

PARTNERSHIP FOR GROWTH

EL SALVADOR – UNITED STATES

Six Month Scorecard

May – November 2013



January 2014

PARTNERSHIP FOR GROWTH

EL SALVADOR – UNITED STATES

Six Month Scorecard

May – November 2013

Overview

Constraint 1: Crime and Insecurity	Score November 2013
1. Strengthen Justice Sector Institutions	On Track
2. Improve Criminal Justice Procedures	On Track
3. Reduce Impact of Crime on Businesses	On Track
4. Reduce Impact of Crime on Commuters/Public Transportation	On Track
5. Remove Assets from Criminal Organizations	On Track
6. Strengthen El Salvador's Civil Service	On Track
7. Promote a National Dialogue to Improve Security	On Track
8. Assist At-Risk Youth Through Economic Opportunities	On Track
9. Strengthen the PNC	On Track
10. Improve Education Opportunities for Youth in High-Risk Municipalities	On Track
11. Prevent Crime & Violence in Key Municipalities and Support Reforms	On Track
12. Reduce Overcrowding in Prisons	On Track
13. Enhance the Security of the Prisons	On Track
14. Promote use of Extradition to Combat Crime	Behind Schedule
Constraint 2: Low Productivity in the Tradables Sector	
1. Establishment of a Growth Council	Behind Schedule
2. Reduce Firms' Cost to Improve Their Competitiveness	On Track
3. Strengthen Labor Force to Match Labor Market Demand	On Track
4. Raise (Net) Tax Revenue by 2015	On Track
5. Support a Strategy for Attracting & Promoting Foreign Direct Investment	Behind Schedule
6. Surmount Low Productivity in Tradables	On Track

Score			
Behind Schedule	On Track	Ahead of schedule	Completed

Constraint 1: Crime and Insecurity

<p>Goal 1-2: Professionalize and improve the effectiveness of justice sector institutions (procedures and practices) to increase their ability to combat crime and insecurity in El Salvador, as well as enhance the public perception of these government institutions.</p>	<p>On Track</p>
---	------------------------

Goal 1- In order to promote professional standards in Justice Sector institutions, two leadership and management courses were conducted for 70 leaders from the Judiciary, the Prosecutor’s Office and other justice agencies. The objective was to foster change agents who will initiate internal reorganization processes to improve efficiency and become more service oriented. Assistance was provided to the Prosecutors and Public Defender’s training schools to develop their capacity to educate new officials and provide continuous training for staff. This assistance used a train-the-trainers approach, and course topics ranged from teaching skills to more technical legal issues. In the judicial transparency area, assessments were completed on the Supreme Court’s professional, judicial and integrity units. Major findings included inefficient case processing, backlog, and some gaps in specialized training. To address these gaps, a training program on investigation techniques, evidence gathering and disciplinary/administrative procedures was conducted for 50 officials who work in these units to strengthen accountability of judges, private attorneys and public officials. A survey conducted by the Universidad Centroamericana in September 2013 showed that public satisfaction with the performance of justice sector institutions has decreased 7%, from 40.4 in 2012 to 37.4 in 2013, on a scale of 0 to 100. These results may be due in part to negative campaign ads prior to the presidential election, which may have increased perceptions of insecurity.

Goal 2 - To improve practices in justice sector institutions, more efficient systems were set up to process gender-based violence cases. At existing victims’ assistance centers, 1,184 adults and 2,221 children were treated for sexual and domestic violence. Judicial and health personnel were trained in proper treatment of victims. A certificate program was conducted for medical doctors in the public sector to conduct examinations and gather evidence in sexual violence cases, in order to decentralize and expand Forensic Unit services. Two new victims’ assistance centers were established at the Attorney General’s Office in Antiguo Cuscatlan and the Apopa Police Department, bringing services closer to people in need. These centers offer services that respect victims’ rights and reduce impunity: legal guidance, support during legal processes to ensure access to justice, and psychological support services for adults and children. One center has a Gessel Camera that allows children to render testimony in a protected area, avoiding contact with the aggressor. These centers comply with a newly enacted law protecting female victims of violence, which requires justice sector institutions to provide specialized services. The centers were specially designed for each institution, identifying services to be provided and establishing a network of agencies to support victims. Finally, two Rapid Response Units were established at the Attorney General’s Office in Sonsonate and Chalatenango to promote efficiency in processing low-level crime cases and those in which the accused is caught in the act. Setting up the units involved renovating government facilities, purchasing equipment, and training prosecutors in case theory and other techniques to strengthen criminal case processing. These units manage nearly 50% of total criminal

cases received. The indicator for this goal is the number of criminal cases resolved through alternative dispute processes, which will be reported in the next Scorecard.

<p>Goal 3: Reduce the impact of organized crime on small and medium businesses, potentially the most dynamic sector of the economy, whose contribution to growth is key to the economic well-being of El Salvador.</p>	<p>On Track</p>
---	------------------------

Extortion against small and medium businesses remains a pressing issue in El Salvador. The Government of El Salvador (GOES) is finalizing the equipping of a building to facilitate operations of the Business Crimes Task Force in combatting crimes against small and medium businesses. Work on the physical security of the building continues. The Task Force has begun investigations with the involvement of the National Civil Police (PNC) and Attorney General’s Office (FGR), and the United States Government is providing technical assistance on carrying out investigations and prosecutions to mentor and train Task Force members. Training courses have been provided and will continue on a regular basis. In addition, Task Force representatives, through CONAMYPE, built awareness among small and medium businesses on extortion prevention and how the Business Crimes Task Force can assist in extortions. These engagement efforts are important to inform small and medium businesses of the specialized assistance available to them, since this is the sector most vulnerable to extortions. The first indicator for this goal is the number of reported crimes against small and medium businesses; the number of cases under investigation in the Task Force is increasing and will be reported next period. The second indicator is the perception of the small and medium business community regarding the effect of police and prosecutorial actions on crimes against their businesses. The 2013 public perception survey measured the level of satisfaction as 30.0 on a scale of 0 to 100, which is not statistically different than last year’s levels.

<p>Goal 4: Facilitate economic growth by ensuring El Salvador’s labor force is protected from crime while transiting to and from work, and ensuring that the public transportation service providers serving the labor force are protected from crime.</p>	<p>On Track</p>
---	------------------------

In August 2013 the Ministry of Justice and Public Security assigned a new Goal Lead to this goal, which includes work done by the Ministry of Justice and Public Security, the Vice Ministry of Transportation (VMT), the National Civil Police, the Attorney General’s office, and representatives of the United States Government. A police unit was identified to form the Public Transportation Protection Task Force. The United States Government initiated the selection of police personnel and El Salvador provided personnel, equipment, and facilities. A sub-committee has been formed to review laws regulating public transportation. The *Sistema Integrado de Transporte del Area Metropolitana de San Salvador (SITRAMSS)* initiative was incorporated into this goal. Training began for selected personnel, and meetings with private businesses in the public transportation sector were held. The VMT finalized construction of the Transparency House at their facilities, which is now up and running, having received both requests for information and complaints. The House was equipped with USG assistance and inaugurated on July 22, 2013. As of September 11, 2013, a total of 77 requests for information had been received, of which 75 had been completed, 2 were in process, and zero had been denied. The USG also

supported a local NGO to create a public observatory to monitor compliance with Integrity Pacts during the construction of the SITRAMSS; the NGO has already produced two reports and provided recommendations for improvements to VMT authorities. The USG is currently processing a consulting project to review VMT's procedures to improve efficiency and close loopholes that could lead to corruption. According to the public perception survey, the perception of safety on public transportation decreased by 12% from 36.1 in 2012 to 31.8 in 2013, on a scale of 0 to 100.

Goal 5: Remove assets from criminal organizations and fund and support security programs through the use of seized property and assets.	On Track
--	-----------------

In late May and early June 2013, a Colombian asset forfeiture (AF) subject matter expert and judge, and a key GOES Attorney General prosecutor and judge, met with the GOES Anti-Narcotics Security Commission to assist them in making major revisions to the AF draft legislation. INL SANSAL and the GOES General Assembly split the cost of the expert's two-week consultation. The results provided by SMEs, AF and legal experts and local law-makers formed part of a comprehensive AF legislative proposal. The USG also provided technical assistance to legislators, judicial sector actors and others to strengthen draft AF legislation. The USG continued to provide technical assistance to the Attorney General's office to improve the Financial Investigation Unit's operations and its ability to pursue financial crimes such as money laundering and to discover criminally derived assets. Due to the efforts made during this reporting period, the Asset Forfeiture Law was passed by the National Assembly on November 7th, 2013 (just after the reporting period, which ended on November 3). This law should open access to vital resources that can be utilized to invest back into GOES programs and enhance national security and defense. The indicator for this goal is the number of asset forfeiture cases and value of assets seized, which is currently 0, but expected to increase next period due to the legislative approval.

Goal 6: Professionalize El Salvador's civil service and enhance public confidence in the government.	On Track
---	-----------------

Funds were transferred to the Institute of Information with the first disbursement received in early October. To date, the Institute has received 47 appeals and seven complaints, ruled on 13 cases, and fined four institutions. During this reporting period, 94 GOES institutions and 5,185 public schools carried out annual open accountability sessions; 68 Information Officers were trained in "determination of reserved information" and teaching methodologies to better apply the Access to Public Information Law (APIL). The *infoutil.gob.sv* web site registered a total of 109,400 visits. Eighty citizen committees monitored the implementation of the School Food and Health Program in 80 public schools in San Salvador. Four hundred and fifty eight (458) auditors graduated with certificates in International Internal Auditing Standards, 39 of whom were trained to be certified in Government Audits. Consultations on the draft bill for a new civil service law were held with representatives of labor union federations. The Undersecretary of Modernization and the federations plan to carry out a joint public presentation of the final draft bill to union members. It is expected that the draft bill will be presented to the President's Office during the next reporting period. The job position systematization process

continued with the inclusion of new position types for two Executive Branch institutions in the 2014 Budget. The first indicator for this goal is the number of information requests fulfilled. GOES is collecting updated data that will be released in December 2013. The second indicator is the degree of public confidence in government institutions which, according to the public perception survey carried out in September 2013, was 47.31 on a scale from 0 to 100, 6% below the 2012 result of 50.1.

<p>Goal 7: Promote a national dialogue on actions to improve citizen security in El Salvador. Actively involve all sectors of national life, including the private sector, the media, nongovernmental organizations, churches, etc., in efforts to solve the problem of insecurity.</p>	<p>On Track</p>
--	------------------------

The Partnership continues to implement a joint communications strategy to promote discussion of PFG efforts to improve citizen security in El Salvador. This includes press outreach, publication of articles on PFG and security issues, websites in English and Spanish, facilitation of open discussion on PFG/security, access to official PFG documents and sharing of information on actions taken to address PFG goals under the security constraint. The GOES and USG are organizing a civil society event in December 2013 to present the results and goals of PFG to the general public. The two governments have conducted six public events regarding PFG security projects. Meetings of Municipal Crime Prevention Councils, many of which are supported directly by the USG, continued to take place to define local action plans. The Ministry of Justice and Public Security continued to organize monthly fora on public security at the local (department) level. The President and Minister of Justice and Public Security continued to meet with various sectors of society to promote a national consensus on crime prevention and public security. Public perception of national consensus on security was 60.1, on a scale of 0 to 100, as measured by a public perception survey done in September 2013. Perception on this issue remained constant over the past year, since this number was not statistically different to the 2012 result of 62.1.

<p>Goal 8: Assist at-risk youth between ages 16-25 through efforts to afford them economic opportunities and engage them in productive activities.</p>	<p>On Track</p>
---	------------------------

The USG and GOES are carrying out various programs for at-risk youth. During this period, the USG provided vocational training to 1,638 at-risk youth on topics, such as cooking, baking, cosmetology, computer maintenance, sales and others. Of these trainees, 295 obtained employment or opened a micro-enterprise (the first indicator for this goal). In addition, the USG established partnerships with 135 private businesses to facilitate access to job interviews for youth. A GOES temporary employment program, supported by the USG, trained over 400 new beneficiaries in urban areas on job and life skills. Most of the trainees were youths. The GOES sponsored JUVENTOUR (Youth Tour), a conference for 152,000 young people that included the involvement of the Ministry of Labor and Social Welfare, the National Academy for Public Security, INSAFORP, municipalities, private businesses, international donors, and other entities, with the purpose of offering training and employment opportunities to interested youth. Additionally, the GOES administered various resources for implementing youth entrepreneurship and employment programs in the area of crime prevention: Safe Living Spaces for the Youth of El Salvador (CONVIVIR in Spanish), a grant from the German Development Bank (KfW

Kreditanstalt für Wiederaufbau); the Prevention and Rehabilitation Program for At-risk and Delinquent Youth, a grant from the Government of Italy; and the Comprehensive Support Program for the Violence Prevention Strategy, a grant from the Inter-American Development Bank (IDB).

<p>Goal 9: Support the PNC to strengthen its service orientation as a means for violence prevention and effective crime control with a focus on building leadership skills within the police force and on improved relationships between police and communities.</p>	<p>On Track</p>
---	------------------------

The Municipalities of Jiquilisco, Puerto de la Libertad, Ciudad Barrios, Chalchuapa and Olocuilta were selected to initiate training and other arrangements to expand their community policing programs. Training programs were conducted in four of the five municipalities (excluding Olocuilta) with a total of 564 police agents trained in basic community policing. In order to assess the impact of the program, a baseline survey was done in the five municipalities prior to the intervention to measure the rate of homicides, robberies and victimization, as well as trust in the police. Finally, a total of 7,000 new community policing manuals were published as a tool to expand the community policing philosophy. The Computer Statistics (COMPSTAT) police management program has been implemented at the national level, involving all PNC regions, delegations, and sub-delegations. The USG has provided a server to the PNC Central Information Headquarters to allow digital connectivity to all police delegations. The Model Precinct Program (MPP) is being managed or implemented in eight municipalities where “best practices” for crime prevention are being replicated. Eighteen additional PNC officers have been trained and certified to teach the Gang Resistance Education and Training (GREAT) school curriculum. An additional 4,000 primary and secondary school students graduated from the program.

<p>Goal 10: Improve educational opportunities for in-school and out-of-school youth in targeted high risk municipalities with high crime rates. The USG is dedicated to supporting the Ministry of Education in implementation of their “Social Education Plan” and the GOES’ “Five Year Plan” by focusing efforts on the four areas of concern described in the plan.</p>	<p>On Track</p>
---	------------------------

The Ministry of Education (MINED) implements the “Full Time Inclusive School - Integrated Systems” approach (SI-EITP) through regionally-based education processes, pedagogical methodologies, and awareness building among principals, teachers, students, and parents. The World Bank, the USG, Italian Agency, and the GOES initiated implementation in 1,503 schools with 178 SI-EITP in 59 municipalities, benefitting 414,671 students. Of that total, the USG supported 165 schools in eight municipalities servicing 29,122 students and trained 271 teachers and 165 principals in teaching methodologies and safe learning environments. The USG project also developed school coexistence plans aligned with the School Prevention Plan initiated by MINED and the Ministries of Security and Governance. USG and MINED identified six new municipalities to incorporate 250 more schools. MINED leads two donor working groups to provide sustainability and integrate monitoring plans. Members defined a logical framework, indicators, mechanisms for data collection, samples, and control groups. Meetings to provide awareness on the SI-EITP were held with NGOs, universities, the private sector, media, opinion

leaders, and foundations. A workshop was designed to generate consensus on challenges and solutions for education issues and to promote SI-EITP as a viable option. As part of the “Adopt-a-School” public-private partnership program, 1,869 teachers and 145 principals were trained in teaching methodologies to improve quality of education for 97,493 students in 106 schools. Three new alliances were made, for a total of 35 alliances, and six digital centers were established. Under the Chance project, 2,668 students received training in values and social skills, 2,689 parents received training on how to improve communication with their children, 130 students received psychological support through individual therapy sessions, and 538 students participated in sports activities, singing and dance classes, and after-school activities.

<p>Goal 11: Prevent crime and violence in key municipalities of El Salvador and support reforms, as outlined on components 2 (Social Prevention of Violence and Crime) and 5 (Institutional and Legal Reform) of the National Policy for Justice, Public Safety and Violence Prevention.</p>	<p>On Track</p>
---	------------------------

The Government of El Salvador (GOES), through the Ministry of Justice and Public Security (MJSP) and the Directorate General of Social Prevention of Violence and Culture of Peace (PREPAZ), trained 3,335 youth from different schools in drug and alcohol consumption prevention, 3,661 youth in the “Prevention and School Protection Plan” (Safe Schools) and 1,872 community leaders in social prevention of violence. In addition, PREPAZ supported the participation of 1,903 youth in community recreational activities, strengthened 23 Municipal Prevention Committees (MPCs) under the PREVENIR Regional Program and organized 26 Community Assemblies (1,750 people) focused on social violence prevention. The MJPS approved the text of the National Strategy on Violence Prevention and its publication. The USG selected 13 new high-risk municipalities, which are currently receiving technical assistance and training, for the establishment and strengthening of 13 MPCs, elaborated seven municipal violence diagnostics and their respective Municipal Prevention Plans, and conducted 156 community diagnostics through which 78 treatment communities were selected. In partnership with PREPAZ, the USG trained 98 members of PREPAZ on the goals, objectives and expected results of the violence prevention project, selected 20 additional municipalities, which will receive technical assistance and training on violence prevention under PREPAZ’ leadership, and developed an action plan to identify, establish and strengthen nine municipal observatories on prevention and vulnerability. In the Municipalities of San Martín and Ciudad Arce, the MPCs are being trained and exchanging experiences with other municipalities while 600 youth participated in conflict prevention programs through soccer tournaments and 50 youth and relatives received mental health assistance. In each municipality and community selected, a baseline study has been conducted to examine the current crime situation, and in two years this will be measured again to show changes.

<p>Goal 12: Reduce overcrowding in prisons, thereby allowing the Salvadoran prison system to safely, securely, and humanely manage an increasing population.</p>	<p>On Track</p>
---	------------------------

The GOES completed the renovation and hardening of 30 vacant maximum security cells in the Zacatecaluca prison with materials provided by the USG. Five police delegation temporary holding cells

(*bartolinas*) targeted for renovation and expansion have either been completed or are under construction. The “Yo Cambio” rehabilitation program, which allows low-risk prison inmates one day of community service constructing *bartolinas* in exchange for two days of sentence reduction, doubled to 60 participants. Floor plans have been established for all anticipated *bartolina* renovations. The GOES has completed preliminary specifications, blueprints and estimates for the establishment of a pilot bakery/job skills project for the Santa Ana prison farm.

<p>Goal 13: Enhance the security of the prisons for their improvement as correctional facilities, prevent them from perpetuating and magnifying criminal activity in El Salvador, and help former offenders become full, contributing members of society.</p>	<p>On Track</p>
--	------------------------

Special Investigative Units (SIU) have been equipped and are operational in ten prisons. The remaining nine prisons are in the process of personnel selection and vetting for their SIUs. Ten joint PNC/DGCP personnel from the Zacatecaluca maximum security prison and Transnational Anti-Gang Unit have been trained in the U.S. on Special Investigative Unit operations. Thirty-two DGCP officials have been trained on best practices for prisoner extractions, inmate transport, riot control and baton use.

<p>Goal 14: Promote the use of extraditions as a deterrent for crime and a means to reinforce national security.</p>	<p>Behind Schedule</p>
---	-------------------------------

Last period, the Salvadoran Supreme Court granted two USG requests for the provisional arrests of suspects wanted on felony charges in the U.S. The Supreme Court recently ruled that the first suspect will be extradited under the charge of attempted murder in aid of racketeering. The USG is awaiting an official notification of this ruling before making arrangements to extradite the suspect back to the U.S. The USG submitted a third extradition request. GOES and USG officials continue to be in consultation on the extradition process. However, for extradition to be an effective crime reduction tool in the long term, procedures and strategies regarding the extradition process must be enhanced and systematized.

Constraint 2: Low Productivity in the Tradables Sector

Goal 1: Facilitate the establishment of a Growth Council to promote an environment of trust and improve the business climate and investments in activities or sectors regarded as strategic.	Behind Schedule
---	------------------------

Members of the Growth Council travelled to Washington, DC, in June to follow up on efforts being undertaken to improve El Salvador’s investment climate and reiterate the importance of approval of the second MCC compact to promote investment. Reforms to the Public-Private Partnership law, which are important to the Council, however, were still not approved. The Secured Transaction Law was approved, helping small and medium-sized businesses gain access to credit. The Construction Permit Simplification Law was also approved. Other legislation, such as the Judicial Stability Law and the Electronic Signature Law, remained pending in the Legislative Assembly. An IFC assessment was delivered to the GOES to help improve the “Insolvency” indicator in the Doing Business Report and a related law was drafted in collaboration with USAID. As of September 15, under the framework of the Permit Facilitation Program via *miempresa.gob.sv*, 294 businesspeople completed 417 processes, and 67 new companies completed 189 processes with participating institutions. The January 2013 creation of CIFACIL (Inter-union Committee for Trade Facilitation), along with assistance from the U.S. Embassy, supported public-private dialogue that helped resolve trade roadblocks. The first indicator for this goal is the FUSADES private sector business climate perception survey, which continued to reveal a negative trend with a 49% unfavorable opinion recorded in the most recent report. The second indicator is El Salvador’s rank in the Doing Business Report, which decreased to 118 out of 189 countries in the 2013-2014 report, from 113 out of 185 in the 2012-2013 report.

Goal 2: Reduce firms’ costs due to infrastructure to improve their competitiveness.	On Track
--	-----------------

With the proceeds from the sale of securitized bonds, CEPA awarded contracts for 75% of the projects for the rehabilitation and modernization of the International Airport of El Salvador. CEPA adopted a new commercial policy that targets a 50% increase in non-aeronautic income in the medium-term. Proposals for the value for money study, sponsored by MCC, to assess the airport development plans are under review. Kimley-Horn presented the preliminary master plan report, sponsored by USTDA, to CEPA, OTA and Fomilenio II. The cost/benefit analysis for the concession of the La Union port was completed. The Legislative Assembly modified the La Union Concession Law to allow more flexibility in the concession process. The prequalification process was completed, and four companies qualified to proceed to the next phase. MARN issued a ministerial agreement that defined small-scale activities and projects for renewable energy that qualify for expedited environmental permitting. The Legislative Assembly passed a law regulating concessions for small scale electricity generation projects. The solicitation for the 355 MW energy project awarded a contract to a company that will install a liquid natural gas plant. The CNE, energy distributor Del Sur, and SIGET, with assistance from USAID, began the bidding process to procure 100 MW of non-conventional renewable energy (photovoltaic and wind). USAID assisted municipalities in reducing energy consumption through public lighting initiatives. The

first indicator, investment in infrastructure as a percentage of GDP, remained at 6.1% for the years 2011-2012 (this indicator is calculated using public and private construction data on gross fixed capital). The second indicator, the Global Competitiveness Infrastructure Index, remained unchanged in the newly released 2013-2014 report, with El Salvador ranked 72.

Goal 3: Improve the quality of the education system in order to create a more highly qualified and technologically skilled labor force. The Governments of El Salvador and the United States will join forces to help ensure that education of the labor supply matches labor market demand.

On Track

The Ministry of Labor and Social Welfare (MTPS) provided career counseling services, assisting 3,767 people find employment. Another 835 people were placed in jobs through training from the USG. The USG supported the MTPS’s RENACEMPLEO portal to facilitate job placement and helped train 80 ministry officials. The MTPS, however, did not formally launch its National Youth Employment Action Plan. The USG trained over 200 English teachers, and 200 students continued to their second year of English and information technology. A new SUPERATE center was inaugurated serving 45 English and information technology students. Seventy-eight scholarship recipients travelled to the United States to continue university studies, nine in post-graduate studies. The USG and MTPS organized a job fair where 40 businesses offered 1,788 jobs. Additionally, the MTPS conducted five youth registration sessions for the “My First Job” law, as well as five sessions to familiarize business owners with the law. The Salvadoran Institute for Professional Training (INSAFORP), together with the USG, developed 16 English for Work Program modules. Seven modules were delivered in a pilot project to 207 employees representing various companies, and 33 English teachers were certified through the program. INSAFORP and the USG trained 643 youth, resulting in 417 job placements. Additionally, 151 youth received vocational certifications. INSAFORP, through its TIC Training Program, educated 4,832 workers in administration and 1,151 in applied information technology. INSAFORP, supported by the private sector and academia, developed the first Prospective Study on Professional Training in tradables sectors. During this period, the Global Competitiveness Index for 2013-14 ranked El Salvador 100 out of 148 countries in the “Higher Education and Training” sub-index, a slight improvement from the previous publication (105 out of 144). In the sub-index on “Labor Market Efficiency,” El Salvador ranked 121 of 148, essentially the same ranking compared to the previous report (121 out of 144).

Goal 4: Raise (net) tax revenues to 16 percent of GDP by 2015 and use public resources efficiently and transparently. These goals are also included in the implementation of the fiscal pact, which is an integral part of the PQD priority areas, as defined by the Economic and Social Cabinet.

On Track

Activities during this period focused on initiatives to support fiscal sustainability, strengthen the income tax system, and guarantee fiscal transparency. The Taxpayer Registration System and Taxpayer Current Accounts Reconciliation processes were completed, with 6,013 TRS and 21,523 TCA records reconciled. The Treasury Single Account has been implemented in 15 government institutions, helping to better control GOES cash flow. As part of the adoption of International Public Sector Accounting Standards (IPSAS), an account catalogue was prepared with a total of 5,712 accounts. An automated tax

contributor management system was implemented to improve revenue. Between May and September 2013 the system collected \$1.9 million and managed 14,400 cases. A Performance Evaluation on Public Financial Management (PEFA) was conducted, analyzing six areas against international best practices. The public’s access to important fiscal information improved due to the budget law’s improved transparency, budget implementation reports, consolidated accounts, and contract awards. The Fiscal Responsibility bill was drafted as part of the legislative framework to facilitate the application of tax regulations for prudent and responsible public financial management. The 2014 Budget was sent to the Legislative Assembly for review and approval. The first indicator for this goal is the percentage of net tax collected relative to GDP, which increased from 14.5% in the fourth quarter of 2012 to 17.6% in the second quarter of 2013. El Salvador’s score in the Open Budget Index was 43, the same ranking of 55 out of 100 countries as in the last Scorecard, since no updated report was published.

<p>Goal 5: Support a strategy for attracting and promoting FDI and making El Salvador a more attractive place for foreign investment. The measures described are aimed at streamlining the establishment of operations for potential investors and simultaneously focusing on scaling up efforts to promote and attract investments.</p>	<p>Behind Schedule</p>
---	-------------------------------

Legislation to strengthen PROESA and reforms to the Public Private Partnership law are currently being studied by the Finance Committee of the Legislative Assembly. Although a permanent director has not yet been named, PROESA continues to build its internal capacity. Working with a consultant, PROESA has begun implementation of a new investment promotion strategy in priority sectors. As part of the strategy, forums on logistics and aquaculture were held, which brought together experts from the government, private sector, and academia. Development of the aeronautics sector continued to be a priority. MCC commissioned a value for money assessment on the airport expansion, and PROESA presented the results of an aeronautics study at the El Salvador Logistics Forum 2030. The GOES selected 22 projects to continue to the second round of the El Salvador Investment Challenge. PROESA identified 11 tourism-based projects to receive further technical assistance. The IDB and PROESA continued working on a project to engage the Salvadoran diaspora in the United States to establish a regional public platform to facilitate investment. Regarding reforms to improve the business climate, the IFC, working with the Growth Council, identified three areas of reform: corporate governance, the permit process, and insolvency. The IFC presented the results of the technical assistance in the area of insolvency to the GOES in October, and an IFC team working on corporate governance will visit in November. At the municipal level, 47 one-stop business windows opened in 38 municipalities. The first indicator, foreign direct investment as a percentage of GDP, increased from 1.8% in 2011 to 2.2% in 2012 (as reported in the previous Scorecard). For the second indicator, Future Brand’s Country Brand Index, El Salvador improved its position to 107 of 118 countries in 2012-2013 from 109 of 113 countries in 2011-2012 (as reported in the previous Scorecard).

Goal 6: Surmount low productivity of tradables by transforming factors of production of the tradables sector through the implementation of strategies to improve innovation and quality, and a focus on the international market.	On Track
--	-----------------

The USG supported the GOES, through PROESA and CONAMYPE, in launching the *SBDCGlobal.com* platform, which allows 11 Micro and Small Business Development Centers (CDMYPEs) to establish a virtual trade network with over 2,000 similar centers across Latin America. This activity formed part of President Obama’s “Small Business Network of the Americas” initiative. Both governments collaborated on implementing PROESA’s 2013 Step-by-Step Export Program, providing technical assistance to 80 SMEs to participate in commercial missions and initiate exports to Guatemalan, Honduran, and Nicaraguan markets. The GOES also launched the 2013 Export MORE Program, in which 77 businesses received technical assistance to expand activities toward U.S., German, Dominican Republic, and Panamanian markets. From June to October 2013, the Ministry of the Economy, through FONDEPRO, provided \$812,140 in support to 83 initiatives and awarded prizes to five initiatives through territorial development contests. The USG provided technical assistance on trade capacity building to over 3,400 businesses, which have generated approximately \$26 million in new sales and exports and more than 2,500 jobs since the start of PFG. The USG trained over 100 businesses on the new Food Safety Modernization Act and product traceability to comply with regulations for entering the U.S. market. Through the National Quality Council, the GOES launched the Export Quality program supporting 50 companies to comply with the Act. The Santa Teresa Foundation received a donation from the USG as well as Salvadoran hometown associations in the U.S. to support 15 communities in Santiago Nonualco by improving community organization and diversifying vegetable, fruit, and cattle production. The USG supported the GOES in designing the Financial Inclusion Law to regulate mobile financial services, which was sent to the Legislative Assembly for approval. El Salvador ranked 60 out of 148 countries in the first indicator - Business Sophistication in the 2013-2014 Global Competitiveness Index, registering an improvement of 22 positions since the previous report. The number of export companies with sales over \$500,000 for the October 2012 to September 2013 period was 545.