

## **2014-20 MULTIANNUAL INDICATIVE PROGRAMME FOR EL SALVADOR**

### **1. OVERALL LINES FOR EU RESPONSE**

#### **1.1. STRATEGIC OBJECTIVES OF THE EU'S RELATIONSHIP WITH THE PARTNER COUNTRY**

The strategic objectives of the EU's relationship with El Salvador are a continuation of those that have governed its cooperation activities in the country to date, in particular as provided for in the last (2007-13) Country Strategy Paper. For the next programming period (2014-20), the objectives of bilateral cooperation are as follows:

- to help deepen the democratisation process and sustainable development in the country, with a focus on social inclusion (poverty reduction, fighting inequality and exclusion, the prevention of violence), good governance and human rights, protection of the environment and climate resilience;
- to consolidate past progress on transformation, democratisation and development, and ensure that essential reforms remain high on the national political agenda; and
- to support El Salvador's integration into the world economy, strengthen bilateral trade relations and assist in the shift to a green economy, mainly by means of a better regional integration process and improving the investment and business climate.

This will involve maintaining a regular high-level political dialogue and aid arrangements not only tailored to the risks affecting the country, but also determined by the suitability of particular forms of intervention and their expected results. Coordination with other donors has been enhanced (especially on the PACSES and PARE-ES programmes) and will constitute the basis for the future joint programming (JP) exercise.

JP has been discussed on several occasions with the Member States present in El Salvador. Decisions have been taken in the JP context to synchronise cooperation cycles and exchange information on intervention priorities and sectors, with a view to agreeing on a division of labour and eventual financial allocations per sector and per donor. There is consensus on including all Member States in the high-level policy and political dialogue with the authorities.

El Salvador signed up to the Paris Declaration on Aid Effectiveness in May 2009. It has been very active in this field and at the 2012 summit in Busan was recognised as regional leader. The EU worked with the country on drawing up its National Plan for Aid Effectiveness (*Plan Nacional para la Eficacia de la Cooperación*) and its annual updates.

The Association Agreement (AA) between the European Union and Central America comprises three chapters, covering political, cooperation and trade issues. Only the trade chapter is in force at this stage, pending the EU Member States' ratification of the other chapters. The AA will no doubt be instrumental in the deepening of EU-El Salvador relations.

The EU will continue its structured dialogue with civil society with a view to boosting its participation in the design and follow-up of bilateral projects and programmes.

#### **1.2. CHOICE OF SECTORS**

El Salvador faces a number of serious political, economic and security challenges. Although the most recent electoral processes have shown that democracy is maturing, the separation of powers still requires further consolidation. The past two years have seen several standoffs between the legislature,

the executive and the judiciary. The Funes government has increased social spending, especially in health and education. In an attempt to address the country's high rate of violent crime, it endorsed a historic — and risky — truce involving the country's largest gangs. This seems to have resulted in a dramatic fall in the rate of homicides since March 2012, although this has slowed recently. The truce has created room for dialogue in areas which were previously taboo or characterised by an absence of state involvement (e.g. gang crime, prisons, the exclusion and marginalisation of poor communities). Since 2013, seven "Instrument contributing to Stability and Peace (IcSP)" projects have been set up to tackle these areas and an IcSP call for proposals approved for 2014 is dedicated exclusively to women in prison. These will shed light in areas hitherto mostly ignored by the international community and could in time help resolve the country's grave security situation.

As regards the economy, the Funes administration has tried to boost investment and growth, which has been inhibited by low productivity, natural disasters damaging crops and insecurity deterring investment. The performance of the economy is still lagging behind, especially in comparison with the rest of Central America. Remittances, mainly from Salvadorians living in the United States, constitute the main source of income.

Despite progress as a result of proactive social policies, a lot more needs to be done in a country with traditionally limited social spending and high rates of inequality. Although the current government has steadily increased the tax base, it remains to be seen if the 2014 target of 17% of GDP will be reached. Public finance management has to be further strengthened. Stronger anti-corruption measures should be adopted and implemented. A shortage of jobs leads many young Salvadorians to migrate (illegally) to the United States. The economy's lack of competitiveness is preventing it from developing in more diverse ways. The negative impact of the poor human security situation can be felt at all levels of society. Violence and crime deprive young Salvadorians of personal development opportunities, but also affect the economic performance of businesses. It is estimated that entrepreneurs have to spend an average of around 12% of their budget on security measures.

El Salvador is highly vulnerable to climate change; the Germanwatch Global Climate Risk Index ranked it 13th (out of 177 countries) in 1993-2012. Extreme rainfall events and recurrent drought have hampered development. Climate change will translate not only into more frequent and intense extreme weather events, but also accelerated coastal erosion, land degradation and saltwater intrusion, with impacts on various sectors (primarily agriculture). Vulnerability to climate change is exacerbated by the degree of environmental degradation experienced in the country, especially the very high levels of deforestation and land degradation. For any development policy to prove sustainable, it must thus address environmental degradation and provide for adaptation to climate change.

The United Nations' *Multidimensional Poverty Report* for El Salvador shows that informal, temporary and precarious employment is one of the main causes of marginality and hence poverty and social violence. This is why EU intervention will focus on employment formalisation and creation, and cover, as fundamental cross-cutting issues, gender equality, environmental protection and human rights.

Job creation and formalising employment are key factors in reducing poverty and represent the transversal axis of future EU intervention in El Salvador. It is estimated that a high rate of employment would mobilise revenue in excess of 10% of GDP. The goal of improving the quality and rate of employment is consistent with the overall purpose and scope of the Development Cooperation Instrument, the European Consensus general framework and the principles set out in the Agenda for Change.

As far as possible, EU programmes will aim to promote environment-friendly approaches (e.g. integrated pest management, low-input farming, agro-forestry, efficient irrigation and water

conservation techniques, prevention of soil erosion, use of local knowledge and local agro-biodiversity, protection of water bodies against pollution by chemicals, eco-labelling, addressing land tenure issues, access to and sustainable use of natural resources, and sustainable forestry practices).

The choice of sectors will be valid for 2014-20, with a mid-term review proposed for 2016. The two proposed sectors represent continuity in EC support to El Salvador, following on from the 2007-13 CSP, and include ‘opportunity and job creation’ as a transversal axis.

The national development programme (NDP) will be the basis of EU support to El Salvador. Appropriate measures to promote synergy with the sub-regional cooperation and continental programmes will be taken during the identification and formulation of action under the Multiannual Indicative Programme.

Precise implementation arrangements remain to be determined, but could include direct management through a project approach and/or budget support, if conditions allow, or indirect management with Member State agencies, international organisations or other Latin American countries.

### **Sector 1: Youth and Social Inclusion**

The aim in this sector is to develop young people’s potential and help the government establish inclusive public policies. The main thrust will be to offer vulnerable youngsters alternatives to gang membership. Action will be aimed at prevention – through education, employment opportunities, culture and the promotion of democratic values. This sector builds on achievements in the ‘social cohesion’ focal sector in the 2007-13 programming period.

Expected results include: active citizenship among young people and greater participation in public affairs, greater institutional capacity for implementing youth policies, improved violence prevention programmes, a cut in juvenile violence and better citizen security.

On the social inclusion aspects, the EU will support public policies aimed at providing broad coverage, based on universal rights to access. Special attention will be paid to the promotion of social and economic rights, decent work, non-discrimination and equal opportunities for all, including access to employment and participation in public life by the most marginalised and vulnerable groups. Priority will be given to women and girls — victims of gender-based discrimination and violence.

The international donors active in this sector are Spain (AECID), Italy, Germany, United Nations Development Programme (UNDP), the United States (USAID), Japan (JICA) and Korea (KOIKA), plus the World Bank (WB) and the Interamerican Development Bank (IDB).

### **Sector 2: Private Sector Development**

It is proposed that the EU’s support for the ‘economic growth’ focal sector in the 2007-13 CSP be maintained, but geared mainly to small and medium-sized enterprises (SMEs) and cooperatives, in order to continue supporting the ‘economic tissue’ so as to increase productivity, investment, job creation and exports, especially in view of the implementation of the EU-Central America Association Agreement.

It is estimated that a high rate of formal employment would generate a fiscal income increase of up to 10%, which alone would have a much bigger impact on domestic revenue mobilisation than any fiscal reform that the country could implement, without socio-economic and political destabilisation. Higher

employment rates will also feed into the first sector (Youth and Social Inclusion) indicators.

As reflected in the Second National Communication to the United Nations Framework Convention on Climate Change, the government's strategy to reactivate economic development may raise socio-environmental risks and impacts associated with land-use change (mainly in areas of climatic vulnerability, such as the coastal-maritime zone) and greater demand for, and conflicts over, water (e.g. for irrigation, domestic use and energy production). The report also stresses that economic reactivation should take account of the challenges of climate change adaptation.

The international donors active in this sector are Spain (AECID), Germany, the United States (USAID), UNDP and Korea (KOIKA), plus the World Bank (WB) and the Interamerican Development Bank (IDB).

Precise implementation arrangements remain to be determined, but could include direct management through a project approach and/or budget support, if conditions allow, or indirect management with Member State agencies, international organisations or Latin American countries.

The EU response may be complemented by operations financed by the European Investment Bank (EIB).

## 2. FINANCIAL OVERVIEW

The indicative allocation for El Salvador (EUR 149 million) can be broken down as follows:

<i>Sector</i>	<i>Indicative amount (EUR million)</i>	<i>%</i>
Sector 1: Youth and Social Inclusion	83	55.70
Sector 2: Private Sector Development	61	40.94
Support measures	5	3.36

## 3. EU SUPPORT BY SECTOR

### 3.1 YOUTH AND SOCIAL INCLUSION (INDICATIVE AMOUNT: EUR 83 MILLION)

3.1.1 The following overall and specific **objectives** will be pursued:

Overall objective: To mitigate social violence and juvenile delinquency risk factors and support the government's social inclusion initiatives to reduce poverty and fight inequality.

Specific objective 1: To support the widening of initiatives to prevent social violence and promote productive rehabilitation, while consolidating institutional and local capacities for working with young people.

Specific objective 2: To support the implementation of inclusive and equitable public policies, mainly geared to young and vulnerable population groups.

3.1.2. The main expected **results** are:

Specific objective 1:

Result 1: More employment opportunities for young people through enhanced human capital, with special emphasis on green jobs.

Result 2: Implementation of successful and coordinated social violence prevention policies.

Specific objective 2:

Result 1: Improved access to basic social services in order to promote better social conditions, mainly in rural areas.

Result 2: Consolidated coherence and operationalisation of gender policy, mainly as regards employment and the prevention of gender-based violence, in rural and urban areas.

3.1.3. The main **indicators** are:

The main indicators for measuring the results are set out in the attached sector intervention framework (Annex 3).

3.1.4. **Donor coordination and policy dialogue**

The EU will take into consideration the experience of political dialogue and donor coordination in the ‘social cohesion’ sector under the 2007-13 CSP. Account will furthermore be taken of best practices from EU -funded action to respond to the humanitarian consequences of violence.

In principle, the policy dialogue should take place within a governmental ‘inter-institutional reference group’, including all ministries and institutions involved in the implementation of youth and social inclusion policies. The group should be the EU’s counterpart for identifying and formulating MIP programmes. The renewal of a code of conduct will also be discussed with the new government, in an effort to formalise coordination mechanisms among national and international stakeholders and contribute to pursuit of the social and poverty reduction agendas.

In terms of donor coordination, the EU will seek to consolidate joint programming efforts with Member States in line with the government’s operational framework for aid effectiveness. It will also seek to consolidate and create thematic working groups involving all donors.

3.1.5. **The government’s financial and policy commitments are:**

- timely formulation or confirmation of key sectoral policies;
- continuous support for prevention and rehabilitation initiatives for young people, rather than focusing on repression measures;
- to strengthen the public-sector institutional framework for gender issues and policies;
- to renovate plans for keeping macroeconomic and fiscal stability in El Salvador;
- to improve coordination among ministries and public institutions involved in social inclusion policies;
- to maintain appropriate contacts for policy dialogue with the international donor community;
- to maintain or improve the level of public social expenditure and investment for the poorest; and

- to improve citizen security, mainly by reducing the rate of violent deaths.
- The government will keep prioritising the universal social protection system as a public policy and coordinate the implementation of available internal and external resources, especially after the law establishing it was passed in May 2014. In recent years, this high level of priority has been evidenced by the implementation of the Comunidades Solidarias programme. During its implementation, this programme will disburse around EUR 100 million of external funds and EUR 500 million of national funds. The same ratio applies to the other two main programmes that could be maintained under the youth and social cohesion sector. The EU expects that the government will keep the same level of own resource contribution for these programmes for the 2014-20 period, i.e. around EUR 400 million.

### 3.1.6. **Environmental assessment:**

Environmental issues will be mainstreamed in intervention in this sector, mostly as regards adaptation to climate change. Environmental assessments will be carried out during the formulation phase of individual projects. Disaster risk reduction measures will also be integrated.

### 3.1.7. Overall **risk assessment** of intervention in the sector:

*Political risk:* The close rivalry between the two main political forces (FMLN and ARENA) in the presidential election gave rise to some turmoil. Although the ruling party (FMLN) won, the new administration will review social priorities and there will be a period of transition in the public administration.

*Fiscal stagnation and national security risk:* Failure to improve fiscal reforms and human security could affect the country's overall performance in terms of growth, tax collection and social indicators.

*Lack of consolidation of public social policies:* Given the post-election environment and the possibility of scarce new public resources for the social sector, the formulation and implementation of social policies could suffer from delays and possibly also a change in orientation and priorities.

### Mitigation measures:

- Political dialogue with key figures of the new government;
- Increase coordination among donors to cope with possible policy changes and/or provide technical support for the formulation of the new government's youth and social plans and policies; and
- Support fiscal and macroeconomic stability measures and insist on the need to improve public finance management (PFM-PEFA).

## **3.2 PRIVATE SECTOR DEVELOPMENT (REF. DAC 250 — BUSINESS AND OTHER SERVICES) (INDICATIVE AMOUNT: EUR 61 MILLION)**

### 3.2.1 The following overall and specific **objectives** will be pursued:

Overall objective: To strengthen productivity, income generation, business climate and competitiveness for SMEs, rural entrepreneurs and cooperatives as a means of enhancing inclusive sustainable growth, job creation, the transition to a green economy, and improving production systems in key areas of the country.

EU intervention in this focal sector will complement action at regional level geared ultimately to implementing the EU-CA Association Agreement.

**Specific objective:** To support the ‘economic tissue’ in order to diversify production, investment, innovation, cleaner production, low-carbon development, job quality (with an emphasis on jobs for young people) and exports by SMEs and cooperatives, especially in view of the implementation of the EU-CA Association Agreement.

Higher employment rates will also feed into the first sector (youth and social inclusion) indicators.

3.2.2. The main expected **results** are:

**Specific objective:**

**Result 1:** Greater industrial and agro-industrial competitiveness, promoting diversification of production, quality and value chains.

This will be achieved through action to enhance domestic market development through investment in the productive tissue, especially among the poorest segments of the population (SMEs, agro-industries and cooperatives). Building on the results of PROCALIDAD,<sup>1</sup> action will involve private-sector actors more directly where possible. The EU will support measures and projects to improve SMEs’ and cooperatives’ access to the market, making small producers more competitive and helping them to integrate into value chains.

**Result 2:** More investment and a better business climate, which will contribute to higher productivity and better job opportunities, helping El Salvador to benefit from the EU-CA Association Agreement.

This will be achieved through trade facilitation action to improve the business climate for the private sector and more effective public-private dialogue on reforms, including the elimination of technical barriers to trade (TBTs) that have an impact on the productive sector.

**Result 3:** Inclusive economic growth in the territories where social violence is rife, by improving employment and quality while investing in entrepreneurship and technical skills, as required by the private sector, among vulnerable populations. Support will also be given to corporate social responsibility action in this field.

3.2.3. The main **indicators** are:

The main indicators for measuring the results are set out in the attached sector intervention framework (Annex 3).

3.2.4. **Donor coordination and policy dialogue**

During implementation of PROCALIDAD, the EU was the only donor supporting the national quality system. Under this MIP, the opportunities for donor coordination with the United States should

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<sup>1</sup> The previous EU trade-related assistance programme to support the national quality infrastructure under the 2007 13 CSP.

improve, given the US support for the private sector through initiatives such as FOMILENIO II (in the coastal-marine belt) and the Partnership for Growth, which seeks to consolidate national conditions conducive to private investment, competitiveness and export potential.

These and other donors' interventions are aligned with the National Plan for Transparency and the Fight against Corruption, the National Security and Justice Policy, the National Coexistence and Citizen Security Policy, and the National Human Rights Policy and Action Plan.

Programming will take account of experience from EU-funded disaster risk reduction and drought resilience initiatives.

3.2.5. The government's **financial and policy commitments** are:

- to improve its relationship with the private sector and the dialogue on inclusive economic growth, fiscal reform and social development issues, e.g. increased formal job creation;
- to promote the business and investment climate and the competitiveness of the private sector, particularly SMEs, small producers and cooperatives; and
- to support young people's entry onto the labour market through better technical and vocational training.
- The government will foster economic growth, investment and employment as a public policy and coordinate the implementation of available internal and external resources. In recent years, this high level of priority has been evidenced by the implementation of the PROCALIDAD and PARE ES EU funded programmes. During the implementation of the previous CSP, around EUR 40 million of external funds and EUR 120 million of national funds will have been disbursed. In the future this ratio will be raised to 4 to 5 times the external financing. So the EU expects that the government will contribute with approximately EUR 270 million on similar programmes over the next seven years.

### 3.2.6 **Environmental assessment**

Environmental issues will be mainstreamed in intervention in this sector, mostly as regards adaptation to climate change. Environmental assessments will be carried out during the formulation phase of individual programmes. Disaster risk reduction measures will also be integrated.

3.2.7 The overall **risk assessment** of the sector intervention:

*Fiscal stagnation and national security risk:* Failure to improve fiscal reforms and citizen security could affect the country's overall performance in terms of economic growth, tax collection, private-sector development and formal job creation.

*Increased polarisation between public and private sector:* Confrontation between the sectors will continue to affect investment, business climate and implementation of the Association Agreement, and also jeopardise a broad agreement on strategies for productive development and formal job creation.

*Lack of consolidation of public policies to support private sector development and formal job creation:* Given the post-election environment and the possibility of scarce new public resources for inclusive growth, it will be difficult to implement new policies.

### **Mitigation measures:**

- Political dialogue with key figures of the new government;



- Support the dialogue between public and private sectors on the economic growth strategy;
- Promote commercial opportunities offered by the Association Agreement; and
- Support fiscal and macroeconomic stability measures and insist on the need to improve public finance management (PFM-PEFA).

#### **4. SUPPORT MEASURES**

Support measures are required mainly for capacity building and to provide technical assistance in a more efficient and structured manner. Resources are to be used to support communication and visibility activities to raise awareness of EU aid. They can also be directed to thematic studies and project impact assessments, support for the formulation of public policy and policy dialogue, short-term technical assistance and support for aid effectiveness initiatives such as donor coordination and division of labour.

EUR 5 million is set aside for support measures. These will include identification and formulation missions, sectoral studies and the revision of the PEFA study.

## **Attachments**

1. The country at a glance
2. Donor matrix showing indicative allocations per sector
3. Sector intervention framework and performance indicators
4. Indicative timetable for commitment of funds

<b>Attachment 1: COUNTRY AT A GLANCE — Basic Country Indicators</b>				
<b>Basic data</b>		<b>2010</b>	<b>2011</b>	<b>2012</b>
1 Population (millions)		6.183	6.216	6.249
2 Nominal GDP, USD million		21 418.3	23 139.1	23 864.4
3 GDP real growth (%)		1.4	2.2	1.9
4 Price inflation		2.1	5.1	0.8
5 Unemployment (% of labour force)		7.1	6.6	6.1
6 Urban under-employment (%)		28.9	32.7	30.7
7 Occupied in the urban informal sector (%)		49.8	49.3	50.4
<b>International transactions</b>				
8 Exports of goods and services (USD million)		4 499.2	5 308.8	5 339.1
9 Exports (% of GDP)		21.0	22.9	22.4
10 Imports of goods and services (USD million)		8 416.2	9 964.5	10 269.6
11 Imports (% of GDP)		39.3	43.1	43
12 Current account balance (% of GDP)		-2.7%	-4.6%	-5.3%
13 Family remittances (USD million)		3 430.9	3 648.7	3 911.0
14 Remittances (% of GDP)		16.0%	15.8%	16.4%
<b>Government</b>				
15 Tax income (USD million)		2 881.6	3 193.4	3 433.8
16 Tax income (% of GDP) — tax burden		13.5	13.8	14.4
17 Fiscal deficit (USD million)		-917.8	-906.4	-813.9
18 Fiscal deficit (% of GDP)		-4.3%	-3.9%	-3.4%
19 Total public sector debt (USD million)		11 228.0	12 148.0	13 757.2
20 Debt (% of GDP)		52.4%	52.5%	57.6%
21 Capital expenditure (% of GDP)		3.2%	2.9%	3.3%
<b>Other</b>				
22 Credit (% of GDP)		39.2	37.7	38.6
23 Interest rate (180 days savings, annual rate)		1.8	1.9	3.3
24 Interest rate (one-year loans)		6.6	5.4	5.7
25 Banking system arrears rate (%)		4.0%	3.6%	2.9%

**Attachment 2: Donor matrix showing indicative allocations per sector**

Recipient(s): **EI**  
**Salvador**      Flow(s): **ODA**      Amount committed:  
 Current prices (USD million)

<b>Sector # 1: DAC 130</b>	<b>I.3. Population Pol./Progr. &amp; Reproductive Health</b>					
<b>Time period</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>TOTAL</b>
<b>Donor(s)</b>						
<b>All donors (total)</b>	5.717706	8.716603	12.605367	17.03403	13.130737	<b>57.204443</b>
<b>DAC countries (total)</b>	2.253144	4.66399	8.924447	7.635204	6.488359	<b>29.965144</b>
<b>EU institutions</b>	..	..	..	..	..	..
<b>DAC EU members (total)</b>	1.300753	1.715527	2.41879	1.568685	1.179582	<b>8.183337</b>
<b>Germany</b>	..	..	0.020192	0.022517	0.03198	<b>0.074689</b>
<b>Luxembourg</b>	0.085399	0.082408	0.08911	0.078477	..	<b>0.335394</b>
<b>Spain</b>	1.180283	1.60378	2.28464	1.455323	1.140189	<b>7.664215</b>
<b>Sweden</b>	0.035071	0.029339	0.024848	0.012367	0.007413	<b>0.109038</b>
<b>United States</b>	0.952391	2.921633	6.27621	5.986066	5.222122	<b>21.358422</b>
<b>TOTAL</b>	<b>11.524747</b>	<b>19.73328</b>	<b>32.643604</b>	<b>33.792669</b>	<b>27.200382</b>	<b>124.894682</b>

<b>Sector # 2: DAC 250</b>	<b>II.5. Business &amp; Other Services</b>					
<b>Time period</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>TOTAL</b>
<b>Donor(s)</b>						
<b>All donors (total)</b>	7.223631	9.628796	20.157697	20.803401	4.851692	<b>62.665217</b>
<b>DAC countries (total)</b>	2.430766	6.677864	19.911723	20.714186	4.751692	<b>54.486231</b>
<b>EU institutions</b>	4.792865	2.950932	0.245974	..	..	<b>7.989771</b>
<b>DAC EU members (total)</b>	2.019172	3.983812	1.822864	1.791722	1.448598	<b>11.066168</b>
<b>Germany</b>	1.835742	1.411134	1.671961	1.42947	1.010248	<b>7.358555</b>
<b>Netherlands</b>	0.18343	..	0.03354	..	..	..
<b>Spain</b>	..	2.572678	0.117362	0.362252	0.43835	<b>3.490642</b>
<b>United States</b>	0.050723	2.524709	17.732013	18.739067	3.23088	<b>42.277392</b>
<b>TOTAL</b>	<b>18.536329</b>	<b>29.749925</b>	<b>61.693134</b>	<b>63.840098</b>	<b>15.73146</b>	<b>189.333976</b>

(\*) Source: OECD

DAC

(\*\*) 2012 data will be available in December 2013

### Attachment 3: Sector intervention framework and performance indicators

#### **Sector 1: YOUTH AND SOCIAL INCLUSION**

**Specific objective 1:** To support the widening of initiatives to prevent violence and promote productive rehabilitation, while consolidating institutional and local capacities for working with young people

Baselines for the indicators below will be introduced in action documents at the latest.

<b>Expected results</b>	<b>Indicators</b>	<b>Means of verification</b>
1. More employment opportunities for young people through improved skills, with special emphasis on green jobs	a) Number of participants in EU-supported active labour market programmes	Ministry of Labour and Ministry of Economy statistics
	b) Number of children enrolled in secondary education with EU support	Ministry of Education and Ministry of Economy statistics
2. Implementation of successful and coordinated social violence prevention policies	a) Number of individuals benefiting from EU-supported programmes aimed at preventing social violence	National Youth Institute (INJUVE) statistics
	b) Number of youth associations registered at community level	National Youth Institute (INJUVE) statistics
<b>Specific objective 2:</b> Support the implementation of inclusive and equitable public policies, mainly geared to young and vulnerable population groups		
1. Improved access to basic social services in order to promote better social conditions, mainly in rural areas	a) Number of primary healthcare networks;	Ministry of Health statistics
	b) Number of births attended by skilled personnel with EU support;	Ministry of Education and Ministry of Finance statistics and reports
2. Consolidated coherence and operationalisation of gender policy, mainly as regards employment and the prevention of gender-based violence, in rural and urban areas	c) Level of public expenditure in education;	
	d) Number of women who have benefited from skills development programmes with EU support.	

## **Sector 2: PRIVATE SECTOR DEVELOPMENT**

**Specific objective:** To support the economic tissue in order to diversify production, investment, innovation, cleaner production, low-carbon development, job quality (with an emphasis on jobs for young people) and SMEs' and cooperatives' exports, especially in view of the implementation of the EU-CA Association Agreement.

Baselines for the indicators below will be introduced in action documents at the latest.

<b>Expected results</b>	<b>Indicators</b>	<b>Means of verification</b>
1. Greater industrial and agro-industrial competitiveness through the promotion of diversification of production, quality, competitiveness and the integration of small producers in value chains	a) Number of government initiatives for innovation and technological development b) Number of SMEs involved in export process	Ministry of Economy and BCR statistics  Ministry of Economy and BCR statistics
2. Increased investments and improved business climate, which will contribute to higher productivity and better job opportunities, helping El Salvador to benefit from the EU-CA Association Agreement	a) Percentage increase in foreign direct investment (FDI) b) Doing Business Index	BCR statistics  Ministry of Economy and World Bank statistics
3. Inclusive economic growth in the territories where social violence is rife, by improving employment and quality while investing in entrepreneurship and technical skills, as required by the private sector, among vulnerable populations. Support will also be given to corporate social responsibility action in this field.	a) Number of new formal jobs created per year b) Number of new green jobs created per year  c) Number of young people hired in the formal sector in the territories concerned d) Number of individuals in self-employment and entrepreneur initiatives who have benefited from EU-supported programmes	Ministry of Labour, Ministry of Economy, MARN and ISSS   Ministry of Labour, Ministry of Economy

The results, indicators and means of verification set out in this annex may need to adapt to changes that take place in the course of the programming period.

**Attachment 4: Indicative timetable for commitments**

	<b>Indicative allocation (EUR million)</b>	2014	2015	2016	2017	2018	2019	2020
<b>SECTOR 1 — Youth and Social Inclusion</b>	83		25	15	23	20		
<b>SECTOR 2 — Private Sector Development</b>	61		30		31			
<b>Measures to support or accompany the programming, preparation or implementation of actions</b>	5		5					
<b>TOTAL commitments</b>	149		60	15	54	20		