

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



November, 2012

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Overview

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

Score			
Behind Schedule	On Track	Ahead of schedule	Completed

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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During this period, the USG and GOES worked together to establish and equip a training school for public defenders; train 56 instructors in case theory, oral litigation and evidence handling; conduct four train-the-trainer courses for 108 police and prosecutors on the new Manual on Investigative Procedures; educate 185 judges, prosecutors and public defenders on evidence collection and handling; and train prosecutors in abbreviated procedures, rules of evidence, opening and closing remarks and interrogation techniques to improve the rate of resolution of criminal cases. Ninety-six public officials received training and certification to train their colleagues in key aspects of the Criminal Procedures Code. In addition, the GOES created a committee at the Technical Unit of the Justice Center to monitor PFG implementation for Goals 1 and 2 and promote coordination to achieve desired results. The Committee includes representatives of each GOES justice sector institution and a USAID representative. With USG support, the Human Rights Institute of the Central American University presented its one year report on the implementation and impact of the Criminal Procedures Code. A public survey was conducted to measure public satisfaction with the performance of the justice and security sector. On a scale of 0 to 100, with 0 being “completely unsatisfied” and 100 being “completely satisfied,” the survey indicated a satisfaction level of 40.4.

Goal 2: Improve the effectiveness of the criminal justice procedures and practices so as to reduce crime and increase the security of the Salvadoran people.	On Track
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With USG support, the GOES Public Defender’s Office inaugurated a Family Law Center, Mediation Center, and Play Therapy Center for children victims of domestic Violence. The Public Defender’s Office upgraded its reception facilities, case-tracking capabilities, and improved the attention afforded to facility users. With USG support, the Salvadoran Institute for Women’s Development (ISDEMU) inaugurated a Victims Assistance intake facility for domestic and sexual violence in San Salvador, which assists approximately 20 victims/users per day. A newly remodeled Santa Ana Mediation Center opened to more effectively resolve disputes and reduce caseloads. Two user attention centers with computerized information desks providing up-to-the-minute information on court hearings opened in San Salvador and San Miguel. An assessment of the Forensic Medical Institute (IML) of the Supreme Court was completed and recommendations made to improve efficiency and promote wider use of scientific evidence. The newly-created statistics department of the Justice Sector’s Technical Unit began working to create an inter-institutional committee to manage statistics and promote the use of statistics as a fundamental tool for decision-making. The number of criminal cases solved using alternative dispute processes as of November 3 is 268, which represents 81% of the cases received. Limitations of the GOES case management system impeded the collection of data on conviction rates. Nonetheless, data from the Documentation Center of the Judiciary indicated that convictions increased by 10% in cases where scientific evidence was utilized.

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

The GOES and USG worked together to establish a task force to combat organized crime against small and medium businesses. More than 30 personnel have been identified and fully vetted to serve on this task force. The USG provided training to task force members on investigative techniques and case management. The USG and GOES met extensively with business owners to increase awareness of the task force and solicit their comments on how to make the task force most effective. The GOES currently is working to secure a location to serve as the headquarters of the task force. Once that location is secured, the task force will be fully operational. A public survey was conducted to measure the perception of the small and medium-sized business community on the effect of police and prosecutorial actions on crimes against their businesses. On a scale of 0 to 100, with 0 being “completely unsatisfied” and 100 being “completely satisfied,” the survey indicated a satisfaction level of 31.5.

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.

On Track

The GOES and USG are working together to establish a task force to combat crimes involving public transport. That task force will work closely with the task force to combat organized crime against small and medium businesses. The Vice Ministry of Transportation (VMT), with USG support, adopted different initiatives to strengthen transparency in public management of the transportation sector such as the release of annual reports to the citizenship through public accountability sessions. With USG support, the VMT began developing a plan to increase transparency within the sector to create a more secure transportation system for users. The plan will begin implementation during the next reporting period. A public survey was conducted to measure perception of safety on public transport routes. On a scale of 0 to 100, with 0 being “completely unsafe” and 100 being “completely safe,” the survey indicated a safety perception level of 36.1.

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

On Track

The Ministry of Justice and Public Security prepared proposed laws for asset forfeiture and the management of seized assets. The special law on assets forfeiture was submitted to the National Assembly in November. A draft special law on the administration and use of forfeited assets has been presented to the Legislative and Legal Office of the Presidency for presentation to the National Assembly. The USG provided technical assistance to the Attorney General’s office to improve the functioning of the Financial Investigation Unit and its ability to pursue financial crimes such as money laundering and the discovery of criminally derived assets. The USG also is working with the Ministry of Justice and Public Security to develop systems to manage seized assets. Data on the number of asset forfeiture cases and

value of assets seized will be collected following enactment of the law as the strengthened Financial Investigations Unit handles more cases.

Goal 6: Professionalize El Salvador's civil service and enhance public confidence in the government.	Behind Schedule
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An extensive consultation process was conducted for a new Ley de la Función Pública, which was carried out between September 24 and October 15. Comments and recommendations from citizens, civil society, and civil servants are being analyzed and will be considered for the final draft bill. The GOES expects the final draft to be presented to the National Assembly in December 2012 or early 2013. Since the Access to Information Law entered into effect on May 8, 2012, 100% of the information officers have been trained, 56% of them with USG assistance. As of August 2012, a total of 2,314 requests for information have been received by Access to Information Offices, of which 100% have been fulfilled within the timeframe the law establishes. The 2013 general budget allocates US\$ 1 million for the functioning of the Institute of Access to Information. The members of the Institute have not been appointed yet. A public survey was conducted to measure public confidence in government institutions. On a scale of 0 to 100, with 0 being "no trust" and 100 being "full trust," the survey indicated a confidence level of 50.1.

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.	On Track
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A joint communications strategy to promote discussion of PFG efforts to improve citizen security in El Salvador was developed. This includes publication of articles on PFG and security issues, creation of 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 working together to organize a civil society forum on PFG in December that will include a discussion of citizen security. Meetings of Municipal Crime Prevention Councils, many of which are supported directly by the USG, took place to define local action plans. The Ministry of Justice and Public Security continue monthly fora on public security at the department (state) level. The President and Minister of Justice and Public Security continue to meet with various sectors of society to promote a national consensus on crime prevention and public security. A public survey was conducted to measure public perception of a national consensus on public security. On a scale of 0 to 100, with 0 being "completely unsatisfied" and 100 being "completely satisfied," the survey indicated a satisfaction level of 62.1.

Goal 8: Assist at-risk youth between ages 16-25 through efforts to afford them economic opportunities and engage them in productive activities.	On Track
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Both the USG and GOES are carrying out programs for at-risk youth. During this reporting period, the USG provided vocational training to 1,056 at-risk youth in cosmetics, bread making, computer maintenance, car mechanics, sales representatives, cooking, messenger services and other professional subjects from which 384 found employment. A Civil Protection training program to develop work skills is being conducted for 500 at-risk youth in an initial phase. Curricula for civil protection, professional formation and culture of peace have been developed. Additionally, the USG has established alliances with more than 230 private companies to facilitate job interviews and access to employment for youth and established 26 micro-enterprises in high-risk communities in San Salvador. The GOES sponsored a temporary employment program with USG support, which trained more than 3,500 new beneficiaries during the semester in urban areas in job/life skills, including a large percentage of youth. The GOES launched a program called Special Parks for Social Reinsertion and Culture of Peace that is designed to promote life skills among at-risk youth and youth from disadvantaged communities. The program design has been completed and presented to international cooperation agencies for financing. The GOES approved the Law for First Employment to open job opportunities for youth. A conference between GOES institutions related to this goal and USG representatives including partners from USG funded projects took place to present relevant activities, improve communication and coordination.

<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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With USG support, the PNC has begun implementation of a Police Athletic League in Santa Ana to provide after-school activities and mentoring of youth at risk. The USG is has begun the reclamation/renovation of two athletic fields and purchase of uniforms and equipment for the project, which will serve over 700 youth at risk youth. Trial runs of a pilot project (COMPSTAT) to help identify crime patterns and permit more effective patrol and targeted enforcement operations have been completed in model precinct communities of Lourdes, Santa Ana, Ahuachapán, and Sonsonate. Standard operating procedures have been established and an assessment of technological requirements has begun. The model precinct programs now services approximately 500,000 Salvadoran citizens. Approximately 3,500 police were trained in community policing patrol and citizen contact techniques. Community-based policing instruction was completed in 6 municipalities with 311 police officers participating. The GOES has requested USG support to implement community-based policy plans in 26 more municipalities. In addition, 225 community representatives participated in program-sponsored planning and follow-up activities in support of crime prevention and security enforcement plans for each community. Numerous workshops and mentoring sessions were conducted for council and committee members. 7,300 community members participated in school and community outreach events. Human rights training and monitoring were conducted for 374 police officers in 7 municipalities.

<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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With USG support, the Full Time Inclusive Approach is being implemented in 84 schools reaching over 25,000 students. As a result of the success of this program, the GOES has now expanded the program to an additional 226 schools reaching over 20,500 students. In addition, as part of the “Adopt the School” public-private partnership program, more than 700 teachers and 70 principals were trained in teaching methodologies to improve the quality of education.

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.	On Track
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The USG and GOES continue to work jointly to prevent crime in selected municipalities through municipal prevention councils. During the last semester, the GOES strengthened 75 councils throughout the country by providing training, expanding membership, developing annual work plans, and identifying funding for select community violence prevention projects. Additionally, the USG and GOES prioritized support to three additional councils in the San Salvador metropolitan area during this reporting period. The formation and management of these councils and the implementation of prevention projects both at the community and municipal level helped significantly reduce various common crimes. Similar to the national homicide rates, in ten of the prioritized municipalities – Ciudad Arce, Ilopango, Nahuizalco, Tonacatepeque, Ilopango, Zaragoza, San Martín, Santa Ana, Chalchuapa and El Congo – homicide rates have decreased. Additionally, the GOES published the National Policy for Justice, Public Security and Coexistence, which outlines key strategies to combat violence and crime.

Goal 12: Reduce overcrowding in prisons, thereby allowing the Salvadoran prison system to safely, securely, and humanely manage an increasing population.	On Track
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The rate of prison overcrowding remains at more than 300%. However, the GOES and USG continue to make significant progress in implementing programs that will alleviate overcrowding. A pilot prisoner classification system project is in the initial stages at Mariona Prison. A subject matter expert has been identified to assess and evaluate all prisoner files, which will identify and classify low risk inmates who are candidates for transfer to lower security prison farms and/or early release. It will also categorize different levels of offenses to coincide with classification and focus on judicial and procedural administration process flows/timelines. On October 14-17, the USG escorted four Salvadoran prison officials to the Louisiana Department of Public Safety and Corrections to evaluate the management of a prison farm system. A pilot project to renovate and expand the prisoner holding cell facilities at the Santa Ana Police Sub-Delegation was completed. This will alleviate over-crowding, safety, and human rights concerns for detainees awaiting initial court appearances and transfer to appropriate correctional facilities. The pilot will assess time needed to complete remaining 25 delegation holding cells within the next year.

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.	On Track
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The GOES and USG worked together to remodel and equip a Special Intelligence Unit at the Prison Headquarters, which will be staffed by corrections officers, PNC Anti-Gang investigators and analysts. Personnel have been vetted and the unit is expected to be fully operational by the end of 2012. The USG provided 29 fingerprint scanners used to capture biometric information on prisoners and visitors in all Salvadorian prisons. The data will be used to populate a central database.

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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No Salvadoran citizens wanted in the United States for crimes committed there have been extradited since 2010. No senior Salvadoran official, nor any government official from the National Prosecutors' Office, the National Police or Attorney General's Office has made a public declaration on the importance of extradition in the fight against crime. Two Provisional Arrest Warrants (PAW) were delivered to the GOES in June 2012 in response to the Supreme Court's request for additional information on pending extradition cases. No action was taken on the PAWs.

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 Growth Council reconvened after a four month recess. On October 18, the Executive Branch presented to the National Assembly drafts of a Contract Stability Law and an Electronic Signature Law. It also presented proposed reforms to both the Free Trade Zone Law and the International Services Law. During this period, the Salvadoran Export Promotion Agency (PROESA) and the International Training Center for Government Authorities and Leaders (CIFAL-Atlanta) established an MOU, thanks to the support of the U.S. Department of Commerce and the U.S. Department of State. Additionally, the National Commission for Micro and Small Businesses (CONAMYPE) conducted an assessment entitled "Integrated Framework for Assessment of a Favorable Environment for the Development of Women Entrepreneurs." The first indicator for this goal is the private sector's perception of the business climate in El Salvador, as measured by FUSADES, which revealed a negative trend through the third quarter of 2012. The second is El Salvador's ranking in the "Doing Business Report," which placed El Salvador 113 out of 185 countries in the 2013 report, as compared to 112 out of 183 in 2012.

Goal 2: Reduce firms' costs due to infrastructure to improve their competitiveness.	On Track
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In the second half of 2012, the Legislative Assembly approved measures to support the financing of the modernization of the International Airport of El Salvador (AIES). The Central American Bank for Economic Integration (BCIE) approved \$92 million in AIES modernization financing. The Salvadoran Port Authority (CEPA) is in the final stages of analyzing, with the assistance of U.S. Treasury technical advisors, the most appropriate financing options to cover the full requirements of the AIES modernization project which is set to begin during the first quarter of 2013. The USG continues to work with CEPA to build a team of experts to form a project management office to administer the AIES master plan expansion project, which the GOES is incorporating into a possible Millennium Challenge Corporation (MCC) second compact. The consulting contract for the AIES master plan is expected to be awarded and initiated by the end of 2012. CEPA has signed a \$216,000 agreement with the U.S. Trade and Development Agency (USTDA) to develop a bathymetric study, which consists of measuring the depth of navigation canals and maneuvering marinas at the La Union Port. In collaboration with the USG, a solar energy (photovoltaic) feasibility study for the GOES' energy company CEL is underway and expected to be completed in the first half of 2013. The two indicators for this goal are investment (public and private) in infrastructure as percent of GDP, which will be reported for the next period; and the Global Competitiveness infrastructure index which ranked El Salvador 72 out of 144 in the 2012-2013 report.

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
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The GOES, through the Ministry of Labor and Social Welfare (MTPS), provided job placement services resulting in new employment offers to more than 6,000 job seekers. The "Employment Mediation System" (SIE) database was modernized to facilitate access to employment opportunities, and the GOES implemented an automated system for labor market data collection. The U.S. Department of Labor provided technical assistance to the MTPS to assist the GOES on labor data collection and reporting. The Professional Training Institute (INSAFORP), in collaboration with the USG, trained 770 young people, 453 of whom successfully obtained employment. The Ministry of Education (MINED) designed and updated the curriculum for the Vocational Technical Baccaalaureate program to better respond to labor market demands. In addition, the MINED trained 40 professionals in the field of aquafarming, and provided scholarships to 5,583 students in technical fields. The USG provided training to 700 English teachers, and sent 14 English language professionals to Costa Rica for training. Additionally, 190 of the 400 students enrolled in the English Access Micro-Scholarship Program will graduate in December 2012. The USG and GOES created 13 alliances with associations and private companies to expand labor opportunities; one such alliance trained 200 youth in English language and Computer Science. Also during the last period, 49 students received scholarships to study in the United States. With respect to the two indicators for this goal, the 2012-13 Global Competitiveness Index ranks El Salvador 105 out of 144 in the "Higher Education and Training" pillar, essentially no change from the prior period (105 out of 142), and 121 out of 144 in the "Labor Market Efficiency" pillar, a decline from the prior period (108 out of 142).

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 Council.	On Track
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To reduce tax evasion and avoidance, the GOES and USG worked together in the creation and implementation of the Comprehensive Large Taxpayers Directorate and streamlined the operations of the recently inaugurated service window for large taxpayers. The service window now targets the largest 641 taxpayers whose total tax contributions represent the majority (60%) of government collections. Moreover, with the support of the USG, 30 members of the Directorate received advanced training on transfer pricing audits. Additionally, the GOES, with USG support, cleaned-up and audited tax payer records. These initiatives updated and improved information systems to reduce tax evasion and avoidance. The GOES instituted a Budget Modernization Plan, which pledges to adopt international accounting standards for the public sector, and has developed a new accounting procedures manual. In support of an ongoing dialogue with the private sector to promote transparency in public expenditures, the USG and GOES jointly established Transparency Pacts with 50 municipalities. The first indicator for this goal is net tax collections as a percentage of GDP, which as of fiscal year 2011 was 13.9%. The GOES estimates the figure will reach 14.5% by the end of 2012. The second indicator is El Salvador's score in the "Open Budget Index Ranking," which is currently 37, for a ranking of 58 out of 94. The next score is due at the end of 2012.

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.	Behind Schedule
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The GOES, in collaboration with the USG, is committed to strengthening El Salvador's export and investment promotion agency, PROESA, both in terms of management and operations, to make it more responsive to the government's current growth strategies. To this end, the USG hired consultants to design a project aimed at improving the Salvadoran business climate, with a specific focus on investment and export promotion. The GOES believes the results of the study will better define the operational and organizational structure of PROESA and ultimately lead to a more informed appointment of an executive director for the institution. The results of the consulting engagement will also contribute to the drafting of legislation currently in development to strengthen PROESA as an independent government agency. The GOES proposal submitted to the MCC for a possible second compact included measures to strengthen PROESA in line with the outcomes of the consulting engagement. In October, the Technical Secretary to the President launched "The New Cycle for Development, Investment and Employment," as a strategy to address the low levels of private investment in the country. The GOES, in order to improve the business climate, eliminated the need for eight investment procedures across three institutions. The first indicator for this goal is foreign direct investment as a percentage of GDP, which in 2012 is estimated to reach 12%, representing a decrease compared to the 2011 level of 17% (Central Reserve

Bank). The second indicator is El Salvador's ranking in the FutureBrand "Country Brand Index" which for 2012-2013 was 107 out of a total of 118, an improvement over 2011-2012 when it was 109 out of 113.

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
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The GOES, through the customer service single window implemented at the Center for Imports and Exports (CIEX), reduced the processing time required to approve exports through the Chemicals & Pharmaceuticals Supervisory Board (JVPQF) by 86%, and the processing time required to approve exports through the Ministry of Public Health (MINSAL) by 32%. The GOES-sponsored Supplier Development Program (PDP), the United Nations Program for Development (UNDP), and private sector participants signed an agreement of understanding with the USG to support financing the expansion of El Salvador's value-added supply chain. Both governments collaborated to improve the operations of the Production Development Fund (FONDEPRO) of the Ministry of Economy (MINEC) resulting in a 228% increase in co-financing to small and medium enterprises (SMEs) in 2012. The USG and the GOES jointly assisted 89 SMEs access export markets through the "Export Step by Step" program. The USG, through the Salvadoran chapter of Vital Voices, trained over 400 women entrepreneurs to develop export capacity. The USG provided technical assistance to 20 SMEs to meet the quality standards required for world-class retailers (including Wal-Mart). The first indicator for this goal is the Global Competitiveness index score in Business Sophistication, which in 2012-2013 was ranked 82 out of 144; in 2011-2012 it was ranked 74 out of 142. The second indicator is the number of businesses with sales over \$500,000 that are exporting, which was 528 at the end of 2011. The figure for the end of 2012 will be available for the next scorecard.