

PARTNERSHIP FOR GROWTH
EL SALVADOR – UNITED STATES
Six Month Scorecard
November 2013 – May 2014



May 2014

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Overview

Constraint 1: Crime and Insecurity		Score May 2014
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		Behind Schedule
13. Enhance the Security of the Prisons		Behind Schedule
14. Promote use of Extradition to Combat Crime		On Track
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 1-2: 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.	On Track
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Goal 1 - The U.S. Government (USG) and the Government of El Salvador (GOES) continue joint efforts to build effective criminal justice sector institutions, developing strong professionals, modern systems, and standardized procedures to combat crime. A new training facility, recently inaugurated in San Miguel, provides prosecutors in eastern El Salvador the skills needed to prepare and deliver sound, evidence-based cases to help reduce impunity. The Public Defender’s Office now has a training plan for public defenders, and 69 justice sector officials completed two courses on leadership and organizational change to promote efficiency and customer service. In a study tour to Costa Rica, sponsored by the USG, Supreme Court officials gained first-hand knowledge on best practices and management of effective anticorruption offices. During this scorecard period, the USG provided assistance to the Judicial Council for the design of a training program and a merit-based system for the evaluation and selection of judges, a major PFG goal. To improve police efficiency, the USG also provided support to the National Civilian Police (PNC) in preparing an operations manual for the newly created Secretariat of Planning and International Coordination and a plan for strengthening the Internal Affairs Unit of the PNC’s Inspector General’s Office.

Goal 2 - To improve coordination among justice sector institutions and to promote citizen participation, the USG and the GOES established a justice sector working group that includes civil society and another working group on transparency and anti-corruption. The GOES, with USG support, is improving services for victims of domestic and sexual violence. Three new victims assistance centers were established during this scorecard period in the San Miguel Attorney General’s Office, the Sensuntepeque Police Delegation, and the Cojutepeque Public Defender’s Office, bringing the total to 11 centers nationwide. These facilities are now fully equipped and staffed to provide victims with humane treatment and complete services, including psychological counseling and accompaniment through all legal proceedings, which helps reduce the number of victims who abandon their cases. Personnel at the centers have been trained in victim assistance and investigation of crimes related to gender-based violence. During this period, 1,657 victims were attended at these centers. The USG also supported the Attorney General’s Office in establishing two specialized offices to process criminal cases under streamlined procedures in the Zacatecoluca and Ilobasco Prosecutor’s offices. The Chief of Police and Attorney General approved the establishment of 14 new joint police-prosecutor investigative teams to undertake and facilitate criminal investigations at the department level.

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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The Business Crimes Task Force (BCTF) is now a fully functioning and operational investigative unit. It has conducted over 27 investigations, of which four are completed. These four investigations resulted in 17 arrests; nine of the arrestees were convicted on extortion-related offenses, and the remaining eight are currently awaiting trial. The BCTF has conducted over 50 undercover operations and has seized several motor vehicles, a firearm, and numerous communications devices. The Task Force is utilizing sophisticated investigative techniques to transition from simple extortion cases to complex investigations designed to identify and dismantle the command and control structure of criminal enterprises. To improve unit efficiency the USG has trained the BCTF in investigative techniques, interview techniques, analysis, surveillance, undercover operations, and personal defense. In addition, the USG has identified and provided equipment needed to achieve the GOES’s goals and objectives. Task Force representatives continue to partner with the National Commission for Micro and Small Businesses (CONAMYPE) to provide small and medium businesses with information on the BCTF and extortion prevention.

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
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The Public Transportation Task Force has started investigating public transportation crime cases and will become a formal unit in the PNC. All police and prosecutors in the unit have been vetted. A procedures manual for the Task Force was drafted and a training plan was initiated to improve investigation and interview techniques, analysis and surveillance, and personal defense. In addition, the GOES continues to improve the transparency and accountability of the Vice Ministry of Transportation (VMT). The VMT’s Transparency Office, established with USAID assistance, is now fully functioning and to date 129 of a total of 130 requests for information have been fulfilled. The VMT is also updating its procedures manual to reduce corruption and improve efficiency. A citizen oversight group, monitoring the transparency of the Ministry of Public Works’ construction of the new Integrated System of Public Transportation in the Metropolitan Area (SITRAMSS) delivered its final report to the authorities, with recommendations for improvement.

Goal 5: Remove assets from criminal organizations and fund and support security programs through the use of seized property and assets.	On Track
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The new Asset Forfeiture Law was enacted in November 2013 and will take effect in June 2014. Bylaws were drafted by the Ministry of Justice and Public Security. INL and Treasury OTA coordinated technical assistance in the drafting of the bylaws. The proposed bylaws are expected to be approved by the President in June 2014. INL sponsored two workshops in February and March 2014 to assist with the

application of the new law. The ten-member Rule of Law team, created by the Technical Secretary of the President, also received training and mentoring in understanding and applying the new Asset Forfeiture Law. This included GOES representatives from Treasury, the Armed Forces, the Attorney General’s office, the Ministry of Justice and Public Security, Customs, and the National Civilian Police. In addition, INL sponsored training and mentoring for 31 judges who are potential candidates for the new asset forfeiture tribunals and met with 19 members of Foundation *Transparencia*, a Salvadoran NGO that assists the GOES on transparency issues. The meeting and workshops served to increase understanding and encouraged application of the new law.

Goal 6: Professionalize El Salvador’s civil service and enhance public confidence in the government.	On Track
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The final draft bill for a new civil service law was delivered to the Presidency’s Strategic and Legal Affairs Secretariats. The draft bill was also reviewed by the International Labor Organization (ILO) for to assure consistency and compliance with international labor treaties ratified by El Salvador. The ILO’s technical opinion and comments were positive, however the GOES has announced that additional consultations are necessary before submitting the bill to the Legislative Assembly. A communications strategy and materials for an awareness campaign for public employees and the general population on the benefits of civil service reform was finalized with USG assistance and will be implemented during the next scorecard period. The Institute of Access to Public Information (IAIP) is operating from its USG-equipped facilities, with a staff of 35 people. Since opening, the IAIP has managed 160 procedures (128 appeals and 32 complaints), of which 110 have been resolved. The USG provided technical assistance for the creation of the IAIP’s website, launched on April 3. Since the Access to Public Information Law entered into effect, 30,500 requests for information have been received, with 98 percent of them fulfilled within 4.5 days of filing. A fourth group of 45 information officers and other GOES employees began the “Access to Information and Transparency” certificate course. During this period, the “open government” website, containing 51,000 documents for public access, reported 61,641 visits. The “useful information” website, which hosts 33 databases of public information, reported 641,090 visits. The USG provided technical assistance and equipment for these web-based transparency tools. Finally, 100 new citizen committees were established to monitor the implementation of the “School Food and Health Program” in public schools in the municipalities of Quezaltepeque, Lourdes Colón, Jayaque, Sacacoyo, Talnique, and Tepecoyo.

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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The USG and GOES continue 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, access to official PFG documents and sharing of information on actions taken to address PFG goals under the security constraint. The GOES

and USG, with private sector support and participation, organized a public fair to celebrate the second anniversary of PFG in December 2013. During the day-long event, held at a popular San Salvador shopping mall, over 1,500 people visited stands and learned about the partnership between the USG and GOES to combat crime and increase economic growth in El Salvador. The fair received ample media coverage, including a front page article with pictures in *La Prensa Grafica* newspaper. Two other major public events, the launch of violence prevention plans in 13 municipalities, and the visit of a group of Salvadoran mayors to Colombia to learn about crime and violence prevention activities, were widely publicized. The number of public events was reduced temporarily, due to restrictions required by electoral law during the presidential election. Meetings of Municipal Crime Prevention Councils, which are supported directly by the USG, continued to take place to define local action plans. The Government of El Salvador launched a complementary effort for rehabilitation and reinsertion of youth in seven municipalities, known as the Commissions for Municipal Dialogue. 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.

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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During this period, 446 youth who received vocational training by the USG obtained employment or started a micro-enterprise. Through another program, the USG trained 289 youth and provided start-up funds to 106 participants for microenterprises. A GOES temporary employment program, supported by the USG, trained over 2,250 primarily urban youth beneficiaries in job and life skills. Under the San Salvador Metropolitan Area Project’s “Pact for Security and Employment,” the GOES trained 70 youth in Soyapango and Ilopango in starting micro-enterprises and provided seed capital. The GOES inaugurated a youth penitentiary that offers vocational training, including carpentry, metalwork, tailoring, handicrafts, and agriculture for youth rehabilitation. Additionally, the GOES is beginning two pilot social and economic inclusion projects for at-risk youth, supported by other international donors, with activities in San Vicente, Cojutepeque, San Pedro Perulapán, Zacatecoluca, and Ciudad Delgado. The GOES’s National Strategy for Violence Prevention, launched in February, includes youth as a target group for prevention activities.

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.	On Track
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The USG continues to strengthen relations between police and the communities they serve by expanding the Gang Resistance Education and Training (GREAT) program. Thirty-six new officers were certified as instructors for the program and three PNC GREAT-certified instructors, selected for the GREAT “Train the Trainer” program, have completed two of the three phases for joining the GREAT international training team. The GREAT program has expanded into the communities of San Martin, La

Herradura de La Paz, and San Salvador. The USG also awarded a \$100,000 grant to expand the PNC Police Athletic League in Santa Ana and in La Herradura de La Paz, which will benefit approximately 1,000 at-risk youth. Approximately 8,000 students are receiving training under the GREAT program since January 2014. The USG completed a baseline public opinion and crime statistics survey for the police model precinct in Usulután. During this reporting period, four new community policing programs were established in the municipalities of Jiquilisco, Ciudad Barrios, Puerto La Libertad, and Chalchuapa, including the development of community policing action plans and the training of 490 police officers in the basic Community Policing course. The USG also supported the PNC in providing follow-up training for 1,074 police officers in 12 previously established community policing localities. To strengthen community-police relations, the USG sponsored 1,225 students, parents, and community members in joint activities with the police, such as community forums, sporting events, vocational instruction and fairs, summer school activities, street theatre productions, and more.

<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 Ministry of Education (MOE) continues to advance the Full Time Inclusive School (SI-EITP) approach. This model promotes community participation, inclusion, and creative learning methodologies and integrates available resources in the community to enhance quality education. As a result of collaboration between the MOE, World Bank, USG and Italian Cooperation, the model has been expanded to 1,500 schools in 59 municipalities. This joint effort has reached over 400,000 students, 13,000 teachers, and 1,500 principals. Of this total, the USG expanded its work to 18 high-risk municipalities providing services to 125,000 students in 411 schools, and trained 600 teachers, 290 principals, and 201 MOE officials in new teaching methodologies and tools and strategies for implementing the SI-EITP model. The USG also expanded crime prevention activities to promote safe schools, reaching over 53,300 students, and expanded activities for over 1,800 out-of-school youth to encourage them to return to formal education. A workshop was organized by the MOE and international donors on "Building the Country’s Commitment to Quality and Inclusive Education." This was the first event implemented jointly by donors to raise awareness and commitment to the expansion of the SI-EITP model. The workshop was attended by over 100 people, including civil society and private sector representatives, academic institutions, and government. Under the "Adopt-a-School" program, 43 new public-private partnerships were established with USG support, training 2,003 teachers and 158 principals to improve the quality of education for 129,439 students in 115 schools.

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 GOES launched the National Violence Prevention Strategy (ENPV) in February, representing a significant step in violence prevention. Subsequently, the GOES carried out 35 training workshops to disseminate the strategy to 636 members of Municipal Violence Prevention Committees (CMPV) and Departmental Management Cabinets. GOES vocational training sessions benefitted 125 youth from the five municipalities most affected by violence. The GOES launched the Recreational Schools Program, which benefitted 1,700 young people from 12 schools in San Vicente, La Paz, and Cuscatlan. The USG completed municipal violence diagnostics in 13 selected high-risk municipalities and provided assistance for the development of Municipal Prevention Plans and biannual action plans to reduce violence and youth involvement in gangs. A baseline study for each of the 13 municipalities to measure the impact of prevention interventions was completed. The USG is providing \$5.8 million for the implementation of the plans. The municipalities will also contribute close to \$500,000 each in additional funding for the activities. An institutional assessment of PREPAZ, the Ministry of Justice and Public Security’s prevention unit, was completed. Additionally, 71 PREPAZ and 40 members of Municipal Violence Prevention Committees from 20 municipalities were trained in developing municipal violence diagnostics in accordance with the national strategy. Municipal Violence Prevention Committees in San Martin and Ciudad Arce developed annual operating plans and trained to 1,027 children and youth in life skills, conflict resolution, and leadership. An Investment Board was established to promote the role of the private sector in crime and violence prevention, and a partnership was initiated with Arizona State University to conduct research in the area of prevention.

Goal 12: Reduce overcrowding in prisons, thereby allowing the Salvadoran prison system to safely, securely, and humanely manage an increasing population.	Behind Schedule
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Prison overcrowding continues at over 317 percent. The USG continues to provide equipment and training to assist the Prison Directorate (DGCP). However, more needs to be done to manage both personnel and resources more effectively. Two inmate transport vans and a 43-passenger inmate transport bus were donated to the DGCP, which will facilitate transportation of inmates who are part of YO CAMBIO, a program that allows inmates to trade work for reduced jail time. The number of participants in the YO CAMBIO program has increased by 300 percent since November 2013. Blueprints and procurement plans have been finalized to house those participating in the expansion of the YO CAMBIO dormitories in San Miguel, Santa Ana, and Usulután. The acquisition of the materials will begin in June 2014 to expand program capacity by 778 inmates. The GOES signed a loan agreement focused on strengthening the prison system, which includes over \$71 million in financing from the Central American Bank for Economic Integration (BCIE) and a GOES counterpart of over \$8 million. The loan would include construction of facilities, expansion of current prison farms, and electronic control

systems such as ankle bracelets. However, regulations for the implementation of an electronic surveillance system still have not been approved.

<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>Behind Schedule</p>
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Special Investigative Units (SIUs) have been equipped and are operational in 13 of the 19 prisons in the GOES penal system. However, information regarding reports generated by the SIUs needed to be shared more broadly. Nine pickup trucks as well as UFED CELLBRITE cell-phone chip readers, laptops, ballistic vests and riot gear were purchased and donated to the DGCP to improve general prison management. The donated equipment is valued at approximately \$1 million. The USG also supported the purchase and installation of audio-video communication equipment in the Zacatecaluca Maximum Security Prison. Efforts to reinforce prison cells with cell-phone blockers for high-risk maximum security inmates have not had the desired effect and illicit activities continue to occur from within the prison system. Reforms to the Telecommunications Law were presented to the Legislative Assembly on December 12, 2013, the purpose of which is to ensure that phone signals around prisons do not exceed the capacity levels defined by the Superintendence of Electricity and Telecommunications (SIGET). Recent raids at prisons have recovered hundreds of cell phones, laptop computers, Bluetooth devices, chargers, batteries, weapons, drugs and other communication devices used by inmates. Turning that evidence over to the Attorney General to develop prosecutions is a critical next step. Materials and equipment were donated for the renovation of a job skills program in La Esperanza (Mariona) prison.

<p>Goal 14: Promote the use of extraditions as a deterrent for crime and a means to reinforce national security.</p>	<p>On Track</p>
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On December 18, 2013, Salvadoran citizen Edgar Benitez was extradited to the United States. This represents only the second extradition of a Salvadoran citizen to the U.S. in more than 100 years. During this reporting period, the Supreme Court of El Salvador approved two extraditions and three requests for provisional arrest warrants. The USG has developed a draft standard flow procedure to help systemize the extradition process for both the USG and the GOES. However, for extradition to be an effective crime reduction tool in the long term, development of GOES procedures and strategies regarding the extradition process must be enhanced and further systematized. The appointment of a GOES Point of Contact for this Goal is anticipated in the coming months and will be vital to moving this goal forward.

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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President-elect Sanchez Ceren invited the Growth Council’s private sector members to remain for the new administration. The reforms to the Public-Private Partnership (PPP) law, which the Council and its technical team developed, were passed by the Legislative Assembly on April 25. A law establishing PROESA as a semi-autonomous institution and the primary GOES entity responsible for managing PPP development was also passed in April. Other legislation, such as the Judicial Stability Law and the Electronic Signature Law, remain pending in the Legislative Assembly. The November 2013 forum on “Strategies for Strengthening the Value Chain of Shrimp and Synthetic Fiber” and the January 2014 forum “Challenges in Reactivating the Cacao Sector in El Salvador” were organized to enhance growth in strategic tradables sectors. The FUSADES private sector business climate perception survey continued to reveal a negative trend with a 48 percent unfavorable opinion in the most recent report (last three months of 2013), with only 10 percent perceiving a favorable climate. El Salvador’s rank in the Doing Business Report remains as reported in the previous Scorecard, having decreased to 118 out of 189 countries in the 2013-2014 report from 113 out of 185 countries in the 2012-2013 report.

Goal 2: Reduce firms’ costs due to infrastructure to improve their competitiveness.	On Track
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The International Airport is scheduled to complete its \$20 million runway overlay project in May. The remaining \$50 million of airport rehabilitation projects are on time and budget. The U.S. Trade and Development Agency (USTDA)-funded Airport Master Plan was completed, which CEPA presented at an international air service conference in El Salvador in February. Delta Airlines announced new service to Los Angeles, and Southwest Airlines indicated interest in entering the market. Efforts continue to concession La Union Port; there are four pre-qualified bidders. The CEPA Board approved the tender and PPP documents for May issuance with contract award in late 2014. The GOES offered to fund dredging costs (\$15-25 million annually) for the 30-year concession. CEPA continues to pay the associated JICA debt and will enter into a currency hedge (to minimize exchange rate exposure from the Yen-denominated debt). USTDA is providing a grant for a channel navigation aids study. CEPA is evaluating \$8 million in self-funded improvements to the Acajutla port. In May, MCC financed IKONS (Chile) to perform a Value for Money study on the international airport expansion plan. Maryland Governor Martin O’Malley established an agreement with CEPA to support the airport modernization and expansion projects. The National Energy Council finished a new legal framework for renewable energy investments. A solicitation of 15 MW of small-scale renewable energy projects was recently awarded to 42 companies. Another solicitation for 100 MW of solar and wind energy projects is underway. The municipality of Santa Tecla accepted a pilot project proposal to install energy efficient street lighting. Investment in infrastructure as a percentage of GDP decreased slightly from the prior

reporting period, from 6.12 percent to 6.07 percent. The Global Competitive Infrastructure Index remained unchanged with El Salvador ranked at 72.

<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.</p>	<p>On Track</p>
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The USG provided training to 239 English teachers and 200 students continuing English studies. Under a USAID program, 111 high school students graduated after receiving specialized courses in English and Information Technology, and 87 percent will pursue a college degree. Twenty students were given scholarships to study in community colleges in the U.S. The USG offered 13 seminars on science and technology at Don Bosco University. The GOES, through the Salvadoran Institute for Professional Training (INSAFORP), invited bids for the National English for Work Program, developed in conjunction with the USG, to teach English to 4,000 participants. INSAFORP, working with the USG, trained 53 youth in basic competencies for entry-level employment, resulting in 32 job placements. In addition, 400 youth were trained in information and communications technology (ICT), and INSAFORP trained 3,642 workers in ICT. INSAFORP, together with the private and academic sectors, produced a study on future professional training for occupations supporting tradables. As previously reported, the Global Competitiveness Index for 2013-14 ranked El Salvador 100 out of 148 countries in the “Higher Education and Training” sub-index; and 121 of 148 countries in the sub-index on “Labor Market Efficiency.” Both showed a slight improvement in respect to the 2012-2013 sub-indexes.

<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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The USG provided technical assistance to the Ministry of Finance (MOF) to improve taxpayer information and database systems. The assistance supporting the implementation of web services and five modules of the automated Case Selection Management System (CSMS) II tool is expected to reduce tax evasion. To improve the transparent and efficient use of public resources, Phase II of the new fiscal transparency portal was completed with trilateral assistance between the GOES, the USG, and the Government of Brazil. Experts from Brazil also provided technical assistance to the MOF upgrading the Fiscal Transparency Portal. The USG is assisting the GOES in improving its legal and accounting systems and to prepare a result-oriented budget process in several sectors. Other actions completed include the approval of the accounting conceptual model under International Public Sector Accounting Standards (IPSAS), the approval of the government chart of accounts under IPSAS, design of Phase I of the SAFI II budget implementation modules, and completion of the Phase I of the GOES online procurement portal COMPRASAL II. The percentage of net tax collected relative to GDP increased from 14.4 percent in the fourth quarter of 2012, to 15.3 percent in the fourth quarter of 2013. There was no update in El Salvador’s score in the Open Budget Index and so remains at 43 out of 100 ranked countries.

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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Legislation to strengthen the Salvadoran Export Promotion Agency (PROESA) was passed by the Legislative Assembly in April. This legislation establishes PROESA as a semi-autonomous institution with a mandate to promote and develop investment, exports, and public private partnerships (PPP). PROESA continues to build its internal capacity in preparation for overseeing PPP development, but a permanent Executive Director of PROESA was not named during this reporting period. With support from the Inter-American Development Bank (IDB), PROESA has begun the development of a country image strategy aimed at improving El Salvador’s international reputation. The International Financial Corporation (IFC) has continued its work with the Growth Council on reforms to improve the business climate. As part of an effort to improve corporate governance, the IFC delivered a diagnostic report on reforms to strengthen minority stakeholders’ rights. At the municipal level, IFC officially launched the subnational Doing Business in El Salvador project that will include San Salvador, Santa Ana, San Miguel, and Soyapango. Additionally, 40 of the 50 Municipal Competitiveness Committees assisted by the USG are engaging in public-private dialogues to improve the local business environment. Foreign direct investment as a percentage of GDP decreased to 0.6 percent in 2013 from 2.2 percent in 2012. On the 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
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The Ministry of Economy’s Productive Development Fund (FONDEPRO) granted \$1.9 million in co-financing to 111 SMEs implementing 139 business initiatives that generated 620 jobs. The GOES approved an additional \$6.4 million to strengthen institutions providing business development services to support SME export activities. The GOES and the private sector developed a work plan to promote six key economic sectors (aeronautics, textiles, chemical-pharmaceuticals, plastics, electronics, and distance business services) that offer comparative advantages. With USG support, the GOES and the private sector launched a new Small Business Development Center (SBDC), bringing the total of such centers to 12. The 1,969 businesses assisted by SBDCs in 2013 yielded domestic sales and exports of \$11.3 million, a 143 percent increase, and generated 3,430 jobs. The USG provided international business development assistance to 483 businesses. These firms increased domestic sales and exports by \$6.3 million, generating 760 jobs. A \$255,000 grant was approved by the USG for the FUPEC Foundation to work with Salvadoran hometown associations in the U.S., extending assistance to microbusinesses and grassroots associations in El Salvador. El Salvador ranked 60 of 148 countries in Business Sophistication in the 2013-2014 Global Competitiveness Index, an improvement of 22 positions (as reported in the previous scorecard), while. The number of export companies with sales over \$500,000 decreased to 474 firms for January-February 2014, from 542 in 2013.