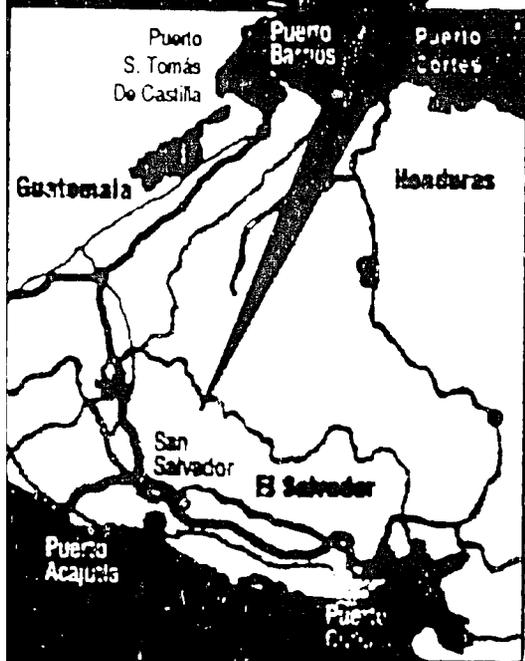


**GOES/USAID**  
**Mission to El Salvador**  
**Intermodal**  
**Transportation Study**

PN-ABX-444



**Final Report**  
**TASK 1**  
**SECTOR**  
**MANAGEMENT AND**  
**COORDINATION**  
prepared by  
Frederic R. Harris, Inc.  
in association with  
Tech International, Inc.  
and  
Sontay S.A. de C.V.

June, 1995

**AGENCY FOR INTERNATIONAL DEVELOPMENT  
PPC/CDIE/DI REPORT PROCESSING FORM**

**ENTER INFORMATION ONLY IF NOT INCLUDED ON COVER OR TITLE PAGE OF DOCUMENT**

1. Project/Subproject Number	2. Contract/ <del>Grant</del> Number	3. Publication Date
	519-0394-0-00-4112-00	08/95

4. Document Title/Translated Title

USAID/GOES Intermodal transportation study Task 1: ... management  
USAID/GOES Estudio de optimización del sistema de transporte  
Tarea 1: ... combinación del sector transporte

5. Author(s)

1. Frederic R. Harris, Inc.
2. Tech International, Inc.
3. Sontag, S.A. de C.V.

6. Contributing Organization(s)

USAID/El Salvador

7. Pagination	8. Report Number	9. Sponsoring A.I.D. Office
		USAID/El Salvador

10. Abstract (optional - 250 word limit)

11. Subject Keywords (optional)

1.	4.
2.	5.
3.	6.

12. Supplementary Notes

1 copy EN  
1 copy ES

13. Submitting Official	14. Telephone Number	15. Today's Date
Kenneth Scott, Library San Salvador USAID	(503) 298-1666 X-1306	11/02/95

.....DO NOT write below this line.....

16. DOCID	17. Document Disposition
	DOCRD [ ] INV [ ] DUPLICATE [ ]

**Frederic R. Harris, Inc.**  
Condominio Parque Residencial Altamira  
Edificio "G" Local 11 y 12  
San Salvador, El Salvador  
Tel: 273-5755  
Tel. y Fax: 273-5735



San Salvador June 29 1995

Mr. Ernesto Girón, CTO  
USAID Mission in El Salvador  
San Salvador, El Salvador

Ref.: Intermodal Transportation Study  
Contract No. 519-0394-C-00-4112-00  
**Final Report, Task 1 "Transport Sector  
Management and Coordination"**

Dear Mr. Girón:

In compliance with section C.3.6 of above referenced contract enclosed herewith are 10 (ten) copies, in English, of the Final Report of Task 1 **"Transport Sector Management and Coordination"**.

We are calling this "Final Report" rather than "Final In-Depth Report" to better reflect its content.

Sincerely yours,

A handwritten signature in black ink that reads 'José H. Cosío'.

José H. Cosío, P.E.  
Team Leader

P<sub>N</sub>-ABX-444

**TASK 1**

**TRANSPORT SECTOR  
MANAGEMENT AND COORDINATION**

## INDEX

		<i>Page</i>
	<b>Glossary of Terms</b>	
1.1	Introduction	1-1
1.2	State Modernization Policy	1-1
1.3	<b>The Organization of the Transport Sector</b>	1-3
1.3.1	Former Organization of the Sector	1-3
1.3.2	Creation of the Vice-Ministry of Transport	1-3
	a. The Reorganization Decrees of the Sector	1-3
	b. A Brief Analysis of the Decrees	1-5
1.3.3	The Current Organization of the Sector	1-6
1.4	Summary Institutional Assessment	1-8
1.5	Transport Sector Organization Proposal	1-10
1.6	Proposal for the Transition Phase	1-11
1.6.1	The Study of the New MOP	1-11
1.6.2	Creation of the Transport Committee	1-11
1.6.3	Creation of the General Directorate of Planning	1-13
1.6.4	Restructuring of the VMT	1-13
	a. Planning Unit	1-14
	b. General Directorates of the Vice-Ministry of Transport	1-14
	c. Strengthening Ground Transport Management	1-14
	d. General Directorate for Maritime Transport- DGTM	1-18

	<i>Page</i>
e. General Directorate of Air Transport - DGTA	1-18
1.6.5 Transition Organization of the Transport Sector	1-18
1.6.6 Implementation of Transition Phase	1-18
1.7 The New MOP Implementation Phase	1-20
1.8 Training Programs	1-21
1.9 Technical Assistance Program	1-23
1.10 Conclusions and Recommendations	1-23

#### LIST OF TABLES

Table 1.6.1	Possible Distribution of Transport Sector Functions	1-17
-------------	---	------

#### LIST OF FIGURES

Figure 1.3.1	Transport Sector Organization Before the VMT	1-4
Figure 1.3.2	Summary of Organization of Offices Related to Transport Sector, 1995	1-7
Figure 1.5.1	Transport Sector Organization Process by Phases	1-12
Figure 1.6.1	Proposed Organization of VMT Transition Phase	1-19
Figure 1.7.1	Preliminary Concept of Organization of the Transport Sector in the Context of the New MOP	1-22

## GLOSSARY OF TERMS

<b>ARENEP</b>	<b>Asociación de Representantes de Empresas Navieras y Empresas Portuarias.</b>
<b>ASETCA</b>	<b>Asociación Salvadoreña de Empresarios de Transporte de Cargo</b>
<b>AUSTRAMA</b>	<b>Asociación de Usuarios de Transporte Marítimo</b>
<b>BID</b>	<b>Banco Interamericano de Desarrollo</b>
<b>CEPA</b>	<b>Comisión Ejecutiva Portuaria Autónoma</b>
<b>CRTT</b>	<b>Comisión Reguladora de Transporte</b>
<b>CT</b>	<b>Comisión de Transporte</b>
<b>DGC</b>	<b>Dirección General de Caminos</b>
<b>DI</b>	<b>Dirección de Ingeniería</b>
<b>DGP</b>	<b>Dirección General de Planificación</b>
<b>DGT</b>	<b>Dirección General de Tránsito</b>
<b>DGTA</b>	<b>Dirección General de Transporte Aéreo</b>
<b>DGTM</b>	<b>Dirección General de Transporte Marítimo</b>
<b>DGTT</b>	<b>Dirección General de Transporte Terrestre</b>
<b>GOES</b>	<b>Gobierno de El Salvador</b>
<b>FEFE</b>	<b>Fondo de Estatización y Fortacelecimiento</b>
<b>MOP</b>	<b>Ministerio de Obras Públicas</b>
<b>OMI</b>	<b>Organización Marítima Internacional</b>
<b>VMOP</b>	<b>Viceministerio de Obras Públicas</b>
<b>VMT</b>	<b>Viceministerio de Transporte</b>

## 1.1 Introduction

Aware of the need to achieve efficient coordination and management of the transport sector, GOES decided to reorganize the transport sector by passing all responsibilities under the Ministry of Public Works (MOP). In the meantime the GOES reinforced its policy of modernization of the State focusing on the reduction of the structure of the State through decentralization, privatization and re-engineering of the process, to have a more efficient State.

As part of the Study, the Consultant proposed a preliminary analysis of the requirements of transport coordination and management of the previous conditions which lead to the reorganization of the transport sector and the actual organizational reality with the purpose of taking appropriate measures to achieve the State's reform objectives.

This is a broad but not detailed analysis. A detailed review of the legislation, institutions, regulations, administration and operating practices with respect to Sector Coordination and Management is beyond the scope of this study, requiring considerably more research. While this limits the study's analytical detail and depth, it does not limit the broad general scope of the analysis.

This chapter only proposes alternatives for sector management and coordination among its institutions. The institutional aspects of each mode of transport are presented throughout this report.

## 1.2 State Modernization Policy

The Government of El Salvador has adopted a firm policy of modernization of the state (executive branch). The President of El Salvador, in his inaugural address said:

- *As government, we will implement reforms that aim to achieve the highest possible degree of efficiency in our administration.*
- *Consequently, we will carry out a deep reform in the public sector, which will satisfy the demands of a free, participatory and solidary society that encourages more efficient use of resources and improves the quality of services. In this process, we will look for adequate ways to decentralize and encourage private participation in Government services, in an orderly and gradual way, according to the capacity of local governments and the private sector.*

According to a study carried out by the Ministry of Planning, the modernization process seeks to transform public administration from traditional to modern. Traditional public administration performs interventionist and entrepreneurial roles, directly conducting economic activity, with:

- Large, centralized and bureaucratic institutions and systems, with limited efficiency and effectiveness.
- Inconsistencies among the functions legally assigned, institutional capacities and resources to implement public policies, leading to weak roles of the ministries in managing the sectors.
- Inadequate management of human resources, regarding staffing structure, non-competitive wages, and a lack of mid-rank staff and professionals to carry out the functions of the State.

On the other hand, the said study conceives of a modern public administration as one which:

- Operates in the framework of political democracy and free enterprise, with a subordinate role as regulator and facilitator.
- Fosters equity in the access to opportunities and services and promotes decentralization, competition, efficiency and effectiveness in the management of public policies and in the use of resources; and
- Enlarges coverage and efficiency of its services, limiting itself to finance, regulate and supervise them; not to supply them directly, transferring this role to the private sector, municipalities and other civil entities.

These objectives can be achieved through:

- **Modernization of macro-systems and internal management of human and financial resources, purchases and contracts.**
- Institutional modernization, with a better definition of the mission and functions of each institution; besides, providing services with the re-engineering of processes and adjustments in the structure of the organizations; and
- Implementation of appropriate decentralization, privatization, deregulation and regulation policies.

These reforms are intended to achieve administratively excellent institutions focused on:

- ✓ Satisfying their clients' needs.
- ✓ Results more than processes and
- ✓ Efficient use of resources.



These Modernization objectives of the public sector are being carried out at the Ministry of Public Works (MOP) with the support from BID, the organization of the MOP Reform Group and the continuation of the staff reduction process.

### 1.3 The Organization of the Transport Sector

This section describes the organization of the transport sector before and after 1993.

#### 1.3.1 Former Organization of the Sector

Until June of 1993 the organization of the transportation sector was dispersed and dislocated as illustrated in Figure 1.3.1. The Ministry of Public Works was responsible for highway planning, construction and maintenance. Moreover, the Ministry of Economics was in charge of setting sector tariffs and subsidies and public transport regulation, through the General Directorate of Transport; through the Autonomous Executive Commission of Ports, the management and operation of ports, airports, and the railroad, as well as civil aviation through the general directorate of the same name. The Ministry of Finance defined and collected taxes from the sector, such as on fuel, tolls, tariffs, etc. The National Police, by means of its Department of Traffic, issued vehicle and driving licenses.

#### 1.3.2 Creation of the Vice-Ministry of Transport

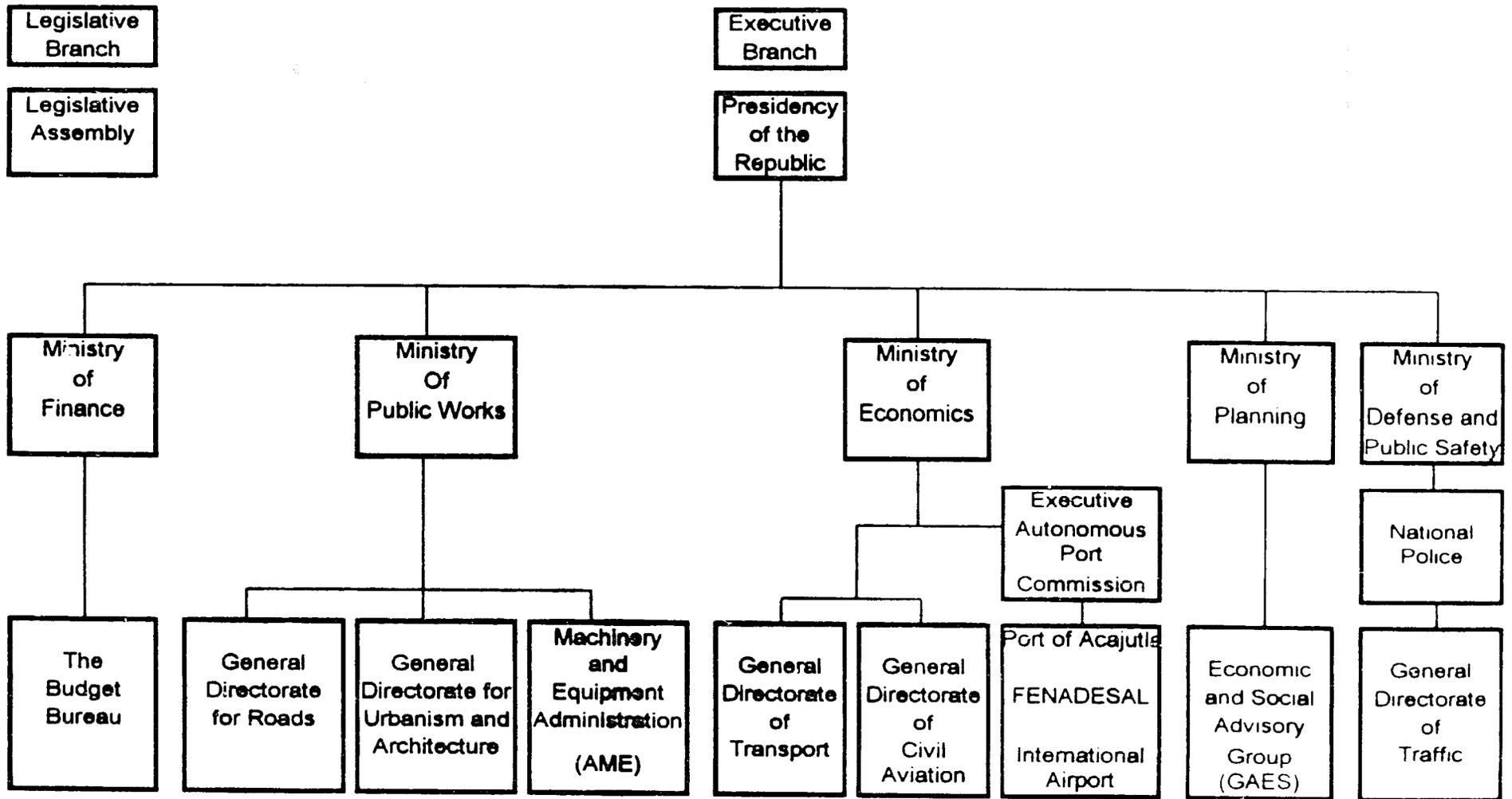
In order to enhance these coordination efforts, and reduce the Ministries with responsibilities in the transport sector the Government of El Salvador through executive and legislative decrees decided to establish the Vice-Ministry of Transport out of the MOP, and transfer to MOP the institutions of the transport sector so that they all could depend on the same ministry.

##### a. The Reorganization Decrees of the Sector

The relevant decrees are:

- With Decree No. 72, June 25, 1993 *the Vice-Ministry of Transport was created as the organization to manage, coordinate and regulate ground, air, and maritime transport policies.*
- With Decree No. 73, July 9, 1993 the organization of the Executive Branch was changed, making the Ministry of Public Works into the Ministry of Public Works, Transport, Housing and Urban Development - MOP; giving the Vice-Ministry of Transport the following functions.
  1. *Plan, analyze and implement policies regarding ground, air and maritime transportation.*

**FIGURE 1.3.1**  
**Transport Sector Organization Before the VMT**



Source: Tech International, Infrastructure Sector Evaluation, 1990, USAID financed; Frederic Harris, Inc. )with Tech International, Inc. as subcontractor

2. *Foster the creation of organizations or enterprises to develop the Transport system, taking into account supply and user demand.*
3. *After study determine ground, air, and marine transport needs, recommending the import or production of equipment that satisfy or assure the timely replacement of the vehicle fleet in each mode. To fulfill this function, the Vice-Ministry will annually set real needs and priorities for the different modes, according to the plans previously established.*
4. *Approve and cancel authorizations to use the transport network.*
5. *Approve and cancel transport enterprises to operate in each mode.*
6. *Establish and control the transport terminals, ports and airports.*
7. *As the highest authority, carry out necessary actions in the transport sector, to assure efficiency and security in ground, air and maritime transport services<sup>1</sup>.*

Decree 73 also defines the functions of the other two areas of the Ministry of Public Works, each represented by a Vice-Ministry.

*Public Works:* One of its eight functions is to:

Plan, control and evaluate highway infrastructure as well as its implementation and conservation.

*Housing and Urban Development:* Urban Planning<sup>2</sup>.

- By legislative decree No. 124, September 12, 1994, CEPA is placed under MOP and no longer under the Ministry of Economics.

#### b. A Brief Analysis of the Decrees

Decrees 72 and 73 are briefly analyzed. A reading of these decrees and consultation with legal advisors takes us to the following interpretation:

---

<sup>1</sup> Quotes of decrees are in italics.

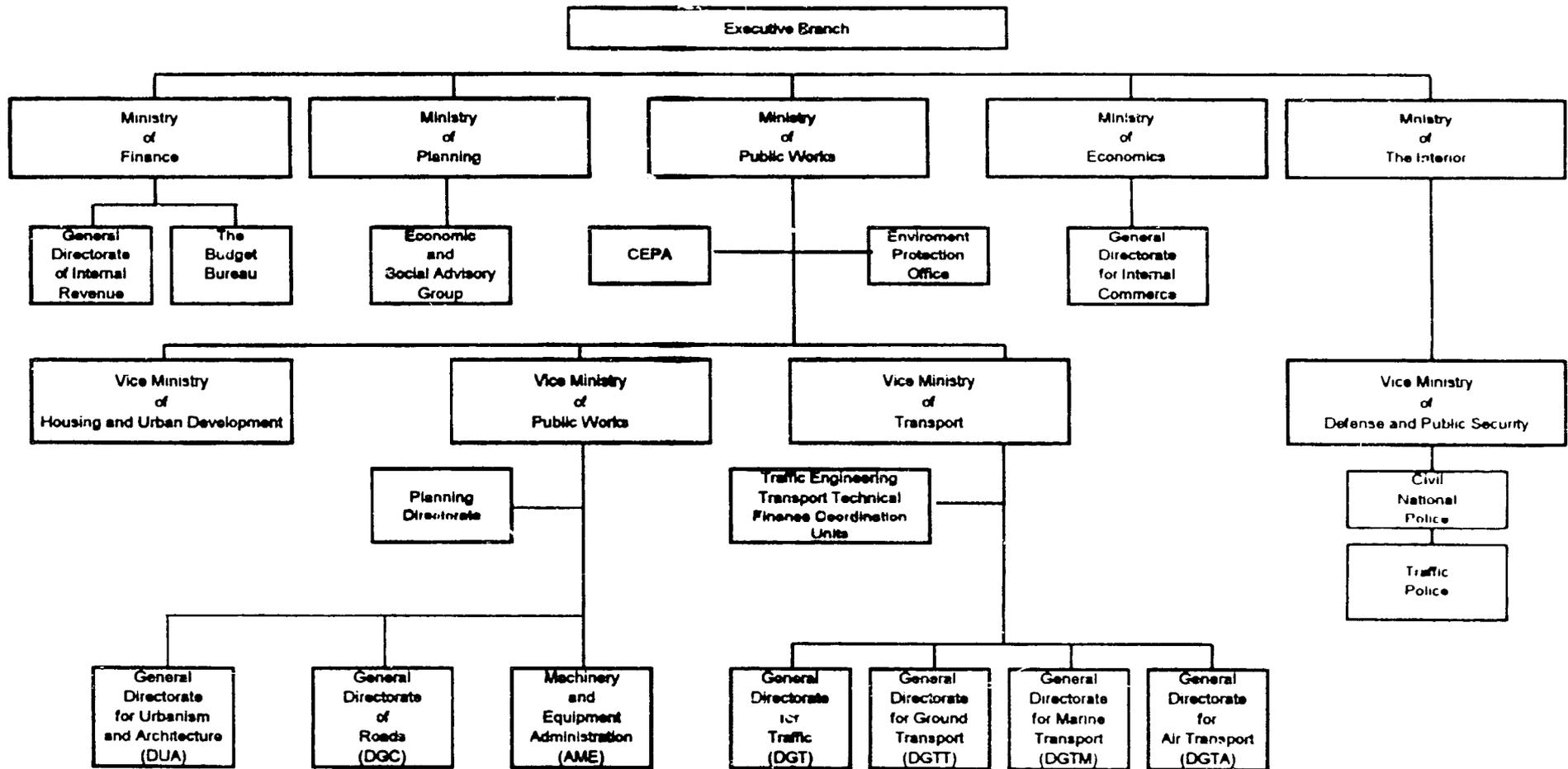
<sup>2</sup> Urban Transport issues are generally not discussed in this report, as they are not included in the Study's terms of reference.

- 1 With the promulgation of these decrees, GOES has made important changes Transfer of responsibilities by transport sector and CEPA to the Ministry of Public Works (MOP), and the creation of the Vice-Ministry of Transportation, in addition to two other Vice-Ministries, VMOP and VMVDU which already existed.
- 2 That means that transportation management is divided into two areas, the VMT and VMOP, both responsible to provide transportation efficiency , supplying related elements such as highway infrastructure and transportation services. The mission of the VMVDU is not closely related with these two Vice-Ministries.
3. The MOP formerly described as oversized, bureaucratic and inefficient, has now more responsibilities, a more complex structure, and without a unique mission to guide it's modernization process.
4. Decree 73 clearly defines the three areas of MOP, each area corresponding implicitly to a Vice-Ministry. The VMOP and VMVDU are responsible respectively for all the public works and all urban development policy. Planning functions are defined for each of these areas:
  - The functions clearly established for the area of public works is *to plan, control and evaluate the country's road infrastructure.*
  - The function established for the area of transportation is *to plan, analyze and implement government policies in ground, air and sea transportation.*
  - In the area of Housing and Urban Development, *to plan, coordinate and approve the activities of the housing and urban development sectors.*
5. With these quotes, one may conclude that the transport policies assigned to the VMT **exclude infrastructure policy, the most important in terms of resources.** Other important transport sector policies attributed explicitly to the VMT by the decree include regulatory policy, norms, security, authorizations and control of terminals, ports and airports, transport services to passengers and cargo, etc. The decrees did not explicitly transfer to the VMT responsibilities for the sector's fiscal and tariff policy. The VMT should prepare itself to analyze and propose solutions for transport tariff and fiscal policy.

### 1.3.3 The Current Organization of the Sector

As a result of the creation of the VMT and other institutional adjustments, in summary, the sector is presently organized as in Figure 1.3.2. It consists of three important structures, VMOP, VMT and CEPA, all parts of one Ministry, the MOP, without a clear definition of the relations among their functions and procedures for interaction.

**FIGURE 1.3.2**  
**Summary of Current Organization of Offices Related to the Transport Sector.**



Source: MIPLAN, MOP

Regarding the VMT, it consists of three staff units:

- Traffic Engineering Unit.
- Technical Transport Unit
- Financial Coordination Unit.

and four general directorates:

Two transferred from the Ministry of Economics:

- *Ground Transportation*, responsible for the regulation and control of public transport and
- *Air Transportation*, responsible for the regulation and control of civil aviation;

One transferred from the Ministry of Defence:

- *Traffic*, responsible for the regulation and control of vehicles and drivers; and

One recently created:

- *Maritime Transport*, which will be responsible for the promotion, regulation and control of civil shipping.

The merging of these organizations, different in the history and culture, makes the implementation of change efforts, modernization and institutional integration difficult.

#### 1.4 Summary Institutional Assessment

The institutions of the transport sector are carrying out efforts to modernize their activities. Besides previous studies and decisions, other studies of the Vice-Ministry of Public Works, CEPA, and the MOP itself. No in-depth studies on the recently created Vice-Ministry of Transport, have been carried out, except technical assistance received by the General Directorate for Marine Transport from the International Maritime Organization - OMI.<sup>3</sup>

---

<sup>3</sup> In addition to the OMI report an advisor to government prepared his concept of VMT organization which was adopted. It consisted of 1: Two offices, one legal and one technical, the later called the General Planning Office - OGP. 2. Three General Directorates of Transport, one for each mode: maritime, air and ground, each with a legal advisor, a consultive council and administration and finance office.

Past transportation planning activities have been consolidated by the Ministry of Planning, specially in its Economic and Social Advisory Group - GAES, following the efforts of informal working groups which included, among others, the MOP, the DGC and CEPA. The coordination among these institutions taking interinstitutional, sector and intermodal decisions has been mostly informal. These institutions have frequently demonstrated their leadership in sector planning. However, GOES' transport planning capacity continues to be limited and dispersed.

CEPA is an organization recognized for its efficiency among government enterprises. It has operated for 42 years and is in charge of three operating units: Acajutla Port, El Salvador International Airport (AIES) and the El Salvador National Railway System (FENADESAL). It has sufficient and even excessive human resources in the areas related to planning, including highly qualified and experienced personnel. As an autonomous institution, it is more flexible, prompt and has the funds to attract and provide professional growth of executive staff. It also has two types of objectives: 1) public, such as improving the general welfare; and 2) private, such as to earn income to cover its expenses and have resources to invest.

The DGC, a part of MOP under the VMOP, is also an organization of the State with a long tradition, with some highly specialized and experienced professionals among its staff. Nevertheless, it is not as flexible and quick as the autonomous institutions, nor does it have the conditions to offer professionals the expectation of career development. It is also known to be large, centralized and bureaucratic.

The VMT, as a centrally administered unit of MOP recently constituted to manage the sector, does not have the advantages of the former institutions. It does not have enough professional staff with long experience in sector planning, nor the necessary flexibility for its implementation, and its budget is very small. In the organizations it has inherited, specially the General Directorate for Ground Transport, there are inconsistencies among the functions that have been legally assigned, its institutional capacity and the resources available to implement the sector's regulatory policies, weaknesses which limit its implementation capacity. The coverage and development of the recently created DGTM remains to be defined. The DGTA is responsible for the administration of Ilopango Airport and air transport regulations in a period when this airport's traffic and domestic air traffic in general has declined.

The Consultant concludes that:

Regarding its organization:

- The responsibilities for the sector are concentrated in MOP, which has the functions of coordinating three autonomous and different Vice-Ministries.
- Transportation management is divided into two areas, the VMT and VMOP, both responsible for providing an efficient transport system.

- The MOP has taken on more responsibilities with a more complex structure, without a unique mission to guide its modernization process.
- Planning functions are assigned to each Vice-Ministry without defining the MOP's overall planning functions.

As for institutional coordination and planning capacity:

- Interinstitutional coordination is informal and insufficient
- Technical transport planning capacity is limited and dispersed.

### 1.5 Transport Sector Organization Proposal

In the context of the unification of transport sector functions and to make the GOES goal of modernizing the transport sector more effective, the Consultant has identified the measures necessary to modernize sector management, with respect to the MOP and the VMT.

The Consultant has conceived the development of sector management in two phases:

- *A transition phase, while MOP's strategic objective and scope are being defined, broader than the transport sector. In this phase, the transport sector still lacks adequate structure and capacity.*
- *A new MOP implementation phase, during which major decisions are to be taken regarding MOP's future, its reorganization, and within this framework, the consolidation of GOES capacity in the transport sector. One of the decisions being considered is the elimination of the autonomous vice-ministries.*

During the transition phase, the Consultant proposes the following:

- The study of the new MOP
- The creation of a Transport Committee - CT, with advisory functions, and the General Directorate of Planning - DGP.
- The creation of a planning unit at VMT, especially regarding transportation services, and the reorganization of the VMT's current functions.

During the new MOP implementation phase, the Consultant proposes:

- The recommendations of the study of the new MOP, especially the elimination of the specialized vice-ministries.

- The adjustment of the Transport Committee.
- The concentration of all MOP planning functions at the DGP.
- The adjustment in the VMT's structure as part of the New MOP.

Figure 1.5.1 illustrates the proposed two-phased process. The Consultant's proposals for each of the phases is discussed below.

## 1.6 Proposal for the Transitory Phase

### 1.6.1 The Study of the New MOP

Due to the MOP modernization process and its relationship with the restructuring of the transport sector, the Consultant recommends that the studies to be carried out define MOP's strategic objective and scope, its adjustment to the chosen objective, its reorganization according to these decisions, and the integration of the VMT into the redefined MOP, eliminating the autonomous vice-ministries.

### 1.6.2 Creation of the Transport Committee - CT

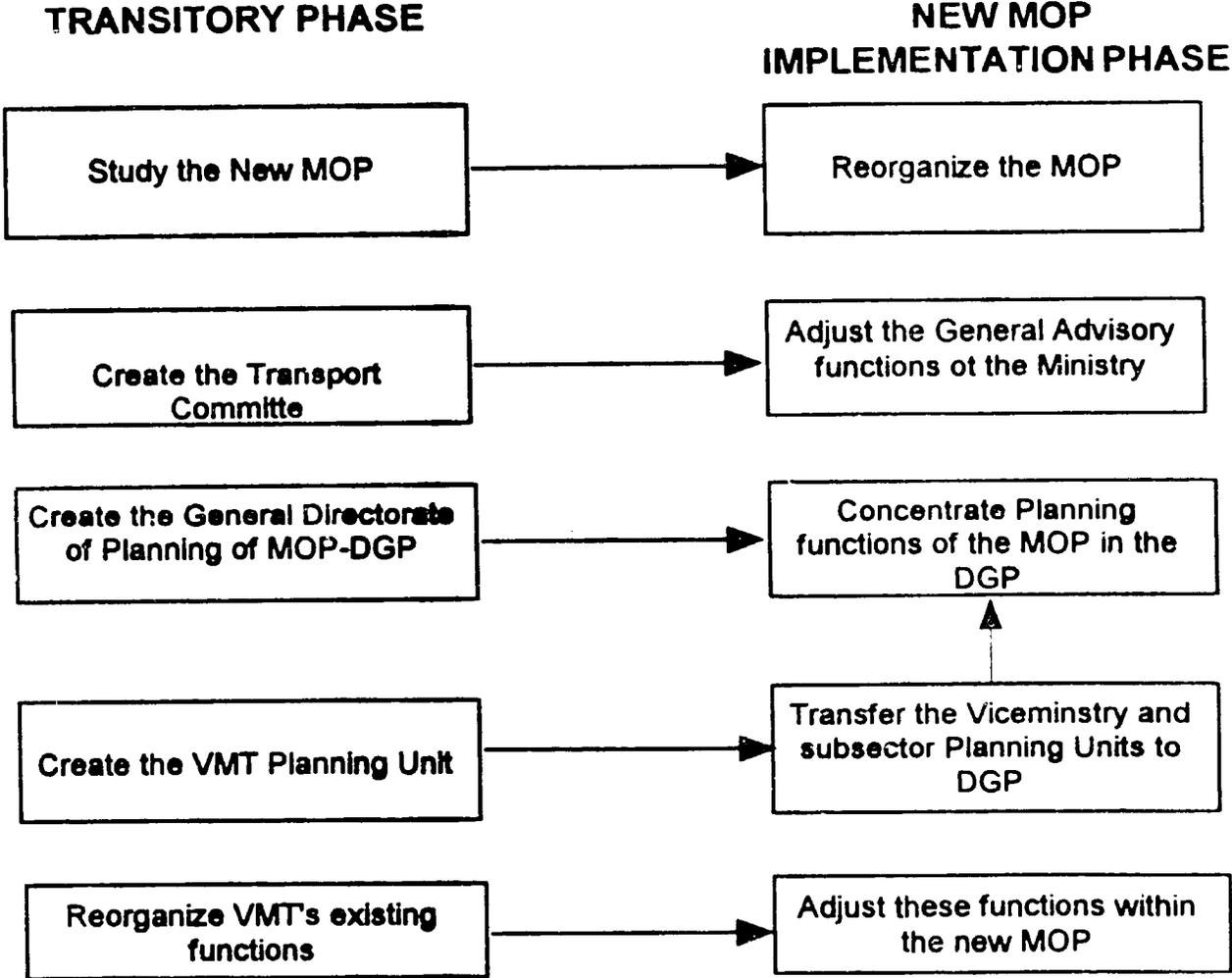
Due to insufficient structures and procedures which promote close coordination among the institutions, the Consultant proposes the creation of the Transport Committee to more effectively sequence decision-making. its purpose would be to facilitate consensus building and support in taking decisions regarding sector strategies, plans, programs, policies and operations.

**It would be a consulting body established at a high level. It would be headed by the Minister of Public Works and, in his absence by his designee. The Vice-Ministers of Public Works and Transport and the President of CEPA, or their representatives would also be members.**

According to the agenda, representatives of the Ministry of Planning, Ministry of Finance, Ministry of Economics, Traffic Police, general directorates for each mode of transport, General Directorate for Roads could also participate. When the issues dealt with private sector concerns, transport associations such as AEAS, ATP, ASETCA, ARENEP and AUSTRAMA could also be invited. Its members would act ad-honorem and would be called only when necessary. Committee membership could be adjusted when the vice-ministries merge in the New MOP phase.

It would support the Minister in taking and implementing sometimes controversial decisions, and help integrate MOP and private sector agencies.

**FIGURE 1.5.1**  
**Transport Sector Organization Process by Phase**



12

### 1.6.3 Creation of the General Directorate of Planning - DGP

The Consultant proposes establishing the DGP, reporting directly to the Minister, made up of full-time professionals, achieving a critical-mass planning capacity in one integrated unit

The group would consist of engineers, administrators, economists, planners and other professionals specialized in transportation. In order to guarantee close coordination with the institutions and quickly mobilize the needed technical capacity, the Consultant recommends temporarily assigning professionals from other sector institutions, with planning liaison functions.

This unit would have the following proposed functions:

- Prepare transport sector strategies, plans, programs, policies, as well as for other sectors for which MOP is responsible.
- Prepare planning studies, including for modernization, integration of plans, intermodal supply and demand analysis and sector modeling.
- Coordinate the activities of other planning units of the vice-ministries and subsector agencies, unify planning methods and procedures.
- Analyze and coordinate proposals prepared by other MOP planning units - of the vice-ministries, CEPA and other sector institutions.
- Carry out sector analyses for the Minister and the CT.
- **Prepare and monitor the MOP budget.**

### 1.6.4 Restructuring of the VMT

While the vice-ministries are not yet merged, in order to temporarily fulfill its planning functions, the Consultant proposes to create within VMT a:

- Planning Unit regarding transportation services.

The Consultant also proposes the following key changes of a more permanent nature:

- Transfer the General Traffic Directorate to the General Ground Transport Directorate, eliminating one general directorate and concentrating the administrative activities of serving the public in one unit.

- Create an Engineering Directorate, increasing the technical capacity to modernize traffic services.
- Create a Ground Transport Regulatory Commission to guarantee independent and transparent decisions on key public transport issues.

Justification for each proposal and the suggested functions for each unit are explained below.

#### a. Planning Unit

The consultant proposes to concentrate the activities of this unit on transport services planning including:

- Design national policy for ground, maritime and air transport services.
- Propose programs to replace public transit fleet.
- Design and coordinate integrated urban transport studies in the medium term.
- Design and coordinate a national urban transport program with the participation of municipalities and international support, including:
  - User incentives to prefer public transit and thus reduce transport demand.
  - Urban transport policies, infrastructure investments, bus corridors, signaling, fleet, etc.
- Design and promote a national bus terminal program to be implemented by the private sector.

#### b. General Directorates of the Vice-Ministry of Transport

Regarding the General Directorates of the VMT, the consultant recommends limiting their functions to the regulation, control, and development of transportation services, including solving identified problems. Their functions should not include the planning of their activities, leaving it to the planning units.

#### c. Strengthening Ground Transport Management

Recommendations are directed towards creating a new technical and administrative capacity to face overall problems of ground transport regulation, control and development. So as not to expand VMT structuring, the Consultant recommends reducing by one the

number of General Directorates and adding one Directorate and one Regulatory Commission (without full-time staff)

- **General Directorate of Ground Transport -DGTT**

The consultant considers it essential that granting public transit concessions and routes be an independent, technified and transparent process, requiring the participation of more than one institution and of highly qualified and reputable professionals.

After analyzing existing regulations and current DGTT activities, the consultant recommends taking away DGTT's role of granting concessions, which would be assigned to a new unit, proposed below, assigning other public transit regulatory and control functions to DGTT.<sup>4</sup>

In January of 1995, the General Directorate of Traffic was created, with the transfer of functions of vehicle registration and licensing, before carried out by the national police. The Consultant considers that the DGTT and DGT, have similar responsibilities: The first serves the operator public while the second serves the motorized public in general. The objective of both is to assure safe and trustworthy transportation.

The consultant recommends that the DGT become a part of the DGTT, eliminating one general directorate and concentrating in one unit the public service administrative activities. DGTT's objective would be to provide efficient and equitable services to the public.

To this purpose the consultant proposes that the DGTT have two line Directorates:

- **One public transport Directorate, with the current functions of the DGTT.**
- **One traffic Directorate, with the current functions of the DGT.<sup>5</sup>**

Besides eliminating the DGT, the consultant proposes creating two new units within the VMT, for the development and regulation of ground transportation.

---

<sup>4</sup> These functions include: transfer of lines, substitution of vehicles, change in operating system services, road change, route change, starting point change, etc.

<sup>5</sup> Two staff units are proposed among others: One service monitoring office to control the quality of service, and one systems office responsible for improving activity efficiency. The new DGTT functions would be reduced regarding engineering and subsidy control, if study recommendations are accepted. On the other hand, they would be increased by the functions of DGT and support to cargo transportation.

- **Engineering Directorate - DI**

The VMT still lacks technical capacity to develop ground transportation. The VMT now has a traffic engineering units and a technical transport unit. They carry out both line and staff functions, implementing traffic and transport improvements programs, while also planning VMT activities. These functions should be separated and the VMT's technical capacity should be strengthened. Towards this objectives, the consultant recommends.

- Assign their planning functions to the new planning units described above.
- Create the DI, with basically technical functions of traffic engineering, in charge of engineering studies and norms, especially those related to public transit, signaling, infrastructure and the development of municipal implementation capacity. It would facilitate the technification of VMT's ground transport activities.
- In cooperation with the cities, it could also design programs and obtain financing to improve urban and inter-urban transport, traffic safety, as well as to replace the public transport fleet nation-wide. This could be carried out with the financial support of such institutions as the World Bank and the IDB, the new Multisector Bank and the Economic Strengthening and Stabilization Fund (FEFE), thus avoiding the direct management of program funds.

- **Ground Transport Regulatory Commission**

Along the lines of the regulatory committees (now being conceived for the telecommunications and energy sectors), this commission is proposed, to technify the most important public transit concession issues for buses, mini-buses and taxis, and permit greater transparency in route concessions, with technical functions such as: a) grant extend and cancel routes permits; b) study and select bids for the concession of public transport services; and c) analyze and propose tariff adjustments.

The commission could consist of the directors of the DGTT, DI and the Traffic Police, plus three independent professionals highly qualified in planning of transport, not identified with operators, paid by session. This type of unit has shown good results in other countries such as Costa Rica. The consultant considers this solution preferable to a permanent commission, outside MOP, as its structure would be more expensive.

For greater clarity, Table 1.6.1 presents the proposal for redistributing functions within the VMT regarding ground transportation.

**TABLE 1.6.1**  
**Summary and Functions Recommended for the**  
**VMT in the Ground Transport Subsector**

<b>REGULATORY COMMISSION</b>	<b>ENGINEERING DIRECTORATE</b>	<b>DGTT Public Transit Directorate</b>	<b>DGTT Traffic Directorate</b>
<ul style="list-style-type: none"> <li>● Analyze and resolve granting, extension, renewal of public.</li> <li>● Study and let bids on the concession of public services according to existing laws and regulations.</li> <li>● Recommended policies for public transit fares based upon studies carried out by DGTT for Ministry approval.</li> </ul>	<ul style="list-style-type: none"> <li>● Institutionally strengthen municipalities to assume their urban transport functions.</li> <li>● Study, analyze and resolve immediate traffic problems.</li> <li>● Prepare traffic norms, specifications, procedures, designs and plans.</li> <li>● Prepare traffic management, security and control policies.</li> <li>● Design highways safety programs and policies.</li> <li>● Design and coordinate signalling, road capacity and safety improvements programs.</li> <li>● Design specific infrastructure improvements.</li> <li>● Carry Out: traffic counts, origin-destination studies, supply and demand studies, including the processing of weight control station data.</li> </ul>	<ul style="list-style-type: none"> <li>● Regulate and control national public transit services in coordinating with the Ground Transport Regulatory Commission.</li> <li>● Recommend policies to improve public transit.</li> <li>● Regulate and control bus, microbus and taxi frequencies and services.</li> <li>● Regulate and control public transit fares. Obtain operating cost data from public transit operators.</li> <li>● Plan public transit routes and services. Order route supply and demand studies.</li> </ul>	<ul style="list-style-type: none"> <li>● Regulate driving licenses</li> <li>● Coordinate highway safety programs and policies</li> <li>● Register, issue operating permits and control the registry of public and private vehicles.</li> <li>● Regulate and control private and public vehicle conditions</li> </ul>

Note: The Director of DGTT should also define the coordination functions with the Traffic Police.

Source: Frederic R. Harris, Inc.

17

#### d. General Directorate for Maritime Transport - DGTM

The Consultant suggests only two offices in the DGTM: shipping activities and marine safety and environmental protection. Also, for the role of the Consultative Council, the possibility of the DGTM joining the ARENEP and AUSTRAMA should be considered.<sup>6</sup>

The International Maritime Organization completed a technical assistance mission in October 1994 proposing the functions and organization of the recently created DGTM. The DGTM would consist of a Directorate, advised by a Consultative Council, a Sub-Directorate and four offices, for the areas mentioned, as well as Legal and Planning offices, not considered necessary.

#### e. General Directorate of Air Transport - DGTA

The DGTA was transferred from the Ministry of Economics to the Ministry of Public Works in 1993 with a number of qualified professionals. As a result of the peace and reconstruction, internal air transport has decreased and international transport has increased. In this context, there is a need to analyze the needs and regulatory functions of the DGTA.

On the other hand, according to the GOES modernization principle to stop operating services directly, the consultant proposes that the responsibility for operating the Ilopongo Airport be transferred from DGTA to CEPA, because current financial results do not permit privatization.

### 1.6.5 Transition Organization of the Transport Sector

To summarize the previous pages, Figure 1.6.1 shows a possible organization chart illustrating these proposals.

### 1.6.6 Implementation of Transition Phase

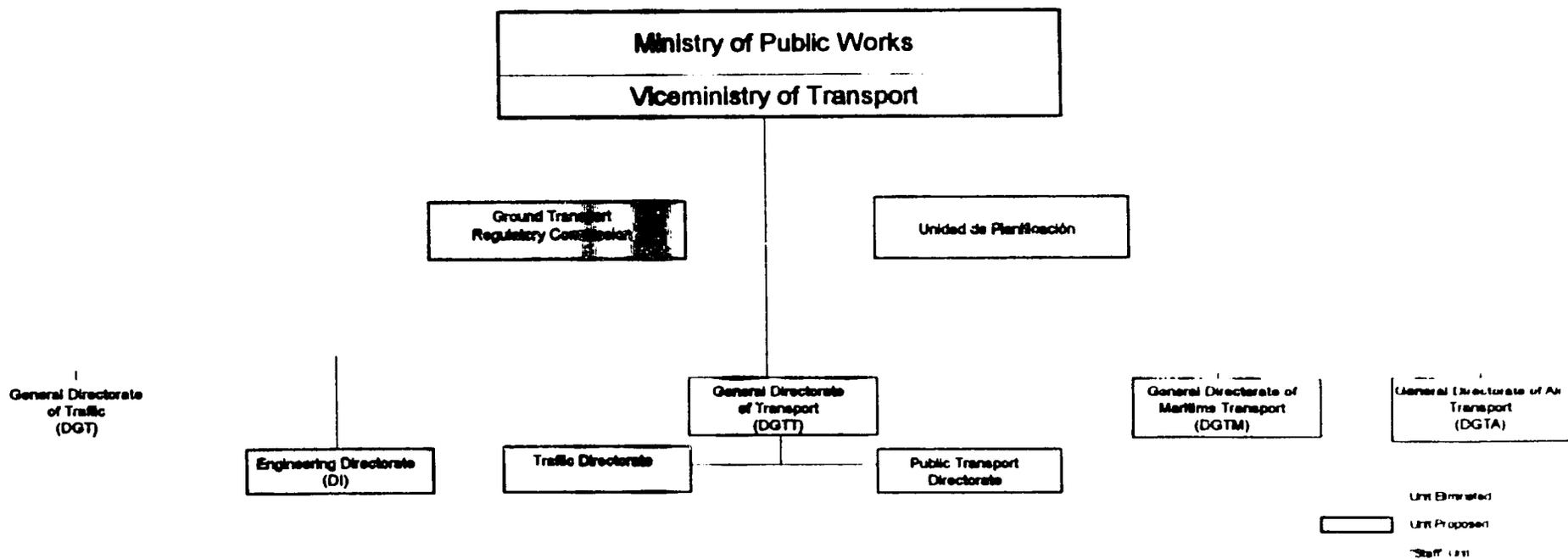
A key aspect of the implementation of the transition phase of sector management modernization is establishing and mobilizing resources for the new MOP and VMT planning units. These are decisions regarding basic government functions which require courage and determination in a period of a reduced government role.

The Consultant suggests maintaining the functions of the Technical Study Committee to guarantee an efficient transition in sector coordination and planning until these planning units are established. The committee would report to the Minister of Public Works and its members to their institutions.

---

<sup>6</sup> The Association of Shipping Company and Port Representatives and the Association of Marine Transport Users, respectively.

**FIGURE 1.6.1  
Proposed Organization of VMT  
Transition Phase**



3

The Consultant proposes the following implementation sequence:

1. Assign to the Technical Study Committee temporary study implementation monitoring functions as well as advisory to upper MOP management in general sector planning.
2. Select a program training coordinator for transportation planning.
3. Implement a training program based upon the TRANUS model.
4. Establish the Transport Committee, the General Planning Directorate - DGP of the MOP and the VMT planning unit.
5. Hire technical assistance to support the development of transport planning capacity of the DGP and other sector institutions.
6. Begin the new MOP implementation phase.

The Study Technical Committee may carry out training, promotion and dissemination programs through seminars, etc. For these purposes, a budget should be assigned of at least one million colones, excluding personnel costs covered by participating agencies. The role of the Committee would end with the creation of the DGP, which would absorb these functions.

### **1.7 The New MOP Implementation Phase**

**Once the strategic objective and scope of the new MOP is defined, the Consultant proposes that the specialized vice-ministries merge and, at the time of reorganization:**

- **Adjust the functions and membership of the CT based on acquired experience in its operation and the new MOP framework.**
- **Integrate the functions and planning of MOP, transferring the vice ministerial and subsectorial planning units to DGP, becoming the only MOP planning unit.**
- **Adjust VMT functions within the new MOP, possible becoming a new General Directorate of transportation services, made up of four directorates, including the current general directorates.**
- **All the activities and units responsible for road infrastructure would by analogy, become part of a General Directorate of road infrastructure.**
- **Other units would be established according to the objectives and scope of the new MOP.**

Figure 1.7.1 illustrates the proposed MOP goal in terms of transport sector organization in the medium term: An integrated Ministry, facilitating the coordination of various transport sector concerns, consisting of ministry management (minister and vice-minister), one autonomous commission (CEPA), two staff units (DGP and legal advisory), administrative and financial support units and line units, including the indicated general directorates.

## 1.8 Training Programs

To increase transport planning knowledge, and the capacity of the sector's professionals, and guarantee a national capability in this area, the consultant recommends:

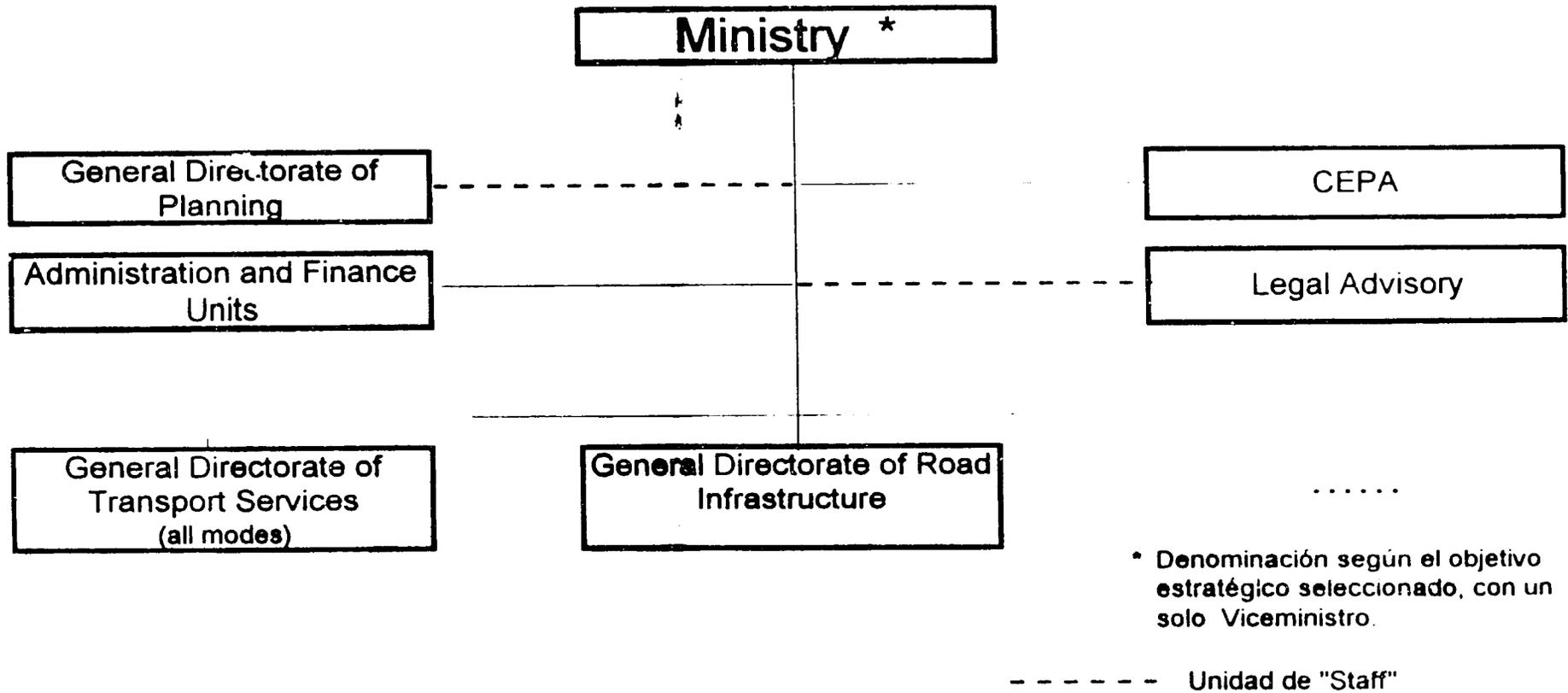
- Carry out a brief study of specialized human resource needs in the vice-ministries, CEPA and other sector institutions, capacities of available staff and, with this information, determine the required training needs.
- Select candidates and assign scholarships for transport planning study abroad, for a maximum of one year, with functions guaranteed upon return.
- Conduct short-term, in-country training programs with the participation of a Salvadorean university and international specialists. All public institutions of the sector should have the opportunity to participate.

Frequent seminars are also recommended to build consensus, regarding sector development and coordination among the institutions. Sector planning seminars are proposed with the participation of MIPLAN, MOP, VMOP, CEPA, DGC, and, as needed, the San Salvador Municipal Government, representatives of transport associations and users, representatives of external financial sources, professional associations, meeting facilitators, etc.

These meetings should be used to further define the roles of the various sector institutions, including:

**Coordination & Management**  
**Planning & Policy Development**  
**Administration**  
**Regulation & Control**  
**Operation**

**FIGURE 1.7.1**  
**Preliminary Concept of Organization of the Transport Sector**  
**in the Context of the New MOP**



\* Denominación según el objetivo estratégico seleccionado, con un solo Viceministro.

----- Unidad de "Staff"

Source: Proposed by Frederic R. Harris, Inc.

22

## 1.9 Technical Assistance Program

To keep up this sector planning capacity and support the development of the sector's first planning activities to be carried out in the Vice-Ministry of Transport, the consultant recommends a technical assistance program to support all these activities and to help prepare a medium-term modernization program for transport planning.

## 1.10 Conclusions and Recommendations

The Consultant concludes that:

Regarding its organization:

- The responsibilities for the sector are concentrated in MOP, which has the functions of coordinating three autonomous and different vice-ministries.
- Transportation management is divided into two areas, the VMT and VMOP, both responsible for providing an efficient transport system.
- The MOP has taken on more responsibilities, with a more complex structure, without a unique mission to guide its modernization process.
- Planning functions are assigned to each Vice-Ministry without defining the MOP's overall planning functions.

As for institutional coordination and planning capacity:

- **Interinstitutional coordination is informal and insufficient**
- **The Technical transport planning capacity is limited and dispersed.**

In the context of MOP reorganization and the unification of transport sector functions and to make the GOES goal of modernizing the transport sector more effective, the Consultant has identified the measures necessary to modernize sector management, with respect to the MOP and the VMT. The Consultant has conceived the development of sector management in two phases:

- *A transition phase*, while MOP's strategic objective and scope are being defined, probably broader than the transport sector. In this phase, the transport sector still lacks adequate structure and capacity.

- *A new MOP implementation phase, during which major decisions are to be taken regarding N. DP's future, its reorganization, and within this framework, the consolidation of GOES capacity in the transport sector. One of the decisions being considered is the elimination of the autonomous vice-ministries.*

During the transition phase, the Consultant proposes the following:

- The study of the new MOP
- The creation of a Transport Committee - CT, with advisory functions, and the General Directorate of Planning - DGP.
- The creation of a planning unit at VMT, especially regarding transportation services, and the reorganization of the VMT's current functions.

During the new MOP implementation phase, the Consultant proposes MOP carry out:

- The recommendations of the study of the new MOP, especially the elimination of the specialized vice-ministries.
- The adjustment of the Transport Committee.
- The concentration of all MOP planning functions at the DGP.
- The adjustment in the VMT's structure as part of the new MOP.

**The Consultant also proposes the following key changes of a more permanent nature:**

- **Transfer the General Traffic Directorate to the General Ground Transport Directorate, eliminating one general directorate and concentrating the administrative activities of serving the public in one unit.**
- **Create an Engineering Directorate, increasing the technical capacity to modernize traffic services,**
- **Create a Ground Transport Regulatory Commission to guarantee independent and transparent decisions on key public transport issues.**

Preliminary training and technical assistance concepts have been prepared.