

PARTNERSHIP FOR GROWTH
EL SALVADOR – UNITED STATES
Six Month Scorecard
November 2011- May 2012



July, 2012

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Overview

Constraint 1: Crime and Insecurity	Score May 2012
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	Behind Schedule
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	On Track
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	On Track
6. Surmount Low Productivity in Tradables	On Track

Score			
Behind Schedule	On Track	Ahead of schedule	Completed

Introduction

Partnership for Growth is a partnership between the United States and a select group of countries to accelerate and sustain broad based economic growth through engagement with governments, the private sector, and civil society. It seeks to replace the traditional donor-recipient model of international development assistance with a partnership based on mutually-agreed upon actions and commitments. El Salvador is one of four PFG countries in the world, and the only one in Latin America.

The U.S.-El Salvador PFG Joint Country Action Plan (JCAP), signed on November 4, 2011 aims to rapidly expand broad-based, inclusive economic growth in El Salvador under an overarching commitment to democracy, sustainable development, and human rights through a series of coordinated actions over a five-year period. The JCAP identifies two binding constraints to economic growth in El Salvador: crime and insecurity, and low productivity in the tradables sector. To address these constraints, the JCAP contains twenty goals, and within each goal are specific lines of action. Each government has identified implementation teams that meet regularly to develop strategies, identify challenges and opportunities, exchange information, and address other relevant operational considerations. The JCAP remains flexible and is will be reviewed annually in order to make course corrections and adjustments for subsequent implementation, as agreed to by the Government of El Salvador (GOES) and the USG.

The JCAP includes a rigorous Monitoring and Evaluation process. This process is meant to evaluate progress on each constraint to growth, as well as the PFG effort as whole, and includes the following activities: semi-annual performance reporting that is public and based on chosen indicators and benchmarks; an annual high-level bilateral review that is accompanied by a public forum, and a rigorous mid-term and final implementation evaluation conducted by a third-party.

The attached report is the first in a series of semi-annual scorecards designed to report to the public on goal-level progress of the Partnership for Growth. It reports on both existing programs of cooperation of the United States in El Salvador as well as on new initiatives. The descriptors "Ahead of Schedule," "On Track," "Behind Schedule," or "Completed," will be used in the reports to characterize progress made toward meeting each goal and a narrative justifying the score assigned will accompany each goal. The narrative is not intended to examine all actions taken under each goal, but to identify actions, events, and developments that helped determine the score. One or more performance indicators have been chosen as the principle, but not the exclusive basis for evaluating progress on each goal. Other factors, consistent with an evaluation of progress made toward completing the objectives, may be considered in each evaluation. The next scorecard will be issued in November, 2012.

Several goals have performance indicators tied to measurement of public perception. The U.S. and GOES are currently finalizing the mechanisms to capture the public perception data required to begin a baseline analysis, and the governments expect this data to be included in subsequent scorecards.

The GOES and the U.S. are working closely with the international donor community to encourage their contribution to the implementation of the JCAP. A PFG donor's conference was held in San Salvador in February and donor working groups will be convoked during July to discuss PFG's principal themes and the formation of an international alliance for the growth and development of El Salvador.

Partnership for Growth is a new experience for both governments through which the foundation for proper coordination and project implementation is being jointly established. In the future, and

consistent with the M & E addendum, the implementation teams will coordinate work plans for each line of action, which will be developed by each government through their respective implementing institutions. The success of PFG will be determined by the extent to which it promotes inclusive economic growth in El Salvador through the actions outlined in the JCAP.

Constraint 1: Crime and Insecurity

Goal 1: Professionalize justice sector institutions to make them more effective in combating crime and insecurity in El Salvador, as well as enhance the public perception of these government institutions.	On Track
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There have been significant advances in training and material development for the Justice Sector under this goal. Two hundred forty two justice sector personnel have received U.S. Government-provided training to improve the capacity of institutional units responsible for combating crimes, meeting training targets. The Inter-institutional Investigation Manual for police and prosecutors, a tool designed to improve professional standards through the development of joint investigative procedures, was published and distributed. Training courses for police and prosecutors focused on this material began in March and will continue. Additionally, specific support was given to the National Academy for Public Security to conduct library renovations and to develop a distance/on-line learning project for police in remote parts of the country. The GOES' Justice Sector Coordinating Commission is currently offering the second Public Administration Diploma course in which 160 senior and mid-level public officials will be trained. Additionally, the capacity of Justice Sector personnel has been strengthened through course offerings in Criminal Procedures, Juvenile Justice, and Gender Violence, among other topics. Also, following Executive Branch guidelines, job classifications in the Justice sector are being standardized according to the knowledge and competencies required for the positions. Data on public satisfaction with the performance of justice and security sector institutions will be collected and reported in the next scorecard.

Goal 2: Improve the effectiveness of the criminal justice procedures and practices so as to reduce crime and increase the security of the Salvadorian people.	On Track
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Criminal justice procedures and practices have been strengthened through technical assistance from the U.S. government and publication of a criminal procedures manual. The Government of El Salvador, with the technical assistance of the USG, established specialized units at the Attorney General's Office to resolve minor criminal cases through alternative dispute mechanisms, and to adjudicate "flagrant" cases in a timely manner. In addition, assistance was provided to establish improved procedures to prosecute cases involving the participation of children under 18 in illegal activities. Additionally, a rape crisis center was inaugurated in Santa Tecla and one center for victims of domestic violence in San Salvador. Ten thousand copies of the new Criminal Procedures Code were printed with the support of the USG and distributed to the National Civil Police. The GOES' Justice Sector Coordinating Commission conducted an impact study on the Code which identified areas in which implementation should be improved. Institutional procedures and practices have been strengthened through technical assistance and through the publication of the criminal legal framework. Provisional strategies to combat gangs have been identified and are being analyzed. A statistical unit has been created within the Justice Sector's Technical Unit. A national policy on Justice, Public Security and Peaceful Co-existence will be published shortly. Statistics on the number of criminal cases resulting in conviction or resolved through alternative dispute resolution processes are being tracked annually and will be included in the next report.

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.	On Track
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In March, the United States Government placed a full-time representative in El Salvador as Resident Legal Advisor (RLA) to assist in implementation of task forces to combat organized crime against small and medium businesses. Meetings have taken place between the RLA and the Attorney General and the Minister of Justice and Public Security. The Attorney General’s Office has begun an analysis of the professional profile required of prosecutors who will be selected to work with the anti-gang unit. USG technical assistance includes strengthening law enforcement capabilities to conduct investigations against organized crime. A new Sub-Direction of Investigations and an anti-gang unit have been created within the PNC to help combat crimes against small and medium-businesses, including extortions and plans to that effect have been developed. A significant reduction in homicides took place in April and May. Data on the perception of small and medium-sized business community of the effect of police and prosecutorial actions on crime against their businesses will be collected and reported in the next scorecard.

<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>
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Parameters and mechanisms for technical assistance have been established. In March, the United States Government placed a full-time representative in El Salvador as Resident Legal Advisor (RLA) to assist in implementation of task forces to combat public transportation crime. Meetings have taken place between the RLA and the Attorney General and the Minister of Justice and Public Security. Technical assistance has been provided to the Attorney General’s office on the naming of special prosecutors to assist the PNC’s anti-gang unit. Parameters and mechanisms for such assistance have been established. A review of current regulations for the public transportation sector aimed at identifying areas of improvement is planned. A 911 system was launched, which will facilitate response to emergencies, including those on the public transportation system. Data on public perception of safety on public transport routes will be collected and reported in the next scorecard.

<p>Goal 5: Remove assets from criminal organizations and fund and support security programs through the use of seized property and assets.</p>	<p>On Track</p>
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Progress has been made in developing the legal framework to achieve this goal, with draft laws under consideration and corresponding regulations being developed. The Ministry of Justice and Public Security has completed a draft special law on the forfeiture of criminal assets and a draft special law for the administration and use of forfeited assets; these will be presented to the National Assembly during the third quarter of 2012. The USG will provide intermittent technical assistance in coordination with the Ministry of Justice and Public Security. Data on the number of asset forfeiture cases and value of assets seized will be collected following enactment of the law.

<p>Goal 6: Professionalize El Salvador’s civil service and enhance public confidence in the government.</p>	<p>Behind Schedule</p>
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The Access to Public Information Law went into effect on May 8. Access to Information Offices have been created and have begun responding to information requests. The United States government helped train 80 Information Officers responsible for responding to these requests. In its first month of operation, some 1035 public information requests were processed and more than 85,000 documents made available to the public through the GOES' transparency program (www.gobiernotransparente.gob.sv). The persons responsible for administration of the Access to Public Information Institute have not been selected and the Institute's budget has not been established. The Government of El Salvador has drafted a new Public Service Law and the respective regulations are under internal review. The implementation of this law will address comprehensive civil service reform. At the same time, an evaluation of civil service positions has been completed and validated in the final phase for the implementation of a merit-based professional public service career. The U.S. Government has supported civil service reform by providing technical assistance to develop a merit-based promotion system and a personnel management system. Data on public confidence in government institutions will be collected and reported in the next scorecard, including statistics on the implementation of the Access to Information Law.

<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>
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Various initiatives to promote dialogue on improving citizen security have been implemented. Senior GOES officials, including the President, participated in a discussion of strengthening democratic institutions at the annual private sector forum (ENADE). In March, the USG funded the first national Conference on Citizen Security, which was sponsored by the Latin American Business School (INCAE). Meetings of Municipal Crime Prevention Councils, many of which are supported directly by the USG, are taking place to define local action plans. The Ministry of Justice and Public Security held a forum on public security at the department (state) level, and is seeking financial support to conduct 13 additional forums. The President and Minister of Justice and Public Security began a series of meetings with various sectors of society to promote a national consensus on crime prevention and public security. An effective communications strategy to promote PFG has been developed, which includes publication of articles on PFG, creation of websites in English and Spanish, facilitation of open discussion on PFG, access to official PFG documents and sharing of information on actions taken to address PFG goals. Data on public perception of a national consensus on public security will be collected and reported in the next scorecard.

<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>
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Both the USG and GOES are carrying out programs for at-risk youth. The USG has four programs focused on local employment of youth, strengthening the skills necessary for work and daily life, vocational training, and job creation. The USG government has supported the GOES in development of a National Youth Employment Plan, which is pending final approval, and has helped the GOES develop child labor materials to train public and private organizations involved in child protection support. A Civil Protection training program to develop work skills is being conducted for 500 at-risk youth in an initial phase. Additionally, the USG has established alliances with more than 170 private companies to facilitate job

interviews and access to employment for youth and has established 11 micro-enterprises in high-risk communities in San Salvador. The USG has trained more than 600 at-risk youth in technical skills, educational services, and micro-business development programs in the past six months. The Ministry of Justice and Public Safety and the Ministry of Employment and Social Services are conducting an evaluation of job skills training curriculums. The GOES has sponsored a temporary employment program with USG support, which has trained more than 4500 beneficiaries in urban areas in job/life skills, including a large percentage of youth. The GOES has launched a program called Special Parks for Social Reinsertion and a Culture of Peace that is designed to promote life skills among at-risk youth and youth from disadvantaged communities. Data on the number of at-risk youth who find employment or create businesses as a result of training will be reported in the next scorecard.

<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>
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The first comprehensive review of USG funded model precinct program in Lourdes showed a 40% drop in violent crime. The USG has expanded the model precinct program to three new communities: Santa Ana, Ahuachapan, and Sonsonate. With USG support, the PNC is providing force-wide training to all officers assigned to model precinct communities in citizen contact and information gathering and crime prevention. The PNC has established technical working groups to begin implementation of a USG-supported pilot project that will help identify crime patterns and permit more effective patrol and targeted enforcement operations that will improve security conditions in targeted communities. A procedures manual was developed to implement community policing practices in 26 police sub-delegations. Community policing training has been given to 10,452 police officials, and workshops on evaluating psycho-social risk factors are being conducted. In August, 16 officials will participate in advanced community police training in Brazil. The USG has expanded its community-based policing projects into three new communities in the past six months: San Francisco Gotera, Chalatenango and San Vicente. The project provides professional assistance to the communities in creating a public safety work plan in conjunction with the police that will identify priorities for each community. Physical improvements were made to police public service offices through financing from ONUMIJERES.

<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>
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The National Assembly has approved a \$60 million loan from the World Bank to expand the Full-Time Inclusive School program, which aims to expand school hours and courses so youth stay in school and away from gangs. The USG is supporting the GOES in development and implementation of the Full-Time Inclusive School program nation-wide, including providing after-school activities in 100 schools benefitting 23,000 vulnerable children. A new USG-supported basic education project has been designed and implementation will begin in September 2012 in eight high-risk municipalities, reaching nearly 100,000 students. The “Adopt-A-School” project has benefitted 35,000 students in 71 schools through public-private alliances to improve access to and quality of education. Collection of data on the enrollment rate in secondary schools in targeted municipalities and the number of municipalities offering

education programs for at-risk youth will be done as implementation of the new basic education project begins.

<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>
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The USG and the GOES have jointly worked to prevent crime in key municipalities through the formation and management of municipal crime prevention councils. The Ministry of Justice and Public Safety supports 69 such councils throughout the country. The USG supports 13 councils, three of which were established in the past six months. Three crime prevention observatories have also received support under this goal. The observatories are designed to support the municipal prevention councils and strengthen cooperation between government security organizations and the community. The GOES is updating its National Prevention Strategy in order to concentrate more resources at the municipal level. The GOES has designed a certificate program in Prevention and Peace Culture together with the University of El Salvador and Chile’s Alberto Hurtado University, with the goal of training 40 employees from institutions that make up the National Crime Prevention Cabinet as specialists in this area. The certificate program will be implemented shortly. The incidence of selected violent crimes reported in key municipalities will be monitored on a yearly basis and reported will be reported in the next scorecard.

<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>
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As of April 26, there were 25,715 prisoners in El Salvador’s 19 prisons, which have a capacity for 8,000 inmates, resulting in a rate of overcrowding of 321%. However, the GOES and USG are making significant progress on programs that will help alleviate overcrowding. The GOES is negotiating loans from international organizations in order to finance the construction of new prisons. The USG has provided assistance in the implementation of a classification system which will improve the administration of the prison system. In the first six months of the JCAP, the Salvadoran Prison Directorate (DGCP) opened two prison farms, low-security facilities for low-risk inmates. The farms have a combined capacity to house 4,000 inmates. In mid-May, 11 DGCP officers received training in the United States on the implementation of a prisoner classification system. The USG donated 12,000 sets of prisoner uniforms and shoes to be distributed at seven high-risk prisons. The uniforms will serve as the first step in the implementation of a prisoner classification system.

<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>
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The U.S. is providing technical, construction, and security equipment to assist the Prison Directorate in its development of Special Intelligence Units, which are expected to be operational within the next three months. The technical equipment purchased includes specialized software, computer servers, and cell phone chip readers. In April, the USG approved a five-year, \$3 million grant to support the GOES’ efforts to develop a prisoner classification system, increase security in prisons and improve the administration of

the prison system. The grant will also support the purchase of technology and the provision of training in support of these goals. The number of crimes ordered from within prisons is not currently available, but will be reported in the next scorecard.

Goal 14: Promote the use of extraditions as a deterrent for crime and a means to reinforce national security.	Behind Schedule
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In the past, the Salvadoran Supreme Court (CSJ) has not approved the extradition of Salvadoran citizens to the United States. Last year, the court made observations on nine provisional arrest warrant requests (the first step in an extradition process). Currently, the U.S. Department of Justice is re-submitting several of these requests. The resubmissions will incorporate requests made by the CSJ. Significant advances are anticipated for this goal during the next reporting period, including declarations from senior GOES officials on the importance of extradition in the fight against crime.

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.	On Track
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The Government of El Salvador (GOES) is making progress on fostering a business climate favorable to promoting and attracting Foreign Direct Investment (FDI). In this regard, it is designing a new regulatory framework and reviewing and updating laws that will facilitate business formation and attract FDI. Among the most important of the proposed reforms are: a judicial stability law for investors, a new law for electronic signatures, and revisions of both the Free Zone Law and the International Services Law. This reform package will be presented to the National Assembly this summer, following broad consultation with the private sector. The GOES established the Growth Council in November 2011 and it has met on a weekly basis since. This summer, the GOES expects to sign an Agreement with the International Finance Corporation of the World Bank to help El Salvador improve in problem areas identified in the “Doing Business Report.” In May, the GOES launched a virtual “single window” for business procedures at www.miempresa.gob.sv. For its part, the United States Government is providing assistance through the Municipal Competitiveness Program of the United States Agency for International Development. This program includes the creation and development of public-private working groups, as well as the establishment of a national Municipal Competitiveness Advisory Committee. Recent examples of USG programs to promote productivity in the tradables sector include the Commerce Department’s Trade Facilitation Initiative and the Commerce and State Department-led Education Initiative. One indicator for this goal is the private sector’s perception of the business climate in El Salvador, as measured by FUSADES, which improved between the last quarter of 2011 and the first quarter of 2012 (the percentage of respondents that described the business environment as negative fell from 57.4% to 35.4%), and the other is El Salvador’s ranking on the “Doing Business Report”, which was released for 2012 and ranked El Salvador 112 out of 183 countries.

Goal 2: Reduce firms’ costs due to infrastructure to improve their competitiveness.	On Track
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The GOES has taken actions designed to optimize the country’s strategic infrastructure. It has identified several properties owned by the Salvadoran Port Authority (CEPA) that are appropriate for the development of productive activities. CEPA is working with the U.S. Trade and Development Agency (USTDA) to commission a bathymetric map of the access channel for the La Unión Port. The GOES has initiated the modernization of the Comalapa Airport and is financing development studies for the La Unión Port. The U.S. Department of Treasury is working with CEPA to build a team of experts to administer the Comalapa Airport modernization project. The GOES, Treasury, Commerce, and USAID are working to identify developers of logistics parks and industrial zones, as well as operators for the concession of the La Unión Port. Additionally, USTDA is funding a solar energy feasibility study for the GOES’ energy company CEL. CEL is also conducting a study for a wind farm in Metapan. The GOES has presented the Private Public Partnerships Law to the Salvadoran Legislative Assembly. The National Energy Council has approved a regulatory framework for the promotion of renewable energies that will create favorable conditions for development of these technologies.

<p>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, and they pledge to carry out the actions outlined below.</p>	<p>On Track</p>
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Both governments have made progress in employment projects in the framework of the programs “Improving Access to Employment,” “I Make the Difference,” and “Youth Builder – Catholic Relief Services (CRS in alliance with other NGOs).” The USG is providing vocational training to at-risk youth in English, computer skills, customer service, software development, and other professional subjects. Both governments are working with the private sector to support two new “Superate” centers that provide extracurricular scholastic activities to young people. In January, USAID donated computer equipment to implement a private sector computer training center. This summer, the USG will provide training to the GOES to improve its labor market systems. This training will improve the GOES capacity to conduct surveys and analyze labor data. The USG has equipped the Ministry of Labor’s 20 job placement centers. In March, representatives from the GOES and three colleges – ITCA/FEPADE, University “Don Bosco” and the Higher School of Economy and Business (ESEN) – participated in a USG-sponsored conference “Making Latin America and the Caribbean a More Equitable Society” in the United States. The purpose of the conference was to promote alliances, strengthen academic curricula, and increase teaching skills through teacher and student exchanges. The GOES is exploring a proposal for human capital development with the Millennium Challenge Corporation. With respect to the two indicators for this goal, the 2011-12 Global Competitiveness Index ranks El Salvador as 105 out of 142 in the “Higher Education and Training” pillar and 108 out of 142 on the “Labor Market Efficiency” pillar.

<p>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.</p>	<p>On Track</p>
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Under the Access to Public Information Law, the GOES has established public information offices in all government ministries. It is promoting the use of electronic tax payment (p@goes), has facilitated access to current income and sales taxes information in electronic form, and has established a single services window for large taxpayers. The USG is assisting the GOES update its taxpayer registry and design a fiscal transparency portal. The USG also is supporting the development of a multi-year, results-based budget. During the next six months, a dialogue will be initiated with the private sector on transparency matters, aimed at establishing mechanisms of civil society oversight of public expenditures and the implementation of the Access to Public Information Law. The GOES has made reforms to the Income Tax Law and the Tax Code. International donors have provided the GOES technical assistance for the purpose of reducing levels of tax evasion. The first indicator for this goal is the percentage of tax collected relative to GDP, which as of fiscal year 2011 was 14.2%. The second indicator is El Salvador’s score in the “Open Budget Index Ranking”, which is currently 37, giving it a ranking of 58 out of 94.

<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</p>	
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<p>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>On Track</p>
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The GOES is in the process of establishing a Comprehensive System of Investor Care (CSIC). It has reviewed eight elements of the investment process with the different institutions involved and presented a proposed Executive Decree to formally establish this system. The first phase of the CSIC will be implemented during the third quarter of 2012. The GOES is organizing an International Investment Promotion Forum to take place in November 2012 to which it is inviting international and domestic investors. In preparation for the Forum, the GOES is updating and consolidating its portfolio of investment projects and their respective laws, with the objective of promoting and attracting Foreign Direct Investment. The GOES is also working on strengthening capacity and management processes of PROESA, the Salvadoran Investment and Export Promotion Agency. Within the context of the institutional strengthening of PROESA, it is expected that a permanent director for the organization will be designated during the period covered by the next semi-annual report. PROESA is promoting the strengthening of priority sectors through the dissemination of methodologies that stimulate local and international investment. The GOES is developing a proposal for consideration under a second compact with the MCC that is expected to include support for the promotion of investments. El Salvador named and deployed commercial attaches to embassies in key trading partner nations. The two indicators for this goal are foreign direct investment as a percentage of GDP, which for 2011 was 35.3%, and El Salvador’s FutureBrand Country Brand Ranking which is currently 109/113.

<p>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.</p>	<p>On Track</p>
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The GOES is in the process of establishing an International Trade Center, based on the model of the University of Texas. The USG is providing technical assistance to PROESA and CONAMYPE (a GOES institution that works with small- and medium-sized businesses) in connection with this project. The USG is working with the GOES and the private sector in strengthening and consolidating the network of ten public and private development centers oriented to support small businesses. The USG is also facilitating a public-private dialogue to simplify procedures and reduce costs associated with importing and exporting. The USG supports programs to leverage Diaspora resources for local productive projects for micro-entrepreneurs in El Salvador and the Salvadoran chapter of Vital Voices, a world-wide mentoring network for women in business to develop the export capacity of women entrepreneurs. In June, the Ministry of Economy’s Productive Development Fund (FONDEPRO) and the USG initiated a process of institutional strengthening to increase the effectiveness of FONDEPRO’s development assistance to the private sector. In January, the GOES established an inter-ministerial committee under the Production Promotion Law and meetings of the committee are ongoing. The two indicators for this goal are the Global Competitiveness Index Score in Business Sophistication, which in 2011-2012 was 3.81 out of seven, for a ranking of 74 out of 142, and the number of businesses with sales over \$500,000 that are exporting, which was 528 in 2011. Looking forward, the USG and Wal-Mart are developing an initiative to increase capacity of over 100 small firms to supply products to Wal-Mart stores in the region.