



UNITED STATES  
DEPARTMENT OF STATE



**USAID**  
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## EL SALVADOR

# U.S. FOREIGN ASSISTANCE PERFORMANCE PUBLICATION Fiscal Year 2009

### FY 2009 FOREIGN ASSISTANCE GOALS

The United States Government (USG) and the Government of El Salvador (GOES) share a commitment to open markets, fiscal responsibility, the rule of law, individual freedom, and human rights. Historically, El Salvador has been a close partner and ally to the United States, supporting the global war on terrorism, promoting democracy locally and among its Central America neighbors.

El Salvador's success in overcoming violent conflict to create functioning democratic institutions serves as a model in the region and elsewhere. El Salvador's 2009 elections process marked a new stage in the consolidation of democracy as the former guerilla group, Farabundo Marti National Liberation Front, won the presidency in a peaceful, non-violent election after 20 years as the major opposition party. El Salvador continues to reform and open its economy, and was the first country that embraced free trade, as exemplified by its leadership in promoting the United States-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR). However, El Salvador still faces a lack of economic opportunities worsened by the global financial crisis, rising crime and violence, limited credibility of democratic institutions, and a lack of transparency and accountability in the use of public resources, all of which threaten El Salvador from becoming a more democratic and prosperous country.

In November 2009, heavy rainfall associated with tropical depressions and Hurricane Ida caused floods and mudslides that affected much of El Salvador, further worsening its economic outlook. Floods and landslides resulted in the deaths of 199 people, over 76 persons reported missing, and more than 15,000 others displaced primarily in the central departments of San Vicente, San Salvador, La Libertad, La Paz, and Cuscatlán. Flooding and landslides also affected the infrastructure. Over 3,003 houses were totally destroyed, 111 schools were damaged, 25 health clinics were damaged or destroyed, 104 bridges were destroyed or severely damaged, and 500 communities were affected by damage to potable water systems. Flooding also destroyed cropland, farm equipment, and livestock. USG assistance provided \$380,000 for immediate relief supplies and \$1 million for livelihood, potable water systems, and temporary shelters. U.S. military helicopters and the GOES transported the supplies to the most affected departments. Plastic sheeting included in those supplies will be

used along with other construction materials to build temporary shelters for displaced families. It will take many years for El Salvador to recover from this natural disaster.

The United States and El Salvador continue to share a common interest in improving security within the country and the region. The U.S. military supports security assistance programs with the Salvadoran Armed Forces to promote stability and counter terrorism. Cooperation for the democracy sector includes activities to combat and prevent community-level violence while increasing citizen security, strengthen the capacity of judicial sector actors and institutions, improve criminal justice, and promote more transparent and accountable management of public resources. Activities in health and education support a healthy, educated workforce able to sustain a growing economy. Education activities focus on expanding the quality of basic education through teacher training, materials development, parent involvement, promotion of sound education policies, and increased education investment. Health activities support improved delivery of health services towards the reduction of infant, child, and maternal mortality, and the spread of HIV/AIDS. Currently, the new Ministries of Health and Education are restructuring, which may result in changes to the direction of these programs. To help increase economic growth, USG assistance ensures that Salvadorans benefit broadly from trade-led growth, including through a sustainable fiscal policy; well-administered tax and custom systems; support for Small and Medium Enterprises (SMEs) and municipal competitiveness conducive to greater levels of private investment as well as supporting natural area protection, sustainable tourism, and watershed management. These projects are consistent with El Salvador's participation in "Pathways to Prosperity."

## **HIGHLIGHTS BY PROGRAM OBJECTIVE**

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### **Peace and Security**

USG security assistance programs in El Salvador focus on improving the Armed Forces (ESAF)'s ability to control their land, air, and sea space to counter all forms of illicit trafficking and terrorist activity, respond to natural disasters, deploy world-wide in support of peace keeping operations (PKO), and conduct joint operations with U.S. forces and as part of a multi-national force. In FY 2009, USG assistance:

- Supported improvements in ESAF's land mobility by purchasing 10 five-ton trucks, 2 dump trucks, one 5000-gallon fuel truck, 3 pickup trucks, 1 trailer, and 1 ambulance
- Supported the command/control of counter-illicit traffic operations by purchasing three Boston Whaler maritime patrol boats
- Supported ESAF to greatly improve its air mobility and disaster response with the conversion of six UH-1H helicopters
- Trained 102 ESAF officers in various levels of Professional Military Education, adding to the core of officers familiar with U.S. doctrine and operations and enhancing its interoperability in multinational operations
- Supported ESAF's internal capacity to operate and maintain aircraft and patrol boats, patrol borders and territorial waters, and conduct boarding operations in support of law enforcement activities by training 42 officers in various technical training courses

## **Governing Justly and Democratically**

El Salvador has taken significant steps to consolidate the rule of law and civil rights, including the passage into law of new Civil and Criminal Procedure Codes. Despite these important advances to ensure transparency and fairness in the justice system, public insecurity continues to be a central challenge to the GOES and society, with homicides rising to unprecedented levels. USG assistance is supporting the GOES in programs to promote the efficacy of the criminal justice system, expand access to justice, and strengthen crime prevention through community-based activities. In addition, USG programs are supporting the GOES, private sector, civil society organizations, and community leaders to curb corruption, improve transparency in the use of public resources, strengthen democratic institutions, and prevent violence and crime. In FY 2009, USG assistance:

- Supported justice sector reforms by conducting an assessment of sector needs, drafting a strategic plan to implement the new code of criminal procedures, and training 860 justice operators and trainers to implement the new procedures
- Established a post-graduate level certificate program, in partnership with a local university, in leadership and organizational change for mid-level police officials. There were over 90 graduates in the first phase of the program.
- Increased access to justice through expanded use of mediation. In a joint initiative with the Attorney General's Office and the Public Defender's Office, five criminal mediation centers were opened and resolved over 1,000 cases in the first five months, with an average resolution time of less than 30 days. Mediation saved the GOES more than \$6 million in prosecution resources. The Supreme Court has also agreed to expand mediation to the court system by launching mediation training in family courts, and initiating mediation in eight traffic courts.
- Supported domestic monitoring of the 2009 Presidential Election Day that fielded 2,700 volunteers, a parallel vote count that validated official election results on election night, and USG-trained local mediators who resolved over 100 disputes in polling stations that could have otherwise degenerated into violent clashes
- Supported the Government Ethics Tribunal to develop amendments to the Ethics Law to gain stronger enforcement authority. The bill was submitted to the Legislative Assembly for approval.
- Financed workshops and conferences to garner consensus for passage of the Access to Information and Transparency bill by the Legislative Assembly
- Expanded crime prevention activities to five additional high-risk communities for 15 communities in 7 municipalities. This was done in partnership with local authorities, community and youth leaders, non-government organizations, and the private sector

## **Investing in People**

The results of the 2008 National Demographic and Health Survey showed that El Salvador achieved progress in several health areas, including a reduction in infant mortality from 25 per every 1,000 live births to 16 per every 1,000 live births in 2008. However, the survey also highlighted several challenges, including the increase in anemia in children, adolescent pregnancies, and the need to focus more on the eastern part of the country.

In FY 2009, El Salvador faced the H1N1 influenza pandemic; USG assistance supported the GOES with educational materials, radio campaigns, television spots, and medical supplies. As a result of Hurricane Ida, many communities in El Salvador were devastated. The USG provided health information to the affected areas and donations of computer equipment to the Ministry of Health (MOH) to increase its outreach to these communities. The USG is also working to assist the MOH with the reconstruction of several health facilities that were destroyed. In FY 2009, USG assistance:

- Supported improvement to the MOH service delivery, including developing 32 norms and guides for health personnel to enhance the quality of services, organizing quality improvement committees, developing over 60 guides for continuous quality improvement, establishing a health quality improvement program in 12 of the 28 maternity hospitals, and implementing 65 quality improvement interventions, including radio and television spots
- Supported a supply management system that assists MOH initiatives to avoid waste and overstocking of medicines and medical supplies, and brings transparency to the procurement process
- Launched a mass media campaign to recognize the important role men play in making decisions regarding HIV/AIDS prevention. El Salvador's then-Vice-President and Miss Universe 2008 launched the campaign, which included messages on faithfulness; condom use, stigma, and discrimination; HIV/AIDS knowledge; and Voluntary Counseling and Testing.

In FY 2009, the national standardized achievement test scores in language and math for students in third grade at the schools with USG program intervention demonstrated that these students outperformed the national average by nearly two-fold (73 percent versus 38 percent). However, the results are still low, indicating the need to continue strengthening the quality of primary education.

In FY 2009, USG assistance:

- Completed revised language competency-based curricula and education materials for grades one through six. Using these materials, the Ministry of Education (MOE) printed and distributed new guides for teachers, textbooks, and student workbooks nationwide.
- Trained over 1,500 rural teachers in a newly designed training program on the topic of language for primary education teachers. This program included training sessions, study circles, teacher coaching, mentoring in the classroom, and self-study. As a result, these teachers have transformed their classroom practices and are now training other teachers. Additionally, the capacity of the three leading teacher-training universities that participated in the program was enhanced. They are now using the techniques, strategies, and competency-based theories developed under the program for in-service training, and have adopted these into their pre-service curricula. Furthermore, the design and development of a six-module training program for pre-primary teachers was completed and the MOE capacity to train its own teachers has been strengthened, creating long-term sustainability.
- Trained over 4,500 school principals on school management activities
- Distributed over 148,000 high-quality books to classroom libraries in rural schools through public-private partnerships with Scholastic, International Book Bank, Mattel,

and Kraft Food Inc. Over \$2 million in funds were leveraged through these partnerships.

- Many communities in El Salvador were devastated by Hurricane Ida in November 2009. The USG has provided educational materials for children and their families who lost their homes and took refuge in schools. The USG is also worked to assist the MOE with the reconstruction of several schools that were destroyed.

### **Economic Growth**

CAFTA-DR has brought a new set of trade and investment opportunities to El Salvador. The country is reducing dependence on a relatively few primary commodities, and has expanded the offer of non-traditional exports. This year, El Salvador has been drastically hit by the financial crisis affecting the economic growth experienced for several years. A better regulatory environment and more efficient government programs are needed to promote exports and stimulate investments. USG assistance has focused on improving weak tax administration systems to reduce high levels of tax evasion, providing technical assistance and training to SMEs, and working with financial institutions better to serve SMEs. Tax revenue collection has increased significantly, with yearly tax revenues rising from approximately \$1.9 billion in 2004 to approximately \$3 billion in 2009, and tax revenues as percent of the Gross Domestic Product rose from approximately 12 percent in 2004 to 14 percent in 2008. Nevertheless, tax evasion is still unacceptably high, compared to benchmark standards. In FY 2009, USG assistance:

- Established a state of the art automated Case Selection Management System to provide tax administration authorities with an impartial and transparent tool to perform their tasks more efficiently. The new GOES administration showed commitment to putting the system into production, thus removing any discretionary action from Ministry of Finance (MOF) officials.
- Trained over 400 MOF personnel in audit processes, and in the planning and development of information technology systems
- Supported the creation of the Tax Analysis Unit within the MOF to strengthen the analytical capabilities of the Ministry to provide expert solutions to high-level decision makers
- Provided technical assistance and training to SMEs to increase their export capacity, diversify product lines, expand domestic and export sales, increase earnings, and create new jobs. SMEs reported over \$19 million in increased domestic sales and exports as a result of the assistance received.
- Supported financial institutions to serve SMEs' needs. As a result of U.S. Agency for International Development (USAID) activities, the cumulative number of SME borrowers grew by more than 5,200, or 48 percent; the number of loans grew by more than 9,300, or 56 percent; and the volume of loans to SMEs has grown by \$183 million, or 25 percent.
- Supported the GOES in improving cross-border trading. Implementation of a modern risk analysis system improved Customs Inspections for high-risk goods, dropping the overall inspection rates from 24 percent in 2006 to an average of 8 percent by mid-2009.

Activities such as these assisted El Salvador to improve its World Bank Doing Business indicators in 2009.

Nearly half of the Salvadoran population lives in rural areas and depends on agricultural employment. With increased opportunities resulting from the CAFTA-DR, farmers and agribusinesses need technology and innovation to modernize and diversify production and enter into new markets. Meeting international sanitary and phytosanitary requirements (SPS) is also one of the major obstacles to market access by Salvadoran producers. Consequently, USG programs have worked with government and private sector partners to help exporters better understand and comply with the SPS regulations. In FY 2009, USG assistance:

- Supported technical assistance and training to small food manufacturing enterprises that led to incremental sales growth of processed products, fresh vegetables and fruits, and specialty coffee to \$36 million (domestic and exports)
- Trained over 19,000 producers on the safe use of pesticides and good agricultural practices, and provided assistance to over 87 new small and medium firms
- Made available three new technologies to farmers and agribusinesses in horticultural production, greenhouse production, processing plant improvements, and food safety; these technologies helped create an estimated 1,900 jobs

Despite considerable advances, El Salvador still has pockets of deep poverty and food insecurity. To address these needs, USAID initiated an innovative public-private partnership with the World Food Program in 2009. This initiative is helping improve the dietary intake and the nutritional status of children under the age of five, pregnant women, and lactating mothers in targeted and nutritionally at-risk municipalities, which are affected by the persistently high food prices and current economic downturn. A key focus has been leveraging resources from the Salvadoran private sector, involving prominent local and multinational firms in efforts to address persistent food insecurity. Achievements to date include:

- Private sector contributions have surpassed \$1 million to the World Food Program nutrition programs
- Forty-two metric tons of food have been distributed to the health units in two municipalities, assisting a total of 785 pregnant and lactating mothers and 3,866 children under the age of five
- Pizza Hut supported a major fundraising campaign to attract more private sector donors to this innovative program

USG assistance is helping the GOES strengthen the management of key protected areas, including the two critical watersheds of Rio Grande in Sonsonate and El Imposible in Barra de Santiago, and is working to improve management of the Montecristo National Park. In FY 2009, USG assistance:

- Brought 50,696 hectares under improved watershed management
- Protected the integrity of parks by expanding buffer areas that border protected areas
- Assisted 922 coffee producers on almost 300 private farms and coffee processing plants to achieve specialty coffee certification

- Partnered with the private sector, including coffee farmers, other small-scale farmers, and local businesses, on conservation; these partners invested more than \$400,000 of their own funds to conserve soil, water, and biodiversity
- Provided critical nesting habitat for 4 species of sea turtles and hosted more critically endangered sea turtles along El Salvador's 300 kilometers of coastline
- Supported a national sea turtle conservation program that includes moving over 2,000 turtle egg poachers from illicit activities into more sustainable jobs that include tourism and working in turtle hatcheries

El Salvador faces considerable challenges in recovering from the global financial crisis. The GOES has to contend with a growing fiscal deficit and difficulty in meeting short-term debt obligations. While the administration in FY 2009 sought to make major social investments in health and education, the scope for international borrowing is limited.