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ENDORSEMENT MEMO FOR ACTING DIRECTOR OF
U.S. FOREIGN ASSISTANCE HENRIETTA FORE

FROM: AMBASSADOR CHARLES L. GLAZER R

SUBJECT: Performance Report on Fiscal Year 2007 for EI Sa
Salvador

I am pleased to approve the Phase I of the FY 08 Operational Plan for EI Salvador, which describes the key impacts of US AID assistance during FY 07. The USAID program continues to be an important component of overall USG assistance during an important period, particularly as the national debate over EI Salvador's future intensifies in the run-up to the 2009 elections. Despite some positive economic trends, the country's outlook is clouded by epidemic crime and persistent poverty which threaten stability and gains in democratic consolidation. As well, recent progress on key MCC indicators has not kept up that of other lower middle-income countries. However, I am confident that the Government of EI Salvador's (GOES) commitment to addressing these issues will enable the country to be an early success story for the Secretary's transformational diplomacy and development strategy.

Graduation to sustaining country status, however, will require continued investments via USAID and other USG agencies. Although this performance report focuses on FY 07 achievements of USAID, I would also like to highlight the work of other USG foreign assistance agencies during the past year. For almost two years now, this Embassy has concentrated its attention and resources on EI Salvador's most glaring challenge, the high rate of crime and violence, much of it related to the activities of gangs. INL support in FY 07 enabled the GOES to stand-up a Transnational Anti-Gang Unit - the first binational, dedicated anti-gang unit in the hemisphere. As well, anti-gang efforts were further enhanced by INL-financed, DHS-administered training of police and other law enforcement officials at the International Law Enforcement Academy in San Salvador.

As well, various SOUTHCOM humanitarian assistance activities, including a visit of the USNS Comfort, provided essential medical services to 45,935 Salvadorans and 3,594 veterinary services during FY 07. USNS Comfort personnel also repaired two schools and donated \$28,000 in medical equipment to the Ministry of Health.

USAID's program is running at full speed, and many activities met or exceeded program targets. Part of USAID's success relates to its early work in fostering partnerships with private partners. Alliances in the objective areas of Economic Growth (World Environment Center) and Health/Education (Kraft, Scholastic, San Mateo-Foster City School District and four Salvadoran companies) have resulted in non-USG cash and in

kind resources being brought to bear on critical development problems. In the months to come, we anticipate new USAID-financed alliances being formed in the Ruling Justly objective area as government; private sector and communities join forces to prevent vulnerable youth from joining gangs. Importantly, early work with our local alliance partners indicates that their commitment will be sustained - and grow - after our USG assistance ends.

Rather than detailing all significant progress, I would like to highlight what I consider to be the ten most significant accomplishments of the USAID program last year:

- 1) Tax Revenues Increased: With a program expenditures of only \$2.45 million, USAID tax administration support to the Ministry of Finance led to increased tax revenues of \$231 million compared with 2006 - with this 11.8% increase in revenues, the GOES will channel additional resources to the social sectors, public security and infrastructure;
- 2) Entrepreneurial Growth: Small/medium enterprises (SMEs) increased their domestic and export sales by \$24.8 million (the target was \$11.6 million), generating 3,262 new jobs;
- 3) Agriculture Sector Reinvigorated: High-value agricultural product sales were \$19.1 million (versus a target of \$12 million), helping stimulate agriculture sector growth by 7% over FY 06; the equivalent of 1,169 full-time jobs was created;
- 4) Newborn Lives Saved: Neonatal deaths from asphyxia were reduced as a result of resuscitation and referral training - asphyxia fell from the second to the sixth leading cause of neonatal deaths;
- 5) Better Pharmaceutical Supply: Improved pharmaceutical logistics management resulted in reduced stock -outs, minimized waste, and full availability of medicines in 44% of facilities, up from 33% in 2006;
- 6) Improved Social Sector Budgeting: Needs-based budget allocation systems were developed for the ministries of health and education to better analyze sector financial flows - both ministries can now better document public/private investment, needs and impacts;
- 7) Promoting a Culture of Peace: 3,652 mediations were held nationwide, and a law to institutionalize and continuously finance mediation services was drafted and presented to the National Assembly - its passage will expand access to justice to the neediest of Salvadorans, and will advance the process of decongesting the court system;
- 8) Transparent, Accountable Government: The Government Ethics Tribunal was launched, implementing a new Ethics Law, established mini-tribunals in 90% of all GOES entities, and delivered its first sanctions;

9) Improved Investigative Procedures: A new criminal procedures code and rules of evidence, which will streamline court processes and increase transparency, was drafted;

10) Public-Private Alliances: USAID-sponsored alliances leveraged almost \$1.2 million to strengthen health and education services delivery, and donated 64,500 books to primary schools.

We foresee a continued need for our USG resources in the four objective areas where our inter-agency programs are working. However, I anticipate making some additional funding requests to address emerging challenges. This will require some additional budgetary resources in FY 08 and beyond, as follows:

Electoral Support: The run-up to the January 2009 elections is well underway, though there are challenges, both internally and externally, to ensuring this process best serves EI Salvador. Our Embassy is proposing a set of support activities to help ensure free and fair elections, and to encourage participation of moderate political voices that espouse policies favorable to democracy, free trade and regional stability. My staff are preparing a formal request for resources based on a post inter-agency electoral support strategy.

Secondary Education: USAID has traditionally been the largest donor in support of EI Salvador's primary education system. Although challenges remain in ensuring basic education quality and adequate student performance, those that do complete primary school are anxious for secondary education. As well, EI Salvador's increasingly service-based industry requires students with more advanced skills. Building on its alliances experience in primary education, USAID will use additional FY 08 resources to forge new public-private relationships, including with local universities, to strengthen secondary school capacity to meet the needs of an expanding, diversifying economy, and to prepare a larger number of students for university.

Support for Rural Producers: During CAFTA-DR negotiations, one of the most contentious issues, and of great Congressional interest, was the possible adverse impact of free trade on rural small producers. Such fears have fed anti-U.S. sentiments since the agreement's entry into force. USAID/EL Salvador Economic Growth resources are dedicated completely to CAFTA-DR implementation, and do not address rural transition issues. With additional FY 08 resources, USAID/EI Salvador would be able to initiate work directly with small rural producers and other groups that face the most significant adjustments due to CAFTA-DR implementation. These groups also represent the greatest risk to continued Salvadoran support for U.S. free trade initiatives.

ACRONYM LIST

Operating Unit: EL SALVADOR

ACRONYM	FULL TITLE
ACOGIPRI	COOPERATIVE ASSOCIATION OF THE INTEGRAL PRO-REHABILITATION INDEPENDENT GROUP
AIDS	ACQUIRE IMMUNODEFICIENCY SYNDROME
AIN	INTEGRATED NUTRITIONAL CARE STRATEGY
AMSTL	ACTIVE MANAGEMENT OF THE THIRD STAGE OF LABOR
ANC	ANTENATAL CARE
ANEP	NATIONAL ASSOCIATION OF PRIVATE ENTERPRISES
ANL	NATIONAL LEGISLATIVE ASSEMBLY
ASYCUDA	AUTOMATED SYSTEM FOR CUSTOMS DATA
BASICS	BASIC SUPPORT FOR INSTITUTIONALIZING CHILD SURVIVAL
BCC	BEHAVIOR CHANGE COMMUNICATION
CAFTA-DR	CENTRAL AMERICA- DOMINICAN REPUBLIC-UNITED STATES FREE TRADE AGREEMENT
CCAD	CENTRAL AMERICA COMMISSION FOR ENVIRONMENT AND DEVELOPMENT
CDC	CENTERS FOR DISEASE CONTROL
CNE	NATIONAL ENERGY COUNCIL
CNJ	NATIONAL COUNCIL FOR THE JUDICIARY
CNSP	NATIONAL COUNCIL FOR PUBLIC SECURITY
COMURES	ASSOCIATION OF SALVADORAN MUNICIPALITIES
CONADEL	NATIONAL COMMISSION OF LOCAL DEVELOPMENT
CPC	CRIMINAL PROCEDURES CODE
CPEE	CLEANER PRODUCTION AND ENERGY EFFICIENCY
CSO	CIVIL SOCIETY ORGANIZATIONS
CSW	COMMERCIAL SEX WORKERS
CYP	COUPLE YEARS OF PROTECTION
DHS	NATIONAL DEMOGRAPHIC AND HEALTH SURVEY
DIMS	DEMOCRACY INDICATOR MONITORING SURVEYS
ECJ	JUDICIAL TRAINING SCHOOL
FEPADE	SALVADORAN BUSINESS FOUNDATION FOR EDUCATIONAL DEVELOPMENT
FGR	ATTORNEY'S GENERAL OFFICE
FIAES	INITIATIVE FUND FOR THE AMERICAS EL SALVADOR
FP	FAMILY PLANNING
GDP	GROWTH DOMESTIC PRODUCT
GET	GOVERNMENT ETHICS TRIBUNAL
GF	GLOBAL FUND
GOES	GOVERNMENT OF EL SALVADOR
GTZ	GERMAN AGENCY FOR TECHNICAL ASSISTANCE
HIV	HUMAN IMMUNODEFICIENCY VIRUS
IACAC	INTER-AMERICAN CONVENTION AGAINST CORRUPTION
IEC	INFORMATION EDUCATION COMMUNICATION

ACRONYM LIST

Operating Unit: EL SALVADOR

ACRONYM	FULL TITLE
ISSS	SALVADORAN SOCIAL SECURITY INSTITUTE
IUD	INTRAUTERINE DEVICE
JTS	JUDICIAL TRAINING SCHOOL
LAPOP	LATIN AMERICAN PUBLIC OPINION PROJECT
M&E	MONITORING AND EVALUATION
MINED	MINISTRY OF EDUCATION
MIS	MANAGEMENT INFORMATION SYSTEM
MOF	MINISTRY OF FINANCE
MOH	MINISTRY OF HEALTH
MSM	MEN WHO HAVE SEX WITH MEN
NAP	NATIONAL AIDS PROGRAM
NEA	NATIONAL EDUCATION ACCOUNTS
NGO	NON-GOVERNMENTAL ORGANIZATION
NSP	NATIONAL STRATEGIC PLAN
OAS	ORGANIZATION OF AMERICAN STATES
OGAC	U.S. GLOBAL AIDS COORDINATOR
PEI	INSTITUTIONAL EDUCATION PLANS
PGR	PUBLIC DEFENDER'S OFFICE
PTA	PARENT-TEACHER ASSOCIATION
PWD	PERSONS WITH DISABILITY
RH	REPRODUCTIVE HEALTH
SBA	SKILLED BIRTH ATTENDANT
SDP	SERVICE DELIVERY POINTS
SFS	SUPERINTENDENCY OF THE FINANCIAL SYSTEM
SICA	CENTRAL AMERICA INTEGRATION SYSTEM
SIDUNEA	AUTOMATED CUSTOM SYSTEM
SIP	PERINATAL INFORMATION SYSTEM
SIRHI	INFORMATION SYSTEM FOR HUMAN RESOURCES
SMEs	SMALL AND MEDIUM ENTERPRISES
SP	SECRETARY OF THE PRESIDENCY
SPS	SANITARY AND PHYTO-SANITARY
TA	TECHNICAL ASSISTANCE
TB	TUBERCULOSIS
TCB	TRADE CAPACITY BUILDING
UNDP	UNITED NATIONS DEVELOPMENT PROGRAM
USDA	U.S. DEPARTMENT OF AGRICULTURE
USG	UNITED STATES GOVERNMENT
VAT	VALUE ADDED TAX

El Salvador 2007 Performance Report

Operating Unit Performance Summary

The USAID program is an important component of overall USG assistance, particularly as the national debate intensifies over El Salvador's future in the run-up to the 2009 elections. Epidemic crime and persistent poverty undermine economic progress, and some key MCC indicators lag behind other lower middle-income countries. With interagency efforts focused on these issues, El Salvador remains an exceptional candidate for eventual graduation to sustaining country status.

In FY 07, many USAID activities met or exceeded program targets. Part of USAID's success relates to partnerships it has fostered with private partners in the Economic Growth and Investing in People areas. USAID-financed alliances will also be formed in the Ruling Justly area to reduce gang-led crime.

The most notable accomplishments included:

- With program expenditures of \$2.45 million, USAID tax reform support helped increase tax revenues of \$231 million compared with 2006;
- Small/medium enterprises increased sales by \$24.8 million, generating 3,262 new jobs;
- High-value agricultural sales were \$19.1 million, stimulating agriculture sector growth by 7%; 1,169 jobs were created;
- Neonatal mortality from asphyxia fell from the 2nd to the 6th leading cause of death;
- Improved pharmaceutical management resulted in reduced stock-outs and waste, and full availability of medicines in 44% of facilities, up from 33%;
- Budget allocation systems were developed for the ministries of health and education to better analyze sector financial flows;
- 3,652 mediations were held, and a law to institutionalize and continuously finance mediation services was prepared;
- The Government Ethics Tribunal created mini-tribunals in 90% of all GOES entities;
- A new criminal procedures code and rules of evidence were drafted;
- USAID-sponsored alliances leveraged \$1.2 million to strengthen health and education, and donated 64,500 school books.

Emerging challenges will require new FY 08 resources:

- We propose an activity to help ensure free and fair 2009 elections, and to encourage participation of moderate political voices.
- Service-based industries require students with more advanced skills. New public-private relationships would strengthen secondary school capacity to meet these needs, and prepare more students for university.
- We propose a new activity to work directly with small rural producers and others that are negatively affected by CAFTRA-DR.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights

Epidemic levels of crime and violence undermine the fabric of Salvadoran society, and deter much needed economic expansion. With public security institutions and judicial systems ineffective in responding, citizen

confidence is low. USAID supports reforms in the criminal justice system, expands access to justice through alternative dispute resolution, and strengthens crime prevention through community-based activities and public-private partnerships.

As USAID's current activities took form in FY07, and despite relatively small expenditures, early achievements were made. The GOES has emerged as a regional leader in the rule of law and human rights, and established a new Commission on Peace and Justice which issued 75 recommendations to reduce crime and violence. USAID is helping address these recommendations.

The USG helped increase access to justice through expanded use of mediation. Progress was made, as 30% of Salvadorans surveyed in 2006 were aware of mediation centers after only two years of operations. With USG assistance, the Public Defender's Office (PGR) presented to the National Assembly a law to institutionalize mediation and to mandate a budget allocation. This initiative expands justice to the poorest regions of El Salvador, addresses gender issues such as family disputes affecting women, and begins to decongest the courts. Justice sector coordination on mediation was improved, and the PGR and FGR jointly launched a mediation pilot project.

To enhance security and improve coordination, USAID and SICA convened 260 policy makers, officials and civil society representatives in the First Regional Meeting on Juvenile Violence which identified responses to youth at risk or in conflict with the law.

Through USAID support, judicial operators adopted practices to enhance transparency and prevent corruption in the courts system. A new criminal procedures code and first ever rules of evidence were produced, widespread ethics training for justice sector actors was adopted, and a judicial code of ethics was drafted. Awareness and advocacy campaigns brought the importance of judicial ethics and transparency to the national agenda.

Judicial institutions improved systems and implemented transparency measures with USG assistance. The PGR took measures to enhance procedures, increase public information access, reengineer permanent provision of legal services, and protect human rights.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

USAID programs are helping to improve operations of justice sector institutions and actors and expand access to justice in response to 75 recommendations issued last year by El Salvador's Commission on Peace and Justice, created in response to increasing crime and violence.

Mediation programs are helping to expand access to justice in some of the poorest areas. Two laws were drafted and presented to the Assembly to institutionalize mediation within the PGR, secure budget resources and regulate practitioners. A total of 3,652 mediations were held, including 1,132 family cases. A new mediation unit opened in a joint PGR-FGR project, and is beginning to decongest the courts. Peer mediation launched with the PGR, the CNSP, the MINED and schools is fostering conflict resolution at early ages. Teachers, parents and students learned mediation techniques while mobile mediation units visited schools.

The first regional meeting on juvenile violence with USAID and SICA, gathered regional leaders,

government officials, practitioners and civil society to design regional responses to help youth at risk. Participants learned international best practices and models, and issued a report of conclusions and next steps. USAID and SICA signed an agreement to implement responses in the next FY.

With USAID TA, a new criminal procedures code including rules of evidence was developed incorporating international standards. This bill will be presented to the Assembly at the beginning of the new fiscal year which will streamline court processes and institute more transparency in court systems.

The CNJ was assisted to expand ethics training by incorporating a permanent module on ethics into its curriculum. All judicial students are now required to undergo ethics training. Thirty judges, magistrates and trainers of the Judicial School were educated as trainers. Awareness campaigns placed ethics and transparency in the political agenda. More than 500 judges, prosecutors, public defenders and court administrative staff learned best practices in administration of justice, transparency indicators and judicial efficiency.

The internal control assessment for the PGR will help strengthen the institution. The PGR is partially financing assessment recommendations to enhance procedures, increase public access to information and re-engineer provision of services. The work on internal controls is improving confidence in government responsiveness and respect for rule of law.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.1 Rule of Law and Human Rights \ 2.1.3 Justice System

The first indicator target was greatly exceeded because the CNJ adopted a permanent module on ethics training into its curriculum for all judicial operators. Of the total, 30 judges and other legal professionals were educated as trainers and 949 legal staff were trained on mediation, administration of justice transparency and measurement of judicial efficiency. The second indicator will be deleted because our strategy will not work with legal clinics.

The indicator three target was not met; however, support was given to the five justice sector entities which produced a new criminal procedures code and rules of evidence to streamline criminal processes and comply with international standards; to institutionalize mediation to increase access to justice and decongest the court system; and to two non-governmental associations on drafting regulations and strategic planning. The custom indicator on mediation centers was not met as program implementation began midway into the fiscal year giving priority to drafting and presenting to the Assembly a new law over mediation center expansion. Nevertheless, 6,897 orientations were given, 13,400 mediations cases were filed, an intake center was opened at the FGR, and 200 of its staff trained.

The custom indicator on crime prevention was not met due to delay in awarding the implementing instrument. Future targets are expected to be met. The crime victimization indicator is only collected every two years and so will be reported next year.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance

In El Salvador, the perception of corruption is high and citizens question the state's use of public resources to finance higher investments in education and health. The USG supports anti-corruption reforms at the national and local levels, assists the Government Ethics Tribunal (GET), and builds advocacy partnerships with CSOs.

While prosecutions of government officials for corruption are not commonplace, some noteworthy actions to penalize public sector corruption in the public sector have increased public confidence in government. A former high level GOES official was sentenced to 15 years in prison for fraud in awarding public services contracts, and a former Assembly member was stripped of immunity for allegations of bribery of local officials and money laundering. Key democratic institutions, such as the PGR, FGR and local municipalities, launched transparency initiatives and implemented new transparency mechanisms.

To better combat public sector corruption, the GOES established the GET, an achievement that was reported to the OAS in compliance with the IACAC. During the first year of operation, and with USG assistance, the GET began implementing a new Government Ethics Law for all public employees, established mini-tribunals in GOES entities, and delivered its first sanctions.

At the local level, USAID supports the local development commission, CONADEL, through its work with RECODEL, the local development donors group. COMURES trained 617 local officials in the application of transparency mechanisms recently established in the Municipal Code, while CONADEL is publicly recognizing municipalities that demonstrate the greatest transparency efforts.

With USG support, CSOs and the private sector publicly advocated good governance practices by launching such transparency initiatives as the creation of the consumers' rights defense association and a coalition to promote citizen participation in government decision-making; support for a decentralization law; institutionalization of an "ethics week;" and corruption surveys and accountability studies.

ANEP also highlighted ethics and transparency in its public agenda. In FY07, the GOES, civil society, private sector, media and citizens increased joint efforts to strengthen ethical values and transparency to combat corruption in public administration.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.3 Local Government and Decentralization

Significant progress was made in local development and decentralization with the launching of the national decentralization policy by President Saca. USAID and donors provided TA in decentralization and municipal transparency. This policy calls for sectoral cooperation and orients municipalities to become more autonomous financially, technically and administratively, and self sufficient in the provision of basic services. At the local level, CONADEL produced a strategic action plan and annual workplan for the implementation of its political agenda for local development.

El Salvador is one of only two countries in the Americas without a property tax (the other is Cuba). USAID assisted CONADEL in drafting a municipal property tax bill and holding meetings with the private sector and government Ministries to evaluate the political feasibility of its passage. The bill was submitted for review to the Ministry of the Presidency, but it is unlikely that it will be presented to the Assembly during this administration. The private sector has signaled some support to a property tax bill, but demands transparency from local governments in the use of resources.

CSOs are gaining advocacy skills to make local governments more transparent and accountable. USAID helped establish a large civil society coalition formed by CSOs, local committees and local governments to promote citizen participation in local decision-making processes and to advocate for the passage of a decentralization law. The coalition began advocacy and public awareness campaigns toward its goals.

Sustainability of local CSOs increased, and now they are capable of providing TA to local authorities. A USAID grant to a local CSO helped municipal authorities, local development committees and private sector representatives to properly apply new municipal transparency reforms. Three local governments launched user-friendly, practical and downloadable website prototypes to ease public access to municipal information to promote citizen oversight. The prototype will be replicated in other municipalities in the next FY.

USAID-financed activities target engagement of women and poor. Women actively participated in the coalition for decentralization and engaged in the design of an access to information website. Local-level auditing contributes to gender and poverty-sensitive planning and policy implementation and helps identify both poorly targeted spending and outright corruption.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.4 Anti-Corruption Reforms

The USG helped the GOES and citizens to highlight the debate on transparency and ethics, placing these topics in the national agenda. The GOES, CSOs, and private sector launched anti-corruption initiatives to open government processes to citizen input and oversight and to begin institutionalizing ethical conduct.

The USG assisted the GOES with the establishment of the GET which laid a solid foundation for helping create a culture of ethical conduct and combat corruption in the public sector.

The GOES and a coalition of local CSOs succeeded in submitting reports to the OAS for the second round test on compliance with the IACAC. The GOES is showing commitments to comply with the convention and the CSOs are auditing its compliance.

Select GOES institutions are carrying out internal control assessments to strengthen their methods and procedures of curbing corruption. The PGR, based on its assessment, is implementing a new and more transparent child support system and a re-engineered public defense services system, services which greatly impact women and poor.

CSOs have also created mechanisms for external oversight of public funds use, including websites to facilitate public access to municipal information, a participatory and transparent budget process for a GOES entity with gender inclusion, and the institutionalization of an ethics week to train, educate and foster ethical behavior of government employees and citizens.

GOES counterparts, including the GET, SP, Consumer Defense and the PGR have shown political will to move forward with implementation of their own transparency initiatives. Likewise, selected CSOs and private sector firms have shown commitment to participate in transparency and oversight of decision-making processes.

Planned targets on anti-corruption training for government and non-government individuals were greatly exceeded. USAID expanded training activities with prior year funds, and government counterparts demonstrated high-level participation and motivation in carrying out multiple training and educational activities on anti-corruption, transparency and ethics.

The USAID transparency and governance project promoted gender inclusion by actively including both men

and women in training on anti-corruption, transparency and ethics; providing assistance to a CSO to implement a budget transparency project with gender focus; and assisting the PGR to implement a more transparent child support payment system.

Element Indicator Narrative \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.4 Anti-Corruption Reforms

The number of government and NGO people trained greatly exceeded targets. Training focused on government ethics, access to information, compliance with the OAS-IACAC and municipal transparency.

The target for indicator on oversight mechanisms was met. Six CSOs conducted social auditing on budget oversight, procurement transparency, access to information and municipal transparency; a CSO coalition prepared an independent report on GOES compliance with the IACAC; a coalition for the defense of consumers was created to strengthen oversight capacity and protect consumers rights; COMURES assisted municipalities to implement citizen oversight mechanisms; and a municipal transparency assessment provided recommendations on citizen participation in social auditing.

The GOES and CSOs implemented anticorruption measures, and exceeded the target. The GOES presented its progress report in compliance with the IACAC; a new criminal procedures code was drafted; the PGR developed an internal control system and is implementing transparent measures; the Defense of the Consumers Office utilized a consumer “bill of rights” in hospitals for better quality services; an Ethics Tribunal was established and is implementing a new law for public employees; ethics training became mandatory for judicial operators; the ethics week was institutionalized by two Salvadoran think tanks; and the private sector is more engaged in ethics and procurement transparency issues.

Program Area Performance \ 3 Investing in People \ 3.1 Health

Although El Salvador has made gains in health care provision, gaps remain in meeting special health needs of women, children, adolescents and high-risk groups for HIV/AIDS. USG assistance focuses on access and quality of maternal/child care, reproductive health services, reduced HIV transmission among high-risk groups through behavior change, strengthened MOH financial and management capacity, and public-private alliances in health.

Increased attention to hygiene and infection control, improved newborn resuscitation techniques, and access to rehydration kits are reducing neonatal mortality. New obstetrical training centers support improved maternal health services, and health care professionals were trained in requirements for family planning (FP) to assure compliance with U.S. law.

USG supported behavior change activities to reduce and prevent new HIV infections to high-risk persons (MSM, CSW and their clients, persons living with HIV/AIDS). Assistance included the promotion and availability of condoms, media campaigns for abstinence and partner reduction, and support for a positive HIV/AIDS political environment.

USG assistance resulted in new norms for maternal and child health, infectious diseases, FP and reproductive health (RH) services, as well as new procedures manuals in procurement/logistics, human resources, and financial planning to help improve MOH management systems. A methodology to develop needs-based budget levels is being implemented, and USG assistance to the logistics system has driven

improvement in the number of facilities which reduce stockouts and minimize waste, thereby increasing the availability of medicines. USG helped to create a National Quality Committee to determine standards for maternal, child, RH/FP services, and the National Family Health Program, to improve community services.

USG-MOH collaboration has been excellent. Good progress has been made in service provision and systems strengthening. The GOES is committed to increasing public investment in health, which is a prerequisite for meeting the requirements of a modern health system.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS

Innovative activities to promote behavior change (BCC) reached over 13,000 high-risk persons (Men who have Sex with Men (MSM), Commercial Sex Workers (CSW), clients of CSW, and people living with HIV/AIDS). New high risk outlets nationwide were opened utilizing an integrated approach, which includes applied research study and the design of a campaign targeting the commitment of outlet owners and at-risk groups.

The Strategic Surveillance Plan for El Salvador was completed. A Qualitative Rapid Assessment Procedures Study was conducted in partnership with the World Bank/SICA Regional Project, among MSM and CSW that will provide qualitative information for the HIV/AIDS prevalence study. A protocol to study HIV/AIDS under-reporting was developed with CDC and the MOH. The data collection and analysis for a study on antiretroviral use among patients co-infected with Tuberculosis was finalized. A national consensus-building meeting held with government, university, and NGO officials to prioritize HIV indicators included on the demographic health survey and determine which should be monitored at the regional level.

Technical assistance (TA) was provided in the development of the National HIV/AIDS Monitoring and Evaluation Plan 2006-2010, and the development of the National AIDS Program Annual Operational Plan.

USAID supported the determination of national HIV expenditures for 2004, 2005 and 2006, providing information in key areas, such as vulnerable populations, and public, private and international spending in a given year.

An evaluation of the Global Fund (GF) National Coordinating Committee and Principal Recipient was conducted, identifying key areas for TA and support. Also, USAID provided support for the development of the National Monitoring and Evaluation (M&E) Technical Committee that will be responsible for preparing the M&E Strategic Plan. TA was also provided for the development of the country proposal for Round 7 of the GF. USG program assistance complements the Global Fund program and focuses on prevention among high risk groups. Both programs coordinate activities working through the National AIDS Program.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.5 Other Public Health Threats

USAID assistance resulted in important achievements in cross-cutting areas which affect overall administration and management of all MOH programs, especially in program elements: 3.1.5, 3.1.6 and 3.1.7.

In the area of budgeting, with USAID assistance, an MOH budget allocation methodology was designed and developed. A Feasibility and Economic Evaluation of a Vehicle Insurance Program was initiated and 238

key MOH personnel from all levels were trained in the areas of financing, including standards, procedures and instruments for budget preparation and management.

In systems, a Procedures Manual for the Institutional Procurement and Contracting Unit was developed. An Information System for Supply Management was developed, in coordination with the Inter-American Development Bank. A Procedures Manual of Logistics System for the regional and local levels was developed and implemented in 91 Health Units, in the 69 municipalities supported by USAID, and over 1,100 MOH management personnel were trained on standards and use of the updated MOH Basic List of Medicines. USAID provided assistance for the Information System for Human Resources (SIRHI) and its Manual of Procedures, and 152 people were trained in the use of the SIRHI and the Government Ethics Law.

In the area of service provision, 28 maternity hospitals have established Infection Control Committees which monitor prevention and control of hospital-acquired infections to reduce neonatal and maternal deaths due to sepsis. In coordination with the BASICS Regional Initiative, USAID developed videos and a technical guide on the proper techniques for hand washing and the use of proper garments. Personnel in 29 hospitals were trained in the preparation of alcohol gel (to complement hand washing) and USAID provided assistance to update the Neonatal Sepsis Technical Guide.

Collaboration between USAID and the MOH is good, USG support is valued, and good progress has been made towards planned results. In order to stay compliant with Millennium Challenge Corporation compact requirements, the GOES has committed to increasing public investment in health – an important prerequisite to meeting the requirements of a modern health system.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

USG support resulted in several important achievements. Several norms and guides to improve the quality of maternal/child health services were developed, including: Children's Health Care, Care of the Premature, Prenatal Care, the use of the Perinatal Information System (SIP), Maternal Mortality Surveillance, and Improved Obstetrical Care. USAID provided support in the design of a model to improve the quality of prenatal control in all MOH facilities. Maternity hospitals (28) have an active maternal/perinatal health committee, and a computerized perinatal information system to support decision making. A program for pregnant adolescents to diminish their fear of a hospital delivery was implemented. All adolescent deliveries under this program were attended by trained hospital personnel.

USAID assisted to remodel and equip 3 of 5 targeted hospitals and helped train health providers in improved obstetrical and newborn care services. In support of Active Management of the Third Stage of Labor, the use of oxytocin increased from 40% to 65% in the reporting period. Since neonatal death accounts for 60% of infant mortality, USAID has strengthened infant and child care; as a result, neonatal asphyxia has decreased from 2nd to 6th cause of hospital deaths in children under age one – a major success. 93 health units in the 69 USG assisted municipalities received oral rehydration kits. USAID supported the MOH in the production and distribution of education materials for the prevention and treatment of diarrhea in children. Under the Integrated Nutritional Care (AIN) Strategy at the community level, community health workers were trained to recognize danger signs of pregnant women and the newborn. AIN was expanded by the certification of 65 new nutritional volunteers at the community level, and 215 health promoters were trained in proper weighing techniques, in support of improved nutritional services at the community level.

Collaboration with the MOH has been excellent during this year, and the MOH values USAID support.

Cross cutting achievements in the area of service provision and administration (which affect the management of all MOH programs), apply to program elements: 1.5 Other Public Health Threats, 1.6 Maternal Child Health, and 1.7 Reproductive Health and Family Planning. Details can be found in Program Elements No. 3.1.5 and 3.1.7.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

USAID is the major donor to the MOH FP program in El Salvador. Over the next two years USAID will continue to make an impact and generate improvements in MOH programs, especially to reduce adolescent pregnancy, and we will also work with the MOH to involve more donors in this important area.

USAID helped increase coverage and provision of female and male sterilization by training 56 doctors in the 28 maternity hospitals, and increased coverage and provision of IUD insertion by training 97 doctors and nurses in USG assisted areas. USAID provided Contraceptive Technology Update training to 238 care providers to improve the quality of FP services and counseling and supported the development of a Technical Guide for Family Planning Counseling to foster free and informed choice of contraceptives. USAID helped train 309 MOH doctors and nurses in FP counseling, including the principles of voluntarism, free and informed choice for the compliance with FP legal requirements, provided RH and FP training to 240 adolescent peer educators to delay and space pregnancies, and supported the development of the National Guide for Counseling for Adolescents, and the National Guide for FP Services in the primary and secondary levels

A number of cross cutting achievements in service provision apply to program elements: 1.5, 1.6, and 1.7. These include: TA to the MOH to develop a National Quality Committee and to determine the standards for key services: maternal, child, RH and FP, and helping to design and implement an improved referral and counterreferral system in 9 hospitals for obstetrical and newborn care. USAID helped to train 50 new health promoters, thus increasing coverage at the community level. USAID assisted the MOH in the creation of the National Family Health Program, its implementation in 10 USAID assisted municipalities, and the production of supporting materials. USAID collaborated in an inventory of IEC materials in MOH facilities of USG assisted areas, and developed a National Strategy for Information, Communication and Education for all components (maternal, child and RH), including the design of 106 different IEC materials.

There were also cross cutting achievements in administrative areas (which affect the management of all MOH programs), that apply to program elements: 3.1.5 Other Public Health Threats, 3.1.6 Maternal Child Health, and 3.1.7 Reproductive Health and Family Planning. These can be found in Program Element No. 3.1.5.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS

Indicators 1 & 2: FY07 goals based on total number of contacts made. FY07 actual and FY08 targets based on total number of persons reached, as an average of contacts per person. PSI estimates that 25% of this population is reached with abstinence and being faithful messages and 75% for condoms. Indicators 3, 10 & 16: Due to the MOH delay in the provision of testing services, FY07 targets were not met. FY08 targets adjusted accordingly. Indicator 4: ISSS clinic & local NGO\'s personnel included in the trainings. Indicators 6 & 15: More persons were trained after the 7/07 Rapid Assessment Procedures Study. Higher numbers resulted after training in data analysis for TB/HIV co-infection project. Indicators 7 & 12 :FY08 target

decreased upon review of OGAC definition: labs must provide both tests. Only one MOH lab has this capacity. Indicator 11: Deleted: activity is not part of USG assistance. Indicator 13: National AIDS Program (NAP) leadership involved greater number of NGOs than targeted. FY08 target adjusted accordingly. Indicator 14: Actual FY07 show improved strategies to reach more NGOs and better coordination with the NAP and Global Fund. Implementer kept overall target due to factors out of its control to include additional NGOs. Indicator 18: FY08 target based on FY07 actual. Indicator 19: Deleted: CDC states that USG does not sufficiently support activities to report on this indicator.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

Indicators 1, 5 & 10: For FY07 the MOH provided national level targets instead of targets exclusively for USG-assisted programs. FY07 data being reported is only for USG-assisted programs and are lower compared to the FY07 national targets. The MOH cannot provide a baseline figure for USG-assisted programs for FY07. Targets for FY08 have been revised accordingly. Indicator 2: Data includes only children treated at the community/health unit level. Indicator 3: This indicator does not include children treated at the community level since MOH rural promoters are not authorized to prescribe antibiotics. Indicator 4: Refers to children under 2 years. Indicator 6: Data are from 28 USG-supported hospitals providing maternity services. The FY08 target is based on 2006 and 2007 figures. Indicator 7: Currently the MOH cannot collect data for this indicator and therefore it will no longer be reported. Indicator 11: Since the MOH is only able to measure one of three AMSTL criteria (administration of oxytocin), this indicator cannot be reported. Custom Indicator: Private sector expenditures in public health as a result of USAID activities-USAID has set a total target of \$1.7 million of private sector support for the program period. Therefore, FY08 target has been revised accordingly.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

Indicator 1: In accordance with the FP phase-out in El Salvador, USG does not expect to provide FY08 funding for private/public partnerships under this program element. Indicator 2: USG support and data are nationwide. Indicator 3: MOH is not able to report this information since it does not keep track of each individual who receives a message. Indicator 4: Data includes doctors and nurses trained in USG FP regulations during the last half of FY07. Trainees in FY08 will also include personnel from USAID-supported hospitals and managers from MOH regions and districts. For FY08, female/male segregation is a projection based on actual figures from FY07 achievements. Indicator 5: For FY07 target the MOH defined \"stock-out\" as not having a 2-month supply of any contraceptive at any given time. For FY07 actual and FY08 target, the MOH re-defined the concept to zero stock of any contraceptive at any given time. FY07 actual and FY08 target were revised accordingly, thereby decreasing the number of SDP with stock-out. The MOH only reports SDP information from health facilities. Indicator 6: Since all 573 MOH facilities (with the exception of the children's hospital) and community health personnel (2,400) provide family planning counseling/services, the figure remains the same for all years.

Program Area Performance \ 3 Investing in People \ 3.2 Education

Children, especially in poor areas, lack access to quality basic education. High primary school repetition rates result from student deficiencies. Additional educational investment is required to meet the needs of a modernizing economy. USG assistance helps expand access to basic education, improve basic competencies in language learning, strengthen teacher capacity, build public-private educational alliances, and increase

expenditures in primary education. USAID supports the Ministry of Education's (MINED) national education strategy, Plan 2021, through textbook and materials development, teacher training, mobilization of community and civil society support for schools, and policy dialogue. USAID is the largest donor in the education sector.

A highly polarized political environment has led to legislative gridlock and loss of nearly \$1 billion in multilateral loans requiring legislative ratification. Rather than postponing investment, the GOES resorted to domestic loan financing and \$200 million of bond proceeds over the next three years. This allows MINED to print textbooks and teacher manuals for nationwide distribution, and to support teacher training (USAID interventions) and other MINED needs. This indicates the priority that the government places on primary education. The GOES must seriously consider whether similar reforms to secondary education, possibly supported by USAID and other donors, will be required.

El Salvador is the first country in Latin America to carry out a study on National Education Accounts (similar to National Health Accounts). The study will provide information on funding sources for education (e.g., public or private) in order to formulate investment strategies to promote access, equity and quality.

With USAID assistance, MINED is currently negotiating a teacher training program with universities that would provide study credits to participants, thereby ensuring the sustainability of the program. USAID support will increasingly focus on strengthening MINED management systems (e.g., strategic planning, information and teacher training) to help move the country to sustainable development status.

National elections in March 2009 and a change in government may slow program implementation. Still, achievements gained so far will survive the transition. An important task for the National Education Commission is to lobby the candidates and political parties to place education high on their list of priorities.

Program Element Performance \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

The National Education Accounts methodology has been incorporated into MINED policy. The Planning Unit has been strengthened through technical assistance. The first report demonstrated the huge amount of money that families spend on education. In all, 83% of the data provided by municipalities has been collected. MINED has incorporated into a national census a survey on school investment.

Institutional Educational Plans (PEI) were developed in 247 schools with participation of Parent-Teacher Associations (PTAs). The PTAs analyzed educational indicators (e.g., attendance, repetition, performance and drop out rates) to improve quality education and make decisions on supporting student learning processes. The MINED will incorporate this strategy in all schools nationwide.

The curriculum and study programs based on language competencies were developed for grades 1-4. These included textbooks, teacher's guides and student's workbooks. Next year, the MINED will incorporate the competency based curriculum to all schools nationwide.

The training program in language instruction for primary teachers was developed and approved by MINED as the national in-service training strategy. Seven modules, incorporating transition education, gender focus, and students with special needs, were developed, published and distributed to teachers in rural schools. To date, 1,561 teachers are participating and are implementing new methodologies and techniques in the classroom. Periodic testing will measure the progress of all program interventions toward quality

improvement.

Through alliances with Scholastic and the International Book Bank, 10,500 first grade books (42 books for 250 schools) and 59,000 books for primary level students were obtained to support the new competency-based curricula and language instruction. The “Teachers without Borders” program began in two rural schools: American volunteer teachers provided mentoring support to Salvadoran teachers introducing innovating teaching methodologies.

The program supports the Presidential Monitoring Commission of Plan 2021 in order to provide dependable feedback on educational policies and to incorporate accountability. A national study addressing the factors involved in successful student performance is being conducted in collaboration with this Commission. The purpose of the study is to obtain information on why students have higher performance in certain schools.

Element Indicator Narrative \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

Indicators 1 & 4: Policies include a) rationalization of the MINED data system to ensure accountability and transparency; b) competency-based language curriculum grades 1-6; c) strategic management and planning at the school level; d) National Education Accounts adopted as a tool for decision-making and reporting. For FY08, the program for in-service teacher training in language will be national policy. Guidelines include: 1. Integration, consistency and sharing of data; and 2. Reformulation of data collection instruments and procedures. Indicator 2: Actual numbers are higher than targets because MINED ownership of the program has resulted in more participation and more motivation to participate. Indicator 3: This activity is not part of the USG assistance program for El Salvador. Indicator 6: FY07 target included PTA and various committees. FY07 actual reflects only PTAs, per indicator definition. FY08 target has been revised accordingly. Indicator 7: Number of teachers trained is lower than expected due to the reluctance of many teachers to participate in training sessions on Saturdays or vacations. FY08 target corresponds to total program target. Indicator 8: FY07 actual and FY08 target were revised per clarification by USAID/W, using number of items distributed (30,815) and not number designed (26).

Program Area Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth

El Salvador’s economic growth is limited by relatively low levels of public investment in critical areas such as education, health, productive infrastructure and public security. Raising tax revenue through greater compliance with tax laws, rather than increasing tax rates, is the main avenue for addressing this dilemma. Improving the efficiency of tax collection means addressing weak tax administration systems, which makes high levels of tax evasion and avoidance possible. During the past year, USAID has helped the Government of El Salvador (GOES) improve tax compliance.

With USAID support, the GOES has committed to achieving a tax collection rate equivalent to at least 15.2 percent of GDP by 2009. Since the beginning of the USAID program in 2005, tax collections as percent of GDP have increased from 13.1 percent of GDP to an estimated 14.2 percent for 2007. In calendar year 2007, this increase means \$231 million in additional revenues for critical investments, an impressive return on USAID’s \$2.45 million invested since 2005. USAID assistance has resulted in important improvements to Ministry of Finance (MOF) technical capabilities, and all categories of taxes recorded have increased.

USAID assisted in the creation of a Supervision and Control Office within the Salvadoran tax authority. This office regulates and monitors the compliance of the tax administration offices with the processes,

procedures, standards and goals established by the MOF using international standards. USAID assistance was also instrumental in the creation of an Excise Tax Unit. This unit will improve audit procedures and collection of excise taxes. USAID provided training and purchased equipment for this unit. Lastly, USAID also helped design and create a call center to assist taxpayers with tax related questions.

Program Element Performance \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

Socioeconomic development in El Salvador is constrained by relatively low levels of public investment in critical areas, including education, health, infrastructure and public security. The current administration efforts focus on raising tax revenue through greater compliance with tax laws. Improving tax collection efficiency means addressing weak tax administration systems that make high levels of tax evasion and avoidance possible.

USAID trained 264 key Ministry of Finance (MOF) personnel in the areas of audit processes, planning and development of key information technology systems. This allows the Salvadoran tax authority to better cross reference taxpayers and has resulted in higher rates of tax collection. Tax collections increased \$231 million (11.8 percent) compared to the same period in 2006. All categories of taxes showed increases, with import Value-Added Tax (VAT) having the highest rate of increase and internal VAT the lowest. Actual tax collections for the period January-June 2007 exceeded collection targets set by the MOF by \$128 million (9.3 percent).

USAID has also helped the GOES migrate tax records from an outdated database management system to a much more efficient ORACLE system. While nine modules were originally targeted for migration, three additional modules were identified for inclusion. To date, two modules are fully operational and three are nearly operational. The remaining modules will be migrated during FY08. USAID also helped design and create an MOF call center to assist taxpayers with tax related questions.

While these gains are impressive, El Salvador needs to further increase tax revenues to levels equal to 17-18 percent of GDP, the median for lower-middle income countries. During FY08, USAID will continue its work with both public and private organizations to improve understanding of strengths and weaknesses of existing fiscal policies to foment discussion and consensus building around reforms that the new administration must consider in 2009.

Element Indicator Narrative \ 4 Economic Growth \ 4.1 Macroeconomic Foundation for Growth \ 4.1.1 Fiscal policy

The “total tax collections as a percent of GDP” indicator is measured on a calendar year basis. Data available as of September 30, 2007, as shown in the table, indicates that the actual tax collection target will be met. Final figures will be available by February 2008. No changes in FY08 and FY09 targets are being made as current projections are expected to be achieved. Due to the design of the FACTS database, the Mission can not reflect decimals. Actual FY07 is 14.2% and planned FY08 target is 14.7%.

The number of female key personnel trained totaled 114 or 89% of target. The number of male personnel trained totaled 150 or 64% of target. Personnel that did not receive training in FY07 will be trained in early FY08. The main constraint to meeting the target was the lack of available trainers in FY07.

Program Area Performance \ 4 Economic Growth \ 4.2 Trade and Investment

The U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) offers El Salvador an opportunity to generate sustained economic growth. USAID is strengthening the country's export capacity by helping small and medium enterprises (SMEs) access market information, develop new products, expand to new markets, and increase non-traditional exports.

A better regulatory environment and more efficient government programs to support the growth of SMEs are being pursued to promote exports and stimulate investment. Key needs include the ability to administer and implement CAFTA-DR and other trade agreements to take advantage of increasingly globalized trade. In this context, El Salvador is working to enhance SME business skills and to increase access to appropriate technologies and financing.

During FY07, SMEs assisted by USAID have increased domestic sales and exports by \$24.8 million for a cumulative increase of \$51.1 million over FY06. These SMEs also generated 3,262 new jobs in FY07 for a cumulative 8,737 new jobs since 2005.

In addition, USAID is assisting the Government of El Salvador to create a policy environment more conducive to private sector growth and more open trade. This includes assistance for improving the ability of customs authorities to comply with CAFTA-DR commitments in chapters 3, 4 and 5, the overall environment for "doing business," and the ability of the GOES to pursue anti-trust cases.

USAID has also developed joint projects with private sector organizations such as the Salvadoran Chamber of Commerce, FUSADES, the Salvadoran Export Corporation to build up their institutional capacity as business development service providers for SMEs. Furthermore, in an effort to strengthen competitiveness cluster development in El Salvador, USAID has helped firms to group into trading companies and business associations with the purpose of sharing resources to enter target markets, increasing export capacity and reducing average costs associated with export production.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

USAID is assisting the Government of El Salvador (GOES) to create a policy environment more conducive to private sector growth and more open trade. This includes assistance for improving the ability of customs authorities to comply with CAFTA-DR commitments in chapters 3, 4 and 5, the overall environment for "doing business," and the ability of the GOES to pursue anti-trust cases.

In an effort to strengthen the Salvadoran customs rules of origin unit, USAID trained 397 professionals in rules of origin. Results were higher than planned due to greater interest of government and private sector representatives in receiving training in rules of origin. In the area of business improvements, 101 professionals were trained in topics related to improving access to credit through the implementation of collateral registries and international best practices in bankruptcy and business reorganization.

Through USAID assistance, customs authorities have been able to better target its efforts, reducing the number of physical inspections of goods from 28% of shipments in December 2006 to 17% in September 2007 through the application of Risk Analysis techniques and process improvements in this area. As hoped, by better selection of shipments for review, the average adjustment per inspection resulting from

reclassifications has increased from about \$15 to \$38 during the same period. This represents an increase in total monthly collections from about \$175,000 in January 2007 to \$200,000 in September 2007.

Furthermore, the average time to release risk-determined goods from Customs Custody was reduced from 28 hours in 2006 to 6 hours in 2007, far exceeding our targets. USAID also supported the development and release of express shipments simplified procedures to comply with CAFTA-DR requirements (Courier Simplified Procedures.)

USAID is also supporting the GOES to improve access to credit by reviewing a draft of movable asset guarantee legislation and helping the National Registry Center to implement a collateral registry to fully enforce the legislation. In addition, USAID is helping to draft bankruptcy and business reorganization legislation to be presented to the executive branch in December 2007.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.2 Trade and Investment Capacity

USAID is providing small and medium enterprises (SMEs) with trade management assistance and training needed to improve their skills. In addition, SMEs are being helped to better access market information and data, evaluate potential target markets and customer needs, and make effective market decisions. Through the program, SMEs are being able to increase export capacity, diversify product lines, expand domestic and export sales, increase earnings, and create new jobs.

In FY07, SMEs assisted and trained were able to report \$24.8 million in increased domestic sales and exports as a result of the assistance received, exceeding by far the target \$11.6 million. Major sectors contributing to this increase were: food processed products (34%), manufacturing (28%), services (16%), and agriculture (12%). This increase was attributed to 1,247 SMEs that received trade capacity building assistance to develop exports and domestic sales, surpassing the target of 940 firms. These firms are now taking advantage of CAFTA-DR opportunities for increased global trade. USAID is working closely with other donors such as the German Cooperation Agency (GTZ), host country government organizations and private sector organizations to broaden the share of assisted firms, thus multiplying impact and results.

Increased trade from firms assisted contributed to generate 3,262 new jobs during FY07. A much larger number of smaller firms was assisted, but with less capacity to create new jobs when compared to medium-sized firms.

In an effort to increase sustainability of USAID trade capacity programs in El Salvador, approximately 1,750 business people and GOES officials (900 male and 850 female) received training, surpassing the target of 940. As a result, more people are able to take advantage of CAFTA-DR opportunities. In addition, 132 capacity building service providers (individuals and organizations) were also assisted, exceeding the target 50, to expand business development services to SMEs.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.2 Trade and Investment Capacity

In FY07, USAID expanded export development assistance to a much larger number of small and medium-sized firms. A large number of smaller firms were added to the USAID Export Promotion and Artisan Development programs to help them take advantage of CAFTA-DR opportunities. This change resulted in a

higher level of increased local and export sales by assisted firms. The programs under this element also faced an increased demand for assistance and training from business development service providers (organizations and individual consultants.)

The number of new jobs created in FY07 was about 12% below target. Job growth was slower due to a focus on smaller firms: smaller firms generate fewer jobs relative to medium-sized firms. In addition, a new formula was developed to estimate the number of jobs created under the Artisan Development program after a survey was conducted in 2007. The new formula had an impact on the estimation of job creation. Although fewer, new jobs were better quality (e.g. with higher salaries).

Projected sales and job generation from USAID assisted firms in FY08 are likely to increase, while training to firms and business development service providers will gradually be reduced until the end of the program in 2009.

Program Area Performance \ 4 Economic Growth \ 4.3 Financial Sector

A healthy and efficient financial sector is a key element to economic growth. Past USAID efforts focused on the microfinance area, helping the poorest of the poor. In the last decades, USAID supported the creation of two microfinance institutions, financed loans starting at \$50 and supported the model of “village banking” as a new way to serve the poor through group lending. USAID also supported the creation of a credit microfinance bureau, strengthened local organizations and focused on sustainability, included new types of actors, including NGOs, cooperatives and commercial banks willing to scale down and reach micro entrepreneurs.

In FY07, USAID continued this assistance by helping create a new SME banking culture and a competitive dynamic in El Salvador. Traditional commercial banks are changing their corporate culture. Aware of the importance of servicing SMEs and the potential profitability, banks are targeting the real needs of the SME market and adjusting methodologies and products accordingly. USAID is also supporting two microfinance institutions to become regulated by the Superintendent of the Financial System (SFS).

In FY07, the six partner banks increased their SME portfolio by approximately \$117 million. USAID helped with the creation of specialized SME finance units in five partner banks.

USAID’s tailor-made technical assistance was complemented by support to the financial system as a whole. During FY07 USAID has created an SME Banking Committee within the Banking Association to advocate for an improved enabling environment for SME financial services; obtained the commitment of the SFS to improving the regulatory environment for SME banking and exposed SFS staff to best practices in new risk management and new methodologies to supervise and monitor financial services to SMEs; and trained 979 bankers in best practices in SME customer service and credit risk management.

The DCA mechanism with two commercial banks has worked well during FY07. Both banks placed 27 loans to SMEs for a cumulative total of 70 loans since 2005 and a cumulative utilization balance of more than \$3.3 million.

USAID continues to be one of the main supporters of financial sector reform, and there is still work to be done, mainly in the areas of guarantees, laws and coordination of efforts among different actors.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.2 Financial Services

In El Salvador, growth and job creation have been spurred by expansion of competitive small and medium sized firms (SMEs). However, they still face a number of challenges to reach new markets and grow their businesses. Surveys cited the lack of access to financial services as the major constraint to firm growth. This cross-cutting issue affects artisans, as well as exporters and farmers trying to take advantage of the new opportunities of the trade agreement between the U.S. and El Salvador.

USAID is working with six traditional banks and introducing ways to reduce lending risks and improving financial institutions' understanding of SME needs. USAID is also supporting two microfinance institutions to become regulated by the Superintendent of the Financial System (SFS).

In FY07, USAID helped with the creation of specialized SME finance units in five partner banks. These business platforms incorporate commercial, product and risk areas, as well as the systems and qualified staff to expand financial services specifically tailored for SMEs. Staff from these units have been exposed to best practices in other countries and is being trained in specific techniques to serve SMEs, substituting their corporate methodologies with SME tailor-made techniques. More efficient and effective SME credit risk management systems have been implemented. Portfolios of new SME products which include short term (working capital) lines of credit, medium term investment loans, factoring, leasing and trade finance, have been developed and have been piloted or will be piloted late in calendar year 2007.

USAID's tailor-made technical assistance is being delivered to each partner bank based on individual diagnostics that have been complemented. During FY07 USAID has created a SME Banking Committee within the Banking Association to advocate for an improved enabling environment for SME financial services; obtained the commitment of the SFS to improving the regulatory environment for SME banking and exposed SFS staff to best practices in new risk management and new methodologies to supervise and monitor financial services to SMEs; and trained 979 bankers in best practices in SME customer service and credit risk management.

Program Area Performance \ 4 Economic Growth \ 4.5 Agriculture

In recent years, growth in the agricultural sector in El Salvador has lagged behind other sectors of the economy. However in the last three years, it has rebounded including an estimated agricultural sector growth rate of 7.5 percent during the first nine months of 2007, almost double the growth of the economy as a whole. A key success was the growth of the horticultural sector, an area of significant USAID support.

Farmers and agribusinesses need technology and innovation to diversify their production, increase their income and enter into new markets. USAID is working to enhance crop diversification and promote value added processing. USAID is also promoting specialty coffee to help small and medium coffee growers get higher prices in international markets. USAID is supporting training for private sector firms and Government officials in sanitary and phytosanitary standards (SPS) to promote exports and improve food safety measures.

During FY07, USAID assistance was directly responsible for growth in incremental sales of \$19.1 million (domestic and export) versus a target of \$12 million. The number of people who received short-term training totaled 10,411 (2,620 women, 7,791 men) versus a target of 3,500. Training on the safe use of pesticides accounted for roughly 50%. In total, 109 small and medium firms were assisted, far surpassing

the target of 18. The growth came mainly from assistance to small food manufacturing enterprises, helping them improve their production and sanitary processes.

U.S. assistance has been critical to Salvadoran recent successes. Estimated agricultural exports to the U.S. from FY 2006-2007 increased by 11 percent from \$148 million to \$164 million.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

One of the major points of debate in 2005 during the lead up to CAFTA-DR entry-into-force in Central America was the likely impact on agricultural producers. Some groups feared that the new market opportunities promised by CAFTA-DR would only be captured by established firms. To ensure the benefits of free trade are spread as broadly as possible, USAID is working to expand market access, a critical ingredient in the growth of agriculture and related food manufacturing enterprises.

Meeting international sanitary and phytosanitary (SPS) requirements is one of the major obstacles to market access by Salvadoran producers. As a result, USAID is working with Government technicians and private sector firms to help exporters better understand and comply with SPS regulations, particularly U.S. regulations.

USAID is helping El Salvador in critical areas such as conducting pest risk assessments, ensuring food safety (e.g. Hazard Analysis Critical Control Points, Standard Sanitation Operation Procedures, Good Manufacturing Practices, etc.), and proper pesticide management. Priority attention is being paid to exporters that are able to immediately respond to incentives offered by CAFTA-DR.

USAID has been actively assisting two governmental units and ten small and medium food manufacturing companies, some already exporting, others with the potential to export, through training and technical assistance. These government and private institutions have increased knowledge of SPS regulations, improved their quality control processes, and made their products safer for consumers.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

USAID is helping El Salvador increase agricultural sector competitiveness and take advantage of domestic and international trade opportunities, particularly those provided by CAFTA-DR.

During FY07, incremental sales of USAID supported goods grew to \$19.1 million (domestic and export) versus a target of \$12 million. 49% was contributed by processed products, 35% was contributed by horticultural sales, 8% by service providers, and 8% by coffee. The number of people who received short-term training totaled 10,411 (2,620 women, 7,791 men) versus a target of 3,500. Training on safe use of pesticides accounted for roughly 50% of trainees. In total, 109 small and medium firms were assisted, far surpassing the target of 18. The growth came mainly from assistance to small food manufacturing enterprises, helping them improve their production and sanitary processes.

Eleven new technologies were made available to farmers and agribusinesses; the target was three. New technologies were made available for horticultural production, coffee production and food processing. An estimated equivalent of 1,169 full-time jobs was created; the target for the year was 1,900. 1,375 farmers

were provided with technical assistance, while the target for the year was 1,500. Delays in the construction and full operation of a coffee laboratory meant targets for the number of hectares under improved technology or management were not met.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

During FY07 the number of institutions making significant improvements totaled 12, exceeding the target of two. This over-achievement was due to the inclusion of ten private companies participating under the food safety component, specifically the Hazard Analysis and Critical Control Points methodology. For the same reason, the number of individuals who received short-term agricultural enabling environment training (1,009) greatly exceeded the target of 32. When original targets were established, only governmental offices and their technicians had been contemplated for inclusion.

The FY08 and FY09 targets for the institutions making significant improvements have been increased because of the anticipated inclusion of additional private companies. For the number of individuals who will receive short-term agricultural enabling environment training the targets have been increased for the next two years anticipating the additional participation of private companies' employees. Therefore, the number of institutions has been increased from two to six for both years and the number of trainees has been increased from 32 to 1,000 for FY08 and from 32 to 500 for FY09, considering that the program will end in June 2009.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

The targets for FY07 of 1,900 for new jobs, 1,500 rural households and 7,900 hectares were not reached due to delays in the start of coffee activities, especially the production and release of the fungi *Beauveria bassiana*, a biological control to protect farms against coffee diseases. For FY08, targets for hectares under improved management were increased from 13,000 to 15,000. Training targets were increased from 4,000 to 8,000. Targets for increased annual sales were adjusted upwards from \$14 million to \$18 million. However, targets for job creation have been slightly reduced (from 2,200 to 2,000) to reflect a shift from labor-intensive crops such as horticulture (tomato, sweet pepper, potato) crops to other less labor-intensive crops such as squash and watermelon which still provide for better market opportunities and/or higher earnings to small farmers compared with traditional crops.

Program Area Performance \ 4 Economic Growth \ 4.8 Environment

For years, El Salvador's important natural areas have been neglected and abused. Protected areas existed only on paper or were poorly administered. MARN resources were too limited for effective management, and private landowners did not have incentives to better manage their lands.

But El Salvador has seen a radical shift. Increasingly, El Salvador's natural areas are seen as a critical avenue to greater economic growth. First, El Salvador is seeing rapid tourism growth and the GOES recognizes that well-managed natural areas are essential to sustained tourism and overall visitor experiences. Second, highland protected areas are increasingly seen as "water factories," supplying clean water to downstream residents in urban areas. Sustainable management of these protected areas ensures both residents and industry with continued access to needed water supplies.

USAID is focusing efforts in two critical watersheds, Rio Grande de Sonsonate and El Imposible/Barra de Santiago. These watersheds contain 42 percent of El Salvador's protected areas and a human population of 634,575. USAID has also leveraged funds from FIAES to support eight protected areas located within these two watersheds.

USAID supports the GOES in the consolidation and effective management of Salvadoran protected areas and natural resources. The focus is on 57 areas that will be incorporated into the Protected Natural Areas System. USAID is helping the GOES determine the borders of these protected areas that, until recently, only existed on paper. El Salvador will declare its first marine/coastal natural protected area, Los Cobanos in FY08. This park represents 20,732 hectares of ocean where coral reef is located and 580 hectares of terrestrial area (mostly high-priority mangroves). In Los Volcanes National Park, project topographic teams are surveying the 1,600 hectare protected area of Izalco Volcano. Biodiversity inventories have found large cats, alligators, unexpected coral colonies as well as floral species new to science.

In addition, USAID through its Clean Production Environment activity is emphasizing techniques and partnerships that will enhance the competitiveness of Salvadoran businesses and capabilities of their employees to take advantage of trade opportunities. USAID is also helping to build institutional capacity within the MINEC and MARN by creating an enabling framework for collaborative public-private approaches for improved environmental performance.

Program Element Performance \ 4 Economic Growth \ 4.8 Environment \ 4.8.1 Natural Resources and Biodiversity

USAID is supporting the Government of El Salvador (GOES) in the consolidation and effective management of protected areas and natural resources.

The program focuses on 57 areas that will be incorporated into the GOES' Protected Natural Areas System. USAID is helping the GOES determine the borders of these protected areas that, until recently, only existed on paper. Delimitation and declaration are advanced on two of the largest new protected areas. El Salvador will declare its first marine/ coastal natural protected area, Los Cobanos, in November 2007. This park represents 20,732 hectares of ocean where coral reef is located and 580 hectares of terrestrial area (mostly high-priority mangroves), totaling 21,312 hectares. In Los Volcanes National Park, project topographic teams are surveying and marking the protected area of Izalco Volcano, covering 1,600 hectares.

Biodiversity inventories have found large cats, alligators, unexpected coral colonies as well as floral species new to science. These findings were surprising to many observers as it was previously thought that the high population density of El Salvador precluded the survival of such critical biodiversity. A survey of 650 households has set the baseline for assessing improved awareness of biodiversity and conservation.

USAID assisted 718 coffee producers (including 201 women) on 200 farms and coffee processing plants in the targeted area to achieve specialty coffee certification or Starbucks "verification," bringing improved management to more than 7,000 hectares. Project-assisted producers anticipate a harvest of 9,150,000 pounds of certified specialty coffee. The bonus price for certified coffee and production increases resulting from management improvements required for certification will generate an estimated \$3.8 million.

USAID assisted 390 smaller-scale producers (including 74 women) to implement conservation measures and clean technology while expanding production, mostly for the domestic market. Most of the producers were

farmers growing vegetables and fruits. The project also assisted producers of organic fertilizer and timber to meet requirements for Rainforest Alliance certification. Sales generated almost \$790,000 for farmers.

Through USAID efforts, two management plans have been made with coffee producers, small-scale farmers, and a large cooperative. These plans are the basis for continuing technical assistance and ongoing investments.

Program Element Performance \ 4 Economic Growth \ 4.8 Environment \ 4.8.2 Clean Productive Environment

In FY07, USAID assisted 21 firms for a cumulative total of 35 firms implementing cleaner production and energy efficiency initiatives since November 2005. This assistance enabled firms participating in the program to report total savings of approximately \$555,000.

USAID also helped the MINEC to design and implement a Cleaner Production Fund to co-finance the cost of implementing cleaner production and energy efficiency programs. To date, 5 firms have applied for and received grants. Another 12 applications are in process of approval.

A total of 10 roundtables were organized and conducted with the objective of raising awareness and showing benefits to firms about implementing cleaner production and energy efficiency practices.

Using CAFTA-DR funds, a total of 4 firms were able to receive energy efficiency audits to determine savings from implementation. Another 4 firms will receive audits before December 2007. In addition, 27 local consultants received training on performing these audits.

USAID is currently preparing recommendations for MINEC that will contain important data collected from Salvadoran key actors in the energy production, distribution and consumption sub-sectors. The recommendations and data will be used as inputs for the development of MINEC's Energy Efficiency Strategy, a key baseline for the National Energy Council (CNE), the government entity responsible for regulatory and energy policies.

Furthermore, an analysis of energy efficiency market actors is in progress, with data collected from U.S. and other international suppliers of high efficiency equipment to link them with local demand.

Element Indicator Narrative \ 4 Economic Growth \ 4.8 Environment \ 4.8.1 Natural Resources and Biodiversity

Over 20,000 hectares came under improved natural resource management, exceeding the goal of 15,000 hectares by 33 percent. This achievement is largely due to successful coffee farm certification which helps coffee producers implement conservation measures. FY08 goals have been adjusted upward to reflect achievements in FY07.

In addition, over 16,000 hectares of biologically significant territory came under improved management, surpassing the goal of 10,000 hectares. This total includes the soon-to-be-declared marine/coastal natural protected area, Los Cobanos. Progress made to date to establish natural protected areas has been due largely to successful support for an effective local working group that includes three critical Salvadoran government ministries and agencies (Environment, Land Reform, and Property Registry).

Over 12,000 people received economic benefits from sustainable natural resource management and

conservation, surpassing the target of 8,000. Training in natural resources management and/or biodiversity conservation reached 4,132 people, far above the original target due to a mid-year emphasis to reach communities in the Los Cobanos area. Thousands more received educational materials and heard radio spots on conservation topics.

Key Issue Performance \ Local Organization Capacity Development

The MOF was assisted in creating a Supervision and Control Office, an Excise Tax Unit, and a call center. Export capacity was enhanced through development of SME business skills and improved customs administration. SME finance units were established in 5 partner banks. Private firms and 2 units within MAG trained in SPS.

35 firms were assisted in implementing CPEE initiatives. MINEC and MARN were assisted with frameworks for public-private approaches for improved environmental performance.

Several local HIV/AIDS NGOs received capacity building, and in turn helped implement the HIV/AIDS NSP and the GF projects. TA was provided to local NGOs to improve management and technical capabilities to implement GF sub-grants.

The MOH received training and TA in financial planning, health economics, human resources and supply management, supervisory and monitoring systems.

FEPADE's leadership capacity was strengthened by expanding its language team experts from 8 to over 25; its oversight role of in-service training by local universities; and its relationship with MINED, teachers and education community.

The GET was assisted with start-up, and is helping create a culture of ethical conduct and transparency in the public sector. As a result of support to the CNJ, all candidates trained through the JTS will take ethics classes. Select institutions are carrying out internal control assessments to curb corruption. The PGR is re-engineering its system of services to the poor.

Key Issue Performance \ Anti-Corruption

USAID targeted support to select government agencies and civil society to combat corruption as a vital means of consolidating democracy and enhancing social and economic development, raising transparency in the national agenda, particularly in supporting the start-up of the Government Ethics Tribunal (GET).

The GET initiated a media campaign on the new ethics law, encouraging citizens to denounce corruption in the use of public funds. A USAID/SICA international conference highlighted how corruption aggravates the violence crisis in Central America. Transparency will remain high profile with the "annual ethics week" supported also by civil society. High-profile public events were linked with targeted training and exposure to international best models and practices to foster change.

USAID supported key government agencies and leaders to institutionalize transparency practices as long-term anti-corruption mechanisms. Programs conducted internal control assessments in government agencies, increasing public confidence in provision of services. The latest LAPOP survey indicates that perceived levels of government responsiveness overall raised from 34.77 to 39.40% in two years.

Key Issue Performance \ Trade Capacity Building

The U.S. Government is committed to helping nations address development challenges by pursuing free trade initiatives. These free trade arrangements strengthen the U.S. economy benefiting American farmers, businesses, workers, and consumers. At the same time, these agreements promote economic development and democratic governance among our trading partners. The recently signed Central American-Dominican Republic-U.S. Free Trade Agreement (CAFTA-DR) offers El Salvador an opportunity to generate sustained economic growth.

USAID is helping small and medium firms (SMEs) to compete in the world economy by enhancing their business skills, linking firms to markets, promoting appropriate technologies and financing, and developing new products. Salvadoran firms have responded by expanding into new markets and increasing non-traditional exports.

Key Issue Performance \ Applied Research

USAID conducted analysis of key HIV/AIDS target groups. Qualitative research was carried out on improved BCC methodologies, mass media outreach, and educational materials. Studies helped improve the efficiency of social marketing and monitoring tools, and the establishment of new indicators to monitor condom distribution.

The National Demographic and Health Survey was initiated, and USAID and health sector stakeholders will be using the data to make informed, strategic decisions. USAID coordinated with GOES and other donors to shift longer-term responsibility for future surveys.

With USAID TA, a study of a proposed compulsory vehicle insurance program to generate funds to offset accident health costs was initiated. The MOH logistics system was monitored in a sample of health care units.

The MINED national evaluation policy was reviewed and recommendations included the adoption of continuous assessment/applied research. The National Education Accounts study will provide information on funding sources and effective investments in education. Data gathered from municipalities quantified family investment in education.

USAID conducted two studies to identify the needs for local institutional support to combat gangs. To combat corruption, USAID supported two local universities in examining public servant perception of government transparency, and improving public sector accountability.

Key Issue Performance \ Community Mobilization/Participation

USAID-financed strategies to increase community participation of families, leaders, and women helped raise their awareness of better health habits and practices, including identifying danger signs and complications of the newborn and pregnant women, to decrease maternal and neonatal mortality.

Mobilization of principals, teachers, parents and students is key for the implementation of the primary school management component. The program has provided PTAs with a user-friendly manual and training

to promote efficient participation in schools. As a result, PTAs are reviewing their five-year strategic and annual implementation plans, analyzing indicators (repetition, drop-out, attendance and performance), and taking specific actions to improve quality. The MINED plans to expand this methodology nationwide.

Key Issue Performance \ Public-Private Partnerships

With USAID support, private sector partners launched integrated corporate social responsibility projects in the health and education sectors. USAID provided seed capital to private local partners to initiate new maternal and child health programs -- almost \$1 million has been leveraged thus far. The program has motivated private sector companies to support the MOH, and is transferring knowledge and fostering linkages between current and potential partners to replicate best practices.

USAID brought new partners to contribute to the development of primary education in El Salvador. Kraft Foods supported program activities in the coffee areas, including in-service teacher training program. Scholastic, Inc. provided a 50% discount on the purchase of 10,500 books for students in grades 1-3. Other partners, including the San Mateo-Foster City School District, promote exchanges between U.S. and Salvadoran teachers. Another 59,000 books were donated to Salvadoran schools by other partners.

Key Issue Performance \ Civil Society

USAID helped strengthen civil society networks to combat corruption through support to transparency, decentralization and watchdog CSOs. Fifteen NGOs, 31 local committees, and nine local governments formed a transparency and decentralization coalition to open public space and have their voices heard on this critical issue. CSOs took local ownership of oversight on budget transparency, access to information and accountability in the public sector through small grants.

USG also supported behavior change communication activities for HIV/AIDS prevention through CSOs, including faith-based and community-based organizations, and raised CSOs awareness and capabilities in human rights issues, and stigma/discrimination. Persons with HIV/AIDS, human rights organizations and NGO communities participated in a national forum on HIV/AIDS and helped develop seven proposals for the Global Fund Round.

Key Issue Performance \ Water

USAID activities support sustainable watershed management in western El Salvador. A water balance for all sub-watersheds in the two main watersheds was completed, and includes an assessment of requirements for ecological flows. USAID assisted one micro-watershed in updating a management plan. USAID assisted several groups on spatial planning techniques, including a large cooperative, a medium-sized farm, coffee plantations of more than 7,000 hectares, residents of two watersheds that planted trees to protect 95 hectares along river courses, and small-scale farms on 290 hectares. In 2008, USAID will be working with irrigation water user associations to improve water conservation in light of projected scarcities.

Key Issue Performance \ Increasing gender equity

USAID promotes gender inclusion by including men and increasing numbers of women. More than 2,600 women received agricultural training to raise efficiency and ensure occupational safety; 850 women received trade/investment support to take advantage of CAFTA-DR opportunities; 2,155 women were

trained in natural resources management and biodiversity conservation; 70 small-scale women producers now implement conservation measures and clean technology; 200 women were assisted in coffee production for environmental certification; and 3,910 women benefited from sustainable natural resource management.

HIV/AIDS activities target people at high risk for HIV, regardless of sexual orientation. Men participate as nutrition volunteers, and accompany women to prenatal and FP counseling sessions. Availability of male contraceptive methods has increased, and male and female adolescents are reached with RH messages.

Primary classroom materials are written in gender inclusive language and promote the image of both sexes. The program provides university-level training to encourage professional development of women.

Women supported decentralization, helping design an access to information website. Local-level auditing contributed to gender and poverty-sensitive planning, and reduces waste and corruption. A CSO is implementing a budget transparency project with a gender focus, and to the PGR is implementing a more transparent child support payment system.

Key Issue Performance \ Biodiversity

Biodiversity and natural resource conservation has been supported through substantial advances in identification, delimiting, marking, and declaring protected natural areas; the promotion of conservation measures as part of coffee certification; studies of biodiversity inventories and monitoring; and sustainable production practices coupled with conservation measures.

Coffee producers have invested over \$165,000 of their own resources in conservation efforts and improved working conditions to become certified. Improved practices in the target watersheds include coffee certification (6,746 hectares), forests within coffee farms (725 hectares), tree planting (95 hectares), forest within micro watersheds with management plans (24 hectares), and progress toward declaration and delimitation as protected natural areas (9,041 hectares).

Ongoing studies are measuring biodiversity in the target areas. USAID also works with buffer-zone communities and trained more than 4,000 people in biodiversity and conservation.

2 Governing Justly & Democratically - El Salvador

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Justice Sector Personnel that Received USG Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	200	979	720	720	-	80	489	288	240	-	120	490	432	360

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Legal Aid Groups and Law Clinics Assisted by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5	5	NA	-	NA

2.1 Rule of Law and Human Rights\2.1.3 Justice System

Number of Legal Institutions and Associations supported by USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
8	7	5	6	6

1499
chars

2.1.3 Justice System narrative (no more than 1500 characters)

The first indicator target was greatly exceeded because the CNJ adopted a permanent module on ethics training into its curriculum for all judicial operators. Of the total, 30 judges and other legal professionals were educated as trainers and 949 legal staff were trained on mediation, administration of justice transparency and measurement of judicial efficiency. The second indicator will be deleted because our strategy will not work with legal clinics.

The indicator three target was not met; however, support was given to the five justice sector entities which produced a new criminal procedures code and rules of evidence to streamline criminal processes and comply with international standards; to institutionalize mediation to increase access to justice and decongest the court system; and to two non-governmental associations on drafting regulations and strategic planning.

The custom indicator on mediation centers was not met as program implementation began midway into the fiscal year giving priority to drafting and presenting to the Assembly a new law over mediation center expansion. Nevertheless, 6,897 orientations were given, 13,400 mediations cases were filed, an intake center was opened at the FGR, and 200 of its staff trained.

The custom indicator on crime prevention was not met due to delay in awarding the implementing instrument. Future targets are expected to be met. The crime victimization indicator is only collected every two years and so will be reported next year.

Number of Government Officials Receiving USG-Supported Anti-corruption Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
447	600	1,495	300	2,000	225	300	597	150	1,000	222	300	898	150	1,000

2.2 Good Governance\2.2.4 Anti-Corruption Reforms

Number of Mechanisms for External Oversight of Public Resource Use supported by USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	10	10	-	10

2.2 Good Governance\2.2.4 Anti-Corruption Reforms

Number of People affiliated with non-Governmental Organizations receiving USG supported Anti-corruption Training

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
331	400	1,160	150	1,000	185	200	587	75	500	146	200	573	75	500

2.2 Good Governance\2.2.4 Anti-Corruption Reforms

Number of USG-Supported Anti-corruption Measures Implemented

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	6	8	-	6

1468

2.2.4 Anti-Corruption Reforms narrative (no more than 1500 characters)

chars

The number of government and NGO people trained greatly exceeded targets. Training focused on government ethics, access to information, compliance with the OAS-IACAC and municipal transparency.

The target for indicator on oversight mechanisms was met. Six CSOs conducted social auditing on budget oversight, procurement transparency, access to information and municipal transparency; a CSO coalition prepared an independent report on GOES compliance with the IACAC; a coalition for the defense of consumers was created to strengthen oversight capacity and protect consumers rights; COMURES assisted municipalities to implement citizen oversight mechanisms; and a municipal transparency assessment provided recommendations on citizen participation in social auditing.

The GOES and CSOs implemented anticorruption measures, and exceeded the target. The GOES presented its progress report in compliance with the IACAC; a new criminal procedures code was drafted; the RGR developed an internal control system and is implementing transparent measures; the Defense of the Consumers Office utilized a consumer "bill of rights" in hospitals for better quality; cs week was institutionalized by two Salvadoran think tanks; and the private sector is more engaged in ethics and procurement transparency issues.

3 Investing in People - El Salvador

3.1 Health\3.1.1 HIV/AIDS

Number of individuals reached through community outreach that promotes HIV/AIDS prevention through abstinence and/or being faithful

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
10,591	16,555	3,446	19,070	3,000	4,074	8,028	1,300	9,347	1,000	6,517	8,527	2,146	9,723	2,000

3.1 Health\3.1.1 HIV/AIDS

Number of individuals reached through community outreach that promotes HIV/AIDS prevention through other behavior change beyond abstinence and/or being faithful

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
31,763	49,662	10,338	57,205	8,000	12,221	24,083	3,900	28,038	3,500	19,542	25,579	6,438	29,167	4,500

3.1 Health\3.1.1 HIV/AIDS

Number of individuals trained in counseling and testing according to national and international

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5	25	20	40	40

3.1 Health\3.1.1 HIV/AIDS

Number of individuals trained in HIV-related institutional capacity building

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
52	27	50	26	27

3.1 Health\3.1.1 HIV/AIDS

Number of individuals trained in HIV-related stigma and discrimination reduction

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
47	26	43	37	37

3.1 Health\3.1.1 HIV/AIDS

Number of individuals trained in strategic information (includes M&E, surveillance, and/or

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
8	17	95	28	45

3.1 Health\3.1.1 HIV/AIDS

Number of individuals trained in the provision of laboratory-related activities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	10	4	20	2

3.1 Health\3.1.1 HIV/AIDS

Number of individuals trained to promote HIV/AIDS prevention programs through abstinence and/or

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
6	9	12	15	15

3.1 Health\3.1.1 HIV/AIDS

Number of individuals trained to promote HIV/AIDS prevention through other behavior change beyond

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
12	17	27	22	22

Number of individuals who received counseling and testing for HIV and received their test results

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
670	700	574	730	730	555	525	434	547	547	115	175	140	183	183

3.1 Health\3.1.1 HIV/AIDS

Number of institutions with improved Management Information Systems, as a result of USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	NA	1	NA

3.1 Health\3.1.1 HIV/AIDS

Number of laboratories with capacity to perform 1) HIV tests and 2) CD4 tests and/or lymphocyte tests

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1	1	2	1

3.1 Health\3.1.1 HIV/AIDS

Number of local organizations provided with technical assistance for HIV-related institutional

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
25	6	14	5	11

3.1 Health\3.1.1 HIV/AIDS

Number of local organizations provided with technical assistance for HIV-related policy

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	43	10	40	1	3

3.1 Health\3.1.1 HIV/AIDS

Number of local organizations provided with technical assistance for strategic information

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	62	16	51	15	20

3.1 Health\3.1.1 HIV/AIDS

Number of service outlets providing counseling and testing according to national and international

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	15	10	25	20

3.1 Health\3.1.1 HIV/AIDS

Number of special studies

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	2	3	2	2

3.1 Health\3.1.1 HIV/AIDS

Number of targeted condom service outlets

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	124	135	148	140	155

Number of tests performed at USG-supported laboratories during the reporting period: 1) HIV

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	2,500	NA	3,500	NA

**1414
chars**

3.1.1 HIV/AIDS narrative (no more than 1500 characters)

Indicators 1 & 2: FY07 goals based on total number of contacts made. FY07 actual and FY08 targets based on total number of persons reached, as an average of contacts per person. PSI estimates that 25% of this population is reached with abstinence and being faithful messages and 75% for condoms. Indicators 3, 10 & 16: Due to the MOH delay in the provision of testing services, FY07 targets were not met. FY08 targets adjusted accordingly. Indicator 4: ISSS clinic & local NGO's personnel included in the trainings. Indicators 6 & 15: More persons were trained after the 7/07 Rapid Assessment Procedures Study. Higher numbers resulted after training in data analysis for TB/HIV co-infection project. Indicators 7 & 12 :FY08 target decreased upon review of OGAC definition: labs must provide both tests. Only one MOH lab has this capacity. Indicator 11: Deleted: activity is not part of USG assistance. Indicator 13: National AIDS Program (NAP) leadership involved greater number of NGOs than targeted. FY08 target adjusted accordingly. Indicator 14: Actual FY07 show improved strategies to reach more NGOs and better coordination with the NAP and Global Fund. Implementer kept overall target due to factors out of its control to include additional NGOs. Indicator 18: FY08 target based on FY07 actual. Indicator 19: Deleted: CDC states that USG does not sufficiently support activities

ed: CDC states that USG does not sufficiently support activities to report on this indicator.

3.1 Health\3.1.6 Maternal and Child Health

Number of antenatal care (ANC) visits by skilled providers from USG-assisted facilities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
443,168	550,000	48,753	650,000	53,628

3.1 Health\3.1.6 Maternal and Child Health

Number of cases of child diarrhea treated in USAID-assisted programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
171,724	-	44,359	-	48,794

3.1 Health\3.1.6 Maternal and Child Health

Number of cases of child pneumonia treated with antibiotics by trained facility or community health

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
34,967	-	17,912	-	19,703

3.1 Health\3.1.6 Maternal and Child Health

Number of children reached by USG-supported nutrition programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	3,084	-	3,392

3.1 Health\3.1.6 Maternal and Child Health

Number of deliveries with a skilled birth attendant (SBA) in USG-assisted programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
62,420	75,000	18,922	100,000	20,814

3.1 Health\3.1.6 Maternal and Child Health

Number of newborns receiving antibiotic treatment for infection from appropriate health workers

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	6,159	-	7,698

3.1 Health\3.1.6 Maternal and Child Health

Number of newborns receiving essential newborn care through USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
62,420	75,000	NA	100,000	NA

3.1 Health\3.1.6 Maternal and Child Health

Number of people trained in child health and nutrition through USG-supported health area programs

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
147	-	4,580	-	5,038	-	-	3,375	-	3,712	-	-	1,205	-	1,326

3.1 Health\3.1.6 Maternal and Child Health

Number of people trained in maternal/newborn health through USG-supported programs

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
90	-	3,152	-	3,467	-	-	2,207	-	2,428	-	-	945	-	1,039

3.1 Health\3.1.6 Maternal and Child Health

Number of postpartum/newborn visits within 3 days of birth in USG-assisted programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
78,416	85,000	5,135	100,000	5,650

3.1 Health\3.1.6 Maternal and Child Health

Number of women receiving Active Management of the Third Stage of Labor (AMSTL) through USG-

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	NA	-	NA

chars

Indicators 1, 5 & 10: For FY07 the MOH provided national level targets instead of targets exclusively for USG-assisted programs. FY07 data being reported is only for USG-assisted programs and are lower compared to the FY07 national targets. The MOH cannot provide a baseline figure for USG-assisted programs for FY07. Targets for FY08 have been revised accordingly. Indicator 2: Data includes only children treated at the community/health unit level. Indicator 3: This indicator does not include children treated at the community level since MOH rural promoters are not authorized to prescribe antibiotics. Indicator 4: Refers to children under 2 years. Indicator 6: Data are from 28 USG-supported hospitals providing maternity services. The FY08 target is based on 2006 and 2007 figures. Indicator 7: Currently the MOH cannot collect data for this indicator and therefore it will no longer be reported. Indicator 11: Since the MOH is only able to measure one of three AMSTL criteria (administration of oxytocin), this indicator cannot be reported. Custom Indicator: Private sector expenditures in public health as a result of USAID activities-USAID has set a total target of \$1.7 million of private sector support for the program period. Therefore, FY08 target has been revised accordingly.

3.1 Health\3.1.7 Family Planning and Reproductive Health

Amount of in-country public and private financial resources leveraged by USG programs for FP/RH

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	-	273,220	-	-

3.1 Health\3.1.7 Family Planning and Reproductive Health

Couple years of protection (CYP) in USG-supported programs

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	330,313	350,356	373,599	386,267	381,070

3.1 Health\3.1.7 Family Planning and Reproductive Health

Number of people that have seen or heard a specific USG-supported FP/RH message

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	400,000	NA	450,000	NA

3.1 Health\3.1.7 Family Planning and Reproductive Health

Number of people trained in FP/RH with USG funds

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	940	-	2,057	-	-	687	-	1,440	-	-	253	-	617

3.1 Health\3.1.7 Family Planning and Reproductive Health

Number of service delivery points reporting stock-outs of any contraceptive commodity offered by the

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
178	134	45	83	40

3.1 Health\3.1.7 Family Planning and Reproductive Health

Number of USG-assisted service delivery points providing FP counseling or services

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	2,973	-	2,973

1306
chars

3.1.7 Family Planning and Reproductive Health narrative (no more than 1500 characters)

Indicator 1: In accordance with the FP phase-out in El Salvador, USG does not expect to provide FY08 funding for private/public partnerships under this program element. Indicator 2: USG support and data are nationwide. Indicator 3: MOH is not able to report this information since it does not keep track of each individual who receives a message. Indicator 4: Data includes doctors and nurses trained in USG FP regulations during the last half of FY07. Trainees in FY08 will also include personnel from USAID-supported hospitals and managers from MOH regions and districts. For FY08, female/male segregation is a projection based on actual figures from FY07 achievements. Indicator 5: For FY07 target the MOH defined "stock-out" as not having a 2-month supply of any contraceptive at any given time. For FY07 actual and FY08 target, the MOH re-defined the concept to zero stock of any contraceptive at any given time. FY07 actual and FY08 target were revised accordingly, thereby decreasing the number of SDP with stock-out. The MOH only reports SDP information from health facilities. Indicator 6: Since all 573 MOH facilities (with the exception of the children's hospital) and community health personnel (2,400) provide family planning counseling/services, the figure remains the same for all years.

3.2 Education\3.2.1 Basic Education

Does your program support education systems/policy reform? If yes, please describe the

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	1

3.2 Education\3.2.1 Basic Education

Number of administrators and officials trained

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of men					number of women				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
49	49	378	49	400	22	22	165	22	170	27	27	213	27	230

3.2 Education\3.2.1 Basic Education

Number of classrooms repaired with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	-	NA	-	NA

3.2 Education\3.2.1 Basic Education

Number of laws, policies, regulations, or guidelines developed or modified to improve equitable access

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	2	6	3	1

Number of learners enrolled in USG-supported primary schools or equivalent non-school-based settings

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
41,415	100,418	94,221	100,418	100,418	19,757	48,218	45,372	48,218	48,218	21,658	52,200	48,849	52,200	52,200

3.2 Education\3.2.1 Basic Education

Number of Parent-Teacher Association or similar 'school' governance structures supported

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
601	941	230	601	240

3.2 Education\3.2.1 Basic Education

Number of teachers/educators trained with USG support

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,557	4,030	1,807	3,657	3,000	1,172	3,110	1,425	2,852	2,500	385	920	382	805	500

3.2 Education\3.2.1 Basic Education

Number of textbooks and other teaching and learning materials provided with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
7	26	30,815	18	50,000

1325

3.2.1 Basic Education narrative (no more than 1500 characters)

chars

Indicators 1 & 4: Policies include a) rationalization of the MINED data system to ensure accountability and transparency; b) competency-based language curriculum grades 1-6; c) strategic management and planning at the school level; d) National Education Accounts adopted as a tool for decision-making and reporting. For FY08, the program for in-service teacher training in language will be national policy. Guidelines include: 1. Integration, consistency and sharing of data; and 2. Reformulation of data collection instruments and procedures. Indicator 2: Actual numbers are higher than targets because MINED ownership of the program has resulted in more participation and more motivation to participate. Indicator 3: This activity is not part of the USG assistance program for El Salvador. Indicator 6: FY07 target included PTA and various committees. FY07 actual reflects only PTAs, per indicator definition. FY08 target has been revised accordingly. Indicator 7: Number of teachers trained is lower than expected due to the reluctance of many teachers to participate in training sessions on Saturdays or vacations. FY08 target corresponds to total program target. Indicator 8: FY07 actual and FY08 target were revised per clarification by USAID/W, using number of items distributed (30,815) and not number designed (26).

26).

4 Economic Growth - El Salvador

4.1 Macroeconomic Foundation for Growth 4.1.1 Fiscal policy

Number of key personnel in fiscal policy and fiscal administration trained with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
118	374	264	150	150	37	141	114	58	58	81	233	150	92	92

823
chars

4.1.1 Fiscal policy narrative (no more than 1500 characters)

The "total tax collections as a percent of GDP" indicator is measured on a calendar year basis. Data available as of September 30, 2007, as shown in the table, indicates that the actual tax collection target will be met. Final figures will be available by February 2008. No changes in FY08 and FY09 targets are being made as current projections are expected to be achieved. Due to the design of the FACTS database, the Mission can not reflect decimals. Actual FY07 is 14.2% and planned FY08 target is 14.7%.

The number of female key personnel trained totaled 114 or 89% of target. The number of male personnel trained totaled 150 or 64% of target. Personnel that did not receive training in FY07 will be trained in early FY08. The main constraint to meeting the target was the lack of available trainers in FY07.

4.2 Trade and Investment 4.2.2 Trade and Investment Capacity

Number of Capacity-Building Service Providers receiving USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
90	50	132	50	80

4.2 Trade and Investment 4.2.2 Trade and Investment Capacity

Number of firms receiving capacity building assistance to export

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,881	940	1,247	840	880

Number of participants in USG supported trade and investment capacity building trainings

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,713	992	1,757	590	590	785	536	859	315	315	928	456	898	275	275

1265

4.2.2 Trade and Investment Capacity narrative (no more than 1500 characters)

chars

In FY07, USAID expanded export development assistance to a much larger number of small and medium-sized firms. A large number of smaller firms were added to the USAID Export Promotion and Artisan Development programs to help them take advantage of CAFTA-DR opportunities. This change resulted in a higher level of increased local and export sales by assisted firms. The programs under this element also faced an increased demand for assistance and training from business development service providers (organizations and individual consultants.)

The number of new jobs created in FY07 was about 12% below target. Job growth was slower due to a focus on smaller firms: smaller firms generate fewer jobs relative to medium-sized firms. In addition, a new formula was developed to estimate the number of jobs created under the Artisan Development program after a survey was conducted in 2007. The new formula had an impact on the estimation of job creation. Although fewer, new jobs were better quality (e.g. with higher salaries).

Projected sales and job generation from USAID assisted firms in FY08 are likely to increase, while training to firms and business development service providers will gradually be reduced until the end of th

4.5 Agriculture4.5.1 Agricultural Enabling Environment

Number of individuals who have received USG supported short-term agricultural enabling environment training

					Number of women					Number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
382	32	1,009	32	1,000	190	12	380	12	400	192	20	629	20	600

4.5 Agriculture4.5.1 Agricultural Enabling Environment

Number of institutions/organizations making significant improvements based on

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	2	12	2	6

1236

4.5.1 Agricultural Enabling Environment narrative (no more than 1500 characters)

chars

During FY07 the number of institutions making significant improvements totaled 12, exceeding the target of two. This over-achievement was due to the inclusion of ten private companies participating under the food safety component, specifically the Hazard Analysis and Critical Control Points methodology. For the same reason, the number of individuals who received short-term agricultural enabling environment training (1,009) greatly exceeded the target of 32. When original targets were established, only governmental offices and their technicians had been contemplated for inclusion.

The FY08 and FY09 targets for the institutions making significant improvements have been increased because of the anticipated inclusion of additional private companies. For the number of individuals who will receive short-term agricultural enabling environment training the targets have been increased for the next two years anticipating the additional participation of private companies' employees. Therefore, the number of institutions has been increased from two to six for both years and the number of trainees has been increased from 32 to 1,000 for FY08 and from 32 to 500 for FY09, considering that the program will end in June 2009.

4.5 Agriculture4.5.2 Agricultural Sector Productivity**Number of additional hectares under improved technologies or management practices as a result**

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1,423	7,900	3,073	13,000	15,000

4.5 Agriculture4.5.2 Agricultural Sector Productivity**Number of agriculture-related firms benefiting directly from USG supported interventions**

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	114	18	109	50	125

4.5 Agriculture4.5.2 Agricultural Sector Productivity**Number of individuals who have received USG supported short term agricultural sector productivity training**

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5,763	3,500	10,411	4,000	8,000	1,102	525	2,620	600	2,000	4,661	2,975	7,791	3,400	6,000

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of new technologies or management practices made available for transfer as a result of

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
10	3	11	2	3

4.5 Agriculture\4.5.2 Agricultural Sector Productivity

Number of rural households benefiting directly from USG interventions

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
4,263	1,500	1,375	2,000	2,000

906
chars

4.5.2 Agricultural Sector Productivity narrative (no more than 1500 characters)

The targets for FY07 of 1,900 for new jobs, 1,500 rural households and 7,900 hectares were not reached due to delays in the start of coffee activities, especially the production and release of the fungi *Beauveria bassiana*, a biological control to protect farms against coffee diseases. For FY08, targets for hectares under improved management were increased from 13,000 to 15,000. Training targets were increased from 4,000 to 8,000. Targets for increased annual sales were adjusted upwards from \$14 million to \$18 million. However, targets for job creation have been slightly reduced (from 2,200 to 2,000) to reflect a shift from labor-intensive crops such as horticulture (tomato, sweet pepper, potato) crops to other less labor-intensive crops such as squash and watermelon which still provide for better market opportunities and/or higher earnings to small farmers compared with traditional crops.

4.8 Environment\4.8.1 Natural Resources and Biodiversity

Number of hectares in areas of biological significance under improved management as a result of USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	terrestrial					marine				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	10,000	16,607	13,000	26,993	-	8,000	9,973	3,000	13,627	-	2,000	6,634	10,000	13,366

4.8 Environment\4.8.1 Natural Resources and Biodiversity

Number of hectares under improved natural resource management as a result of USG

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	15,000	19,912	24,000	55,088

4.8 Environment\4.8.1 Natural Resources and Biodiversity

Number of people receiving USG supported training in natural resources management and/or biodiversity conservation

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	1,500	4,132	4,000	3,434	-	500	2,155	1,500	1,791	-	1,000	1,977	2,500	1,643

4.8 Environment\4.8.1 Natural Resources and Biodiversity

Number of people with increased economic benefits derived from sustainable natural resource management and conservation as a result of USG assistance.

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	8,000	12,240	7,600	23,360	-	500	3,910	1,600	7,462	-	7,500	8,330	6,000	15,198

**1275 4.8.1 Natural Resources and Biodiversity narrative (no more than 1500 characters)
chars**

Over 20,000 hectares came under improved natural resource management, exceeding the goal of 15,000 hectares by 33 percent. This achievement is largely due to successful coffee farm certification which helps coffee producers implement conservation measures. FY08 goals have been adjusted upward to reflect achievements in FY07.

In addition, over 16,000 hectares of biologically significant territory came under improved management, surpassing the goal of 10,000 hectares. This total includes the soon-to-be-declared marine/coastal natural protected area, Los Cobanos. Progress made to date to establish natural protected areas has been due largely to successful support for an effective local working group that includes three critical Salvadoran government ministries and agencies (Environment, Land Reform, and Property Registry).

Over 12,000 people received economic benefits from sustainable natural resource management and conservation, surpassing the target of 8,000. Training in natural resources management and/or biodiversity conservation reached 4,132 people, far above the original target due to a mid-year emphasis to reach communities in the Los Cobanos area. Thousands more received educational materials

FY 2007 Performance Report - Custom Indicators

Select Program Element	Custom Indicator	2007 Actual	2008 Target
3.1.5 Other Public Health Threats	Infection prevention and UTI treatment protocols established and implemented	4	4
3.1.5 Other Public Health Threats	Percentage of funds of the GOES budget assigned to the MOH	18	20
3.1.5 Other Public Health Threats	Percentage of USAID supported MOH service delivery facilities with medicine available 100% of the time according to the MOH standards	44	62
3.1.6 Maternal and Child Health	Private sector expenditures in public health as a result of USAID activities (US Dollars)	933,223	766,777
2.1.3 Justice System	Number of USG-assisted mediation centers	26	28
2.1.3 Justice System	Number of USG-assisted communities in crime prevention programs	0	5
2.1.3 Justice System	Percentage (decrease) of crime victimization nationwide	2	0
2.2.3 Local Government and Decentralization	Status of Critical Decentralization Reforms (percentage, increase)	30	20
2.2.3 Local Government and Decentralization	Number of local mechanisms supported with USG assistance for citizens to engage their sub-national government	1	5
2.2.3 Local Government and Decentralization	Number of local non-governmental and public sector associations supported with USG assistance	1	1
4.1.1 Fiscal policy	Total Tax collection as percent of GDP (calendar year)	14	15
4.2.1 Trade and Investment Enabling Environment	Average number of hours for clearance and release of risk determined goods in customs	6	5
4.2.1 Trade and Investment Enabling Environment	Number of people trained for CAFTA implementation	397	150
4.2.2 Trade and Investment Capacity	Increased annual sales (export and domestic) of small and medium enterprises (Thousand U.S.\$)	24,831	24,413
4.2.2 Trade and Investment Capacity	New jobs created by small and medium enterprises assisted under USAID programs	3,262	3,900
4.3.2 Financial Services	Number of active new small and medium enterprise borrowers	2,814	2,000
4.3.2 Financial Services	Number of active new loans to small and medium enterprises	5,450	3,220
4.5.2 Agricultural Sector Productivity	New jobs created by small and medium enterprises assisted under USAID programs	1,169	2,000
4.5.2 Agricultural Sector Productivity	Increased annual sales (export and domestic) of small and medium enterprises (Thousand U.S.\$)	19,109	18,000
4.8.2 Clean Productive Environment	Number of enterprises participating in a clean production program	21	0

4.8.2 Clean Productive Environment	Economic savings on industries as a result of cleaner production/energy efficiency measures (U.S.\$)	555,000	0