal care visits is not available. The Ministry monitors tracks the total number of prenatal care visits only, but not by the number of pregnant women.

All of the indicators described are available from the health and demographic survey conducted every five years (approximately) since 1975. The most recent survey was conducted in 1993. The next set of data should be available in 1997 or 1998, funding permitting. It is important to note that most health statistics kept locally are based on incomplete information systems. The health and demographic survey is the sole source of reliable health data for the country.

Indicator 3



Indicator 4



Data Source: Annual Service Statistics From MOH, ISSS and NGOs.

With a CPR increasing since 1973, as measured by the health and demographic survey, it is logical to assume that both family planning interim annual indicators, number of users of all family planning method and number of users of modern, temporary methods only, would increase during the same time. The graphs of this data, beginning with 1993, demonstrate the expected yearly increase of the two interim annual indicators.

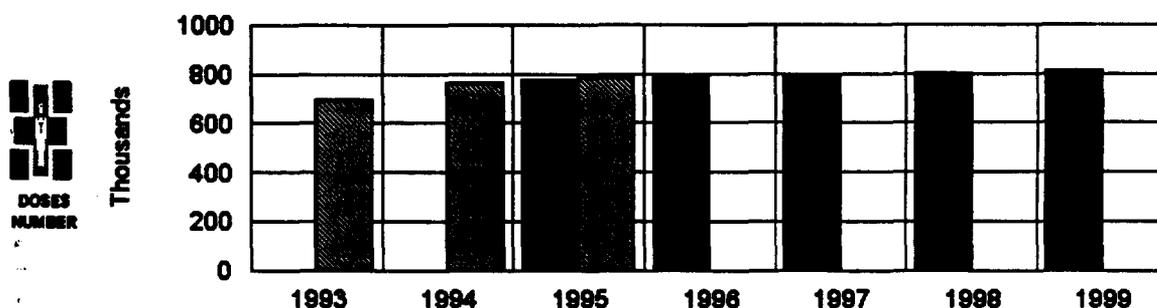
The high increase from 1994 to 1995 in both interim indicators raises concern. It is unlikely that these data reflect a real increase in the number of total or modern method users, as new family planning measures were not initiated until 1995. The increase could be due to an undercount in 1994, or to differences in the counting methodology used by different institutions.

Note that the total numbers for each year reflect an unknown undercount. This is attributed to the fact that the MOH, Social Security Agency and NGOs do not use the same definition for family planning. In addition, oral contraceptives and condoms sold through the commercial sector and social marketing programs can be counted only as couple years protection.

Despite an annual increase in the number of family planning users, a high level of unmet family planning in El Salvador is reflected by the disproportionate percent of women who rely on sterilization rather than temporary methods. Another indication of need is the large disparity between the fertility rate of the San Salvador Metropolitan Area and the nation's rural areas.

Indicator 4

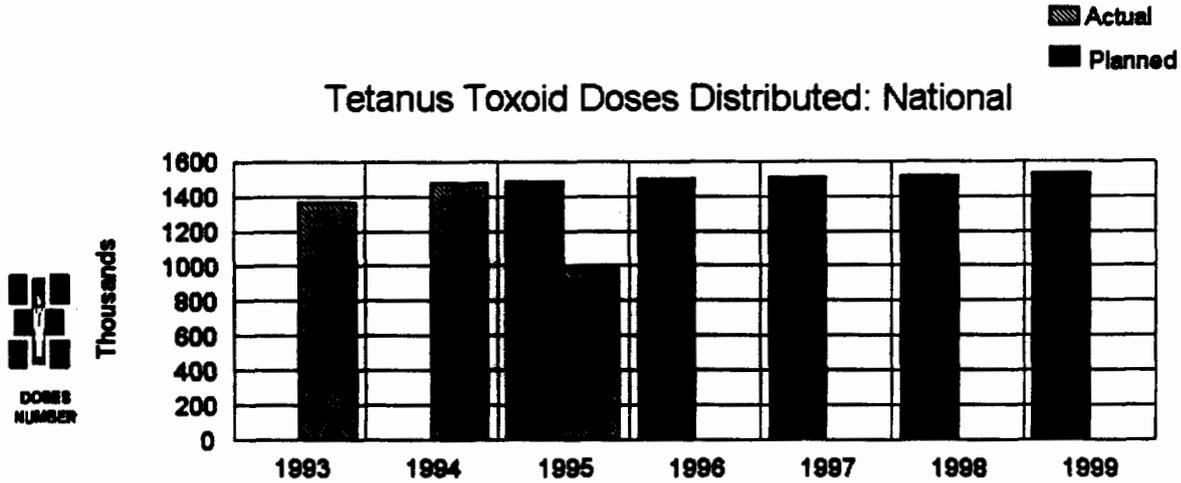
DPT3 Doses Distributed: National



Data Source: MOH Annual Statistics

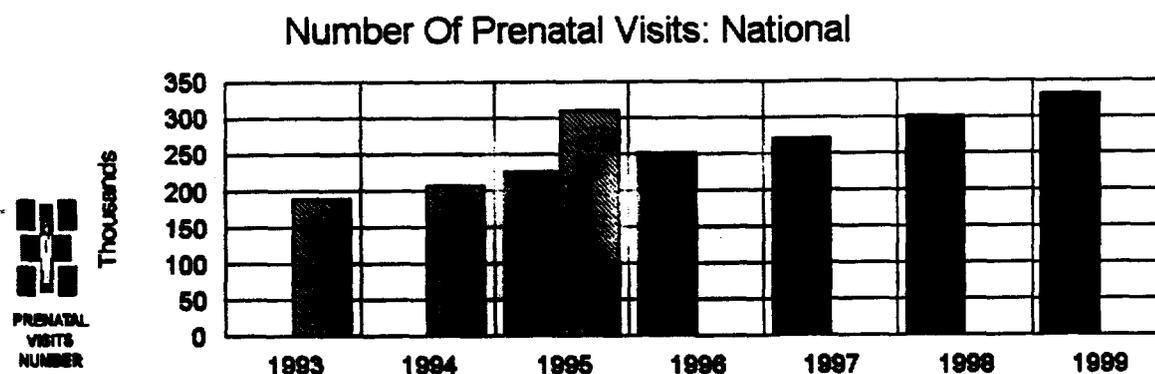
The three interim annual child survival indicators, number of Diphtheria, Pertussis and Tetanus (DPT) doses distributed (infants and children), tetanus toxoid doses distributed (women), and number of prenatal visits (women), are reported by the MOH. For the number of DPT doses distributed, the MOH reports an annual increase from 694,000 in 1993 to 784,000 in 1995. This increase can be attributed to the Ministry commitment to increasing child vaccination coverage and improved service delivery and management systems to make increased coverage possible. Donor assistance to the GOES continues as does financing for mass media immunization campaigns. In addition, the number of infants born each year continues to increase. Despite the reported vaccination increase, coverage for children under one year of age remains at only 62 percent.

Indicator 5



As with childhood immunization, the MOH is committed to providing tetanus toxoid vaccinations for women. The number of doses distributed from 1993 to 1994 increased but a sharp decrease occurred in 1995. Several explanations account for this unexpected decrease. It may be a real decrease, which is unlikely given the magnitude of the decline, or it may be due to human error regarding the health management system.

Indicator 6



Data Source: MOH and NGO Annual Statistics

The lack of adequate prenatal care, a significant factor in low maternal and infant health status, is a serious issue for El Salvador. The interim indicator, total number of prenatal visits increased only slightly from 1993 to 1994, but increased markedly in 1995. This may be actual, or may reflect the use of different definitions of what constitutes a prenatal visit.

***Improved Environmental and Natural
Resource Management***

STRATEGIC OBJECTIVE 1995 PERFORMANCE

El Salvador				
STRATEGIC OBJECTIVE: Improved environmental and natural resource management				
Indicator: 1. Non-coffee forest cover				
Unit: Hectares		Year	Planned	Actual
Source: Satellite photos, CATIE, CEL, MAG/CENREN		1978 (reference)	-----	268,000
Comments: Pine, broadleaf, mangrove, trees and shrub. Does not include coffee plantations. 1978 is included for reference. 1/ Baseline data not collected in 1994 due to project start-up delays. GIS services and satellite images have been ordered. 2/ Data from 1995 ground-truthing survey carried out by the Dirección General de Economía Agropecuaria of the Ministry of Agriculture.	Baseline ^{1/}	1994	-----	-----
		1995	273,000	249,000 ^{2/}
	Target	1997	280,000	
Indicator: 2. Environment and natural resource management strategy and workshops				
Unit: Yes/No (workshop held)		Year	Planned	Actual
Source: SEMA, PROMESA project	Baseline	1994	1	1
Comments: Strategy will be tracked every two years with national workshops to measure progress and adjust targets. Baseline reflects approval of the strategy by CONAMA. 1/ Workshops were attended by 134 men and 70 women from 42 different organizations.		1995	2	8 ^{1/}
		1996	1	
	Target	1998	1	

Indicator 3. Degree of implementation of national natural resource management strategy recommendations				
Unit: recommendations implemented Expressed as: cumulative percent		Year	Planned	Actual
Source: PROMESA project	Baseline	1994	N/A	
<p>Comments: The national natural resource management strategy contains 49* "sub-strategies", or recommendations for implementation (see pages 30 to 73 of strategy document). The PROMESA project tracks implementation of each of these recommendations, and calculates a percentage of those implemented on an annual basis. Preliminary version of the Strategy contained 70 sub-strategies. Final, published version has 49.</p> <p>A tracking system has been designed, but monitoring and actual tracking have not been initiated.</p>		1995	20 (41%)	33 (67%)
		1996	30 (61%)	
		1997	40 (82%)	

El Salvador

Natural resource use policy/legal framework created and implemented

Indicator: 1. Selected Policies/Laws established:

Unit: Law or Policy passed by Legislative assembly

Source: SEMA/MIPLAN (published in Official Gazette)

Comments: Additional laws may be identified in the course of PROMESA implementation.

¹ A National Environmental Education Plan was approved by Ministry of Education in September 1995.

² The Forestry Law was withdrawn. The Minister of Agriculture has decided to propose a National Forestry Incentives Policy instead. A working group is convened and will present a draft by 12/96.

³ The General Environmental Law was withdrawn. A new law was submitted to the General Assembly in October 1995 and given national consultation in 17 workshops. Assembly will consider final law in July.

⁴ The law for SEMA was intended to make SEMA an autonomous institution. Instead, SEMA was moved to MIPLAN by Executive decree.

⁵ A new law to establish a National Environmental Authority at the ministerial level or an autonomous entity has been submitted to the Assembly.

		Year	Planned	Actual
Wildlife Protection Law	1994		N/A 1	passed March 1994
FONAES/FIAES Laws	1994		N/A 2	FONAES 6/16/94 FIAES 6/30/93
Env Ed Policy	1994		12/31 1	approved in 9/95 ¹
Forestry Law	1996		1	withdrawn ²
Gen Env't Law	1996		1	consulted ³
Law for SEMA	1996		1	exec decree 7/15/94 ^{4,5}

Indicator: 2. Level of resources provided for natural resource management (GOES, donors, FONAES)				
Unit: Current Dollars (million USD)		Year	Planned ¹	Actual
Source: GOES Ordinary Budget/Extraordinary Budget/FONAES/Donors	Baseline	1993	N/A	9.3 (GOES)
Comments: ¹ Targets reflect combined national budget items plus donor funds and FONAES/FIAES funds allocated to environmental purposes. ² Targeted levels of funding for 1994 were not fully met due in part to IDB's freezing disbursements for environmental and natural resources activities. ³ Number over targeted figures reflects extraordinary budget funds rolled over from 1994.		1994	16.3	15.3 ²
		1995	20	23.9 ³
		1996	25	
	Target	1997	30	

El Salvador				
Increased public awareness of environmental problems nationwide				
Indicator: 1. Survey respondents able to name three environmental problems				
Unit: Respondents by sex, percent		Year	Planned Male/Female	Actual Male/Female
Source: CID/Gallup Survey	Baseline	1993 (Jan.)		15.3/12.0
Comments: Baseline from January 1993 CID/Gallup Report. Targets have been revised 10/94 due to two sets of survey results (2/94 and 9/94) which indicate that knowledge of environmental problems is already significantly higher than the baseline data suggested.		1994 (Sept.)	17.0/14.0	42.8/30.7
		1995 (Sept.)	40/32	53.4/42.8
		1996	44/38	
	Target	1997	46/42	
Indicator: 2. Survey respondents indicating that environmental problems are very serious				
Unit: Respondents by sex, percent		Year	Planned Male/Female	Actual Male/Female
Source: CID/Gallup Survey	Baseline	1993 (Jan.)	-----	69.4/60.5
Comments: Baseline from January 1993 CID/Gallup Report. This indicator measures the percent of respondents saying that the environment is a "very serious" problem. Gap between M/F expected to narrow to 0.9 % points. " The results in 1995 were lower because the crime wave in the country supplanted the environment as a "very serious" problem for many people.		1994 (Sept.)	71.4/63.5	80.0/79.1
		1995 (Sept.)	73.4/67.5	69.2/63.3"
		1996	75.4/71.5	
	Target	1997	77.4/76.5	

El Salvador

Improved productive activities consistent with sustainable natural resource management nationwide and in demonstration area

Indicator: 1. Hectares of non-forested land under improved natural resource management, including buffer zones

Unit: Hectares, Cumulative number		Year	Planned	Actual
Source: Project Data, MAG, SEMA, DIVAGRO, TECHNOSERVE, SENS, PROMESA	Baseline	1993	7,900	10,097
Comments:		1994	18,173	25,900
		1995	26,543	42,246
		1996	29,947	
	Target	1997	37,610	

Indicator: 2. Persons (M/F) practicing improved methods (in number 1 above)

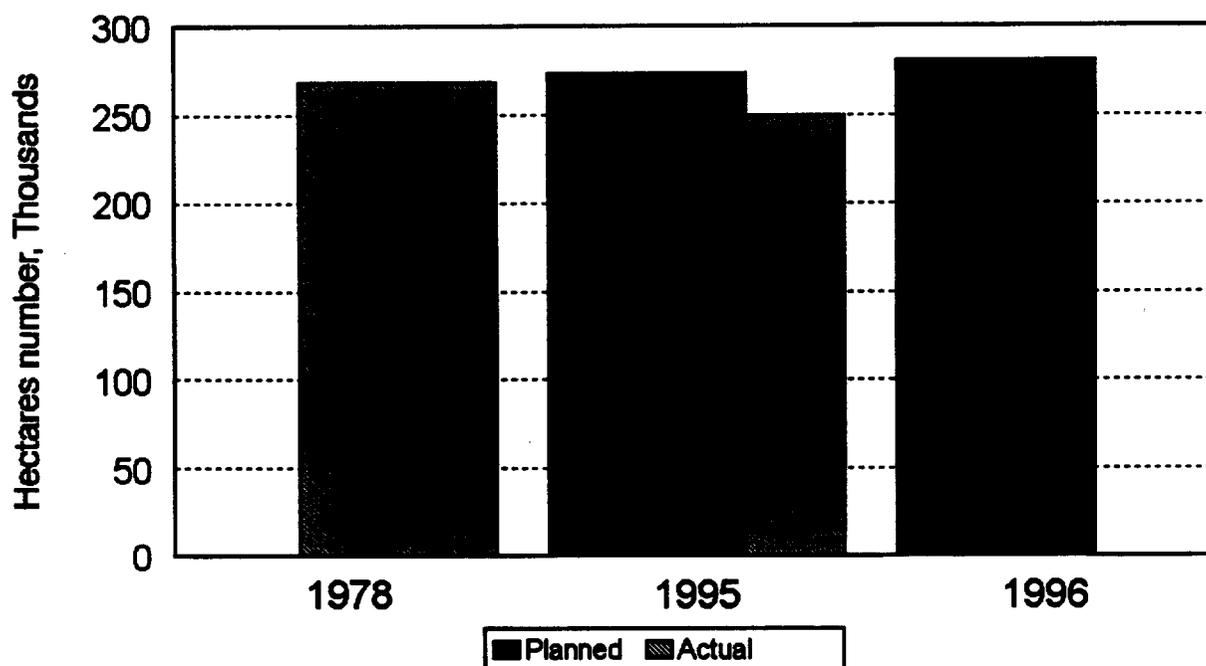
Unit: Cumulative number of persons		Year	Planned Male/Female	Actual Male/Female
Source: Project Data CLUSA, DIVAGRO, TECHNOSERVE, PROMESA, SENS, PROCAFE	Baseline	1993	2,822/940	
Comments:		1994	6,491/2,163	6,322/2,775
		1995	9,480/3,160	12,202/4,107
		1996	10,695/3,565	
	Target	1997	13,433/4,477	

Indicator: 3. Difference in average water flow between dry and rainy season in Ahuachapío River				
Unit: Volume per second (cubic meters/sec.)		Year	Planned Dry/Rainy/Diff	Actual Dry/Rainy/Diff
Source: Direccion General de Recursos Naturales: Servicio Hidrológico and Servicio Metereológico	Baseline	1991	N/A	1.3/4.9/3.6
Comments: Average water flow in dry season and rainy season, Rio Ahuachapio. ¹ Data was not collected in 1994 due to delays in project start-up. The GOES does not have the capacity to measure flows at this moment. The monitoring system for the project is under design, equipment will be procured shortly. ² Data represents single day water flows in Dec. and July 1995. Project is still calibrating equipment so these data are only preliminary		1994	1.5/4.8/3.3	N/A ¹
		1995	1.7/4.7/3.0	.07/.13/.06 ²
		1996	2.0/4.5/2.5	
	Target	1997	2.2/4.3/2.1	
Indicator: 4. Suspended solids in Ahuachapío River				
Unit: Suspended solids mg/l tons/day/km ²		Year	Planned	Actual
Source: PROMESA Water Quality Study, ANDA	Baseline	1991	N/A	4.0
Comments: Turbidity will be measured by suspended solids because it represents a more scientific measurement. Location for measurement will be Rio Ahuachapio, Ahuachapío. Measurements are end of year average.		1994	3.9	N/A ¹
		1995	3.7	.0044 ²
		1996	3.5	
	Target	1997	3.3	
¹ See note above ² A new measurement was devised by the DGRNR technicians who are working with the PROMESA Project: average of data for Nov. Dec. 1995 in tons/day/Km ²				

Strategic Objective: Improved environmental and natural resource management

Indicator 1

Non-coffee forest cover

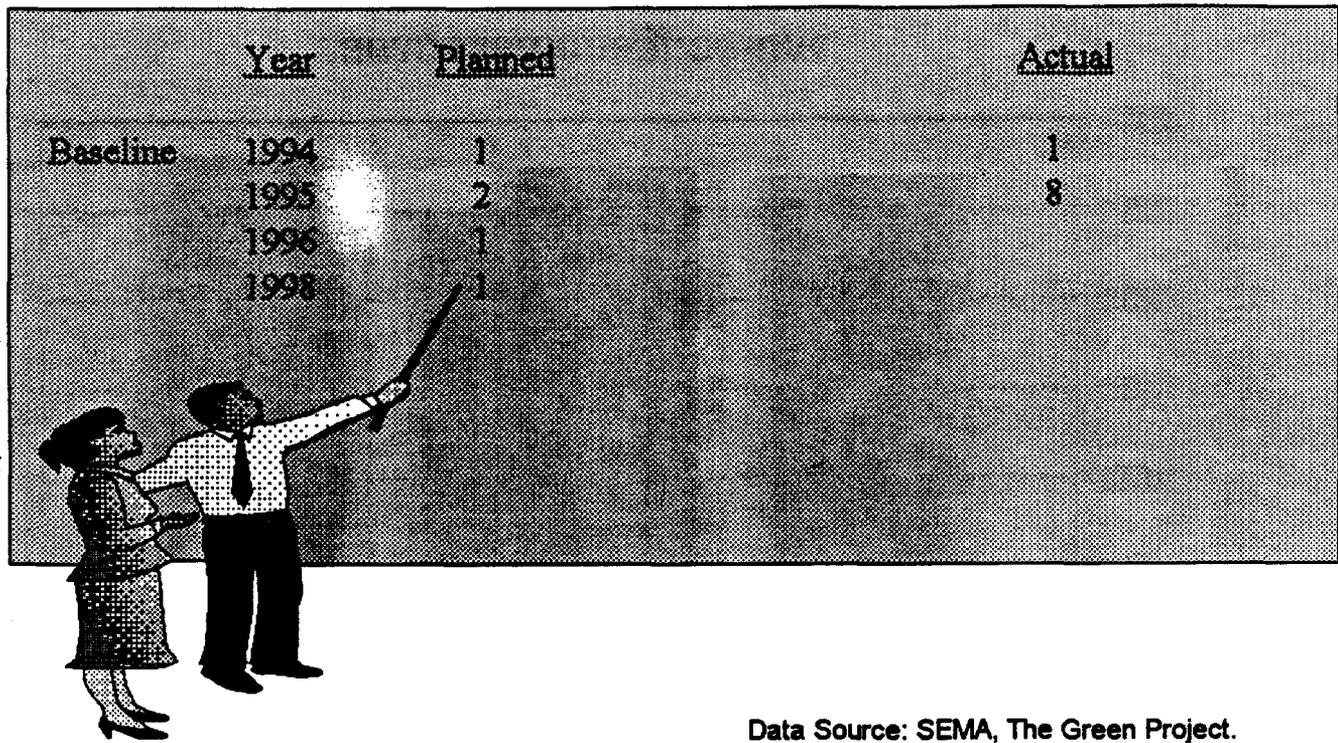


Data Source: Satellite photos, CATIE, CEL, MAG/CENREN
Fall 1994, Spring 1995

The 1978 baseline of 268,000 hectares came from interpretation of aerial photos. The 1995 data are from on-the-ground surveys by the Agricultural Economics office of the Ministry of Agriculture. Discrepancies in area are normal for comparisons of two types of data source and may not be due to actual changes in area. The definitive baseline for 1994 will come from interpretation of the satellite images which have been acquired by USAID.

Indicator 2

Environment and Natural Resources Management Strategy and Workshops

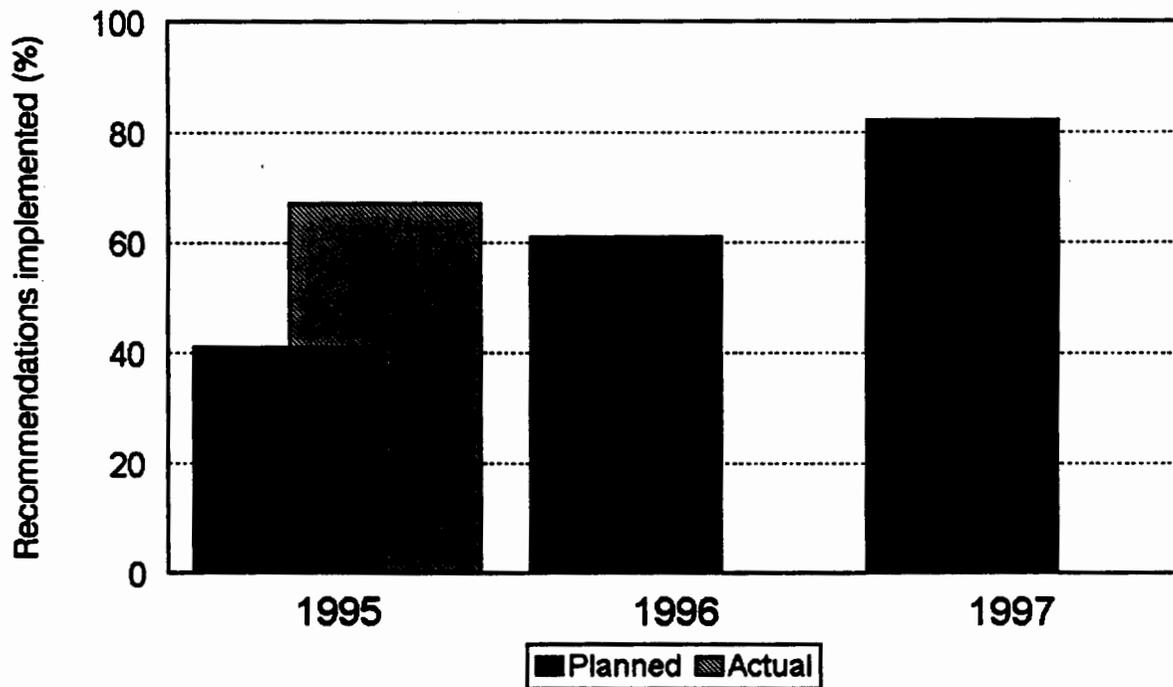


Data Source: SEMA, The Green Project.
December, 1995

The high result for this indicator is related to the series of workshops held during the year on The Green Book, a regional natural resources project initiative to foster environmental policy dialogue in the Central American region. The Green Book was seen as a successful instrument to advance the training of legislators and others in drafting environmental policy, and was used in a series of workshops.

Indicator 3

Degree of implementation of national natural resource management strategy recommendations



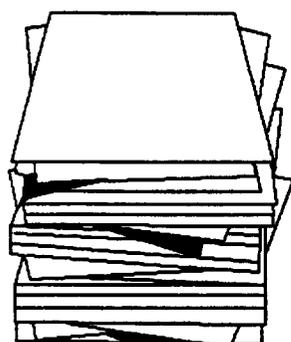
Data Source: The Green Project,
April 1996

The number of sub-strategies in the original indicator, 70, was revised to 49 in the final, published version of the GOES National Environmental Strategy. Of the 49 sub-strategies, 33 have had some degree of implementation since the Strategy was formally approved on January 31, 1994. Seven of the sub-strategies have been completed.

Natural Resources Use Policy/Legal Framework Created and Implemented

Indicator 1

Selected policies/laws established

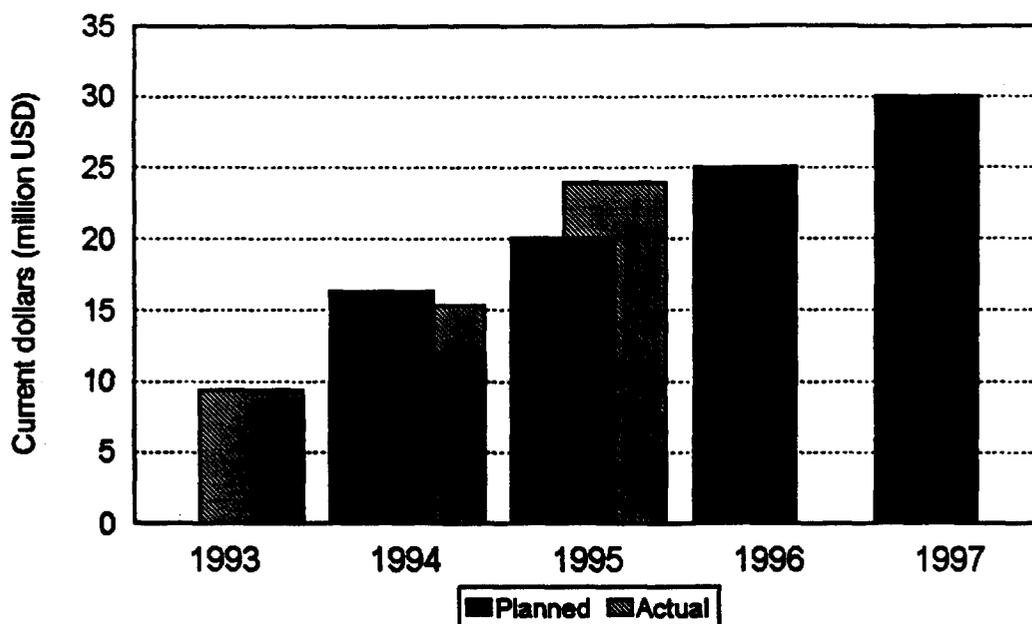


<u>Year</u>	<u>Planned</u>	<u>Actual</u>
1994	Wildlife Protection Law	Passed 3/94
1994	FONAES/FIAES Laws	FONAES 6/16/94 FIAES 6/30/93
1994	Environment Ed. Policy	Approved 9/95
1996	Forestry Law	Withdrawn
1996	General Environment Law	Consulted
1996	Law for SEMA	Exec. degree 7/15/94

Data Source: SEMA/MIPLAN,
April 1996

A considerable effort in this area produced advances. A Forestry Incentives Policy is to be enacted instead of a Forestry Law. The General Environmental Law has been broadly consulted and should be approved by the National Assembly by mid 1996. The Executive Secretariat for the Environment (SEMA) is to be replaced by a National Environmental Authority at the ministerial or autonomous level to implement the new General Environmental Law. The National Environmental Education Plan was approved and gives additional legitimacy to the Environmental Education Unit recently created in the Ministry of Education.

Level of resources provided for natural resource management (GOES, donors, FONAES)



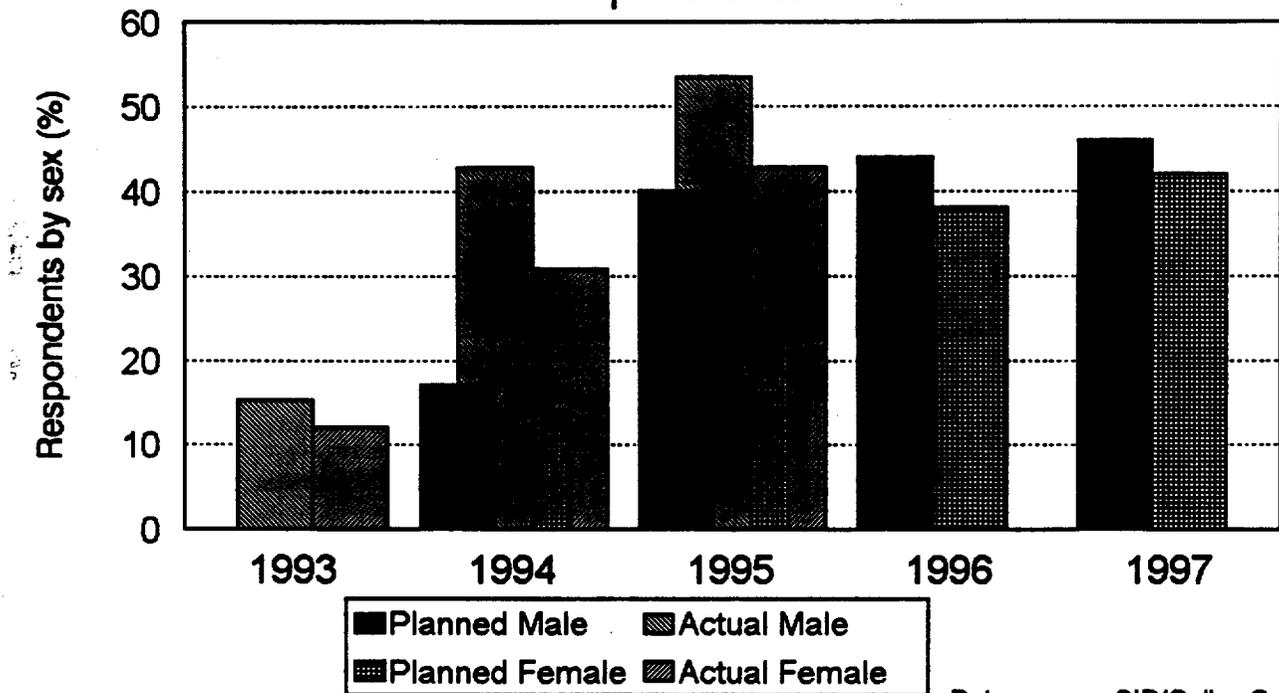
Data Source: The Green Project
April 1996

The target of U.S. \$20 million was exceeded in this period because \$6.8 million of extraordinary budget 1994 funds were rolled over into GOES natural resources management projects for 1995. Therefore, the amount of money available in 1995 was substantially greater than in 1994 and reflects a somewhat greater commitment by the GOES to the environment.

Increased public awareness of environmental problems nationwide

Indicator 1

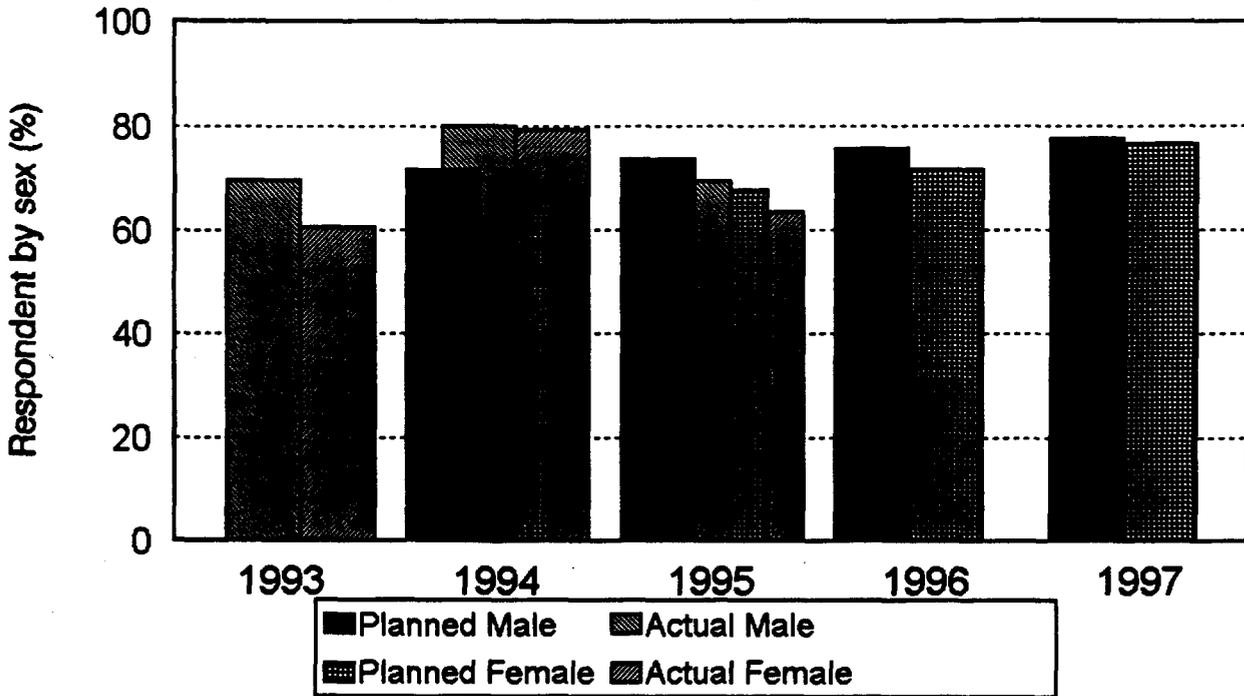
Survey respondents able to name three environmental problems



Data source: CID/Gallup Survey
September 1995

Performance on this indicator exceeded the planned levels by more than 10 percent. This is a good measure of the impact of the mass media and other environmental campaigns which are markedly improving the general public's awareness and understanding of environmental issues.

Survey respondents indicating that environmental problems are very serious



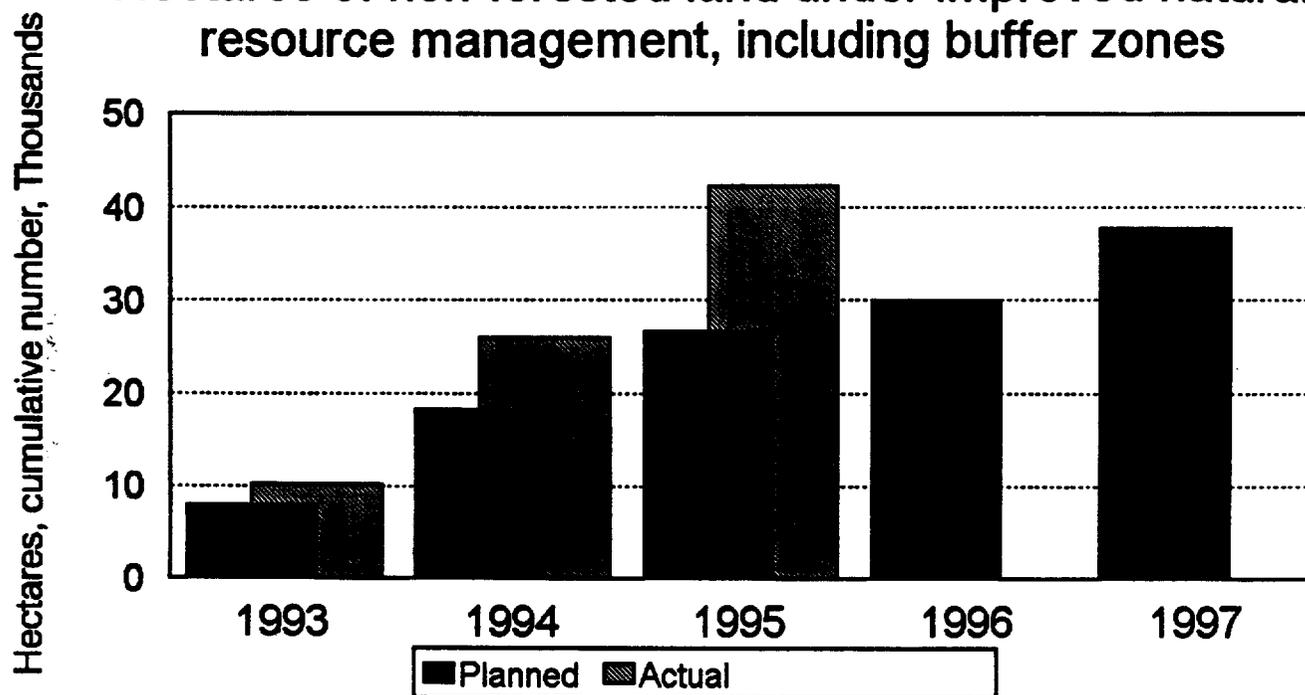
Data Source: CID/Gallup Survey
September 1995

Results for 1995 show a decrease from 1994 by more than ten percent, and fell short of the target level by a smaller percent. The explanation for the drop is that the environment was supplanted from the high level of serious problems by crime, which was viewed as a serious problem by the general public in 1995.

Improved productive activities consistent with sustainable natural resource management

Indicator 1

Hectares of non-forested land under improved natural resource management, including buffer zones

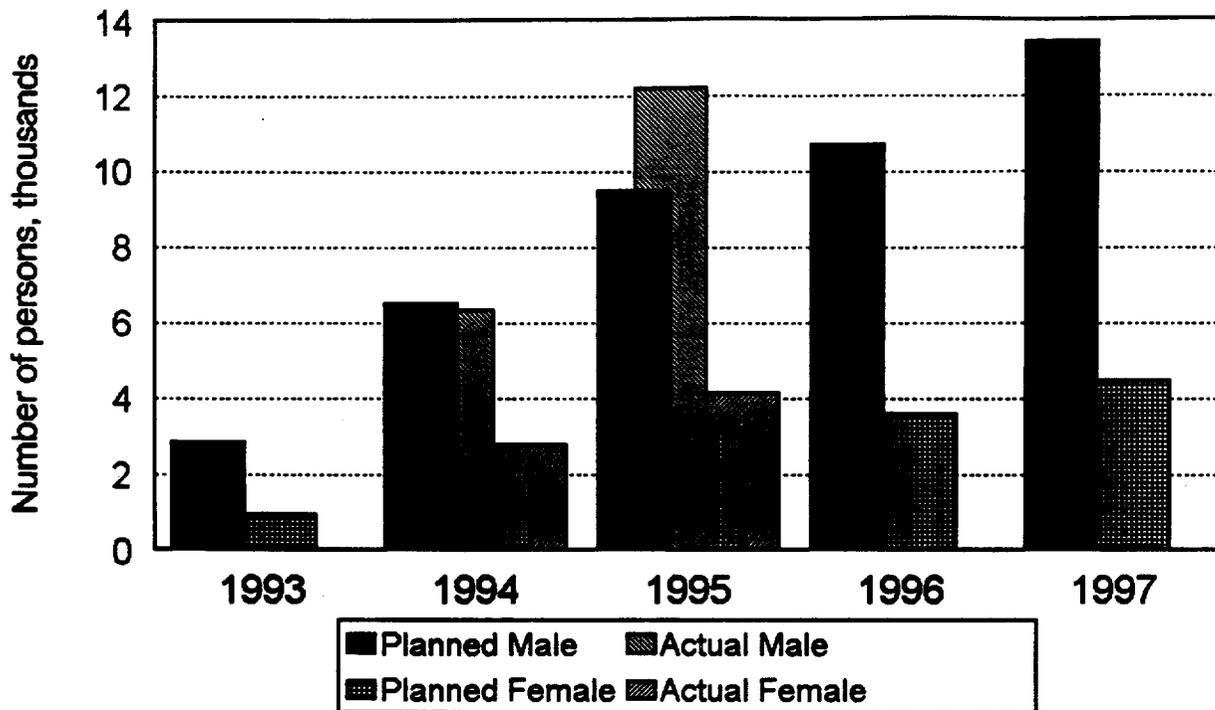


Data source: Project data, MAG, SEMA, DIVAGRO, TECHNOSERVE, SENS, The Green Project. March 1996

The number of hectares under improved management continued to grow in 1995, in part because of the implementation of a majority of the 53 projects of the Initiative Fund for the Americas El Salvador (FIAES) in these areas. Other activities contributed to the cumulative number of hectares affected, thus exceeding the target by more than 50 percent.

Indicator 2

Persons (M/F) practicing improved methods

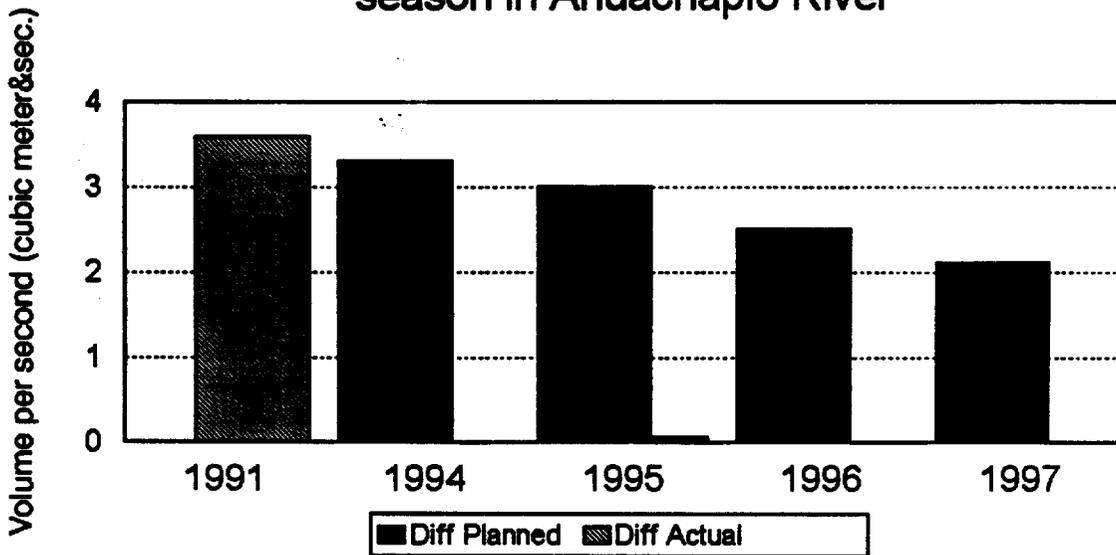


Data Source: Project Data CLUSA, DIVAGRO, TECHNOSERVE,
SENS, The Green Project, PROCAFE
March 1996

The cumulative number of persons using improved conservation practices continued to increase as new ideas were presented to additional clients. Reforestation and soil conservation projects dominated the practices during the year with impressive participation by local citizens and farmers.

Indicator 3

Difference in average water flow between dry and rainy season in Ahuachapío River

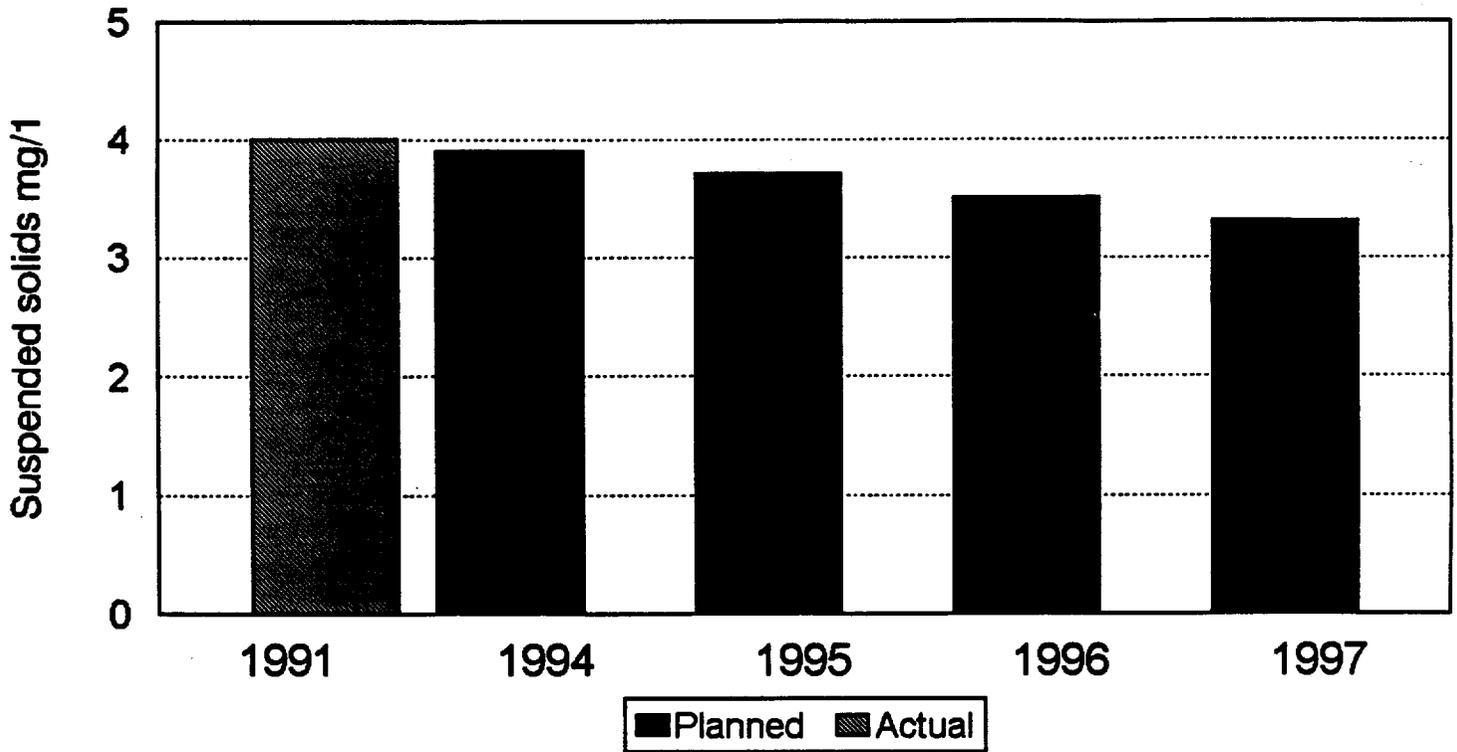


Data Source: DGRN, Servicio Hidrológico & Servicio Meteorológico
Single day water flow, July and December, 1995

The slow start of implementation of the field component of the Green Project (formerly the PROMESA project) was due to institutional problems with the Natural Resources Division of the Ministry of Agriculture and Livestock. These difficulties prevented the collection of enough data to get a reliable estimate of the average flow in the Ahuachapío river for the rainy and dry seasons in 1995. Only preliminary data was available for 1995

Indicator 4

Suspended solids in Ahuachapío River



Data Source: The Green Project Water Quality Study, ANDA

The Ministry of Agriculture technicians changed the unit of measurement from suspended solids in mg/l to tons/day/km².

***Illustrative Indicators
1997-2002***

SO Economic Opportunity

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STRATEGIC OBJECTIVE PERFORMANCE

El Salvador

STRATEGIC OBJECTIVE No. 1: EXPANDED ACCESS AND ECONOMIC OPPORTUNITY FOR EL SALVADOR'S RURAL POOR FAMILIES.

Indicator: 1. Rural population with access to potable water

Unit: Household percent

Source: Multipurpose Household Surveys

		Year	Planned	Actual
	Baseline	199		
		199		
		199		
		199		
	Target	199		

Indicator: 2. Rural population with access to sanitation services

Unit: Household, percent

Source: Multipurpose Household Surveys

Indicator: 3. Rural population with children aged 7-10 attending school

Unit: Household, percent

Source: Multipurpose Household Surveys

INTERMEDIATE RESULT No. 1: Better educated rural residents						
Indicator: 1. Rural primary school achievement test scores for 3rd. and 6th Grade (a) boys and (b) girls.						
Unit: Test Scores		Year	Planned		Actual	
			(a)	(b)	(a)	(b)
Source: MOE Achievement Tests						
Comments: Tests are on good command of Reading and Comprehension, Grammar, and Spelling.	Baseline	199				
		199				
		199				
	Target	199				

INTERMEDIATE RESULT No.2: Improved use of land						
Indicator 1: Parcels registered with the new National Registry Center.						
Unit: Parcels, number		Year	Planned		Actual	
Source: National Registry Center						
Comments: This result will be implemented entirely by other donors and the Mission SSO. This indicator is illustrative, as the Mission intends to conduct informal monitoring of this result only.	Baseline	199				
		199				
		199				
	Target	199				

INTERMEDIATE RESULT No. 3: Expanded equitable access to financial, technological and marketing services by the rural poor.

Indicator 1: (a) Male and (b) Female active members of credit unions.

Unit: People, number		Year	Planned		Actual	
			(a)	(b)	(a)	(b)
Source: PROPEMI, CAM, CRS, CLUSA.						
	Baseline	199				
		199				
		199				
	Target	199				

Indicator 2: (a) Male and (b) Female farmers receiving technical assistance and marketing services from secondary level organizations.

Unit: People, number		Year	Planned		Actual	
			(a)	(b)	(a)	(b)
Source: CLUSA, Technoserve, PROCAFE, Chemonics.						
	Baseline	199				
		199				
		199				
	Target	199				

Indicator 3.: Organizations receiving technical assistance and marketing services from secondary level organizations.				
Unit: Number of Associations		Year	Planned	Actual
Source: CLUSA, Technoserve, PROCAFE, Chemonics.				
	Baseline	199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 4: Better rural productive infrastructure				
Indicator 1: Families with access to productive rural infrastructure.				
Unit: Number of families		Year	Planned	Actual
Source: Activity projects under SO1.				
Comments: Productive infrastructure definition: Infrastructure destined to facilitate or promote economic activities.	Baseline	199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 5: Economic policy environment supporting greater equity

Indicator 1: GOES investment budget allocated for poorest Departments: Morazán, Cabañas, Chalatenango

Unit: Percentage		Year	Planned	Actual
Source: Ministry of Finance				
	Baseline	199		
		199		
		199		
	Target	199		

El Salvador

INTERMEDIATE RESULT No. 1.1: Quality of basic education improved

Indicator: 1. Percentage of rural 6th graders graduating in 6 years for (a) boys and (b) girls.

Unit: Children, percent		Year	Planned (a) (b)	Actual (a) (b)
Source: MOE				
Comments:	Baseline	199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 1.2: Increased community and non-GOES participation in basic education reform						
Indicator: 1. Project-based indicator to be determined.						
Unit:		Year	Planned		Actual	
			(a)	(b)	(a)	(b)
Source:						
Comments:	Baseline	199				
		199				
		199				
	Target	199				

INTERMEDIATE RESULT No. 1.3: Greater access to basic education and productive skills training in rural areas.						
Indicator: 1. Rural enrollment rates for (a) boys and (b) girls						
Unit: Children, percent		Year	Planned		Actual	
			(a)	(b)	(a)	(b)
Source: MOE						
Comments:	Baseline	199				
		199				
		199				
	Target	199				

Percentage of rural children between the ages of 7-16.

INTERMEDIATE RESULT No. 3.1: Increased coverage of sustainable financial institutions in rural areas				
Indicator: 1: Number of Sustainable Financial Institutions				
Unit: Number of financial institutions		Year	Planned	Actual
Source: FINCA/CAM, PROPEMI, CRS	Baseline	199		
Comments: Criteria of sustainable: pending		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 3.2: Increased coverage of sustainable secondary organizations providing technical and marketing services				
Indicator: 1: Number of secondary level sustainable organizations providing technology and marketing services				
Unit: Number of secondary level organizations.		Year	Planned	Actual
Source: GOES, Activity semi-annual reports.				
Comments: GOES sources: - Ministry of Justice, Registry of Commerce, for coops - MAG, Agricultural Associations Dept. for coops associations and ag. reform coops. Definition of sustainable: Operational and financial costs of the organization are covered by a portion of its revenue.	Baseline	199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 5.1: Modernization of state leads to economic growth and better rural services.

Indicator:1: GOES budget for wages and salaries.

Unit: Percent		Year	Planned	Actual
Source: Ministry of Finance				
Comments:	Baseline	199		
		199		
		199		
	Target	199		

Indicator 2: GOES budget administrated by targeted Municipalities

Unit: Percent		Year	Planned	Actual
Source: Ministry of Finance				
Comments: Selected municipalities will be determined within the geographical focus strategy.	Baseline	199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No.5.2: GOES adopts and implements rural poverty strategy.

Indicator 1: GOES rural poverty strategy approved.

Unit:		Year	Planned	Actual
Source: GOES				
Comments: This indicator will be reviewed once Rural Poverty Strategy is implemented.	Baseline	199		
		199		
		199		
	Target	199		

SO Democracy

STRATEGIC OBJECTIVE PERFORMANCE

El Salvador				
STRATEGIC OBJECTIVE No. 2 MORE ACCOUNTABLE GOVERNMENT INSTITUTIONS				
Indicator: 1. Citizens demands responded to by legal/judicial institutions				
Unit: Responses		Year	Planned	Actual
Source: Selected legal/judicial institutions				
Comments: Responses can be either positive or negative.	Baseline	199		
		199		
	Target	199		
Indicator: 2. Citizens demands responded to by municipal councils				
Unit: Responses			Planned	Actual
Source: Selected municipalities	Baseline	199		
Comments: Responses can be either positive or negative		199		
		199		
	Target	199		

El Salvador

INTERMEDIATE RESULT No. 1 Increased participation in the electoral process

Indicator: 1. Male/Female first-time voters registered

Unit: Completed registrations

Source: Supreme Electoral Tribunal

Comments:

	Year	Planned	Actual
	199		
	199		
	199		

Indicator: 2. Registered voters voting

Unit: Number of votes

Source: Supreme Electoral Tribunal

Comments: This indicator will be measured twice during the Strategic Plan's duration; in the municipal and legislative elections of 1997 and the presidential elections in 1999.

	Year	Planned	Actual
Baseline	199		
	199		
	199		
Target	199		

INTERMEDIATE RESULT No. 1.1 Citizens more aware of relevant issues

Indicator: 1. Male/Female citizens demonstrating knowledge of constitutional rights

Unit: Index		Year	Planned	Actual
Source: Surveys				
Comments:		199		
		199		
		199		

Indicator: 2. Male/Female citizens demonstrating knowledge of constitutional responsibilities

Unit: Index		Year	Planned	Actual
Source: Surveys	Baseline	199		
Comments:		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 1.2 Improved process to elect officials

Indicator: 1. Establishment and implementation of the New National Citizens Registry

Unit: Percent

Source: Supervision and Consultation

Comments: This is a qualitative progress indicator.

	Year	Planned	Actual
	199		
	199		
	199		

Indicator: 2. Polling stations in rural areas

Unit: Polling stations, number

Source: Supreme Electoral Tribunal

Comments: This indicator will only be possible to measure during actual elections. That is, in 1997 for municipal and legislative elections and in 1999 for presidential elections.

	Year	Planned	Actual
Baseline	199		
	199		
	199		
	199		
Target	199		

INTERMEDIATE RESULT No. 2 More access to effective legal/judicial protection

Indicator: 1. Rural women human and civil rights violations

Unit: Index		Year	Planned	Actual
Source: 1. Procuraduría para Defensa de los Derechos Humanos; 2. U.S. State Department Country Reports on Human Rights Practices; and 3. United Nations Verification Team Reports	Baseline	199		
Comments:		199		
		199		
		199		
	Target	199		

Indicator: 2. New cases resolved in criminal, juvenile and family courts

Unit: New cases		Year	Planned	Actual
Source: Courts	Baseline	199		
Comments:		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 2.1 Citizens demand more and better services

Indicator: 1. Citizens demonstrating knowledge of legal/judicial rights

Unit: Index		Year	Planned	Actual
Source: Surveys	Baseline	199		
Comments:		199		
		199		
		199		
	Target	199		

Indicator: 2. Citizens demonstrating knowledge of legal/judicial responsibilities

Unit: Index		Year	Planned	Actual
Source: Surveys	Baseline	199		
Comments:		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 3 Strengthened local government-citizen interaction

Indicator: 1. Index of citizen awareness and involvement

Unit: Surveys		Year	Planned	Actual
Source: Population in selected municipalities		199		
Comments: The index will be determined according to baseline studies to be conducted in the selected municipalities.		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 3.1 Increased effective citizen involvement

Indicator: 1. Persons attending open council meetings per municipality

Unit: Index		Year	Planned	Actual
Source: Surveys	Baseline	199		
Comments:		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 3.2 Officials more responsive to citizen's needs

Indicator: 1. Municipal advisory boards created

Unit: Index		Year	Planned	Actual
Source: Selected municipalities surveys	Baseline	199		
Comments:		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 3.3 Service delivery capacity strengthened

Indicator: 1. Selected municipalities implementing Integrated Financial Management

Unit: Index		Year	Planned	Actual
Source: Selected municipalities surveys	Baseline	199		
Comments:		199		
		199		
		199		
	Target	199		

Indicator: 2. Households per selected municipalities receiving potable water services

Unit: Index		Year	Planned	Actual
Source: Surveys	Baseline	199		
Comments:		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 4 A legislature more responsive to constituents

Indicator: 1. Citizen demands responded to by legislature

Unit: Percent		Year	Planned	Actual
Source: Regional Offices of Legislature Assembly		199		
Comments: This intermediate result is phasing out and therefore data for this indicator will be gathered up to 1997.		199		
		199		
		199		
	Target	199		

Indicator: 2. Demands made by citizens to the Legislative Assembly and their regional offices

Unit: Responses		Year	Planned Male/Female	Actual Male/Female
Source: Regional Offices of Legislative Assembly	Baseline	199		
Comments: This intermediate result is phasing out and therefore data for this indicator will be gathered up to 1997.		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 5 Central integrated financial management implemented

Indicator: 1. National expenditures audited

Unit: National Budget		Year	Planned	Actual
Source: Court of Accounts Audit Reports		199		
Comments: This intermediate result is phasing out and therefore data for this indicator will be gathered up to 1997. The data will be disaggregated by operational and investment expenditures.		199		
		199		
		199		
	Target	199		

Indicator: 2. Government entities with new integrated financial management units operating

Unit: Integrated Financial Management		Year	Planned	Actual
Source: Ministry of Finance Statistics	Baseline	199		
Comments: This intermediate result is phasing out and therefore data for this indicator will be gathered up to 1997.		199		
		199		
		199		
	Target	199		

SO Health

STRATEGIC OBJECTIVE PERFORMANCE

El Salvador				
STRATEGIC OBJECTIVE No. 3 SUSTAINABLE IMPROVEMENTS IN HEALTH OF WOMEN AND CHILDREN				
Indicator: 1. Maternal Mortality Rate (MMR)				
Unit: Number of women in fertile age who died from pregnancy and delivery complications per 100,000 live births per year.		Year	Planned	Actual
Source: National Health and Demographic Survey, DHS (FESAL)	Baseline	1993	N/A	158
Comments: DHS should be carried out every five years to measure program impact. A new survey should be conducted in early to mid 1998. Most recent FESAL carried out in 1993 was fully funded by USAID but, due to funding constraints, cofinancing will be necessary for future surveys. The surveys are the only means to adequately measure this and other indicators. This indicator is expected to be measured on an annual basis in specific limited "sentinel sites", where progress of USAID supported activities will be measured.				
		199		
	Target	1998	To be determined	
Indicator: 2. Infant Mortality Rate (IMR)				
Unit: Number of children under one year who die per 1000 live births per year.			Planned	Actual
Source: National Health and Demographic Survey (FESAL)	Baseline	1993		41
Comments: See comments above.		199		
		199		
	Target	1998	To be determined	
Indicator 3. Child Mortality Rate (CMR)				
Unit: Number of children under five years who die per 1000 live births per year.		Year	Planned	Actual
Source: National Health and Demographic Survey (FESAL)	Baseline	1993		52
Comments: idem		199		
		199		
	Target	1998	To be determined	

Indicator 4. Total Fertility Rate (TFR)				
Unit: Average of children that would be born alive during the life of a woman (or cohort of women).		Year	Planned	Actual
Source: National Health and Demographic Survey (FESAL)	Baseline	1993		3.85
Comments: idem		199		
		199		
	Target	1998	To be determined	

INTERMEDIATE RESULT No. 3.1 Reduced incidence of preventable childhood illnesses (diarrhea, respiratory infections)				
Indicator: 1. Incidence of acute diarrheal disease cases				
Unit: Number of children under five years with ADD		Year	Planned	Actual
Source: Service statistics from targeted areas.	Baseline	1993		Not available
Comments: There is no baseline data for this indicator. The only data available is the overall average CMR in rural areas measured by FESAL (1993: 44/1000). GOES developed data disaggregated by municipality based on the 1992 census data; however, CMR estimates in this projection are not reliable. NGOs implementing the PROSAMI Activity (519-0367) are able to measure CMR in the communities where they provide services, but this represents only 17% of the total number of communities of the country. Technical assistance will be needed to project baseline data for this indicator in specific rural areas of El Salvador as well as reasonable target projections.				
		199		
		199		
	Target	1998	To be determined	
		199		
		199		

Indicator: 2. Incidence of acute respiratory infections cases

Unit: Number of children under five years with ARI		Year	Planned	Actual
Source: Service statistics from targeted areas.	Baseline	1993		Not available
Comments: idem		199		
		199		
	Target	1998	<i>To be determined</i>	
		199		

INTERMEDIATE RESULT No. 3.2 Reduced reproductive health problems

Indicator: 1. Maternal mortality by hemorrhages in targeted rural areas.

Unit: Number of women in fertile age who died from obstetrical hemorrhage per 100,000 live births per year in specific rural communities.		Year	Planned	Actual
Source: Service statistics from targeted areas.	Baseline	199		
Comments:		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 3.3 Policy environment more supportive of sustainability

Indicator: 1. GOES budget allocated to Primary Health Care (PHC)

Unit: Percent		Year	Planned	Actual
Source: El Salvador's National and Ministry of Health annual budgets.	Baseline	1997		To be determined
Comments: Current budget structure of the Government of El Salvador does not facilitate disaggregation of PHC budget resources and there is no baseline. Technical assistance will be sought in early FY97 to develop the procedures for measurement of this indicator.	Target	1998	To be determined	
		1999	To be determined	
		2000	To be determined	
		2001	To be determined	

Indicator: 2. MOH budget allocated to Departmental Offices

Unit: Percent		Year	Planned	Actual
Source: El Salvador's Ministry of Health annual budgets.	Baseline	1997		To be determined
Comments: The departmental offices of the MOH are new so there is no baseline.	Target	1998	To be determined	
		1999	To be determined	
		2000	To be determined	
		2001	To be determined	

INTERMEDIATE RESULT No. 3.1.1 Increased access to potable water and adequate excreta disposal

Indicator: 1. Rural people with access to potable water

Unit: Number of people		Year	Planned	Actual
Source: Service statistics.	Baseline	1995		30,965
Comments: Baseline figures for 1995 are exclusively from rural communities served by USAID contractors. Planned goals for 1996 and 1997 are current USAID supported activity targets and these figures are cumulative figures. National data provided by the GOES and other donors are not reliable. This indicator can be measured annually. However, funding uncertainties make establishing an accrued goal for future years unrealistic at present.	Target	1996	68,969	
		1997	96,895	
		1998	<i>To be determined</i>	
		1999	<i>To be determined</i>	

INTERMEDIATE RESULT No. 3.1.2 More children receiving child survival interventions

Indicator: 1. Children of 6 months old receiving exclusive breastfeeding

Unit: Percent		Year	Planned	Actual
Source: Service statistics.	Baseline	1995		
Comments: There is no baseline data at this moment to establish adequate goals for coming years. This indicator can be measured annually in specific areas of the country.	Target	1996	<i>To be determined</i>	
		1997	<i>To be determined</i>	
		1998	<i>To be determined</i>	
		1999	<i>To be determined</i>	

Indicator 2. Children less than 1 yr. old with complete immunization series

Unit: Percent				
Source: Service statistics	Baseline	1996	<i>To be determined</i>	
Comments: This indicator can be measured annually in specific poverty focus areas served by NGOs (PROSAMI and SDA). National statistics provided by the Ministry of Health are not reliable since the MOH reports number of doses and not number of children vaccinated and does not have an accurate census of its service areas. Complete vaccination scheme, as reported by the MOH means that a child at one year old shall have received the following complete series: 1 BCG, 1 Measles, 3 polio and 3 DPT.	Target	1997	<i>To be determined</i>	
		1998	<i>To be determined</i>	
		1999	<i>To be determined</i>	
		2000	<i>To be determined</i>	

INTERMEDIATE RESULT No. 3.1.3 Increased use of integrated case management

Indicator: 1. Indicators to be determined

Unit:		Year	Planned	Actual
Source: Service statistics.	Baseline	1997	N/A	N/A
Comments: This is a new label for systematic treatment protocols to reduce infant and child mortality in underdeveloped countries. It is currently being developed and promoted by WHO. The ICM model will require effective IEC for home care-givers of infants and children, as well as training for health workers at the facility level to assess and manage illnesses and upward referrals for treatment.	Target	1998	<i>To be determined</i>	
		1999	<i>To be determined</i>	
		2000	<i>To be determined</i>	
		2001	<i>To be determined</i>	

INTERMEDIATE RESULT No. 3.2.1 Improved safe motherhood and birth outcomes

Indicator: 1. Perinatal mortality in areas served exclusively by USAID

Unit: Number of mortalities between the 28th week of pregnancy and the first seven days of life per 1000 live births.		Year	Planned	Actual
Source: Service statistics.	Baseline	1997	TBD	N/A
Comments: There is no baseline data to establish adequate goals for coming years. This indicator can only be measured annually in specific areas of the country served by PROSAMI's NGOs. A demographic health survey shall be utilized every 3-5 years to measure this indicator nationally.	Target	1998	<i>To be determined</i>	
		1999	<i>To be determined</i>	
		2000	<i>To be determined</i>	
		2001	<i>To be determined</i>	

INTERMEDIATE RESULT No. 3.2.2 Fewer unplanned/mistimed pregnancies

Indicator: 1. Contraceptive prevalence rate in USAID attended areas.

Unit: Percent		Year	Planned	Actual
Source: Service statistics.	Baseline	1997	N/A	N/A
Comments: This is a proxy indicator, assuming that CPR increases reflect fewer unplanned/mistimed pregnancies. This indicator can be measured annually in areas served by PROSAMI and SDA. National CPR shall be measured by a demographic health survey carried out every 3-5 years.	Target	1998	<i>To be determined</i>	
		1999	<i>To be determined</i>	
		2000	<i>To be determined</i>	
		2001	<i>To be determined</i>	

INTERMEDIATE RESULT No. 3.2.3 Decreased cervical cancer rate and STI/HIV transmission rates

Indicator: 1. Women in fertile age with cervical cancer

Unit: Percent		Year	Planned	Actual
Source: Service statistics.	Baseline	1997	N/A	N/A
Comments: USAID will collect data from other donors and the USAID regional HIV project since no major contributions to this activity are planned by the Mission. Cervical cancer has an unusually high incidence in El Salvador and is highlighted to reflect the need to include cancer screening as part of expanded reproductive health programs.	Target	1998	<i>To be determined</i>	
		1999	<i>To be determined</i>	
		2000	<i>To be determined</i>	
		2001	<i>To be determined</i>	

Indicator: 2. People HIV positive

Unit: Percent		Year	Planned	Actual
Source: Service statistics.	Baseline	1997	N/A	N/A
Comments: USAID will receive data from other donors since no major contribution to this activity is provided by the Mission. Also, data from activities developed via the Regional HIV/AIDS Prevention project monitored by G/CAP will be registered.	Target	1998	<i>To be determined</i>	
		1999	<i>To be determined</i>	
		2000	<i>To be determined</i>	
		2001	<i>To be determined</i>	

SO Environment

STRATEGIC OBJECTIVE PERFORMANCE

El Salvador				
STRATEGIC OBJECTIVE No. 4 INCREASED USE OF ENVIRONMENTALLY SOUND PRACTICES IN SELECTED FRAGILE AREAS				
Indicator: 1. Hectares under environmentally sound practices				
Unit: Number of hectares		Year	Planned	Actual
Source: GREEN PROJECT, FIAES, CLUSA, PROCAFE, TECHNOSERVE, DIVAGRO, SENS, MAG, Other Donors				
Comments: Environmentally sound practices includes: reforested areas, soil and water conservation practices, crops with safe pesticide use and biological control.	Baseline	199		
	Target	199		
Indicator: 2. Women and men using environmentally sound practices				
Unit: Number of people by gender			Planned	Actual
Source: : GREEN PROJECT, FIAES, CLUSA, PROCAFE, TECHNOSERVE, DIVAGRO, SENS, MAG, Other Donors	Baseline	199		
	Target	199		
Indicator : 3. Industries and municipalities using clean technologies				
Unit: Number		Year	Planned	Actual
Source: GREEN PROJECT and MAG reports	Baseline	199		
		199		
		199		
		199		

INTERMEDIATE RESULT No. 1 Increased awareness of the importance of environmental issues				
Indicator: 1. Women and men saying that environmental problems are very serious				
Unit: Survey respondents by sex, percent		Year	Planned	Actual
Source: CID Gallup poll				
Comments: Indicator will be measured every six months		199		
		199		
		199		
		199		
		199		
		199		
Indicator: 2. Women and men able to name three environmental problems				
Unit: Survey respondents by sex, percent		Year	Planned	Actual
Source: CID Gallup poll	Baseline	199		
Comments:		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No. 2: Increased knowledge of environmentally sound technologies and practices

Indicator: 1. Women and men in demonstration area knowledgeable about environmentally sound techniques and practices

Unit: Index Score

Source: GREEN PROJECT, CLUSA, PROCAFE activities

Comments: Surveying in demonstration area of persons exposed to new practices (index of knowledge).

		Year	Planned	Actual
	Baseline	199		
		199		
		199		
		199		
	Target	199		

INTERMEDIATE RESULT No.4.1.1: Increased mass media attention to environmental issues

Indicator: 1. Number of articles in newspapers, local TV shows and radio programs

Unit: Number of articles

Source: Gallup poll

Comments: % of male and female who heard about problems from mass media . Indicator will be measured annually

		Year	Planned	Actual
	Baseline	1995		
		1996		
		1997		
		1998		
		1999		
		2000		
		2001		
	Target	2002		

INTERMEDIATE RESULT No. 4.1.2: Improved coverage of environmental issues in schools

Indicator: 2. Persons using the conservation practices above.

Unit: Number of people by gender

Source: : Attendance list

Comments: Indicator will be measured annually

			Planned	Actual
Baseline	1995			
	1996			
	1997			
	1998			
	1999			
	2000			
	2001			
Target	2002			

Intermediate Result 4.1.3: Increased effective targeted GOES & NGO environmental education campaigns

Indicator : 3. Number of Industries and Municipalities using clean technology

Unit: each		Year	Planned	Actual
Source: Green Project and MAG reports	Baseline	1995		
Comments: Indicator will be measured annually		1996		
		1997		
		1998		
		1999		
		2000		
		2001		
	Target	2002		

Intermediate Result No. 4.1.4: Protected areas utilized effectively for environmental education

Indicator: Number of persons attending environmental events. Number of visitors

Unit: Count of participants

Source: CID Gallup

Comments: Indicator will be measured annually

	Year	Planned	Actual
Baseline	1995		
	1996		
	1997		
	1998		
	1999		
	2000		
	2001		
Target	2002		

Intermediate Result No. 4.1.5: Increased participation in environmental fora by policy-makers and decision-makers

Indicator: 2. Number of legislators, mayors, industrialist attending fora

Unit: Respondents by gender		Year	Planned	Actual
Source: Attendance lists	Baseline	1995		
Comments:		1996		
		1997		
		1998		
		1999		
		2000		
		2001		
	Target	2002		

INTERMEDIATE RESULT No.4. 2.1: Increased exposure to appropriate NRM practices in selected areas

Approach: Increased Exposure to appropriate NRM practices in selected areas

Indicator: 1. Persons exposed to sound environmental practices. Participants in events.

Unit: No. of persons by gender

Source: GREEN PROJECT, CLUSA, PROCAFE activities

Comments: Surveying in D.A. of persons exposed to new practices (index of knowledge)

	Year	Planned	Actual
Baseline	1995		
	1996		
	1997		
	1998		
	1999		
	2000		
	2001		
Target	2002		

INTERMEDIATE RESULT No. 4.2.2: Increased exposure to pollution-control devices and practices

Indicator: Number of persons exposed

Source: Number of persons by gender

		Year	Planned	
	Baseline	1995		
Comments:		1996		
		1997		
		1998		
		1999		
		2000		
		2001		
		Target	2002	

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ACTION OFFICE(S): ILASP
INFO OFFICE(S): AAG AAID AALA BHR ES GAFS GC GEIR GPP ICIS
IG IGII IRMO LACE LADP LENV MB MPI OFDA
POP PPDC PPSF STM

INFO LOG-00 ARA-01 TEDE-00 /001R

DRAFTED BY: AID/LAC/SPM:JMEADOWCROFT::JM
APPROVED BY: AID/AA.LAC:MSCHNEIDER
AID/DAA/LAC:ESALLMAN AID/LAC/SPM: CSCROUX (DR
AID/LAC/SPM: ERUPPRECHT (DRAFT) AID/PPC:GHILL (DRAFT)
AID/LAC/DPB:DCHIRBOGA (DRAFT) AID/LAC/CEN:KELLIS (DRAFT)
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E.O. 12356: M/A
TAGS:
SUBJECT: FY 96-97 ACTION PLAN FOR EL SALVADOR

SUMMARY. THE PROGRAM REVIEW WEEK FOR EL SALVADOR TOOK PLACE MARCH 13 THROUGH 17, 1995. A SERIES OF FORMAL SCHEDULED MEETINGS CONSIDERED DEVELOPMENT OBJECTIVES, INDICATORS OF PROGRESS TOWARD MEETING THOSE OBJECTIVES, PROPOSED NEW ACTIVITIES, RESOURCE REQUIREMENTS AND A BROAD RANGE OF PROGRAM ISSUES. SPECIAL ISSUES AND SIDE TOPICS WERE EXAMINED IN A NUMBER OF INFORMAL MEETINGS AND UNCLASSIFIED

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DISCUSSIONS AMONG MISSION REPRESENTATIVES AND STAFF MEMBERS OF VARIOUS AID/W OFFICES. THE DEVELOPMENT ASSISTANCE EXECUTIVE COMMITTEE (DAEC) REVIEW OF THE FY 96-97 ACTION PLAN (AP) FOR EL SALVADOR WAS HELD ON MARCH 17. THIS CABLE OUTLINES MAJOR ELEMENTS OF DISCUSSION AT THAT SESSION, DESCRIBES ADDITIONAL ACTIONS REQUESTED, AND RECORDS AGREEMENTS REACHED. IN BRIEF, THE ACTION PLAN WAS APPROVED, ALONG WITH PROPOSED NEW ACTIVITY DESCRIPTIONS; THE MISSION WAS ASKED TO CONSIDER CERTAIN CHANGES IN OBJECTIVES AND INDICATORS FOR THE STRATEGIC PLAN TO BE PREPARED IN FY 1996. THE MISSION WAS ASKED TO SUBMIT A SEPARATE DOCUMENT WITH FOUR DIFFERENT BUDGET SCENARIOS REQUESTED IN SUPPLEMENTAL ACTION PLAN GUIDANCE CABLED TO THE FIELD ON MARCH 16. THE DAEC AGREED TO MAKE EVERY EFFORT TO TRY TO SECURE FINANCIAL RESOURCES NEEDED TO MEET

U.S. COMMITMENTS TO FUNDING ACTIVITIES IN SUPPORT OF THE PEACE ACCORDS. END SUMMARY.

1. THE DAEC REVIEW OF THE EL SALVADOR ACTION PLAN FOR FY 1996-97 WAS CHAIRED BY AA/LAC MARK SCHNEIDER. AMONG THOSE ATTENDING WERE AGENCY CHIEF OF STAFF DICK MCCALL, STATE ARA/CEN JOHN HAMILTON AND BRIAN NICHOLS AND REPRESENTATIVES OF M/B, G/PHN, GC/LAC, PPC, LAC/RED TECHNICAL OFFICES, LAC/CEN, LAC/DSB, AND LAC/SPM. MISSION REPRESENTATIVES WERE UNAID MISSION DIRECTOR CARL LEONARD, AND THE CURRENT AND FORMER CHIEFS OF THE PROGRAM AND PROJECTS OFFICE, PETER KRANSTOVER AND CAROL STEELE.

2. IN HIS INTRODUCTORY REMARKS, THE MISSION DIRECTOR NOTED THAT HE WAS PLEASED TO JOIN A MISSION WITH A UNCLASSIFIED

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COMMITMENT TO USING THE STRATEGIC FRAMEWORK TO ACHIEVE

RESULTS AND THAT SUCH A PROGRAM IS WELL DOCUMENTED IN THE ACTION PLAN. HE STATED THAT THE PROGRAM DESCRIBED IN THE PLAN PRESENTS OPPORTUNITIES TO HELP CONSOLIDATE THE PEACE PROCESS, TO ALLEVIATE POVERTY, AND TO SUPPORT SUSTAINABLE DEVELOPMENT. HE PRESENTED AN OVERVIEW OF ACHIEVEMENTS UNDER EACH STRATEGIC OBJECTIVE (SO) AND NOTED KEY CHALLENGES FOR THE VARIOUS SOS, INCLUDING FUNDING UNCERTAINTY, POVERTY ALLEVIATION, CONTINUING EFFORTS IN ELECTORAL REFORM, DECENTRALISATION, HUMAN CAPITAL DEVELOPMENT, AND DEEPENING THE POLICY DIALOGUE ON ENVIRONMENT. HE ALSO NOTED THAT ONCE THE TRANSITION FROM WAR TO PEACE IS COMPLETED, THE MISSION WOULD DROP THIS OBJECTIVE FROM ITS STRATEGIC FRAMEWORK AND FOCUS ON LONG TERM DEVELOPMENT UNDER THE REMAINING FOUR SOS.

3. BOTH THE AA/LAC AND AGENCY CHIEF OF STAFF COMPLIMENTED THE MISSION ON THE EXTREMELY HIGH QUALITY OF THE ACTION PLAN, CALLING IT A MODEL TO BE FOLLOWED BY OTHERS, INCLUDING OTHER BUREAUS. THEY STATED THAT IT WAS VERY READABLE; WELL ORGANISED; AND CLEARLY LINKED OBJECTIVES, ACCOMPLISHMENTS, PERFORMANCE MEASUREMENT, AND RESOURCES IN A COMPREHENSIVE PLAN FOR SUSTAINABLE DEVELOPMENT. THE ACTION PLAN WAS APPROVED BY THE DAEC.

DURING THE COURSE OF THE MEETING, AA/LAC REQUESTED THAT SEVERAL CHANGES/ADDITIONS BE CONSIDERED DURING PREPARATION OF THE STRATEGIC PLAN NEXT YEAR. FOR EXAMPLE, HE NOTED THE IMPORTANCE OF THE SUMMIT OF THE AMERICAS AND STATED THAT ACTION PLAN PARAGRAPHS RELATING SELECTED SOS TO THE SUMMIT WERE INTERESTING AND A GOOD IDEA. HE REQUESTED

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THAT SUCH AN EXPLANATION BE PROVIDED FOR ALL OF THE SOS. (AS AN ASIDE, AA/LAC NOTED THAT A SUMMIT REVIEW MEETING WILL BE HELD IN EL SALVADOR DURING THE FIRST WEEK IN MAY, AND THAT HE EXPECTS TO BE THERE FOR IT.) IN ADDITION, AS

PART OF A REVIEW OF INDICATORS AND OBJECTIVES, HE REQUESTED THAT AN INDICATOR ON MATERNAL MORTALITY BE ADDED TO THE MISSION'S SO 4.

4. BEGINNING DISCUSSIONS WITH SO 1, ASSIST EL SALVADOR TO MAKE THE TRANSITION FROM WAR TO PEACE, THE AA/LAC AND THE MISSION DIRECTOR ANNOUNCED THE GOOD NEWS OF THE GOVERNMENT OF EL SALVADOR (GOES) EXTENSION OF THE APRIL 30 DEADLINE FOR THE LAND TRANSFER PROGRAM AND POINTED OUT THE URGENCY OF MEETING COMMITMENTS TO ASSIST THIS PROCESS. THE \$37 MILLION MORTGAGE REMAINING TO BE FUNDED FOR THE PEACE AND NATIONAL RECOVERY PROJECT WAS HIGHLIGHTED AS THE MOST IMPORTANT CURRENT ISSUE FOR EL SALVADOR AND WAS DISCUSSED IN DETAIL. (SEE PARAGRAPH 10 BELOW.)

5. FOR SO 2, BROAD-BASED ECONOMIC GROWTH INCREASED, AA/LAC NOTED THAT THE POVERTY FOCUS IS MUCH CLEARER AND STRONGER THAN IN THE PAST, WITH RURAL/URBAN DISAGGREGATION OF DATA. HE REQUESTED THAT ABSOLUTE NUMBERS OF BENEFICIARIES BE REPORTED IN THE INDICATORS SECTION IN ADDITION TO PERCENTAGES. MISSION REPRESENTATIVES ADDED THAT A NEW MEASUREMENT OF POVERTY, ALTHOUGH STILL BASED ON THE MULTIPURPOSE HOUSEHOLD SURVEY, IS THOUGHT TO BE MORE ACCURATE THAN THE FORMER METHOD BECAUSE THE NEW ONE IS BASED ON FAMILY EXPENDITURES, NOT SIMPLY REPORTED INCOME.

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6. FOR SO 3, STRENGTHENED DEMOCRATIC INSTITUTIONS AND PRACTICES, THE MISSION WAS COMMENDED FOR ITS WORK IN ADMINISTRATION OF JUSTICE, ON ELECTIONS, AND ON EFFORTS TO DEVELOP GREATER GRASSROOTS PARTICIPATION. THE FOCAL POINT OF THE DISCUSSION WAS THE CONTINUING NEED FOR FUNDING TO MANAGE ONGOING ACTIVITIES AND INITIATE NEW ONES. THE UNFUNDED ESP MORTGAGE IN THIS AREA WAS DISCUSSED BRIEFLY, BUT MISSION REPRESENTATIVES INDICATED THAT IT COULD PROBABLY BE TAKEN CARE OF THROUGH THE DA PORTFOLIO IF ADEQUATE LEVELS OF DISCRETIONARY FUNDS COULD BE MAINTAINED THERE.

7. UNDER SO 4, IMPROVED QUALITY WITH EQUITY IN HEALTH AND EDUCATION, DISCUSSION CENTERED ON PREPARATIONS FOR THE NEW SOCIAL SECTOR PROJECT, THE NEED FOR INCREASED DONOR COORDINATION, AND THE RECOMMENDATION TO CONTINUE SERVICE DELIVERY ACTIVITIES IN HEALTH, FAMILY PLANNING, AND BASIC EDUCATION, WHICH WAS ENDORSED BY THE AA/LAC.

8. FOR SO 5, IMPROVED ENVIRONMENTAL AND NATURAL RESOURCE MANAGEMENT, THE AA/LAC REQUESTED THAT CONCAUSA (THE AGREEMENT AMONG CENTRAL AMERICAN PRESIDENTS AND THE UNITED STATES) BE INCLUDED, AND POINTED OUT THE NEED TO INCLUDE THE MINISTRY OF HEALTH IN THE MISSION'S ENVIRONMENTAL

STRATEGY AND TO COORDINATE FULLY WITH NGOS AND OTHER DONOR ORGANIZATIONS IN EVERY PHASE OF IMPLEMENTATION. MISSION REPRESENTATIVES AGREED. THE MISSION WAS ALSO ADVISED TO LOOK AT THE ENVIRONMENTAL INITIATIVE OF THE AMERICAS (EIA), G/PHN'S ENVIRONMENTAL HEALTH PROJECT, IDB AND PAHO ENVIRONMENTAL PROGRAMS, AND THE USAID/CAP PROARCA PROGRAM
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IN ORDER TO CLARIFY HOW USAID/SALVADOR'S ENVIRONMENTAL PROGRAMS RELATE TO THESE PROGRAMS. WHILE THE USG HAS BEEN PRIMARILY INVOLVED IN 'GREEN' ISSUES IN ENVIRONMENTAL PROGRAMS, THE AA/LAC NOTED, WE ALSO NEED TO BE IN A POSITION TO DO SOME WORK ON AND LEVERAGE WITH OTHER DONORS, PARTICULARLY THE IDB, ON ENVIRONMENTAL HEALTH OR 'BROWN' ISSUES.

9. STAFFING LEVELS: LAC/DPB REQUESTED THAT THE MISSION CONTINUE TO REVIEW STAFFING NEEDS AND LOOK AT WHAT MIGHT NEED TO HAPPEN TO STAFFING IF PROGRAM FUNDS WERE CUT DRAMATICALLY OR IF NEW TARGET STAFFING LEVELS WERE TO BE IMPOSED ON THE MISSION. USAID/EL SALVADOR WAS PRAISED FOR ITS RIGHTSIZING EFFORTS THAT ARE RESULTING IN A STAFF REDUCTION OF ABOUT ONE-THIRD, FROM 292 POSITIONS TO 203 POSITIONS, BETWEEN JANUARY 1993 AND THE END OF FY 1995. THE MISSION DIRECTOR POINTED OUT THAT, DESPITE MAJOR REDUCTIONS IN RECENT BUDGET LEVELS, A SUBSTANTIAL WORKFORCE CONTINUES TO BE NECESSARY TO CARRY OUT THE STAFF-INTENSIVE ONGOING PROGRAM. SPECIFICALLY, HE NOTED THAT THE HIGHLY PARTICIPATORY NATURE OF THE PROGRAM PORTFOLIO, WITH HEAVY EMPHASIS ON USE OF NGOS AND ON MONITORING AND EVALUATION DICTATES A STAFF-INTENSIVE APPROACH TO PROGRAM MANAGEMENT.

10. PEACE PROCESS FUNDING: ISSUE ONE ON SUFFICIENCY OF FUNDING FOR THE PEACE PROCESS WAS THOROUGHLY DISCUSSED. THE PEACE PROCESS IS STILL FRAGILE, REQUIRING USG SUPPORT, AND OTHER DONORS WILL HAVE A STRONGER PRESENCE IF THE USG COMMITMENT IS CLEAR. TO COVER THE REMAINING \$37 MILLION MORTGAGE FOR THE PEACE AND NATIONAL RECOVERY PROJECT,
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SEVERAL DIFFERENT POSSIBILITIES WERE DISCUSSED: FREEING UP OF ANY ADDITIONAL ESP MONIES NOT REQUIRED FOR RESCISSION PURPOSES; USE OF DA FUNDS CURRENTLY BEING HELD BY THE BUREAU ON A CONTINGENCY BASIS; AND DEOB/REOB AUTHORITY GRANTED TO THE MISSION TO BE ABLE TO REPROGRAM SOME AMOUNT OF ALREADY OBLIGATED FUNDS FROM OTHER ONGOING MISSION ACTIVITIES. THE LAC/CEN DIRECTOR PROPOSED THAT THE BUREAU CLEARLY ESTABLISH FUNDING PRIORITIES AMONG THE COUNTRIES, RECOGNIZING THAT ALL PROGRAMS ARE NOT OF EQUAL WEIGHT AND IMPORTANCE AND THAT BY TRYING TO DO TOO MANY THINGS IN TOO MANY PLACES THE AGENCY AND THE BUREAU RUN THE RISK OF DOING NOTHING WELL. IT WAS NOTED THAT TO MAINTAIN PEACE ACCORDS MOMENTUM, THIS FUNDING REALLY NEEDS

TO BE FORTHCOMING IN THE SHORT TERM, NOT PUSHED TO OUT-YEARS. AS OF 9/30/94, THERE WERE ENOUGH FUNDS IN THE PIPELINE OF THE NATIONAL RECOVERY PROGRAM TO CARRY THE PROJECT FOR 14 MONTHS, I.E., NOVEMBER 1995. NO DECISIONS WERE MADE ON HOW, WHEN, OR WHETHER FUNDING MIGHT BE FORTHCOMING, BUT THE DAEC PLEDGED TO MAKE EVERY EFFORT TO TRY TO SECURE FINANCIAL RESOURCES NEEDED TO MEET U.S. COMMITMENTS TO FUNDING ACTIVITIES IN SUPPORT OF THE PEACE ACCORDS.

11. LAND TRANSFER: ISSUE TWO ON GOES POLITICAL WILL TO EXTEND THE LAND TRANSFER PROGRAM WAS MITIGATED BY THE GOES ANNOUNCEMENT EXTENDING THE APRIL 30 DEADLINE FOR LAND TRANSFERS. THE DAEC AGREED THAT ACTIONS TAKEN TO SPEED UP THE PROCESS AND CHANGES IN LAND BANK LEADERSHIP ARE POSITIVE, BUT CONCERNS REMAIN AND THE LAND TRANSFER PROCESS MUST CONTINUE TO BE MONITORED. FURTHER, THE

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FINAL NUMBER OF REMAINING CLAIMANTS NEEDS TO BE DETERMINED. OF THE ORIGINAL ELIGIBLE POPULATION, 52 PERCENT HAVE BEEN PROVIDED LAND. HOWEVER, ADDITIONAL PERSONS WANT TO BE ADDED AND THERE MAY NOT BE ENOUGH LAND IN SOME REGIONS FOR ALL WHO WANT IT. WITH AN ADDITIONAL \$9 MILLION IN ESP IN FY 1995, USAID FUNDING FOR LAND, . ALONG WITH OTHER DONOR COMMITMENTS, WILL BE SUFFICIENT TO COVER THE PLANNED 37,000 TO 38,000 ELIGIBLE PERSONS. THE AA/LAC POINTED OUT THAT THE LEVEL OF 64 PERCENT OF NEWLY SETTLED PERSONS WITH LAND IN PRODUCTION IS AN IMPRESSIVE INCREASE OVER LAST YEAR. HE FURTHER OBSERVED THAT WE NEED TO THINK ABOUT THE ISSUE OF REFUGEES (HUMAN SETTLEMENTS), ALTHOUGH AT THIS POINT THERE IS NO FUNDING TO BE ABLE TO ASSIST IN THAT AREA. HE REQUESTED THAT A STUDY IDENTIFY THE SCOPE OF THE HUMAN SETTLEMENTS PROBLEM AND THE ECONOMIC, LEGAL AND SOCIAL ISSUES INVOLVED IN SOLVING IT. THE LAC/CEM DIRECTOR STATED THAT SUCH WORK IS ALREADY BEING UNDERTAKEN BY THE MISSION'S PRODUCTIVE RESOURCES OFFICE.

12. OUTSIDE THE FORMAL REVIEW PROCESS COMMENTS ON ATTENTION TO GENDER WERE PROVIDED TO THE MISSION. THE MISSION HAS DONE AN EXCELLENT JOB OF DISAGGREGATING INDICATORS BY SEX, BUT REPORTING ON IMPACT BY GENDER COULD BE STRONGER; PERFORMANCE HIGHLIGHTS SHOULD SHOW RESULTS BY GENDER WHEN POSSIBLE.

13. NEW ACTIVITY DESCRIPTIONS. THE FOLLOWING NEW ACTIVITY DESCRIPTIONS WERE REVIEWED BY THE DAEC.

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PROJECT PROJECT LOP AMOUNT RECOMMENDED
NUMBER NAME (DOLS 000) ACTION

FY 96

519-0391	DEMOCRACY AND ELECTORAL PROCESSES AMENDMENT	3,000	APPROVE/ DELEGATE
519-0388	MUNICIPAL DEVELOPMENT AND CITIZEN PARTICIPATION AMENDMENT	15,000	APPROVE/ DELEGATE

FY 97

519-0418	LAND TENURE SECURITY	8,000	APPROVE/ DELEGATE
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A. IN ADDITION TO THE NADS AND AMENDMENTS APPROVED AT THE ACTION PLAN REVIEW, THE A NEW ACTIVITY PROPOSED FOR FY 97, ENVIRONMENTAL HEALTH (519-0242) FOR DOLS 8,000,000 OF DA FUNDS, WAS DISCUSSED. THE MISSION WAS ADVISED THAT THIS NAD SHOULD BE PRESENTED AS PART OF THE STRATEGIC PLAN TO BE SUBMITTED BY THE MISSION NEXT YEAR, CONSISTENT WITH REENGINEERING GUIDANCE TO BE ISSUED LATER THIS YEAR. CHRISTOPHER

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ISN 99127

Sustainable Development &

Democracy in

El Salvador

1997 - 2002

***The Statistical
Annex***

May 1996

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List of Acronyms

ARI	Acute Respiratory Infections
CABEI	Central American Bank for Economic Integration
CITES	Convention on the International Trade in Endangered Species of the Wild Flora and Fauna Treaty
COAMBIENTE	Environmental NGO Corporation of El Salvador
CONCAUSA	Central American/United States of America Accords
CPR	Contraceptive Prevalence Rate
DPT	Diphtheria, Pertussis and Tetanus
EP ³	Global Bureau Environmental Pollution Prevention Program
ESF	Economic Support Fund
EU	European Union
FAO	The Food and Agricultural Organization
FESAL	National Family Health Survey
FIAES	Initiative Fund for the Americas El Salvador
FIS	Social Investment Fund
FMLN	Farabundo Marti National Liberation Front
FONAES	Environmental Fund for El Salvador
FSN	Foreign Service National
FTAA	Free Trade Area of the Americas
FY/CY	Fiscal Year/Calendar Year
GDP	Gross Domestic Product
GIS	Geographic Information System
GOES	Government of El Salvador
GTZ	German Technical Assistance
HIV	Human Immunodeficiency Virus
ICASS	International Cooperative Administrative Support System
IDB	Inter-American Development Bank
IEC	Information, Education and Communication
ISSS	Salvadoran Social Security Institute
M&E	Monitoring and Evaluation
MOH	Ministry of Health
NGO	Non-Governmental Organization
NMS	New Management Systems
NRP	National Reconstruction Program
OMB	Office of Business Management
PAHO	Pan American Health Organization
PRISA	Institutional Reform Project for the Agricultural Sector
PROARCA	Environmental Project for the Central American Region
SAL II	World Bank Second Structural Adjustment Loan
SDA	Salvadoran Demographic Association
SDT	Strategic Direction Team
SEMA	Executive Secretariat for the Environment
SO	Strategic Objective
SSMA	San Salvador Metropolitan Area
SSO	Special Strategic Objective
STI	Sexually Transmitted Infections
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
UNICEF	United Nations Children Fund
WHO	World Health Organization

El Salvador is poised at the beginning of a new chapter in its history. It is a chapter that holds the promise of deepened democratic values, enlightened social awareness, comprehension of the importance of the environment and sustained economic growth. The civil war ended over four years ago. On April 30, 1996, the once 700-person strong United Nations peace-keeping force was reduced to a five-person verification unit to monitor the final elements of the Peace Accords. During the same period, significant progress was achieved in establishing a foundation for sustainable development and democracy in El Salvador. Despite these successes, many challenges remain to the achievement of the primary U.S. foreign policy objective in El Salvador: the consolidation of peace in a democratic society.

El Salvador's small size, approximately that of Massachusetts, belies its importance to U.S. foreign policy objectives in the region. Political, economic and social stability in El Salvador are necessary for the stability of the region and the ongoing transitions to peace and democracy among El Salvador's neighbors. El Salvador's stability is equally important to facilitate regional cooperation in the pursuit of peace, the fight against international crime and the expansion of U.S. economic opportunities. Furthermore, the war-to-peace transition has been a major U.S. foreign policy success, one that must continue or risk setting back U.S. objectives elsewhere in the world. Finally, humanitarian interests compel the U.S. to address the widespread poverty in one of the least developed countries in the hemisphere.

The potential for renewed instability is still present. Its primary sources are poverty and the unfinished consolidation of the peace and democratic processes. This potential is evident in the high rate of violent crime and lingering impunity, propelled by poverty and the weak rule of law. Poverty, broadly defined, includes low incomes as well as lack of access to social services, limited

opportunities for economic advancement, and the lack of power to influence political and policy decision-making processes. The poor can be found all over the country; the situation, however, is most severe in the rural areas.

Economic opportunity is most limited in rural areas where educational attainment is low, productive infrastructure seriously deficient, and productive services hard to find. Not surprisingly, the robust economic growth of the post-war years reduced poverty levels, but primarily in urban areas. Government-provided health services target urban areas and emphasize costly, hospital-based curative care. Inefficiencies in public institutions and over-centralization of power limit public influence, particularly of the rural poor, and responsiveness to citizen needs. These constraints to alleviating rural poverty are further exacerbated by the grave deterioration of the environment, both from mismanagement of natural resources and contamination.

The goal of USAID/El Salvador's 1997-2002 strategic plan is: Sustainable Development and Democracy. This goal reflects the Agency's mission of sustainable development while emphasizing the importance of democracy to El Salvador's future. Achievement of the Mission's goal, an objective beyond the timeframe of this strategy, depends on the consolidation of peace and the alleviation of poverty. These sub-goals support and are integral to achievement of U.S. foreign policy objectives in El Salvador, as articulated in the State Department's Mission Program Plan and highlighted at the 1994 Summit of the Americas.

The Mission sub-goals will be realized through the pursuit of an integrated strategy of four inter-dependent strategic objectives, plus the completion of one special strategic objective. These objectives are aligned with the five goals in the Agency's strategic framework.

Common to these objectives is the Mission's customer: Salvadorans living in poverty, especially women and youth, primarily in rural areas. Each objective will target specific problems of this customer group. The Mission's strategy will focus the achievement and measurement of results in the areas of the country where the neediest customers are concentrated. This poverty focus will strengthen efforts by the strategic objective (SO) teams and partners to coordinate and find synergies among their efforts to address customer needs. This does not preclude, however, the use of national or regional interventions where appropriate.

The Special Strategic Objective (SSO) is a continuation of the Mission's highly successful support for El Salvador's transition from war to peace. Through this special objective, the Mission will complete activities supporting the war-to-peace transition and fulfill the U.S. Government's pledge of assistance for the Peace Accords. These activities are critical to the consolidation of the peace process in El Salvador and form the foundation upon which the new strategy has been developed. They will be completed within one year of receipt of final funding in fiscal year 1997.

The Mission's strategic objective in support of broad-based economic growth will expand access and opportunity for rural families in poverty. To fulfill this objective, and thereby increase rural incomes, the following results will be achieved:

- Better educated rural residents
- Expanded equitable access to financial, technical and marketing services by the rural poor
- Better rural productive infrastructure
- Economic policy environment supporting greater equity

USAID will play only a minor role in the provision of new infrastructure, relying on other donors and international banks to take the lead in that area. In addition, the Mission will monitor other donor activities to improve the use of land.

The Mission's democracy strategic objective will deepen the democratic process in El Salvador by focusing on increased accountability of government institutions. This will be accomplished by promoting increased citizen awareness and participation and strengthening three key institutions to achieve:

- Increased participation in the electoral process
- More access to effective legal/judicial protection
- Strengthened local government-citizen interaction

The health strategic objective targets the most vulnerable of the Mission's customers to achieve sustainable improvement in the health of women and children. This objective will be realized through:

- Reduced incidence of preventable childhood illnesses
- Reduced reproductive health problems
- A policy environment more supportive of sustainability

To lay the groundwork for reversing El Salvador's serious environmental decline, the Mission will focus its efforts on increasing the use of environmentally sustainable practices. This will be achieved by:

- Increased awareness of the importance of environmental issues
- Increased knowledge of environmentally sound technologies and practices

This strategy builds on USAID/El Salvador's substantial achievements in the past year, and a track record for delivering important results with the resources provided. These successes are, in part, the result of close collaboration with the Government of El Salvador (GOES), local and international non-governmental organizations (NGOs), and other donors. Establishing that close collaboration for the new strategy is already underway; the Mission recently held a highly

successful partner conference to review this strategy. The GOES' commitment to sound economic policies and democracy is strong. NGOs have a vital role to play in the country's development and are integral to USAID's current and future program design and implementation. With declining resource levels, partnerships with other donors are increasingly important. The Mission is continuing to seek collaborative opportunities to address El Salvador's needs.

This strategy also presumes program funding, operating expenses and staffing levels will be maintained at levels adequate to attain these results. Significant cuts in any of these areas will undoubtedly blunt the impact of the strategy, extending the timeline for achievement of results and lowering expectations of what can be achieved. Since all of the strategic objectives are critical to the consolidation of peace and the alleviation of poverty, the Mission has no plans to eliminate any of them under the funding scenarios considered.

Recognizing the reality of declining resource levels for the foreseeable future, USAID/El Salvador is committed to reengineering to increase the efficiency and effectiveness with which assistance is delivered. Until now, the focus of the Mission's reengineering process has been on the development of this strategic plan. In preparing this strategy, the strategic objective teams have conducted interviews with numerous focus groups, bringing nearly 200 customers from all departments of the country into the process. Each team also established and met at least three times with its extended team of partners and customers to refine customer service plans, identify constraints and define strategies. Within the Mission, all staff were brought into the strategy process as members of strategic objective teams and through a two-day workshop, attended by over 120 people, to review and critique the preliminary strategies prepared by the teams. This emphasis on customer focus and participation will pay off as the Mission turns to managing for the results herein proposed.

***El Salvador in
Perspective***

El Salvador in Perspective

"The threats we face today as Americans respect no nation's borders. Think of them: terrorism, the spread of weapons of mass destruction, organized crime, drug trafficking, ethnic and religious hatred, aggression by rogue states, environmental degradation. If we fail to address these threats today, we will suffer the consequences in all our tomorrows."

President William J. Clinton in his State of the Union address, January, 1996

El Salvador has been a top priority country for USAID for the past 15 years. Five criteria are used in determining the priority countries for USAID assistance in the region: U.S. foreign policy interests; the potential for instability; need; the host country's commitment to sound economic policies and democracy; and the role and viability of NGOs. This section describes El Salvador from the perspective of each of these criteria and makes the case for why El Salvador should continue to be the Latin America and Caribbean Bureau's top priority in the years ahead.

U.S. Foreign Policy Interests

The principal U.S. foreign policy interest in El Salvador, as articulated in the State Department's most recent Mission Program Plan, is consolidation of the peace in a democratic society. To achieve this objective, the U.S. will continue to pursue:

- Adherence (in letter and spirit) by all segments of society to the 1992 Peace Accords and to the deepening of the democratic process;
- Expansion of U.S. economic opportunities, including the development of regional free-trade areas; and
- The sustainable economic, environmental and social development of El Salvador.

These objectives reflect U.S. national interests in regional stability, expanding U.S. markets and preventing humanitarian crises. They also reflect the commitments made at the Summit of the Americas to "advance the prosperity, democratic values and institutions, and security of our hemisphere ... through open markets, hemispheric integration, and sustainable development."¹

A peaceful and democratic El Salvador is vital to U.S. interests in the region and to U.S. security. The political and economic stability of El Salvador is important to the region which, including Mexico, shares a common border with the United States. Any instability in El Salvador would directly affect its neighbors--undermining their transitions towards peace and democracy and possibly rekindling past animosities.

The more direct threats to the U.S. in the region come from international crime--particularly narcotics, alien smuggling and illegal immigration. There are also serious dangers to the region, such as the spread of disease and pollution, which could have spillover effects for the U.S. These problems are best addressed by fostering economic and political stability with strong regional cooperation.

The threat from illegal immigration is particularly relevant to U.S. interests in El Salvador. Salvadorans, primarily as a consequence of the civil war, account for well over 300,000 illegal immigrants; the second largest group of illegal immigrants after those from Mexico². Renewed instability in El Salvador would, no doubt, lead to another wave of illegal Salvadoran immigration.

Clearly, economic and political stability in the region is important to the United States. In El Salvador, however, the pursuit of sustainable peace and democracy has special significance for U.S. foreign policy--to protect the United States' massive investment of funds in the 1980s and 1990s. El Salvador's war-to-peace transition is a significant U.S. foreign policy success. It is often cited as a model for other countries of the world--from Bosnia to Angola--attempting to follow a similar path. In addition, El Salvador is emerging as a regional role model in areas such as economic recovery and political development. Despite the

successes of the war-to-peace transition, many of the underlying causes of the war--such as widespread and extreme poverty, a lack of political inclusiveness and inequitable access to public services--remain. Continued progress in consolidating and deepening the democratic process and addressing the underlying causes of the war is thus of significant interest to the U.S. Were El Salvador's progress to stall or unravel, it would be a serious setback to U.S. foreign policy objectives in the region and the hemisphere.

U.S. foreign policy interests in expanded economic activity in the region and the creation of regional (and, ultimately, hemispheric) free-trade areas, are served by continued economic and political stability in El Salvador and the region. The combination of El Salvador's proximity to the United States, coupled with the one million expatriate Salvadorans living there, has given American products and companies high market recognition. When they buy foreign, Salvadorans typically buy American. U.S. products made up over half of Salvadoran imports in 1995, up from 48 percent the year before. This trend is expected to continue, fueled by dynamic post-civil war economic growth. In addition, El Salvador has a growing middle class, with an increasing desire for U.S. products and services. A growing economy, strengthened middle class, and continued investment in post-war reconstruction and modernization will mean better export and investment opportunities for U.S. business.

The Government of El Salvador has assumed a leadership role in one of the most important U.S. initiatives in the region, the Summit of the Americas. The GOES chairs the Free Trade Area of the Americas (FTAA) market access working group, which is charged with negotiating lower tariffs throughout the hemisphere. The domestic economic reforms proposed by the current government, if implemented, could position El Salvador at the front of the line for accession to a regional free trade area. The U.S. government has a strong interest in consolidating El Salvador's moves toward open markets and public sector

modernization in order to push the FTAA process forward.

The Summit of the Americas declared that "with an aim of attaining greater social justice for all our people, we pledge to work individually and collectively to improve access to quality education and primary health care and to eradicate extreme poverty and illiteracy."³ By joining in this pledge, the U.S. underscored its humanitarian interests in the region. El Salvador is a particularly compelling case. By almost all measures, El Salvador is one of the poorest and most underdeveloped countries in the hemisphere. Furthermore, El Salvador's proximity, recent history and vocal constituency--U.S. resident Salvadorans and church and activist groups--maintain the needs of the Salvadoran people in the forefront of U.S. humanitarian concerns.

Beyond a moral imperative, the U.S. has clear national interests in the sustainable development of El Salvador. The U.S. security and economic interests described (above) depend on this. A reduction in poverty in El Salvador would contribute to greater socio-political stability and create larger markets for U.S. products and services. Unless attended to, poverty--and related problems of environmental degradation and lack of access to social services by the poor--could lead to new humanitarian crises. This is ultimately more threatening to the U.S. and more costly than addressing these problems now.

Potential for Instability

El Salvador's recent history provides the backdrop for a discussion of its potential for further crisis. The civil war of the 1980s affected all sectors of Salvadoran society. The economic and social costs were enormous. The already precarious quality of life of large sectors of the population deteriorated. Economic production and productivity dropped significantly. The civil war spread violence and fear. The environment and natural resource base, having already suffered decades of degradation and misuse, was further damaged.

With the signing of the Peace Accords in January 1992, the conflict formally came to an end. Although the implementation of the Accords has not always been smooth and challenges remain, the peace process in El Salvador has made great progress.

The potential for further crisis in El Salvador still exists. El Salvador's problems are striking and immediate. Its history and demographics reflect all that is disturbing about underdevelopment. With the second highest population density in the Western Hemisphere and striking class differences, class tension is evident. Major declines in the social, economic or democracy sectors could undermine stability in El Salvador.

El Salvador lacks a broad-based civil society for redressing social inequality and protecting individual rights. This prevents the development of a broadly held commitment to the common good and mutual trust. It also prevents the establishment of a common view of nationhood necessary to provide a vision for the future.

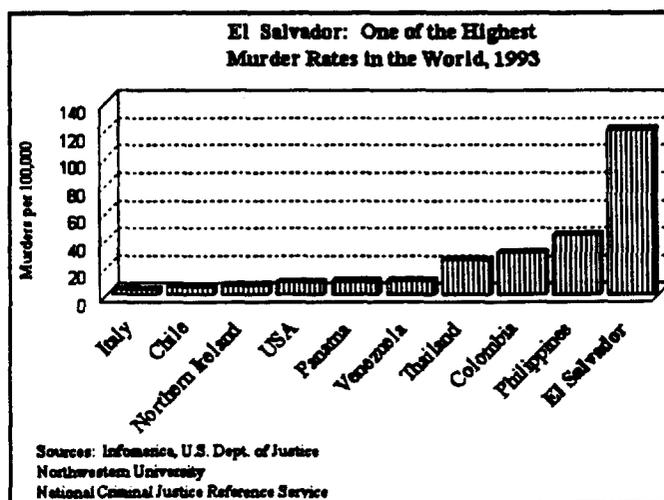
By 2010, El Salvador's population is expected to have grown by 1.3 million people from a base of 5.5 million in 1995. This growth is evident daily in this smallest of Central American countries: in the spread of urban slums and the inability of urban services to keep pace with the growing demand. Significant numbers of Salvadorans moved to Honduras in the 1960s seeking cultivable land, only to be expelled at the beginning of that country's experiment in agrarian reform. This led to the famous Soccer War of June 1969. The return of large numbers of Salvadorans from Honduras exacerbated the tensions inherent in the inequitable distribution of land.

In a perverse way, the civil war temporarily eased population tensions by displacing a large segment of the rural population, causing them to flee to other parts of the country or to seek refuge abroad. With the end of hostilities, large numbers of returnees from abroad could add to an already strained social structure.

El Salvador's economy has enjoyed significant economic growth and macroeconomic stability in the last four years. This growth was accompanied by reductions in poverty, particularly in urban areas. This growth has not, however, benefited the vast majority of rural, small landholders and rural residents. Nor is it likely to be sustainable at the levels of the past few years. Added to this is an infrastructure constraint which is not currently addressed by adequate public spending.

The neglect of rural areas is reflected in the low educational attainment of the present day rural work force. In the poorest households in rural areas, about one-third of both male and female heads of households are illiterate. Younger generations in rural areas may be consigned to the same grim future of little access and opportunity in the economy if rural basic education is not improved today.

Both of the major insurgencies of this century in El Salvador were rural based, fed by a frustration over landlessness and a pronounced inequity in land ownership. The miserable conditions in rural areas, and lack of hope that there would be change, proved fertile ground for insurgency and strife during the seventies and eighties. While the land reform has done much to ameliorate these tensions, the incorporation of these beneficiaries in the productive economy still presents a challenge. In



short, if the problem of rural poverty is not addressed more forcefully, then sustained peace may not be assured and El Salvador's violent history may repeat itself.

In addition to grinding poverty, El Salvador is confronting a crime wave that has become one of the greatest concerns of Salvadorans. El Salvador has one of the highest per capita murder rates in the world. Violent crime of this magnitude has negative repercussions for the development of democracy as people look toward some form of authoritarian response to the disorder.

Finally, El Salvador's natural resource base needed to sustain economic growth, as well as to satisfy the social needs of food, shelter, water, and clean air, is diminishing to a dangerous degree. Of the original forest, 98 percent has been cut. Soil erosion seriously affects more than 50 percent of all land under production. Ninety percent of rivers are polluted with sewage, agricultural runoff, industrial waste, and sediment.⁴ A recent assessment of the environmental sector by a reputable, local research organization goes so far as to suggest that, if there is another insurgency, it will be fought over access to water, not land. Degradation of the natural resource base in some areas is so pronounced that recovery or rehabilitation of these lands is virtually impossible.

Problems in any one of these sectors would strain the institutional capability and human resources of any developing country. To have critical problems of poverty, crime, and natural resource degradation imposed on a society with weak democratic institutions and a rapidly expanding population base is enough to conclude that the important gains from the peace process remain fragile and the potential for further crisis is still evident.

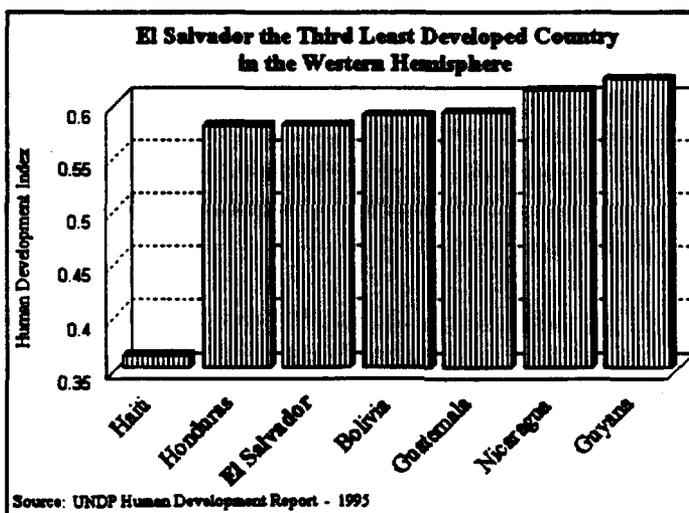
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El Salvador ranks among the least developed countries in the Western Hemisphere. Only Honduras and Haiti have lower scores than El Salvador on the Human Development Index⁵, a

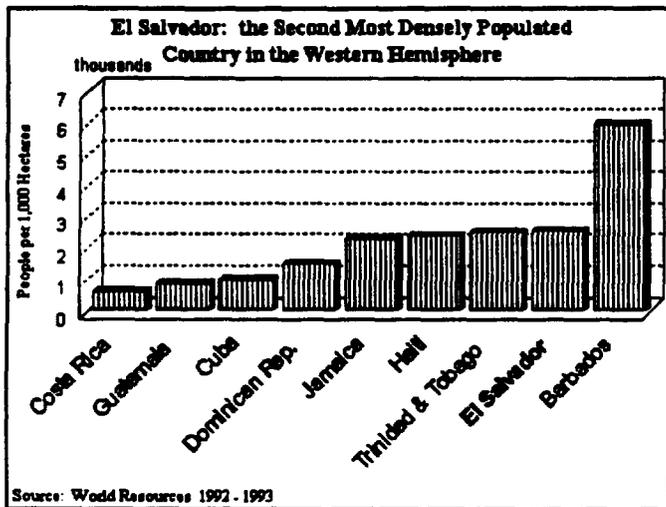
composite of health, education and income indicators.

This low ranking reflects needs in all three indicator areas. According to the 1995 World Bank Social Indicators of Development, El Salvador's per capita income, adjusted to reflect the cost of living⁶, is the fifth lowest in the hemisphere. Nationally, 41 infants die for every 1,000 live births. In the central region, the death rate for children under five years old is 81 children per 1,000 live births.⁷ Fewer than 50 percent of Salvadorans graduate from sixth grade, only 1 out of 3 complete the ninth grade and only 1 out of 5 complete high school. In 1994, sixth-grade graduates demonstrated an average language skills achievement level of only 2.4 out of a possible score of 10. El Salvador's literacy rate is the fourth lowest in the hemisphere.

In the areas of democratic and environmental development, not measured by the Human Development Index, El Salvador also has significant needs. Political rights and civil liberties are still rated as only "partially free"⁸ despite improvements since the civil war. The high crime rate reflects a weak rule of law. While significantly better than many countries, and better than it has been in modern history, El Salvador's governance system clearly needs continued strengthening.



El Salvador's environmental situation is equally grave. Only five percent of the country is covered with forest or woodland (not including coffee plantations); the third lowest percentage after Uruguay and Haiti in the hemisphere.⁹ Pollution and contamination are equally serious concerns. For example, virtually all natural surface water systems are contaminated--with consequent impact on human health and environmental stability. The severe degradation of the environment is exacerbated by a population growth rate of 2.3 percent in this already over-crowded country. With a population density of 263.5 people per 100,000 square hectares, El Salvador has the second highest population density in the hemisphere, after



Barbados¹⁰.

GOES Commitment to Democracy and Economic Policy Reform

Since 1989, the GOES has enacted comprehensive economic policy and democratic reforms. Both the Cristiani government and the current Calderón Sol administration have publicly proclaimed their support of these efforts, and have taken important steps towards implementation. The Cristiani administration began an important economic policy reform program, resulting in lower tariff barriers, increased revenue collection, tightened monetary policy, and a reprivatized banking sector. The

result was a lowering of the public sector deficit. This program continues to be followed by the Calderón Sol administration with perhaps less fanfare but no less commitment, particularly as difficult privatizations characterize the next stage of this program.

GOES commitment to modernization of the state led to the recent appointment of a cabinet-level official to direct the privatization process. The Calderón administration has quickly begun negotiations for the sale of the state telephone company and plans for the eventual spin-off and privatization of electric power distribution from the state power company.

Regarding the commitment to democratic principles, the GOES continues to build upon the fundamental changes undertaken immediately after the cessation of hostilities. These changes resulted in a complete restructuring of the Supreme Court, a purging and significant downsizing of the military and the formation of a civilian-based, independent police force. An Office of Ombudsmen for Human Rights was also created. The court system has engaged in a rigorous process of accountability with several dismissals of corrupt judges. Although efforts in the area of electoral reform have not progressed as anticipated, there are continued assurances from the GOES that changes are forthcoming.

More important, however, are local observers' opinions that El Salvador today is a more open society. The lively debate surrounding legislation and the presentation of differing points of view are important indicators of the health of the democratic process. The news media entertain a cross section of opinion and comment regarding government actions. Public debate related to the modernization of the state program and measures to combat crime reflects public confidence in the constitutionally protected right to free assembly and free expression. The level and quality of debate surrounding both of these initiatives is notable. This presents a hopeful atmosphere for change, which for El Salvador was an unheard of

phenomenon only a few short years ago.

NGO Role and Viability

A vibrant NGO sector is critical to the development of civil society in El Salvador. Non-governmental organizations play an integral role in the Mission's program. There are currently over 200 NGO partners implementing activities in support of the Mission's strategic objectives. The percentage of activities implemented by them is increasing. Furthermore, NGOs have participated actively in the development of the Mission's new strategy.

The important role that NGOs play in the delivery of services is exemplified in the health sector. A USAID-financed network of 40 health NGOs provides basic health services, especially for maternal health and child survival, to almost half a million people living in extreme poverty. A recent study determined that, where this network is operating, the rate of infant deaths and deaths of women due to pregnancy and child-birth complications is significantly lower than the national average. The success of this network is a consequence of the NGOs' ability to focus efforts in small geographic areas, establish a local presence, and provide more efficient and higher quality level of services.

The Mission continues to look for mechanisms to strengthen NGOs, making them more viable and to sustain their development impact. One mechanism

is the use of "umbrella" organizations to broaden NGO participation. These organizations tie smaller, organizationally weak and relatively new NGOs together, creating a more potent and sustainable organization. One such organization is providing agricultural credit and technical assistance to over 80 communities. The NGOs assist village credit committees to establish their own legal status and link with the formal banking system to channel credit to beneficiaries. Another example is a newly constituted organization of 18 environmental NGOs who will lobby for stronger environmental legislation. These same NGOs are key participants in the Salvadoran Initiative for the American Environmental Fund, which has granted nearly \$8 million to 90 NGOs for 129 projects since its inception in 1994.

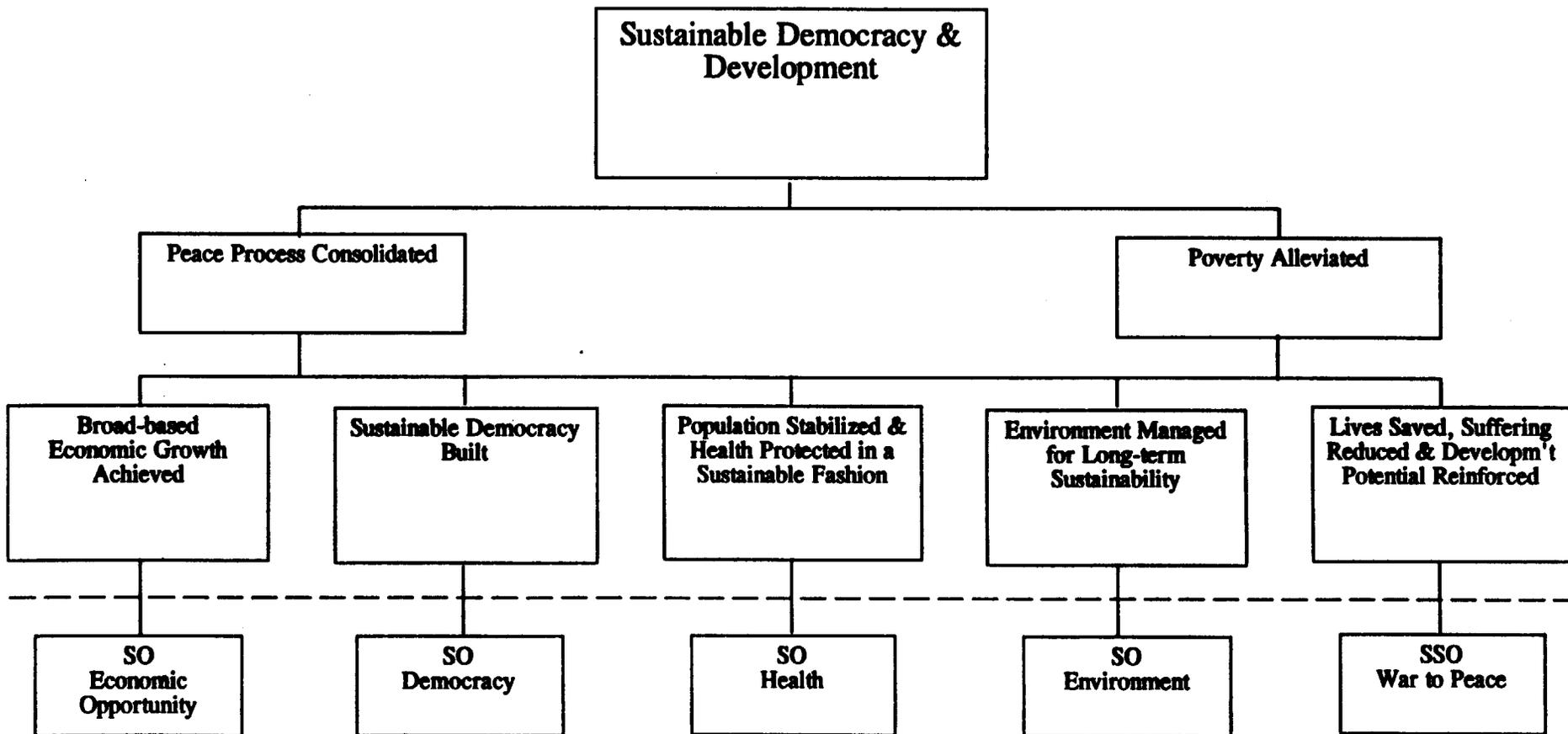
Other mechanisms include increasing the amount of funding for NGOs from local currency funds managed by the Government. Another mechanism, that the Mission is now experimenting with in the health sector, is to provide funding based on an agreed upon fee schedule for specific services.

The Mission will continue to work with the NGO community to increase its involvement in achieving USAID's strategic objectives. This will be combined with ongoing efforts to increase NGOs' viability and the sustainability of their efforts.

The Strategy

1997 - 2002

**USAID/El Salvador's Strategy Links to
U.S. Foreign Policy Objectives
and Agency Goals**



"People the world over aspire to the same opportunities--to gain control over their lives. If given the necessary tools and the freedom to use them, they will create opportunities to solve their own problems. They will actively work for their own well-being but in doing so they will help us achieve peace and stability, two longtime objective of our foreign policy."

Brian Atwood, USAID Administrator in an address to the American Enterprise Institute, 1994

The goal of USAID/El Salvador's new strategy is "Sustainable Development and Democracy". This goal reflects the Agency's Mission of sustainable development, which is:

characterized by economic and social growth that does not exhaust the resources of the host country; that respects and safeguards the economic, cultural and natural environment that creates many incomes and chains of enterprises; that is nurtured by an enabling environment; and that builds indigenous institutions that involve and empower citizens.¹

Sustainable development does encompass democracy in particular those aspects related to empowerment, accountability, participation and political openness. Nonetheless, sustainable democracy is included in the goal statement to emphasize the critical importance of deepening the democratic process for El Salvador's future.

This Mission Goal is not attainable during the new strategy period. It is, however, achievable over the next 15 years. While its realization is long-term, the strategy described herein provides the foundation for achieving this goal.

Realization of the Mission Goal will depend on the achievement of two Mission Sub-Goals: the consolidation of the peace process and the alleviation of poverty. These sub-goals, along with the Mission Goal, directly support U.S. foreign policy objectives in El Salvador, especially those related to the peace process and the pursuit of sustainable development.

The peace process that began in 1992 has achieved the following: demobilization of the FMLN and its transformation into political parties; the creation and reform of key democratic institutions; and the

implementation of a National Reconstruction Program (NRP) to address priority needs of civilians in ex-conflictive zones and the reintegration of ex-combatants into society. Nonetheless, certain aspects of the peace process need completion, while others need consolidation to ensure their sustainability. Before El Salvador can truly put the civil war in its past, the war-to-peace transition must be completed and the stage set for long-term, sustainable development.

Poverty--defined broadly to include low incomes, lack of access to social services, limited opportunities for economic advancement, and the lack of power to influence political and policy decision-making processes--has been a major underlying cause of political and social unrest in El Salvador throughout this century. The gap between the wealthy, predominantly urban elite and the rural poor must be narrowed for El Salvador to achieve sustainable development and democracy.²

In order to achieve consolidated peace and poverty alleviation, the Mission must pursue all five worldwide Agency goals. This will be accomplished through four strategic objectives and one special strategic objective, each linked to one of these areas³. At the same time, the Mission will look for synergies between the SOs and utilize flexible, multidisciplinary and participatory approaches to realizing overall goals. The SOs and SSO are:

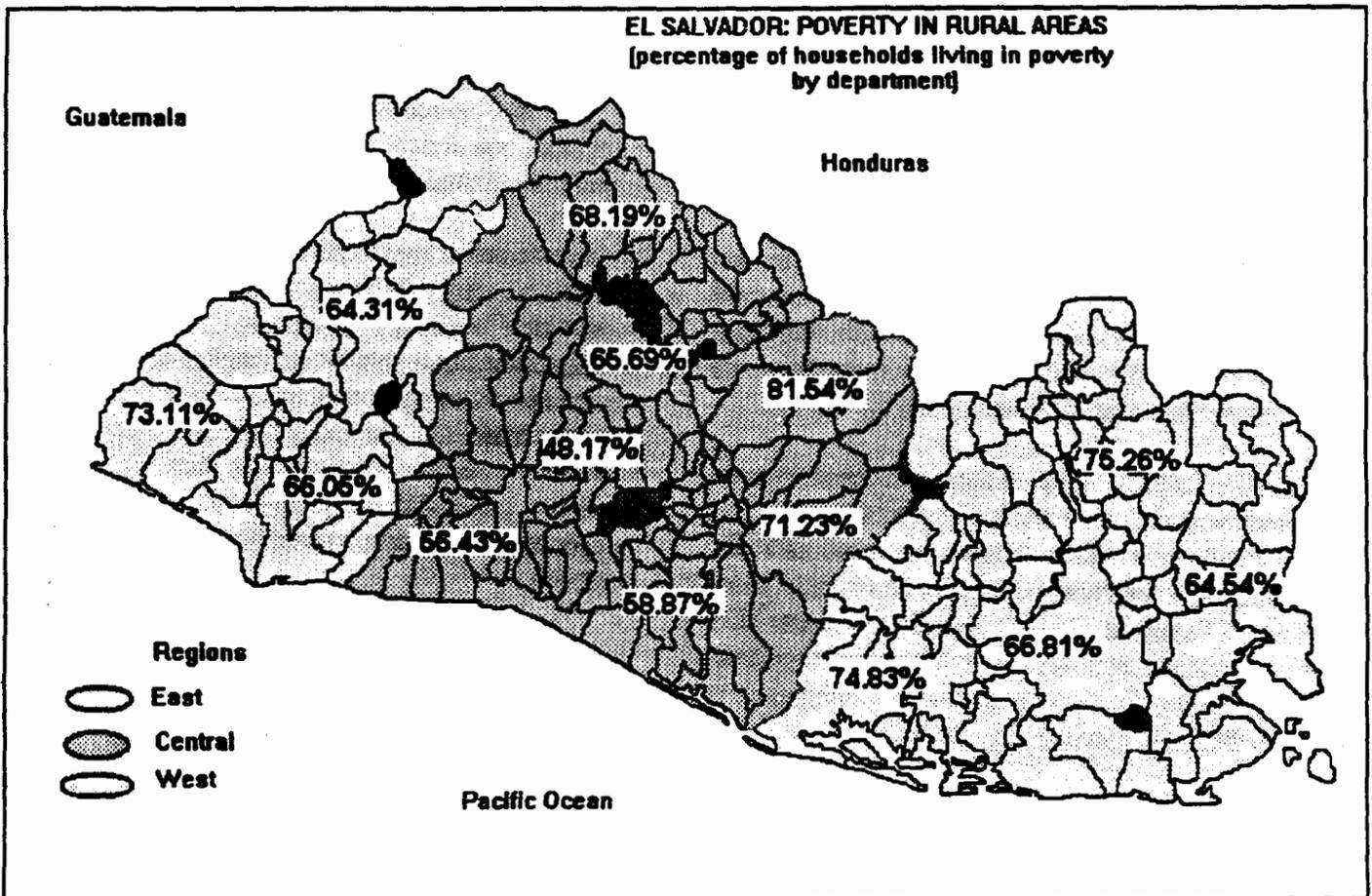
- SSO War-to-Peace will complete activities and achieve results set out in the prior strategy for El Salvador's war-to-peace transition. This SSO responds to the Agency's goal to save lives, reduce suffering and reinforce potential for development.

- **SO Economic Opportunity** will expand economic access and opportunity for the poor, in support of the Agency's goal to achieve broad-based economic growth.
- **SO Democracy** will strengthen accountability to citizens by local government, judicial and electoral institutions to foster the goal of building sustainable democracies.
- **SO Health** focuses on improving the health status of children and mothers. This SO supports the goal of stabilizing population growth and protecting human health.
- **SO Environment** will work for adoption of environmentally sound practices, in pursuit of the Agency's goal of managing the environment for long-term sustainability.

The four strategic objectives will be achieved by 2002. SSO War-to-Peace will receive final funding in fiscal year 1997, and activities will be completed within one year.

USAID/El Salvador's primary customers are Salvadorans living in poverty, especially women and youth, primarily in rural areas. While all the SOs have the same customer focus, each one will address specific problems of that group.

The Mission's strategy will focus on the areas of the country where the neediest customers are concentrated. In these "sustainable development areas," the efforts of the SO teams and of USAID's partners will be effectively coordinated to address customer needs. The poverty focus does not preclude interventions at the national or wider regional level. It does indicate, however, that the SOs will seek to maximize results in the areas identified.



Targeting Customers for Sustainable Results

Through broad consultation with partners and customers, and extensive internal discussions, Mission SO teams have developed specific customer definitions. From these definitions a profile emerges of the overall Mission customer.

USAID/El Salvador Customer Profile

The Mission is targeting as its customers Salvadorans in rural areas living in poverty, both relative and extreme. Mission programs will improve living conditions for both men and women. However, this strategy gives particular emphasis to programs affecting women, youth and children.

Many Salvadorans live in villages relatively close to urban centers, yet are surprisingly isolated. This paradox is due to the abysmal condition of, or lack of, rural roads throughout the country. Most rural households lack potable water and sanitation facilities, and suffer chronic ill health. The rural poor have lower levels of education, and they perceive children to be necessary for future economic security. As a result, rural poor women have higher fertility rates (4.96 children per woman) compared to the national average (3.85, in 1993).

Rural children are not receiving a decent education. Even if the students can reach a school, the teachers often do not. Men in these areas have spent an average of 4.3 years in school; women have 4 years of schooling. The quality of schooling, while somewhat improved, is still quite poor.

Mission customers lack effective participation in democratic processes. While the number of voters registered is high, voter turnout among the rural poor remains disappointingly low. The customer in particular is unaware of his or her rights as citizens, and does not receive adequate legal protection. Crime is a serious problem everywhere.

Adding Sustainability into the Picture

USAID/El Salvador is refining the general profile of the customer. Using demographic, economic, and other characteristics as criteria of need, the Mission has rank ordered geographic areas to identify where the neediest populations reside. The map of the neediest areas demonstrates that poverty is most acute in rural areas. While USAID customers live in all rural areas, there is a concentration in certain parts of the northern and eastern sections of the country.

USAID will coordinate with other donors who have identified the same areas to avoid duplication of effort. Even so, it is striking that such a large region emerges in the category of greatest need. USAID cannot hope to provide assistance nor to have sustainable impact in such a broad area. The next step is to identify which areas have the greatest potential for growth.

Mission Customer Survey

USAID is now launching a customer survey in the areas of greatest need. The purpose is to determine where critical factors such as potential for growth, population size, and infrastructure converge to enable development to take hold and prosper. In these sustainable development areas the Mission will target a variety of interventions, building deliberately on synergies among program activities. Some of the interventions may focus exclusively on one area. Others may be very broad, such as promoting policy reforms to address constraints felt directly by residents of these areas. With this flexible and responsive mix of interventions, SO teams will strive to maximize program impact in the sustainable development areas.

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Assist El Salvador to Make the Transition from War to Peace

"We have brought this stage to a happy conclusion, having the profound significance for us that peace has been achieved and the democratic process is being consolidated day by day... I believe Salvadoran people have written a page in history."

President Armando Calderón Sol

Illustrative Indicators

- Rural NRP population living in poverty
- Rural NRP population living in extreme poverty

This Special Strategic Objective is a continuation of the Mission's support for El Salvador's transition from war to peace.

This shift to an SSO is in recognition of the significant advances made in moving El Salvador from war to a fragile peace. It also reflects the Mission's intention to consolidate the peace through one additional year's support. The continued support for this SSO is vital for creating a lasting peace and essential to the long term objective of achieving equitable economic growth.

Although the basic foundation for peace had been established, obstacles have arisen affecting the timely completion of the international donor community's commitments to supporting the peace process:

- Budget constraints have forced USAID to lengthen its obligation timeframe in order to honor the full \$300 million pledge;
- Early suppositions about how the transition from war to peace would take place have been modified as both El Salvador and the international donor community confronted the realities of demobilizing and reinserting ex-combatants; and
- Implementing entities have struggled to keep up with the original overly ambitious timeframe for

implementation of the Peace Accords.

The overall effect of these obstacles has been to extend the need for continued support to the peace process, although in a reduced and more focused fashion.

The successful completion of the SSO and the peace process is predicated on continued positive macroeconomic performance, within which conditions can be created for more equitable participation of the poor and ex-combatants.

Over the next 15 months, this SSO requires \$17 million to meet the U.S. Government's commitment to provide \$300 million to support the Salvadoran Peace Process. These funds will complete ongoing activities which reflect commitments assumed under the January 1992 Peace Accords (training for the demobilized national police, agricultural and microenterprise programs for ex-combatants, land parcelization, farm-to market roads, potable water systems, and war wounded rehabilitation). These activities are designed to ensure the incorporation of traditionally marginalized groups into the overall economy, and into the new civil society which clearly is beginning to emerge in El Salvador.

This SSO will consolidate the significant advances achieved over the past four years by concentrating resources among approximately 500,000 rural inhabitants living in El Salvador's poorest municipalities. These municipalities, primarily located in the northern tier of the country, have some of the highest concentrations of ex-combatants.

The SSO will be achieved through three intermediate results--*factors of production reactivated to respond to economic opportunities; access to basic social services and infrastructure re-established; and ex-combatants reintegrated.*

During the close-out period the Land Transfer Program will end. The remaining 3,000 beneficiaries will receive land, and parcelization will be completed. Legal titles will be provided to more than 18,000 beneficiaries by registering their individual land titles in the National Registry Council.

Agricultural credit and technical assistance will be extended to increase the productivity of the land transferred. This will raise incomes in rural areas, by helping producers cultivate, process, and market crops grown on their lands. Similarly, microenterprise credit, technical assistance and training will be provided. Community development plans will be implemented to integrate program activities, thereby enhancing impact. USAID will improve farm-to-market roads, potable water systems and other infrastructure in selected areas.

Finally, a modest amount of physical and occupational therapy, as well as prosthetic and orthotic care, will be provided to war wounded ex-combatants.

As an integral part of the Mission's six-year Strategic Plan, the Mission has developed an SSO implementation plan to finalize most activities under the SSO by September 1997 and merge the remaining activities into the other strategic objectives over the next 15 months. The SSO will transfer ongoing democracy activities to SO Democracy in 1996. The intermediate result, *access to basic social services and infrastructure reestablished*, will be transferred to SO Economic Opportunity sometime thereafter.

All SSO activities will be completed or transferred to other SOs within twelve months of receipt of final funding.

The Economic Challenge

"The development paradigm that offers the best prospects for a durable peace is that of sustainable human development, i.e. participatory, empowering and focused on widening people's opportunities."

Anders Kompass, UNDP Resident Representative, El Salvador, Fourth Consultative Group Meeting, June, 1995

El Salvador has made great strides in terms of macroeconomic management during the last several years. Economic growth and macroeconomic stability are on a self-sustaining course. Barring unforeseen economic shocks or political instability, the Mission can project continued strong economic growth into the near and medium term.

Key to the relatively high degree of macroeconomic stability has been an improvement in El Salvador's fiscal picture. The fiscal deficit, which averaged 5.1 percent of GDP during 1989-1992, was down to 2.3 percent in 1994, and 0.9 percent in 1995. Current revenues, after suffering a sharp decline between 1986 and 1989, have since steadily increased. This positive trend is due in large part to USAID-assisted efforts to restructure the tax system and improve tax administration. Expenditure priorities have changed for the better, with more emphasis on social sectors such as health and education, and less on military expenditures. Tax effort still needs to increase, as investment in both physical and human capital remains low.

El Salvador has enjoyed periods of robust economic growth. The fact that this growth benefited the few and bypassed the many in large part explains the violent periods of civil conflict that have marked this country's history. For peace in El Salvador to develop a self-sustaining momentum, growth must be accompanied by a reduction in income disparities.

The economic policy framework supported by the Cristiani and Calderón Sol governments has taken steps in this direction. Reduction in import duties, increased emphasis on basic education, and privatization are creating jobs for El Salvador's unskilled and semiskilled labor force. In recent years, growth has accompanied significant reductions in poverty, particularly in urban areas.

But there is one economic chapter that is yet to be told. Rural poverty remains alarmingly high. The rural areas have not experienced the growth momentum seen in other parts of the economy. In fact, poverty is largely a problem of the rural areas, where nearly two-thirds of the poor reside.

The factors that constrain income growth in rural areas are not new. They are the heritage of decades of neglect. They stem from the same neglect of the rural poor that led to the armed conflict.

Past Salvadoran leadership provided little education for rural children. Hence, the rural adult population today--the household breadwinners--is held back by illiteracy and lack of productive skills. Past leadership worried little about providing infrastructure to rural areas. Today, many rural communities are isolated by bad or nonexistent roads. Most rural areas have little access to phones, electricity and potable water. Past leadership viewed local organizations' attempts to take control of their destinies as a threat. Although some communities have become better organized, rural community organization remains generally weak. Hence, rural communities are often ill-equipped to mobilize public resources to meet infrastructure needs. Programs such as the Social Investment Fund (FIS) that operate at the local level have met only a small proportion of local needs.

Rural household income is determined by assets. The chief asset of a low-income rural family is likely to be its labor power. These labor services are more valuable when enhanced by education and training. In addition, rural poor households may own or rent land. The quality of local infrastructure can also enhance income. For example, if the farm to market road is smooth and

well-maintained, all else equal, costs of inputs will be lower, farm-gate prices for output will be higher, and losses due to spoilage fewer than if the road is gutted and impassable (too often the case in rural El Salvador).

Relative poverty is defined as those households reporting incomes lower than needed to purchase two baskets of goods and services per person/per month. Extreme poverty is defined as the households having access to less than one basic basket.

Several other factors must also be noted when considering access and economic opportunity. Access to financial services helps producers expand their assets and income by permitting secure means of saving and by facilitating credit. Assisting producers in improving the technologies they use, and in gaining access to markets also helps raise the return of their labor and land. Additionally, a favorable economic climate will multiply opportunities for earning income and raise the returns on assets owned.

Gender is a prominent issue to integrate into a strategy to reduce rural poverty. One in five households in rural areas is headed by women. In 1994, 33 percent of the female-headed households in rural areas were in extreme poverty, as compared to only 19 percent in urban areas.

Rural households organize the time of family members--men and women, boys and girls--to perceived best use. In very poor households in rural El Salvador, labor force participation of women is low. Women and girls spend much of their days primarily undertaking home production tasks, particularly childcare, food preparation, and gathering of water and fuelwood. Such demands often crowd out time available for cash income production on the part of women, and for schooling of girls. Since women's income tends to contribute more to family members' education, nutrition and healthcare, the obstacles to women's income affect both current standards of living and the potential productivity of the next generation. The discussion

that follows reflects the barriers faced by families, particularly women and girls, in rural areas as households seek to improve their economic well-being.

Human Capital

Empirical evidence¹ shows that the level of educational attainment is the strongest explanatory factor behind differences in income, whether it is microenterprise owners, subsistence farmers or factory workers. The results show that an individual with a few years of primary education earns more than one with no schooling. And an individual who has completed primary school earns better yet. When national income is examined through cross-country comparison, differences in the average level of schooling of the work force largely explain why incomes are higher in some countries than in others. Moreover, for girls, higher education also carries benefits related to better nutrition and health of their children and lower fertility.

This is true for El Salvador. The high incidence of poverty in rural areas reflects in large part the low level of education in the work force. Of the poorest households in rural areas, about one-third of both male and female heads of household are illiterate. The average number of years of schooling for rural heads of poor households is 1.9, as compared with 3.3 years for urban residents.

Despite a vigorous reform program initiated in 1995, rural public education is still subject to neglect. For example, only about 65 percent of the children aged 7-9 in rural households in extreme poverty attend school.

This negative picture reflects two factors. First, the depth of past neglect was so profound it will take more than a few years of reform to redress the inequities in rural educational investment. Secondly, the amount of resources El Salvador can bring to bear on the problem of rural education is constrained by the country's low tax effort. Projected 1996 tax collections of 12.6 percent of

22

GDP are a significant improvement over single-digit tax effort of the late 1980s and early 1990s. This still means that El Salvador has less than \$200 per capita to spend on all publicly provided services and expenditures. This is a low level of investment, and one which is not managed most efficiently or effectively.

One way to compensate for past neglect is to direct literacy and skills training to the rural poor adult work force. At present, most productive skills training programs, whether publicly or privately funded, are oriented toward urban areas. Even with training, rural residents must still overcome geographic isolation and lack of access to capital and inputs. Thus training is best undertaken not in isolation but as part of a more comprehensive rural development strategy. The GOES together with NGOs and other donors have sponsored training programs, but their reach into isolated rural areas is insufficient.

Higher tax collection efforts and robust economic growth are necessary if El Salvador is to improve educational financing in the rural areas. In the interim, USAID partners such as the World Bank and Inter-American Development Bank, (IDB) will supplement GOES efforts to bring better schooling to rural areas. Both banks have major projects coming onstream to support better primary education, building on work begun by USAID's activity to strengthen achievement in basic education.

Land

It is argued that the civil war in El Salvador was fought over land. To understand why, one must look at the economics of a poor rural household. In a local economy where there are no formal sector jobs, no access to credit or capital, uncertain transport and communications services, and no public sector safety net, a piece of land represents the difference between the survival or failure of a household. Subsistence agriculture on a small plot guarantees that the family will eat, and in a good year, have some production left over to sell.

With survival covered, additional income can be secured through itinerant farm work and off-farm employment. The fight by poor Salvadorans to own land was a fight to survive.

Land redistribution as implemented by El Salvador's leadership since the late 1970's was fairly extensive. The World Bank reports that some 275,000 hectares representing about 14 percent of the country's total land area were distributed to 533,000 beneficiaries. While three percent of all farms in El Salvador still account for 44 percent of the country's farmed area, many believe that land reform for the moment has gone as far as is politically and economically feasible. Nonetheless, 1993 figures show that fully 44 percent of El Salvador's agricultural work force is still either landless or land poor (holding less than 0.7 hectares).²

Given the size of the population of the rural poor, it will likely take a generation of dedicated leadership in El Salvador to take steps to create the jobs, improve the public sector safety net, and make other changes necessary to alleviate poverty. Land redistribution has helped to mitigate some poverty in the short term. But, given El Salvador's high population density and rate of population growth, providing landless households with small plots is not a sustainable approach to rural poverty reduction.

When the environmental consequences of the present patterns of landholding and land use are factored in, the prognosis for the viability of reducing rural poverty by increasing production is uncertain. Many of the plots of land held by poor households are on poor quality soils in environmentally fragile areas (such as steep hillsides). Households whose only assets are land and labor have few alternatives to farming. The appropriate prescription is to combine efforts to introduce alternative sources of income while practicing more environmentally sustainable farming techniques.

An important opportunity for El Salvador, given its history of land distribution, is to solidify the changed pattern of landholding and develop a viable land market in which the poor have greater access. The World Bank has approved such a program with El Salvador, which seeks to raise land tenure security by registering all of El Salvador's privately held land. The \$70 million project will also help complete the two ongoing land transfer programs by financing land titling and registry.

Access to Financial Services

In El Salvador, better access to financial markets for the rural poor has strong potential to raise incomes. Interventions in this area can also produce results that are synergistic in relieving other constraints to income growth among rural households. Given the high participation of women in the informal sector, providing financial services to microentrepreneurs can translate into better incomes for female-headed households in poverty.

Looking first at the savings side of financial markets, rural households typically have no secure place to save. Banks do not serve rural areas. The costs of managing the small accounts of the poor are too great for formal sector institutions. Rural households tend to save in their livestock, in accumulations of goods, or in cash under the mattress. The inability to securely save impedes households' strategies for improving their economic position.

In El Salvador, there is an added dimension to the problem. About 15-20 percent of all rural households receive remittances from family members abroad³. Because the rural poor have little access to financial institutions, transaction costs relating to transfers of remittances are high.

There are, however, opportunities to give rural Salvadorans the ability to securely save. Cooperatives and other rural organizations have the potential to initiate or expand services to savers. Moreover, such activities have greater likelihood

for success in El Salvador, given the current interest in financial sector reform.

The other side of access to financial markets relates to credit. While a household might choose to save for a specific investment, another option would be to take out a loan for the same purpose. At present, the rural poor in El Salvador have few opportunities to borrow money. (One estimate is that only 20 percent of the rural poor have access to any form of credit.) Commercial banks are uninterested in this market, and government, credit union and NGO efforts have not been sufficient.

Numerous barriers impede the provision of financial services in rural areas. First, years of conflict have created some complications for access to credit. For example, the dislocation of people during the war makes it difficult for potential borrowers to show the secure economic status banks require. Some assistance programs during the war period provided loans as a humanitarian effort, with low interest rates and little expectation of repayment. This has created resistance to more market-based programs. Also, disruptions to economic activity left many producers burdened with unpayable debt. Finally, despite land reform, many farm households still lack secure title to their property, which prevents land from being used as collateral.

Despite these difficulties, the government and NGOs have had some success in penetrating the rural areas with credit services. Village banking has achieved a remarkable rate of coverage. One NGO bank has lent money to about 40,000 of the poorest of the poor. Overall, the variety and diversity of microfinance experiments in El Salvador present a unique opportunity for collaboration to expand coverage among donors, NGOs and the public and private sectors.

Access to Productive Services

Small farmers do not enjoy access to the many services needed for agricultural production. For example, a new technology may only be available

via training or extension services. To acquire this technology may require that the farmer have access to credit to cover the costs of adoption. Similarly, the private sector must be willing to supply any necessary purchased inputs (such as fertilizer, seed or pesticide). In addition, once the technology is adopted and a crop harvested, farmers need markets where the crop can be sold.

One successful means of conquering the problem of raising farm incomes is through farmer organizations. Here primary and secondary producer associations take the responsibility for providing services previously inaccessible to small farmers. In El Salvador, there has been a great deal of experimentation with different forms of producer organizations, with some successful efforts (like the organization serving small coffee producer cooperatives). USAID has a long history of working with farmer organizations, and has come to recognize that success is realized through the promotion of professional management, as well as focusing on results.

Infrastructure

Development in rural communities is constrained by the lack of infrastructure. The highest priorities mentioned by rural residents when consulted informally are the poor condition of roads and the lack of potable water.

In a 1993⁴ GOES study of poverty a sample of 440 rural households in relative and extreme poverty reported the following:

- 8.6 percent of households in relative poverty and 6.0 percent of households in extreme poverty reported access to the telephone company in their community.
- 30.9 percent of households in relative poverty and 26.9 percent of households in extreme poverty reported access to potable water.

- 63.6 percent of households in relative poverty and 53.8 percent of households in extreme poverty had access to electricity.
- 28.4 percent of households in relative poverty and 20.3 percent of households in extreme poverty had access to transportation services.

Lack of infrastructure condemns significant portions of household time to tasks such as collecting water and travelling to market. Often, this burden falls most heavily on women, preventing their pursuit of income-producing activities, and on children, interfering with school attendance.

The lack of infrastructure in rural areas also condemns rural communities to a lack of services (and sources of employment) normally provided by the private sector. A 1992 Ministry of Planning study looked at 1,704 very small communities in rural areas and discovered that 99 percent had no local shoe repair or carpentry shops. Only 25 percent had tailoring establishments and only 35 percent had dressmakers. The 1993 Ministry study of poverty showed similar results. For example, of the communities from which the samples of poor households were drawn, less than a third had stores selling household products.

To raise incomes for rural households in poverty, a key element will be improvement of rural infrastructure. The constraints to better rural infrastructure are unfortunately many. The sad state of infrastructure reflects generations of inattention by the GOES. Even though attitudes of El Salvador's leadership have evolved regarding the need to invest in rural areas, such change is too recent to have shown much tangible impact. The planned privatization of electricity and telephones is being structured to provide better service in rural areas. The public sector investment budget for infrastructure is dominated by donor projects--and donors do recognize that attending to needs in the rural areas is an important priority. The degree of past neglect is so deep that even with donor commitment and a growing GOES role, it will take

time to produce widespread results. The World Bank, IDB, Japan and Central American Bank for Economic Integration (CABEI) have been the most active donors in the areas of road construction, water systems and power. The Japanese will invest approximately \$13 million to rebuild road and bridges in 1996. Between 1992 and 1995, the IDB invested \$78 million in the water sector and \$112 million in roads. Fortunately for El Salvador, these sources of funding (with the possible exception of Japan) are likely to maintain their levels over the strategy period.

The greatest opportunity to improve infrastructure lies in decentralization. The most significant untapped resource is the nascent capacity of local governments. With greater interest by local governments, and with GOES commitment to revenue sharing, there is some hope that basic infrastructure can be improved through community efforts.

Policy

The final ingredient to expansion of access and economic opportunity in rural areas relates to policy. Sound macroeconomic policies are helpful toward reducing poverty, but alone are not enough. The previous sections suggest some of the policy changes needed in El Salvador to reduce rural poverty. Already mentioned are better allocation of the national budget to rural areas, privatization of key services, and financial market reform. To this list must be added several more.

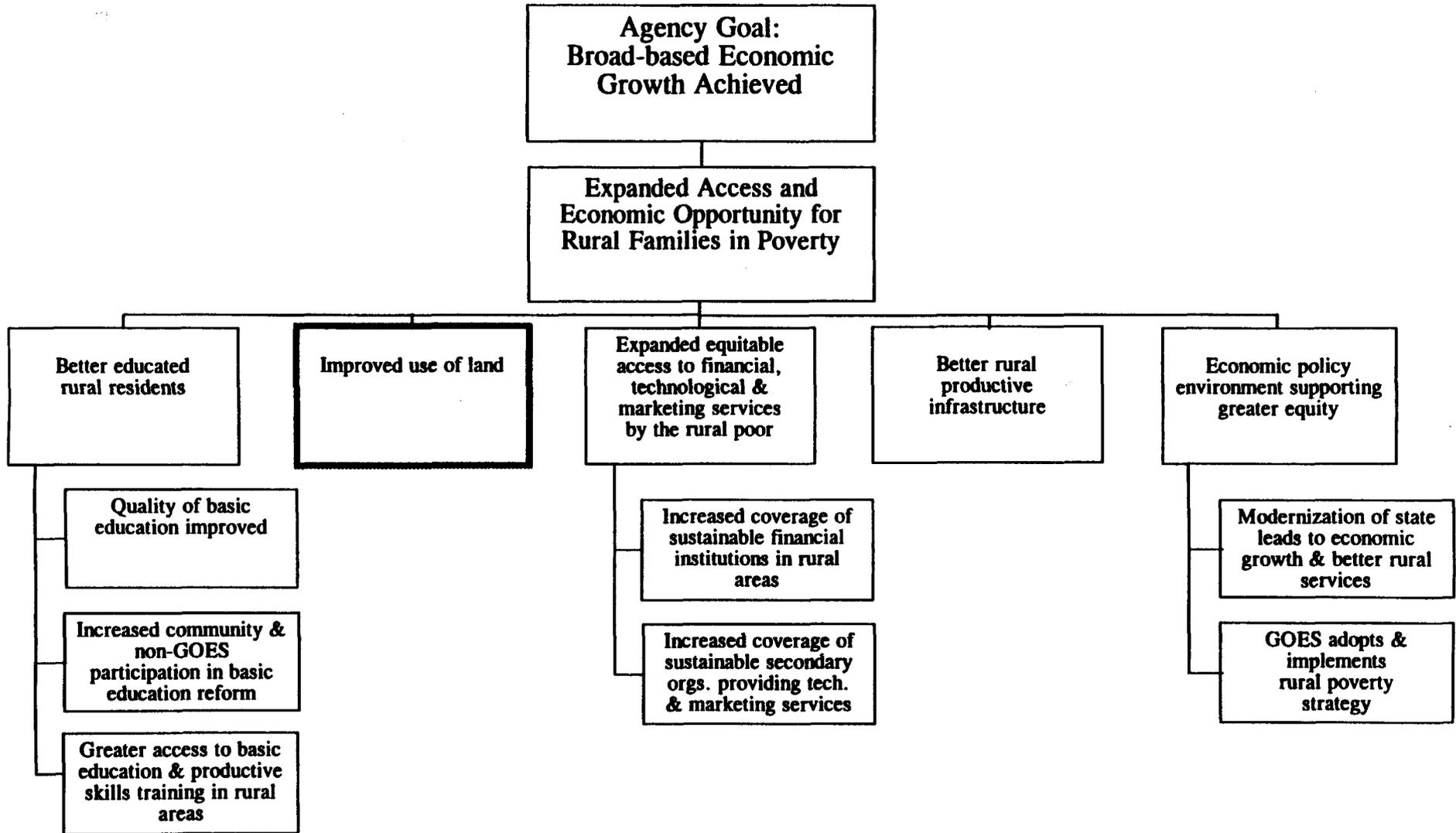
A more responsive public sector is probably the most important element in cultivating a policy framework oriented toward rural poverty reduction. The public sector budget appears biased against rural areas in the allocation of funds and programs. To redress past neglect, a reallocation of resources is necessary. This shift will require several simultaneous efforts. Tax effort must be raised, public investment policies need revision, non-transparent subsidies to urban areas and non-poor households need to be reduced or eliminated, and

social sector programs need to expand access and quality for underserved populations.

This is a tall order. The GOES' Modernization of the State program, supported by USAID and the international financial institutions, contains elements of a strategy to better direct public resources to poor rural areas. For example, civil service and pension reforms, together with privatization, will permit reallocation of existing public sector revenues toward priority areas. What is missing is a coherent, overarching GOES strategy to tackle the problem of rural poverty. The World Bank together with USAID, other donors, local NGOs and the government are collaborating on a rural poverty assessment now underway. It is hoped that dissemination of the results of this study will catalyze the government and partners to coordinate their efforts to reduce rural poverty.

Trade policy is also critical to El Salvador's rural areas. Lower levels of protection and participation in multilateral trading relationships will create demand for El Salvador's agricultural export products and jobs for its unskilled labor force. An equally important potential benefit of trade liberalization will be a lower cost of basic goods for rural (and urban) households.

S. O. Economic Opportunity 1997 - 2002



Other Donors =



Expanded Access and Economic Opportunity for Rural Families in Poverty

Illustrative Indicators

- Percent of rural population with access to potable water
- Percent of rural population with access to sanitation services
- Percent of rural population with children aged 7-10 attending school

The USAID program in El Salvador in recent years has posited as one of its strategic objectives the achievement of "broadly-based economic growth." The Mission was able to take on and directly influence such a broad and high-level objective due to the significant volume of foreign aid resources devoted to El Salvador during the late eighties and early nineties, the role of USAID as the lead donor, and the importance of the macroeconomic policy dialogue within the USAID program. USAID's indicators of progress show a strong degree of success: to date, both growth and poverty reduction have met or exceeded the targets set.

While USAID's ideas and suggestions regarding macroeconomic policy choices will likely continue to be useful and welcome to the GOES, USAID no longer needs to be directly concerned with macroeconomic stability issues. The lead role in this area among external donors has reverted to the international financial institutions. Because of USAID's continued interest that peace be sustained in El Salvador, it would clearly be premature to withdraw U.S. government support from the objective of broadly based growth. Rather, USAID's assistance in this area must help rural areas join and expand their participation in El Salvador's economic growth. For this reason, USAID/El Salvador will focus this strategic objective on the expansion of access and opportunity for poor rural families, so that they can fully participate in this country's economic growth.

For the present generation in the work force, assistance must help build their asset base--through

greater access to training, credit and technology--so that household income can rise. For the next generation, efforts to expand access and quality of basic education will raise earnings potential. USAID customers have stated that access to infrastructure is the most pressing concern in the rural communities. Due to declining resources, however, USAID's role will shift from one of building and replacing infrastructure in conflictive areas to one of assisting communities to develop the skills to resolve infrastructure problems. This effort will involve empowerment at the local level plus policy reform to direct more of the national infrastructure budget to rural areas.

There are five key results which must be attained if rural poor families are to better participate in El Salvador's growing economy. These results are:

- Rural poor households must have access to high quality education and skills training.
- Land resources must be better used.
- Rural poor households must have greater access to financial, technological and marketing services.
- The communities where the rural poor reside must have better basic productive infrastructure.
- The economic policy environment in El Salvador should be more supportive of rural poverty reduction.

A key assumption underlying the entire results framework is that economic growth in El Salvador will continue to be strong (four percent in real terms or higher each year of the strategy) over the six-year strategy period. Economic growth is the most powerful ally of efforts to reduce poverty. Should this assumption prove overly optimistic, either due to outside factors or due to a deviation from the current commitment to sound

macroeconomic policy, the results presented in this framework will be difficult to achieve.

Furthermore, El Salvador's current robust economic growth also reduces the cost to USAID for achieving these results. Hence, with the anticipated levels of assistance, the opportunity is present for USAID to make a difference.

Another assumption regards other donor and GOES activities. USAID efforts to promote poverty reduction by themselves are not sufficient to lift rural poor families out of poverty. Fortunately, El Salvador enjoys significant external assistance, both from the international financial institutions and from other bilateral donors and NGOs. As long as these flows continue and the GOES itself recognizes reduction of rural poverty as a priority, USAID's efforts will make a significant contribution to improving standards of living for the rural poor.

Better educated rural residents

- Rural primary school achievement test scores

This result crosses generations within the family. For adults, training programs are needed to compensate for past lack of access to schooling. At the same time, improved quality and access to basic education are fundamental to assuring that the next generation is prepared to join the work force. More important, with higher educational achievements, the next generation--both girls and boys--can be productive and enjoy a better standard of living.

Educational reform, begun in 1995, is now actively pursuing 15 of the 19 overall policy recommendations contained in a USAID-funded 1994 Education Sector Assessment. This reform enjoys broad-based support due to a participative consultation process.

USAID will continue to implement activities to support this reform through 1998. At that time, USAID will be able to withdraw from direct financial support to public primary education due to

significant funding coming on-stream from the World Bank/IDB Education Sector Loan. This loan will continue to expand USAID-initiated activities in curriculum reform, school materials, teacher training and achievement testing.

At the same time, USAID will help strengthen private Salvadoran institutions' ability to participate in and contribute to educational reform. GOES efforts to decentralize public education will also be supported. Complementing these activities will be an ongoing scholarship program. The trainees have included community-level education leaders, key members of teachers' unions and universities, and decision makers in the Legislative Assembly.

Basic education has been cited repeatedly as the cornerstone for national development efforts in Mission consultations with focus groups, extended SO teams and the SO teams themselves. Given the momentum of education reform in El Salvador at present, and the highly successful history of USAID education activities here, there is the potential for significant future USAID impact in the sector, even through small, narrowly focused activities. Consequently, USAID's role in the sector will evolve away from one of providing a significant source of financing for basic education, and toward serving as a catalyst for change in areas where momentum has yet to build or is faltering.

USAID/El Salvador does not plan to mount a major activity to provide adult education. Instead, training will be incorporated in activities in rural areas to address this need for both men and women. Other donor involvement and a more equitable allocation of the public sector budget to rural areas, including adult training programs, will be encouraged. Several donors are already active in supporting nonformal and vocational education. Among bilateral donors, Italy and Spain have provided support in creating and strengthening training institutions. The IDB provided significant assistance to the GOES, to contract for the management of the Central American Technological Institute.

Improved use of land

- Number of parcels registered with new National Registry Center
- Land Bank clients with land in production

The second result in this framework refers to the importance of improved use of land within the Mission's strategy of expanding access and economic opportunity for El Salvador's rural families in poverty.

The improved use of land depends on El Salvador's degree of success in accomplishing three tasks. First, it will be necessary to improve the productivity and incomes of past land reform beneficiaries. Second, a viable land market in which the poor can participate as buyers and sellers must be created in El Salvador, as an effective means of meeting market-driven demand for land. Finally, the GOES must look to the future and ensure that there is education today, and access to jobs tomorrow, for the next generation of the Salvadoran rural work force.

The task of creating a viable land market has been largely assumed by the World Bank's Land Administration Project. Under this effort, the World Bank will assist the GOES to register all private property in El Salvador and provide secure titles to owners. The project will help create an efficient national Land Registry Center. With the implementation of the project, small landholders will have secure title enabling them to buy, sell or rent their land at fair market prices. As they sense security of land ownership improving through the registration and titling of land parcels, small producers will look for ways to invest in their productive activities to improve and diversify. Farmers are then able to use their property as collateral for borrowing, providing them with the means for investment.

Expanded equitable access to financial, technological and marketing services by the rural poor

- Number of male and female active members of credit unions.
- Number of male and female farmers receiving technical assistance and marketing services
- Number of farmer organizations receiving technical assistance and marketing services

The third result in our framework relates to access to services that improve the productivity and income of rural households. Access to financial services such as credit and secure depositories for savings is essential for rural families, as it provides a means of investment in their farm and off-farm enterprises. Access to technological services can help agricultural producers produce more from their limited landholdings, and produce in a way that does not damage environmental resources. Access to markets allows farmers and microentrepreneurs to maximize the profit from selling their products.

Donors, including USAID, have abundant experience in creating and supporting institutions to provide such services. Service delivery itself has proved a lesser challenge for donors; the more difficult part of the task is assuring the financial self-sustainability of service delivery mechanisms and achieving a scale of operations that allows unit costs to be low and that reaches large numbers of the population. There are many successful pilots or localized programs. Achieving high indices of access at the national level, however, has proven more elusive a goal. For this reason, USAID's activities will heavily emphasize expanded access and achievement of financial self-sustainability of primary and secondary-level service providing organizations, whether microenterprise lenders, producer cooperatives or credit unions.

A number of intermediate results must come together to achieve this objective. On the credit side, the rural client base of financial institutions must grow. This means that formal sector financial

institutions must extend their reach to smaller, more rural borrowers. At the same time, nonbank institutions specialized in microfinance must grow in numbers of clients served and achieve financial self-sustainability. In FY 1997, USAID will develop a new set of activities in the area of microfinance, building on prior microenterprise credit programs, most of which end over the next fiscal year.

One means by which funds can be generated for credit to small, rural farm and off-farm enterprise is by mobilizing rural savings. This is particularly true when such savings are captured by institutions that already serve a rural client base, such as cooperatives, credit unions and microenterprise lenders. The issue of security of savings is a difficult one to address. Small rural credit organizations should not take on the responsibility of savings until they can avoid any risk to their clients. Through the Mission's savings mobilization activity credit unions serving rural clients will be strengthened so that they can expand their services, and so that additional loanable funds are available for rural entrepreneurs.

Other means to improve access to financial services and secure savings will involve policy changes. For example, larger and more experienced microenterprise lenders may benefit from the ability to fall under the umbrella of bank supervision. Restrictions on bank branch infrastructure, rules concerning fees and charges for savings accounts and loans, and other policy issues may impede growth in access to financial services. USAID will work to analyze and improve the policy climate in El Salvador as it relates to financial service access.

USAID shares its interest in financial market access for the poor with a variety of partners, including the IDB, bilateral donors such as Germany, and several NGOs. In addition, the GOES seeks to play a supportive role in the area of microfinance. Through the Vice President's Office, a white paper has been commissioned to identify ways to strengthen the coordination of microenterprise programs in El Salvador.

There are now many players in the microfinance field. Nevertheless, together they have not yet been able to achieve the scale and financial health that would add up to a sustainable national network of service providers offering access to all. Over the six-year strategy period, USAID and its partners will work towards improved coverage and sustainability of savings and credit services for the rural poor, as a significant contribution to this desired end.

The lack of profitability of most small farm enterprises in El Salvador can be traced directly to lack of access to improved production technologies and marketing outlets. Areas of particular concern include managerial skills such as planning and cost control, farm technologies such as land use and proper management of chemical inputs, and marketing skills such as quality control and contracting.

As is the case with financial services, the challenge that is faced for provision of technological and marketing inputs to small producers is achieving scale of access and financial sustainability. The approach to be followed in USAID/El Salvador's activities will be to support the development and membership growth of viable primary and secondary level organizations serving small farmers. Specifically, USAID will seek the affiliation of more small producers to cooperatives and producer associations. In turn, Mission activities support their affiliation with secondary organizations such as regional member-owned service organizations and member or individually-owned agroindustries. In addition, USAID will create or strengthen micro, small and medium nonfarm enterprises and local producer associations.

For this chain of affiliation and access to services to be viable, USAID will assist primary organizations such as cooperatives to become more financially healthy. At the same time, activities will help create conditions so that more agricultural products from cooperatives and producer associations are marketed through secondary

organizations, thus assuring stable supply in sufficient quantity that secondary organizations will find small farmers a profitable source of product.

As with the financial services sub-result, USAID will also identify policy constraints to expanded access to marketing and technological services. For example, the Mission will review the new cooperative law to assure that it is supportive of the development of primary and secondary service-providing organizations.

There are numerous, mostly small-scale, donor and NGO projects developing better technologies for the different crops produced by small farmers in El Salvador. USAID's planned activities are highly complementary to these efforts, in offering the institutional means for such technologies to be extended more widely. In addition, USAID will work to complement GOES activities to reactivate the agriculture sector. This will be seen through actions to address the problem of agrarian debt and to rationalize the public sector role in support of agriculture. Given the importance of technology access to environmentally sound small-farm land use, USAID will coordinate activities under this SO with environmental awareness activities under SO Environment.

Better productive rural infrastructure

- Number of families with access to productive infrastructure

Poor infrastructure imposes a substantial cost on rural residents. Because of the importance of improved rural infrastructure to the objective of improved access and opportunity for rural families in poverty, it is included as the fourth result in this framework. Nevertheless, USAID resources will not be large enough to finance a significant program of infrastructure development in the future. Under the SSO, USAID will complete construction of roads, power infrastructure and water systems promised under the Peace Accords. Under SO Democracy, local government development will emphasize local community

mobilization of resources and management of infrastructure projects. Under SO Health, USAID will construct potable water systems. The Mission will also continue targeted, small-scale infrastructure activities in rural communities under the SSO and this SO. In the future, improvement of infrastructure will depend more on the GOES' own efforts and those of other donors.

El Salvador is planning to privatize the power and telecommunications sectors, under policies that are designed to expand rural access to services. The question at this point is the role of the GOES in financing expansion of rural infrastructure. The policy of the GOES in recent years has been to leave infrastructure development to the donors. USAID plans to pursue, as part of its dialogue with the GOES and donors, the need for an acceleration of efforts to improve basic infrastructure in rural areas--in part through better allocation of a higher level of national resources to this objective.

Economic policy environment supporting greater equity

- Percent of GOES budget allocated for poorest departments

The GOES' commitment to long-term economic policy reform is unequivocal. Over the past seven years, the country's leadership has engaged in efforts to improve the policy environment and achieve high rates of growth. There is still more to be done, so that economic growth contributes strongly to the reduction of poverty in rural areas.

In the context of current policy reform efforts in El Salvador, issues relating to poverty reduction can be grouped under two broad headings: modernization of the state and development of a rural poverty strategy. USAID will undertake activities to support both of these areas.

The GOES' modernization of the state initiatives emphasize privatization, deregulation, pension reform and greater efficiency of the public sector. For modernization of the state to be a catalyst for

poverty reduction in rural areas, it must address delivery of public sector services to unserved areas, and a regulatory climate that does not discriminate against small-scale producers and low-income consumers. The GOES' stated intention is to pursue reforms in this direction; however, changing entrenched patterns of resource allocation will be a politically difficult task. USAID activities will complement technical assistance provided by the international financial institutions.

The second area is development and adoption by the GOES of a rural poverty reduction strategy. Extended team members almost unanimously cited the lack of such a strategy as a key impediment to rural poverty reduction. At present, the World Bank is collaborating with local public and private institutions to conduct a rural poverty assessment. USAID has contributed both financial and technical support to this effort. Once the study is completed and disseminated, USAID will work with other donors and local NGOs to push for articulation of a strategy, and GOES commitment to its implementation.

One rural poverty issue receiving wide press attention relates to agrarian debt. Many farmers are heavily indebted due to the adverse impact of the war and recent price trends that have reduced the profitability of agriculture. Most seriously affected are land reform beneficiaries who have significant debts for their land to repay in addition to production credits. The GOES has unveiled its plan to restructure part of the agrarian debt. USAID has encouraged dialogue on this issue and has served a facilitating role to raise the debate to the national level.

The Democracy Challenge

"We must also strengthen democracy's roots in our hemisphere by promoting accountable government and creating strong public institutions...democracy is an eternal work in progress. The development of political parties, an independent judiciary, equitable laws, (and) independent trade unions are important values if democracy is to thrive."
Warren Christopher, Secretary of State, Address to Legislative Assembly of El Salvador, February 1996

The Salvadoran civil war concluded only when all sides were satisfied that new rules of the internal political process could be institutionalized. The Peace Accords set a process in motion to foster democracy in El Salvador. Historic steps have been taken toward this goal: the FMLN's safe reintegration into the political life of the country, a new Supreme Electoral Tribunal, accountability for past human rights violations, a de-politicized Supreme Court and more independent judiciary, the founding of a new civilian police force and restrictions on the arbitrary exercise of state power. From the destruction of the war has emerged a viable opportunity for democracy. The Salvadoran left and right have accepted unprecedented compromises which have begun to open the political system to participation by all citizens.

The major remaining challenge is to improve the accountability of government institutions. Accountability implies a two-way commitment between the citizens and the institutions of democratic governance. Institutions are accountable when they respond to the needs of the people. Citizens are accountable when they take responsibility for the sound functioning of democratic institutions, for example when they vote in elections, shoulder the obligation to pay taxes, and take part in community decision-making.

Lack of accountability is evident throughout Salvadoran political life. A majority of Salvadorans interviewed in recent polls indicate little confidence in their government. Citizen participation in government is inadequate; barely half of those eligible voted in the watershed 1994 elections. Women's participation in politics, both as voters and candidates for office, is low due to sociocultural constraints and the general lack of confidence in political processes.

While municipal governments enjoy significantly greater citizen participation than the central level, they depend heavily on financing from the central government. Moreover, their capacity to deliver services effectively is hampered by centralized decision making. At all levels of government, financial management weaknesses and a lack of transparency in public administration persist. Finally, effective legal and judicial protection does not extend to the whole population.

All of these problems contribute to Salvadorans' distrust of public sector institutions. Recent focus groups held throughout El Salvador show that the electorate is frustrated with local government for not responding to their needs. Citizens feel they lack access to town council members, and that their needs are not well represented by elected officials. Lack of funding at local levels of government contributes to this perception. The municipalities' heavy dependence on the national government for financial support and the lack of decentralized authority greatly constrain their ability to deliver services effectively.

Citizens do not yet fully trust the legal/judicial system, which must deal with a history of extrajudicial handling of problems including actions by vigilante groups. Significant administrative and financial constraints contribute to the impression that judicial institutions do not work. Nearly 80 percent of the prison population, or approximately 7,000 individuals, are being held in detention facilities awaiting sentencing or trial. As of January 1996, there was a total backlog of nearly 140,000 cases which had not been adjudicated.

Fear for personal safety, for many Salvadorans, is tangible evidence that democratic institutions are still embryonic. Respondents to a November 1995

poll by the University of Central America identified crime as the top single concern (37.1 percent). Police records show that 9,135 homicides occurred in El Salvador in 1994; this is one of the highest per capita murder rates in the world.

Even when Salvadorans want to take part in governance, mechanisms for decision-making, problem-solving and conflict resolution are either absent or weak. The current electoral law precludes proportional representation at the municipal level and serves to protect the ruling party's influence. As a result, citizens are not always convinced that their participation in local government is welcome.

El Salvador's justice system historically has been weak, closed and perceived as unfair. Distrust of the judicial system reflects a belief that there is continued impunity for the influential as well as a the lack of consensus about the values on which the country's legal system should be based. Political commitment is not well-established for the fundamental concepts of equality before the law, transparency in judicial decisions, and safeguards of human rights and individual liberties.

Creating greater confidence in a democratic system must begin by resolving institutional weaknesses in El Salvador's institutions, in other words, by making them accountable. Accountability has many facets. Political accountability is achieved when the government responds effectively to the citizens' legitimate needs and supports citizens' efforts to organize and promote their interests. Legal accountability is served when judicial decisions are made independently and with equity under the law. Public sector accountability exists when the citizenry has confidence that public funds and other resources have been used properly. And all aspects of accountability are reinforced by citizens' awareness of their rights and by their exercise of their responsibilities within a democracy.

Political accountability

There is political accountability when the mandate of a government is periodically renewed or when

the political leadership is changed through peaceful and democratic means. In short, this requires a well-functioning electoral process.

The 1991 Constitutional reforms established the Supreme Electoral Tribunal which administered the 1994 Presidential election. The Tribunal's functions are to organize and oversee the electoral process, register voters, issue carnets, update the voter registry, and arrange election logistics. The Tribunal is constrained in carrying out its duties by its weak technical and institutional capacity, and by inadequate funding. It is also hampered by pressures related to political patronage.

Salvadorans took a step closer toward political accountability in the 1994 "Elections of the Century," so dubbed because they were the country's first politically inclusive elections to choose government at all levels. The elections were peaceful, and characterized by outside observers as "relatively fair and free." Nonetheless, even though over 95 percent of eligible voters were registered, only 53 percent of those registered voted.

In a post election survey, nonvoters cited distance and inconvenience as the two most significant constraints to their participation in the election. Many voters lack an understanding of the mechanics and the significance of the electoral process. Voter participation is also hampered by the complicated and inefficient way elections are run. Furthermore, the current electoral law precludes inclusive representation at the municipal level; many Salvadorans interpret this provision as a closing of the political process.

While there is consensus that electoral reforms must be implemented in El Salvador, the new system will be costly to operate. These costs will be felt in terms of financial, human, and material resources. Institutional capacity needs further strengthening to be able to satisfy future logistical requirements of the electoral process.

The European Union (EU) and the UNDP are planning to support the undertaking of the elections in 1997, as well as work on electoral reform.

Legal accountability

A judiciary that is neither objective nor efficient can rapidly cancel gains made elsewhere in the system, whether in the electoral process, legislation, local government, or financial management. A subjective or inefficient judiciary also erodes the rule of law. While steadily improving, rule of law in El Salvador remains weak. Reforms to date, while substantial, have not gone far enough to provide full legal accountability.

Important legal reforms nonetheless are in place and functioning. They include: a civilian police force, a more independent court system, a more professional judicial career system, a Public Defender's Office, and improved procedures for the prosecution of criminal cases. These reforms are consistent with the development of a justice system that actively contributes to the democratic process.

The reform process is not yet complete. The Legislative Assembly's inaction on the passage of the new Criminal Code and the Criminal Procedures Code is an important gap. Having these codes in place is essential to establish the legal groundwork for a more transparent and efficient judicial branch. They are needed to replace an anachronistic and inquisitorial system which places disproportionate emphasis on the role of the judge. Ultimately, these legal reforms would simplify procedures, introduce modern judicial techniques and be consistent with the Constitution.

Efficiency in the Offices of the Attorney General and the Public Defender is essential for the provision of legal services to the public, especially to the indigent. Yet the lack of technically well-qualified legal and judicial professionals represents a significant constraint. Many attorneys have not met the academic requirements of the universities which issued their diplomas.

Finally, citizens are not fully aware of their legal rights. This restricts their ability to participate in a democracy. For example, the incidence of sexual abuse against women is increasing. Many women lack knowledge of their rights to protection against sexual crimes; most cannot afford a lawyer. Most disadvantaged Salvadorans need access to state-provided advocates to guide them through legal processes or to represent them.

In April 1996, the IDB signed a \$23.0 million loan with the GOES for a four-year administration of justice project to build on the foundation USAID has established.

Public sector accountability

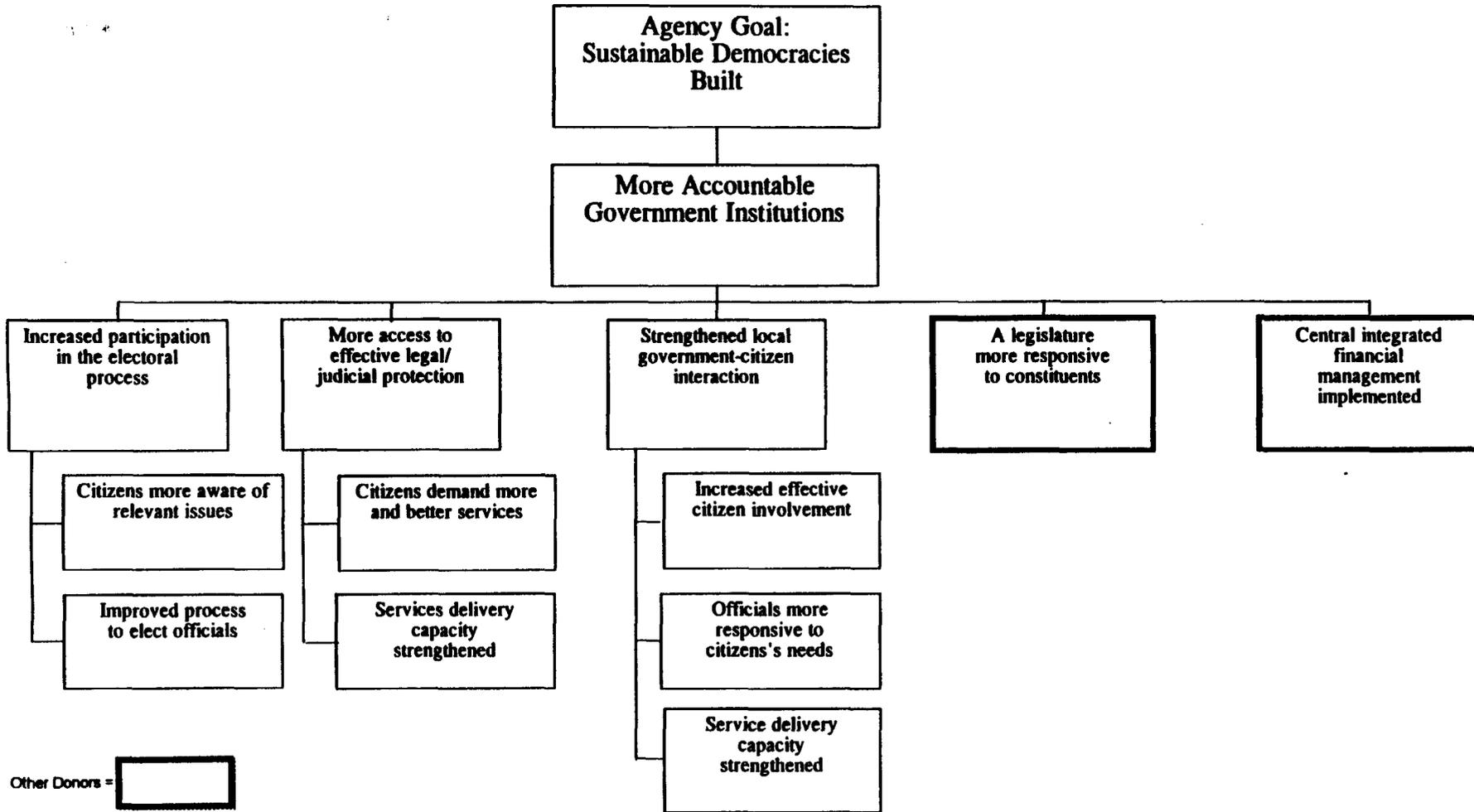
Many Salvadorans view public sector institutions as entities that do not respond to their needs. At the same time, the perception that the public sector is not accountable feeds citizen rationalization for not shouldering responsibility for their government, whether paying taxes or abiding by traffic, business or other forms of regulation.

Local government in El Salvador is potentially an excellent vehicle for improving public sector accountability. A constraint to more active local government, however, is the continued centralization of budget functions, planning and decision making at the national level. There is also a generalized lack of technical and administrative capability at the local level which prevents the efficient provision of local services.

Decentralization of traditional functions of government combined with strengthened administrative capability at the local level will give municipalities the means to identify problems and solve them with the participation of the affected community. Local-level public infrastructure can then be channelled through municipal governments where it will benefit from community input and have its greatest impact.

There is a related need for improved bureaucratic accountability. There are many constraints to more efficient management of the budget process. They include: lack of expertise in the implementation, use, and maintenance of the budget systems; reliance on a costly and archaic system of ex-ante audits; and a lack of trained personnel in the Court of Accounts, the entity charged with auditing budget execution of all government ministries.

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More Accountable Government Institutions

Illustrative Indicators

- Citizen demands responded to by legal/judicial institutions
- Citizen demands responded to by municipal councils

The Mission Strategic Objective to promote democracy in El Salvador seeks "More Accountable Government Institutions." This SO most directly addresses the needs of USAID's customers who have not enjoyed the rights and benefits associated with stable democracy. All Salvadorans are potential customers of the USAID SO Democracy, but greatest emphasis will be placed on those women, youth and members of low-income communities:

- who do not participate in the formulation of public policies and decision-making;
- to whom public institutions have not responded, as evidenced by adequate access to services;
- who do not have adequate protection under the law; and/or
- who have not voted in national and local elections.

USAID activities will help give key government institutions--both national and local--the ability to effectively respond to citizens' demands, whether expressed through elections, the legal/judicial system, the legislature or other channels. At the same time, the SO will help strengthen the voice of Salvadorans in the political process, through elections reforms, and better citizen awareness of rights and responsibilities.

The Mission's Democracy Strategic Objective sees as its priorities improvements in legal and judicial institutions, the electoral area, and municipal development. Attention will continue to be directed to justice sector institutions including the Supreme Court, Public Ministry (Attorney General's Office

and the Public Defender's Office), the Ministry of Justice, and the National Council for the Judiciary. The Mission will also support selected municipal governments, the Legislative Assembly and the Court of Accounts. Strengthening and modernizing all of these entities will ensure the further maturing of participatory democracy in El Salvador. This SO's area of influence will be both nationwide and in selected municipalities.

The following assumptions are critical to the achievement of the strategic objective:

- The government, within two years, will pass and implement legislation for legal, judicial, constitutional, and electoral reforms;
- The government, within two years, will pass and implement legislation for a property tax, pluralistic municipal councils, and decentralization of services; and,
- Other donors and development partners will continue to work toward their currently targeted goals, within the time limits currently specified.

USAID has designed the strategic objective to complement the efforts of other donors. The IDB plans to initiate technical assistance to the Legislative Assembly by late-1996, enabling USAID to phase-out its support. Similarly, the IDB and World Bank will provide approximately \$9.5 million to continue the Law of Financial Management activities in the Ministry of Finance and the Court of Accounts, under the Public Sector Modernization Project. The IDB also has made a loan of \$23.0 million for administration of justice activities, complementary to USAID-supported activities.

SO Democracy dovetails with the Health and Environmental SO's in the area of service-delivery capacity strengthening, particularly in the provision of municipal services such as water and sanitation.

Five intermediate results are essential to achievement of the objective "More Accountable Government Institutions." Of the five, the Mission will be directly responsible for three" *increased participation in the electoral process, more access to effective legal/judicial protection and strengthened local government-citizen interaction.* The other two intermediate results are *a legislature more responsive to constituents and an implemented integrated financial management system.* Both depend on USAID activities that will phase out during 1997, but which are expected to continue with other donor financing.

Increased participation in the electoral process

- First-time voters registered
- Registered voters voting

To increase accountability through citizen participation in the electoral process, the following lower-order results must occur:

Citizens need to be more aware of relevant issues. Salvadorans lack basic knowledge about the workings of a democratic system. They are especially uninformed about the role of elections and the responsibility of public office holders to respond to citizens' needs. Salvadorans are often unaware of their rights and responsibilities as citizens, and of the importance of voting. Under this intermediate result, existing voter education programs (through NGOs and schools) will be strengthened.

Improved process to elect officials. The most recent elections in El Salvador were considered open, inclusive, and largely representative of public sentiment. Additional activities will be undertaken to increase participation in the electoral process. They include the registration of first-time voters, implementation of voter education campaigns, a training and human resource development program for the Supreme Electoral Tribunal and the promotion of participatory approaches in local government administration and in the electoral processes. The electoral registry will be updated

and election administration will be improved. This intermediate result terminates in 1999 following the next presidential election.

More access to effective legal/judicial protection

- Human and civil rights violations
- New cases resolved in criminal, juvenile and family courts

The legal and judicial system in El Salvador still operates too slowly and inefficiently. When planned reforms to the system are in place, the existence of a more accountable judicial system will encourage citizens to exercise their rights for more and better legal/judicial protection. In so doing, citizens will cause the key sectoral institutions to improve their service delivery and further institutional strengthening will develop a momentum of its own.

Two lower-level results have been identified which support achievement of greater citizen access to effective legal and judicial protection. The first is that *citizens demand more and better services.* This result depends upon citizens' active efforts to learn about their individual and collective rights and responsibilities, and to use this knowledge as a form of oversight of the legal/judicial system. The second intermediate result is *service-delivery capacity strengthened.* To guarantee adequate legal/judicial protection and accountability to citizens, the institutions that provide these services are being strengthened and new service-delivery mechanisms created.

USAID is currently providing technical support, policy analysis, and training in support of judicial reform. These activities will be phased out in 1997, and new activities will be developed to further increase citizen access to effective legal/judicial protection. Follow-on activities will finance legal/judicial public awareness campaigns through NGOs, community associations and other organizations of civil society. USAID will work with local NGOs to help establish community mechanisms for alternative dispute resolution.

Within the Attorney General's Office, USAID will support expansion of the legal/judicial management information system including subsystems for case tracking and judicial statistics. In addition, USAID will finance technical assistance to improve coordination among and within the key institutions of the justice sector.

Other major donors working on judicial reform include the IDB with a \$23.0 million package aimed at legal reforms, justice for minors, strengthening the Prosecutors' Office, and alternative dispute resolution. The UNDP and the Government of Spain plan to provide \$9.0 million for the Public Defenders' Office, the National Public Security Council, Ministry of Justice Criminal Policy department, prison infrastructure, and education campaigns. Finally, Spain, through a bilateral program, has programmed \$4.7 million for labor court reform and training of justices of the peace.

Strengthened local government - citizen interaction

- **Index of citizen awareness and involvement**

Local government-citizen interaction is an indispensable component of public sector accountability. USAID plans to work in communities where achievements have the best likelihood of replication, and where Mission customers are centered. USAID will pursue a range of activities to strengthen local government-citizen interaction.

USAID seeks to cultivate greater communication and consultation between municipal governments and local residents. USAID activities will support municipalities' efforts to hold frequent open council meetings at which citizens may express their viewpoints to municipal decision-makers. Financing will be also provided for the creation of municipal advisory boards. These boards will be organized around specific objectives to assist the mayor and municipal council in the proper use of local funds. By serving on the advisory board, citizens and sectoral representatives can stay

informed about municipal activities and advise the municipal council on how to best meet the community's needs.

Municipalities are able to provide few services, due to financial and administrative constraints. Municipal governments now derive most of their financing from the national treasury. Municipalities need to develop new local sources of revenues. At the same time, they must make a more rational use of available funds to expand the services they deliver--both in quantity and quality.

To help strengthen delivery of municipal services, USAID will pursue the following activities: local administrative systems will be improved along with the technical capacity of local utilities; a system of integrated financial management will be fully established at the central level, as well as within the municipalities; assistance will be provided to help selected municipalities generate adequate financial resources; and finally, the development of property tax initiatives will be supported at both the national and local levels.

A legislature more responsive to constituents

- Citizen demands responded to by the legislature
- Demands made by citizens to the Legislative Assembly and their regional offices

USAID has a long history of supporting legislative strengthening in El Salvador. This intermediate result reflects a passing of the torch to other donors whose activities are now building upon USAID's achievements. Since August 1990, the Mission's Legislative Assembly Strengthening Activity has bolstered the legislature's ability to engage in an analytical and informed policy dialogue with other branches of government. This activity will conclude in October 1996.

Under the legal/judicial and local government results packages, the Mission will emphasize closer legislator-constituent relations. The IDB plans to initiate complementary technical assistance to the Assembly by late 1996.

Central integrated financial management implemented

- National expenditures audited
- Government entities with new integrated financial management units operating

Improved financial management has been a central part of USAID's overall portfolio, reflecting its importance to improving public sector accountability in El Salvador. Other donors are now poised to take the lead in this key area. Indeed, USAID's success in working with the GOES to improve financial accountability has encouraged the IDB and the World Bank to join the effort. The two international institutions have made a commitment of approximately \$9.5 million to continue an Integrated Financial Management activity in the Ministry of Finance and to support the Court of Accounts under a Public Sector Modernization activity. USAID activities under this result will draw to a close in 1998.

"If changes are not made in El Salvador's health system, in the future one of every two children will experience poverty-related health problems which will limit physical and mental development."

Health Sector Assessment, May 1994.

Health indicators in El Salvador improved over the 1988-1993 period, despite the war and its devastating impact on incomes and health service delivery. The constraints to improved health of Salvadorans, especially women and children, can be grouped into three categories: key preventive health coverage; access to water and sanitation; and financing and resource allocation. A fourth area which is an important cross-cutting theme in improving health outcomes is that of knowledge and attitudes concerning health. The poor health of Salvadorans is a major contemporary problem and represents a challenge for sustainable development over the planning period.

Many problems threaten the health status of Salvadoran citizens, particularly those whose health is complicated by their poverty, nutritional status, immunological status, and lack of access to basic health services. Because of their relatively worse economic conditions and distance from health services, there is a marked contrast in the health of urban and rural residents. The profile of diseases affecting the Salvadoran population is similar to other countries in the region with a high prevalence of tuberculosis, problems related to pregnancy and childbirth, malnutrition, acute respiratory infections, and diarrheal diseases. A rising incidence of sexually transmitted infections and human immunodeficiency virus (STI/HIV) will pose increasing risks to the population. Of lesser concern than in neighboring countries are health problems due to malaria, which USAID assistance has helped to reduce dramatically.

The current structure of the Salvadoran health sector does not have the appropriate preventive focus and coverage to have a more positive impact on the health status of the neediest population. There are insufficient amounts of public sector resources allocated to preventive health and rural

health programs. Traditional public sector delivery systems are highly centralized and are characterized by low levels of quality and efficiency. Greater NGO and local participation could stimulate more responsive health solutions but there are still obstacles to this wider role. These structural problems limit the success of efforts to narrow the wide gulf between the health of urban and rural populations. There are striking gaps in health service coverage and health status between San Salvador and rural El Salvador, impacting especially women and children.

Key Preventive Health Coverage

The individuals most vulnerable to illness and death from preventable diseases are women and young children. Women are especially at risk due to mistimed and too frequent pregnancies. Poor prenatal attention and unattended childbirth are common occurrences (especially among women for whom hospitals are too distant), there are economic or cultural barriers to seeking professional care, and alternatives such as health promoters and midwifery services are often not available. Children present a particularly acute health challenge: they experience high risk to illness and death during their infancy (birth to one year), and early childhood (age 1 to 5 years) because they lack defenses to ward off severe consequences of common infections. The principal causes of illness leading to death for these infants and children are diarrheal diseases and respiratory infections. Both mothers and children are at greater risk due to rising rates of STI/HIV.

Historically, the Ministry of Health (MOH) has operated in a highly centralized manner which has compounded inefficiencies in the strategic allocation of resources and led to imbalances in geographic coverage. This has resulted in the poor

utilization of resources in the delivery of health services. Notably, the prevailing focus on medical care and lack of funding for preventive health care creates a serious coverage gap for the rural population. As a consequence, the rural population suffers much greater incidence of preventable illnesses. This results in added demand for high-cost curative care and exacerbates the inappropriate pattern of health expenditures. GOES resources do provide partial coverage of preventive health needs but miss the opportunity for greater impact due to centralized decision-making, low levels of local participation, and underutilization of para-professional health staff.

The MOH is still too reliant on physicians and has not delegated responsibilities sufficiently to better utilize non-physician staff. A positive step by the GOES is a recent agreement to finance 18 of the strongest health NGOs which had received direct support from USAID in the past. In addition, the MOH recently signed a contract with a local NGO to provide primary health services in a limited area. Senior ministry officials have recently expressed greater willingness to explore partnerships with NGOs, but further progress will depend upon departmental health offices having more autonomy to direct the course of public sector health programs and develop stronger relationships with local partners.

Access to Water and Sanitation

Lack of access to water and sanitation is a major constraint to the improvement of health in rural areas. UNICEF data for 1995 indicate that approximately 19 percent of the rural population had access to potable water, compared to 33 percent in Haiti and 43 and 51 percent, respectively, in Guatemala and Honduras. The large difference in infant and child mortality rates between urban and rural areas is closely linked to this lack of water and sanitation infrastructure.

Compounding the problem of access to potable water in El Salvador is the limited availability of high-quality ground water resources (due to

complicated hydrogeology degradation of watersheds) and heavily contaminated surface water sources. These environmental constraints which affect health are discussed later in the document.

Poor performance in the construction and maintenance of water and sanitation infrastructure is due to over-centralized structures of the MOH and the national water authority. With USAID support, the national water authority is undertaking legal and regulatory reforms to decentralize its operations and establish a structure to resolve conflicts over access to and use of water. Despite renewed interest by the GOES and some donor efforts, there is an acute shortage of capital to invest in water and sanitation infrastructure. Additional work is needed to develop sustainable financial systems to encourage capital mobilization and greater cost recovery at the community level.

Policies Affecting Financing and Resource Allocation

The health sector in El Salvador is inadequately financed and provides incomplete coverage for those most in need. Historically, Ministry of Health services have been provided to the general public free or at highly subsidized rates, regardless of ability to pay. This policy has benefitted those with higher incomes at the expense of providing better services to those most in need of subsidized care. Recent efforts have demonstrated the feasibility of expanding coverage through voluntary cost recovery programs based on the client's ability to pay. The MOH plans to expand cost recovery programs, although the potential for cost recovery is greatest in urban or higher income areas.

Another major factor affecting health is resource allocation--which leads to a disproportionate share of public sector budgets spent on curative care rather than expanding health coverage via preventive programs. Urban-based hospitals consume a majority of the MOH budget, to the detriment of greater investment in health for the rural areas. Greater investment in preventive healthcare could expand and improve services,

addressing the principal problems which contribute to high mortality rates for rural women and children. Another example of uneven funding is the Salvadoran Social Security Institute (ISSS) and 17 other central government health plans which provide better benefits than the MOH but largely benefit an urban population.

All health expenditures, exclusive of NGOs, were reported at 3.71 percent of GDP in 1992. This is inadequate compared to the rest of Latin America and far below the minimum 6 to 8 percent target for public health as recommended by the World Bank.¹ Significantly, President Calderón Sol has committed the GOES to double the budget for social programs between 1995-1999. Social programs are projected to comprise half of the overall budget by 1999.² These programs accounted for approximately 23 percent of the 1992 GOES ordinary budget and 32 percent of the 1996 budget. The Ministry of Health ordinary budget has risen in constant terms (1996 dollars) from approximately \$60.3 million in 1990 to nearly \$79.3 million in 1996. This positive trend needs to continue, with increased emphasis on allocating resources within the MOH budget toward preventive health.

Donor funding is another important source of health care financing. Important donor partners in the health sector include the World Bank, the IDB, the Pan American Health Organization (PAHO) the United Nations Children Fund (UNICEF) and United Nations Population Fund (UNFPA). Other potential donor partners with emerging or growing health programs include the European Union, and the Japanese and German aid agencies. In 1986 to 1987 massive foreign aid, primarily from USAID, financed between 25 and 30 percent of the MOH operating costs. By 1994, combined donor assistance to the MOH had shrunk to 15 percent of its operating costs. Since the war, donor assistance no longer funds recurrent operating costs for medicines, vehicles and equipment. The current donor focus is on technical assistance and specialized training to improve Ministry

administration, financial management, supervision, training and health service delivery.

Many of the finance and allocation issues to boost coverage and efficiency of health systems are the topic of continued discussion between donors and the GOES. The World Bank and IDB engaged in studies and discussion throughout 1995 related to a sector reform loan package. For a number of reasons, the banks and the GOES did not come to closure on the loan. Although the GOES does appear to be committed to much of the reform agenda and has made incremental progress on decentralization and other issues, to date a comprehensive health reform has not yet materialized. USAID intends to coordinate closely with the World Bank, IDB, other donors and the GOES to help define the reform program.

Knowledge and Attitudes Concerning Health

A cross-cutting theme in improving health status of the population is the need for a better educated and more knowledgeable public. Higher levels of basic education, especially for girls and women, are closely associated with better health status and lower fertility rates. Women who are literate and have attained higher levels of education are more likely to understand health advice and instruction, which is critical to their role as primary care-giver to small children in the home. The benefits of education on women's decisions to use family planning to have smaller families have been amply documented. Basic education is important for medium and long-term improvement in the health status of women and children. At present, the educational achievement levels of rural Salvadorans, especially women, remains a constraint to better health.

Within the Salvadoran educational system, basic education beyond the sixth-grade is still relatively less accessible for girls and women. GOES, USAID and other donor activities are expected to improve educational quality and coverage during the period of the strategy. Although lowered fertility rates and associated health benefits may not

be seen during this period, the investments in education clearly will help to address priority health results over the longer term.

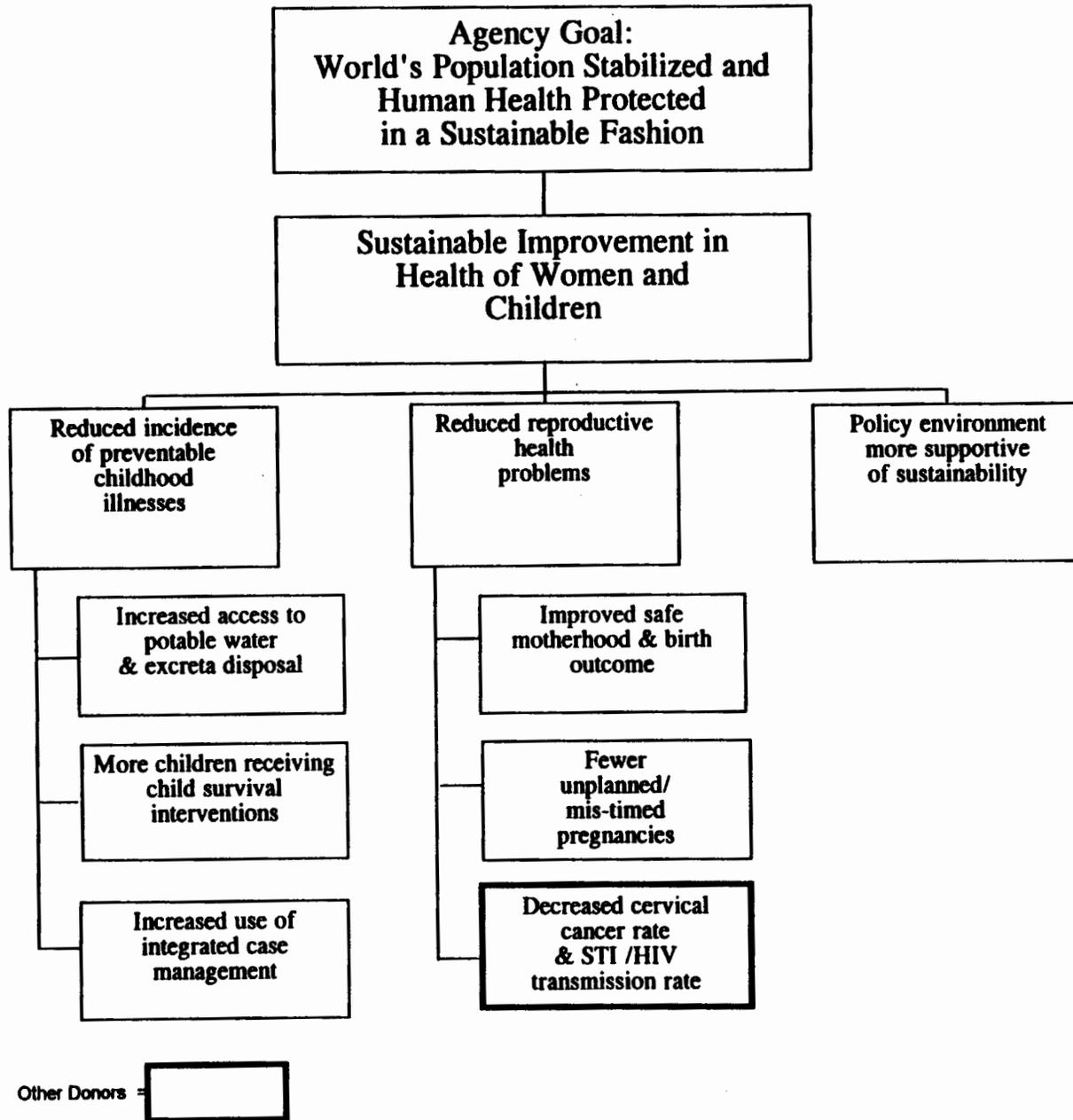
Health specific knowledge and information are also constraints to achieving improved health care. The commonly used strategy of Information, Education and Communication (IEC) has been successful in educating client populations about specific health risks and solutions. This approach, however, is not effectively utilized due to the poor coverage of primary health care. An expansion of community-based primary healthcare will necessarily increase the use of effective IEC strategies to better involve clients.

Adult men and adolescents are sometimes overlooked in health and family planning activities,

due to the fact that Salvadoran women and girls are primarily responsible for the health decisions in the home. Salvadoran women assume the risk of pregnancy and birth, choose to breastfeed or not, select contraceptive methods, prepare food, haul and use water for cooking and cleaning, care for sick children, take children to seek medical care, and teach basic hygiene. Despite this heavy role of women and girls in childcare, the role of men must also be addressed. Men who do not understand the serious health risks of too many and too closely spaced pregnancies are less likely to support the use of contraception. Preventive health programs directed at maternal and child health need to more effectively include men and adolescents as customers to ensure their informed and active participation.

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S. O. Health 1997 - 2002



Sustainable Improvement in Health of Women and Children

Illustrative Indicators

- Maternal mortality rate
- Infant mortality rate
- Child mortality rate
- Total fertility rate

The Mission has focused on priorities in health which will have a direct bearing on the population most at risk for preventable illness. SO Health is directed toward the sustainable improvement in health of women and children. Specifically, the strategy will benefit poor women of fertile age (15-49) and children under age five, especially those in rural areas. By focussing on this group, the Mission will assist in addressing the major health and demographic challenges to El Salvador's development.

Over the six year planning period, SO Health will assist El Salvador to measurably improve the health of the target population. While the strategy anticipates the involvement of many participating institutions in which both qualitative and quantitative improvements are sought to health services, the results sought are expressed in terms of reducing specific problems which impact on the health of Salvadoran women and children. Important policy issues which will have a bearing on sector financing, decentralization and local participation are treated in a policy component.

The SO cannot be achieved as planned unless resources for health continue to grow and, particularly, the health sector budgets expand. Decentralization must continue and the appropriate changes be made to the legal/administrative framework to facilitate increased control over health programs at the departmental/local level. Also, local participation should continue to increase via the expansion of and strengthening of NGO primary health delivery mechanisms. The decentralization of the authority for development and protection of water resources would

dramatically improve the quality of health in rural areas.

Other donors in the health area have been involved recently in formulating strategies and have shared those planning documents with USAID. These other donor strategies complement USAID efforts. PAHO is providing resources to increase the efficiency of the public sector through improvements to regulatory frameworks and information systems. Both UNICEF and PAHO will continue to place a high priority on immunization programs. While they endorse the expansion of other preventive health interventions, neither has the resources to assist in a significant expansion of coverage in the rural areas. The IDB and the World Bank remain interested in the health sector but new project development is on hold at present. USAID and PAHO have agreed to stimulate discussion and dialogue among donors in the health sector and will continue to meet regularly to coordinate specific issues to unify approaches and avoid duplication.

PAHO is positioned to assist in the ongoing dialogue with the MOH on health policy and is providing assistance in local health systems, information systems, and legal/regulatory issues. PAHO will also assist in establishing or modifying health service standards and protocols such as the basic "basket" of primary health care services and the integrated case management model.

The Mission's SO Economic Opportunity will contribute to the achievement of the SO Health by improving the educational quality and access for rural poor, especially women. Improved cognitive skills and literacy in the rural population will help to stimulate greater awareness of and participation in health care and health policy issues. As noted in the discussion of constraints, these activities will have a significant long-term effect on fertility and health problems related to the high rural population growth rate.

The Mission's SO Environment is also expected to favorably benefit the health sector by demonstrating effective watershed protection and management activities. Such activities will directly contribute to the sustainability of potable water resources. Other environmental awareness activities will serve to highlight the health implications of environmental problems, such as the degradation and contamination of water sources and urban health risks from industrial pollution.

To attain the SO three intermediate results are necessary: *Reduced incidence of preventable childhood illnesses, Reduced reproductive health problems, and Policy environment more supportive of sustainability.* These intermediate results address the principal issues affecting the health of women and children.

Reduced incidence of preventable childhood illnesses

- Incidence of acute diarrheal disease cases
- Incidence of acute respiratory infections cases

To achieve this impact on the health of infants and children, the Mission has identified three critical areas of results related to water and sanitation, selected child survival prevention interventions and increased use of the integrated case management model for early detection and treatment of illness. These approaches address the most common health problems affecting infants and children and build upon successful programs and methodologies developed through NGOs, the public sector, and the international health community.

The improvement of water and sanitation services has an immediate positive impact in reducing the vulnerability of rural children to diarrheal disease. The integrated approach used in USAID programs implemented through U.S. NGOs has strongly emphasized community participation at all stages of activity development. USAID-sponsored NGO programs in this area emphasize community participation. This emphasis ensures maximum health benefits for the communities and long-term

sustainability of investments. USAID will contribute modest additional resources for water and sanitation infrastructure. The priority areas for USAID's contribution to health infrastructure will be in high poverty rural areas. USAID will work closely with the GOES and other donors in this effort to better define combined water and sanitation strategies, reinforce local participation, and develop better financial mechanisms.

The cluster of results which increases the number of children receiving child survival interventions relies on proven methodologies for improving breastfeeding, nutritional status, and vaccination coverage for infants. Integrated case management involves a protocol originated the World Health Organization (WHO) which involves the health care-giver at the medical facility level to standardize and improve treatment of common childhood diseases in the clinical setting. This integrated case management model will be expanded to include the care-giver at the household level, the health promoter or midwife to improve early recognition of symptoms of common childhood diseases leading to appropriate immediate actions and/or referral to a suitable level health facility. This model is particularly well-suited to reinforce the community-based primary health care system, which is the principal focus of Mission health programs of the rural poor. It also addresses the need for improved health knowledge and attitudes to increase participation and better equip parents and other care-givers to give and seek appropriate care for young children to ultimately contribute to improved health and reduce mortality.

USAID anticipates further use of this approach with increasing focus on areas of greatest poverty and health system deficiencies. These activities will increasingly involve MOH departmental offices to sustain the costs of NGO-provided health care. The integrated case management model will be coordinated with the GOES and other donors with a view towards standardization of protocols. Activities in water and sanitation will continue the successful model of intensive promotion to ensure maximum benefits to health. Discussions with the

GOES and other donors will look at greater cost recovery and sustainable financial mechanisms to underwrite the capital costs of this infrastructure.

Reduced reproductive health problems

- Maternal mortality by hemorrhage, in targeted rural areas

To reduce reproductive health problems of women, the Mission has identified the following results: improved safe motherhood and birth outcomes, reduced unplanned and/or mistimed pregnancies and decreased STI/HIV transmission rates. These results address the most common contributing factors to women's health problems and dovetail with proven institutional delivery mechanisms within both the public sector and NGO health providers. Mission activities will include increased information and education as important tools in changing health and family planning knowledge, attitudes and behaviors.

The high fertility rates in rural areas and the lack of access to basic health services (health promoters, midwives) in the majority of those communities contributes to the high levels of reproductive health problems of rural women. USAID reproductive health activities will contribute to the expansion of services so that more rural women have access to family planning services.

The MOH has assumed an increasingly larger role in family planning and tacitly supports the involvement by NGOs such as the Salvadoran Demographic Association. Such continued support will be necessary for family planning services to continue to improve and expand. Like child survival activities, continued improvements will be contingent upon more resources, decentralization, and greater local participation in the delivery of reproductive health services.

The expansion of community-based primary health care systems, in which family planning is a component, will improve access to voluntary family planning and improve health care during the pre-

and post-natal period. USAID anticipates improved linkages between institutions which have traditionally focused either on child survival or reproductive health care. Greater efficiencies should be possible in providing expanded family planning assistance through the networks of promoters and midwives.

USAID does not plan to invest directly in the prevention of STI/HIV but will coordinate closely with the regional project and partner institutions. UNFPA is providing assistance in the area of family planning and UNICEF has incorporated some limited activities in its programs. In addition, NGOs working in reproductive health services, especially for safe motherhood and childbirth.

UNICEF is supporting immunizations, nutritional security (including micronutrients, vitamin A and breastfeeding), and has recently included family planning as an important component of its child survival activities. USAID will collaborate with UNICEF to identify additional areas for cooperation. USAID has coordinated closely with the UNFPA and recently reached agreement for UNFPA to fund injectable contraceptives to support USAID family planning activities.

Policy environment more supportive of sustainability

- Percent of GOES budget allocated to primary health care
- Percent of MOH budget allocated to departmental offices

Sustainability of the health sector implies a reduced level of external support, coupled with an increased commitment on the part of the GOES to undertake financial and policy changes to provide quality basic health services for the poor. While there are many facets to a more sustainable policy environment, the fundamental precepts include increased priority for preventive health services, more decentralization and resources for

departmental health offices, and increased public participation in health.

Successful implementation of a comprehensive health reform depends on continued support by policy-makers and continued progress in defining the reform agenda. Although the major loan package with the international financial institutions has been put on hold, USAID expects that the GOES and these institutions will resume discussions and reach agreements in order to mobilize the substantial capital resources necessary for a vigorous health reform program. USAID stands ready to support the health sector reform effort with discrete but highly focused assistance. Areas which will complement the actions of other partners include: support for broad-based dialogue of national health policies, analyses of health policy issues, and training in support of decentralization, especially to staff at the departmental level. USAID's successful record of involvement with NGOs is an asset in discussing their expanded role as potential health providers.

The Environmental Challenge

"The future of our planet is in the balance. Sustainable development can be achieved, but only if irreversible degradation of the environment can be halted in time. The next 30 years will be crucial."

Senator Gaylord Nelson, Earth Day, El Salvador, 1996

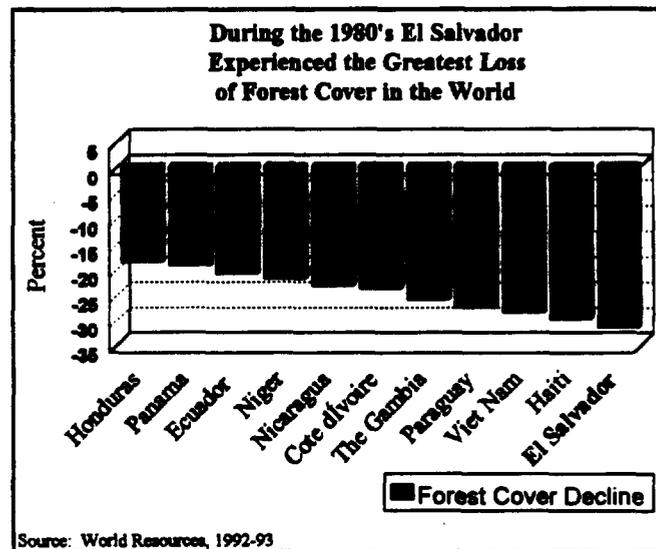
The capacity of El Salvador's natural resource base to sustain economic growth, as well as to satisfy the social needs of food, shelter, water, and clean air, is diminishing dangerously. Of the original forest, 98 percent has been cut. Soil erosion seriously affects more than 50 percent of all land under production. Deforestation in El Salvador occurs principally for conversion of wooded land to agriculture. El Salvador's major watersheds are severely deforested, especially the upper Lempa River watershed which covers almost half the nation. Its streams carry the load of eroded soil into reservoirs, where it settles. Soil loss in this area is documented at nearly 50 tons of soil per hectare annually. At this rate, each square meter is stripped of one-third of a centimeter of soil each year; an average of six centimeters of productive soil on a small holder's hillside farm are gone in a generation. Approximately half the Salvadoran population is rural, struggling to maintain mere subsistence living on steep slopes that cannot long sustain cultivation under current practices.

About 12 percent of El Salvador (327,000 hectares) remains forested, including the coastal mangroves. Fifty-one percent of all energy in El Salvador is derived from fuelwood, annually consuming over four million metric tons. Annual consumption exceeds sustainable supply by the equivalent of 50,000 hectares. In rural areas, fuelwood accounts for 92 percent of energy consumed and three-quarters of it is not purchased, but gathered from scrublands, fence rows, and individual trees. Collecting firewood requires four to five hours daily to meet rural families' energy needs. Thus, the loss of tree cover significantly increases costs for households as fuelwood becomes more scarce.

Despite El Salvador's small size and serious environmental deterioration, its level of biodiversity (as measured by species present in mangroves and protected areas) roughly equals that of the entire

United States. Unfortunately, protected land which shelters most of the biodiversity is less than 0.6 percent of the land area. In most areas even this protection is minimal. The government does not have the human or financial resources to provide basic management for the protected areas. During the last two years, management has been transferred from the government to Salvadoran environmental NGOs. These groups are nearly as weak in resources and staff as the government for proper management of these areas.

The situation is equally severe for water resources. In rural areas, the average time required each day for a family to obtain water from wells or streams has increased four-fold in the last 15 years, due to lower water tables and greater distances traveled. Ninety percent of the rivers are polluted with sewage, agricultural runoff, industrial waste, and



sediment. Because El Salvador has no functioning sewage treatment systems, raw sewage and a variety of industrial contaminants flow directly into rivers.

The Acelhuate River, which flows through the capital, has been declared dead, devoid of any biological activity. Water quality studies in rural areas show that fecal contamination in wells and rivers far exceeds World Health Organization standards, sometimes by as much as 24,000 times. Diarrhea and dehydration, direct results of contaminated water, are the second leading cause of childhood mortality in El Salvador. More than 12,000 Salvadoran children under the age of five years die each year from drinking contaminated water.

In the open ocean, red tides, exacerbated by sediment and toxins, have been more frequent in the last ten years. The catch of white shrimp has declined and requires more trawling effort to harvest the same amount. Catches of lobster, rock crab, and grouper are also down. Despite the tendency towards overfishing, catches could be increased if pollution and sediment in rivers were reduced.

The lack of solid waste collection is another major public health issue in El Salvador. A recent USAID-sponsored study determined that four million Salvadorans have no garbage pick up and must dispose of trash by burning or throwing it in ravines or empty lots. Uncollected garbage, especially in the tropical climate of El Salvador, serves as a breeding place for disease-carrying insects, a reservoir for bacteria, and a food source for vermin. Even the garbage that is collected is not disposed of properly.

Domestic and industrial wastes are not separated from medical waste in El Salvador. Thus, medical wastes such as radioactive residues and contaminated human fluids (e.g., HIV-positive or hepatitis B blood samples) are mixed in with the rest of the waste stream. Discarded hypodermic needles wash up on the beaches. Runoff from landfills contaminates both surface and ground waters.

Mobile sources of air contamination (cars, trucks, buses) pose a severe health threat for Salvadorans

living in urban areas. These emissions account for 90 percent of the available lead in the environment, 84 percent of the carbon monoxide, 45 percent of total hydrocarbons and 50 percent of total emissions of volatile organic compounds which produce the harmful form of oxygen, ozone. Diesel engines in cars, trucks, and especially buses, emit large quantities of sulfur dioxide and black smoke containing harmful particulate matter.

These particulates are one of the primary causes of acute respiratory infections, the cause of death for at least 12,500 children before they reach their fifth birthday.¹ The smoke pollution problem is exacerbated by a GOES policy which subsidizes the price of diesel fuel for all consumers (50 percent of world price) and gives a special subsidy for bus drivers (20 percent of the world price).

Meeting the Challenges

Appropriate technologies to meet the environmental challenges are readily available. It is not a question of which tool to use, but rather how to best disseminate and apply the knowledge. The problems are many. While the actual causes of environmental degradation are physical, the underlying reasons for deterioration are mostly institutional in nature. A clear look must be taken at the various institutions which hold some responsibility for environmental issues. The policy arena must also be visited. Deficient policies promote investments which, although profitable in the short term, cause serious problems over time. Finally, before problems can be overcome in the long-run, the attitudes of the public and the knowledge held by the individual must be appropriate. Both policymakers and ordinary citizens lack an understanding and appreciation of the link between *sustainable natural resource management and economic growth*. As the crisis in the availability of usable water, for example, becomes more severe, the inextricable link between rational use of natural resources and economic development will become more clear.

Institutional constraints

The government demonstrated its commitment to addressing environmental issues by creating the Executive Secretariat for the Environment (SEMA) in 1991. As a new agency, it has had little institutional impact in sorting out competing interests in the environmental sector. SEMA, with support from USAID, produced a National Strategy for Environment and Natural Resources which was widely circulated and benefited from more than seven consultative meetings throughout the country. The National Strategy is being viewed as a blueprint for attacking the environmental problems of the country by donors and NGOs alike. Unfortunately, SEMA has not been adequately staffed or supported in order to implement the strategy.

The cross-cutting nature of environmental and natural resources policy requires that SEMA have access to senior levels of the GOES in a variety of sectors. SEMA was moved from the Ministry of Agriculture to the Ministry of Planning in 1994, and again in 1996 to the Ministry of Foreign Relations. Despite recent breakthroughs in institutional reorganization, SEMA's access is still restricted to informal contacts at the working level of other ministries. In spite of pressure by the multilateral donors, there is a general lack of priority given to funding for natural resource management. Within SEMA, operational expense funds are largely allocated to salaries.

In addition, the GOES assigns low priority to agencies which protect those resources. The Ministry of Agriculture receives two percent of the ordinary budget, and directs only 13 percent of its budget to natural resource management. A further problem is the lack of clear responsibility among different agencies charged with managing natural resources.

Little progress has been made in sorting out the responsibilities of each government agency or in setting objectives and priorities for attacking environmental and natural resources problems.

Implementation of environmental and natural resource activities is fragmented among a number of GOES entities. Institutionally weak, they have been unable to lead the development of an environmental and natural resource management agenda. In addition to SEMA, the GOES agencies with some environmental responsibilities include:

- The Agricultural Technology Center, in charge of agricultural extension and agroforestry operations;
- The Directorate General for Renewable Natural Resources, responsible for national parks, and forestry management, and natural resource monitoring;
- The Center for Fisheries Development, whose mandate covers coastal zone management; and
- The National Geographic Institute, the source for the maps required for the sustainable management of natural resources.

At the level of local government, municipalities are similarly unable to enforce compliance with natural resource regulations. A potential new opportunity for the municipalities to participate in environmental and natural resource management is the plan of the GOES to distribute the equivalent of \$34.3 million dollars in 1996 as block grants for local projects. Among the possible projects municipalities will undertake are watershed management, water and sanitation, and solid waste disposal.

Salvadoran NGOs are in the process of establishing themselves as viable coordinating entities and partners in the natural resource dialogue. Programs under NGO coordination include technical analyses and small-scale natural restoration, preservation and conservation activities. Other groups are using the mass media to increase citizen awareness of environmental problems. Some have fostered national debates on environmental policies through the media and other public fora. Although some progress has been made through USAID's NGO

institutional strengthening program, nearly all of these groups still lack sufficient internal organization and management, fundraising ability, and technical skills.

In December 1992, the United States and El Salvador signed a debt reduction agreement under the Enterprise for the Americas Initiative. The Initiative Fund for the Americas El Salvador (FIAES) is, along with Canadian Debt Forgiveness funds under the Environmental Fund for El Salvador (FONAES), the primary funding mechanism for NGO environmental projects. To date, FIAES has financed 129 projects in agroforestry, reforestation, soil conservation, environmental education, and child survival. The U.S. Fund will make available more than \$41 million over twenty years, and the Canadian Fund will yield \$7 million over three to five years. The USAID Mission Director represents the United States Government as a full-voting member of the FIAES Administrative Council along with two representatives from the GOES, and four representatives elected from NGO groups active in the environment and child survival.

Several environmental NGOs are administering protected areas, and carrying out other protection projects with grants from FIAES, FONAES, and FIS, a social development program, funded by the Inter-American Development Bank. In January 1996, 18 of these environmental groups supported by the PanAmerican Development Foundation, banded together into a Federation called COAMBIENTE which will allow them to have a stronger advocacy voice in environmental and natural resource issues.

A factor which limits resource leveraging by Salvadoran NGOs is the absence of international environmental NGOs in El Salvador. International NGOs have not been involved in El Salvador due to the armed conflict of the 1980s, the late entry of El Salvador into regional and domestic conservation programs, and the perception of El Salvador as a natural resource wasteland. Most such organizations have pledged their resources

elsewhere and have little funding available for new initiatives.

Finally, the GOES institutions and NGOs alike lack technically skilled staff. Training in easily applied technologies and their transfer and adoption is needed. Techniques for soil conservation, crop treatment and rotation, agroforestry, and sustainable mangrove and forest conservation are available, but few of these proven natural resource management practices have been adopted by farmers and other rural inhabitants. USAID has made some progress in this area through natural resource management training. In addition, because of a lack of personnel and budget, the GOES agencies do not have the capability to monitor the status of key natural resources for policy and regulation, nor do they have the capacity or skills to enforce laws.

Other important and obvious players in the environmental arena for El Salvador are the international donors. Due to the dire need for funding and activities in virtually all areas of environmental protection, there is increasing donor support for sustainable development programs. The World Bank, the IDB, the Japanese Government and the UN agencies all have programs underway or in the planning stages.

The World Bank's Second Structural Adjustment Loan (SAL II) contained conditionality on El Salvador's legal framework regarding the environment and the development of the national environmental and natural resources strategy. The \$38 million World Bank-funded Institutional Reform Project for the Agriculture Sector (PRISA) is restructuring and modernizing the Ministry of Agriculture by focusing on technology transfer, staff organization, and privatization.

The IDB is funding a small institutional strengthening project to provide SEMA with limited technical assistance for assessing its organizational and personnel structure. In addition, the IDB has just approved a \$30 million environmental project to assist in the management of the upper portion of

the Lempa River watershed, assist SEMA in environmental impact analysis and formulate an information management system. Also in 1996, the IDB plans to strengthen implementing units of the government in environmental impact assessments. The IDB is also planning major decontamination projects in industrial waste water, solid waste, and vehicular pollution.

Other donor activities include more than \$7 million the Japanese have provided for garbage collection vehicles and accessories. The Food and Agricultural Organization (FAO) of the United Nations has two projects in sustainable agriculture and conservation practices. The German development agency, GTZ, continues to be active in pesticide use training and establishment of regional environmental regulation standards. The UNDP assisted SEMA in preparing an Environmental Agenda, and financed international training and program observational trips. The UNDP will provide partial funding for the development of a forestry action plan. Finally, the Finnish International Development Agency is funding a regional project which provides equipment and materials to rehabilitate the meteorology stations of the Ministry of Agriculture's meteorology and hydrology service.

Policy and Legal Constraints

Many sectoral laws are contradictory. For example, the GOES prohibits the cutting of mangroves and assesses very low fines when cutting does occur. People would rather pay the fine than go without firewood. Therefore the policy indirectly promotes deforestation. In addition, few laws have clear implementing regulations. Laws are unevenly applied or not enforced (e.g., forestry and fisheries management). Seminars were held on policymaking (using the Green Book methodology), and a series of consultations on the proposed General Environmental Law took place. This is the first time the National Assembly, with USAID financing, held public hearings throughout the country, both geographically and by sector. Once

the Environmental Protection Law has been redrafted and approved by the Legislative Assembly, regulations to implement the law will be prepared. Similarly, a new law on wildlife was passed in 1995, but to date no regulations have been approved for implementation.

No current laws or policies address soil fertility according to soil classes. No forest management standards exist; commerce and trading of endangered species are not regulated or enforced, despite the fact that the country is a signatory to the Convention on International Trade in Endangered Species of the Wild Flora and Fauna (CITES) treaty. (The country was decertified by CITES in 1995 for five months for the illegal production and export of iguanas.) Watershed management is not defined. Subsidies to urban water and electricity create a false perception of abundant supply. The true costs of hydroelectric energy should include maintenance of the watersheds that guarantee an even and continuous flow of water, without excess sediment, into the reservoirs. Similarly, shrimp producers receive an unquantified but considerable subsidy from harvesting free larvae from mangrove estuaries, without having to contribute to their maintenance.

No policy delineates institutional management jurisdiction for water. The water utility has responsibility for human and industrial consumption, the Ministry of Agriculture regulates water for irrigation, the Ministry of Health is concerned with water-based pathogens, and the power utility uses water to generate electricity. Even though each institution is a water user, no entity is responsible for preserving the aquifers and forests of the watershed. This lack of clear-cut responsibility and overlapping, ill-defined jurisdictions threatens the permanent supply of water in El Salvador. USAID sponsored a study to review all the conflicting laws and jurisdiction over water in 1994. As a result, the National Water Authority is in the process of revising a national water law which provides the legal framework for coordinating water management agencies, as well as setting water use standards.

Long-term Sustainable Development: Attitudes and Choices

Changed perceptions and individual attitudes are key to implementing environmentally sound policies and the use of clean technologies. Overall attitudes of Salvadoran citizens toward the environment have been documented by a series of Gallup polls. When asked what problems most affect their lives, Salvadorans cite tree cutting, air pollution, garbage, and the contamination and availability of water most often. Although a heightened awareness exists regarding these problems, most Salvadorans do not appreciate the link between personal choices and responsibilities and sustainable resource management. The farmer who loses half a centimeter a year of soil from his field may not see the effect in one or two years, but over a span of several years his land will not produce the yields of today. Similarly, sporadic water shortages may seem manageable to the individual, but the sum of the costs related to disruptions to the water supply expressed as annual lost worktime on a national basis is impressive.

Poverty, illiteracy, poor basic education, population pressure, and insecure land tenure all contribute to irrational natural resource management. Many families in El Salvador struggle to maximize their short-run living situation, at the expense of long-term survival. These overarching, long-term manifestations of poverty can be gradually mitigated by development activities of the government, the international donors, and the NGOs working at the community level. Nevertheless, it may be a generation until these basic structural constraints are overcome. And no changes will come if the role of the individual and responsible decision-making are not taken into account.

Resource users must realize how their day-to-day activities affect future availability of a resource. Subsidized prices for water and electricity impede policymakers and the general public from understanding the linkage between the true cost of supplying a resource and the need to use the

resource in a way which does not jeopardize its future availability, or increase its future cost. The market incentive for a small farmer or woodcutter to invest labor or land in conservation practices is often less than the pressure to finance immediate needs.

The general lack of data reinforces the perception that environmental and natural resource management is an emotional, aesthetic issue rather than a technical and economic matter. Without clear economic evidence, replicated over many applications, it is difficult to show the economic benefit of sustainable practices. Any serious program for implementing sustained natural resource management must be able to show local residents that such management can also increase their disposable income. Initial steps have been taken to collect this information by the USAID-financed project for the protection of the environment and natural resources. To date nearly 1,100 GOES, private sector, and NGO middle managers have received training to help analyze and develop socio-economic policy which incorporates environmental variables. In addition, case studies and white papers are being prepared that will provide the data for the economic aspects of natural resource degradation.

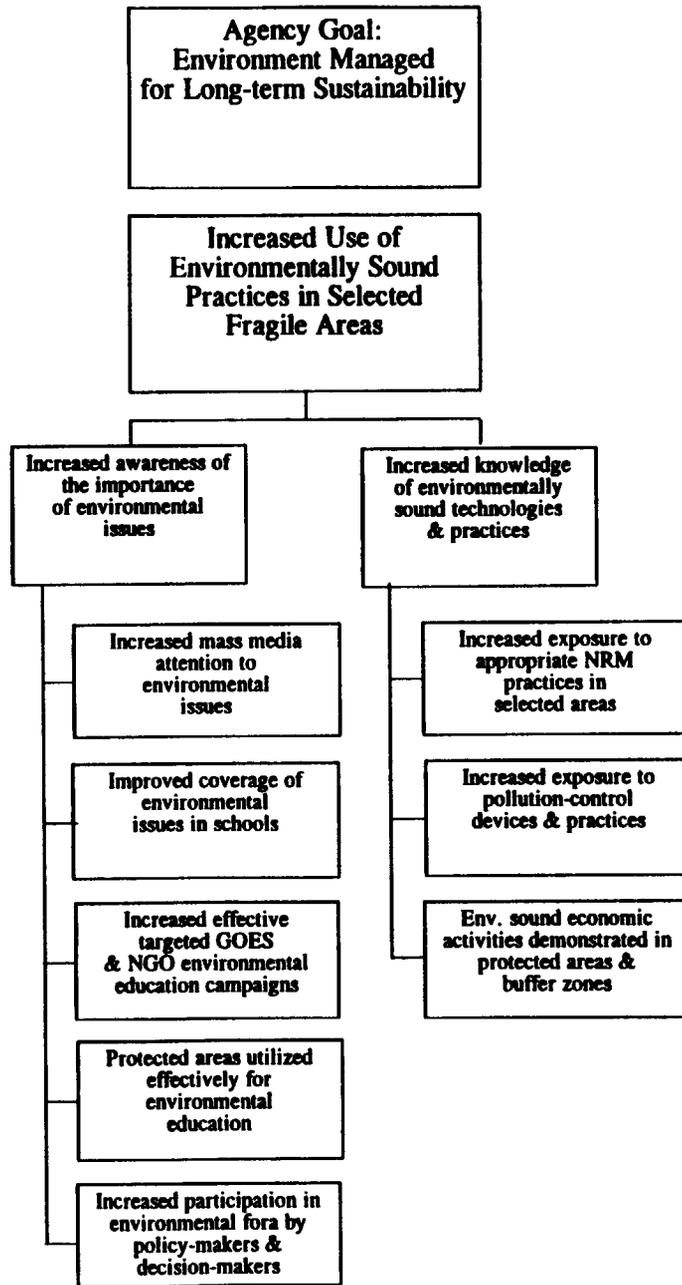
Change in human behavior may be slow, but must be based on an understanding of the importance of each individual's contribution to the larger process. This is accomplished through education. The formal education system is only now being revised to include environmental education, especially in the lower grades, where 81 percent of students are concentrated. Beginning efforts at a coordinated information campaign to acquaint the general public with the fundamentals of natural resources management are underway. In the few parks and reserves where the general public could learn the value of natural resources, no formal interpretive programs exist to demonstrate the effectiveness of natural resource management practices or the importance of protecting the country's natural resources.

The 1996 Earth Day celebration in El Salvador featured Senator Gaylord Nelson, founder of Earth Day. In his speech, he lists population growth and the absence of a conservation culture as two great threats to long-term growth and sustainability. He stated emphatically that, "debate and controversy are vital to the process of developing public understanding and support for making hard decisions and the right decisions. Sustainability is the goal. It is achievable. There is no good reason to fail, provided each individual citizen does his or her part and provided that the government assume responsibility for courageous and enlightened

leadership". This is what the Mission's SO Environment is supporting--education, awareness, and choice.

Through the actions of the farmer, the small entrepreneur, the child in her classroom and the person in the street, it is possible to see how environmental awareness and policy change affect day-to-day decisions and attitudes. This is the critical indicator for monitoring change. Over the long run, any serious attempts to achieve natural resource-based economic development will be dependent upon the participation and support of all El Salvadoran citizens.

S. O. Environment 1997 - 2002



Increased Use of Environmentally Sound Practices in Selected Fragile Areas

Illustrative Indicators:

- Number of hectares under environmentally sound practices
- Number of women and men using environmentally sound practices
- Number of industries and municipalities using clean technologies

The Mission has chosen to address the bleak Salvadoran environmental situation through awareness and knowledge building to motivate Salvadoran citizens to begin to demand changes in the way environment is regulated and utilized. This approach will also help Salvadoran decision-makers to have the understanding and capacity to respond appropriately to both local and national problems.

The environmental strategic objective focuses its six-year strategy on assisting Salvadoran civil society, the private industrial sector, policy makers, and NGOs to increase the use of environmentally sound practices in selected fragile areas. El Salvador could attain a solid foundation for sustainable development in six years, if broad-based awareness of environmental problems were present in the population, and the demonstration and knowledge of environmentally sound practices and technologies were widely available. In addition, such knowledge would lead to civil society demanding the right to a clean environment, and a change in attitudes by the policy and decision makers. An aware population will be a solid guarantor of a sustainable environmental policy--reflecting the wishes of the majority of the population.

The strategic objective statement contains the phrases "environmentally sound practices" and "selected fragile areas". Environmentally sound practices are defined as including natural resource management practices (such as soil and water conservation), monitoring the management of protected areas, practicing sustainable agriculture

and using clean technologies (specifically for air and water pollution).

Fragile areas are defined as areas that are highly degraded and on which the population relies for its economic activity or water resources. These areas include watersheds that are critical for the metropolitan area of San Salvador or for the protection of a productive mangrove area. Also included are degraded areas, soils with severe limitations for agriculture and areas with relatively small human settlements that flood regularly. Fragile areas also include urban marginal neighborhoods that are extremely overcrowded and are without solid waste, potable water and/or proper sanitation facilities.

Clearly, in order to reduce and reverse environmental and natural resource degradation, a much longer time line and much broader objectives are required. The Mission recognizes this, but due to resource constraints, has opted for a more achievable environmental objective within the six years allotted for this strategic plan. If successful, this strategic objective will lead to other donor contributions to environmental and natural resource programs, and a heightened involvement by the GOES in the care of its resources.

Several assumptions have been made for the attainment of this strategic objective. Throughout the strategy period, greater GOES commitment will be demonstrated by policies and decisions that reflect the basic understanding that the health of the economy is dependent on a healthy environment. Furthermore, GOES commitment to environmentally sound development will be reflected in the establishment of an environmental authority at the highest levels of government that can transcend traditional vertical ministry mandates, thereby providing the leadership and guidance necessary for the government to make environmentally sound decisions.

A related assumption must be made regarding land tenure. Secure land tenure is a key factor in motivating producers to invest in more advanced management and conservation practices on their land. Otherwise, poor rural producers will continue to use short-term and inappropriate land use practices such as clear cutting forests for unsustainable agriculture. Degradation will continue unchecked until El Salvador's lands are rendered useless.

During the development of the environmental objective's customer service plan, the Mission surveyed and interviewed other bilateral and multilateral donor agencies to identify specific activities planned for the environment and natural resources areas. The conclusion is none of the other donors have programs in environmental education, or to increase public knowledge of environmental issues and the use of pollution abatement technologies. The World Bank through the PRISA project is providing technical assistance for modernizing the national agricultural extension and national park services. Similarly, the IDB is providing technical assistance to SEMA for institutional strengthening and to establish a national environmental information system. As mentioned earlier, the IDB is initiating a \$30 million watershed management project in the Upper Lempa watershed, while the GTZ continues to provide assistance in safe pesticide use and management.

No donor is working in pollution abatement and control, although the World Bank is planning a ten year effort in the decontamination of ten Salvadoran cities.

This strategic objective comprises two intermediate results: *Increased awareness of the importance of environmental issues; and Increased knowledge of environmentally sound technologies and practices.*

Both intermediate results aim at increasing awareness, knowledge and understanding through education, demonstration and pilot programs. The Mission has chosen to address the lack of

understanding and knowledge as it underlies all of the constraints previously discussed. Without the understanding of the connection between socio-economic activities and the environment, little change in attitudes and behavior can occur. Other donors are working on specific activities which increase the use of environmentally sound practices. They are not working, however, to lay the legislative and public awareness basis for sustained use of sound environmental practices in the future.

Increased awareness of the importance of environmental issues

- Percent of men and women saying that environmental problems are very serious
- Percent of men and women able to name three environmental problems

Since awareness and knowledge are the first steps to empowerment and action, the Mission has selected increased awareness and a subsequent change in attitudes as a key result to attaining the environmental strategic objective. Given the lack of information and awareness about the environment, and the lack of understanding of the interconnection between a healthy environment and sustained economic growth, this intermediate result is of great importance.

Early achievements in environmental education, gained through USAID financed activities, will be capitalized upon and solidified through various activities. This approach will continue to channel resources to national level activities, as well as target audiences in selected fragile areas.

The Mission will emphasize three modes of delivering environmental education: formal (i.e., curricula in schools); informal (i.e., mass media campaigns, broad audiences); and non-formal (i.e., training of intermediaries, targeted audiences).

Newspaper articles, radio and television campaigns, and special environmental newspaper supplements will be used to increase and broaden public

awareness. These activities are geared to have a relatively quick impact on the general population. Journalists, radio and television announcers will continue to receive training to improve their skills in analyzing and reporting environmental issues. This approach will reinforce the other approaches of the strategic objective, by maintaining environmental issues in the public eye. The mass media campaigns will highlight key environmental and natural resources problems and offer solutions and actions to resolve them. Special events such as annual environmental journalism awards, National Earth and Environment Day celebrations, and documentaries will also contribute to increasing mass media attention.

The Ministry of Education has created, with assistance from USAID, an Environmental Education Unit to introduce environmental issues into the texts of the primary and secondary programs. Curricula and didactic materials for environmental education will continue to be developed and produced. Other activities include training educators in environmental education methodology and environmental issues. Technical assistance and resources will also continue to be provided to other GOES institutions to support the Ministry of Education's environmental education program. To complement the government's efforts in environmental education, activities under this approach will provide training, assistance and funding to environmental NGOs working with schools and school ecology clubs.

Activities will also concentrate on targeted GOES and NGO environmental education campaigns. This approach will provide assistance to GOES entities responsible for dealing with natural resource and environmental problems. These activities will deepen understanding of key issues and their effects on society through specific environmental campaigns. Technicians in ministries such as Public Health, Education, Public Works, the Park and Forest Services, the Agricultural Extension Agency and others will receive training and technical assistance to promote greater understanding of environmental issues,

improved natural resource management practices, and prevention and control of environmental contamination. In addition, activities under this approach will provide funding, training and technical assistance to environmental NGOs to carry out environmental education campaigns that complement GOES activities.

While formal environmental education, mass media attention and environmental campaigns can change beliefs, putting new attitudes into practice requires ground truthing. Actual practices need to be demonstrated and accessible to be understood and replicated. Protected areas, agricultural demonstrations, reconverted industries and other tangible activities will serve to demonstrate the benefits of an improved and healthier environment. By so doing, the methods and the justification for sustainable development will be shown. To reach the stage where selected fragile areas can be used effectively for environmental education, they must first be developed and strengthened. This requires training park staff, extensionists and industrial technicians. It also requires developing model management demonstration areas, providing access to the industrial sector of eco-efficient technologies and providing environmental and economic analysis to key policy/decision makers. These will be implemented through ongoing Mission activities which use field demonstrations and pilot activities as learning and awareness tools in fragile areas.

This approach will focus on bringing policy and decision-makers into the environmental dialogue. Very few government officials are aware of the environmental implications of the laws and policies they promulgate, and many of the current sectoral laws produce detrimental effects to the environment. Policies that have promoted certain types of agricultural development and land settlement have, in great part, contributed to the critical deforestation situation facing this country today. This approach addresses the need for more enlightened decision making vis-a-vis sustained economic development.

The activities which will contribute to increasing participation of policy and decision makers are cross-cutting, and will involve most GOES ministries, mayors and the leaders of the business and industrial sectors. Activities will provide training, workshops and informational seminars on key environmental issues and their direct relationship to sustained economic growth. Public hearings and other fora will be used to increase participation of legislators, ministers and other GOES officials in more public reviews of proposed laws and policies. In conjunction with SO Democracy, activities will also strengthen local government's ability to respond adequately to the environmental needs of their constituencies.

Increased knowledge of environmentally sound technologies and practices

- Index of men and women in the demonstration area knowledgeable about environmentally sound technologies and practices

Increased awareness of environmental issues is a major part of changing habits and practices. Awareness provides the answer to "why" we have to change. Exposure to and demonstration of technologies, practices, and benefits of environmental management is equally necessary to offer a tangible example of "how" to change habits and practices.

The approaches proposed for this intermediate result demonstrate appropriate natural resources management practices, pollution control devices and practices, the economic benefits derived from managing protected areas for multiple uses. They also provide examples of how to derive sustainable benefits for rural populations living in protected areas. The practices and technologies demonstrated will be related to priority environmental problems, and to specific legislation and/or policies being developed or reviewed. This will ensure a closer link between policies and regulations, and their effect on the natural resource base.

Several specific approaches will be utilized to achieve this intermediate result:

To begin, activities will focus on demonstrating the economic and environmental benefits of agricultural and other practices that improve, and conserve the natural resource base. Field demonstrations and pilot activities will be located in selected fragile areas, where they will serve as training sites for local producers, extensionists, and NGOs. In this way, mass media campaigns and environmental education concepts are put into practice. The activities will include soil and water conservation practices, agroforestry, reforestation, organic agriculture, integrated pest management, feedlot run-off management, and mangrove and coastal zone management.

Lack of information about pollution control technology and practices has been identified by prominent business leaders and industrialists as a major constraint. The industrial sector will be targeted to receive information, seminars, technology demonstrations, and pilot industrial re-conversions. Industry-to-industry exchanges and training will be offered in collaboration with the Global Bureau's Environmental Pollution Prevention Program (EP³). Local foundations too will soon have the capability to analyze samples of effluents, provide information on eco-efficiency and offer facilities for training and seminars. When operational, this will serve as an excellent venue for disseminating information and channelling demonstration activities for the private industrial sector.

Similarly, lack of information and resources to resolve environmental problems are a felt constraint at the municipal level. In town meetings and other public fora, mayors often receive requests for garbage collection and waste water treatment programs. Most mayors have little if any knowledge about technologies and financing available for such environmental problems. Accordingly, support will be provided for pilot/model low technology, low cost treatment facilities for selected municipalities. These

activities will be implemented in conjunction with the USAID/Guatemala-Central America and Panama Environmental Office. In collaboration with the U.S. Environmental Protection Agency and specialists working with the Environmental Project for the Central American Region (PROARCA), the Mission will offer access to technical expertise in pollution control for industries and municipalities. In coordination with the USAID Regional Housing and Urban Development Office in Guatemala, the Mission will work with pilot secondary and tertiary municipalities to develop solid waste and wastewater facilities.

Without question, the protection of biodiversity and conservation must be linked to the social and economic needs of the people living in the buffer

zones and surrounding communities. People who perceive some benefit from a nearby protected area are more likely to refrain from illegally exploiting its resources. Environmentally sound economic activities provide sources of income in poor rural areas. Demonstration activities can offer models both of conservation efforts within protected areas and compatible economic development activities in the buffer zone. Examples include sustainable farming of clams and shrimp larvae in mangroves and estuaries, local community contracts for park maintenance and visitor services, development of artisan microenterprises, and agroforestry and natural forest management activities. These are some of the economic practices which will be demonstrated during the six years of this strategy.

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The Results

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USAID/El Salvador has reached a turning point in its strategic direction. Performance results confirm the successful resolution of the 1991 - 1996 strategy period, with impact in many areas far exceeding expectations at the conclusion of the war. El Salvador has witnessed impressive economic growth, near completion of the Peace Accords, improvement in the protection of human and citizen rights, reforms in health and education, and an increased awareness, at all levels, of the threats posed to the environment. Through these accomplishments the Mission has built a foundation of peace and stability upon which the future strategy rests.

With this strategy the current program effectively ends, and a new one is inaugurated. A strong linkage remains between the old and the new--many high impact activities will be carried forward under the new strategy. The lessons learned from these successes will be applied to new programs in an effort to continue the momentum of high performance characterizing the USAID/El Salvador program.

Four of five strategic objectives are, in effect, concluded with this performance report. They are: Broad-based Economic Growth Increased, Strengthened Democratic Institutions and Practices, Improved Quality with Equity in Health and Education, and Improved Environmental and Natural Resource Management. The remaining objective, Assist El Salvador to Make the Transition from War to Peace, has been converted into a Special Strategic Objective and is scheduled to phase out early in the new strategy period.

The strategic objectives directly support the five correlated Agency objectives: Lives Saved, Suffering Reduced & Development Potential Reinforced, Broad-based Economic Growth Achieved, Sustainable Democracies Built, World's Population Stabilized and Human Health Protected in a Sustainable Fashion, and Environment

Managed for Long-term Sustainability. In addition, activities under all five objectives contribute directly to achievement of the principles set forth in the Summit of the Americas in December of 1994.

Assist El Salvador to Make the Transition from War to Peace

USAID has provided critical support to the process of consolidating peace in El Salvador. According to the United Nations, the USAID-funded National Reconstruction Program made an extremely important contribution to assisting the Salvadoran peace process and maintaining the impetus towards reconstruction and economic growth.

The success of this program is measured by the spread between poverty levels in targeted NRP municipalities and in the rest of the country. That difference decreased substantially during the past two years, demonstrating that the NRP zone, which bore the full brunt of the conflict, is steadily recovering.

More than one million people, ex-combatants and civilians alike, have been direct beneficiaries of one or more of the 82 discrete activities carried out to date under the NRP. Most of the activities to reintegrate ex-combatants through the NRP are successfully completed, with positive results. In a recent survey four out of five ex-combatants considered themselves reintegrated.

Broad-based Economic Growth Increased

El Salvador has experienced sustained economic growth over the past six years, 1995 being no exception. This performance can be attributed to a sweeping economic reform program which USAID promoted and influenced. Macroeconomic measures show results for the most part greatly exceeding targets established at the outset of the strategy period. Economic growth has produced a significant reduction in the percent of households in

poverty during the strategy period, from 59.7 percent in 1992 to 47.7 percent today.

Program results were impressive, with continued export growth to both regional and extra-regional markets. Assembly plants increased value-added earnings by 45 percent and fueled urban employment. Forty thousand people, of which over three-quarters were women in extreme poverty, benefited from village banking.

The stability of the exchange rate, the seriousness of the reform effort and the commitment to address social issues and promote political stability are all attractive selling points for international investors and customers considering doing business in El Salvador.

Strengthened Democratic Institutions and Practices

In 1995, the UN Human Rights Commission removed El Salvador from its list of countries subject to permanent monitoring due to a reduction in complaints of human rights violations. USAID efforts to promote judicial reform succeeded in passing the Juvenile Offenders and Family Codes. USAID played an instrumental role in establishing a Coordinating Commission to expedite implementation of justice sector reforms. The new, de-politicized Supreme Court launched a campaign to root out corruption, and to distance itself from the Executive Branch. In another important area, legislation governing accountability was passed, modernizing financial management and auditing systems. Improved transparency in the Court of Accounts is expected to deter corruption.

The GOES continued its commitment to decentralize decision-making to the local level, confirmed by a substantial budget transfer to municipalities. Meanwhile the municipalities increased local sources of revenue through a variety of fee and tax mechanisms.

Despite the institutional improvements made, there was a slight drop in citizen support for democratic

institutions, implying that citizens' expectations were not met. On the other hand, the integration of opposition political groups into the political process appears to have increased citizens' tolerance for beliefs different from their own.

Improved Quality with Equity in Health and Education

The Mission continued to push for education and health care reforms to decentralize service provision, expand services in rural areas and build community participation in the reform process. The MOH began to implement selected reforms, including contracting out health services to the private sector, pilot activities to test cost-recovery models and contraceptive distribution systems. Progress was made towards expanding the locations and types of services provided by the MOH and Social Security clinics, thereby improving the basic health services to the poor.

USAID led a participative process of reform in the education sector, culminating in a ten-year plan for education reform which draws directly on USAID program achievements. The GOES is implementing a majority of the policy recommendations put forth by USAID in a highly praised 1994 education sector assessment. Moving forward with decentralization, the Ministry of Education devolved key functions to 14 Departmental Offices.

Improved Environmental and Natural Resource Management

Implementation of the National Environmental and Natural Resource Strategy was the focus of USAID's efforts in 1995. Over 200 people from 42 different organizations attended workshops to foster environmental policy dialogue in the Central American Region, sustaining momentum on the strategy. Of the 49 sub-strategies outlined in that plan, 33 are already underway.

Over 1,300 people, representing a broad spectrum of society, were consulted in 17 locations

throughout the country on the draft general environmental law, a first for El Salvador. A new National Environmental Education Plan was approved, and media campaigns resulted in increased public awareness of environmental issues.

In the process of teaching environmentally-sound agricultural practices to thousands of farmers,

nearly a million trees were planted and several thousand acres of fragile lands were placed under soil conservation practices.

The following section documents program accomplishments in 1995. Performance data tables and graphs containing each indicator, targets and actual data through 1995, appear in the Annex.

**Assist El Salvador to
make the transition
from war to peace**

**Factors of production
reactivated to
respond to economic
opportunities**

**Access to basic social
services and
infrastructure
reestablished**

**Local level
democratic institutions
built & civic
participation increased**

**Ex-combatants
reintegrated**

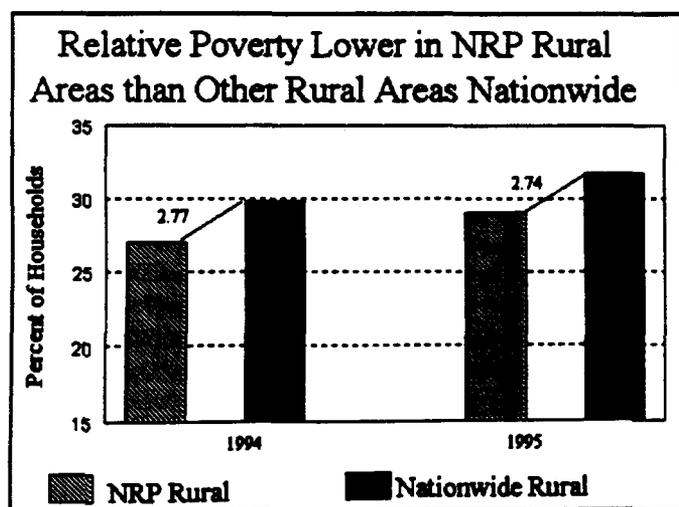
Lives Saved, Suffering Reduced & Development Potential Reinforced

Assist El Salvador to Make the Transition from War to Peace¹

USAID made a significant contribution towards maintaining the peace process during the last four years. There has been a marked reduction in social and economic suffering among the population hardest hit by 12 years of civil war. The groundwork was laid for sustained economic growth with equity for ex-combatants and others living in rural poverty.

Three indicators measure progress for this Strategic Objective: the rural National Reconstruction Plan population living in poverty; the rural NRP population living in extreme poverty; and free and open elections.

The majority of the estimated 1.4 million citizens under the NRP are rural farmers. Relative poverty in the NRP area is less than nationwide levels. Many ex-combatants who were worse off than their civilian neighbors immediately following the war, now consider themselves as well or better off economically than their civilian counterparts².



Nevertheless, poverty levels in the NRP zone remain high due to poor land quality, geographic isolation, lack of employment opportunities, and inadequate infrastructure.

A successful transition from war to peace is also measured by the quality of elections. The national and municipal elections held in 1994 were closely watched by thousands of international election observers, who agreed that the elections were "free and open".

Factors of Production Reactivated to Respond to Economic Opportunities

- As of March 1996, USAID in conjunction with the GOES and other international donors, achieved 93 percent of the land transfer program by providing land to 32,500 ex-combatants and squatters. To this end, USAID contributed more than \$60 million to finance land for almost 20,000 men and women comprising 57 percent of the total beneficiary population.
- As of September 1995, 64 percent of the land transferred in 1993-1994 remains in production, consistent with prior year results. Efforts to bolster production are hampered by the fact that a significant number of the newly-formed communities do not have basic services (water, electricity, access roads), leading to low land occupancy rates.
- As of March 1996, almost 92,000 people (71 percent men and 29 percent women) received vocational and technical training or university or high school educations, many in combination with technical assistance. This nearly doubles the original goal established for training. Over 23,000 were trained in fiscal year 1995, far exceeding the planned target of 8,300 for that year. Diagnostic studies of beneficiary needs resulted in vocational training courses tailored to job or small business opportunities.

- Small farmers increased both yields and income on lands recently transferred or returned to production through agricultural training and technical assistance. Many fledgling entrepreneurs began new businesses or expanded existing ones after receiving microenterprise training.
- Over 80,000 beneficiaries (68 percent men and 32 percent women) received agricultural or microenterprise credit to improve farm production or small business ventures. This represents a 95 percent accomplishment of the target through 1995.
- Nearly 50 NGOs received credit through the NRP. Credit recuperation rates are generally much higher for the NGOs, with several institutions running loan delinquency rates of less than five percent.
- As of April 1996, 65 percent of male and 67 percent of female beneficiaries have increased their income after receiving credit and technical assistance, compared with projections of 60 and 70 percent, respectively.

Access to Basic Social Services and Infrastructure Reestablished

- In 1995 more than 200 small infrastructure projects were completed, providing school rooms, water systems, community buildings, roads, and health posts.
- As of 1995, 20 percent of inadequate roads in the formerly conflictive zones were improved, benefiting nearly everyone living in the NRP zone either directly or indirectly. From 1992 through 1995, over 1,900 kilometers of road have been rehabilitated. Customers report that problems stemming from inadequate infrastructure, (particularly farm-to-market roads and potable water systems) continue to be their most important unmet need.

A Creative Entrepreneur

A USAID-financed program is providing business management skills to micro-entrepreneurs through training and technical assistance. Ninety percent of the participants in the program are women, many of whom are heads of households. Their small businesses represent their only source of income. Rosa Ester Romero was motivated by her mother and some friends to join one of the training groups formed in Quezaltepeque. "I heard lectures would be given on how to manage a business and I wanted to learn more," she explained. She enrolled and became an active participant, distinguishing herself as a natural leader.

After each training session, Rosa Ester would return to her business and apply what she learned. She owns a small luncheon cafeteria. Her cafeteria was transformed. Changes were made in the presentation of the food she offered, the service provided to her customers and her use of controls on purchases, inventories and sales. What most impressed her was the financial impact the course had on her business. After only twelve weeks of training, her daily sales rose from the equivalent of \$45 dollars to \$80, creating a \$22 daily profit. Business was so good she had to change locations.

Rosa Ester was so successful, she was asked to become a facilitator to assist other groups of small businessmen and women receiving technical assistance. At one of these sessions, Rosa Ester told the group, "I'm a single parent with two children. I tried to make ends meet different ways in the past. I even went to the United States to try to work and send back money to my family. That didn't work out, so I came back frustrated and confused. I needed a business that would allow me to live comfortably with my kids. The training helped me come up with new ideas and run my business better. My sales have increased and my future plans are to own my own building and turn the cafeteria into a restaurant. My present net worth is nearly \$7,000 from the \$2,300 I started with last year."

Local Level Democratic Institutions Built and Civic Participation Increased

- A total of 365 open municipal town meetings were held in the 115 NRP municipalities. Additionally, 89 percent of the 871 communities in the NRP participated in these open town meetings in 1995, up 15 percent from 1994. This represents a significant increase in community participation at the local government decision-making level.
- One hundred and thirty-one NGOs (120 Salvadoran and 11 international) have participated in the NRP, channeling approximately \$87 million to beneficiaries. Work through NGOs has enabled the NRP to act more quickly and effectively in response to customer needs. NGOs have strengthened local level democratic institutions and enhanced outreach to marginal and isolated target groups. USAID has assisted more than 100 community-based institutions to obtain legal recognition and has directly supported the formation of national and regional federations of NGOs.

Ex-Combatants Reintegrated

- More than \$124 million has been committed to implementing 26 ex-combatant reinsertion activities as of March 1996. In total nearly 11,000 ex-FMLN, 11,000 ex-Government troops, and more than 4,000 demobilized National Police have received one or more benefits from the NRP, such as credit, starter kits (tools and household furnishings), medical assistance, land, shelter, vocational training, counselling, and academic scholarships.
- A recent independent survey of more than 1,000 ex-combatants assisted by USAID states that four out of five ex-combatants consider themselves to be reintegrated. The survey further cites that ex-combatants believe reinsertion benefits were extremely important to their reintegration.³

**Broad-based economic
growth increased**

**Appropriate economic
& social policy
framework created and
maintained**

**Increased private
investment**

Increased exports

**Increased
employment**

Broad-based Economic Growth Achieved

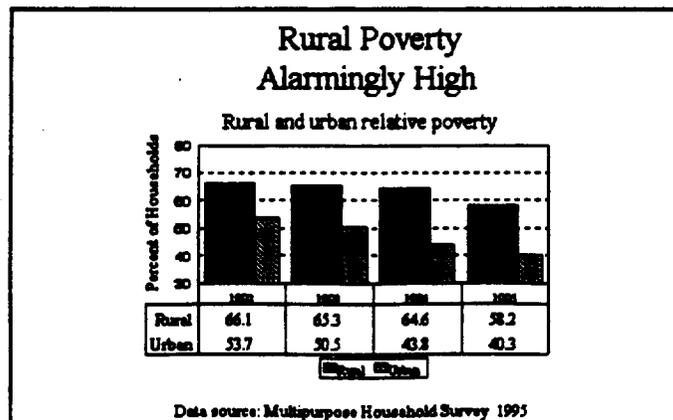
Broad-based Economic Growth Increased

An essential element of sustainable development for El Salvador is a growing economy whose benefits are equitably shared. Economic growth is the main factor behind the 12 percentage point reduction in the proportion of households in poverty seen in El Salvador in the last four years.

The World Bank, International Monetary Fund and IDB complemented USAID's objectives in the areas of modernization of the state, maintenance of macroeconomic stability and economic reforms. USAID recommendations are sought by donors as they develop their programs, and frequent consultation assures that development activities are mutually supportive.

This objective is monitored by looking at improvements in overall economic indicators and through statistics that capture changes in the numbers of people living in poverty. To date, nearly all results in both areas have exceeded planned targets.

Poverty declined slowly, but steadily, over the past few years. The proportion of all households in relative poverty¹ declined from 59.7 percent in 1992 to 47.7 percent in 1995. The proportion of households living in extreme poverty² fell from 28.2 percent of all households to 18.3 percent.



An alternative measure, the "number of basic needs unmet,"³ clarifies the poverty picture. This measure shows that urban households achieved significant progress since 1992, with a reduction from 43.5 percent to 38.6 percent. In contrast, the figures have barely improved for rural households. The reduction over the same period is from 90.8 percent to 88.6 percent.

The basic needs unmet indicator is useful in highlighting the significant gap between urban and rural standards of living, a dimension of poverty that income statistics alone do not reflect. It also illustrates the worrisome deficit of social service provision and lack of infrastructure in rural areas.

Appropriate Economic and Social Policy Framework Created and Maintained

In the late 1980s, El Salvador initiated a comprehensive economic reform program which has expanded under the Calderón Sol administration. The results of policy reform have been positive. El Salvador has enjoyed six straight years of real per capita income growth, with an increase of four percent in 1995. Sustained real economic growth has in turn engendered a dynamic environment that is providing opportunities, incentives and support for lower-income men and women. The USAID program contributed to GOES achievements in the following areas:

- Among the first in Latin America, the GOES began to overhaul the public sector and make it more responsive to citizens by implementing an involuntary separation program that reduced the public sector work force by nearly 12 percent. Considering the scope and objective of reducing unproductive public employment, this is a noteworthy accomplishment. Such a program was only possible in the context of a vibrant

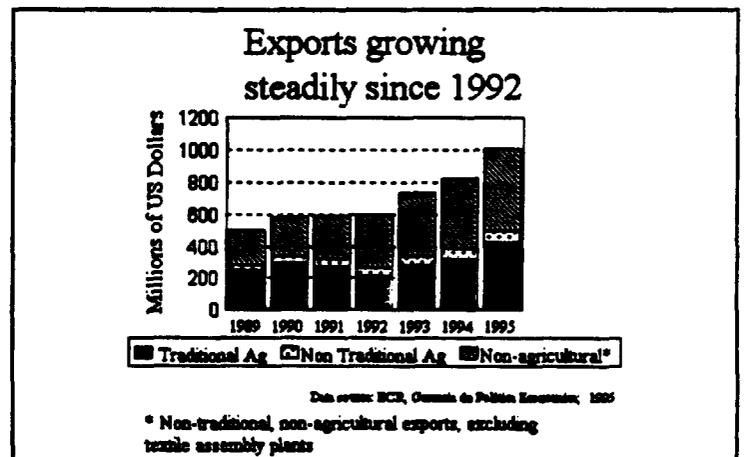
private economy creating employment alternatives for separated workers.

- The GOES improved mobilization of domestic tax revenues. Tax collections reached 12 percent of GDP in 1995, a substantial increase over the 7.6 percent tax effort in 1989. More importantly, the politically difficult but necessary legislation to raise the value-added tax from 10 to 13 percent was implemented in July 1995, which will allow higher future financing for social programs in El Salvador.
- The social sector budget (mainly health and education) reached 3.5 percent of GDP in 1995, which is low by international standards but represents progress for El Salvador. The 1996 budget contains a further increase.
- The GOES' privatization program moved forward. Technical work on the regulatory framework for telecommunications and power is nearly complete. The strategy for selling shares to the private sector is now being defined.
- Significant progress was achieved in other policy areas. A pension reform law is being prepared to increase family savings at the national level. A program of import duty reduction is underway, and important reforms are being implemented in customs, which should eliminate cross-border barriers and increase trade. A new consumer protection law was passed, and legislation to promote competition and discourage monopoly is being prepared.

Increased Private Investment

- Private sector investments rose at a rapid rate, resulting in significant gains in employment. In 1990, private investment as a percentage of GDP was 10.7 percent; in 1995, it reached 16.1 percent. This impressive increase is one of the dividends of peace and of El Salvador's record of economic reforms.

- USAID programs also increased private investment. Village banking reached a cumulative total of over 40,000 beneficiaries, of whom 82 percent are women in extreme poverty. Small business lending reached 2,200 enterprises, of which 51 percent are located in ex-conflictive zones. A Federation of Water User Associations was formed with USAID assistance, which will raise the productivity of 9,000 hectares (42 percent of the total irrigated area of El Salvador), benefitting 15,000 rural residents.
- El Salvador continues to enjoy strong rates of export growth. Total export value expanded by 33 percent in 1995. Manufacturing and textile assembly plants showed dynamism for the fifth year in a row, with a value-added increase of 45 percent. Non-traditional exports to extra-



regional markets grew from \$66 million in 1994, to \$78 million in 1995. Exports to other Central American countries continued to expand rapidly.

- USAID activities contributed to this success. A project to help cooperatives grow non-traditional export products thus far generated more than \$30 million in sales. In addition, small farmers are adopting organic farming techniques, which are not only more protective of the environment, but also command better prices in international markets.

Increased Employment

- In agriculture, USAID activities working with agrarian reform cooperatives produced additional income, enough to lift many people above the poverty line. Women's employment in agriculture is increasing predominantly in non-traditional agricultural products, with wages equal to those of men. USAID's efforts to generate production of non-traditional crops generated significant employment, surpassing 861,000 person days.
- Urban employment continued to expand, helped by the growth in assembly plants and the impact of economic growth. The index of total urban employment (1989 = 100) rose slightly to 142 in 1995. Urban unemployment remained steady at 7.0 percent. A major USAID-financed, 10-year industrial stabilization activity which ended this past year generated nearly 30,000 jobs and \$185 million in export earnings.

Summit of the Americas

All of USAID/El Salvador's objectives are being addressed through a combination of policy conditionality and dialogue, reinforced by development activities that promote expanded economic opportunity for specific groups of beneficiaries. Our objectives are supportive of the commitments made by the United States at the Summit of the Americas and follow-on regional meetings.

For example, USAID has *encouraged microenterprises and small businesses* through village banking and small business lending. The majority of the village bank clients were women. In addition, specific accomplishments under this strategic objective have directly contributed to progress toward *free trade in the Americas* and *capital markets development*. Technical assistance to improve customs operations, training and technical advice to help advance privatization, and seminars on trade topics have all raised awareness of important issues on the regional agenda. With

its technical assistance activities in the area of economic policy, USAID/El Salvador will continue to support research and seminars that help advance the Summit of the Americas' commitments.

No More Headaches

Nestled high in the mountains of the Chalatenango region, is the community of Los Planes. A four-wheel drive vehicle is needed to reach the town, and even then, the dirt road is only passable during the dry season. Domingo García Reina lives in town with his family and is an active member of the Organic Cultivators Cooperative. A USAID project team worked with Domingo's cooperative providing technical assistance in organic vegetable production. Cooperative members were trained in modern organic cultivation techniques and provided other technical assistance. With the help of USAID, many farms are now on their way to becoming certified organic. Technicians have taught the farmers how to grow crops organically; something the farmers didn't believe in at first but swear by now. Domingo has also learned how to control land erosion, an important factor for hillside farming. New methods have been introduced to prepare organic fertilizers and use natural fungicides and pesticides. Before Domingo received technical training many of the methods he used were destructive and wasteful. He applied fertilizers and pesticides without knowing how much to use, unaware of the potential dangers to his health and the environment.

Growing food organically is now Domingo's main goal. He says that organic farming allows him to use what he has around him rather than having to buy pesticides and fertilizers. He used to spend the equivalent of \$575 a year on chemical products. Domingo is also truly appreciative of the health aspects of organic farming. As a father of seven children, his concerns with insecticides have been eliminated. Domingo used to apply insecticides for fifteen days in a row. He remembers how his eyes and throat would burn, and he would get bad headaches and fevers. His family was afraid to eat the crops they grew because they feared getting sick. Domingo no longer worries about his children becoming ill by playing in fields treated with pesticides.

Strengthened democratic institutions and practices

Improved citizen participation in the public-policy/decision-making process

Improved legal and institutional framework for effective protection of human and citizen rights

Improved mechanisms to ensure public sector accountability and oversight

Increased devolution of power to local level

Strengthened Democratic Institutions and Practices

El Salvador advanced significantly in the protection of human and citizen rights in 1995. In March, the UN Human Rights Commission, citing the reduction in complaints of human rights violations, removed El Salvador from its list of countries subject to permanent monitoring and ended the role of the UN Independent Expert. Judicial reform advanced; the Legislative Assembly approved the Juvenile Offenders and Family Codes, thereby providing due process and the mechanism to protect the legal rights of these groups. In a landmark decision, the Legislative Assembly approved a law which established a Coordinating Commission for the Justice Sector, headed by an Executive Technical Unit. Direct coordination among the highest level officials of the Supreme Court, the Public Ministry, the Ministry of Justice, and the National Judiciary Council has eased implementation of several justice sector reforms (see box). Furthermore, over the past year, the Supreme Court established increased independence from the Executive Branch.

USAID's leadership in democratic-institution building has catalyzed other donors to initiate democracy-related activities. The IDB will launch a program to strengthen the Legislative Assembly by mid-1996, building on USAID achievements. USAID's successes in improving public sector accountability will be advanced by the IDB and World Bank, who are investing approximately \$9.5 million to continue reforming the Ministry of Finance and Court of Accounts. The IDB also recently signed a loan with the GOES for a four-year, \$23 million activity to complement USAID's administration of justice program. The UNDP is making plans with the GOES to assist with the 1997 municipal and legislative elections.

The Mission measured progress in strengthened democratic institutions and practices through citizen support for selected democratic institutions and

tolerance for political differences. A baseline study was conducted in 1991, just prior to the inception of the peace process. A slight drop in citizen support for institutions was seen in 1995, which

Another First

El Salvador was the first country in the Western Hemisphere to peacefully end a civil war in this century. El Salvador has demonstrated successfully that ex-combatant demobilization and re-insertion programs can be carried out, and has become a world-wide example of a successful transition, declared United Nations Secretary General, Mr. Boutros Boutros Ghali. And now, El Salvador has taken the lead in pushing forward reforms in its judicial system as the first country to institutionalize a Coordinating Commission for the Justice Sector.

The Commission, created in February 1996, is composed of the President of the Supreme Court, the Minister of Justice, the President of the Public Defender's Office, the Attorney General, and the President of the National Judiciary Council. It manages its own budget as a body independent from other justice sector institutions. This autonomy is necessary to allow the Technical Executive Unit of the Commission to serve as the coordinating mechanism for improving the performance of the justice sector institutions. This Unit will play a major role in programming donor funding to the justice sector. Recently the Commission expanded its scope to meet on a regular basis with the Ministry of Public Security, in an effort to enhance its efforts in law enforcement.

Without the Coordinating Commission, the complicated and contentious task of reforming the judiciary would be impeded by conflict and delays. The Commission has already proved invaluable as a coordinating institution to administer a large justice sector loan by the IDB. The UNDP is likewise channeling funds through the Commission for institutional strengthening of the Public Ministry and the Court.

may imply that citizens' expectations, raised by the Peace Accords, were not met. There was, however, a statistically significant increase in citizens' tolerance for political differences from 1991 to 1995. This may imply that the peace process and post-Accords integration of the FMLN into the political arena has increased citizens' tolerance for beliefs different from their own.

Improved Citizen Participation in the Public-Policy/Decision-Making Process

USAID-funded NGOs emphasized civic education activities at the municipal level. Specifically, NGOs organized citizens to participate and influence the decision-making process in their communities.

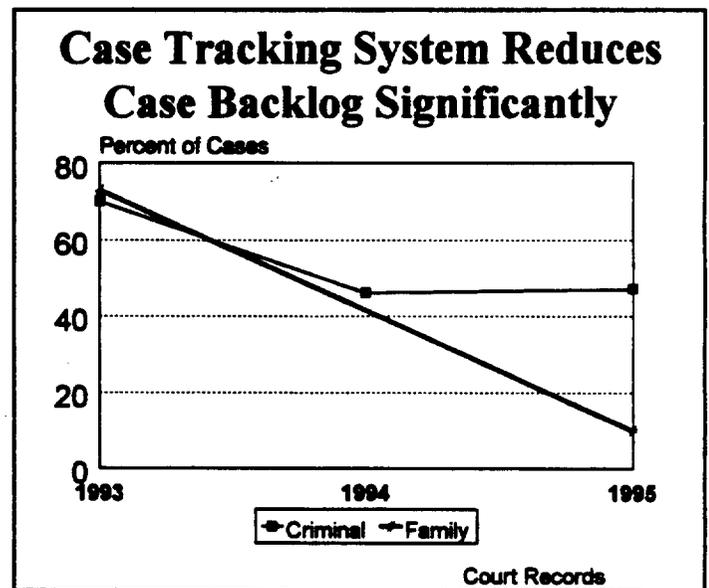
- Citizen organizations have learned to effectively voice the opinions of their constituents with the assistance of a USAID project to strengthen outreach and civic education efforts.
- Sixty-three percent of all communities (cantons) participated in open town meetings in 1995. This signifies a broadening of participation to include the rural as well as urban population.
- USAID took action to strengthen the Legislative Assembly's role as lawmaker and as constituency representative. Assembly members now have access to policy-oriented information through a newly created policy research unit.
- The proportion of citizens who perceive the Legislative Assembly's work as good increased from 18 percent in 1992 to 25 percent in 1995. This occurred as the Assembly implemented a civic education and public relations strategy to improve representative-constituent relations and its image.

Improved Legal and Institutional Framework for the Effective Protection of Human and Citizen Rights

Substantial progress has been achieved in the

improvement of the courts, public defense and prosecution. Implementation of new legislation, however, remains a difficult challenge.

- The average court time for cases in criminal courts decreased from 32 months in 1993 to 26 months in 1995, whereas in family courts it decreased from 13 months to 10 months. The backlog of cases over a year old from the date of filing dropped to 47 percent of the total filed in criminal courts and to 10 percent in family courts by the end of 1995. New cases resolved in criminal courts and family courts in less than one year were 75 percent and 73 percent, respectively, of the total cases filed in 1995. Moreover, a greater number of indigent detainees received legal counsel from the public defender's office--from 8,423 in 1994 to 13,115



in 1995. These improvements can be attributed to a pilot activity to install a computerized case-tracking system. Based on the success of the pilot program, replication in forty criminal courts nation-wide commenced.

- Implementation, including training, of the Juvenile Offenders and Family Codes proved challenging, but the process of institutional changes has yielded positive results. The Family Code recognizes the rights of children

out of wedlock, and increases rights to women by recognizing common law marriage. Through this law, oral proceedings have been instituted, thereby accelerating trial time and making proceedings more transparent. The Juvenile Offenders law creates a special jurisdiction for minors age 12 to 18, thus removing them from the adult trial system. Sentencing alternatives for minors focus on rehabilitation rather than internment. These changes demonstrate that human rights are better protected in El Salvador today as further evidenced by the U.S. Department of State Report on Human Rights Practices for 1995.

- Last year 20 public fora were held to debate the implications of the Code of Criminal Procedures, Criminal Code, and Sentencing Law. Over 1,000 lawyers and students, as well as members of the Legislative Assembly, participated in the discussions. Approval of these measures is pending in the Assembly.

Improved Mechanisms to Ensure Public Sector Accountability and Oversight

The Government of El Salvador approved two important laws governing accountability in late 1995. The first law will modernize the central

government's financial management systems. The second will institutionalize post audit as an independent review of the GOES operations, including municipal activities. Continued strong GOES commitment to effect profound changes in the financial management system resulted in the following achievements:

- **Accountability increased.** The new laws eliminated distortions in the way public sector funds are managed. They also established a legal framework for responsible financial management.
- **Changes in the Court of Accounts improved transparency and contributed to decreased graft and corruption.** The Court of Accounts no longer centralizes internal control systems for the public sector, permitting line agencies a more effective disbursement process, increased responsibility and adequate control in the use of funds.
- **The GOES is now able to analyze cost-benefit relationships and redirect resources to more productive social investments.** This results from the initiation of new budgeting, accounting, public debt and treasury systems.

Power to the People

The people of Ereguayquín, in Usulután, now know the meaning of empowerment and accountability. They set out to construct a new potable water system by organizing and training a Water Committee, and in the process learned how to build, maintain and promote effective community decision-making.

Nearly one year ago the 300 residents of Ereguayquín started their water project. As the project neared completion and was to be transferred to the municipality, arguments ensued over who would manage the new water system. Some wanted the municipality to manage the system. Others wanted people in the community to have control because they feared the revenue collected would go to other purposes. Municipal leaders decided to take immediate action, calling for open town meetings to listen to concerns and discuss possible solutions. Heated and upsetting debate characterized many meetings but finally the community reached an agreement. A Water Commission was created with seven members: four from the municipal council and three from the community.

The Water Commission has accomplished a great deal in a short period of time. It has developed and implemented a complete administrative/financial system for the water supply service, and is in the process of installing computers. In less than one year, the equivalent of \$2,300 has been collected in a separate account for future capital expenditures and a highly successful system to collect back taxes was implemented. In a period of one and a half months, 37 percent of the back taxes were collected.

Increased Devolution of Power to the Local Level

A series of successful pilot activities to decentralize decision-making was completed in 1995. Early results include:

- Seven municipalities increased locally generated revenues by 30 percent by setting and adjusting service fee rates, thus taking advantage of authorities transferred to them in the 1991 Law of Municipal Taxing.
- The GOES demonstrated continued interest in decentralization and announced a substantial budget transfer (the equivalent of \$48 million) from the national budget to the municipalities. This will replace funding previously provided by USAID.
- The National Administration of Water Systems pledged to decentralize potable water systems to local governments. Pilot projects are underway in several communities to test different operating mechanisms for public-private cooperation in order to respond to the needs and resources of the community. Complementary to this effort, USAID, at the request of the National Administration of Water Systems, has funded the drafting of the Law of Water Resources.

Summit of the Americas

USAID contributed to *preserving and strengthening the Community of Democracies of the Americas* through assistance to national electoral organizations and legislative and judicial reforms. USAID also influenced the GOES to exchange experiences with member states, particularly at the legislative and judicial levels.

USAID played a major role in bringing about judicial reforms to *promote and protect human rights*. A new Family Code now ensures that women enjoy full and equal rights within their families and society. USAID also helped expedite trial procedures so that the number of detainees without sentence decreases.

The Mission has vigorously pursued a policy of grass roots participation in the identification, prioritization and implementation of basic public infrastructure investments, in an effort to *invigorate society and community participation*. Reforms were approved for decentralizing administration and budgetary powers from the central government to the municipalities. USAID also encouraged the GOES to take steps to improve civic participation of traditionally marginalized groups, such as women, youth and the extremely poor.

By promoting open discussion and prioritizing reforms needed to make government operations transparent and accountable, USAID contributed to *combatting corruption*. As a result, a reformed Supreme Court began a wide-ranging program to dismiss judges found guilty of corruption or incompetence. Since March 1995, 20 Judges have been dismissed. Oversight of government functions has been improved through better investigative and enforcement capacity with respect to acts of corruption.

**Improved quality with
equity in health and
education**

**Increased equity and
quality of the K-6
educational system**

**Increased contraceptive
prevalence rate with
greater reliance on
modern, temporary
methods**

**Increased primary
health care and
child survival
coverage**

World's Population Stabilized and Human Health Protected in a Sustainable Fashion

Improved Quality With Equity In Health and Education

This strategic objective is working to improve health and education needs of the Salvadoran population, especially women of reproductive age, children under five years of age, and students in grades Kindergarten through sixth grade.

USAID provided training on health care reform to some forty senior Ministry officials, and 60 NGOs and ISSS representatives. The Ministry began to implement selected reforms. For example, it has begun contracting out services to private sector health care providers. The Ministry also concluded successful pilot tests in cost-recovery and community contraceptive distribution, which will be replicated to increase revenues and result in more effective delivery of health care and family planning services. Basic health services to the

poor were improved by increasing the number of clinics and expanding types of services provided by community health promoters.

This was a landmark year for the education sector in El Salvador, and USAID played a central role. After wide national consultations, the National Commission of Education, Science, and Development issued proposals outlining overall reform guidelines. Based almost entirely on USAID program achievements, a ten-year plan for education reform was released to the public in November. This plan will be the subject of widespread discussion, and will form the basis for developing an \$80 million education reform program by the World Bank and IDB. The Mission continues to emphasize community participation in support of national education reform. This has resulted in devolution of many important Ministry of Education functions, such as teacher selection and pay, to 14 departmental offices.

A Model School

Nubia de Sorto is a former first grade teacher who received training under a Mission scholarship program in 1992. The program creates leaders with technical skills. Nubia is now the principal of a "model" rural school, and has helped to instruct over two hundred teachers and principals in new teaching methodology and leadership skills.

Nubia feels that community involvement is critical to the success of her school. She initiated several programs involving parents, fathers in particular, in their children's education. Parents are given the opportunity to spend a day in their children's classroom. At the end of the day the parent and the teacher discuss the child's progress. Nubia's school also uses the interactive radio math instruction program, textbooks and curriculum guides developed by USAID. In these educational materials topics such as gender, care for the environment, democracy and population have been integrated. Nubia's school has gained notoriety. Teachers and government officials from surrounding communities visit the school to see for themselves what makes it so unique.

Increased Equity and Quality of the K-6 Educational System

USAID has realized improvements in basic education quality and equity through policy dialogue, technical assistance and training. All of the following achievements will be continued under the reform plan.

- Sixth grade curriculum guides were distributed, and textbooks were written. New curricula and texts for grades seven through twelve are being developed through government educational reform efforts. USAID sponsored a student achievement testing program in language and math for grades three and six, and results show improvements in those skills.

- Teacher training was decentralized to support the establishment of model schools in each of the 215 schools districts. Educational change agents in each model school are training teachers in their districts. Under the education reform plan this training system will be expanded to eventually include all schools.
- USAID strengthened the capacity of communities to plan and manage their education program. Through the creation of community school boards, parents, principals, teachers and students are now involved in educational decision-making. A funding mechanism was installed to channel GOES and donor funds directly to the school districts. Under this mechanism the entire community determines the use of these funds.

Increased Contraceptive Prevalence Rate with Greater Reliance on Modern, Temporary Methods

- USAID-funded family planning activities dramatically increased the use of voluntary family planning practices. This is reflected in the number of couple-years of protection which rose by over 120,000 in the last year.
- USAID strengthened the sustainability of the Salvadoran Demographic Association (SDA), through improved quality of family planning services, increased efficiency and lower cost. As a result, the SDA attracted over \$500,000 from the United Nations to provide reproductive health services to 20,000 workers in marginal urban areas, and raise awareness about population issues.
- The MOH initiated a Community Contraceptive Distribution pilot test, using community health promoters. This will result in an increase in the use of voluntary family planning practices at the community level.

From Bullets to Babies

José Chavez Mejilla is a rural health promoter, responsible for the health and well being of over 1,000 people in a rural community. He is often the only medically trained person they ever see.

José is a former FMLN combatant. At the age of fifteen he joined the FMLN and fought for more than eight years. Besides working as a specialist in artillery and missiles, he was a trained medic. When the war ended and rural health programs began, the community elected José as their health promoter. Since then José has been working with a USAID health program.

Like other rural health promoters, José has an important role. Each day he visits six to eight families. Families with small children and pregnant women are his top priority. José monitors the growth and nutrition of these children. He teaches expectant mothers to recognize possible signs of danger for their unborn, in hopes of minimizing problems during birth. José knows health problems such as malnutrition, diarrhea and pneumonia can be easily prevented. When asked how many people he has helped, José can't give a precise answer; "Too many to count," he responds. José is proud of what he does. He knows he is helping his community, and its future.

Increased Primary Health Care and Child Survival Coverage

- The MOH, with Mission assistance, conducted a successful cost-recovery pilot activity with selected hospitals and other MOH facilities. As a follow-on, the MOH is now identifying additional facilities to adopt this system, which will increase revenues and result in more effective delivery of health care services.

- Under health sector reform the public sector has begun contracting out to private sector health care providers. Eighteen NGOs previously funded by USAID are now funded directly and monitored by the GOES.
- Mission-funded water and sanitation activities have demonstrated effective models for use of water and sanitation infrastructure. Local committees created by the Mission have proven to be effective administrators of water systems. Anecdotal evidence suggests that water and sanitation activities have resulted in positive effects on women's lives. These include reduced time in collecting water, reduced water costs, decreased incidence of diarrhea in children, and greater privacy.
- Twenty-one NGOs have formed a company to implement a Rotating Medicine Fund with other donor funding. This is a significant step towards self-sustainability of these organizations.

Summit of the Americas

The Mission's health program contributes to the Summit initiative of *Equitable Access to Basic Health Services*. USAID supports a network of community-level NGOs which are providing needed primary health care services in areas traditionally not covered by the public health care system. The Mission is working to incorporate these services into the Ministry's health delivery system.

USAID education activities are congruent with the Summit's *Universal Access to Education*--improving the effectiveness and efficiency of basic education at the primary level. USAID activities are increasing community involvement in education reforms, thereby improving the quality of education and building support for permanent change. The Mission continues to engage in policy dialogue to ensure universal access to education for all Salvadorans and to increase GOES budget levels for the education sector.

**Improved environmental
and natural resources
management**

**Natural resources use
policy/legal framework
and implemented**

**Increased public
awareness of
environmental problems
nationwide**

**Improved productive
activities consistent
with sustainable natural
resource management**

Environment Managed for Long-term Sustainability

Improved Environmental and Natural Resource Management

The Mission's three-pronged approach of increasing awareness, demonstrating practices, and fostering a positive policy climate to attain improved environment and natural resource management is directly related to the Agency goal of environment managed for long-term sustainability. Increased awareness of problems, and solutions, is key to increasing demand for better environmental conditions and the rational use of resources. This demand further strengthens support for policy and regulatory change.

Close coordination between the Mission and other donors has led the IDB to approve a \$30 million project in natural resource management in El Salvador, complementing the Mission's efforts. Similarly, the Food and Agriculture Organization of the United Nations initiated a major natural resource management and soil conservation project in the northeastern part of El Salvador. The IDB is also starting a major decontamination initiative which will be supported by the Mission's environmental education and consciousness raising activities.

The environmental toll of unbridled economic growth without attention to either contamination, or sustainable resource use, has begun to show alarming consequences in the country. The most serious problems have been identified in the National Environmental and Natural Resource Strategy. Implementation, however, is hindered by institutional problems. Greater awareness of the severity of environmental problems, partly through the new Mission activity to prepare an environmental profile of the greater San Salvador Metropolitan Area (SSMA), should lead to institutional change.

National Resource Use Policy/Legal Framework Created and Implemented

Progress towards this result was impeded during the year by institutional obstacles within the GOES. Nevertheless, policy dialogue and other efforts to produce a legal framework continued. A breakthrough on the institutional problems came in February 1996, when a bill was introduced in the Legislative Assembly, proposing the establishment of a national environmental institution to replace SEMA. The proposed institution will have autonomous standing, as well as a new director and executive staff. Other accomplishments included:

- The Legislative Working Group for Policies and Laws developed a draft general environmental law for the country. A national consultation process was carried out in 23 locations around the country, and the final bill will be presented to a plenary session of the Legislative Assembly for review and approval by mid-1996. This is a first for the country; never before has a national legislative committee presented a bill to the public as part of a national consultation process. All 14 departments in the country took part, with mayors and local representatives for the public at large participating.
- Eight workshops during 1995 trained technicians, decision makers, and political leaders from the GOES, NGOs, and the private sector in policy analysis and formulation. The workshops introduced a compendium, called the Green Book, of environmental laws and policies in use in Central America. The Green Book was compiled by USAID's regional activity to foster environmental policy dialogue. One hundred ninety-five professionals and middle management personnel from 42 agencies participated.

- The Minister of Agriculture and Livestock requested that the Forestry Law working group give high priority to the establishment of a national forestry incentives policy. The policy should be approved before the end of 1996.

The Greening of Democracy

In November 1994, the Legislative Assembly called on the Executive Secretariat for the Environment to conduct a national consultation on a new environmental law. USAID helped set up a series of meetings in each of the fourteen departments. The objective: to receive public opinion that would then be incorporated into the law. This was an experiment for El Salvador, and a resounding success. Ernesto Velásquez, president of the Health and Environmental Committee of the Legislative Assembly, is quick to point out that this is the first time ever that a law has gone through such a consultation process.

In a country where serious environmental degradation is the norm rather than the exception, a law of national scope is essential to begin the long process of establishing responsibility for the sustainable use of the environment. All sectors of society were invited to participate. The consultation process included meetings with local NGOs, city and business councils, representatives of industry and the private sector, members of various "think tanks", the military, the police force, and church officials. In total, 1,300 people participated. During the course of these conversations, it was evident that people wanted to see a balance between protecting the environment, without hindering economic development. Over six months, the participants discussed what a law of this scope would mean for El Salvador and what they felt was important for its implementation.

The consultation process officially ended in April 1996. A second draft of the law is being written, which will go before the Plenary of the Legislative Assembly to be ratified. This law, once in place, will present new opportunities for additional protection for the forests, water, air, soils and El Salvador's rich but endangered biodiversity.

Increased Public Awareness of Environmental Problems Nationwide

Public awareness of environmental issues increased substantially during the year. Gallup poll results show that the percentage of respondents able to name three environmental problems increased between September 1994 and September 1995, from 43 percent to 53 percent for men and to 31 percent to 43 percent for women. Other accomplishments include:

- Approval of a new national environmental education plan in June 1995.
- Incorporation of environmental themes in the curricula and texts for Kindergarten through the sixth grade, and 9,000 teachers trained in new environmental education materials.
- The first national environmental public awareness campaign was conducted with the major national newspapers, and television and radio stations.
- The 1996 Earth Day Conference was held which brought together a gathering of distinguished international environmental experts. More than 350 people attended each of the eight sessions. The agenda highlighted the work of USAID's environmental protection project and received extensive media coverage. The conference served as a major catalyst to change public perception of the link between development and the environment.

Improved Productive Activities Consistent with Sustainable Natural Resource Management

Thousands of persons learned of realistic solutions to natural resource management problems through USAID-supported training and demonstrations. Mission-financed NGO activities resulted in nearly a million trees planted and several thousand acres of fragile lands placed under soil conservation practices. Other outstanding results in 1995 were:

- Over 26,500 hectares of land were farmed using agroforestry and soil conservation techniques and improved pesticide management. Over 16,309 persons (4,107 female) practiced improved methods of resource use and management;
- Nearly 130 demonstration plots were established for conservation agriculture and agroforestry utilizing new technology transfer methods. Two hundred and sixty farmers were trained in soil/water conservation and integrated pest management practices.
- Four participative rural appraisals assessed natural resource management needs, and water quality surveys in the Barra de Santiago watershed were commenced;
- A total of 1,150 persons were trained in sustainable agriculture, environmental education, and policy analysis. Twenty eight NGOs were strengthened with technical assistance;
- FIAES approved 35 new projects for reforestation, biodiversity, conservation, and environmental education, and disbursed \$1.9 million to 34 NGOs for new and continuing projects. To date, FIAES has approved 129 projects and disbursed \$8.2 million.

Summit of the Americas

Through the implementation of CONCAUSA (the September 1995 Agreement between the countries of Central America and the United States signed at the Summit of the Americas; the Agreement lays out a framework for mutual cooperation to address environmental problems in Central America), the Mission signed a \$450,000 grant to produce an environmental profile of greater San Salvador. The Ministry of Interior participated in naming a Steering Committee of major actors in the public,

private, and NGO sectors to oversee the activity. An Action Plan is being prepared to resolve the most pressing contamination problems, and carry out a number of pollution prevention demonstrations with key industries.

Expert Farmers

Luis Mayorca believes in innovation and new ideas. He is a farmer who knows that in order to get more from his land, he must give more of himself and more of his ideas. Luis was one of twelve farmers chosen from El Salvador to visit Honduras last year for a USAID natural resource management training program. His trainers and instructors were expert farmers, who had gone through similar USAID training eight years ago when they learned how to teach others.

Luis' trip to Honduras opened his eyes to new possibilities, as he witnessed ways of growing new and alternative crops successfully. Rather than planting just the traditional crops of corn and sorghum, these farmers grew a mixture of sweet potatoes, pineapples and trees used for fuelwood and timber. For the first time in his life Luis watched farmers teach extension agents. These farmers had become so good at what they did, that others traveled from around the region to learn from them. He saw confidence in action and realized he had the same capability to pass on what he knows to others.

Back home in El Corzo, Luis put his new ideas to work. He now grows vegetables for the first time using an irrigation system he invented for his farm. His father, whom he trained, liked the idea of planting trees and has started a tree nursery. They will use these trees in their own land as a soil conservation effort and also sell them to their neighbors. Through one week of exposure to new ideas, Luis' life was changed, and he is eager to learn more.

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The Resource Requirements

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FUNDING PROJECTIONS BY STRATEGIC OBJECTIVE 1997-2002
(in millions of dollars)

	SO COMPLETION DATE	FY97	FY98	FY99	FY00	FY01	FY02	FY 97-02 TOTAL
SSO WAR TO PEACE	FY 1996	10						10
SO ECON. OPPORT.	FY 2005	11	18	18	18	15	15	95
SO DEMOCRACY	FY 2005	9	8	6	6	6	6	41
SO HEALTH	FY 2005	10	10	9	9	9	9	56
SO ENVIRONMENT	FY 2002	5	6	5	5	4	4	29
TOTAL		45	42	38	38	34	34	231

Budget projections by SO discussed here are based on resource levels provided in the "El Salvador R4 Budget Guidance Assumptions". This guidance stated that estimated annual planning levels for the strategy should range between the FY98 Office of Management and Budget (OMB) levels of \$44 million (OMB minus 10 percent) and \$34 million (OMB minus 30 percent). Economic Support Fund levels are not included. The following analysis details three funding scenarios of 100 percent, 90 percent and 80 percent for all strategic objectives, with the exception of the Special Strategic Objective. The SSO requires full funding to meet the U.S. Government's pledge and allow for the completion of activities early in the strategy period. Funding below the 80 percent scenario for the other SOs will compel the Mission to significantly reappraise the proposed results to be achieved. Tables showing how the SO budgets are broken down by result package for each funding scenario follow the analysis. The analysis also discusses the potential negative implications for this Strategy if other donors diminish projected in-country involvement.

Special Strategic Objective: Assist El Salvador To Make The Transition From War To Peace

Poverty levels in the ex-conflictive zones, although closer to the national average than when the Peace Accords were signed, continue to be alarmingly high. Agricultural production, among both the civilian population and beneficiaries of the land transfer programs, remains unacceptably low. If the Mission does not receive the remaining \$17 million to honor the U.S. commitment, these problems will undercut recent gains made under the peace process. [Note: By the start of FY97, the SSO mortgage should be reduced to \$10 million, assuming planned deobligation/reobligation actions are realized.]

The Mission will complete funding during 1997 for existing commitments under the Peace Accords, such as scholarships, war wounded and ex-combatant reintegration.

Strategic Objective: Expanded Access and Economic Opportunity for Rural Families in Poverty

SO Economic Opportunity requires \$95 million over the six-year strategy period. At lower levels of resources, funding is reduced for several activities, and several new activities are abandoned.

With full funding, the education results package would: 1) complete activities to improve basic education, and fully bridge assistance until the GOES, through World Bank and IDB education activities, absorbs responsibility for Mission-initiated reforms; 2) continue funding for scholarship activities and training in the United States; 3) develop capacity in the private sector to analyze education reform issues; 4) initiate a new activity in early childhood education in 1998, to expand pre-primary school educational opportunities for boys and girls from poor rural households; and, 5) initiate a new activity in 1999 to create linkages between private foundations, corporations, philanthropies and public schools in poor rural areas. At the 90 percent scenario, scholarship activities would be scaled back and the private-public linkages activity would be dropped. At the 80 percent scenario, scholarship activities would be scaled back further, and the one remaining new activity, early childhood education, would be limited in scope.

If other donor projects, in particular the World Bank and IDB activities, were withdrawn, USAID funding alone would be insufficient to maintain the needed pace of basic education reform. USAID, in such a case, would reduce its effort to work solely with the private sector. The momentum for reform at present is strong, however, and such a scenario is unlikely to occur.

Most current microenterprise activities in the Mission portfolio draw to a close over the next twelve months. The Mission is working on a new microenterprise strategy that is more rural and small-town based. Village banking in rural areas is one area where USAID would maintain

involvement. As funding will be limited during the strategy period, the Mission will only support very modest capitalization of microenterprise lenders. The Mission may look to help institutions which have access to international finance institution and banking system sources of capital, to help them expand their reach and achieve financial sustainability.

With regard to savings mobilization, the Mission will undertake the work already contemplated under the activity for rural cooperatives and credit unions. At the 90 percent and 80 percent scenarios, USAID would scale back the number of partner/client institutions. There would be less capitalization of credit funds for micro-lending and fewer funds directed toward improving the policy framework for microfinance in El Salvador.

Presently, there is a full complement to USAID's anticipated support to microenterprise in the form of numerous small efforts funded by other donors and NGOs. In addition, the IDB offers significant funding to capitalize microenterprise lenders. Should these sources diminish, USAID assistance would continue to be viable in terms of reaching significant numbers of poor entrepreneurs with small loans. Without other donor activities, however, it is unrealistic to envision broad access to financial services achieved by the end of the strategy period. Finally, on the savings mobilization side, USAID will be the only major donor working with rural cooperatives and credit unions.

Under the productive services results package, the Mission will strengthen primary and secondary farmer organizations, including cooperatives, producer associations at the local and national levels, and cooperative agribusinesses. The objective is to make membership institutions that serve small farmers institutionally and financially viable.

At the 90 and 80 percent scenarios, USAID would continue to support such activities, but would only be able to work with a limited number of

organizations. As with microenterprise, there are numerous donor and NGO-sponsored activities underway in El Salvador to improve small farmer production technologies and marketing opportunities. Should this external support diminish, the sum of USAID and other donor efforts would reach fewer small farmers.

Under infrastructure activities, USAID plans additional funding for special development activities. At the full funding scenario, USAID would also design and implement small infrastructure activities, most likely for rural roads or rural electrification, beginning in FY99. At the 80 and 90 percent levels, USAID would only finance expanded special development activities. Other donors will finance the bulk of the infrastructure construction anticipated for El Salvador over the next few years. Should donor funding for infrastructure not materialize, USAID is not in a position to make up the difference. Other donor efforts are essential to achieving the desired results.

The policy activities include reforms in the areas of trade, modernization of the state, and agriculture. All of the activities fund limited policy studies, training, technical assistance, seminars and observation visits related to the policy agenda described in the strategy. There are no new activities envisioned in policy. At the 90 and 80 percent scenarios, the Mission would be able to fund work in fewer policy areas. Should other donor funding--particularly from the World Bank, International Monetary Fund, and IDB--not materialize, USAID funds alone would be insufficient to ensure achievement of the result.

Strategic Objective: More Accountable Government Institutions

SO Democracy requires \$41 million over the strategy period. First, the World Bank is expected to pick up funding for ongoing financial management reform activities, so that additional funding from USAID will not be necessary. Second, USAID assistance to the electoral

processes will not be necessary following the 1999 election. Third, the IDB will initiate assistance to the Legislative Assembly within one year, enabling USAID to close out its activities in that area. Ongoing police training programs will be funded by the Latin America regional program beginning in FY96.

At full funding, the Mission plans additional obligations to on going electoral process reform activities in FY97 and FY98. These activities include formation of the new registry, residential voting, and continued professionalization of the Supreme Electoral Tribunal and voter education activities through the 1999 elections.

With full funding, the Mission plans to continue activities to guarantee citizens legal/judicial protection. The focus of these efforts will be on strengthening the institutions that provide these services and on the creation of new service-delivery mechanisms. These activities will continue until 2002, but on a declining scale.

Local government-citizen interaction activities during the next two years will support the GOES in its efforts to promote more autonomous and representative municipal governments. To achieve this result, activities will intensify in selected municipalities to improve conditions for local development. This activity supports efforts to develop, pass, and implement legislation to improve the financial autonomy of the municipalities. The activity will assist directly with technical, financial, and managerial needs of the municipalities to improve their current operations and thereby allow them to assume new responsibilities resulting from decentralization policies.

Funding at the 90 or 80 percent level for democracy over the strategy period would mean scaling back the results to be achieved. For local governance and elections, results would be adjusted downwards by an equal amount across activities. This would mean, for example, a reduction in the number of municipalities in which the local

governance program will operate. In the case of the judicial package, there are certain critical results, such as the automated case-tracking system, that must be maintained at or very near the planned levels. Therefore, in the judicial results package, only selected results could be reduced. Below the 80 percent level, the Mission would have to reorder the results framework to close down one or more results packages. The strategic objective would remain the same, but the government institutions selected for assistance would be reduced.

At all funding levels and for all democracy results packages, achieving the results envisioned in the democracy framework depends upon the commitment and effort of the GOES, other donors (GTZ, IDB, and the European Union) and NGO participation. Under any reduction of USAID's funding level, other donor and NGO participation would become even more critical. For example, the success of *integrated financial and legislative strengthening* depends upon other donor assistance. If this assistance does not materialize, the Mission's ability to achieve this strategic objective, would be compromised.

Strategic Objective: Sustainable Improvement in Health of Women and Children

SO Health requires a total of \$56 million over the strategy period. The full funding scenario will enable the Mission to continue and expand its successful strengthening of local NGOs as effective and efficient partners of health services. At this level, the Mission will have significant influence on the reform process, and ensure that previous USAID investments to help provide health care to the poor are not jeopardized. Given the vital role USAID has played in financing rural health services, a reduction in funding for this SO will have a direct impact on the health services received by hundreds of thousands of poor Salvadorans.

At the 100 percent level, several new and critical activities will be initiated during the strategy period. A follow-on activity in FY98 will continue the successful model for combined water and

sanitation activities. This activity will also introduce pilot efforts to increase cost recovery and mechanisms for municipal financing of water and sanitation works. Another follow-on activity in family health services and maternal health and child survival is planned to begin in FY99. This activity will integrate and reinforce public and private community-based primary health care provided through the MOH and local NGOs. A new activity to provide modest, focused USAID support to the decentralization and reform of the health sector will be initiated in FY97 in coordination with key partners in the GOES, donor community and NGOs. Emphasis will be on training and policy support to develop and evaluate reform initiatives and the success and replicability of pilot programs.

A funding scenario at the 90 percent level will affect the implementation of all of the results packages. While no activities would be dropped, the coverage and impact of all activities would be reduced. For example, the Mission's ability to improve water supply and sanitation services in targeted high poverty rural areas would be limited. The numbers of beneficiaries of water and sanitation activities would be cut to 9,000 people. The NGO-based preventative health care services, including maternal-child health and reproductive health activities, would cut services to approximately 20,000 women and children in poor rural areas.

A funding scenario of 80 percent over the planning period will further reduce the ability of the Mission to achieve the health results in the strategy. Funding for water and sanitation activities would be inadequate to demonstrate successful community-based solutions to diarrheal disease among rural children. Funding for NGOs working in maternal child health would be reduced, diminishing coverage and forcing the Mission to cut services to some 40,000 beneficiaries. This level would also constrain efforts to maintain the current level of rural coverage of family planning services. Resources to support the policy area would fall to a level insufficient to adequately cover key gaps in other donor activities.

A significant reduction in anticipated donor support in the health sector would seriously undermine USAID's health sector strategy in the areas of policy reform and improved water and sanitation services. Large investments in these areas, particularly by the IDB, are critical to the leveraging of policy reforms and for capital investments in water and sanitation infrastructure. In rural primary health care, other donors' involvement is low and a reduction in their assistance would have little effect on USAID's strategy. The exception is the important child immunization activities financed by UNICEF and PAHO. At any of the funding levels, USAID would not be able to compensate should these donors reduce their support for immunizations.

Strategic Objective: Increased Use of Environmentally Sound Practices in Selected Fragile Areas

To achieve the objectives of SO Environment, \$29 million are required. While the objective's result of increased use of sound environmental practices in fragile areas is essential for the short term, the most desired result for the long term is a coordinated effort by other donors and the GOES to capitalize and carry on with USAID's success. USAID has always been the leader in the environmental sector in El Salvador, catalyzing donations from other sources and identifying funding and project opportunities for other donors. This capability will be lost with significant cuts in funding for this SO.

Funding this objective at the 100 percent level is crucial since no other donor is implementing activities in environmental education and awareness. Any reduction in the level of funding will require a restructuring of the strategic objective, a redefinition of the two intermediate results, and the subsequent third level results. Full funding will allow the Mission to: increase mass media attention to environmental issues; improve coverage of environmental issues in schools; increase targeted GOES and NGO environmental education campaigns; and utilize selected fragile

areas for environmental education. The full-funding level also would allow the Mission to start a new activity to strengthen the National Park and Wildlife Service. This activity is critical to achievement of the SO, as the Service is financially and institutionally weak, and no other donor assistance is available. A new environmental health activity will assist in reducing the severe health problems of El Salvador's children by addressing the environmental causes at their source.

At the 90 percent level, pollution control activities would be reduced from six to three years, and mass media and environmental education activities would be reduced from six to four years. Strengthening of protected area activities also would be reduced by one-half. Demonstrations of sound environmental practices would be limited and their geographic scope reduced. Reduced funding would produce fewer educational materials for environmental education and fewer teachers would receive training in environmental concepts.

At 80 percent funding, urban pollution activities would be terminated in September 1997, only fulfilling the pilot stage. Industrial pollution prevention and clean technologies activities also would not be initiated. Without these activities, much of the eventual cleanup of industrial pollution would never materialize. The environmental health activity would also be scaled down by 25 percent and reduced to a four-year effort. At the 80 percent funding level, activities to build knowledge of contamination issues would be crippled.

Pipeline/Mortgage Issues

There are no major pipeline or mortgage issues to report. The pipeline for the Mission portfolio, at current burn rates, will last for approximately 15 to 18 months. The oldest pipeline, \$9.2 million in the Industrial Parks Project (519-0320) will be deobligated and reobligated this fiscal year into projects that will be able to expend the funds rapidly.

Resource Tables

The following charts show projected 100 percent, 90 percent and 80 percent funding levels by strategic objective results.

Strategic Objective Expanded Access and Economic Opportunity for Rural Families in Poverty (\$ millions)

Result Package -100% Level	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	TOTAL
Education	4.7	7.0	5.0	4.0	4.0	3.0	27.7
Finance	2.6	5.0	6.0	6.0	3.8	3.8	27.2
Technology	2.5	4.0	5.0	6.0	5.2	6.2	28.9
Infrastructure	0.5	1.0	1.0	1.0	1.0	1.0	5.5
Policy	0.7	1.0	1.0	1.0	1.0	1.0	5.7
TOTAL	11.0	18.0	18.0	18.0	15.0	15.0	95.0
Result Package - 90% Level							
Education	4.2	6.3	4.5	3.6	2.7	1.8	23.1
Finance	2.3	4.5	5.4	5.4	3.4	3.4	24.5
Technology	2.3	3.6	4.5	5.4	4.7	5.6	26.0
Infrastructure	0.5	0.9	0.9	0.9	0.9	0.9	5.0
Policy	0.6	0.9	0.9	0.9	0.9	0.9	5.1
TOTAL	9.9	16.2	16.2	16.2	12.6	12.6	83.7
Result Package - 80% Level							
Education	4.6	5.0	5.0	4.0	2.0	1.0	21.6
Finance	1.0	4.4	3.9	4.2	3.8	4.3	21.6
Technology	2.1	3.0	3.5	4.2	3.4	3.9	20.1
Infrastructure	0.5	1.0	1.0	1.0	1.0	1.0	5.5
Policy	0.6	1.0	1.0	1.0	1.0	1.0	5.6
TOTAL	8.8	14.4	14.4	14.4	11.2	11.2	74.4

Strategic Objective More Accountable Government Institutions

(\$, million)

Result Package -100% Level	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	TOTAL
Judicial	4.25	4.25	4.00	3.50	3.50	3.00	22.50
Local Government	2.75	2.75	2.75	2.75	2.50	2.00	15.50
Elections	2.00	1.00	0.00	0.00	0.00	0.00	3.00
TOTAL	9.00	8.00	6.75	6.25	6.00	5.00	41.00
Result Package - 90% Level							
Judicial	3.70	3.70	3.20	3.20	3.20	2.70	19.70
Local Government	2.40	2.50	2.20	2.20	2.20	1.80	13.30
Elections	2.00	1.00	0.00	0.00	0.00	0.00	3.00
TOTAL	8.10	7.20	5.40	5.40	5.40	4.50	36.00
Result Package - 80% Level							
Judicial	3.20	3.30	2.80	2.80	2.80	2.30	17.20
Local Government	2.00	2.10	2.00	2.00	2.00	1.70	11.80
Elections	2.00	1.00	0.00	0.00	0.00	0.00	3.00
TOTAL	7.20	6.40	4.80	4.80	4.80	4.00	32.00

Strategic Objective Sustainable Improvement in Health of Women and Children

(\$, million)

Result Package -100% Level	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	TOTAL
Water Supply/ Sanitation	1.0	1.4	0.5	0.5	0.5	0.5	4.4
Reproductive Health	8.5	7.6	7.0	7.0	7.0	7.0	44.1
Policy	0.5	1.0	1.5	1.5	1.5	1.5	7.5
TOTAL	10.0	10.00	9.0	9.0	9.00	9.00	56.0
Result Package - 90% Level							
Water Supply/Sanitation	0.6	0.8	0.4	0.4	0.4	0.4	3.0
Reproductive Health	8.0	7.5	6.8	6.8	6.6	6.6	42.3
Policy	0.4	0.7	1.0	1.0	1.0	1.0	5.1
TOTAL	9.0	9.0	8.2	8.2	8.0	8.0	50.4
Result Package - 80% Level							
Water Supply/Sanitation	0.3	0.5	0.3	0.3	0.3	0.3	2.0
Reproductive Health	7.5	7.0	6.4	6.4	6.4	6.4	40.1
Policy	0.2	0.5	0.5	0.5	0.5	0.5	2.7
TOTAL	8.0	8.0	7.2	7.2	7.2	7.2	44.8

Strategic Objective Increased Use of Environmentally Sound Practices in Selected Fragile Areas

(\$, million)

Result Package - 100% Level	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	TOTAL
Environmental Issues	3.00	2.50	2.10	2.00	1.50	1.50	12.6
Environmentally Sound Technologies	2.00	3.50	2.90	3.00	2.50	2.50	16.4
TOTAL	5.00	6.00	5.00	5.00	4.00	4.00	29.00
Result Package - 90% Level							
Environmental Issues	2.7	2.3	1.9	1.9	1.4	1.3	11.3
Environmentally Sound Technologies	1.8	3.2	2.6	2.6	2.3	2.3	14.8
TOTAL	4.5	5.4	4.5	4.5	3.6	3.6	26.1
Result Package - 80% Level							
Environmental Issues	2.4	2.0	1.7	1.7	1.2	1.1	10.1
Environmentally Sound Technologies	1.6	2.8	2.3	2.3	2.0	2.1	13.1
TOTAL	4.0	4.8	4.0	4.0	3.2	3.2	23.2

**ALL RESOURCE TABLE
USAID/EI Salvador
(\$000)**

Funding Category	FY 1996*	FY 1997**	FY 1998	
			Base***	Base - 10%
Development Assistance/ SEED/FSA/ESF/IDA *****				
Economic Growth	13,296	11,000	18,000	16,200
Of which: Field Support *****	25			
Population/Health	6,244	9,695	10,000	9,000
Of which: Field Support *****	440			
Environment	2,626	5,852	6,000	5,400
Of which: Field Support *****		130		
Democracy	8,948	9,000	8,000	7,200
Of which: Field Support *****				
Humanitarian Assistance/Transition	10,000	9,000		
Of which: Field Support *****				
PL480:				
Title II				
Title III				
Other (HG, MSED, ECA)*****				
GRAND TOTAL	41,114	44,547	42,000	37,800

* For FY 1996, use operating bureau budget allocations based on the FY 1996 Appropriations Act, in the case of PL480, use appropriations from the Agriculture Appropriations Act.

** For FY 1997, use operating bureau allocations based on the FY 1997 OMB passback level.

*** Base is defined as operating bureau allocations based on the FY 1997 passback level.

**** FYI: SEED= Support for Eastern European Democracy FSA= Freedom Support Act (NIS countries);

IDA= International Disaster Assistance.

HG = Housing Guaranty; MSED= Micro and Small Enterprise Development, ECA= Enhanced Credit Authority

***** Refers to all Field Support – both Global-obligated and Mission-obligated.

FUNDING SCENARIOS BY OBJECTIVE*
(\$000)

OBJECTIVE	FY 1996**	FY 1997***	FY 1998	
			Base****	Base -10%
Strategic Objective Expanded access and economic opportunity for rural families in poverty				
Development Assistance/SEED/FSA*****	10,334	11,000	18,000	16,200
Economic Support Funds	2,962			
Special Objective More accountable government institutions				
Development Assistance/SEED/FSA*****	3,148	9,000	8,000	7,200
Economic Support Funds	5,800			
Strategic Objective Sustainable improvement in health of women and children achieved				
Development Assistance/SEED/FSA*****	6,244	9,695	10,000	9,000
Economic Support Funds				
Strategic Objective Increased use of environmentally sound practices in selected fragile areas				
Development Assistance/SEED/FSA*****	2,626	5,852	6,000	5,400
Economic Support Funds				
Strategic Support Special Objective Assist El Salvador to make the transition from War to Peace				
Development Assistance/SEED/FSA*****				
Economic Support Funds	10,000	9,000		
Total	41,114	44,547	42,000	37,800
Development Assistance/SEED/FSA*****	22,352	35,547	42,000	37,800
Economic Support Funds	18,762	9,000	0	0

* Use all funding sources, including DA, SEED, FSA, ESF, PL480, IDA, EG, MSED, and ECA.

** For FY 1996, use operating bureau budget allocations based on the FY 1996 Appropriations Act. In the case of PL480, use appropriations from the Agriculture Appropriations Act.

*** For FY 1997, use operating bureau allocations based on the FY 1997 OMB passback level.

**** Base is defined as operating bureau allocations based on the FY 1997 passback level.

***** Please disaggregate by funding category.

USAID/El Salvador seeks several joint Global Bureau endeavors in order to assist the Mission in the education, democracy, health and environment portfolios. The economic-growth requested Advancing Basic Education and Literacy service will provide the Mission with expertise and services related to strengthening basic education, including needs assessment, design, implementation and evaluation of basic education activities with government ministries and nongovernmental organizations. The assistance provides a limited amount of direct field support, and small-scale pilot projects and research studies will be conducted on a co-financing basis.

The purpose of the Global Bureau's Family Planning Logistics Management activity is to provide the Mission with more effective logistics management systems, by improving the ability of local family planning organizations to more efficiently manage their contraceptive supplies. Funding will provide for the collection and analysis of demographic data and the use of targeted epidemiological activities in determining the patterns of contraceptive knowledge and use.

Finally, funding will provide the Mission's family planning programs with the capability to use Patient Flow Analysis in order to enhance the efficiency of clinic operations. Epidemiological training and research will be conducted in the context of contraceptive safety and reproduction health. The Global Bureau's Environmental Pollution Prevention mechanism provides support for environmental quality protection and improvement by helping the Mission to prevent and reduce environmental pollution. By bringing industry sector pollution prevention specialists to El Salvador, the Mission will train government and business association technicians how to conduct plant audits and propose pollution prevention plans in key targeted industries. The design of this activity builds upon the capabilities of Salvadoran government and business institutions and helps forge the public-private partnerships that will form the backbone of environmental protection efforts in the future. This endeavor will be coordinated with the IDB's environmental program in El Salvador.

GLOBAL FIELD SUPPORT

Mission: Strategic Objective	Field Support: Activity Number & Title	Priority *	Duration	Estimated Funding (\$000)									
				FY 1996**		FY 1997***		FY 1998					
				Obligated by *****:		Obligated by *****:		Base**** Obligated by *****:		Base-10% Obligated by *****:			
				Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit		
SO Expanded access and economic opportunity for rural families in poverty	936-5032 Advancing Basic Education and Literacy	High	1 month (7/96)	25					Global Field Support Requirements for FY 1998 will be determined following the approval of this strategy.				
SO Sustainable improvement in health of women and children achieved	936-3038 FP Logistics Management	High	1-1/2 years (1996-98)	200									
SO Sustainable improvement in health of women and children achieved	936-3057 Central Contraceptive Procurement	High	1 year (1996-97)	240									
SO Increased use of environmentally sound practices in selected fragile areas	936-5559 Environmental Pollution Prevention Program	High	1 year (1996-97)			130							
GRAND TOTAL.....				465	0	130	0	TBD	TBD	TBD	TBD		

* For Priorities use high, medium-high, medium, medium-low, low

** For FY 1996, use operating bureau budget allocations based on the FY 1996 Appropriations Act, in the case of PL488, use appropriations from the Agriculture Appropriations Act.

*** For FY 1997, use operating bureau allocations based on the FY 1997 OMB passback level.

**** Base is defined as operating bureau allocations based on the FY 1997 passback level.

***** If the funding source is unknown, show all the funding as Obligated by Global Bureau.

Although future program levels remain steady, USAID staffing and operating expense budget levels will continue to decline through FY98. The Mission continues to pursue downsizing exercises--between January 1993 and the end of FY98, the Mission will have reduced staffing levels from 292 positions to 164, a 44 percent reduction, reflecting our commitment to rightsizing efforts that began several years ago.

Staff Projections

USAID/El Salvador's projected budget through FY98 is based on workload projections and corresponding position levels as of the end of each fiscal year.

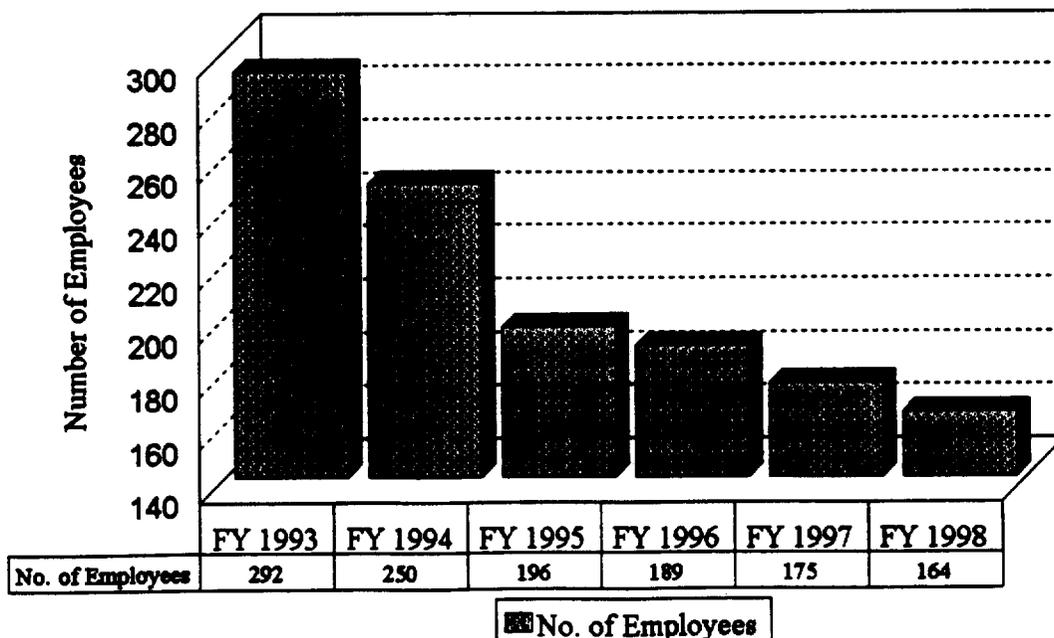
Staffing levels will be reduced by 14 positions in

1997 and an additional 11 positions will be eliminated in 1998. These reductions will be made even though USAID/El Salvador has assumed accounting responsibilities for programs in Panama and Costa Rica and for the Regional Inspector General's operations. These reductions, cost effective as they are, have dramatically increased the workload for remaining staff and created a high-pressure working environment. The critical assumptions behind the staff projections are:

- During 1997, most United States Direct Hires are eligible to end their tours in USAID/El Salvador. It is expected that at least 12 United States Direct Hires will opt for a second tour ending in FY 1999 and transfers from El Salvador will be to other Missions.

**USAID/EL SALVADOR
WORKFORCE REDUCTION**

1993-1998



- No drastic reduction in new obligation authority, or imposed ceilings are assumed, which would trigger drastic downsizing measures and high involuntary separation costs.
- Program development and implementation by Strategic Objectives will require labor intensity at current levels.

Critical Assumptions

The budget assumes that the exchange rate remains fixed through the year 1998. After FY97, inflation rates of 8 percent on leases and Foreign Service National salaries and 3 percent on United States Personal Services Contractor salaries are assumed. Electricity is budgeted to increase 16 percent in 1996, 30 percent for 1997 (based on notification received from local authorities) and 8 percent in 1998. Increases in water costs are estimated to be 16 percent for 1996, 20 percent for 1997 and increases for telephone costs have been estimated at 8 percent per year.

The operating expense budget is sufficient for FY96 and FY97 for automated data processing acquisition costs related to reengineering, however nothing is budgeted for other non-expendable property in FY97-98. This course of action was chosen as the best alternative in order to fund forecasted needs in our more critical categories. Adequate funding for non-expendable property will have to be exacted from savings and economies in the other accounts as these budget years unfold.

A significant number of projects are scheduled to run only through FY97. Project staff will decrease as projects end. The budget line item which includes cost recovery from active projects and the Regional Inspector General's operations reflects this decrease. As such, cost allocations recovered from projects will be reduced by 20 percent in FY97 and 37 percent in FY98.

Trust Fund

Assuming a fixed exchange rate, the operating expense trust fund is expected to last through FY 2000. The operating expense trust fund portion of the operating expense budget is higher in FY96 than in other years in response to a request from the Latin America Bureau to maximize the use of trust funds in order to reallocate scarce dollar funding. Should lower than projected trust fund ceilings limit the Mission's spending, dollars will have to be provided to cover any shortfalls.

International Cooperative Administrative Support System (ICASS)

The ICASS cost for 1996 is \$107,000. The same amount will be utilized for 1997. The estimated cost of ICASS for 1998 is \$300,000. However, ICASS services and cost distributions are still under review. Therefore, these figures are extremely preliminary and are not included in the budget levels requested by the Mission. The assumption is that ICASS funds will be provided through an increased Office of Management and Budget apportionment. Accordingly, ICASS costs are reflected as an addition to the request presented in the tables.

WORKFORCE SCHEDULE

*(see key below)

Funding Source	FY 96					FY 97					FY 98				
	USDH	US PSC	FN FNDH	FN PSC	Total	USDH	US PSC	FN FNDH	FN PSC	Total	USDH	US PSC	FN FNDH	FN PSC	Total
Operating Expenses	24	4	30	92	150	23	5	28	92	148	23	5	28	85	141
Trust Funds					0					0					0
Subtotal	24	4	30	92	150	23	5	28	92	148	23	5	28	85	141
Program Funds	0	8	0	30	38	0	6	0	21	27	0	6	0	17	23
Total	24	12	30	122	188	23	11	28	113	175	23	11	28	102	164

Funding Source	FY 99					FY 00					FY 01				
	USDH	US PSC	FN FNDH	FN PSC	Total	USDH	US PSC	FN FNDH	FN PSC	Total	USDH	US PSC	FN FNDH	FN PSC	Total
Operating Expenses	23	5	28	85	141	23	5	28	85	141	23	5	28	85	141
Trust Funds					0					0					0
Subtotal	23	5	28	85	141	23	5	28	85	141	23	5	28	85	141
Program Funds	0	6	0	17	23	0	6	0	17	23	0	6	0	17	23
Total	23	11	28	102	164	23	11	28	102	164	23	11	28	102	164

* U.S. Direct Hire, U.S. Personal Service Contractor, Foreign National Direct Hire, Foreign National Personal Service Contractor.
 The Foreign National Direct Hire and Foreign National Personal Service Contractor include both host country and third country nationals

**Foreign National Voluntary Separation Account
(\$000)**

Action	FY 96			FY 97			FY 98		
	OE	Program	Total	OE	Program	Total	OE	Program	Total
Deposits	32.7	14.3	47.0	54.2	13.6	67.8	47.5	14.8	62.3
Withdrawals	16.7	8.1	24.8			0.0			0.0

**Local Currency Trust Funds - Regular
(\$000,000)**

	FY 96	FY 97	FY 98
Balance Start of Year	7.7	6.8	4.9
Obligations	4.1	3.4	3.3
Deposits	3.2	1.5	1.5
Balance End of Year	6.8	4.9	3.1

**Local Currency Trust Funds - Real Property
(\$000,000)**

	FY 96	FY 97	FY 98
Balance Start of Year		0.0	0.0
Obligations			
Deposits			
Balance End of Year	0.0	0.0	0.0

USAID/El Salvador has reengineered a number of processes to improve customer service and program performance. To date, the strategic planning process has been the vehicle driving implementation of managing for results, customer focus, teamwork and participation, and empowerment and accountability. Upon approval of the Strategic Plan, staff will turn their full attention to achieving the results identified in this strategy.

Following the training-of-trainers reengineering courses in Washington, the Mission established a "reengineering team" to guide the process and ensure that the Mission produced a fully "reengineered" strategy. This team, comprised of four U.S. direct hire staff, two U.S. Personal Services Contractors and one FSN, officially launched reengineering with a Mission-wide orientation in September, 1995. During the next five months, trainers temporarily joined the SO teams to guide them through implementation of the new processes. This approach, as opposed to traditional lectures, proved very effective--all of the training goals were met.

In November and December, all Mission staff, including drivers and maintenance crews, were trained in the Agency's core values. In February, a special session was held for Mission staff not affiliated with an SO in results framework methodology. The goal was to prepare them for reviewing and commenting on the frameworks developed by the SO teams.

The following month, the Mission hosted the regional New Management System (NMS) training course. After the basic training was concluded, the Controller's Office devoted two additional weeks to in-depth training in the accounting function.

Managing for Results

Several initiatives focused on the Mission's ability to manage for results, primarily on improving the

timeliness and quality of data used to improve program results. The investment in better and more frequent data has yielded immediate improvements in activity performance, which has in turn contributed to improved program performance.

A cross-cutting Monitoring and Evaluation (M&E) team, created in 1994, oversees performance monitoring efforts and coordinates data collection activities for the Mission. Attention was given this year to increasing the team's capabilities. Team members were trained to design and supervise surveys, identify alternative data sources, select indicators, assess data quality and perform basic data analysis. Team members also received special training in the results Tracking module of the NMS. Additional training is planned; a data analyst will be contracted to provide on-the-job training to M&E team members in advanced data analysis.

The Agency's Participation Advisor trained a core group of 20 staff, contractors and counterparts in participatory rapid appraisal techniques for customer surveying, monitoring and evaluation. This was the first time many of the contract specialists, accountants and project specialists had conducted field interviews. The trainees will have another chance to use these skills as part of a team which will conduct a Mission customer survey in June of this year.

The Mission also created a geographic information system (GIS) team to map and analyze spatial data of customer needs, Mission activities, and program impact. This team will collaborate closely with the M&E team.

The Mission intends to invest more, as appropriate, in collecting quality primary data. At the same time efforts to upgrade the capacity of the GOES to systematically collect quality data will continue. The Mission will hold a partner conference in the fall of 1996 to strengthen collaboration on data collection and sharing.



These rural women participated in a focus group to determine customer needs.

Teamwork and Participation

SO teams, operating in the Mission since 1993, were reconfigured in September 1995 to incorporate Controller and Contract Office staff. The four core SO teams and the SSO Team each have extended teams of up to 30 partner and customer representatives. All of the extended teams have met at least three times since their formation in November 1995, and have contributed significantly to the Mission's customer definition and strategy. Their input is evident in the results frameworks. For example, one extended team told the Mission that the lack of a coordinated rural poverty strategy by the government was a serious impediment to reducing rural poverty. Consequently, the Mission now plans to assist the GOES with drafting such a strategy, and will encourage its adoption and implementation. The SSO consulted its extended team for input on the scope of work for a final evaluation of the SO War-to-Peace. That group will reconvene to provide comments on the draft evaluation report. Unforeseen benefits for Mission

partners resulted from the meetings as well. An extended team member applauded the Mission for helping her small, grassroots NGO. Through contacts she made at the extended team meetings, her NGO was able to gain access to new funding sources.

The Mission strategy was created with the active participation of all Mission staff. The crowning event was a two-day, Mission-wide workshop in late February, 1996. In the workshop, SO teams presented and explained their preliminary results frameworks to an audience of 124 Mission staff. The workshop, organized with the assistance of a reengineering training team from USAID/CDIE, was a stunning success. Everyone in the Mission had the opportunity to comment on and participate in the strategy formulation. More significantly, each participant, from support staff to office directors, came away with a sense of ownership in the strategy. A final evaluation revealed that 96 percent of participants felt the workshop was worth the two days spent. One respondent wrote "these

two days weren't *spent*, they were *invested*, and that investment will pay off in the future." Again the strategy was modified, reflecting the comments of the staff. For example, most discussion groups felt that education and awareness needed to play a more direct and visible role in the Environment strategy. As a result, SO Environment was altered drastically to focus on adoption of environmentally sustainable practices, accomplished through intermediate results in education and awareness. Another outcome of the workshop was the institution of monthly mission-wide staff meetings to provide a venue for continued discussion of staff concerns and questions, as well as Mission activities.

USAID hosted a Partnership Conference in March 1996 which was attended by over sixty NGOs, institutional contractors and donors. The purpose of the conference was to present the preliminary strategy, solicit input from the participants and initiate discussion on how to coordinate USAID and partner efforts. Participants suggested clarifications be made in the results frameworks. This was done and strengthened the framework narratives. They called for further customer needs analysis to strengthen program implementation. A customer survey is now being designed.

Empowerment and Accountability

USAID/El Salvador has traditionally extended a relatively high degree of authority to foreign service national staff, who make up almost 65 percent of the Mission managers. Several offices have extended staff empowerment even further by restructuring to give more responsibility to the people closest to the activity implementation.

For example, the Strategic Development Office restructured around teams to further support the Strategic Objectives and lead Mission efforts in strategic planning, customer focus, monitoring and evaluation, activity design and budget planning. Leadership of each team falls to the most experienced individual in that activity area. As a result, FSNs now lead four out of five teams to

support the SOs. The Controller's Office and the Office of Contracts and Grants also restructured around SOs. Every SO team has a representative from these offices who is responsible for accounting and contracting actions related to their SO.

This system of organization has served the Mission well, and its success suggests that authorities could be delegated even further. The Mission created a team, led by the Regional Legal Advisor, to review the guidance from Washington and the implications of the New Management System. The team will prepare recommendations on how the Mission may proceed with delegations of authority.

Customer Focus

In October, SO teams launched the strategy development process with customer service plans tailored to each objective. They convened their extended teams to provide input on the drafting of those plans. The plans laid the groundwork for direct customer interaction with SO team members during the strategy development period. Over 50 members of SO teams met with customers to plan for effective customer service delivery. These preliminary contacts provided information that was directly incorporated into the Mission strategy. SO teams discussed with their customers the problems of inadequate roads and water, the need for basic education and adult skills training, and the increasing threat of violent crime. The SO team for Economic Opportunity consequently focused additional resources on infrastructure improvement, mobilizing the resources of other SOs as well. (See customer focus box).

The Mission invited the Agency Customer Service Expert to El Salvador to assist the Mission to plan a customer survey for June of 1996. The purpose of the survey is to determine, in those areas with the highest concentration of neediest customers, where Mission interventions would best achieve sustainable development. Working together, SO teams will build synergies among program activities in order to maximize impact in these areas.

Customer Focus in Action

Blanca Ibarra is a senior foreign service national in USAID/El Salvador's Office of Contracts and Grants. She is also an active member of the SO team focusing on poverty reduction. In that capacity Blanca recently volunteered to record the results of a focus group with a group of Salvadoran farmers—her team's customers.

The SO teams chose focus groups as the way to incorporate the customers' voice into the Mission strategic planning process. Working with extended teams, the Mission met with a total of 17 focus groups in nine of the 14 regional departments. These groups included 172 customers—with an equal representation of men and women. The respondents represented a wide range of occupations: community workers, farmers, micro-entrepreneurs, members of youth groups, the elderly and others.

Blanca's team learned what many others heard as well—the main obstacle to access and opportunity is the lack of infrastructure, such as passable roads and clean water. These limitations prevent children, not to mention teachers, from attending schools, and present extreme hardships as women must travel several hours daily to collect their water supply. Families are forced to make agonizing choices when seeking health care. Villagers are frustrated when their goods cannot be taken to a larger market. Other problems include the lack of education and adult skills training, and the increasing threat of criminal gangs terrorizing even remote villages.

This Strategy reflects a balance between customer feedback and USAID policy goals—tempered by resource constraints. Blanca's team identified education and technical training as causal results necessary to increase access and opportunity for the poor. Infrastructure was incorporated into the framework because it was recognized as an obstacle for achieving results in *all* of the strategic areas.

Blanca is enthusiastic about the process. By talking directly with the customers she feels an even greater sense of responsibility for supporting her SO team. She says, "It is good for people from my office to go out and meet customers face-to-face. Before we saw Mission projects on paper only, now we have seen the faces of people we are helping."

Next Steps

- Upon approval of this strategy, the Mission will reorganize around SO teams, replacing the technical offices. Staff offices will be organized into strategic support teams to provide accounting, contracting, administrative and strategic direction services. In addition to their cross-cutting responsibilities, these support teams will also have membership on the SO teams. One of these support teams, the Strategic Direction Team (SDT), is already functioning. This team, led by the Mission Director, combines the Strategic Development, Economic Analysis and Director's Offices, including the Regional Legal Advisor. The SDT has played a major role in producing this Strategic Plan.
- Results package teams have been identified and are working to identify approaches to accomplish their results, project funding requirements and identify illustrative indicators to monitor their performance.
- Also following approval of the Strategic Plan and initiation of the reorganization, greater attention will be given to reviewing and reengineering, as necessary, Mission policies and procedures in accordance with the Agency's core values.

Commitment To A Full Peace Accord Pledge

The United States pledged \$300 million in economic assistance to support the 1992 Peace Accords. This pledge has since been repeated and reaffirmed in international donor sessions and on other occasions. At present, the United States is \$17 million short of fulfilling its commitment. A failure of the United States Government to fulfill a commitment critical to consolidating peace in El Salvador will undercut the effectiveness of present efforts to reintegrate ex-combative populations and to address the root causes of the war.

Deobligation/Reobligation Authority

The Mission requested, during last year's review, deobligation/reobligation authority. Given present and foreseeable shortfalls in funding, this request is even more imperative. This authority is an important management tool which the Mission could use to reprogram its portfolio. Deobligation/reobligation authority would grant the Mission greater flexibility to transfer funding to those activities with the greatest promise to produce results and best pursue our strategic objectives.

Restrictions On Population Funds

The current Congressional restrictions on, and possibly diminished resource levels of, population funds could negatively affect the Mission's SO Health portfolio. At present, the Mission's family planning activity (519-0363) has a sufficient pipeline through March 1997. If additional funding is not received before that time, the program and anticipated results will be disrupted.

Tropical Forestry/Biodiversity Certification

This section discusses issues related to the environmental impact of this strategy. The Mission Environmental Officer has reviewed the Code of Federal Regulations 216, in conjunction with the strategic plan, and has provided the following assessment.

Actions necessary to conserve biological diversity and tropical forests The conservation of biological diversity in El Salvador is dependent upon maintaining and increasing the habitat for diverse flora and fauna. In the most densely populated mainland country in the Western Hemisphere, the preservation of habitat depends primarily upon securing and supporting the 119 officially designated protected areas. It is in these areas that the parcels of remaining natural forest are located, as well as the majority of biodiversity.

Only two of these areas, however, are officially designated as national parks. The other protected areas are forested portions of agrarian reform properties, and do not have any degree of management or protection. As a result of co-management agreements with the National Park and Wildlife Service, NGOs manage eight protected areas. The remainder of the protected areas must be surveyed, registered, and placed under management either by NGOs or the Park Service. The Park Service must be strengthened, in order to capably supervise the management of the areas and to advise the NGOs on management plans and related issues.

The integrity of the areas can be further assured by training local residents to utilize forest and buffer zone products in a sustainable way. Extraction of forest products which provide a continuing income source should lead inhabitants themselves to defend the parks and surrounding areas.

In addition, there is abundant habitat available in the coffee forests which, in El Salvador, are still 90 percent shade covered. The maintenance of the

diversity of shade trees and lessening of pesticide use on the coffee bushes will contribute to a greater diversity of fauna in the coffee forests.

Extent to which current or proposed USAID actions meet these needs Portions of the Mission's SO Environment will contribute directly to conserving and enhancing the amount of biodiversity in El Salvador. Through intermediate result *selected fragile areas utilized effectively*, *environmental education*, several protected areas will be surveyed and assisted with management plans. The National Park and Wildlife Service will also strengthen its management capabilities in order to maintain the parks and promote biodiversity.

Under intermediate result *environmentally sound economic activities demonstrated in protected areas and buffer zones*, local residents near the protected areas will learn to utilize products of the areas sustainably, thereby linking their economic future to the continued availability of the products. These residents should then become defenders of the areas and will work to conserve and protect them.

Through intermediate results *increased exposure to appropriate natural resources management practices in selected areas* and *increased exposure to pollution-control devices* a USAID activity promotes biodiversity benefits in coffee forests, as well as a reduction in the use of pesticides. Similarly, Mission assistance to a number of coffee processing plants will lessen the amount of residue discharge into the rivers, thereby lowering the number of fish killed.

Environmental issues and schedule The Mission has no plans to initiate any activities in the coming year which will require Initial Environmental Examinations or Environmental Assessments.

El Salvador in Perspective

1. "Declaration of Principles", Summit of the Americas, Miami, Florida, December 9-11, 1994.
2. Immigration and Naturalization Services cited in "LAC Objectives Fit U.S. Interests, Chart A".
3. *Ibid.*
4. Worden, Richard. "El Salvador, Environmental Contamination Diagnostic and Strategy," prepared for USAID/El Salvador. November 1995.
5. UNDP, *Human Development Report 1995*.
6. GDP per capita, 1993, from: The World Bank, *Social Indicators of Development*, 1995.
7. National Family Health Survey (FESAL). El Salvador, 1993. "Central Region" refers to the Ministry of Health's former designation for Chalatenango and La Libertad Departments. UNDP reports El Salvador's infant mortality rate at 46 per 1,000 live births and the range for the developing countries of the hemisphere from 9 to 96.
8. "Freedom Review," Freedom House, Vol. 27, No. 1, January-February 1996.
9. The World Resources Institute. *World Resources 1992-93*, Oxford University Press, 1992.
10. UNDP, *ibid.*

The Strategy 1997 - 2002

1. "Strategies for Sustainable Development", USAID, 1994.
2. Russell, Diane. "Theory and Practice in Sustainability and Sustainable Development", Research and Reference Service Project, USAID. The author cites recent findings by the World Bank that "...there appears to be a casual link between income distribution and sociopolitical instability..."
3. The names of the SOs are descriptive, rather than numbered, for clarity and to avoid confusion between the names of SOs presented in the strategy section and those discussed in the Result section.

Assist El Salvador to Make the Transition from War to Peace

1. During the performance period for this Results Review and Resource Request this was a strategic objective. In the new strategy it has been changed to a special strategic objective.

2. CID/Gallup poll, September 1995.
3. Creative Associates. "Impact Evaluation: Reintegration of Ex-combatants in El Salvador", Draft Report, December 1995.

The Economic Challenge

1. Cacich, Michael. "DRAFT: AID Support for Basic Education."
2. Abt Associates. "El Salvador Agriculture Policy Analysis Land Tenure Study" September, 1993.
3. 1994 Ministry of Planning Household Survey.
4. Briones, Carlos. "El Salvador: Evaluation of the Factors behind Persistent Poverty in Poor Households", San Salvador, May 1995.

The Health Challenge

1. Health Sector Assessment (ANSAL), El Salvador. May 1994.
2. *Ibid.*
3. *Ibid.*
4. The Social Development Plan includes education, health, water, sanitation, housing, social security, job development and training, and social welfare programs.

The Environmental Challenge

1. Worden, Richard. "El Salvador, Environmental Contamination Diagnostic and Strategy", prepared for USAID/El Salvador. November 1995.

Broad-Based Economic Growth Increased

1. Relative poverty is defined as those reporting incomes lower than needed to purchase two basic baskets of goods and services per person/per month.
2. Extreme poverty is defined as those having access to less than one basket.
3. Households are classified as having at least one basic need unmet if they have shown any of the following indicators of poverty: (1) more than three persons per room in their house, (2) children aged 7-10 are not attending school, (3) lack of access to potable water, or (4) lack of access to sanitation services.