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EVALUATION

TECHNICAL SUPPORT, POLICY ANALYSIS AND TRAINING

PROJECT No.519-0349

USAID/EL SALVADOR
October 1992

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EXECUTIVE SUMMARY

The Technical Support, Policy Analysis and Training Project (No.519-0349) provides $32 million plus the equivalent of $10.5 million in local currency for a seven-year program to help El Salvador identify and address priority development problems, undertake policy and strategy reform, and improve development programs and project implementation. The project focuses support on Government of El Salvador (GOES) initiatives in tax modernization, integrated financial management, financial sector reform, privatization, municipal development, private sector support, and strengthening democracy. Macro-economic and sector studies, technical assistance, and training are also being provided to support the reforms.

At the time the project was initiated, basic survey documents, sectoral assessments and strategies, and a comprehensive development plan for the nation were non-existent or outdated. The public sector lacked skilled managers and technicians. These were major constraints for the Cristiani Administration when it took office in 1989 and initiated a broad program of economic stabilization and structural adjustment.

The United States AID Mission to El Salvador (USAID) contracted this evaluation to provide an independent mid-term assessment of project responsiveness to GOES needs and the adequacy of management procedures employed. This evaluation was also intended to provide the USAID with information to guide future activities and management procedures. No former evaluation had been carried out. The evaluator spent four weeks in El Salvador during September-October, 1992. Methods used in the evaluation were review of project documents and interviews of USAID, GOES, and contractor personnel.

Principal findings were that the project has contributed effectively to GOES priority needs and USAID strategic objectives and its management has been fundamentally sound. Studies such as the household and income surveys and advisors provided to update the national development plan have filled gaps in the GOES information base and strengthened GOES economic decision making. Conferences, technical assistance, and training activities in municipal development, privatization, and tax modernization have prepared the ground for and facilitated implementation of reforms in those areas.

Activities under the project have also enabled the GOES as well as non-governmental organizations and the private sector to take

advantage of targets of opportunity. A grant to the El Salvador Institute of Judicial Studies enabled the Institute to arrange a timely forum with representatives of affected sectors to discuss and prepare for reforms associated with implementation of the peace accords signed early in 1992 to end El Salvador's civil war. In completing design, meeting conditionality, or otherwise clearing the path for other donor assistance programs, activities under the project have filled gaps that the GOES and other donors could not accomplish from their own resources. GOES officials contacted during the evaluation confirmed the project's high degree of agility, responsiveness, and productivity.

Management coordination and ownership for project activities is spread among GOES institutions and USAID offices directly involved. In spite of spread responsibility, management of individual activities and overall coordination has generally worked well. AID/Washington requirements have been met.

As the project enters its final three years, more initiative will need to be taken to program increasingly limited uncommitted funds. More guidance will also be needed to define how the project should contribute in the transition to a new GOES administration and a new role generally for the AID program.

In view of the project's responsiveness and basically adequate management, no major changes appear needed. However, there are some actions suggested by the evaluation findings which the Mission may wish to consider.

- Focus should be given to a plan for the project's future - The Projects Office needs to take the initiative to focus Mission management attention on sorting out where the project should be headed and the funding implications.

- Separate project semi-annual review (SAR) treatment should be considered for larger activities - Rather than being included as only one of many activities covered in the SAR process for Project 0349, activities as large and complex as Tax Modernization, Integrated Financial Management, and Privatization should be considered for separate treatment to enhance the rigor of their review, improve the written record, and bring broader Mission awareness and management attention to bear.

- Line drawn between Program Development and Support (PD&S) and Project 0349 should be clarified - A clearer distinction between uses of these accounts could facilitate their budgeting and programming and enable project managers to understand better the options available to them.

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- Periodic reviews of program vs. administrative funding should be continued - While there appears to be no current vulnerability with respect to AID/W guidance on program funding eligibility, continual monitoring is needed.

- Strengthening advisory functions of Project 0349-funded personnel should be considered- Locating advisors in counterpart agencies or otherwise linking them more closely with counterparts could enhance their advisory roles and increase GOES sense of ownership.

Lessons learned include:

- Need for instrument like Project 0349 - Experience with Project 0349 vividly demonstrates the value of such an instrument. Ability to respond rapidly and flexibly to unanticipated needs and opportunities is an essential requirement for an effective development program. Every AID country program, regardless of size, should have access to such an instrument either as part of the AID Mission's or a regional portfolio.

- Need for clear criteria - While a flexible instrument like Project 0349 is an essential need, criteria for what activities are to be included need to be as clear as possible and well understood by the AID Mission and host country to facilitate efficient budgeting and programming. Clearer criteria are especially needed for the future of the El Salvador project with possible new demands on the project in the transition to the next administration in 1994.

- Need to weigh flexibility and management - Individual activities under Project 0349 inevitably receive less management attention than discrete projects, While the USAID has required thorough review of each activity, there has not been the advance analysis or degree of management oversight that a regular project would have, The gains in flexibility by using a Project 0349 must be balanced against the potential costs of less rigorous management. While lesser management has generally not been a problem in the El Salvador project, the implications for management need to be carefully considered when setting criteria and selecting activities to be included under such a project.

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I. BACKGROUND

The Technical Support, Policy Analysis and Training Project (No.519-0349), was signed on August 30, 1988 and provided $17 million plus local currency to be allocated for a five-year program to help El Salvador identify and address priority development problems, undertake policy and strategy reform, and improve development programs and project implementation. When the project was signed, basic survey documents, sectoral assessments and strategies, and a comprehensive development plan for the nation were non-existent or outdated. The public sector lacked skilled managers and technicians to remedy these planning and programming deficiencies. As a result, GOES use of donor resources was not as effective as it should have been.

Ten months after the agreement was signed, the Cristiani Administration took office and initiated a broad program of economic stabilization and structural adjustment. Main elements were: (1) measures to improve profitability of the export sector, including introduction of a flexible exchange rate, import tariff reductions, and elimination of non-tariff barriers to imports; (2) measures to reduce the fiscal deficit, primarily through streamlining of the tax structure and elimination of exoneration to indirect taxes; (3) measures to strengthen the financial system, including adoption of a partial liberalization of the interest rate structure and legal and institutional reforms needed to privatize the banking system; and (4) measures to remove price distortions, including eliminating price controls.

Planning and programming deficiencies were major constraints to moving forward with this ambitious reform program. Soon after it took office, the new administration began making ad-hoc requests to USAID to finance studies, surveys, training and technical assistance in support of specific programs and projects. Project 0349 was the vehicle to provide such support.

In August, 1991, USAID amended the project adding $15 million for a new authorized project total of $32 million plus local currency and extending the project completion date to July 31, 1995. The amendment revised the project to focus support on emerging GOES initiatives in tax modernization, integrated financial management, financial sector reform, privatization, municipal development, support for the private sector, and strengthening democracy. Allocations for continued macro-economic and sectoral studies, training, and technical assistance to support the GOES reforms were also included.

Table 1 shows amounts programmed, obligated, committed, and expended as of August 31, 1992 under this project. Just over

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half way through the life of the project, 80% of the $32 million authorized has been obligated, 46% committed, and 31% expended on an accrued basis.

Table 1
Project 0349 Dollar Funding
($000)

	Programmed	Obligated	Committed	Expended
Macroeconomic/ Sectoral Studies	4,969	4,396	3,405	2,591
Environment	710	535	362	268
Training	1,503	1,264	1,191	945
Strengthen Democracy	1,922	1,522	771	535
Municipal Development	4,333	3,633	1,558	1,485
Superintendency	1,347	1,600	1,643	75
Privatization	1,600	650	71	71
Support for Private Sector	946	696	273	231
Grain Marketing Privatization	1,300	450	530	7
Tax Modernization	6,000	6,700	4,010	1,127
Integrated Financial Management/Auditing	5,000	1,500	24	19
Financial Management Services	2,370	2,054	1,300	958
TOTAL	$32,000	$25,000	$15,138	$8,312*

* Accrued expenditures are over $10 million (P-19 report, 9/30/92, breakdown by project not available)

ESF generated local currencies have also been allocated to this project as shown in Table 2.

Table 2
Project 0349 Local Currency Funding

	Programmed	Obligated	Expended
Macroeconomic/ Sectoral Studies	¢18,206,478	¢18,206,478	¢ 8,615,226
Privatization	8,000,000	8,000,000	132,384
Administration	1,358,126	1,358,126	1,077,376
TOTAL (Colones)	27,564,604	27,564,604	9,824,986
$ Equivalent ($1=¢8.5)	$ 3,245,249	$ 3,245,249	$1,155,880
Unallocated	7,300,000	-	-
TOTAL	$10,545,249	$ 3,245,249	$1,155,880

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Allocations for Macroeconomic/Sectoral Studies cover salaries and local costs for the GOES offices that undertake the studies. The allocations are counterpart for and an integral part of the Macroeconomic/Sectoral Studies activity listed in Table 1. Similarly the Privatization allocations are counterpart for both the Privatization and Grain Marketing Privatization activities in Table 1. Disbursements against the Privatization allocations, however, have been minimal to date. An action plan for use of these funds is currently being reviewed by the Mission. Administration covers costs of the GOES personnel who manage Project 0349.

II. PURPOSE

The Mission contracted this evaluation to provide an independent mid-term assessment of the responsiveness of the project to (GOES) needs and the adequacy of management procedures employed. This evaluation is also intended to provide the Mission with information needed to guide future activities and management procedures (see Annex C for Scope of Work). No former evaluation has been carried out.

The Mission requested that the evaluation address, while not being limited to, the following questions:

- To what extent does the GOES possess a sense of ownership over the project?

- Is the project giving timely and high quality response to the priority technical support, policy analysis and training needs of the GOES?

- Is the project seen as a priority tool for policy reform?

- Are the management procedures employed appropriate? How are the selection criteria for approval of activities applied? Are these criteria rigid or flexible? Assess the need for flexibility in responding to unforeseen assistance requests from the GOES. What has been the project's experience in responding to ad-hoc requests versus targeted or pe-programmed areas of assistance?

- Has the project financed activities that are of a program nature as opposed to an operating expense function? (See cable No. State 037244 in Annex D of Project Paper)

- Are the users (USAID technical offices and GOES counterparts) adequately informed of the procedures, selection criteria and purposes of the project? Do they understand these procedures?

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- What does the project clientele (GOES) think? How does USAID/El Salvador compare to other donors? (Is USAID project assistance faster? Is it of high or higher quality? Is it less complicated?)

- Are the funding allocations appropriate?

- How does project assistance compare to the assistance provided under the Project Development and Support funding? Which are the advantages/disadvantages of project assistance?

- Are the six original outputs in the logical framework being accomplished? Is their attainment contributing to reaching end of project status (EOPS)? If any outputs or EOPS have changed, how are these new EOPS evaluated?

III. METHODOLOGY

The evaluator, a former AID Foreign Service Officer who has had experience with similar projects, spent four weeks in El Salvador during September-October, 1992 conducting this evaluation. Methods used were review of project documents and interviews of USAID, GOES, and contractor personnel. A list of persons interviewed is in Annex B.

IV. FINDINGS AND CONCLUSIONS

With only $10 million of the $32 million authorized for this project actually spent to date, it is premature to assess project impact except in a very anecdotal and preliminary fashion. Significant progress and accomplishments have been made, however. On the basis of a review of this progress, it is possible to reach some conclusions about (1) responsiveness and contributions of the project to GOES needs and (2) adequacy of project management. These were the principal areas of focus for the evaluation and findings and conclusions reached.

A. Progress to Date

The most recent semi-annual report to AID/W on project status showed the following progress against end of project status (EOPS) and major project outputs:

Planned EOPS	Progress to Date
Increased availability and use of statistical and analytical materials and methods	Annual household surveys providing input for planning carried out. Training on methods provided.

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Improved monitoring/auditing capabilities of GOES entities	Program to improve GOES audit capabilities presented. Major program will start 3/93.
Increased rate of disbursement of donors funds	Technical assistance provided. Rate of disbursement increased.

Major Outputs	Planned	Accomplished	
	LOP	Cumulative	% of LOP
Annual Household surveys	6	6	100%
Program/policy development studies carried out	25	10	40%
Technical assistance provided*	1140	963	84%
Short term training for GOES personnel and private sector*	370	557	150%
Long term training*	175	123	70%
Technical assistance in financial management*	311	334**	107%

* in person months
** new figure takes into account additional unplanned 2000 person days of services

Percentages of outputs accomplished reflect solid progress after four of the project's seven years. But it is necessary to look behind these percentages at specific project activity accomplishments to reach some qualitative judgments about responsiveness to GOES needs.

B. Accomplishments

Activities funded under the project fall into twelve activity areas or groupings which the GOES and USAID manage as separate units. Each activity grouping, including both dollar and local currency contributions, was reviewed in the evaluation. Reviews focused on problems or GOES needs to be addressed, purposes of the activities, and progress to date. Results of these reviews

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are contained in Annex A. Principal accomplishments in each of the activity areas are as follows:

1. Macroeconomic/Sectoral Studies

- Studies implemented and technical assistance provided has filled critical gaps in the information base for economic decision making (i.e. household, income and expenditure surveys, updated national accounts, population census).

- Assistance has upgraded capacity of Ministry of Planning and the Economic Cabinet to (1) develop the national economic development plan and policy reform program and (2) negotiate other donor assistance conditionality and monitor performance. El Salvador's resulting sound national economic program has inspired donor confidence and led to more rapid and efficient assistance flows than might otherwise have been the case.

- Assistance has been instrumental in producing key reforms. Examples:

  - Public sector employment efficiency study (Gregory) recommended accelerated retirement and voluntary separation of redundant public sector employees; recommendations were implemented this year with voluntary separation of 8 to 10 thousand employees and potential annual savings of 172.8 million colones starting in 1993.

  - Customs administration study (Stacey) led to initiation of an ambitious program to reform El Salvador's customs regime.

  - Ministry of Finance cash flow procedures have been improved as the result of technical assistance to the Ministry to revise its contracts with commercial banks receiving tax payments from the public.

2. Environment

An Environmental Advisor has been funded to supervise technical assistance given to SEMA (Secretaria Ejecutiva del Medio Ambiente), coordinate studies carried out for design of PROMESA, and provide general guidance in the environmental field to the GOES and NGO's in the country. This advisor has also assisted in accomplishing the following.

- An operational strengthening grant was provided to FESA 20-30. FESA is now the strongest, most solvent environmental NGO in the country.

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- An additional grant was provided to FESA to write an Action Plan for a National Environmental and Natural Resource Management Strategy. The work FESA did on the Action Plan was used only as background as a result of a political decision by the GOES to draw up its own plan, which has yet to be completed. In the meantime, FESA was able to grow technically, gained national stature, and its Action Plan continues to serve as a model for what the national strategy should look like.

- To prepare the GOES to certify that shrimp from El Salvador could continue to be exported to the United States ($19 million annual export earnings), assistance was provided to train shrimp netmakers in the use of Turtle Excluder Devices (TEDs) in the nets.

3. Training

- Training provided has filled critical gaps in facilitating implementation of reforms and has been highly responsive to priority GOES needs. Examples:

  - Training provided by INCAE in structural adjustment to prepare GOES personnel for implementation and to help build consensus for reform among representatives of affected sectors.

  - Training for the Court of Accounts to prepare the ground for reforms to be undertaken.

  - Training in grain storage management for farmer associations and other groups likely to take over divested IRA facilities and operate them.

  - Conflict resolution training for Ministry of Finance employees having to respond to a politically combative union.

4. Strengthening Democracy

- A Cooperative Agreement with the Institute for Liberty and Democracy (ILD) led to legal reforms that allowed the GOES to initiate registration during CY 92 of a target group of informal sector properties.

- A new ILD agreement provides technical assistance to the GOES to implement the real-property registry system. To date, adjustments to the legal framework of the property registry have been completed, the software adjustments are in process, and officers have received preliminary training in operation of the system. A pilot registration program targets some 8,000 marginal property owners to receive

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titles. An initial 200 titles have been issued, with important attendant benefits such as new access to credit.

- Grants have been provided to the Institute of Judicial Studies (IEJES) to (1) carry out a forum to discuss implementation of democratic reforms associated with the Peace Accords and provide follow-on assistance, and (2) put on 12 workshops on the electoral process. A further grant was provided to a women's civic organization for a women-in-development conference.

- Second-tier leaders of ten Salvadoran political parties participated in a three-week INCAE seminar on Leadership and Public Administration in San Jose, Costa Rica. Party leaders, representing the spectrum from the conservative ARENA party to the leftist, newly legalised FMLN, participated in a program stressing issues of Coherent Management of Public Sector Management relevant to rational dialogue over policy choices. For some participants this offered a first opportunity for exchange and discussion after many years of civil conflict and ideological division.

- Continued technical advice has been provided to support the American Institute for Free Labor Development (AIFLD) program.

5. Municipal Development

- Local governments have been provided with technical assistance in basic administration, legislative reform, improvement of municipal tariff rates, and project administration.

- During the last six month period, there have been 516 open town meetings, with a total participation of 80,212 persons. A total of 1,219 projects were executed in this period. Also 68% of 132 target municipalities have updated their tariff rates based on the "Ley General de Tributación Municipal" approved by the Legislative Assembly in December 1992.

- Public awareness of the potential of local government has been raised through public education campaigns, round tables and seminars.

6. Superintendency

- The legal and regulatory framework of the Superintendency has been reviewed and needed modifications identified by technical advisors.

- Price Waterhouse has assisted in development of a new organizational structure for the Superintendency and new manuals and procedures have been developed.

- On the job training of Superintendency personnel is being provided and formal courses and observational visits abroad are planned.

- Specifications for needed computer equipment have been drawn up and procurement will be completed before the end of the year.

7. Privatization

- A consultant was hired in 1988 to recommend potential privatization targets and a methodology for the process.

- A Privatization Commission was created in 1991 but was subsequently disbanded by the government because of conflictive issues between the government and the private sector. Nevertheless, the government continues to plan on proceeding with some specific privatizations.

- Hotel Presidente has been privatized. Technical assistance in establishing proper valuation has been provided.

8. Support for Private Sector (Stock Exchange)

- The stock exchange's physical facilities were inaugurated on February 13, 1992. The strategic and operating plans to support its development were delivered. Operating procedures and financial systems are in place. The computer equipment and software packages are identified and bought. Seminars, training to brokers and to stock exchange staff as well as observational visits have been provided.

- Stock exchange operations began on April 27, 1992. The goal was to reach ¢100 million in transactions during the first year of operations. As of August 31, 1992, a total of ¢96 million in transactions had been reached.

9. Grain Marketing Privatization

- Through assistance provided from Kansas State University, all 16 grain handling and storage facilities belonging to the government parastatal have been inspected and value appraised.

- The GOES strategy for sale of the grain handling and storage facilities (steps, procedures, conditions, etc.) has been

reviewed and approved by the Secretary or Agriculture; legal aspects have been reviewed by the Secretary of Justice; and the Executive Order was expected to be issued during October, 1992.

- Potential buyers have been identified and briefed about potential benefits; a technical assistance and training package has been approved to support successful buyers; the first facilities should be transferred by the end of the year.

- A plan has been elaborated to privatize CENTA's Division of Seed Technology which would meet GOES obligations under the Structural Adjustment Loan with the World Bank.

- Studies on the seed industry, the agricultural inputs industry, and basic grains production have been published and shared with the public and private sector; additional studies are in the research phase; seminars, workshops, and talks have been given to private and public sector institutions regarding research undertaken.

- These activities have led to the following initiatives:

  - A national seed industry committee composed of public and private sector representatives was set up to guide transformation of the industry and the shifting of production and marketing functions to the private sector.

  - GOES is in the process of harmonizing the differentials in import tariffs for raw materials and finished products used in the agricultural inputs industry.

  - The first supply response functions for basic grains were developed and presented to the Policy Analysis Unit (UAPA) of the Ministry of Agriculture.

  - UAPA has initiated a series of adjustments to its process of gathering, analyzing and disseminating production and market information on basic grains which will benefit policy analysts, producers, market agents, industrial users, and consumers.

10. Tax Modernization

- A value added tax (VAT) passed by the legislative assembly in July 1992 was assisted in the following ways:

  - An indirect tax policy model was developed, generated information regarding potential revenue from the VAT, and was important in setting the rate. The model also

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was used to estimate revenue losses from exemptions and was important in holding down the number of exemptions.

- Technical assistance developed a practical and useful data entry, administration and reporting system for the VAT. Without such a system introduction of the VAT would not have been possible.

- Training of auditors combined with the information system design and implementation should insure accurate application of the VAT.

- Without the public information campaign developed and implemented with the technical assistance under this activity the VAT may not have been approved by the legislature.

- VAT collections have begun only about one month after enactment of this legislation. This could be the most rapid implementation of a VAT in the world. It could not have happened without the project-financed technical assistance.

- Modelling will strengthen the Ministry's analytic capacity which will ensure that the Ministry will be able to better defend reforms and improve tax policies

- The Ministry of Finance has been helped to administer the VAT. Computerized registration of over 42,000 VAT contributors has been completed, more than quadruple the number participating in the turnover tax.

- The technical assistance team has produced analyses to show that the new income tax imposes a lower tax burden at every level of income than did the old.

- A simple and creative solution to the treasury's difficulties with bank receipts, float, and reconciliation has been developed.

- A customs team is setting up a data base for checking classification and valuation functions, providing administrative advice, and helping to revamp the customs law.

11. Integrated Financial Management/Auditing

- In January 1992 a high level delegation of GOES officials met with US GAO and OMB officials to discuss modernization of the Salvadoran financial system; officials from USAID, IBRD, IDB, IMF and UNDP met in Washington to discuss donor collaboration in integrated financial management.

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- In February and March 1992 GOES officials met in 3 retreats to identify obstacles and constraints to better financial management; in May, President Alfredo Cristiani issued instructions to GOES officials to unify the ordinary and extraordinary budgets.

- In July, the Salvadoran National Assembly passed ground breaking new legislation to reinterpret Article 195 of the Salvadoran Constitution. The new law:

  (1) provides for periodic advances
  (2) authorizes post audit as an effective modern control mechanism
  (3) decentralizes payment functions

- The Court of Accounts has prepared a new law which proposes a substantial decrease in the Court of Account's involvement in the expenditure authorization process and other incompatible functions, and introduces the modern post-audit as a cost effective means of control. The law is expected to be presented to the Legislative Assembly in late October.

12. Financial Management Services

- Four IQC contracts have been signed to improve the financial management and control systems of GOES institutions involved in the oversight, monitoring, and auditing of AID provided funds and local currency generations. Over 2,000 person days of services have been provided to a number of institutions.

- A financial management assistance unit has been staffed to provide help to host country institutions including audit recommendation follow-up.

- An advisor in commodity management assistance has been contracted and is preparing an action plan to address the weaknesses in this area.

C. Responsiveness

The accomplishments listed above demonstrate an outstanding cumulative record of achievement under the project. Given that only the highlights have been summarized, the record would be even more impressive if the full story were told under each of the activity areas.

The project clearly has been highly responsive to GOES and USAID development objectives. It has responded to needs in a flexible and, for the most part, timely fashion. Most of what has been accomplished would not have been possible without the flexibility provided by Project 0349.

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Studies such as the household and income surveys and advisors provided to update the national development plan have filled gaps in the GOES information base and strengthened GOES economic decision making. These successes in turn have facilitated, made more effective, and probably contributed to larger U.S. and other donor assistance flows. Conferences, technical assistance, and training activities in municipal development, privatization, and tax modernization have prepared the ground for and facilitated implementation of reforms. They have also helped to educate and build consensus for moving ahead with those reforms.

Activities under the project have enabled the GOES as well as non-governmental agencies and the private sector to take advantage of targets of opportunity. For example, the grant to the Institute of Judicial Studies enabled the Institute to arrange a timely forum with representatives of affected sectors to discuss and prepare for democratic reforms associated with implementation of the peace accords signed in early 1992 to end El Salvador's civil war. In completing design, meeting conditionality, or otherwise clearing the path for other donor assistance programs, activities under the project have filled gaps that the GOES and other donors could not accomplish from their own resources. An advisor (Monsanto) was funded, for example, to prepare proposals and reports to comply with conditions for an Inter-American Development Bank loan to El Salvador's Social Investment Fund. Project 0349 has been a tremendous gap filler with multiplier effect in contributing to GOES priority development needs as well as USAID strategic objectives for El Salvador.

GOES officials contacted during the evaluation confirmed the high degree of agility, responsiveness, and productivity of the project. The Consultative Committee, formed to coordinate the project for the GOES, praised the project's critical role in moving reforms forward across the board. Committee members indicated the project had been the only source the GOES could turn to for training and assistance needed to prepare GOES personnel to implement the reforms. They made a strong pitch for continuing the project stating that if it terminated not only would further progress on reforms be sacrificed but progress already achieved might not be sustained.

The Consultative Committee Executive Director indicated that the Project 0349 training component compared very favorably in flexibility and responsiveness to other donor assistance. He said other donors only made offers of training for specific pre-arranged courses as they happened to come along. Only AID's project provided training tailored in content and timing to GOES needs.

The Financial System Superintendent, who has only been three months in his position, indicated mixed results from AID's

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assistance. Help in the areas of training, legal framework, and computerization has been responsive but assistance in organization and management has gone less well. The Court of Accounts advisor to the President and coordinator for AID's assistance was very positive about the contributions and timeliness of that assistance in defining and preparing for a new role for the Court as part of the government's financial management reforms.

The Minister of Finance was high in his praise of the Tax Modernization activity. He indicated the modelling component has been very helpful in the tax reforms. He said the activity generally has been very responsive to GOES needs and has been more effective than assistance from other donors.

D. Management

In assessing the project from a management perspective, the evaluation focused on (1) effectiveness of current management, (2) compliance with guidance, and (3) approach for the future.

(1) Management Effectiveness

The project is coordinated by a Project Manager in the USAID Projects Office. He works with the GOES Consultative Committee consisting of the Executive Director of the Secretariat for External Financing (SETEFE) and one representative each from the Ministry of Finance and the Central Bank. A Project 0349 Technical Unit in SETEFE acts as a full time executive secretariat for the Consultative Committee.

For each activity to be financed under the project the Consultative Committee forwards to USAID a formal request and receives a confirming Project Implementation Letter (PIL) upon USAID approval. For technical assistance and cooperative grants financed under the program, the activities are developed and agreed between the responsible USAID officers, their counterparts, and the key GOES economic decision makers. The Consultative Committee routinely has accepted and approved these pre-agreed activities. For the training component, the Consultative Committee has assumed a more proactive programming, review and approval role. In fact, in the Committee's overview briefing for this evaluation, the members addressed all their comments to the training component which was clearly the portion of the project for which they felt the most sense of responsibility and ownership.

One issue considered in the evaluation was that of ownership. To what extent does the GOES have a sense of ownership over the project? While the Consultative Committee has coordinating responsibility for the entire project, it was clear its sense of ownership extends only over the training. For all other

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activities it tends to defer judgment to the GOES institutions directly involved and USAID. Those institutions contacted in the evaluation (Superintendency, Court of Accounts, Ministry of Finance) did have a clear sense of ownership for their activities. Given the deliberate broad scope and flexibility of the project, the shared sense of ownership on the GOES side probably works better than if the Consultative Committee tried to take more control.

A second issue addressed was the training component. Is there an overall plan for training? Is it being followed? How is the training programmed and prioritized? Is it meeting project objectives and essential GOES training needs? Have potential abuses been controlled?

Findings were positive on each of these points. The GOES has agreed to present annual training plans in November of each year and has submitted two plans to date. The Consultative Committee solicits training requests and reviews them for priority in terms of GOES development and reform programs and for consistency with the established criteria. Criteria include preference to in-country training to stretch available resources (only 10% of training has been abroad), training only for purposes not fundable under other programs, training only for middle or higher level personnel, contractual commitments to return to employment for at least one year, etc. In reviewing requests in terms of priorities and criteria, the committee has been very selective rejecting up to 40% of requests received.

The plan is presented in draft to the USAID project manager who, in consultation with the responsible technical officers, reviews each request as well as the candidates proposed for priority and appropriateness. USAID review normally leads to rejection of a further 25%. The resulting jointly approved final training plan is formally submitted to USAID.

The training component was intended to be a flexible instrument to respond to needs not anticipated or met in other programs and not foreseeable during the entire life of Project 0349. This flexibility has proven to be of value and should be maintained. Training is, however, carefully programmed on a yearly basis. The initiative for making specific training proposals rests squarely with the GOES as it should. Priority and appropriateness of each training proposal is subject to prior review on the part of, first, the Consultative Committee and, second, the USAID. Questionable cases involving political considerations have been submitted to the USAID front office for approval.

The training component is being soundly managed and is meeting project objectives. No modifications in how this component has been shaped or is being handled appear indicated.

A third issue considered in the evaluation was whether there is a clear and appropriate rationale for selection of activities funded under the project. The Project Paper defines terms of reference for eligible activities which are extremely broad. Activities are to be consistent with Mission core objectives and the project purpose which is "to enhance Salvadoran capabilities to identify and address priority development programs, undertake policy and strategy reform, and improve development programs and project implementation". Activities are not to be funded if they can be included under another AID project. They must also conform to AID guidance on legitimate uses for program funding and not be vulnerable to the requirements of the Foreign Assistance Act with respect to adequate prior project plans and cost estimates.

A Project Paper Amendment in August 1991 narrowed the focus of the project to a set of activities that were spelled out in the Amendment and were designed to support priority initiatives and reforms of the new Cristiani Administration. Table 1 on Page 2 above shows in the Programmed column the set of activities and amounts budgeted in the Amendment. Implementation of the project has closely followed that programming as Table 1 demonstrates.

Questions have arisen about the appropriateness of funding under the project the Tax Modernization, Integrated Financial Management, and Privatization activities which have developed or could develop into million dollar plus programs as large as most AID projects. The rationale for including them under the project apparently was that preliminary work had already started under the project, full-scale project development was not possible in advance or would have introduced harmful delays, and the activities might not otherwise have gotten off the ground because of lack of the necessary understanding, consensus or support on the GOES or AID side. While this rationale is persuasive and results to date have been quite positive, the pros and cons of including similar large project-like activities in any follow-on to Project 0349 should be carefully reviewed on a case by case basis.

Questions have also arisen about the line drawn between Program Development and Support (PD&S) and Project 0349. There is general understanding in the Mission that PD&S cannot be used for long term or recurring technical support or for activities that exceed $500,000 or exceed twelve months. It is also understood that PD&S should be used for purposes that primarily serve USAID needs while Project 0349 is directed to GOES needs. In practice, Project 0349 has funded activities that might have fit under PD&S and vice-versa. The Mission may wish to consider whether there may be advantages from a programming and management perspective of drawing and holding to a clearer line between Project 0349 and PD&S. This could be done by providing clarification on

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respective uses for PD&S and Project 0349 in a Mission Order or Memorandum.

A fourth issue addressed was the extent to which management has been affected because normal project procedures were not followed? Have the gains in flexibility outweighed any losses from a management perspective?

There is general consensus in the Mission that, except for the largest activities (Tax Modernization and Integrated Financial Management), management procedures were fully adequate while gains from flexibility were substantial. Each activity is fully documented in a PIO/T which is thoroughly reviewed in the Mission. Responsibility for management of each activity is clear. While project management responsibilities are spread throughout the Mission, coordination provided by the overall project manager in the Projects Office has been efficient and effective. No suggestions were offered for improvements in any of these procedures nor do any appear indicated.

The principal anxieties pertained to the two largest activities - Tax Modernization and Integrated Financial Management. Concerns were expressed that because they were part of an umbrella project, less than desirable attention may have been paid to pre-activity analysis; goals, benchmark, and end-of-project status specification; monitoring and documentation of progress; and evaluation.

For the Tax Modernization activity, these concerns appear somewhat justified. The activity was in the works for about three years but for a number of reasons (change in government, the FMLN 1989 offensive, time needed to develop and verify the complex design, need to arrange additional funding, contracting process) it got started later than would have been desirable. Perhaps in retrospect it might have been possible to develop a separate project. But more than likely further delays would have been introduced if that route had been followed.

Because the activity was not subject to regular project treatment, the project manager lacks a fully developed framework for monitoring progress. The future of the activity needs to be clarified. Working relations between the project manager and contractor are good, the program is generally going well, and it has produced outstanding accomplishments. Because of its priority and the high level interest it commands from both the GOES and the Mission, the activity receives substantial Mission management attention. To reinforce this attention, it would be advisable to consider giving separate semi-annual review (SAR) treatment to this activity rather than reviewing it as one among many in the Project 0349 review.

The Integrated Financial Management activity is somewhat different. It could not have been started as a project because what needed to be done was clear but how to do it was not. Also it is a new area of activity generally for AID. A consensus to support a full-blown project probably could not have been achieved a few years ago when the activity was first conceived and its development initiated. Therefore development of this activity in stages was appropriate and doing so under Project 0349 was the only way. A discrete project is now projected for FY 1994.

For most of the activities under the project, lack of separate project treatment has not been a problem. Management oversight has been fully sufficient while the streamlined Project 0349 procedures have produced valuable gains in timeliness and responsiveness. For the larger activities, however, more intensive management focus (i.e. separate SAR treatment) would be desirable.

(2) Compliance with Guidance

The PID approval cable from AID/W (STATE 037244 in Annex D of the Project Paper) stressed that project activities should be (1) legitimate for program funding, (2) tightly focused and concentrated on Mission's core objectives, and (3) sufficiently defined so as to have a beginning and an end, a cost estimate, and a clear cut objective against which progress can be evaluated.

The issue of legitimacy for program funding has been under continuous review by the Mission. Two Mission task forces in the last eighteen months have reviewed the entire Mission portfolio, including Project 0349, to determine if allocations between program and administrative funding were proper. An AID General Counsel (GC) opinion of July 28, 1990 and Handbook 19, Chapter 11 were the points of reference. As a result of the reviews, activities were shifted in both directions between program and administrative funding, including withdrawal of some personnel funded under Project 0349, to conform with the guidance.

All activities and personnel now funded under the project were specifically reviewed in this evaluation for legitimacy of program funding. The conclusion is that scopes of work for all currently funded activities and personnel appear to meet the purpose test as defined in the GC opinion. Under this test, program funding is legitimate if the primary purpose for services obtained is program-related even if there is a residual benefit to administrative functions. While there appears to be no current basis for questioning any contract funded under the project, the Mission needs to continue its periodic reviews to ensure compliance. In addition to monitoring contracts for funding legitimacy, the Mission may wish to consider if advisory

roles could be strengthened and ownership by GOES counterpart institutions enhanced if personnel now located in the Mission were located or otherwise more closely linked with their counterpart institutions.

On the issue of relation to core Mission objectives, the 1991 Project Paper Amendment spelled out a specific plan (as indicated in Table 1 above) for activities that were more tightly focused on priorities of both the GOES and USAID in implementing the reforms of the Cristiani Administration. Activities carried out have followed the plan. Specific activities reviewed in the evaluation also appeared to meet the requirements of the Foreign Assistance Act with respect to adequate prior project plans and cost estimates.

(3) Approach for the Future

Project 0349 has proven to be a highly flexible instrument that continues to produce results critical to successful achievement of Cristiani Administration reforms. Looking to the future, elections and a new administration are on the horizon for 1994. AID assistance for El Salvador is not likely to be sustained at current levels beyond 1994. Other donors will be an increasingly important factor as AID assistance levels go down.

Project 0349 can play a pivotal role in preparing for this transition. It can assure that any new administration has the data and analyses needed to reach sound judgments on reforms already undertaken or in process. It can help to prepare for needed new reforms. It can continue to support other donor programs with the grant funding for technical assistance and training that other donors often lack. In encouraging other donors to assume a larger role, the gap filling support that Project 0349 can provide will be especially important.

To ensure the project is a dynamic instrument for the future, a review is needed of current, projected, and likely new requirements against funding availabilities. Components such as Tax Modernization and Training appear to need increases beyond current commitments. Other components as they move forward may well need increases also. Reprogrammings to date under the project have been handled as part of the SAR process. The Projects Office should take the initiative to coordinate a full scale programming review to sort out where all existing activities should be going and to determine if new activities for transition support are needed. This review should be apart from and in preparation for a SAR meeting which would reach the final decisions.

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V. RECOMMENDATIONS

In view of the project's success to date in responding to GOES needs and the basic adequacy of its management, no major changes in the project are needed. However, there are some actions suggested by the evaluation findings which the Mission may wish to consider.

1. Focus should be given to a plan for the project's future - In view of already apparent funding increase requirements as noted above, a programming review is needed. The project can also play a potentially critical role preparing for and assisting a new administration in much the same way it has so successfully served the Cristiani Administration. The Projects Office should take the initiative to focus Mission management and GOES attention on sorting out specific funding needs of current activities through the life of the project and whether any new activities to support a new administration should be considered.

2. Separate SAR treatment should be considered for larger activities - Rather than being included as only one of many activities covered in the SAR process for Project 0349, activities as large and complex as Tax Modernization, Integrated Financial Management, and Privatization (potentially) should be considered for separate treatment to enhance the rigor of their review, improve the written record, and bring broader Mission awareness and management attention to bear. Semi-annual inter-sectoral meetings might also be considered to stimulate this broader Mission focus.

   For the Tax Modernization activity specifically, which is the furthest advanced of these larger activities, a special project implementation committee meeting is also needed soon to determine a precise desired end-of-project status, future steps, and schedule to get there. The Peat Marwick contract terminates at the end of FY 1993. The Ministry of Finance is likely to request continued assistance. The Mission needs to focus on this issue and determine if assistance in this area will terminate with the current Peat Marwick contract, if reprogramming of funds will be needed, or if any further requirements can be met otherwise (i.e. through the new Integrated Financial Management Project). Consideration might also be given to locating and/or linking the project manager more closely with his GOES counterparts to enhance his advisory role.

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3. Line drawn between PD&S and Project 0349 should be clarified - While there are purposes for which PD&S cannot be used, similar activities have been funded from both PD&S and Project 0349. A Mission Order or Memorandum providing a clearer distinction between uses of these accounts could facilitate their budgeting and programming. Such clarification would also enable project managers to understand better the options available to them.

4. Periodic reviews of program vs. administrative funding should be continued - There appears to be no current vulnerability under Project 0349 with respect to AID/W guidance on eligibility for program funding. All personnel now funded under the project do have as their primary purpose the provision of program-related services to the GOES. Located, however, as they are in the Mission, they inevitably do provide some administrative-like services to the Mission. Periodic checks of the scopes of work and actual functions performed by these personnel should be continued by Mission task forces similar to those that have carried out earlier reviews.

5. Strengthening advisory functions of Project 0349 - funded personnel should be considered - Locating advisors in counterpart agencies full-or part-time or otherwise linking them more closely with counterparts could enhance their advisory roles and increase GOES sense of ownership.

VI. LESSONS LEARNED

A. Need for Instrument Like Project 0349

Experience with Project 0349 vividly demonstrates the value of such an instrument. Activities reviewed in this evaluation have filled critical gaps, had important stimulative and catalytic effects, and produced multiplier impacts far exceeding project costs.

Studies and technical assistance have helped the GOES build its national development and structural reform programs and utilize assistance flows more effectively. Technical assistance and training activities have enabled GOES and private institutions to implement the reforms. Grants for technical advisors have made it possible for the GOES to complete designs or meet conditions precedent for other donor assistance. Technical assistance in shrimp fishing methods that protect sea turtles made it possible for El Salvador to meet unexpected and new US legislative requirements and protect its shrimp export market in the US. Well-timed invitational travel and support for three retreats

produced a GOES decree on post audit that the US and other donors had been encouraging without success for over two years.

With rare exceptions, none of these activities could have been done without the flexibility of Project 0349. New projects would have missed the targets of opportunity or introduced delays. Activities leading to new projects such as Integrated Financial Management or Environment would not have been feasible if new projects had been attempted at the outset because there was not yet a supporting consensus on the GOES or US side or how to proceed was not known.

Ability to respond rapidly and flexibly to unanticipated needs and opportunities is an essential requirement for an effective development program. To the extent other donors tend not to have such flexibility in their programs it is important for AID to have it. Such flexibility is all the more needed as part of a program with the size, influence, and broad impact of AID assistance to El Salvador. But every AID country program, regardless of size, should have access to such an instrument either as part of the Mission or a regional portfolio.

B. Need for Clear Criteria

While an instrument like Project 0349 is an essential need, criteria for what activities are to be included need to be as clear as possible and well understood by the Mission and host country. The criteria should be broad to allow flexibility and maximize responsiveness. But a clear line should be drawn between such a project and PD&S so each can be budgeted and programmed efficiently. The rationale for choosing a Project 0349 rather than a discrete project route should be clear especially for larger, complex activities likely to require the management attention of a normal project. Criteria for when activities should no longer be funded under such a project and either be discontinued or funded under a separate project should also be clear.

Experience under El Salvador's Project 0349 criteria has generally not been a problem because activities to be financed and their rationale were to a large degree spelled out in a Project Paper Amendment. But the criteria could be clearer especially with respect to how the project might be used in the future.

C. Need to Weigh Flexibility and Management

Individual activities under Project 0349 inevitably receive less management attention than discrete projects. While the Mission has required thoroughly documented project designs and reviews

for each activity, there has not been the advance analysis or degree of management oversight and implementation that a regular project would have. The gains in flexibility by using Project 0349 must be balanced against the potential costs of less rigorous management.

For activities funded under the El Salvador project, the lesser management oversight has not been a problem. In fact, reductions in management units by packaging, such as achieved under Project 0349, was an overall management goal in the El Salvador Mission. But the implications for management need to be carefully considered when setting criteria and selecting activities to be included under such a Project.

Annex A

ACTIVITY ACCOMPLISHMENTS

1. Macroeconomic/Sectoral Studies

a. Purpose

The purpose is to assist the GOES with studies and technical assistance needed to support reform efforts. Requirements were foreseen in macroeconomic planning and analysis, a variety of sectoral analyses, and in policy reform development and refinement.

b. Accomplishments

- Illustrative of studies implemented and technical assistance being carried out are:

  Support for carrying out the 1992 census
  Household and income surveys
  Preparation and update of GOES economic development plan
  Review and restructuring of National Accounts
  Tax policy reform
  Customs evaluations procedures
  Assistance to Social Security Institute
  Preparation of National Reconstruction Plan
  Public sector efficiency improvement
  Advisor to Social Investment Fund
  Education measurement and evaluation
  Consultant to the Ministry of Health
  Strategy for the Ministry of Finance
  Diagnostic on situation of women in El Salvador
  Strengthen PROCAFE (a Coffee Research PVO)

- Assistance has filled critical gaps in the information base for economic decision making (household, income and expenditure surveys, updated national accounts, population census).

- Assistance has upgraded capacity of Ministry of Planning and the Economic Cabinet to (1) develop the national economic development plan and policy reform program and (2) negotiate other donor assistance in conditionality and monitor performance. El Salvador's resulting sound national

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economic program has inspired donor confidence and led to more rapid and efficient assistance flows than might otherwise have been the case. Conditionality has been developed together with El Salvador's economic planners, has been internalized, and has led to more efficient and effective progress and policy reform.

- Assistance has been instrumental in producing key reforms. Examples:

  - Public sector employment efficiency study (Gregory) recommended accelerated retirement and voluntary separation of redundant public sector employees; recommendations were implemented this year with voluntary separation of 8 to 10 thousand employees and potential annual savings of 172.8 million colones starting in 1993.

  - Customs administration study (Stacey) led to initiation of an ambitious program to reform El Salvador's customs regime.

  - Ministry of Finance cash flow procedures have been improved as the result of technical assistance to the Ministry to revise its contracts with commercial banks receiving tax payments from the public.

2. Environment

a. Purpose

The purpose of this activity is to promote and support an emerging national strategy for natural resources management involving the GOES and indigenous PVOs. This activity is expected to lead to an AID Natural Resources Management Project in FY 1993.

b. Accomplishments

- An Environmental Advisor has been funded to supervise TA given to SEMA (Secretaria Ejecutiva del Medio Ambiente), coordinate six PD&S's studies carried out for design of PROMESA, and provide general guidance in the environmental field to the GOES and NGO's in the country. This advisor has assisted in accomplishing the following.

- An operational strengthening grant was provided to FESA 20-30 for computer and office staff. As a result of this grant, FESA is now the strongest, most solvent environmental NGO in the country.

- An additional grant was provided to FESA to write an Action Plan for a National Environmental and Natural Resource Management Strategy. Shortly after the Action Plan was completed, the GOES created CONAMA (Consejo Nacional de Medio Ambiente) which assumed responsibility for drafting the National Strategy. The work which FESA had done on the Action Plan was used only as background as a result of a political decision by the GOES to draw up its own plan, which has yet to be completed. In the meantime, FESA was able to grow technically, gained national stature, and its Action Plan continues to serve as a model for what the national strategy should look like.

- To prepare the GOES to certify that shrimp from El Salvador could continue to be exported to the United States ($19 million annual export earnings), assistance was provided in marine turtle protection. A turtle expert from the U.S. Fish and Wildlife Service made recommendations for a national program in El Salvador to all the groups involved in turtle preservation. The National Marine Fisheries Service (NMFS) sent a technical team to El Salvador in April, 1992 to train shrimp netmakers in the use of Turtle Excluder Devices (TEDs) in the nets. In late September a NMFS team returned to train shrimp boat crews in TED use - direct comparison of TED and non TED fishing was done to convince users that the TED would exclude turtles and not appreciably reduce the shrimp catch.

3. Training

a. Purpose

The purpose is to provide training support to GOES economic development and policy reform efforts. The GOES has agreed to consolidate its training request into an annual training plan which is submitted to the Project Consultative Committee in July of each year. Seminars and courses are chosen based on an internal GOES assessment of skills needed to carry out priority national development and policy reform programs. Final selection of trainees is agreed between GOES and AID.

The GOES plans to continue its cost effective practice of bringing instructors to El Salvador in preference to sending participants abroad. Further, the GOES is requesting less long-term training in order to spread the limited training resources as widely as possible. Local training is arranged by the Ministry of Planning, while international training is coordinated by the USAID training office.

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b. **Accomplishments**

- To date 160 person months of short term training for GOES personnel, ten person months for the private sector, and 56 person months for long term training have been provided.

- Training provided has filled critical gaps in facilitating implementation of reforms and has been highly responsive to priority GOES needs. Examples:

  - Training provided by INCAE in structural adjustment to prepare GOES personnel for implementation and to help build consensus for reform among representatives of affected sectors.

  - Training for the Court of Accounts to prepare the ground for reforms to be undertaken.

  - Training in grain storage management for farmer associations and other groups likely to take over divested IRA facilities and operate them.

  - Conflict resolution training for Ministry of Finance employees having to respond to a politically combative union.

4. **Strengthening Democracy**

a. **Purpose**

The recent history of El Salvador shows a country committed to building a strong democratic nation. After 50 years of military governance and a civil war, the bases for a democratic system were set when the country elected its first democratic government in 1984 with three subsequent, biannual elections for the legislature and one for the presidency. To strengthen this nascent system, USAID is assisting the GOES with programs to support the complex, evolutionary process of democracy.

USAID's first set of democratic programs was designed to specifically strengthen democratic institutions. The first efforts included establishment of new institutions, such as the Public Defender's Office and the Human Rights Division of the Attorney General's Office, and fortification of the election process, the Legislative Assembly, the Judiciary, and organized labor. These efforts have had a positive impact. Legal services are better than in the past decade and public debates and discussions of social, economic and political matters have substantially increased. Democracy is still fragile, however, with much yet to do to strengthen the confidence heretofore achieved.

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Activities financed under this project will continue these democratic strengthening efforts by providing technical assistance to design and implement land registry of marginal properties; to support civic organizations, conferences and seminars; and to assist labor development.

b. **Accomplishments**

- A Cooperative Agreement with the Institute for Liberty and Democracy (ILD) ended successfully on September 30. ILD prepared for the GOES 7 reports which were used to carry out legal reforms that will allow the GOES to initiate registration during CY 92 of a target group of informal sector properties under a new agreement with ILD.

- A new agreement with the Institute was signed on January 10, 1992. This agreement provides technical assistance to the GOES to implement the real-property registry system. To date, adjustments to the legal framework of the property registry have been completed, the software adjustments are in process, and officers have received preliminary training in operation of the system. A pilot registration program targets some 8,000 marginal property owners to receive titles. An initial 200 titles have been issued, with important attendant benefits such as new access to credit.

- Grants have been provided to the Institute of Judicial Studies (IEJES) to (1) carry out a forum to discuss implementation of democratic reforms associated with the Peace Accords and provide follow-on assistance, and (2) put on 12 workshops on the electoral process. A further grant was provided to a women's civic organization for a women-in-development conference.

- Second-tier leaders of ten Salvadoran political parties participated in a three-week INCAE seminar on Leadership and Public Administration in San Jose, Costa Rica. Party leaders, representing the spectrum from the conservative ARENA party to the leftist, newly legalized FMLN, participated in a program stressing issues of Coherent Management of Public Sector Resources relevant to rational dialogue over policy choices. For some participants this offered a first opportunity for exchange and discussion after many years of civil conflict and ideological division.

- Continued technical advice has been provided to support the American Institute for Free Labor Development (AIFLD) program.

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5. Municipal Development

a. Purpose

The purpose is to support strengthening of the democratic process of the grass roots and local government level and to increase the revenues locally. The activity seeks to establish functional democratic governments in the 262 municipalities of the nation by:

- Direct technical assistance, including training, for: a) municipal level identification, prioritization and implementation of basic infrastructure projects; and b) assessments of financial and administrative capacities of municipal government, including mechanisms for increased local revenue generation.

- Funding of projects for restoration and construction of basic municipal infrastructure, identified by open town meetings and prioritized by community associations and municipal councils (projects funded by ESF generated local currencies).

Infrastructure projects are viewed as both an end and a means to an end in the sense that of equal importance as the projects is the process by which local associations and governments respond to the needs of their constituents through open town meetings, community associations and town council meetings - formal mechanisms mandated by the Municipal Code of 1986.

b. Accomplishments

- This activity has provided local governments with technical assistance in basic administration, legislative reform, improvement of municipal tariff rates, and project administration. Basic management and monitoring of the financial resources, office equipment and logistic support to assist the GOES in the transfer of authority from the central to the local government has been provided.

- During the last six month period, there have been 516 open town meetings, with a total participation of 80,212 persons. The total number of projects executed are 1,219 in this period. Also 68% of 132 target municipalities have updated their tariff rates based on the "Ley General de Tributación Municipal" approved by the Legislative Assembly in December 1992.

- Public awareness of the potential of local government has been raised through public education campaigns, round tables and seminars.

6. Superintendency

a. Purpose

The combination of state ownership and interest rate and credit policies of the 1980s led to a series of distortions, inefficiencies and economic losses for the Salvadoran economy. Recognizing these problems the Cristiani Administration implemented key measures to improve the financial sector. Interest rates were raised to positive real levels. The foreign exchange houses were legalized. An audit of the nine commercial banks was conducted to determine the extent of non performing assets. In November 1990 and April 1991 laws were passed providing the basis for a private financial system and strengthened supervision and regulation.

With assistance provided through Price Waterhouse, the purpose of this activity is to strengthen the bank superintendency into a viable, effective entity undertaking prudent regulation and examination of the Salvadoran financial system and functioning with the modern techniques and procedures used in bank supervision. The aim is to prevent past abuses such as unsecured loans, insider lending and other questionable loans which led to large accumulations of nonperforming assets. This is especially important as El Salvador privatizes state-owned commercial banks and removes controls on deposit and lending interest rates.

b. Accomplishments

- The legal and regulatory framework has been reviewed and needed modifications identified by the technical advisors. After review by the appropriate personnel in Superintendency, they will be passed to the Consejo Directivo de la Superintendencia for approval and implementation.

- Price Waterhouse has assisted in development of a new organizational structure for the Superintendency.

- New manuals and procedures have been developed.

- On the job training of Superintendency personnel is being provided and formal courses and observational visits abroad are planned.

- Specifications for needed computer equipment have been drawn up and procurement will be completed before the end of the year.

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7. Privatization

a. Purpose

The purpose is to encourage the GOES to reactivate its privatization process for the nonfinancial sector. The GOES has agreed to initiate implementation of two separate privatization activities of major commercial/productive activities before October 1992. Five additional privatization actions are programmed to be initiated during 1993. By June 1994, the end of the Cristiani Administration's term in office, the GOES expects to complete all seven privatizations.

b. Accomplishments

- A consultant was hired in 1988 to recommend potential privatization targets and a methodology for the process.

- A Privatization Commission was created through Legislative Decree and its members were officially sworn in on May 8, 1991. The Commission consisted originally of members of both the public and private sectors. However, conflictive issues between the GOES and the private sector eventually led to the GOES decision to disband the Commission.

- Hotel Presidente has been privatized. Technical assistance in establishing proper valuation was provided.

- The following privatizations remain as GOES goals:

  - San Bartolo Free Zone
  - La Unión Fishing Port - Punta Gorda
  - Coffee Roasting Company
  - Nahuizalco Coffee Mill

8. Support for Private Sector

a. Purpose

The purpose of this activity is to mobilize savings and productive investment through opening a stock exchange. Technical assistance is being provided through the CARANA Corporation in establishment of the framework and strategic plan of the securities market; in the design of stock exchange operating procedures, data processing and software packages; and in training for brokers and the investment community.

b. Accomplishments

- The stock exchange's physical facilities were inaugurated on February 13, 1992. The strategic and operating plans to support its development were delivered. Operating

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procedures and financial systems are in place. The computer equipment and software packages are identified and bought. Seminars, training to brokers and to stock exchange staff as well as observational visits have been provided.

- Stock exchange operations began on April 27, 1992. The goal was to reach ¢100 million in transactions during the first year of operations. As of August 31, 1992, a total of ¢96 million in transactions had been reached.

9. Grain Marketing Privatization

a. Purpose

As part of El Salvador's program of structural change, the GOES has begun to modernize the public agricultural sector. The Programa de Reforma e Inversión en el Sector Agrícola (PRISA) will be financed with funds from the World Bank and the Interamerican Development Bank. One of PRISA's six components is to assist and strengthen the private marketing system for basic grains and edible beans. USAID is supporting PRISA by providing technical assistance and training to this component.

Since the early 1950's the market for grain and edible beans has been affected by direct government intervention through a grain marketing parastatal, the Instituto Regulador de Abastecimientos (IRA), and the Agricultural Development Bank, the Banco de Fomento Agropecuario (BFA). The GOES has agreed to privatize the assets of IRA and BFA, but it currently lacks the technical skills necessary to prepare the facilities for privatization and to monitor and support a private grain trade.

The purpose of this activity is to provide assistance through Kansas State University to (1) divest the Ministry of Agriculture of IRA and BFA, and (2) provide support for a price driven food production and marketing system.

b. Accomplishments

Privatization

- Through assistance provided from Kansas State University, all 16 grain handling and storage facilities belonging to IRA have been legally and technically inspected, value appraised, and estimates of rehabilitation established; 10 have been officially appraised by Treasury Department and are ready for sale; sales prospectuses have been elaborated and are ready for distribution to prospective clients.

- For 4 new facilities belonging to BFA, BID has waived the "no-sell" clause of its financing contract with the GOES.

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- The GOES privatization strategy for the grain handling and storage facilities (steps, procedures, conditions, etc) has been reviewed and approved by the Secretary of Agriculture; legal aspects have been reviewed by the Secretary of Justice; and the Executive Order is expected to be issued during October, 1992.

- Potential buyers have been identified and briefed about the privatization effort and potential benefits; a technical assistance and training package has been approved to support successful buyers; the first facilities should be transferred by the end of the year.

- A plan has been elaborated to privatize CENTA's Division of Seed Technology which would meet GOES obligations under the Structural Adjustment Loan with the World Bank.

Market Environment

- Studies on the seed industry, the agricultural inputs industry, and basic grains production have been published and shared with the public and private sector; additional studies are in the research phase; seminars, workshops, and talks have been given to private and public sector institutions regarding research undertaken.

- These activities have led to the following initiatives:

  - A national seed industry committee composed of public and private sector representatives was set up to guide transformation of the industry and the shifting of production and marketing functions to the private sector.

  - GOES is in the process of harmonizing the differentials in import tariffs for raw materials and finished products used in the agricultural inputs industry.

  - The first supply response functions for basic grains were developed and presented to the Policy Analysis Unit (UAPA) of the Ministry of Agriculture.

  - UAPA has initiated a series of adjustments to its process of gathering, analyzing and disseminating production and market information on basic grains which will benefit policy analysts, producers, market agents, industrial users, and consumers.

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10. Tax Modernization

a. Purpose

The purpose is to help the GOES implement its tax reform. A number of changes in tax policy have been made since 1991:

- o top marginal income tax rates reduced (corporate and personal)
- o income tax deductions eliminated
- o customs tariff simplified and effective protection reduced
- o value-added tax (VAT) substituted for turnover tax

The activity provides technical assistance and limited commodities to assist in policy advice, modelling expertise, computerization and administration, as well as assistance in drafting legal changes. The activity is being implemented under contract with KPMG Peat Marwick at the Ministry of Finance. Major areas of focus are tax reform; tax administration; tax collection and accounting at treasury; and customs administration.

b. Accomplishments

- The most difficult reform to bring about was the VAT passed by the legislative assembly in July 1992. The tax modernization activity assisted in the following ways:

  - o An indirect tax policy model was developed, generated information regarding potential revenue from the VAT, and was important in setting the rate.
  - o The indirect model also was used to estimate revenue losses from exemptions and was important in holding down the number of exemptions.
  - o Technical assistance has been used to develop a practical and useful data entry, administration and reporting system for the VAT. Without such a system introduction of the VAT would not have been possible.
  - o Training of auditors combined with the information system design and implementation should insure accurate application of the VAT.
  - o Without the public information campaign developed and implemented with the TA under this activity the VAT may not have been approved by the legislature.

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- VAT collections have begun only about one month after enactment of this legislation. This could be the most rapid implementation of a VAT in the world. It could not have happened without the project-financed technical assistance.

- Modelling will strengthen the Ministry's analytic capacity which will ensure that the Ministry will be able to better defend reforms and improve tax policies.

- The activity has prepared the Ministry of Finance (especially the Director General de Impuestos Internos) to administer VAT. Computerized registration of over 42,000 VAT contributors has been completed, more than quadruple the number participating in the turnover tax.

- The team has produced analyses to show that the new income tax imposes a lower tax burden at every level of income than did the old. Despite the fact that the team was to have assisted in setting up audit and administration procedures for this new tax structure, progress has been limited due to unforeseen and unavoidable delays in contracting a resident income tax advisor. The tax law reduces rates and broadens the income tax base. It is essential that audit and administrative procedures be fully designed and implemented as soon as possible or the only result may be that rates will have been lowered.

- The activity has developed a simple and creative solution to the treasury's difficulties with bank receipts, float, and reconciliation. The scheme entails using credit card verification machines which are programmed with tax codes and which can read magnetic cards that will be issued to the country's tax payers. The scheme has been pilot tested and initial results have been quite favorable.

- A customs team is setting up a data base for checking classification and valuation functions, providing administrative advice, and helping to revamp the customs law.

- Because the tax modernization activity was delayed in starting, policy advice and modelling of income tax and import duties only began after the relevant reforms were taken by the GOES. Subsequently, certain improvements to the income tax have been made and now the GOES is able to make better and more accurate forecasts on the fiscal impact of such changes.

11. Integrated Financial Management/Auditing

a. Purpose

A 1986 study contracted by USAID examined GOES financial management. It found that the laws governing budget, treasury, accounting, and auditing operations were obsolete and in need of revision. The budgeting process had no single head and was diffused throughout the government. Treasury operations covered only part of the public sector and the GOES accounting system did not record information by organizational units making financial controls impossible. The Court of Accounts was exercising centralized pre-control which was causing significant bottlenecks in the GOES financial system.

The GOES recognizes that financial administration must be improved in order to efficiently plan and account for government expenditures. To accomplish this, the GOES requires a uniform system of integrated financial management and auditing that includes:

(1) a budget process converting programs into financial requirements and allocating resources to these requirements in a prioritized manner;

(2) a treasury function that includes efficient cash flow and debt management;

(3) an accounting function that provides financial information for planning and statistical analyses; and,

(4) a Court of Accounts that performs independent post-audits of governmental organizations, programs, activities, and functions. Pre-control of budgets would be performed by individual organizations with proper internal controls in place to safeguard assets and to prevent fraud, waste, and abuse.

The purpose of this activity is to establish a modern and efficient integrated financial management system, including an independent audit function. The modernized financial management system will shorten payment processing times, maximize the collection of resources, make it possible for the government to earn interest on idle resources, minimize government borrowing, and produce reports on the operations of government activities. The system will also provide for an independent audit function which assures fair, objective, reliable government performance and financial reporting. The activity will fund long and short term technical assistance, the purchase of automated equipment and specialized training leading to a discrete new project in integrated financial management in FY 1994.

b. **Accomplishments**

- In January 1992 a high level delegation of GOES officials met with US GAO and OMB officials to discuss modernization of the Salvadoran financial system.

- Also in January 1992 officials from USAID, IBRD, IDB, IMF and UNDP met in Washington to discuss donor collaboration in integrated financial management.

- In February and March 1992 GOES officials met in 3 retreats to identify obstacles and constraints to better financial management.

- In May 1992 President Alfredo Cristiani issued instructions to GOES officials to unify the ordinary and extraordinary budgets.

- On July 31, 1992 the Salvadoran National Assembly passed ground breaking new legislation to reinterpret Article 195 of the Salvadoran Constitution. The new law:

  (1) provides for periodic advances
  (2) authorizes post audit as an effective modern control mechanism
  (3) decentralizes payment functions

- The Court of Accounts has prepared a new law which proposes a substantial decrease in the Court of Account's involvement in the expenditure authorization process and other incompatible functions, and introduces the modern post-audit as a cost effective means of control. The law is expected to be presented to the Legislative Assembly in late October.

- USAID/El Salvador is soliciting proposals from qualified US firms for a two year technical assistance team to initiate implementation of the Integrated Financial Management activity at the Ministry of Finance.

- A USAID-funded international auditing consultant is due in El Salvador in October, 1992 to initiate a two-year technical assistance and training package to the Court of Accounts.

12. **Financial Management Services**

a. **Purpose**

The purpose of this activity is to improve the financial management and control systems of GOES institutions involved in the oversight, monitoring, and auditing of AID provided funds and

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local currency generations. Specifically the activity will provide:

a) institutional reviews, to assess the capacity of Salvadoran institutions to manage projected levels of AID assistance;

b) technical assistance and training to upgrade national capacity and/or correct problems to provide for enhanced control of AID and GOES resources;

c) voucher review services to verify that Salvadoran institutions have adequate documentation to substantiate and support reimbursement requests and, as appropriate to advise Salvadoran project management on methods/procedures to eliminate any problems identified in the financial control systems of the institutions;

d) commodity and financial management services to review procurement, inventory control and end-use practices related to AID and GOES financed goods and services.

b. **Accomplishments**

- Four IQC contracts have been signed to carry out institutional reviews and provide needed technical assistance and training. Over 2,000 person days of services have been provided to a number of institutions.

- A financial management assistance unit has been staffed to provide help to host country institutions including audit recommendation follow-up.

- An advisor in commodity management assistance has been contracted and is preparing an action plan to address the weaknesses in this area.

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Annex B

PERSONS INTERVIEWED

GOES

Edwin Sagrera	Minister of Finance
Ing. J. Roberto Navarro	Superintendent
Silvia de Angulo	Advisor to President, Court of Accounts

Comité Consultivo (Proyecto 0349)

Roberto Sorto Fletes	Executive Director, SETEFE
Rubén González Iraheta	Banco Central de Reserva
Dinorah de Cubías	Ministry of Finance
Martha Edith Saravia de Domínguez	Chief, Technical Unit (0349) SETEFE
Rebeca Flores	Assistant, Technical Unit (0349)

Contractor

Dan Wisecaver	Peat Marwick
Cornelius Hugo	Kansas State

USAID

John Lovaas	Deputy Director
Michael Deal	Projects Office
Ross Wherry	
Salvador Novellino	
Thomas McKee	DPP Office
Karen Freeman	
Juan Belt	ECON Office
Randall Peterson	
Mark Gallagher	
Sandra Martínez	
Douglas Arnold	Controllers Office
Parviz Shahidihejad	
Thomas Hawk	IRD Office
James Stephenson	PRE Office
Patricia Bojórquez	
Peter Gore	ANR Office
Michael Wise	
Deborah Kenendy	ODI Office
John Anderson	
Melvin Chatman	OET Office

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Annex C

USAID/EL SALVADOR

INTERIM EVALUATION
TECHNICAL SUPPORT, POLICY ANALYSIS AND TRAINING PROJECT

STATEMENT OF WORK

I. ACTIVITY TO BE EVALUATED

Project No.	519-0349	
Title:	Technical Support, Policy Analysis and Training	
Cost:	Total:	$42,660,000
	AID	$32,000,000
	GOES	$10,660,000
Authorization Date:	08/30/88	
PACD	07/31/95	

II. BACKGROUND

The problem statement was defined in the original Project Paper as, "an inadequate policy and analytical environment, coupled with a dearth of skilled technicians and professionals to carry out development programs, threatens the stabilization and growth of El Salvador". Basic survey documents, sectorial assessments and strategies, and a comprehensive development plan for the nation were non-existent or out-dated, and the public sector lacked skilled managers and technicians to remedy these planning and programming deficiencies. As a result, the GOES' use of donor resources was not as effective as it should have been and, in some cases, the achievements of developmental programs fell short of potential accomplishments due to an inadequate policy, procedural, or financial framework. Financial, policy, institutional, and political constraints impeded GOES' efforts to rectify this largely human resource problem and the inadequate policy and analytical environment.

The Grant Agreement was signed on August 30, 1988; ten months later, President Cristiani took office. This new administration followed a free market economic philosophy and started a stabilization and structural adjustment program. However, the problem stated above was a serious constraint to the implementation of the new Government's plans. Although the high level officials of the new administration were well trained and recognized professionals, the lack of capable middle level management and an overstaffed public sector with an organization ruled by outdated laws and procedures were the main problems of the Cristiani administration. The design of the project allowed for flexible selection criteria for the approval of activities to be financed. Soon after it took office, the new Administration began making ad-hoc requests to USAID/El Salvador to finance studies, surveys, training for GOES officials, private sector, and union leaders, and technical assistance in support of specific programs and projects. Project 519-0349 was the vehicle to provide such support.

The scope of the Project allows it to provide support to a wide range of activities and sectors. Almost all Salvadoran Ministries and/or sectors have received support under this Project, and all technical offices within USAID monitor one or various activities under this project. An illustrative list of the studies and activities carried out is included in section IX of this statement of work, entitled "Illustrative List of Documents Related to and Major Activities Carried Out under Project 519-0349".

In August 1991, USAID/El Salvador amended the Project authorizing $15 million to provide additional support to specific programs of the GOES strategy. This amendment reduced the flexibility of the Project to support emerging GOES' initiatives by allocating funds for specific programs (Modernization of the Tax System, Integrated Financial Management, Privatization, etc.), and established more specific and measurable outputs.

This evaluation will also contribute to larger program-level evaluation efforts. In the 1991 review of its Action Plan, USAID/El Salvador was tasked with performing a program evaluation of the benefits of economic growth and measuring the achievement of broadly-based sustainable growth among all income groups. This will be carried out through a series of evaluations structured around the Mission's strategic objectives elaborated in its 1992 Program Objectives Document. In this context, this evaluation will contribute to assessing progress toward achieving the objective of increasing equitable economic growth.

III. PURPOSE OF THE EVALUATION

The evaluation is needed to provide the Mission with an independent assessment of the extent of the responsiveness of the

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Project to the Government of El Salvador (GOES) needs in a timely manner, and the adequacy of the management procedures employed. No former evaluation has been carried out, but this mid-term evaluation intends to provide the Mission with information needed to guide future management procedures for the Project and for the design of future activities.

The objective of this evaluation is to determine the responsiveness of the Project to GOES needs and its ability to provide high quality, timely, and relevant assistance to address priority needs. Specifically, it will answer, but not be limited to, the following questions:

- To what extent does the GOES possess a sense of ownership over the project?

- Is the project giving timely and high quality response to the priority technical support, policy analysis and training needs of the GOES?

- Is the Project seen as a priority tool for policy reform?

- Are the management procedures employed appropriate? How are the selection criteria for approval of activities applied? Are these criteria rigid or flexible? Assess the need for flexibility in responding to unforeseen assistance requests from the GOES. What has been the project's experience in responding to ad-hoc requests versus targeted or pe-programmed areas of assistance?

- Has the project financed activities that are of a program nature as opposed to an operating expense function? (See cable No. State 037244 in Annex D of Project Paper)

- Are the users (USAID technical offices and GOES counterparts) adequately informed of the procedures, selection criteria and purposes of the project? Do they understand these procedures?

- What does the project clientele (GOES) think? How does USAID/El Salvador compare to other donors? (Is USAID project assistance faster? Is it of high or higher quality? Is it less complicated?)

- Are the funding allocations appropriate?

- How does Project assistance compare to the assistance provided under the Project Development and Support funding? Which are the advantages/disadvantages of Project assistance?

- Are the six original outputs in the logical framework being accomplished? Is there attainment contributing to reaching project EOPS? If any outputs on EOPS have changed, How are these new EOPS evaluated?

IV. STATEMENT OF WORK

Before arriving in El Salvador, the contractor will receive from USAID/El Salvador for their review pertinent information regarding project activities, reports, and other relevant information useful to evaluate project activities. A detailed list of information to be reviewed by the contractor is attached to this Statement of Work. No more than four days will be scheduled for this task.

After arrival, the contractor will, over a three day period, be briefed by USAID/El Salvador and the Ministry of Planning on project background and current status. The contractor will present USAID/El Salvador, no later than five days after arrival, a detailed work plan for the verification of project achievements and drafting of the evaluation results. USAID/El Salvador will arrange initial meetings with public and private sector officials, as well as with any other USAID/El Salvador's officers to facilitate the process of familiarizing the contractor with the Project.

The workplan, which must be approved by USAID/El Salvador's project officer, is considered a critical element in the evaluation exercise. It is intended to demonstrate that the contractor and the USAID/El Salvador's project manager have fully agreed as to the points to be addressed in the final product, the methodology to be utilized in order to develop those points, and the kind of evidence upon which observations will be based. The workplan must, at a minimum, address the activities required to produce a final evaluation report that will:

(a) provide a summary of the Project 519-0349 responsiveness to GOES needs and the extent to which the management procedures and selection criteria affected this responsiveness. This section will provide specific answers to the questions stated above in Section III and make recommendations as to how the project can be more effective in reaching its purpose and objective. This section shall also include an assessment of the extent to which USAID/El Salvador addressed priority GOES' needs. Reports, USAID/El Salvador's project records, GOES' documents as well as other secondary sources (such as interviews) will serve as information sources for this summary.

(b) It will assess the effectiveness and validity of the management procedures and selection criteria and will

identify areas for improvements. Special attention should be paid to the training approach and should assess the advantages/disadvantages of "in-country training" vis a vis "offshore training" under the light of the purposes of the activity as established in the project paper.

(c) It will evaluate the extent to which the project is reaching its purpose and objectives. The indicators of purpose achievement include, among others, the impact of technical assistance and training on the capability of the Salvadoran public sector to design, analyze, and implement development programs and policy and strategy reform. This assessment should consider how project activities fit with Mission's strategic objectives and specifically, its contribution to the objective of increasing equitable economic growth.

(d) It will review funds allocations to determine if changes are still relevant and/or appropriate.

(e) It will provide a summary with conclusions and specific recommendations as to how the Project might be improved. This summary will include lessons learned and recommendations to guide the Mission in the design and implementation of future activities and/or possible need for a similar project to support a new administration which will take office in 1994.

V. REPORTING REQUIREMENTS

The contractor shall provide USAID/El Salvador with the following reports:

1. Workplan

This is described in the above section. It must be provided within five days after the arrival of the contractor. This will be presented formally to the Mission Evaluation Committee in order to obtain its approval.

2. A Draft Report

At least seven working days before leaving El Salvador, the contractor shall present to USAID/El Salvador's project officer a copy of a draft report which shall contain the same sections outlined in the workplan. The contractor will participate in a Mission review of this draft with the project evaluation committee to be held three days after the submission of the draft. Immediately before departure, the contractor will prepare

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and deliver five copies of the final draft report, incorporating changes recommended in the Mission review.

3. A Final Report

The final evaluation report (10 copies in English and 8 in Spanish) will be submitted to the project officer by the contractor no later than four weeks after the contractor departs country, incorporating clarifications and/or additions requested by Mission following its review of final draft. The evaluation report will include the following sections:

(a) an Executive Summary, including purpose of the evaluation, methodology used, findings, conclusions, and major recommendations. It will also include comments on development impact and lessons learned. It should be complete enough so that the reader can understand the evaluation without having to read the entire document. The summary should be a self contained document.

(b) a copy of the scope of work under which the evaluation was carried out.

The methodology used will be explicitly outlined and will contain the provisions to assess how (and how successfully) the Project fits into the Mission's overall strategy. Any deviation from the scope will be explained.

(c) a clear prioritized presentation of the evaluation recommendations, in a separate section of the report so that the reader can easily locate them.

(d) The Project's lessons learned should be clearly presented. These should describe the causal relationship factors that proved critical to the Project's success or failure, including necessary political, policy, economic, social, and bureaucratic conditions within the host country and AID. These should also include a discussion of the techniques or approaches which proved most effective or which were changed and why. The adequacy of the design of the Project should also be taken in consideration.

(f) A paginated table of contents

4. AID Evaluation Summary

The contractor will complete the abstract and detailed summary portion of the "AID Evaluation Summary", for submission with

final report. USAID/El Salvador will provide the contractor with appropriate forms and guidance.

VI. METHODOLOGY

The contractor shall work under the direct supervision of USAID/El Salvador's Projects Office Director, or his designee. The study will be carried out in El Salvador and in the contractor's headquarters.

Field work, as may be necessary, and preparation of a draft report and entry/exit conferences will take place in El Salvador. Access to appropriate secondary data sources and necessary contact to gather primary data and interview GOES and private sector officials will be facilitated by USAID/El Salvador, but remain the contractor's responsibility.

The contractor will certify that under the Executive Privilege Procedure of the USG, no copies of any documents prepared and/or obtained in the process of carrying out its work will be made available to any person(s) or institution(s) without the prior written consent of USAID/El Salvador.

VII. SCHEDULE AND LEVEL OF EFFORT

The work is scheduled to commence on or about September 16, 1992, and to be completed on or about October 24, 1992. We estimate that completion of the tasks herein described will require 34 person-days of effort. A six day work week is authorized.

It is expected that the contractor will remain 24 working days in El Salvador and the rest of the time in his/her headquarters.

VIII. CONSULTANT QUALIFICATIONS

1. The contractor should have a broad and varied experience in Public Administration within the third world, particularly in Latin America. He/She should have good interpersonal skills, a multi-disciplinary background, ability to produce accurate and lucid reports, and knowledge of Latin America developmental problems. He/She is expected to have a degree in Economics, Public Administration or related fields, an advanced degree is preferable, but not required; and he/she should have at least ten years of experience at positions of high level of responsibility. Fluency in Spanish is required. Prior experience with AID regulations will be a plus.