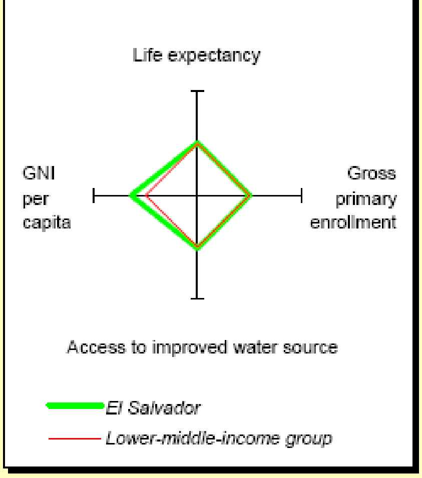
EL SALVADOR COUNTRY STRATEGY PAPER 2007-2013

ANNEXES

El Salvador at a glance

8/13/06

POVERTY and SOCIAL	El Salvador	Latin America & Carib.	Lower-middle-income
2005			
Population, mid-year *(millions)*	6.9	551	2,475
GNI per capita *(Atlas method, US$)*	2,450	4,008	1,918
GNI *(Atlas method, US$ billions)*	16.9	2,210	4,747
Average annual growth, 1999-05			
Population *(%)*	1.9	1.4	1.0
Labor force *(%)*	2.0	2.2	1.4
Most recent estimate (latest year available, 1999-05)			
Poverty *(% of population below national poverty line)*	..	..	..
Urban population *(% of total population)*	60	77	50
Life expectancy at birth *(years)*	71	72	70
Infant mortality *(per 1,000 live births)*	24	27	33
Child malnutrition *(% of children under 5)*	10	7	12
Access to an improved water source *(% of population)*	84	91	82
Literacy *(% of population age 15+)*	..	90	89
Gross primary enrollment *(% of school-age population)*	114	119	114
Male	116	121	115
Female	112	117	113

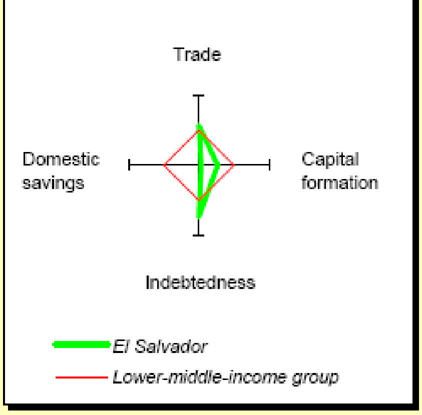


Development diamond*

KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1985	1995	2004	2005
GDP *(US$ billions)*	3.8	9.5	15.8	17.0
Gross capital formation/GDP	10.8	20.0	15.6	15.4
Exports of goods and services/GDP	22.3	21.6	27.2	27.2
Gross domestic savings/GDP	3.3	3.9	-1.4	-2.2
Gross national savings/GDP	3.8	15.5	12.0	11.5
Current account balance/GDP	-6.3	-4.6	-3.9	-3.9
Interest payments/GDP	2.1	1.1	1.9	..
Total debt/GDP	48.7	27.5	45.8	..
Total debt service/exports	24.7	8.6	8.8	..
Present value of debt/GDP	..	..	49.5	..
Present value of debt/exports	..	..	111.9	..

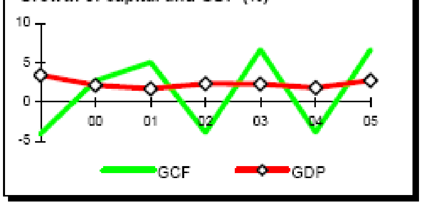
	1985-95	1995-05	2004	2005	2005-09
(average annual growth)					
GDP	4.2	2.6	1.8	2.8	3.0
GDP per capita	2.4	0.6	0.0	1.0	1.6
Exports of goods and services	5.3	8.3	6.6	3.3	2.3



Economic ratios*

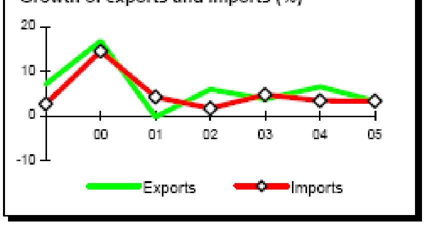
STRUCTURE of the ECONOMY

	1985	1995	2004	2005
(% of GDP)				
Agriculture	..	14.5	9.5	10.7
Industry	..	29.7	30.9	29.9
Manufacturing	..	23.1	24.1	25.0
Services	..	55.9	59.6	59.5
Household final consumption expenditure	81.2	87.4	90.9	91.6
General gov't final consumption expenditure	15.5	8.6	10.5	10.6
Imports of goods and services	29.9	37.8	44.2	44.8



Growth of capital and GDP (%)

	1985-95	1995-05	2004	2005
(average annual growth)				
Agriculture	1.3	0.8	3.0	5.7
Industry	4.1	3.5	-1.3	1.4
Manufacturing	4.4	3.8	0.9	1.5
Services	3.7	2.4	2.8	3.0
Household final consumption expenditure	7.2	2.8	2.5	2.4
General gov't final consumption expenditure	-4.7	1.8	-2.7	-0.9
Gross capital formation	11.6	2.3	-3.8	6.7
Imports of goods and services	13.0	6.0	3.4	3.3



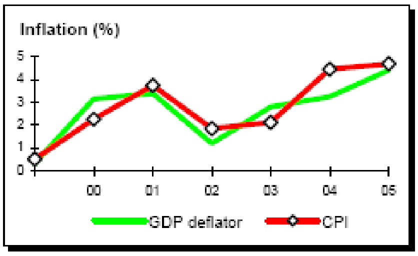
Growth of exports and imports (%)

Note: 2005 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

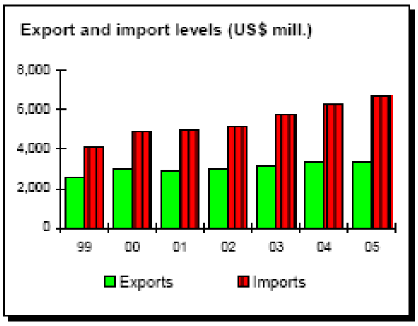
PRICES and GOVERNMENT FINANCE

	1985	1995	2004	2005
Domestic prices				
(% change)				
Consumer prices	22.3	10.0	4.5	4.7
Implicit GDP deflator	3.2	10.4	3.3	4.4
Government finance				
(% of GDP, includes current grants)				
Current revenue	..	13.0	13.2	17.0
Current budget balance	..	2.6	-0.7	0.1
Overall surplus/deficit	..	-0.6	-2.9	-3.0


Inflation (%)

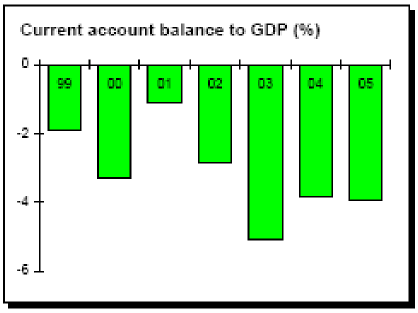
TRADE

	1985	1995	2004	2005
(US$ millions)				
Total exports (fob)	686	1,452	3,330	3,383
Coffee	464	364	123	164
Sugar	..	38	37	67
Manufactures	183	1,024	3,164	3,149
Total imports (cif)	961	3,329	6,269	6,766
Food	211	632	1,451	1,639
Fuel and energy	133	111	226	289
Capital goods	158	843	990	1,015
Export price index *(2000=100)*	83	107	102	106
Import price index *(2000=100)*	77	91	109	115
Terms of trade *(2000=100)*	108	118	94	92


Export and import levels (US$ mill.)

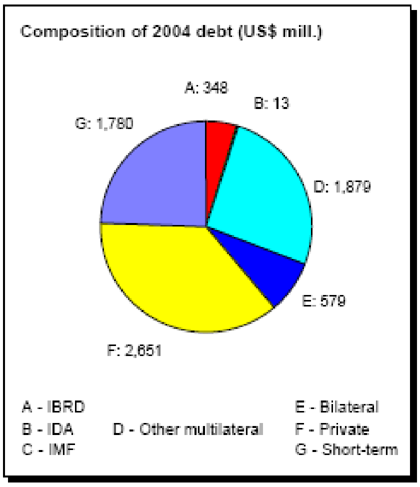
BALANCE of PAYMENTS

	1985	1995	2004	2005
(US$ millions)				
Exports of goods and services	930	2,056	4,301	4,609
Imports of goods and services	1,189	3,587	7,029	7,604
Resource balance	-260	-1,532	-2,728	-2,995
Net income	-117	-97	-460	-571
Net current transfers	..	..	..	..
Current account balance	-238	-433	-612	-667
Financing items (net)	196	580	572	720
Changes in net reserves	42	-147	40	-52
Memo:				
Reserves including gold *(US$ millions)*	333	1,071	2,020	1,968
Conversion rate *(DEC, local/US$)*	1.0	1.0	1.0	1.0


Current account balance to GDP (%)

EXTERNAL DEBT and RESOURCE FLOWS

	1985	1995	2004	2005
(US$ millions)				
Total debt outstanding and disbursed	1,851	2,610	7,250	..
IBRD	119	307	348	436
IDA	26	20	13	12
Total debt service	259	284	617	..
IBRD	16	43	53	55
IDA	0	1	1	1
Composition of net resource flows				
Official grants	203	102	113	..
Official creditors	113	66	-139	..
Private creditors	-51	-31	258	..
Foreign direct investment (net inflows)	12	38	466	..
Portfolio equity (net inflows)	0	0	0	..
World Bank program				
Commitments	0	34	18	..
Disbursements	14	26	16	129
Principal repayments	8	22	41	41
Net flows	6	4	-25	88
Interest payments	8	22	12	14
Net transfers	-2	-18	-37	73


Composition of 2004 debt (US$ mill.)

ANNEX 1 - MAPS

CENTRAL AMERICA AND THE CARIBBEAN
UNITED STATES
Gulf of Mexico
North Atlantic Ocean
THE BAHAMAS
CUBA
MEXICO
HAITI
DOMINICAN REPUBLIC
JAMAICA
BELIZE
GUATEMALA
HONDURAS
EL SALVADOR
NICARAGUA
Caribbean Sea
COSTA RICA
PANAMA
North Pacific Ocean
VENEZUELA
COLOMBIA
GUYANA
BRAZIL
Scale 1:12,500,000

El Progreso
Zacapa
Chiquimula
Dulce Nombre
Santa Bárbara
Cortés
Santa Rosa
Copán
Santa Bárbara
Jalapa
Jalapa
Chiquimula
Comayagua
Siguatepeque
Esquipulas
Monjas
Santa Catarina Mita
Nueva Ocotepeque
Ocotepeque
HONDURAS
Lempira
Ayarza
Intibucá
GUATEMALA
Metapán
Jutiapa
Asunción Mita
Jutiapa
Yamaranguila
Erandique
Atescatempa
Chalatenango
Texistepeque
Chalatenango
La Paz
Santa Ana
Santa Ana
Concepción
Atiquizaya
Aguilares
Cuscatlán
Ahuachapán
Chalchuapa
Suchitoto
La Libertad
Ahuachapán
Ciudad Arce
Montepeque
Ilobasco
Cabañas
Quezaltepeque
Izalco
Armenia
Ciudad Barrios
Sonsonate
SÃO SALVADOR
Cojutepeque
Morazán
Nueva San Salvador
San Vicente
Chapeltique
Metalio
Acajutla
Jocoro
Sonsonate
Olocuilta
San Vicente
La Unión
La Libertad
El Rosario
Zacatecoluca
Jucuapa
San Miguel
San Jorge
San Miguel
Usulután
San Rafael Oriente
La Unión
Valle
Jiquilisco
Usulután
EL SALVADOR
Joint Research Centre of the European Commission - Critech
0
52km

ANNEX 2 - EXTERNAL TRADE

EXTERNAL TRADE	2000	2001	2002	2003	2004	2000-04 %
EXPORTS TOTAL	2,941	2,864	2,996	3,136	3,295	100.0
CENTRAL AMERICA	737	723	740	746	822	24.7
Costa Rica	86	95	107	102	100	3.2
Guatemala	319	323	344	361	387	11.4
Honduras	225	184	177	185	206	6.4
Nicaragua	107	120	113	98	129	3.7
OTHER AMERICA	2,007	1,994	2,129	2,255	2,259	69.9
United States	1,920	1,873	2,007	2,121	2,156	66.2
Canada	6	5	4	6	14	0.2
México	13	25	32	37	36	0.9
Panamá	39	49	45	46	46	1.5
Ecuador	1	1	0	0	1	0.0
Other America and Caribbean 1/	28	42	41	44	7	1.1
EUROPEAN UNION	**152**	**80**	**78**	**77**	**111**	**3.3**
ASIA	11	8	15	14	20	0.4
Japan	10	6	6	9	8	0.2
Other Asia	2	3	9	5	12	0.2
OTHER COUNTRIES	34	59	33	44	83	1.7
IMPORTS TOTAL	4,948	5,027	5,192	5,763	6,269	100.0
CENTRAL AMERICA	809	820	820	867	946	15.7
Costa Rica	144	163	149	157	175	2.9
Guatemala	478	435	419	464	507	8.5
Honduras	119	134	155	135	154	2.6
Nicaragua	68	88	98	112	112	1.8
OTHER AMERICA	3,308	3,355	3,567	3,975	4,209	67.7
United States	2,451	2,462	2,577	2,869	2,903	48.8
Canada	35	37	34	49	47	0.7
México	257	314	295	316	374	5.7
Panamá	130	135	156	126	146	2.5
Ecuador	152	127	152	168	95	2.6
Other American and Caribbean 1/	283	279	352	447	740	7.7
EUROPEAN UNION	**340**	**335**	**305**	**352**	**433**	**6.5**
ASIA	180	201	210	227	462	4.7
Japan	123	125	136	133	134	2.4
Other Asia	57	76	74	95	328	2.3
OTHER COUNTRIES	311	315	290	341	219	5.4
TRADE BALANCE COMERCIAL	-2,006	-2,163	-2,196	-2,627	-2,974	100.0
CENTRAL AMERICA	-72	-98	-80	-121	-124	4.1
Costa Rica	-58	-69	-42	-55	-74	2.5
Guatemala	-159	-112	-75	-102	-119	4.7
Honduras	106	51	21	50	52	-2.3
Nicaragua	39	32	16	-14	17	-0.8
OTHER AMERICA	-1,301	-1,361	-1,438	-1,720	-1,950	64.9
United States	-532	-589	-570	-748	-747	26.6
Canada	-28	-32	-30	-43	-33	1.4
México	-244	-289	-263	-278	-338	11.8
Panamá	-91	-86	-111	-80	-100	3.9
Ecuador	-151	-127	-152	-168	-94	5.8
Other America and Caribbean 1/	-255	-237	-312	-403	-733	16.2
EUROPEAN UNION	**-188**	**-255**	**-226**	**-275**	**-322**	**10.6**
ASIA	-169	-193	-195	-214	-442	10.1
Japan	-113	-119	-130	-124	-127	5.1
Other Asia	-56	-74	-65	-90	-316	5.0
OTHER COUNTRIES	-277	-256	-257	-297	-136	10.2

1/ For 2004, Caribbean and Belize are included in "Other Countries"

TRADE EU	1997	1998	1999	2000	2001	2002	2003	2004
EXPORTS TOTAL	2426.1	2441.1	2510.0	2941.3	2863.8	2996.0	3136.1	3295.3
NO EU	2022.1	2210.0	2343.6	2789.4	2784.0	2917.7	3059.6	3184.3
UNION EUROPEA	404.0	231.1	166.4	151.9	79.7	78.2	76.6	111.0
Germany	239.7	140.3	105.2	94.4	48.8	36.4	31.3	34.2
Austria	0.0	0.0	0.1	0.1	0.3	0.5	0.5	0.2
Belgium-Luxemburg	61.4	24.6	18.2	13.8	4.7	5.0	6.6	8.0
Denmark	2.8	0.1	0.1	0.7	0.1	0.1	0.1	0.5
Spain	8.7	1.7	2.9	6.8	3.9	5.8	14.6	37.7
Finland	2.4	1.9	1.8	0.4	1.0	1.8	1.0	0.4
France	17.1	13.2	12.1	12.2	10.2	10.5	7.9	9.8
Greece	0.0	0.1	0.1	0.0	0.0	0.1	0.1	0.1
Ireland	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Italy	10.4	6.4	4.0	3.7	2.1	7.0	4.3	4.8
Netherlands	29.2	21.9	6.7	4.2	1.1	2.9	3.2	5.5
Portugal	1.6	1.0	0.9	0.9	0.7	1.3	1.0	1.0
United Kingdom	30.4	19.8	14.1	14.5	6.5	6.4	5.5	7.0
Sweden	0.5	0.2	0.2	0.3	0.3	0.3	0.5	1.7
IMPORTS TOTAL	3744.4	3968.2	4094.7	4947.6	5026.8	5192.1	5762.7	6268.8
NO EU	3480.4	3676.1	3847.9	4608.1	4691.7	4887.5	5411.2	5836.2
UNION EUROPEA	264.0	292.2	246.8	339.5	335.1	304.6	351.6	432.6
Germany	93.6	90.3	74.5	75.9	89.0	81.0	91.6	92.7
Austria	1.6	4.3	3.8	7.3	9.8	4.2	5.4	5.5
Belgium-Luxemburg	12.7	16.6	15.3	15.5	19.4	18.6	33.1	37.0
Denmark	5.4	22.0	13.9	6.0	6.5	9.0	16.5	10.1
Spain	39.7	51.3	36.2	57.9	54.9	61.8	66.5	104.7
Finland	2.9	3.3	3.0	61.1	29.3	13.7	7.7	9.0
France	20.1	18.8	23.0	37.9	32.0	29.9	33.6	66.9
Greece	0.1	0.1	0.1	0.3	0.6	1.3	0.6	0.6
Ireland	2.4	1.9	1.2	1.2	1.3	1.6	3.2	3.9
Italy	31.2	31.6	27.6	35.3	41.7	42.7	45.8	36.2
Netherlands	18.2	27.2	13.5	10.6	13.6	11.2	10.4	6.8
Portugal	1.5	1.2	0.8	4.1	3.2	2.5	1.5	2.1
United Kingdom	26.0	18.7	12.3	13.2	14.8	15.5	24.1	20.9
Sweden	8.8	4.7	21.7	13.3	19.1	11.7	11.6	36.2
BALANCE	1318.3	1527.1	1584.7	2006.3	2163.0	2196.1	2626.6	-2973.5
NO EU	1458.3	1466.0	1504.3	1818.7	1907.6	1969.7	2351.6	-2651.9
UNION EUROPEA	140.0	-61.1	-80.4	-187.6	-255.4	-226.3	-275.0	-321.6
Germany	146.2	50.0	30.7	18.5	-40.1	-44.6	-60.3	-58.5
Austria	-1.6	-4.3	-3.7	-7.2	-9.5	-3.6	-4.9	-5.3
Belgium-Luxemburg	48.8	8.0	2.9	-1.7	-14.6	-13.6	-26.5	-29.0
Denmark	-2.6	-22.0	-13.8	-5.3	-6.5	-8.8	-16.3	-9.6
Spain	-31.0	-49.6	-33.3	-51.2	-50.9	-56.0	-52.0	-67.0
Finland	-0.5	-1.5	-1.2	-60.6	-28.3	-11.9	-6.7	-8.6
France	-3.0	-5.7	-10.9	-25.7	-21.8	-19.3	-25.7	-57.1
Greece	-0.1	0.0	0.0	-0.3	-0.5	-1.2	-0.6	-0.5
Ireland	-2.4	-1.9	-1.2	-1.2	-1.3	-1.6	-3.2	-3.9
Italy	-20.8	-25.2	-23.6	-31.6	-39.6	-35.7	-41.6	-31.5
Netherlands	10.9	-5.3	-6.8	-6.4	-12.5	-8.2	-7.3	-1.3
Portugal	0.1	-0.2	0.1	-3.2	-2.5	-1.2	-0.4	-1.1
United Kingdom	4.4	1.1	1.8	1.4	-8.3	-9.1	-18.5	-13.9
Sweden	-8.3	-4.5	-21.5	-13.0	-18.8	-11.4	-11.1	-34.5

Note: order of countries based on spelling in Spanish

External Trade US$ millions	1996	1997	1998	1999	2000	2001	2002	2003	2004	2004/ 2003%
Exports	1,788	2,426	2,441	2,510	2,941	2,864	2,996	3,136	3,295	5.1
Coffee	340	522	326	248	301	119	109	106	123	16.0
Sugar	37	56	66	37	40	70	44	47	37	-21.3
Shrimps	39	30	33	25	16	20	9	11	5	-54.5
Others	609	763	831	867	975	1,005	1,075	1,092	1,305	19.5
Maquila	764	1,055	1,185	1,333	1,609	1,650	1,758	1,881	1,821	-3.2
Imports	3,222	3,744	3,968	4,095	4,947	5,027	5,192	5,763	6,269	8.8
Consumer Goods	792	913	930	1,005	1,218	1,275	1,368	1,594	1,787	12.1
Capital Goods	672	745	832	817	958	900	881	937	990	5.7
Intermediate Goods	1,207	1,322	1,359	1,318	1,618	1,691	1,660	1,851	2,114	14.2
Maquila	551	764	847	955	1,153	1,161	1,283	1,381	1,378	-0.2
						-				
Exports, excl. Maquila	1,024	1,371	1,256	1,177	1,332	1,214	1,238	1,255	1,474	17.5
Maquila	764	1055	1185	1333	1609	1650	1758	1881	1,821	-3.2
Maquila % of Total	42.7	43.5	48.5	53.1	54.7	57.6	58.7	60.0	55.3	
Trade Balance, w/o Maquila	-1,647	-1,609	-1,865	-1,963	-2,462	-2,652	-2,671	-3,127	-3,417	
Maquila net	213	291	338	378	456	489	475	500	443	-11.4
Trade Balance	-1,434	-1,318	-1,527	-1,585	-2,006	-2,163	-2,196	-2,627	-2,974	
Imports, excl. Maquila	2,671	2,980	3,121	3,140	3,794	3,866	3,909	4,382	4,891	11.6
Maquila	551	764	847	955	1,153	1,161	1,283	1,381	1,378	-0.2
Remittances	1,087	1,200	1,338	1,374	1,751	1,911	1,935	2,105	2,547	21.0
% trade balance	66	75	72	70	71	72	72	67	75	
% exports	61	49	55	55	60	67	65	67	77	

Imports of Crude and Products US$ millions	1999	2000	2001	2002	2003	2003	2004
						January-June	
Gas Oil, gasoline, gas	123.4	166.8	158.5	149.9	184.9	95.5	89.3
Crude Oil	114.9	210.4	168.8	175.3	209.3	97.4	101.1
Fuel Oil	102.3	165.0	149.2	148.3	189.6	94.6	116.6
Total	340.6	542.2	476.5	473.5	583.8	287.5	307.0
% of total imports	8.3	11.0	9.5	9.1	10.1	10.2	10.2

ANNEX 3: MILLENIUM DEVELOPMENT GOALS

CUMPLIMIENTO DE LOS OBJETIVOS DE DESARROLLO DEL MILENIO
Informe de País 2002-2005

EL SALVADOR - 2004 Objetivos y Metas propuestos	Situación Actual	Estimación de Cumplimiento	Desafíos y Prioridades	
			Políticas Sugeridas en el informe	Costeo de las metas
1**. Erradicar la Pobreza Extrema y el Hambre** ▪ Reducir a la mitad a la proporción de personas con ingresos menores a un dólar por día ▪ Reducir a la mitad la proporción de personas que sufren hambre	▪ **La pobreza extrema ($1 PPP) se redujo de 57.8% a 38.9% entre 1991 y 2002** ▪ **Esta reducción de 19 puntos porcentuales indica que la meta podría ser alcanzada de continuar la misma tendencia** ▪ **En zonas rurales la pobreza disminuyó un 13 % en el mismo lapso, por lo cual se considera que no se alcanzara la meta para zonas rurales.** ▪ **La desnutrición infantil ha mostrado un relativo estancamiento entre 1993 y 2002, sin embargo existe una tendencia positiva igualmente en sectores urbanos, ya que el indicador muestra un descenso de 9.1% a 6.9%, no así en zonas rurales, donde el cambio fue de 14% a 13.2%.** ▪ **De esta manera, igualmente se estima que la meta no será alcanzada en zonas rurales, aunque si es probable en zonas urbanas.**	**Probable en zona urbana y poco probable en zona rural**	a. Impulsar programas y políticas orientadas a mejorar las oportunidades de negocios, aumentando la competitividad de las micro y pequeñas empresas que actúan como grandes empleadoras. b. Fortalecer y facilitar las condiciones para la empresa privada en general, a fin de que aumenten la inversión y generen empleos más permanentes. c. Facilitar la inversión en el agro para mejorar oportunidades de empleo y su productividad. d. Fortalecer una red de protección social para las familias monoparentales, en especial que respalde a las mujeres jefas de hogar, brindándole apoyo a sus familias, ad hoc a sus necesidades.	na
4. Alcanzar la Educación Básica Universal ▪ Asegurar que en el año 2010, todos los niños y adolescentes puedan completar los 3 niveles de educación básica.	▪ **Se observa una evolución positiva en el periodo 1991-2002, mostrando un cambio de 78% a 88%, con un incremento de 10 puntos porcentuales. Es necesario un aumento de 12 puntos porcentuales para alcanzar la meta.** ▪ **La tasa de alfabetización de jóvenes entre 15 y 24 años aumentó de 85% en 1991 a 93% en 2002.** ▪ **La repitencia y deserción constituyen un desafío, solamente el 58% de los ingresantes a primer grado acaban**	Probable	▪ Es necesario reasignar recursos y prioridades, lo cual exige un debate amplio y participativo de toda la sociedad. Las prioridades y recursos reasignados deben apuntar a: 5. Revertir el proceso de segmentación social, completando el desarrollo de la oferta educativa en las provincias, municipios y zonas rezagadas. 6. Reforzar las iniciativas por mejorar la eficiencia del sistema, apuntando a reducir el desgranamiento, producto de la repitencia y del abandono. 7. Proseguir y extender el proceso de capacitación docente, para mejorar los niveles de calidad hasta ahora alcanzados. 8. Enfrentar los nuevos	na

	la educación básica en 1991. En 2002 el indicador avanza 17 puntos porcentuales, lo cual indica un desafío para alcanzar el 100%.		desafíos, en particular el de la retención y reinserción al sistema de los adolescentes excluidos.	
5. Promover la igualdad entre los sexos y la autonomía de la mujer. ▪ Eliminar la disparidad de género en la educación primaria y secundaria hasta el 2005 y en todos los demás niveles hasta el 20015.	▪ En El Salvador no existen mayores desigualdades de equidad de género en el acceso a la educación. La relación entre niños y niñas paso de 99% a 1005 entre 1991 y 2002 respectivamente. ▪ La tarea pendiente es realizar mayores esfuerzos por cambiar las estructuras y el modelo educativo a través de una educación de calidad y no sexista para que no se reproduzcan roles sexistas que se han manifestado en otros órdenes tales como el acceso al empleo y posiciones jerárquicas. ▪ El número de ujeres en el parlamento nacional disminuyó de 12 a 11 durante 1991 a 2002.	**Probable**	▪ Se requiere la consolidación de los esfuerzos ya realizados para la incorporación del enfoque de género y la interculturalidad en la escuela primaria y en todos los niveles educativos. ▪ Es necesario implementar programas de acceso de las mujeres rurales a la educación en todos sus niveles y modalidades, incluyendo alfabetización, capacitación técnica básica y apoyo a programas de acceso y retención escolar. ▪ Se necesita una interacción mas estrecha entre el Ministerio de Educación y el Viceministerio de Asuntos de Genero, para coordinar acciones orientadas a incentivar la demanda por educación.	na
4. Reducir en 2/3 la tasa mortalidad de menores de 5 años: • Reducir en 2/3 partes la tasa de mortalidad infantil	▪ Entre 1990 y 2002, la tasa de mortalidad infantil (menores de un año) se redujo de 41 fallecidos por cada mil nacidos vivos a 25, significando una reducción de 16 puntos. Es necesaria una reducción de 11 puntos adicionales para lograr la meta. ▪ La tasa de mortalidad de menores de cinco años muestra igualmente una reducción de 21 puntos porcentuales. ▪ Pese a que se ha aumentado durante los 90 a inversión en salud, se necesita de esfuerzos sustanciales para cumplir la meta	**Probable**	▪ Es necesario intensificar la disminución de la desnutrición y continuar fortaleciendo los programas materno-infantiles y de inmunizaciones. ▪ Igualmente, se requiere aumentar el acceso de las madres al sistema de salud y fortalecer la acción comunitaria por resultados. ▪ Consolidar un modelo de atención de la salud basado en la promoción, prevención y atención primaria de la salud. ▪ Promover mayor acceso a los servicios de salud: ▪ Promover el cumplimiento de estándares mínimos de calidad en la atención y mejorar la disponibilidad de medicamentos para garantizar la oportuna y efectiva atención. ▪ Garantizar la cobertura de agua y saneamiento, lo cual impacta directamente en la salud infantil. ▪ Promover la descentralización de los servicios.	Na
5. Mejorar la salud materna ▪ Reducir la tasa de	▪ Existen problemas de información para estimar la mortalidad materna, existiendo contradicciones entre	**Poco Probable**	▪ Se requiere el apoyo en las siguientes áreas: 1. Focalización de esfuerzos	Na

mortalidad materna en 3/4 partes	indicadores. ▪ La cifra oficial indica que la razón de mortalidad materna disminuyo de 158 a 120 muertes maternas por 100 mil nacidos vivos entre 1993 y 1998, aumentando a 172 en el 2002. ▪ Sin embargo los propios organismos oficiales reconocen la debilidad de este último indicador por estar basado en un número de casos muy pequeño.		para lograr el incremento de partos institucionales. 2. Promover y apoyar el programa de extensión de coberturas a fin de lograr incorporar el sistema de salud a poblaciones rurales y alejadas. 3. Dotar de mayor información a las mujeres y sociedad civil en general con el objetivo de promover la detección oportuna de complicaciones y riesgos 4. Apoyar y promover métodos de anticoncepción para prevenir el embarazo no deseado.	
6. Combatir el VIH/SIDA, y otras enfermedades ▪ Haber detenido e iniciado la reversión de la propagación del VIH/SIDA en el 2015. ▪ Reducir la incidencia del paludismo y otras enfermedades graves	▪ La incidencia de VIH/SIDA alcanzo un número de 54 hombres y 42 mujeres en 1990, estimándose un importante sub-registro. En 2002 el número de casos ascendería a 1.002 y 595 respectivamente. ▪ La incidencia de la Tuberculosis ha disminuido entre 1990 y 2002, con un numero de casos entre 2.367 a 1,480 respectivamente ▪ La incidencia de enfermedades como paludismo y malaria no es significativa.	**Poco Probable**	▪ Se debe privilegiar la prevención para el HIV/SIDA y enfermedades endémicas, en referencia a la difusión de información, comunicación masiva y educación. ▪ Es prioritario garantizar el financiamiento para mejorar el equipamiento, infraestructura y fortalecimiento del sistema de salud pública. ▪ Es necesario avanzar en la consolidación de un sistema de vigilancia epidemiológica y desarrollo de un sistema de información, educación y comunicación para la nutrición con el apoyo de medidas de medicina preventiva.	na
7. **Asegurar un medio ambiente sostenible** ▪ Haber logrado en el 2015 que todas las políticas y programas del país hayan integrado los principios del desarrollo sostenible y se haya revertido la pérdida de recursos naturales (ambientales) ▪ Reducir en 2/3 la proporción de la población sin acceso al agua potable entre 1990 y 2015	▪ Los indicadores en esta área registran una tendencia negativa en su evolución. La proporción de área forestal bajo de un 9,3% en 1990 a 5.8% en el 2000. La relación de áreas protegidas como porcentaje del área total bajo de 0.5% en 1995 a 0.4% en 2002. ▪ Las emisiones de dióxido de carbono expresadas en toneladas métricas per capita aumentaron de 0.5% a 0.9% entre 1990 y 1999.	**Poco Probable**	▪ Las prioridades que se precisan llevar a cabo para el cumplimiento de los objetivos y metas son, entre otras: 1. Implementar la Ley de Medio Ambiente e integrar el marco legal existente. 2. Promover Politicas e incentivos para logros ambientales 3. Promover la cultura ambiental formal y no formal 4. Aumentar la cobertura de agua y alcantarillados en el área rural 5. Hacer un uso mas racional del agua 6. Mejorar la infraestructura de agua y saneamiento básico 7. Fomentar la gestión integrada del recurso agua 8. Reformar y/o descentralizar el sector hídrico y subsector agua y saneamiento	na

ANNEX 4 GENDER PROFILE

- **Source WORLD BANK**	EL SALVADOR				LATIN AMERICA & THE CARIBBEAN		LOWER INCOME MIDDLE COUNTRIES	
	1980	**1990**	**2000**	**2004**	**1980**	**2004**	**1980**	**2004**
GNP per capita (US$)	760	930	2,000	2,320	2,063	3,576	800	1,686
Population								
Total (millions)	4.6	5.1	6.3	6.8	357.2	545.9	1,801.0	2,441.6
Female (% of total)	50.1	51.0	50.9	50.9	50.1	50.6	49.5	49.4
Life expectancy at birth (years)								
Male	51	62	67	68	62	69	63	68
Female	63	70	73	74	68	75	67	73
Adult literacy rate (% of people aged 15+)								
Male	…	76.1	…	…	…	91.0		93.3
Female	…	69.1	…	…	…	89.5		85.9
LABOR FORCE PARTICIPATION								
Total labor force (millions)	2	2	3	3	124	249	885	1,280
Labor force, female (% of total labor force)	33	41	38	40	29	40	41	42
Unemployment								
Total (% of total labor force)	12.9	10.0	7.0	6.9	..	*9.5*	4.9	5.9
Female (% of female labor force)	..	9.8	3.6	3.5	..	*11.8*	..	..
EDUCATION ACCESS AND ATTAINMENT								
Net primary school enrollment rate								
Male	..	…	88	*91*	..		..	94
Female	..	…	88	*91*	..		..	93
Progression to grade 5 (% of cohort)								
Male	…	*56*	65	67	..	..	..	..
Female	…	*60*	70	70	..	..	..	..
Primary completion rates (% of relevant age group)								
Male	..	56	89	85	..	96	..	98
Female	..	60	86	86	..	97		96
Youth literacy Rate (% of people aged 15-24)								
Male		85.1				96.3		97.7
Female		82.6				97.0		96.6
HEALTH								
Total fertility rate (births per woman)	4.9	3.7	3.0	2.8	4.2	2.5	3.1	2.1
Contraceptive prevalence (% of women aged 15-49)	*34*	*47*	*60*	*67*	..	72	..	76
Births attended by health staff	..	*52*	*51*	92	..	87	..	81
Maternal mortality ratio (per 100,000 live births)	..	..	150	…	..		..	
Child malnutrition prevalence, weight for age (% of children under 5)	..	*15*	*12*	*10*	..	9	..	11
HIV prevalence rate (% of people aged 15-24)								
Male	..	..	0.7		..	0.7	..	0.5
Female	..	..	0.3		..	0.3	..	0.8

ANNEX 5 – ENVIRONMENT PROFILE

El Salvador has a territorial extension of 21.040.79 km2 and a population of 6.51 million inhabitants (2002). With more than 300 inhabitants per km2, El Salvador is the **most densely populated country** on the American continent. In a tropical climate, annual precipitations vary between 1, 200 and 2.800 millimeter. The most significant climate variations are “El Niño - Southern Oscillation” (ENOS) and La Niña, generated by interactions between the atmosphere and the ocean in the Tropical Pacific. Due to its location in the Mesoamerican region, the country has a wide genetic diversity. At present, a total of 3.403 plant species have been registered.

Most of El Salvador soils ground directly on volcanic substrata or on materials deriving from these substrata. The country’s forest cover is about 10 % of the national territory. A conjugation of factors such as migratory agriculture, forest fires, plagues and others, **seriously degrades forests**, causes severe negative impacts on the ecosystems and deteriorates environmental services that the latter provide. Most of the agriculturally productive land is used for staple crop production (corn and beans), without applying appropriate soil conservation practices. The current productions patterns promote water erosion and therefore predispose agricultural lands to strong degradation. In consequence, the **accelerated deterioration of soils** is increasing the level of rural poverty.

El Salvador has 360 rivers, whose catchment areas have been gathered in hydrographic regions. The National Service for Territorial Studies (SNET) has planned to establish a priority ranking of the country’s hydrographic basins in order to tackle the problem of water pollution and to implement monitoring plans for water quantity and quality. At present, approximately **95% of waste waters enter rivers, lakes and other water sources without any previous treatment**. Coastal areas suffer strong environmental pressures due to the uncontrolled exploitation of some biological resources, pollution by solid, domestic, agricultural and industrial wastes and high sediments load by rivers during the rainy season.

The uncontrolled population growth, mainly in urban areas, consequently brings along a worsening of environmental problems due to overcrowding, increase of industrial activities, growing traffic, insufficient supply of safe drinking water and not adapted drainage, sewer and solid waste disposal systems. **Many health problems are associated with a bad environmental quality** and with the lack of access to basic services. Acute Respiratory Infectious Illnesses (IRAS) occupy the first place of morbidity. The second cause is intestinal parasitism followed by diarrhea and gastroenteritis of infectious origin where the majority of cases occur among children under 5 years. The fourth place of morbidity is hold by infections of the urinary tract and the fifth place by bronchitis.

The Government’s policy response to environmental issues is based on the Constitution of El Salvador and the Environmental Law. During the period 2001–2002, five major national policies (Environment, Solid Wastes, Fight against Desertification, Natural Reserves and Protected Areas, Sustainability of Water Resources), were formulated, approved and published, hence becoming official instruments to direct actions and environmental programs. A national **Water Law has not yet been adopted** but is under preparation. El Salvador has signed 11 International Conventions, including the Rio Conventions, and five Regional Agreements on Environment which define the legal and technical frameworks for the implementation of relevant thematic actions, on a local, regional and global level.

The mandate of the National Environmental Management System (SINAMA), an initiative of the competent Ministry (MARN), is to impulse the creation of environmental units in the entities and institutions of the Public Sector and to establish environmental management co-ordination mechanisms. This effort has initiated a process of clarification and division of legal competences, the creation of public databases and the diffusion of Laws and Regulations, strengthening the institutional and municipal environmental units. The **institutional and legislative framework is yet very young, incomplete and weak**; effective implementation of environmental policies on the ground is hence still unsatisfactory.

ANNEX 6: OFFICIAL DEVELOPMENT ASSISTANCE AND DONOR MATRIX

ODA Grants (US$million)	2000	2001	2002	2003	Average	Share (%)
EC	14.49	15.90	23.38	33.94	21.93	10.48
Austria	1.22	1.39	1.18	1.30	1.27	0.61
Belgium	0.72	3.12	1.48	1.24	1.64	0.78
Denmark	2.43	1.16	1.33	1.09	1.50	0.72
Finland	0.11	0.56	0.42	0.57	0.42	0.20
France	1.00	1.07	3.02	2.74	1.96	0.94
Germany	11.69	24.31	14.22	13.92	16.04	7.67
Greece		0.30		0.05	0.09	0.04
Ireland	0.43	1.35	1.00	1.61	1.10	0.52
Italy	0.09	3.99	4.37	0.30	2.19	1.05
Luxembourg	4.90	5.40	5.60	5.12	5.26	2.51
Netherlands	2.76	9.51	8.39	6.36	6.76	3.23
Spain	14.23	33.26	24.22	26.65	24.59	11.76
Sweden	7.89	8.27	5.29	5.49	6.74	3.22
United Kingdom	0.47	2.99	0.45	0.33	1.06	0.51
Total EC/EU	**62.43**	**112.58**	**94.35**	**100.71**	**92.52**	**44.23**
United States	52.75	69.69	81.21	92.30	73.99	35.37
Japan	29.12	35.81	21.38	15.58	25.47	12.18
Canada	1.85	5.40	3.35	5.44	4.01	1.92
IDB	2.19	3.71	3.10	3.13	3.03	1.45
UN System	4.88	6.21	3.30	3.60	4.50	2.15
Others	4.61	10.81	7.03	4.43	6.72	3.21
Total ODA Grants	**157.83**	**239.93**	**213.72**	**225.19**	**209.17**	**100.00**
Other ODA (net)	22.17	-2.41	19.76	-33.40	1.53	
Total ODA net	**180.00**	**237.52**	**233.48**	**191.79**	**210.70**	
% of GDP	**1.37**	**1.72**	**1.63**	**1.28**	**1.50**	

ODA Loans (US$million)	2000	2001	2002	2003	Average	Share (%)
Disbursements	60.61	41.34	66.59	21.20	47.44	100.0
EU	17.35	15.13	45.91	3.24	20.41	43.0
Spain	8.15	12.68	31.54	0.42	13.20	27.8
United Kingdom	4.51	0.06	10.61	2.02	4.30	9.1
Germany	4.69	2.39	3.76	0.66	2.88	6.1
Other EU	0.00	0.00	0.00	0.14	0.04	0.1
USA	0.00	0.00	0.00	0.00	0.00	0.0
Japan	37.76	23.10	12.38	11.23	21.12	44.5
Other	5.50	3.11	8.30	6.73	5.91	12.5
Repayments	-38.45	-40.68	-46.83	-54.59	-45.14	
EU	-1.93	-1.05	-2.98	-2.49	-2.11	
USA	-16.11	-18.21	-19.20	-19.38	-18.23	
Japan	0.00	0.67	-1.30	-5.43	-1.52	
Other	-20.41	-22.09	-23.35	-27.29	-23.29	
Net ODA loans	22.16	0.66	19.76	-33.39	2.30	
EU	15.42	14.08	42.93	0.75	18.30	
USA	-16.11	-18.21	-19.20	-19.38	-18.23	
Japan	37.76	23.77	11.08	5.80	19.60	
Other	-14.91	-18.98	-15.05	-20.56	-17.38	

Total ODA Flows by Main Donors	2000	2001	2002	2003	Average	Share (%)
US$ million						
Bilateral Grants and Gross ODA Loans	218.44	285.55	280.31	246.39	257.67	100.00
EC/EU	79.78	127.71	140.26	103.95	112.93	43.83
USA	52.75	69.69	81.21	92.30	73.99	28.71
Japan	66.88	58.91	33.76	26.81	46.59	18.08
Other	19.03	29.24	25.08	23.33	24.17	9.38
Bilateral Grants and Net ODA Loans	179.99	244.87	233.48	191.80	212.54	100.00
EC/EU	77.85	126.66	137.28	101.46	110.81	52.14
USA	36.64	51.48	62.01	72.92	55.76	26.24
Japan	66.88	59.58	32.46	21.38	45.08	21.21
Other	-1.38	7.15	1.73	-3.96	0.89	0.42
Other Official Flows (non-ODA)						
Multilateral Gross	162.63	249.82	206.84	160.45	194.94	
Multilateral Net	117.2	178.69	132.72	65.95	123.64	
Other OOF Net	-13.46	14.91	-13.21	23.41	2.91	
EU	1.20	-2.04	-0.45	14.68	3.35	
Other	-14.66	16.95	-12.76	8.73	-0.44	
Total Net OOF	103.74	193.6	119.51	89.36	126.55	
Total Net ODA (see table above)	179.99	244.87	233.48	191.80	212.54	
Total Net ODA and Net OOF	**283.73**	**438.47**	**352.99**	**281.16**	**339.09**	

ODA Commitments (Source DAC)	2000	2001	2002	2003	Average	Share (%)
Grants	118.97	294.30	234.10	137.50	196.22	
Other	14.86	163.57	47.97	6.78	58.30	
Total	133.83	457.87	282.07	144.28	254.51	100.00
EC/EU Countries	59.44	154.94	117.47	71.63	100.87	39.63
EC	8.84	49.54	16.55	1.56	19.12	7.51
Spain	22.38	45.93	55.76	27.07	37.79	14.85
Germany	2.47	30.74	12.13	13.56	14.73	5.79
United Kingdom	4.98	3.05	11.06	2.35	5.36	2.11
Other EU	20.77	25.68	21.97	27.09	23.88	9.38
USA	41.38	108.91	135.67	55.21	85.29	33.51
Japan 1/	26.40	127.47	14.60	12.38	45.21	17.76
Others	6.61	66.55	14.33	5.06	23.14	9.09

1/ 2001 includes US$92.45 million ODA loans

Commitments (Min. Rel. Ext)	2000	2001	2002	2003	Average	2004
Total	132.4	351.3	371.0	171.4	256.53	137.2
EC/EU countries	31.3	139.3	87.1	60.0	79.41	36.6
EC	12.8	63.7	31.5	18.3	31.58	12.2
Spain	16.0	25.6	13.1	8.0	15.67	8.0
Germany	0.0	40.4	0.0	24.2	16.16	0.8
United Kingdom	0.2	2.7	0.2	0.2	0.82	0.0
Other EU	2.2	7.0	42.3	9.3	15.2	15.6
USA	34.5	97.9	128.6	37.7	74.66	40.1
Japan	26.6	36.8	102.7	7.0	43.30	8.4
Other	40.0	77.3	52.7	66.7	59.17	52.1
Bilateral	15.9	30.2	7.2	6.2	14.85	9.3
Multilateral	24.2	47.0	45.5	60.5	44.32	42.8
(UNDP)	13.9	16.8	21.0	39.7	22.84	33.3
(Other Multilateral)	10.2	30.3	24.6	20.8	21.48	9.5

Spain 2002-2005	Euro M	Germany 2003-2004	Euro M
Justice	0.80	Technical Cooperation	8.00
Education	1.21	Economy and Employment	4.00
Health	1.58	Municipal and Descentr.	0.50
Environment	2.17	Land Planning	0.50
Local Development	3.86	Health	1.20
Heritage	0.65	Disaster Prevention	1.00
Gender	0.18	Studies and Experts	0.80
Humanitarian/Food	0.72	Financial Cooperation	12.44
Earthquake Funds	9.50	Local Devlopment FSDL	6.16
Microcredit Funds	13.54	Vocational Training	5.50
Spanish NGOs	26.04	Reconstruction Housing	0.77
Total	60.15	**Total**	20.44

DONOR MATRIX: MAJOR DONORS OTHER THAN EC--BY SECTOR 2001-2003 1/(COMMITMENTS US$ MILLIONS)

	Education	Health	Population	Water Supply & Sanitation	Government & Civil Society	Other Social Infrastr.& Services	Transport & Storage	Energy	Business & Other Services	Agriculture - Forestry - Fishing	Industry - Mining - Construc-tion	General Environmen t Protection	Other Multisector	Structural Adjustment	Food Aid excl. Relief Food Aid	Action Relating to Debt	Relief Food Aid	Non-Food Emergency & Distress Relief	Other	TOTAL
TOTAL 2001	12.393	11.504	5.741	25.401	18.985	223.996	98.471	0.235	4.605	4.272	28.138	32.596	159.979	8.230	20.797	7.330	0.980	39.624	4.691	707.966
TOTAL 2002	13.836	16.065	4.101	7.925	28.336	153.681	0.000	0.017	0.642	7.392	1.501	0.532	77.684	0.000	4.946	3.153	2.010	3.107	3.355	328.284
TOTAL 2003	8.659	9.175	6.481	7.037	15.876	10.641	1.121	31.063	5.346	10.975	0.807	1.930	24.917	0.000	6.611	2.453	1.843	3.152	4.579	152.664
TOTAL 2001-2003	34.887	36.744	16.323	40.362	63.197	388.318	99.592	31.314	10.592	22.639	30.446	35.058	262.580	8.230	32.354	12.936	4.833	45.883	12.625	1188.915
DONORS																				
IDB						40.000		30.000			25.000	29.847	198.000							322.847
USA	13.156	18.823	13.504	16.900	21.723	116.998			3.348	13.520			19.811		28.904	12.936	3.853	14.056		310.089
IBRD					18.200	142.600														160.800
Japan							99.549			2.265			3.708	8.230				2.278		123.246
Spain	9.961	4.649		7.149	7.009	58.085				4.525		2.842	8.203					3.698		113.066
Germany	1.754	1.793		9.158	5.165	18.765			6.559	1.844					1.290		0.916	4.672		56.421
IFAD													20.000							20.000
Luxemburg	7.342	5.623										-								18.575
Italy													4.874		1.460			3.622		10.755
Switzerland				2.727							1.932							2.451		9.235
Sweden																		3.827		6.931
Belgium																	-	1.904		6.371
Netherlands					2.941															5.662
Finland				2.737																4.279
UK																		2.770		2.770
Others 2/	2.675	5.856	2.819	1.692	8.158	11.869	0.043	1.314	0.685	0.485	3.514	2.369	7.984	0.000	0.700	0.000	0.065	6.604		17.918

1/ Sectors with less than 0.3% of total commitments are included in "other"

2/ Others are donors (in donors list shown) with less than 2% of commitments in the sector

EL SALVADOR DONOR MATRIX: FUTURE ACTIVITIES

Inter-American Development Bank	Strategic Objectives	Ongoing Projects	Planned Projects	Comments
	Reactivation of Growth and Competitiveness Poverty Reduction and Human Capital Development Modernization of the State and Governance	Reform Water and Wastewater Sector ($38m undisbursed) Reform Financial Sector Pollution Control Rural Roads Agroindustry Environment Cuenca Alto Rio Lempa Interconnexion Power Central America Sector Reforms Competitiveness (budgetary support $100m) Educational Technology Health Sector Modernization Local Development Housing Phase I ($62m undibursed) Modernization Parliament	Public Transport San Salvador Environment Cuenca Alto Rio Lempa Basic Education ($100 m) Higher Education Social ProtectionNetwork ($50m)	Total undisbursed balances as of October 2004 are US$372 million. Ongoing projects include only projects with more than 25% undisbursed New country strategy is under preparation
World Bank				
	Accelerate broad -based, equitable economic growth and increase employment Iimprove equity through building human capital and expanding access to socioeconomic infrastructure, assets and markets; Enhance Security and Reduce vulnerability.	 Secondary Education Education Reform Health Land Aministration Public Sector Modernization Judicial Sector Reform	Development Policy Loans (budget support). Up to four loans of $100 million each during 2005-2008. Support for SMEs Education Land Adminstration Environmental management Social Protection Modernization of State	Country Assistance Strategy was approved February 2005, with lending (new commitments) of up to US$585 million during 2005-2008 (high case). Performance under Development Policy Loans will determine low, base or high case

Luxembourg			Consolidation Programme for 2007-2010 (signed in November 2006). Allocation of € 6 million. Focuss on poverty reduction through support to Red Solidaria – health, education, water and sanitation. Support to rural production. Capacity building of local and national institutions.	
Spain			Poverty reduction through Red Solidaria and security related cooperation.	
Germany			1. Decentralization and community development: - Strengthening Community development and decentralization (PROMUDE), € 6,24 Mio. - Strengthening local development and good governance (FISDL IV), € 14 Mio. (loan) - Participatory territorial Planning (PROA), € 3 Mio. - Participatory local risk prevention in the Río Trifinio region, € 2 Mio. 2. Sustainable economic development - Professional training, € 5,5 Mio. (loan) - Programme for sustainable economic development at local level (FORTALECE), € 7 Mio. 3. Social Housing - Slum-Rehabilitation via FUNDASAL (€ 8 Mio. loan)	

USAID				
	Ruling Justly— More Responsive, Tranparent Government	Strengthen rule of law Government Transparency and Accountability	Improving juidicial system Alternative conflict resolution Corrution control	Total programme of US$139.5 million for 2005-2009
	Economic Freedom— Open, Diversified, Expanding Economy	Fiscal policies Private Sector Development Investment and Trade SME Development	Enhance public revenues Improve competitiveness Remove barriers to trade and investment Implement CAFTA Improve access to technology, innovation and business skills, and financial services	Cross-Cutting Themes: Water and good governance
	Investing in People— Healthier, Better-Educated People	Imrpove social sector investment Basic Education Health services	Planning, management, accountability Rural education Decentralization Improve health and nutrition practices Primary healthcare HIV/AIDS	
Japan		Construction of Port of Cucuto—Golf of Fonseca (loan approved) Regional development (Eastern region)	Transport connection between Pacific Coast (El Salavador) and Atlantic Coast (Honduras)	Construction of port has not yet started

ANNEX 7 – COHERENCE WITH EU POLICIES (POLICY MIX)

To assess the coherence of the CSP for El Salvador, this annex presents relevant EU policies and guidelines affecting the country. All these policies have a link with the past and future EC development policy towards El Salvador. For each, different categories and levels of EU interventions are addressed, assessing the complementary and coherence:

- cooperation instruments: bilateral, sub-regional and regional, with a special focus on the complementarity of horizontal programmes and other financial instruments such as thematic budget lines;
- regulatory instruments and international agreements;
- policy and political dialogue (bilateral and regional).

Trade & development

Article 133 of the EU Treaty constitutes the legal basis for the EU's trade policy. It states that the objective of this policy is «*to contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers*». It covers all the main aspects of trade in agricultural and non-agricultural goods, services as well as key aspects of trade related aspects of intellectual property, investment and competition. Its main objectives in the case of Central America are:

- to strengthen and expand bilateral trade relations between the EU and Central American countries on the basis of transparent and non-discriminatory multilateral rules, and notably by means of strengthening cooperation throughout the WTO negotiations launched at Doha.
- to support the regional trade and economic integration process in Central America.
- to support Central America in completing its international commitments, in particular fight against drug trafficking, international labour standard, human rights and environment, through autonomously granting market access to EU markets via the GSP scheme.
- to support the integration of the Central American countries into the world economy by implementing their existing WTO commitments and to assist them in the negotiations and implementation of new commitments resulting from the new WTO round (Doha Development Agenda).

The strategy set out in this CSP, in particular with regard to economic co-operation, is fully in line with the achievement of these objectives. However, for the third item, Central America, including El Salvador, is seeking a deeper relation notably through an association agreement, since El Salvadoran authorities consider this to be a much more powerful tool to attract FDI.

Support in trade-related matters is provided through the CSP and by the RSP for Central America and Latin America.

Common Agriculture Policy (CAP)

The "*Common Agricultural Policy*" (CAP), created by the Treaty of Rome, sought to increase the productivity of European agriculture, ensure reasonable living standards for farmers, stabilise farm produce markets and guarantee a stable food supply at fair prices for consumers. Since then, many changes to the CAP have been made, modifying price policy (reduction of prices support), restricting market interventions, regulating output, and introducing a system to control spending on agriculture involving an adjustment of market management to restore market balance; furthermore, more assistance is provided for social and environmental measures to stimulate development in rural areas. Those changes focussed on the evolution of the global economy and the need to implement WTO commitments to reduce market distortions.

Few agricultural commodities covered by the CAP enter into competition with Central American products. A notable exception is bananas and since the EU is an important destination for Central American products, Central American banana producers have voiced significant grievance concerning the impact Community policy in this field has had on their market access.

Sanitary and phytosanitary control Policy – consumers protection

The external dimension of the Community policy in this sector aims to ensure a high level of protection of health, safety and economic interests of the consumers, as well as the protection of public health in the EU. The implementation of this principle is sometimes perceived as a measure of non-tariff trade protection that prevents the access of some products – mainly agricultural, but also meat - to the European markets even if the same principle is applied to European-made products.

At the same time, some Central American countries have raised concerns about what they consider as a non-reciprocal treatment by the EC in the implementation of certain Community principles of health inspection, such as that of regionalisation but also agreement of control institutions. Confusion is also added by the fact that the US and the European SPS systems are different.

This sector is of utmost importance for both regions. This strategy, as the previous one, is therefore in total accordance with those important preoccupations, since they provide specific supports for El Salvador exporters in order for them to be able to fulfil EU requirements in this respect.

In addition, a specific effort is associated to SPS (Sanitary and Phytosanitary Measures); El Salvador experts are benefiting, like other developing countries, from a specific training system to SPS requirements by the EU.

Internal market

The principal aim of this policy is to strengthen the process of economic integration for a liberalisation of the markets as well as the development of a legislative framework compatible with that of the EC in order to:

- assure a suitable level of protection of industrial and intellectual property,
- prevent money laundering,
- protect personal data,
- guarantee minimum standards for public calls for tender, avoiding any kind of restrictive measure of the markets.

Regulatory convergence is a factor of mutual benefits, by supplying trade and investments and favouring the investments of the EU companies abroad.

Competition policy

The interest of introducing competition policy in the EU relations with third countries, mainly in the negotiation of trade agreements, is based on the establishment of a stable and clear legal framework for the relations between economic operators in order to prevent commercial conflicts.

At the same time, the discriminatory treatment between companies of both parties is avoided with respect to direct investments or access to the services market. Likewise, the EU takes part in multilateral co-operation in this sector in the framework of the World Trade Organisation (WTO). The WTO working group on "trade and competence" examines the possibility of strengthening the convergence of policies for which a multilateral horizontal action might be explored by the EC.

The EU competition policy and the CSP are in accordance since interventions promoting competition policies are included, in particular in the regional context.

Research and development policy

In the EU, international co-operation in this area is covered by the Research Framework Programmes through two principal axes:

- An international co-operation dimension for each thematic research programme and,

- a specific international S&T Co-operation programme that contributes to the solution of common or sustainable development problems in third countries and regions,

It should be noted that specific instruments of the EU Research Framework Programmes, that will be continued further under the 7th Research Framework Programme (2007-2013) also support research collaboration:

- Exchanges of researchers from third countries are highly encouraged at all stages of research careers in FP6 under the Marie Curie activities,

- under the ERA-NET scheme the coordination of the bi-lateral cooperation programmes between EU Member States and Third Countries will be further reinforced.

Moreover S&T Promotion Platforms recently launched with Latin-America will further develop other possibilities for El Salvador widening our partnerships from a predominately bilateral to a bi-regional context

Governance, capacity building, rule of Law

This is one of the decisive components for policies and reforms toward social cohesion. The level of social cohesion, economic development, environmental sustainability and human rights, all depend on the quality of governance. Good governance is a critical factor to reach the Millennium Development Goals even though no specific indicator relates to it. The 2002 White Book and the 2003 Communication on governance identify a set of recommendations for action:

- The building of capacities to support developing countries design pertinent reform programmes,

- The strengthening of synergies and coherence between the different instruments and policies of the European Commission and the European Union,

- The reinforcement of national and regional partnerships to coordinate the donor community and to ensure complementarity between individual donors,

- The support to human rights and democracy, governance and rule of law.

The present strategy takes into account these recommendations. In the case of human rights and democracy, the EC mobilises support through the European Initiative for Democracy and Human Rights IEDDH budget line (see below).

Human rights, democracy, indigenous people and democracy

Democracy, the rule of law, human rights and fundamental freedom are basic principles of the European Union, independently of the fact that national Governments are responsible for these to be respected. In support to the promotion of these principles, the EC has developed different instruments and priorities for action. In doing so, it has been guided by the following:

- The stimulation of coherent support policies, looking for a better coherence between cooperation and external relations, complementarity between the EC and Member States, and the integration of these issues as cross-cutting within other policies and actions of the EU.
- Give a greater priority to human rights and democracy in the relations with third countries,
- Have a more strategic focus when addressing programmes and projects in the areas concerned.

This is of particular relevance for El Salvador and therefore reflected in the CSP. The European Initiative for Democracy and Human Rights (IEDDH) budget line addresses the promotion of democracy and human rights through support to Civil Society, universities, regional and international organisations. In recent years, El Salvador has benefited from some regional financing in the area of promotion of a culture of human rights, equity, tolerance and peace. For the future, social cohesion should be added as a focal sector within the IEDDH and additional attention would be given to supporting democracy, gender and ethnic equity.

In addition, the Andean and Central American countries received a special treatment within the framework of the Generalised System of Preferences linked to their international commitment in relation to Human Rights.

Environmental policy

The priorities for EC environmental cooperation with Central America are based on the following:

- The objectives and principles included in the 6th Community Environment Action Programme (6 EAP, 2002-2011), in particular those related to climate change, biodiversity, health and quality of life, natural resources and waste.
- The mainstreaming of the environmental dimension into development policy, stressing the links between environment and poverty, and between environment policy and management of disasters;
- The encouragement of Central America to implement its international commitments under the different multilateral environmental agreements.

The above imply major changes which lay beyond the competence of environmental organizations and which are to address governance, education, economic policy and other sector policies. The integration of the environmental dimension in social cohesion is a fundament the EC is aiming to raise through policy dialogue. In this context, the Andean and Central American countries received a special treatment within the framework of the Generalised System of Preferences linked to their international environmental commitments.

A specific assessment has been carried out at the level of Central America to determine the environmental profile of the region. One of the main conclusions is that environmental issues have to be better addressed by a global mainstreaming through all sectors rather than by specific financing. Environment is also addressed by the regional strategy for Latin America and horizontal programmes (e.g. education/ALFA; trade and Investments/AL-INVEST; local management/URB-AL).

The EC Communication on Water Management stresses the need to address the issue in close conjunction with social cohesion, regional integration, food security, and other crosscutting issues. The Communication suggests providing a framework for water security, both in terms of quality and quantity, for all developing countries, so as to achieve sustainable development. The water management policy is linked to other policies: land use management, social policy such as health, disaster prevention, economic development, food security agriculture and rural development, regional integration and cooperation, good governance, trade, transport, gender equity. Finally, the Communication invites donors to join their efforts to assist partner countries by raising the issue on the political agenda and promoting a shift in thinking in order to apply an authentic integrated approach. It is in this spirit that the EC has been involved in water issues in El Salvador over recent years, financing different projects, in particular in rural areas.

Two specific EC horizontal budget lines for the environment have been mobilised over the years to provide funding for environment related interventions in Central America. A recent evaluation of these budget lines stressed the need for these to better reflect the principles described above. More specifically, concerns were raised in relation to the sustainability of the financed projects, their coherence with the national policies and, overall, preoccupations about the pertinence of project selection with regards to the needs of the country and the sub-region. The evaluation noted that the environment could be better addressed by these financial instruments and be considered in a long-term perspective, notably if country-specific terms of references coherent with the political priorities of the EC vis a vis the benefiting countries were drafted for the calls for proposals.

Health and poverty

If social cohesion is set at the centre of the EU-LA relations, the EC health policy establishes the link between health and poverty, between health and well-being and development, including a reference to AIDS and other contaminating diseases. There is a consensus to make assistance more efficient with more ownership and participation of the recipient States.

Assistance related to AIDS, tuberculosis and malaria is financed through the Global Fund using parallel administration, and often subcontracting activities to the national authorities. Some organisations are voicing the incoherence between the way the Global Fund is acting and the objective of reinforcing ownership.

The regional programme Eurosocial includes a provision for institutional capacity building in health policy and is open to the participation of El Salvador.

Conflict prevention

In its Communication on conflict prevention, the Commission announced its intention to focus its co-operation programmes more clearly on addressing the root causes of conflict in an integrated manner. In this context, the Commission will seek to incorporate specific conflict prevention (or resolution) measures into its various sectoral programmes.

A first analysis of potential sources of conflict in El Salvador puts in evidence several issues of concern: the high degree of polarisation of the political system and corresponding public dissatisfaction, limited transparency in public affairs, corruption, relative weakness and politicisation of the judicial system, juridical insecurity, lack of social cohesion (also at regional level), the over-dependence on a reduced number of commodities as well as the phenomenon of the "*maras*" (young delinquents). Addressing the agenda of social cohesion directly contributes to conflict prevention. In this respect, and though El Salvador has not benefited from the specific EC budget line for conflict-prevention, the CSP is compatible with the conflict prevention policy.

Linking emergency, rehabilitation and development (LRRD)

Emergency aid addresses the immediate needs of populations affected by crisis. Rehabilitation is designed to support - in the mid-term - the building of development capacities of the affected populations. There is no standardised model for linking emergency to rehabilitation and rehabilitation to development.

This link has been of particular relevance for El Salvador and Central America after the conflicts of the eighties and, more recently, after hurricane Mitch (through the Regional Programme for Rehabilitation and Reconstruction of Central America). Regional mechanisms of preparedness are under way, but at national level, El Salvador is back in the phase of development after having experienced the previous phases.

In addition, ECHO's disaster preparedness programme (DIPECHO) targets vulnerable communities living in the main disaster-prone regions of the world, of which Central America. DIPECHO is to reduce risks by ensuring prior preparedness for the most vulnerable populations in the regions affected by recurring natural disaster. It increases the response capacity by incorporating and coordinating activities at local, national, and regional levels.

Migration, justice and home affairs:

The current policy concerning immigration could have an impact on the development of El Salvador and some Central American countries due to the extreme importance of remittances from immigrants in hosting countries in the macro-economic equilibrium (remittances represent near 15% of the GDP). For the moment, given the fact that the emigration flow from El Salvador is directed to the USA, the impact above mentioned is very limited. However, migration within Central America is a factor to take into account when addressing national and regional problems.

Information Society

The main co-operation objectives pursued with Latin America in the Information Society field are the following:

- Promoting social cohesion through the development of an inclusive Information Society and fighting the digital divide within and between countries and regions and, in such, contributing to governance and to the economic and social development of Latin American countries;
- Fostering regional integration and the integration of Latin American countries in the global Information Society;
- Promoting investment and reinforcing commercial exchange with Latin America by creating a favourable environment in the region, notably by promoting efficient regulatory and policy frameworks, as well as open and global standards;

These objectives are specifically addressed by the Latin American regional strategy and the @lis programme which includes a high level regular policy dialogue between Latin America and the European Union.

Food security, rural development and sustainable resource management

The European Commission recognises that rural poverty is a multi-dimensional problem that includes low incomes, inequity in access to the production factors, low health and education standards, degradation of natural resources, vulnerability to natural disasters, and little political power. Rural development strategies should tackle all these issues and incorporate rural poverty strategies such as food security and sustainable natural resources management.

At national level, the European Commission sets out a policy of adapting its actions to the specific national context and to encourage political and sectoral dialogue including the private sector, civil society and NGOs.

The CSP is in line with this policy, in particular with respect to the multi-dimensional aspect of rural development. El Salvador has benefited from the thematic food security budget line in addition to the regular cooperation instruments. This combination of a thematic budget line and development cooperation has been very positive and introduced cohesion in the EC assistance.

Integration of the gender factor

The Community's strategy on gender equity lays out a global framework to promote equality between men and women in five areas: economic life, equality of participation and representation, social rights, civil life and roles, gender stereotypes.

Gender issues are an important concern in El Salvador. A gender profile can be found in Annex 2. It is one of the main crosscutting issues of the present CSP.

Although a specific gender budget line exists, it is not active in Latin America.

Participation of Non State Actors (NSA) in development

The European Commission's policy is based on the recognition that ownership of strategy is the key to the success of development policies. Therefore, the most wide-ranging participation of all segments of the society must be encouraged and implemented, respecting both the particular situation of each partner country and the central role of the Government complemented by decentralized authorities. Beside the implication of NSA in the present strategy, the Commission is committing direct financing to NSA through horizontal/thematic budget lines.

Besides sector budget lines detailed in other chapters, the Commission has been co-financing development activities proposed by NGO for many years. Progressively, priority has been given to activities initiated by partner organisations and to larger projects. This financing is concentrated in two budget lines: the Co-Financing budget line and the Decentralised Co-operation budget line. The aim of these budget lines is to add a specific dimension to the EU development co-operation. Such financing has been particularly active in El Salvador.

When co-financing the Civil Society and NGO in particular, a strong preference should be given to support processes and policies rather than financing local projects. Priority should be given to proposals complementing the focal sectors of the CSP and their main crosscutting issues, but preserving the independence of Civil Society. The aim is to back up Civil Society, in particular its local actors, in participating to the design of global, sectoral and development policies, and in being active in the consultation processes, in particular in the Harmonization and Alignment process.

The EU drug strategy

At the external level, the EU drug strategy is based on strengthening coordination in the fight against drugs and on supporting the development of relations with third countries. The EU action is guided by the principle of shared responsibility: partnerships with third countries that address their overall social and economic development. This has been concretised by the EU-Latin American Action Plan of Panama adopted and ratified in 1999.

One should recall the special treatment received by the Andean and Central American countries, within the framework of the Generalised System of Preferences, in support to their efforts in combating drugs.

The objectives of the present CSP are coherent with the instruments put into place by the EC in its relations with Central America to fight drug trafficking. The Latin American regional strategy includes a new specific provision between the EU and Latin America to take place in addition to the *ad hoc* policy dialogue.

Education and training

The European Commission recognizes the vital importance of education in reducing poverty, and as such, this CSP is fully coherent with the EU education policy. Education priorities for the EC are:

- basic education, in particular primary education and teacher training,
- work-related training,
- higher education, especially at regional level.

At the level of primary education, the Commission is participating in the "Education-for-All" initiative (EFA-FTI). It is committed to improve the efficiency of the education system, stressing as much quality and quantity of education. At the level of higher education, the focus is on institutionalizing networks, exchanges of students, teachers and professors between Europe and the rest of the world. El Salvador is participating to the regional projects ALβAN and ALFA, and to different initiatives of networking and exchange of students and teachers. Those initiatives are considered positive and should continue.

Economic and financial affairs

In its international policy on economic and financial affairs towards Latin America, the Commission has two main priorities supporting the global agenda towards Latin America:

- to foster macro-economic stability and convergence;
- to promote social cohesion.

In matter of macro-economic convergence, the Commission participates in the policy dialogue amongst policy makers of Latin America, transmitting its own experience. This exchange of experience is crucial for supporting regional economic integration, and is significant in helping the Central American integration agenda. Activities are financed and to be financed at the level the Latin American RES. Among other actions, the Commission contributes is supporting activities of the Economic Commission for Latin America and the Caribbean (ECLAC).

Fisheries and Maritime Affairs

The common fishery policy has the objective to protect fish resources by regulating the amount of fish taken from the sea, to help the fishing and aquaculture industries to adapt themselves to the constraints of the market, and to maintain a common organisation of the market.

Regarding third countries, the objectives are to set up fisheries agreements and to negotiate for common conservation measures in deep-sea fisheries, in order to guarantee both conservation and sustainable exploitation of fish resources. This includes close collaboration with developing countries to help them become more effective in fisheries matters, and support to the efforts to combat illegal and unregulated fisheries. In the case of El Salvador, there is a common objective on Atlantic tuna. Both the EU and El Salvador are members of the Western Central Atlantic Fishery Commission and the Inter-American Tropical Tuna Convention and closely collaborate within these bodies, looking for the respect of international practices (management of fish resources, dolphin-safe catching). There is no restriction to the import of El Salvador fish products to the European Union.

Employment and social affairs

In its 12 April 2005 Communication on **Policy Coherence for Development**, the Commission has defined coherence commitments in the overall framework of the EU sustainable development strategy. These commitments were endorsed by the Council (GAERC) on 24 May 2005. The Community proposed an integrated social and economic approach that regards economic, employment and social cohesion as interdependent elements with a view to fighting inequalities.

Employment is a crucial factor to achieve a high level of social cohesion. The Community will promote investments that generate employment and that support human resources development. The respect of fundamental labour rights (core labour standards), as defined by the International Labour Organisation, is a key element of the EU policy.

The Declaration of Guadalajara of May 2004, specifically underscores the commitment "*to the principles of decent work proclaimed by the International Labour Organisation, in the belief that respect for workers' rights and dignity is vital for achieving poverty reduction and sustainable social and economic development for our peoples*".

In this respect, the Community will promote decent work for all in line with the ILO agenda. Special emphasis will be given to the progressive integration of the informal sector into formal economy, on social dialogue and on corporate social responsibility.

In the field of employment policy, Central America has reaffirmed its commitments to the ILO principles and core labour standards through a Declaration made on 30 June 2005 by Labour ministries and representatives of employers and unions in support of employment and decent work. The objective of this programme includes promotion of international labour norms, employment creation, expansions of social protection and strengthening social dialogue.

ANNEX 8 – REGIONAL STRATEGY FOR CENTRAL AMERICA

The guiding principles that will underpin the 2007-2013 regional strategy for Central America can be set out as follows:

- ***Strengthening political and economic relations between the EU and Central America,*** which is the main instrument for facilitating the negotiation and implementation of an Association Agreement based on the mutual interest of both regions;
- ***Contributing to the sustainable socio-economic development of Central America,*** which would be the key instrument for developing classical development cooperation activities as set out in the 1993 Framework Cooperation Agreement and the Cooperation Chapter of the 2002 Political Dialogue and Cooperation Agreement signed between the EU and Central America;
- ***Supporting the consolidation of the process of regional integration in Central America,*** for which the Commission would provide support to the Central American integration agenda, building on the current regional cooperation programme channelled through the SG-SICA, SIECA and other regional institutions and taking advantage of the comparative advantages and specialised knowledge of the Commission in the area of regional integration.

Regional integration is not only a means of promoting political stability and sustainable development, but also constitutes a fundamental element of the EU and Central America's common strategic objective, the negotiation of an Association Agreement including a Free Trade Agreement. In this context, focusing cooperation on supporting the process of regional integration in Central America is fully in line with the Commission's priorities, reiterated in Guadalajara and will enable the Commission to capitalise on the solid basis established under the current regional strategy. It is underlined that the Commission is essentially the key actor in supporting with grant funds the process of establishing a customs union, developing and implementing common policies and strengthening regional institutions.

In principle, support for increasing social cohesion, the other key challenge that confronts the Central American region, will be provided through the country-level strategies, as will also be the case for sectoral initiatives including areas such as education, health, rural development and decentralisation.

Thus the main objective of the 2007-2013 Regional Strategy for Central America will be to support the process of political, economic and social integration in the context of the preparation of an Association Agreement with the EU. Within this objective, three groups of potential interventions can be considered.

The first group will include the **strengthening of the institutional system of the process of Central American integration**. In this context, cooperation may be directed to regional institutions, inter-governmental systems of coordination and national entities involved in the integration process. It is underlined that this support will be limited to the involvement of these institutions in questions strictly related to regional integration. Specific provision will be made to include the participation of civil society in the preparation and implementation of programmes in support of the regional integration process.

The second group will focus on: the **consolidation of the Central American customs union**; support for specific aspects of the economic integration process such as trade facilitation, services and investment and intellectual property rights; and the development and implementation of other harmonised and common policies and legislation within the Central American region that will contribute to the creation of a common market. For the latter, initiatives that could be considered may range from fiscal policy and labour legislation to environmental measures, inter alia.

The third group of measures will cover aspects of **strengthening regional governance security** in the context of mitigating the impact of the free movement of goods, capital and persons due to increasing regional integration, in particular in the process of the creation of a Custom Union and the development of an internal market.

With regard to the orientation of support to the economic integration process, the Joint Assessment of regional economic integration in Central America that is being carried out by the Ad hoc Joint Working Group is expected to provide a clear picture of the region's shortcomings in order to reach a sufficient level of economic integration that will permit the negotiation of an Association Agreement. In addition, further needs arising from the process of negotiating and implementing an Association Agreement will be systematically taken into consideration in the design of support programmes under this strategy.

Finally, the coherence of the regional strategy for Central America with both the Regional Strategy for Latin America and the Country Strategies for the individual Central American Republics is assured through its fundamental regional integration focus. This approach permits: a) the Regional Strategy for Latin America to concentrate on horizontal issues and areas where the transfer of knowledge between the EU and Latin America is of critical importance; and b) the Central American country strategies to focus on nation-building policies such as governance, rule of law, social cohesion and sectoral programmes including decentralisation and local development.

ANNEX 9 - CONSULTATION PROCESS FOR THE EL SALVADOR CSP 2007-2013

The preparation of the CSP El Salvador in the period 2007-2013 has unfolded through several stages:

1. Under the guidance of the Commission services, a **pre-programming mission** was launched in **November 2004** with the aim of updating the Commission's analysis of the national policy agenda, the political, economic and social situation, the areas of intervention of major donors as well as providing an assessment of the implementation of the on-going CSP 2002-2006.

2. On the basis of the initial analysis, a **Concept Note** was prepared and used as a basis for the consultation process with state and non state actors. This was published on the **website** of the Regional EC Delegation (Nicaragua) on **6 April 2005**. Between 8 and 15 April, comments could be posted directly on the EC website.

3. Three separate events took place between **11 and 13 April 2005.** The views of all parties on the Concept Note were sought and many of the suggestions were integrated into the drafting of the CSP. Meetings were as follows:

    a. **11 April / EU Member States** represented in El Salvador (Spain, Italy, Germany, France).

    b. **12 April / Government of El Salvador**, organised jointly with the Secretaria Técnica de la Presidencia (STP).

    c. **13 April / Civil society.** Following an **invitation issued on 1 April** (which made reference to the publication of the Concent Note on the EC website), **55 representatives belonging to 65 organizations took part**. These had been selected for their relevance to the issues identified in the Concept Note and included notably:
        i. the **private sector** (*Asociación Nacional de la Empresa Privada*-ANEP; Corporación de Exportadores de El Salvador – COEXPORT, etc.) and the **Trade Chamber.**
        ii. **think tanks** (FUSADES and FUNDE);
        iii. the President of the ***Corporación de Municipalidades de El Salvador* (COMURES)** which represents the 262 local governments in a non partisan basis.
        iv. **organisations involved with local government** such as the *Fundación de Apoyo a Municipios de El Salvador* (FUNDAMUNI) and the *Fundación para la Cooperación y el Desarrollo Comunal de El Salvador* (CORDES)
        v. **NGO thematic networks** (human rights, civic education, etc.).
        vi. **NGOs with direct relevance to the themes discussed in the Concept Note**.
        vii. the **Consortium of European NGOs**.

    Organised around three working groups (a. Social cohesion, MDG; b. Governance, decentralisation, human rights; c. Economic growth, trade regional integration), the workshop sought to obtain the views of El Salvador's civil society about the challenges facing the country and the role the EC should play in addressing them. The initiative to consult civil society was welcomed and provided a valuable starting point for a continued dialogue between the two parties.

4. In **May 2005**, the Commission met with representatives of **international financing institutions and other international partners with a presence in the country** (UNDP etc) to discuss its **Concept Note** and exchange views on future cooperation in the case of El Salvador.

5. On **14 June 2005**, civil society representatives from El Salvador took part in the seminar organised in San Salvador in relation to the development of the Regional Strategy Paper for Central America. This was to some extent of relevance to the development of the national El Salvador CSP, in particular when discussing the process of regional integration and possible EC cooperation in this respect both at national and regional levels.

6. In **December 2005**, the Commission (Chargé d'Affaires and EC RELEX Desk) held meetings to present the initial orientations proposed in the draft CSP to:
    a. The Government
    b. Civil society
    c. EU Member states.
    d. Other international partners.

7. On **22 March 2006**, the Commission (Chargé d'Affaires and EC RELEX Desk) met with representatives of **the 5 main political parties** [mostly **members of Congress** with 3 out 5 meetings taking place in the **Congress premises**]:
    a. Alianza Republicana Nacionalista (ARENA) – 5 members, in Congress
    b. Partido Farabundo Marti para la Liberacion Nacional (FMLN) – 2 members at party office.
    c. Partido de Conciliacion Nacional (PCN) – 2 members, in Congress
    d. Partido Democrato Cristiano (PDC) – 2 members, in Congress
    e. Cambio Democratico (CD) – 2 members, at EC premises.

    On this occasion, the CSP process - from the elaboration of the Concept Note to the definition of possible strategic orientations for the period 2007-2013 - was explained. This was positively received.

ANNEX 10 – EVALUATIONS

Fight against Drug trafficking

- Evaluation de la coopération Nord-Sud dans la lutte contre les drogues et la toxicomanie - 05-2002 - ref. 951570 ev

Economic Cooperation

- Evaluation of Economic Cooperation between the European Community and partner states in Asia and Latin America - 08-2001 - ref. 951595 ev
- Clarifying the definitions of EC economic co-operation with third countries - 08-2002 - ref. 951636 ev

Education

- Evaluation of EU Mobility Grant-Awarding Programmes - 04-2002 - ref. 951632 ev

Environment

- Evaluation of the Environment and Forests Regulations 2493-2000 and 2494-2000 - 11-2004 - ref. 951660_exec_sum_es
- Ambiente Regional - Tribunal de de Cuentas (2005)

Food Aid

- Thematic Evaluation of Food Aid Policy and Food Aid Management and special operation in support of Food Security - 07-2004 - ref. 951657

Gender

- Evaluation of the integration of Gender in EC development co-operation with third countries - 03-2003 - ref. 951644_ev

Human rights – Democracy - Governance

- Synthesis report on EC activities in the field of Human Rights, Democracy and Good Governance - 08-2001 - ref. 951613 ev
- Voter education in the context of electoral support - 09-2001 - ref. 951598 ev

Regional cooperation

- Evaluation de la Stratégie régionale de la Commission Européenne en Amérique Latine - 7-2005 - ref. 951661_vol1_es (ver paginas 7, 8, 9 = 15,16,17 en el pdf)

ANNEX 11 - MIGRATION PROFILE[1]

The dimension and impact of migration flows in El Salvador has grown ceaselessly over the past forty years. Migration is a complex phenomenon, the consequences of which are felt at the economic, social, political and cultural spheres. Recent statistics show that during the 1970's there were around 350,000 Salvadorians living abroad, while at present it is estimated that this number has risen to 2,6 million. According to the 2005 HDP, the rhythm at which emigration has grown over the past decade is much higher than during the armed conflict; it took 48 years for the number of Salvadorians living abroad to reach 1 million, but only four additional years to reach the figure of 2 million. If the current rhythm of emigration is sustained, it is expected that the number of Salvadorians living outside their country will reach 3 million in mid-2006.

Moreover, over the past four decades there has been a change in the destination of emigration and structure of net migration flows in El Salvador. During the 1970's only 24% of emigrants emigrated outside Central America, while during the 1990's up to 93% settled down outside Central America. El Salvador has become a net exporter of Salvadorians (with a vast majority settling down in the U.S.A.), while simultaneously it has become a country of destination for many citizens from Guatemala, Nicaragua and Honduras. As concerns deportations, here too there has been an important change in terms of numbers and origin. During the years 1991-2001 deportations averaged 4,033 annually, equivalent to 1.6% of the net migration flows for this period. Around 80% of this total originated form the U.S.A. From 2002 onwards however, there was a vast increase in the number of deportations emanating form Mexico (over 85% of total deportations). During this period, the U.S.A. doubled the number of deportations to El Salvador per year making the volume of deportations rise to 15% of net migration flows. It is estimated that out of the total percentage of Salvadorians having been returned to El Salvador only 8% presented a history of criminal records, however 99% of these originated from the U.S.A[2].

The causes and economic repercussion of emigration in El Salvador are leaving their mark in the country. The vast increase in emigration over the past decades is due to the lack of opportunities in particular in the rural areas, where the slow rate of growth of the economy, the lack of support to the agricultural sector, and resulting poverty, marginalization, inequality together with the success stories of compatriots that emigrated earlier have all contributed to render emigration as the only possible solution. At present, the remittances from Salvadorians living abroad account for over 16% of the country's GDP. Most of these funds are destined to the consumption of goods and services, and it can be argued, have a considerable impact in alleviating the levels of poverty in rural areas. However, given the lack of policies destined to provide a framework for channelling this consumption towards the creation of domestic demand and production (and simultaneously incentivating savings and investment), the influx of remittances does not yet contribute towards the sustainable growth of the Salvadorian economy. On the contrary, and given the existing political, legal and regulatory vacuum, the constant inflow of remittances may be contributing towards the deepening of territorial inequalities at the local level.

From the legal perspective, El Salvador is a part of the UN and OAS systems for the protection of human rights and has subscribed to and signed major Declarations, Conventions and pieces of

[1] The present document is based on the 2005 Human Development Report edited by UNDP and the National Council for Sustainable Development and the report of the Commission for Human Rights of El Salvador.

[2] Note should be taken of the fact that there are important differences in statistics form one country to another and that the accounting of entries and exits of persons at the borders is to date deficient.

legislation pertaining to the rights of migrants such as the International Convention on the Protection of Migrant Workers and their Families. Nonetheless, existing national legislation such as the Law on Migration dates from 1958 and is therefore out of date and unable to respond to the complexity of the migratory phenomenon. The Law on Migration and Foreign Persons contains provisions which contravene fundamental rights of refugees and migrants in general and also needs to be amended. El Salvador has signed important Cooperation Covenants with other transit countries such as Mexico with a view to providing Salvadorians with a safe, dignified and regulated repatriation, however there are many deficiencies with regard to their implementation (reception of children, lack of basic services, transport, shelters).

ANNEX 12 - GENERAL CRITERIA FOR ELIGIBILITY TO BUDGET SUPPORT

The following, prepared as a standard text for CSPs in the region of Central America, is of certain relevance to El Salvador though it needs to be read taking into account the realities of this country.

Article 25 of the DCI Regulation provides for the possibility of using budget support a type of financing for the implementation of EC cooperation.

Budget support is direct or indirect support to the budget of the beneficiary state, managed in accordance with that state's budget procedures. All kinds of budget support represent a support to the balance of payments and a financing of the budget deficit for the beneficiary country.

- Macroeconomic budget support has also been called support for structural adjustment, support for economic reforms and budget support for poverty reduction. It covers the overall macroeconomic and budget framework of the beneficiary country.
- Budget support to sectoral policies includes budget support provided within a specific sectoral framework (e.g. food security, health, education, transport, etc …). It does not imply targeting of aid funds towards the sector, since the previous experiences in this respect have produced distortions in the budgetary process and narrow impacts within the sector. Besides, fungibility of resources renders targeting as a virtual exercise.

Countries eligible for macroeconomic budget support must have a viable medium-term macroeconomic framework (or a PRSP in the case of IDA countries) supported, but not necessarily financed by the Bretton Woods Institutions. In general, where such a country needs to finance its external financing gap, this type of support can be justified. At the same time other needs of budgetary nature, such as those caused by the need to finance any economic or social policies agreed with donors, will also be considered.

Budget support for implementing coherent sectoral policies agreed with donors (e.g. the World Bank, EU Member States, etc), may be provided as sectoral budget support separate from - or in parallel with - macroeconomic programmes. Generally the sector budget support will be complementary to macroeconomic budget support. In practice, it is difficult to conceive of providing sectoral budget support in the absence of a macroeconomic support programme.

Work has been done on defining what a sectoral programme is and what minimum conditions it should fulfil. The general view within the donor community is that a sectoral programme should meet at least three criteria if it is to qualify for budget support. The criteria are:

- there must be a sectoral policy document and an overall strategic framework, designed after consultation of the stake-holders;
- there must be an annual budget, and a perspective of sectoral medium-term expenditure framework; the sectoral support programme can be an accelerator in the production of an MTEF;
- there must be a sufficient degree of coordination among donors within the sector, under the umbrella of the government.

Transparent, accountable and effective management of public expenditure and publicly open and transparent rules on public procurement are of paramount importance. In the absence of internationally agreed standard for Public Finance Management (PFM), the Commission is adopting a dynamic concept of PFM improvement within a medium term perspective. Recent work in the field of PFM by the Public Expenditure Accountability Programme (PEFA, www.pefa.org) financed by several donors, has been instrumental in setting benchmarks in order to appreciate PFM.

The assessment of the public finances of a beneficiary country is one of the fundamental pillars for the implementation of EC budget support. It is important to ensure both beforehand and in the course of implementing any support, that the direction of public finances management is improving satisfactorily. Improvement in the quality/effectiveness of public expenditure is one of the most important elements to be addressed in the analysis

The Commission may co-finance all support programmes together with other interested donors, such as the World Bank or the EU Member States. This should be reflected in the negotiation between Government and donors of a single framework of support in which the same objectives, disbursement schedule, conditions / verification indicators will apply, whilst leaving each donor free to make its own financing decisions. The arrangement could be formally embodied in a memorandum of understanding and a code of conduct applicable to all donors.

Analysis of medium-term macroeconomic framework and poverty reduction policies (for IDA countries) is an essential part of appraising support programmes. This is a continuous analysis process method.