

« FICHE CONTRADICTOIRE »

Recommendations	Response of EU services	Follow-up (one year later)
<p>1) In future Budget support operations, consider possible alternatives in the relative weight and role assigned to financial and complementary support inputs.</p> <p>The initial proportion in the programmes evaluated was, on average, 93% of the funds allocated to disbursements to the National Treasury and 7% to complementary support. Depending on the circumstances in the sector, the programme may have more of an impact if the funding for complementary support is increased, as in fact happened after the amendments to PARE-ES, PACSES and PRO-EDUCA.</p>	<p>Accepted/ Partially accepted/ Rejected</p> <p>The policies that aim to generate a sustainable development of the country certainly need more funds, but the complementary support, in particular the TA, has helped us to influence the development of instruments and management tools for public policies that have had a very significant impact. This positive assessment of the relevance of the technical support has resulted, for example, in the financing under the current MIP (with funds from the support measures and not with funds from the budget support programmes) of a long-term TA to the Finance Ministry which builds on the work that was done under the PARE-ES (EUR 2.83 M). In addition, in new budget support programmes such as the one supporting the Plan Social a new component has been introduced to provide subsidies the promotion of the civil society's control and follow up of public policies. This is indeed reinforcing the rights-based approach of our support and is in line with the demands of El Salvador's civil society. Support for the reinforcement of internal and external control (Supreme Audit Institution) through complementary measures of BS programmes and/other EU programmes will be explored.</p>	
<p>2) The prior existence of a policy on which to formulate a sectoral</p>	<p>In fact, the lack of maturity of the Ministry of</p>	

Evaluación Estratégica del Apoyo Presupuestario de la UE a El Salvador (2009 - 2017)

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<p>budget support operation should be made a stricter requirement.</p> <p>When such a policy does not exist or the sector is not clearly defined, initial support in the form of a project or TA may be considered, in order to meet the eligibility conditions (especially the condition on the sectoral policy), and then move on to the Budget support, now with policy objectives, indicators and targets defined around a strategy document, as well as considering the cross-cutting aspects.</p>	<p>Economy's <i>Política de Transformación Productiva</i> has been one of the main factors that has so far prevented the identification of a new budget support programme within the framework of the MIP's sector 2. In this case, the Ministry did not show a great degree of openness to dialogue and to be open to the proposal of starting up with a preparatory TA leading to a better formulated policy.</p>	
<p>3) Once there is a clear policy in place, insist on the importance of establishing a structured, formal and strategic policy dialogue that transcends the operational coordination of programmes and donor coordination.</p> <p>Policy dialogue is often the input that has the most potential as a vector of change. At the level of the EUD and in coordination with DEVCO, establish and monitor the essential elements in order to make this dialogue applicable to all operations and to reach a formal and explicit agreement with the GoES about its scope, forums and instruments. Do not limit this exercise to technical issues in the sector but include also financial management issues and other cross-cutting aspects.</p>	<p>Accepted/ partially accepted/ rejected</p> <p>Although a sectoral dialogue has been maintained in the sectors supported by the budget support programmes, the EUD should make more efforts to ensure that a structured dialogue exists in all areas of cooperation. Similarly, this dialogue should be more formalized and strategic, including meetings at the political level. Non-technical but however key issues, such as guaranteeing the allocation of resources by the GoES to the sector supported by our programmes during times of budgetary difficulties, have not really been part of the EU-GoES dialogue. Reinforcement of strategic policy dialogue on public finance, with robust coordination with other donors, particularly of budget transparency, control of the budget, fight against corruption, parliament scrutiny of public funds, public debt, fiscal reforms should take place. Budget Support guidelines are updated since 2017 and include an entire annex with reinforced guidelines on Political Dialogue, including a template for a Political Dialogue annual plan. DEVCO Directorate G also provides a yearly training on Budget Support for Project Managers in EUD in which a session is on Policy Dialogue.</p>	

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<p>4) To alleviate the effects of insufficient public investment in the country, explore opportunities to use innovative financing mechanisms that can complement or build on the budget support programmes' interventions.</p> <p>Use, for example, blending to support sectoral public investment in social sectors) or facilities to support the private sector in certain sectors. A combination of loan funds (from the European Investment Bank, IDB, WB, Government of Spain and/or others) and an EU donation under a project, contribution agreement or delegated cooperation arrangement (AECID, Luxembourg) could be considered, creating added value and contributing to the sustainability of the EU operations in the sectors that have a capital spending deficit.</p>	<p>Accepted/ partially accepted/ rejected</p> <p>Dentro del sector "desarrollo económico" del Within the "economic development" sector of the MIP 2014-2020 and through the LAIF facility, the Delegation has identified and led a blending operation with KFW and BCIE to support small innovative companies. We do not consider it possible to go further in terms of innovative financing mechanisms in the short term, in particular to finalise commitments under sector 2 of the MIP, due to the absence of clear public investment policies and the high indebtedness of the country.</p>	
<p>5) In the indicator matrices for the programmes, stress the importance of ensuring that the budget support is structured around progress on the outcomes of the policy supported, understood as the effects on the beneficiaries achieved by the use of the public policy outputs (goods and services).</p> <p>To measure performance, a balance should be sought between the use of outcome and output indicators and, to a lesser extent, process indicators. Encourage the alignment of the indicators, as far as possible, with the Level 2 indicators in the EU Cooperation and Development Results Framework that the EU developed in March 2015, publishing the document "Launching the EU International Cooperation and Development Results Framework".</p>	<p>Accepted/ partially accepted/ rejected</p> <p>We agree with the fact that outcomes and impacts are the ultimate goal of our support. In addition, the budget support Guidelines published in 2017 clearly suggest, in its annex VIII, the preferable use of outcome indicators and only in special cases they advocate for the use of process indicators. In general, EU budget support programmes support the implementation of the national policy in the social sectors using the indicators of the PAF. In the case of SV, there are many process/output indicators given the number of programs within each policy / plan, in order to measure execution.</p>	

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<p>6) At the formulation stage in order to improve the definition and monitoring of the potential impacts that a sectoral intervention may have, carry out one or more analyses of poverty and inequalities (income, non-income, gender, etc.) that specifically define which aspects of these impacts may be affected by the intervention,</p> <p>Such analysis would provide the guidelines and baselines to find out whether, beyond the sectoral outcomes, the programme has in the end contributed to the expected impacts at aggregate level. Methodologies that manage to capture changes in living conditions, particularly those of people living in a vulnerable situation, could be considered. For example, an analysis of poverty (income and/or non-income) or other analyses depending on the priorities identified could be carried out for PRO-INCLUSIÓN and/or for the support to the PESS.</p>	<p>Accepted/ partially accepted/ rejected</p> <p>This is always relevant, but in principle, the authorities have already carried out these analyses in the framework of the formulation of their policies. In addition, the formulation dossier also has the requirement to follow a particular format to show how gender equality is taken into account and how this will have an incidence. We understand that the recommendation refers to carrying out a more detailed analysis. Such analysis should be carried out jointly between the Delegation and the Government. We are willing to dedicate funds to carry out this type of analysis in the future during the formulation phase of our new budgetary support programmes.</p>	
<p>7) Systematise and replicate good practice in fostering complementarity between the different Budget support programmes, steering them towards the achievement of common objectives in terms of outcomes and impact.</p> <p>This recommendation also applies to good practice in for other aid modalities, such as for the projects PRO-JÓVENES in the social sector or PRACAMS for quality.</p> <p>At the moment the fiscal and financial management area is no longer receiving budget support, but it will certainly need further support in the form of TA the results of which will benefit all sectors receiving funds through the national budget.</p>	<p>Accepted/ partially accepted/ rejected</p> <p>We agree with the recommendation and we will have it even more into account than what we already do.</p> <p>But as far as the fiscal area is concerned, the evaluation team does not take into account that there is already an important TA contribution to the Ministry of Finance (which has just increased in funds and duration) that benefits the two budget support programs currently in execution (support to the SSEP and support to the <i>Plan Social</i>).</p>	

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<p>8) Finally, the evaluation identifies areas in which recommends the intervention of both the El Salvador Government and the EU Delegation in order to foster the efficiency in the achievement of results in the areas of education, social protection, quality and PFM. This areas of intervention are:</p> <p>8.1. Continue working to improve the M&E systems, the Single Register of Participants (RUP), the systems in the regulatory agencies and the sectoral statistics, including at the decentralised level, so that these tools (monitoring and evaluation) can achieve their objectives of improving the quality of the design and implementation of the interventions. In education in particular, there is an urgent need to improve the measurement of dropping out of school in order to capture the true dimension of the indicator</p>	<p>8.1 Partially accepted:</p> <p>This is indeed the will of the Delegation. The TA contract for the support to the Plan Social includes an expert in monitoring and followup and its ToR include the development of tools and capacities both in the coordinating entity (SETEPLAN) and in the institutions in charge of the implementation of the programmes that constitute that Plan. There is also a specialist in information managing technologies who supports progress in the RUP.</p> <p>Regarding the issue of school dropout, the Delegation no longer follows it as such because education is not one of the areas of concentration of the current IPM. However, it is considering financing a study on the causes of this phenomenon in order to guide the</p>	

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<p>8.2. Strengthen the <i>Plan Estratégico Institucional</i> (PEI) to improve intra-institutional coordination and monitoring, and consider establishing a system of administrative sanctions to levy against departments that fail to meet targets. In the implementation of the PEI, concentrate on the issues that require medium-term agreements (such as the pensions system, the debt sustainability strategy, the tax reform and the quality of spending).</p> <p>8.3. Intensify the legal and technical reforms and the measures to make tax administration easier in order to increase collection of the Income Tax, and thus make the Salvadoran tax system more progressive. Continue the efforts to target subsidies in order to reduce the fiscal pressure they cause.</p>	<p>policies of social protection and productive inclusion (see response to recommendation 8.8 below).</p> <p>8.2 Accepted: In 2018, an expert was hired through the TA Contract "Technical Assistance to the Fiscal Policy of El Salvador" with the aim to strengthen the Ministry's capacities in relation to its PEI. This assistance has already resulted in improvements in the follow-up to the 2014-2019 PEI and in the process of preparing the next PEI. Regarding issues such as the quality of spending or the sustainability of pensions, support has already been provided through TA.</p> <p>8.3. Partially accepted: The tax reform continues to be a major challenge for the country, but its advancement requires political will and goes beyond the possibilities of influence of the Delegation. In any case, the EUD will continue to support reforms in this area through our programmes, providing incentives through disbursement indicators and through TA</p>	

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<p>8.4. Avanzar de forma gradual en la implementación del Presupuesto por Resultados y herramientas relacionadas (MGMP, vínculo plan-presupuesto, etc.). Involucrar a los sectores en el diseño y pilotaje de estas herramientas, para aumentar su apropiación y utilidad. Finalizar la implementación del SAFI II para operativizar estas reformas, que no son compatibles con la herramienta informática actual.</p>	<p>8.4 Accepted: The Government has not yet been able to implement the Budget for Results or the SAFI II. It is expected that the 2020 budget will be formulated and executed under this approach, and with this aim the Government is carrying out various activities with the support of the Development Partners. These are fundamental tools to improve the efficiency and effectiveness of spending and public policies. It would also be important to influence and accompany this effort through our TA to the <i>Plan Social</i>. This TA will provide training on budgeting / planning for results to the services outside the Treasury in charge of the planning of policies). We plan to carry out this training through the current TA contract with the Ministry of Finance.</p>	
<p>8.5. Continue making progress with universalising the Social Protection System by promoting contributory social protection. Involve social stakeholders and political parties in this objective. Consider an organisational re-design to improve inter-institutional coordination.</p>	<p>8.5 Partially accepted: This recommendation might be correct in theory but its implementation requires a greater formalization of the economy, and this is still a distant goal: in 2017, 48% of the economically active population was in the informal sector. As far as this objective is not achieved, regard for human rights and social cohesion/inclusion will require ensuring</p>	

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minimum levels of attention to the basic needs of the most vulnerable population. The decisions of the new government since 06/01/2019 indicate the design of a new architecture of social programmes. This could be an opportunity for better institutional integration. We plan to offer support to the new Government in this new design. This support provided through support measures.

8.6. Raise the level of importance of the *Jóvenes con Todo* Programme and strengthen the links between labour policy, career guidance, employability, Technical and Technological Education and the private sector.

8.6 Partially accepted:

This a recommendation for the Government. On behalf of the Delegation, our opinion is that the programme, which has only existed since mid-2016, does not require an increase in its weight within public policies. However, it would need a mid-term evaluation and measurement in order to make the necessary adaptations to ensure its efficiency. So far, the programme lacks mechanisms to monitor and follow up the young graduates and this makes it impossible to know its real impact on the lives of the population targeted. It is also impossible to assess whether it is useful to improve the productive inclusion of this population.

Instead, it is considered of relevance the reference made by the evaluation team to the need to reinforce the links of this programme with other relevant policies and other actors in

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<p>8.7. Strengthen the gender component in the different social interventions and strengthen the <i>Ciudad Mujer</i> Programme. Consider carrying out a specific evaluation of the efficiency and sustainability of the improvements achieved once government support ends. Forge links with the government's economic institutions in order to spread the gender approach to other areas of government where it has less of a presence. Do the same with social and economic actors.</p>	<p>the employment sector. The new Government has the obligation, by law, to present its <i>Plan Social</i> within the next 5 months. The Delegation has already offered to mobilize TA from the existing TA contract to support the design of this new Plan and in particular to strengthen the coherence of its policies / programmes.</p> <p>8.7 Partially accepted: Again, this is a recommendation specially relevant for the Government. As far as the Delegation is concerned, the TA contract supporting the current Plan Social includes an expert in monitoring and follow-up and its ToR include the development of tools and capacities both in the coordinating entity (SETEPLAN) and in the institutions in charge of the implementation of the programmes that constitute the Plan.</p> <p>We also fully agree on the need to introduce the gender approach to the rest of the government's policies and we will be able to mobilize support measures in this direction.</p> <p>Finally, and as regards Ciudad Mujer, as mentioned above for the Jóvenes con Todo programme, we understand that rather than promoting the extension of the model, a re-evaluation and measurement would be needed</p>	

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<p>8.8. Coordinate policies and interventions to reduce exposure to violence in the school and to alleviate families' precarious economic situation, both identified as determining factors in access to education and dropping out. With regard to the economic factor, consider a significant increase in the scholarships programme targeted at the most vulnerable families and those in per urban and rural areas.</p>	<p>at this point. This re-evaluation would be useful both to make the adaptations necessary to ensure its efficiency, particularly in the areas of violence and economic autonomy, and to enhance its sustainability in terms of cost-efficiency. This requires specialized TA to support the re-engineering and modernization (particularly for the offer in the economic autonomy module) of those components specially in the Ciudad Mujer programme. This TA will be provided by means of the support measures contract.</p> <p>8.8 Partially accepted: Regarding the issue of the link between families' financial resources and school dropout, the EU budget support to the <i>Plan Social</i> continues to have an indicator linked to educational vouchers (there are not scholarships, but minimum contributions to cover transport and food costs). However, this support is insufficient to improve the dropout rates, given that the phenomenon is multi-causal. The SETEPLAN mentioned a few months ago the possibility of carrying out a study on this topic in order to adopt effective measures (scholarships or others depending on the findings of the analysis), and the Delegation offered to either support the study directly or through EUROsocial +. To date, SETEPLAN has not advanced in these</p>	

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<p>8.9. Increase access to Information and Communication Technologies by students and teachers, as this is identified as a common determining factor in the improvement of all the outcome indicators (enrolment, repetition, dropping out, and quality/PAES grades), and seek to expand and improve the school food and school kits programmes. Consider evaluating the presidential programme <i>Un niño, una niña, una computadora</i>” to assess its efficiency and effectiveness and, if possible, the impact it is achieving. Ensure that the equipment is properly maintained, and consider decentralising the maintenance budget to the schools themselves, as the current centralised system for purchasing and distributing spare parts is ineffective. Review the quality and location of educational infrastructure and whether it is adapting to changing demand, due to internal migration and the growth in the urban population.</p> <p>8.10. Continue to strengthen the National Quality System by altering the composition of the National Quality Council (CNC) Board to make it more operational and effective. Also, use this forum to guide policy to secure the support of the sectoral ministries to the efforts to introduce the culture of quality. Reach agreements with other public institutions to make the CNC the point of reference for the internal certification of processes and systems in the public sector, and the use</p>	<p>discussions, but we think it is a relevant study to guide the work of the new Government/Administration on these issues. Reducing the exposure of violence in the schools is an important axis of our support to the PESS. Four out of 8 indicators refer to schools: "School for coexistence", "Psychosocial care", "Skills for productivity", "Equity and gender equality”</p> <p>8.9 Accepted: As far as the Delegation is concerned, however, the issue of education is no longer considered as such because it is not one of the sectors of concentration of the current MIP.</p> <p>8.10: Partially accepted: From the Delegation there has been no support for this policy since the previous MIP</p>	

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<p>of its facilities and services the main means of achieving it.</p> <p>8.11. Develop agreements and protocols for action with the sectors with the greatest export potential, particularly for exports of products that require certification. The pharmaceutical, food and agroindustry sectors should be dealt with as a priority. Likewise, all the standards issued should be classified by sector and made public through the website, in order to make the monitoring of the measures adopted publicly accessible.</p>	<p>(within the framework of which PROCALIDAD was financed). This remains an important issue for the country and can enter into the discussion on a possible new support programme under sector 2 of the current MIP.</p> <p>8.11: Partially accepted: </p> <p>Export promotion, in its broad meaning, enters as a support objective under sector 2 of the current MIP. However, establishing agreements and protocols is not the task of the Delegation. It rather falls under the responsibility of DG Trade and of the national and regional authorities, that must define the regulations. One challenge will be to incorporate this into the dialogue in the context of a possible future bilateral programme under sector 2. The dissemination and promotion of intra-regional exports and of exports to Europe are already being supported by several regional projects (INTEC and ADESEP).</p>	