

## SUMMARY

### MID-TERM REVIEW of the CSP 2007-2013

#### El Salvador

*Short Version for Translation*

#### **I. MID-TERM REVIEW**

El Salvador is going through significant political changes following the election of the first FLMN government led by Mauricio Funes, slowly moving away from a post-conflict stage, consolidating democracy in a highly polarised society. The political changes are creating a new impetus for the country development agenda now focusing more on the most crucial **social issues**. The situation of the majority of these issues such as a fragile rule of law, weak institutions, widespread poverty, lack of basic social services and deep income inequality, under- and unemployment, corruption, violence and crime, has not improved during the last few years. El Salvador has made only limited progress during the last few years to reach Millennium Development Goals as most of crucial social issues have not been adequately treated during the post civil-war period. Political reforms are also necessary to consolidate the country's democratic framework and institutions. Unless well-designed social policies integrated with the economic development strategy of the country are implemented El Salvador is unlikely to reach the MDGs by 2015. In addition, the country has to face aggravating environmental problems, greater vulnerability to natural disasters and several energy issues to be solved.

The successful implementation of these reforms depends greatly on the availability of financial resources. Although El Salvador had several years of relatively stable economic growth, the economy is now severely affected by the **global economic and financial crisis**, which resulted in significant drop of investment, production, consumption, export, thus, considerable reduction of government revenues. Therefore public revenue generation has become a key priority for El Salvador. The new government has already started to take the necessary measures in order to reform public finances to accompany the planned social reforms in the framework of the *Anti-Crisis Plan* that has laid down the basis of the *National Development Plan* ready in the first trimester of 2010. In addition to preparing new social policies which aim at targeting urban poor (*Urban Solidarity Community Programme*), providing better access to basic social services, integral approach to deal with crime and policies to revitalise the economy and generate employment that bring wider social benefits, these government strategies will guarantee and expand the existing programmes such as the *Solidarity Network Programme* and the *National Education Plan 2021*.

This is creating a stable framework for donors to align their assistance with the government policies, initiate joint programming, thus improving **aid effectiveness** which is becoming a priority on the agenda of the government in order to make better use of the international cooperation, especially under the worsening economic and financing conditions. In addition this, the willingness of the government to implement policies based on wider social consensus creates opportunity not only to donors but also for a more active involvement of the civil society as well as local governments.

Given these circumstances, the EC cooperation could play a more important role in support of the development policy, improving our cooperation performance, which is not easy to

evaluate for the period of 2007-2009 as the implementation of the programmes and projects of NIP1 has just started or about to start. Nevertheless, the analysis of the current political, economic and social conditions confirms the validity of our actions (support to education and human security in Sector 1: Social Cohesion and Human Security Sector and support of national quality system and fiscal reform in Sector 2: Economic Growth, Regional Integration) that they correspond to the most important needs of the country's development agenda. There are good perspectives on meeting the objectives and the expected results. However, aid effectiveness, especially donor coordination has to improve by both the donors and the government and improving fiscal and monetary policies will be important for successfully absorbing the budget support aid modality. The performance of the institutions involved in the implementation of state policies and international cooperation will be crucial factors for accelerating the execution of our actions.

## **II. NIP2 2011-2013**

For the implementation of the National Indicative Programme 2011-2013 €48.4 millions are allocated. As foreseen originally in the CSP all funds of NIP2 are destined to the **sector of Social Cohesion and Human Security** and there will be no funds allocated for the second priority **sector of Economic Growth, Regional Integration and Trade**. However, this sector will remain important as most of the activities of this sector launched during NIP1 will be implemented during this period. The main objective of our sectoral intervention is to support the *Urban and Rural Solidarity Community Programmes* in order to facilitate the social inclusion of life of people living in poverty through a better provision of basic social services, the improvement of their labour capacities and employment opportunities, and to contribute to the prevention of social violence in marginal areas. In addition, resources under this sector might as well be directed towards mitigation of the impact of the latest natural disaster and prevention measures as will be proposed by the government in the "*Reconstruction Plan*". A small project of 1 million euro in form of technical assistance in **support of the electoral reform** would strengthen the social inclusion of a greater part of the society through the introduction of the residential vote.

**El Salvador Cooperation during the CSP 2007-2013 (million euros)**

Sector	Program	NIP 1 (2007-2011)						NIP 2 (2011-2013)		
		2007	2008	2009	2010	Total	%	Program	Budget	%
<b>SECTOR 1: Fostering Social Cohesion and Human Security</b>	Strengthening Social Cohesion in the Educational Sector (Pro-EDUCA)	0	0	25.00	0	25.00	35%	Support to Urban and Rural Anti-Poverty-Programmes	47.40	98%
	Prevention of Crime and Violence with the participation of Youth (PROJOVENES II)	0	0	11.30	0	11.30	15%			
								Support to Electoral Reform	1.00	2%
<b>Total Sector 1:</b>				<b>36.30</b>	<b>0</b>	<b>36.30</b>	<b>50%</b>		<b>48.40</b>	<b>100%</b>
<b>SECTOR 2: Economic Growth, Regional Integration and Trade</b>	Support to the National Quality System (Pro-CALIDAD)	0	0	12.10	0	<b>12.10</b>	17%		0	0%
	Economic Recovery Program for El Salvador (PAREES)	0	0	0	24.20	<b>24.20</b>	33%			
<b>Total Sector 2:</b>		<b>0</b>	<b>0</b>	<b>12.10</b>	<b>0</b>	<b>36.30</b>	<b>50%</b>		<b>0</b>	<b>0%</b>
<b>TOTAL CSP</b>		<b>0</b>	<b>0</b>	<b>48.40</b>	<b>24.20</b>	<b>72.60</b>	<b>100%</b>		<b>48.40</b>	<b>100%</b>