



# Strategic Evaluation of EU Budget Support to El Salvador (2009-2017)

## Executive Summary

March 2019

*Independent evaluation carried out for the European Commission*

# Executive Summary

## Introduction and context

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**Purpose and Scope** The main purpose of this evaluation is to provide the Government of El Salvador, the European Union and the wider public with an **independent assessment of the European Union's Budget Support operations in El Salvador over the period 2009-2017**. The evaluation focuses on ascertaining the extent to which the Budget support was appropriate for the local context and how it helped to enhance national policy outcomes through its contribution to improvements in the formulation and implementation of these policies in the areas supported. The evaluation also seeks to identify key lessons learned from the process of implementing the Budget Support programmes and offer recommendations that may improve those operations that are currently under way as well as those that might be carried out in the future.

Five Budget Support operations were analysed as part of the evaluation: **PRO-EDUCA (2009-2015)**, which focused on the education sector, specifically on promoting safe and harmonious school environments, on the use of Information and Communication Technologies and on strengthening Technical and Technological Secondary Education; **PARE-ES (2010-2015)**, which supported the Ministry of Finance's Institutional Strategic Plan and focused on achieving macroeconomic stability, increasing tax revenue and transparency, stabilising public debt and reducing untargeted subsidies; **PRO-CALIDAD (2010-2014)**, which supported the creation of the Salvadoran Quality System with the Ministry of the Economy and the National Quality Council; **PACSES (2011-2018)**, that supported the Technical and Planning Secretariat in its implementation of the *Comunidades Solidarias* Programme (which is the national programme to assist families living in extreme poverty) and was continued with **PRO-INCLUSIÓN (2017-2020)** to support the *Plan Nacional de Desarrollo, Protección e Inclusión Social* 2014-2019.

**The context of the European Union intervention in El Salvador** El Salvador has faced a delicate macroeconomic situation which still persists. The fiscal deficit and growing public debt are aggravated by a scenario of weak economic growth and uncertainty, even though important internal agreements have been reached since 2015 to allow the placement of bonds in the international financial market and to approve laws on Fiscal Responsibility and Reform of the Pensions System. These agreements have led to improved prospects for growth in Gross Domestic Product, although it still remains at only around 2% per year. As well as difficult governance conditions, the main causes of this situation of weak growth are low levels of public and private investment, high levels of citizen insecurity, ongoing migration, the country's vulnerability to natural disasters and the fragility of the fiscal sector.

Development cooperation between the European Union and the Government of El Salvador through the Budget Support operations has centred on the two *Planes Quinquenales de Desarrollo* (PQD). The first PQD covered the period 2010-2014 and the second PQD started in 2014 and will run until the end of 2019. The two PQDs have a common approach and aim to reduce poverty, inequality and violence, improve citizen security, social cohesion, the economic recovery and the sustainability of public finances, and promote inclusive education, productive employment and sustainable economic development.

Four of the five Budget Support programmes evaluated were implemented mainly while the Funes government's PQD 2010-2014 was in force. The fifth corresponds to the PQD 2014-2019.

**Evaluation Methodology** The methodology used for this evaluation was developed by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD)<sup>1</sup>.

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<sup>1</sup> The guide to the methodological approach is available at <http://www.oecd.org/dac/evaluation/evaluatingbudgetsupport.htm> (OECD-DAC, Sept. 2012).

This methodology presents a framework for evaluating the contribution of Budget Support programmes to the achievement of outcomes and impacts in the sectors being supported, identifying links between the different levels of intervention and analysing the determining factors that contributed to these results.

## Main Evaluation Findings and Conclusions

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### Programme design

***The design of the programmes responded appropriately to the Salvadoran context, both in their content and scope and in their approach and timeliness.***

The Budget Support programmes were formulated on the basis of the Multiannual Indicative Programmes (MIPs) for 2007-2013 and 2014-2020, which provide the main guidelines for the development cooperation between the European Union and El Salvador. These MIPs show that the European Union's cooperation has a high degree of convergence with the strategic priorities of the Government of El Salvador, as set out in the PQDs for 2009-2014 and 2014-2020. Thus, **the European Union used the Budget Support to contribute to inclusive growth and a reduction in poverty and inequality, and to promote the rights-based, gender and intergenerational approaches in El Salvador.**

In general, the conditionality applied was relevant to the Budget Support programmes and the indicators chosen were of good quality. The indicators fulfilled the SMART criteria, were based on the strategies supported and were linked to effective progress in the policies supported. Measurement problems were rarely encountered. In the older programmes (PRO-EDUCA, PARE-ES, PACSES) the performance indicators were mainly outcome-oriented, while in the more recent ones (PRO-CALIDAD, PRO-INCLUSIÓN) output indicators predominated.

### Use of inputs

***Of the three Budget support inputs (financial resources, technical assistance and policy dialogue), the first two were used to produce good quality outputs, with potential added value for the Government of El Salvador's initiatives, while policy dialogue was the least relevant input.***

The **funds disbursed** created some fiscal space to finance initiatives in the "Quality" policy that would have otherwise been difficult to carry out. They also protected strategic spending in the social and education sectors. The Budget support funds disbursed to the National Treasury were relatively modest in quantitative terms, but in strategic terms they were very important to the Government of El Salvador. PRO-CALIDAD is an outstanding example, as it financed much of the development of the Salvadoran Quality System with the Budget support contributions. Budget support funds also helped the institutions involved to produce more and/or better goods and services as they largely reached the institutions implementing the policies supported, which was clearly the case in PRO-EDUCA. In the case of PARE-ES, the funds did not create new fiscal space, as they were used to cover part of the deficit and to meet the pre-existing specific need to cover the gas subsidy.

**The studies, training, accompaniment and other tasks carried out by most of the technical assistance (TA) providers were noteworthy for their high level of relevance and quality.** The TA generated analyses and proposals that were made available to the Government of El Salvador for policy development and sectoral dialogue. Particularly noteworthy was the PACSES TA, which contributed to the Social Development, Protection and Inclusion Law and to the formulation of the *Plan Social*. The TA provided by PARE-ES and PRO-CALIDAD was also important to the design and launch of institutional strategies. In the case of PRO-EDUCA, the influence of the TA in the area of Technical and Technological Education was significant, but neither the TA for the sector's other areas nor the United Nations Development Programme contribution were as useful as the Ministry of Education had expected.

**Policy Dialogue had a significant influence only in the social sector. In general, it was**

**irregular and less than what would be expected from the dynamics generated by Budget Support programmes.** The contributions to dialogue forums were strategic and relevant in the social sector and, somewhat less so on fiscal issues. In the education sector and in the area of quality, in contrast, dialogue was not found to have made strategic contributions. The dynamic of understanding “Government of El Salvador-European Union-other donors” was constant but more operational than strategic. The contribution to a genuine donor coordination was limited to the successful case of the Programme Support Basket Fund for the *Comunidades Solidarias* Programme and to the working group in the fiscal sector. Therefore, with the exception of the social sector and, to some extent, of public financial management, policy dialogue was the input with the weakest influence of the three.

*Institutional  
capacity  
development*

***Partly by making good use of the support provided by the European Union and other donors, Salvadoran institutions reinforced their capacities and, in general terms, shored up the planning and monitoring of policies and improved their implementation, leading to an enhanced production of goods and services for the Salvadoran people.***

All this was achieved in spite of an unfavourable context (2009) of economic crisis, lack of public and private investment, change of government and political polarisation, factors that to some extent still persist. **The contributions made by the Technical Assistance and, to a lesser extent, by the funds going to the national budget were strongly linked to several of these improvements.**

**PACSES, PARE-ES and PRO-CALIDAD helped to improve the formulation and monitoring of the policies they supported.** The PACSES TA was key to inter-sectoral coordination, to monitoring of the *Comunidades Solidarias* Programme, to formulation of the *Plan Social* 2014-2019, to keeping direct transfer policies, to expanding the coverage of basic services, and to mainstreaming the gender approach at the top of the policy agenda. Another clear example of positive contribution is the support provided by PRO-CALIDAD to the Ministry of the Economy right from the start of the development of the Salvadoran Quality System and all its associated aspects. The PARE-ES TA was instrumental in the development of the Ministry of Finance’s Institutional Strategic Plan in its two versions, 2012-14 and 2015-19. In the education sector a relatively solid sectoral document already existed (PSE 2009-2014), and therefore the influence of PRO-EDUCA did not come particularly from direct support to policy formulation but focused instead on supporting its implementation.

**All Budget support programmes played a positive role in facilitating the increase in the institutional production of goods and services.** An outstanding example is PRO-EDUCA, whose financial contribution enabled the Ministry of Education to make a significant investment in equipment, technology, infrastructure and training in schools. The technical support was also important to improve the curricula in Technical and Technological Education and teacher training, among other aspects. In the case of PACSES, although it is difficult to identify precisely what its financial contribution was spent on, it was added to the national funds used to cover essential outputs such as the Universal Basic Pension for people aged 70 and over, the education and health transfers for vulnerable families, the Community-Based Family Support Teams and guidance, mediation and employment training services, as well as infrastructure for water, electricity and sanitation. The PACSES complementary support helped to finance the numerous support services to combat gender violence and empower women provided by the *Ciudad Mujer* Programme, a government initiative that provides comprehensive support to women through specialised services, with the aim of improving their quality of life. Finally, the PARE-ES TA was also relevant for the development of key public financial management tools such as the Medium Term Fiscal Framework (MTFF), the Municipal Financial Management System (SAFIM) and others.

*Achievements in sectoral outcomes* **The improvements achieved in policy formulation, implementation and monitoring, with the support of the Budget support programmes, also influenced the achievement of sectoral outcomes, especially in those areas that actually supported the delivery of services to the Salvadoran people, namely social cohesion and education, although challenges persist in all the sectors.**

The **PACSES** Programme disbursements and the TA to support inter-sectoral coordination are connected to the achievements of the **Comunidades Solidarias Programme**. This includes the attainment of improved outcomes in **rates of coverage and access to water, sanitation and electricity services**. In addition, pensions and education and health transfers helped to **increase household income** and the health reform helped to eliminate economic, geographical and cultural barriers to access through, for example, the Community Health Teams, free medical services and the reduction in the cost of medicines. Also noteworthy is that in 2018 **the stock of medicines in first-level healthcare facilities stood at 87%** (compared to 45% in 2009). In addition, there has been a **reduction in maternal mortality**, at 27.4 maternal deaths for every 100,000 live births, placing El Salvador among the five countries with the lowest maternal mortality rates in Latin America. It was also found that **women who visited Ciudad Mujer centres used public services 43% more** than women who did not go to these centres, specifically to obtain advice on sexual and reproductive health and legal support in connection with economic empowerment and the campaign against gender violence. The main challenges in the social area include the following: ensuring adequate funding through the budget; expanding the scope of the Universal Social Protection System (integrating its contributory and non-contributory components); continuing to improve inter-institutional coordination and incorporate the territorial element by strengthening local stakeholders and municipalities; reinforcing the gender components of *Ciudad Mujer* and policies in general; continuing to work on the links between labour policy, employability and Technical and Technological Education; and improving the connection with the private sector.

The **PRO-EDUCA** Programme's support is **directly related to the increase in public spending on education during the period**. The analysis also suggests a possible positive correlation between the "Un Sueño Posible" Programme (the Ministry of Education's sport, recreation, art and culture programme, for which PRO-EDUCA was the main funder) and **student enrolment and academic performance in secondary education**. This improvement was inclusive because the relative increase in total enrolment in rural areas is much more substantial (32.4%) than in urban areas (5.9%). **Although the evidence is weaker, a link can also be inferred between the financial and technical contributions and the improvement in grades in Technical and Technological Education**, according to the Learning and Aptitudes Test for Secondary School Graduates (PAES), as it was found that progress was better in the technical grades, which received more support from PRO-EDUCA. Despite this, the figures on repetition did not improve and the information on school drop-out rates was not reliable enough to assess how they have changed. Together with these latter two indicators, the challenges in the education sector include the following: improving the quality of teaching; integrating education from early childhood onwards; continuing to improve peaceful coexistence in schools; structuring the Technical and Technological Education System; consolidating the sustainability of equipment and materials; and encouraging Results-Based Management in the sector.

Outcomes were also achieved, though somewhat less clearly, in **PRO-CALIDAD**, which focused on developing various aspects of the National Quality Policy and its institutional structure. **The programme's main contribution was to provide financial resources and technical assistance which helped to ensure that the National Quality Policy's agencies are today fully operational, receive funding from the national budget, and are also raising their own funds**. The country's productive sector is already taking advantage of the opportunities offered by the institutional framework in place, and the pharmaceutical industry

is the sector that has so far taken the best advantage of these opportunities to compete in improved quality conditions. The main challenges for the subsector are: continuing to develop and disseminate the culture of quality with all the system's stakeholders; achieve greater efficiency in governance for internal management; improving coordination with other government institutions (particularly the Ministry of Health and the Ministry of Agriculture) to make certification processes efficient; and encouraging public sector organisations to make greater use of the certification services offered by the national system.

Because PARE-ES is a Budget Support Programme in the area of fiscal policy, its contribution to concrete outcomes is more difficult to judge or quantify. The contribution made by PARE-ES to development results was therefore indirect and, though it certainly existed, it is even more difficult to quantify. However, **its vital importance is acknowledged in the improvement of macroeconomic and fiscal policy and public financial management so that areas and sectors (in this case those responsible for social, education and quality policies) can have more and better resources available** (in particular, a larger investment budget) and more tools (to enable more efficient spending, for example) to deliver more and better goods and services to final beneficiaries and users. Several challenges related to budget and fiscal issues persist, including the need to: scale up the public financial management reforms (to include all the institutions involved in the system); complete the development of the new IT tool for financial management (SIAF II); reform the budgeting system to make it more results-oriented and strengthen the links between medium-term planning and budgeting; move forward with some kind of national fiscal pact; develop a more strategic vision and role for national public investment; and maintain the effort to increase the tax burden in the country to reach a more acceptable level, or at least one comparable to the Latin American standard.

*Correlation between progress on impact indicators and the focal areas of the policies supported*

***Finally, at the level of the overall objectives of the Government of El Salvador and the European Union, positive correlations can be noted between the progress observed in the impact indicators (inequality, income and non-income poverty, and growth) and the focal areas of the policies supported by means of Budget Support.***

Of course, there are many factors external to the policies carried out by the government that also influence the level of impacts observed. Even so, and although it may be very difficult to quantify, it can be stated that there is a relationship between the outcomes of the public policies analysed and the main impact indicators.

For example, **the achievements in social protection and education could have contributed to the reduction in inequalities**. This contribution would be explained, specifically, by the correlation between these policies' priorities and the data on the reduction in the urban/rural gap, both in poverty and in enrolment in secondary education. Furthermore, with the support of PACSES and PRO-EDUCA, both social sectors also seem to have helped to reduce non-income poverty by having contributed to the increase in access by the most disadvantaged groups to the public services normally included in the measurement of multidimensional poverty (years of schooling, rates of coverage of water, sanitation and electricity). **The reduction in income poverty could have been influenced by the social protection policy and the quality policy**, particularly by the Universal Basic Pension, the education transfers provided by *Comunidades Solidarias* and the jobs and income created by the export companies (although the data on employment are less conclusive). Likewise, **the quality policy may have contributed to growth** through increased economic activity, which in turn brought economic development that has been shown to be inclusive in the years analysed, as **Gross Domestic Product and the reduction in extreme poverty increased almost in parallel (both rose by about 30% over the period), even though the reduction in relative poverty is slower**. The work of PRO-EDUCA on youth employability and entrepreneurship through the *Seamos Productivos* Programme may also have influenced this aspect. In theory, better educated young people who are prepared for the labour market may have an influence on growth, though because this is only seen in the long term the possible

influence of Budget support in this area is weaker.

*Cross-cutting issues in development cooperation*

**The cross-cutting issues in development cooperation, particularly gender, good governance and human rights, were mainly addressed in the Budget Support operations in the social sector, PACSES and PRO-INCLUSIÓN**, where the development of the Universal Social Protection System was at the centre of the work. Thus, gender issues were strengthened specifically in the *Comunidades Solidarias* Programme through the work of the National Commission for Micro and Small Enterprises (CONAMYPE) and the Salvadoran Institute for Women's Development (ISDEMU) and, above all, through the *Ciudad Mujer* Programme. Overall, however, gender was not explicitly present in the Budget Support for El Salvador except in the above-mentioned programmes related to Focal Sector 1 of both Multiannual Indicative Programmes (MIP): *Strengthening Social Cohesion and Citizen Security (MIP 2007-2013)* and *Youth and Social Inclusion (MIP 2014-2020)*. PRO-EDUCA approached education as a right, with a strong focus on supporting the most economically and socially vulnerable students. However, gender was not identified as a priority issue in the education sector strategy, or in the programme, which placed more emphasis on social, economic and geographical inequalities. In the programmes concerned with economic matters (PRO-CALIDAD) and/or the fiscal sector (PARES), no clear evidence was found of the mainstreaming of the issues promoted by the European Union because they were not a specific priority at the time in the respective policies supported.

*Added value of EU cooperation in El Salvador*

Finally, **the added value of European Union cooperation is reflected in the application of the intrinsic values of development cooperation and its approaches as a donor in El Salvador, as it works with partner governments in a relationship of mutual respect between equals**. Thus, the key priorities in EU cooperation are respect for human rights, the promotion of gender equality and good governance. In addition, the sectors prioritised by the European Union in El Salvador focus on social policy as an investment for the country, alongside the support for economic development. Another ever-present characteristic is that, in close collaboration with its Member States, the European Union unites European efforts and promotes the coordination of development aid. **For all these reasons, Budget Support is confirmed as the most appropriate modality for enabling the added value of European Union cooperation in El Salvador to take effect.**

## Main Recommendations

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*Relevance of the financial input of the Budget Support programmes*

- **In future Budget Support operations, consider possible alternatives in the relative weight and role assigned to financial and complementary support inputs.** 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. When it is noted that the importance of the funds provided to the national and/or sectoral budget is relatively small, these percentages may appear somewhat unbalanced. The effect of reducing the financial support allocation by 5% or 10% would have little or no influence on the budget, but could potentially double the funds available for TA to support improvements in institutional production of goods and services and capacity development.
- **To alleviate the effects of insufficient public investment in the country, as well as redirecting it towards a more strategic vision, explore opportunities to use innovative financing mechanisms that can complement or build on the budget support programme interventions.** For example, blending to support sectoral public investment in social sectors or the existing facilities in the international financial institutions to support the private productive sector in certain sectors. A combination of loan funds (from the European Investment Bank, the Inter-American

Development Bank, the World Bank, Government of Spain and/or others) and European Union grants under a project, contribution agreement or delegated cooperation arrangement (AECID, Luxembourg) could be considered, creating added value and contributing to the sustainability of the European Union operations in the sectors that have a capital investment deficit.

- **Specifically assess whether a sectoral budget support programme is the most appropriate modality for supporting macro-fiscal policy.** The PARE-ES Programme contributed direct outputs from the TA contracted and the funds helped to meet urgent treasury needs, but this carries high risks in terms of results if the financial resources – which are the most substantial part of the budget support programme – do not generate fiscal space and are used to cover a pre-existing fiscal deficit.
- **Ensure that the budget support operations are strategic, in particular by securing a solid sectoral policy as the key point of reference for the interventions.** It is suggested that the prior existence of a policy on which to formulate a sectoral budget support operation should be made a stricter requirement. 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 arrangement, now with policy objectives, indicators and targets defined around a strategy document, as well as considering the cross-cutting aspects.
- **Once there is a clear policy in place to support, insist on the importance of establishing a structured, formal and strategic policy dialogue that transcends the operational coordination of programmes and donor coordination.** Policy dialogue is often the input that has the most potential as a vector of change. At the level of the European Union Delegation and in coordination with DEVCO, establish and monitor the essential elements in this dialogue, applicable to all operations, in order to reach an explicit agreement with the Government of El Salvador about its scope, forums and instruments, not just on technical issues in the sector but also on sectoral financial management issues and other cross-cutting aspects.
- **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). To measure performance, an appropriate 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<sup>2</sup> that the European Union developed in March 2015, publishing the document “Launching the EU International Cooperation and Development Results Framework”.
- **At the formulation stage for instruments of this type, it is necessary to carry out one or more analyses of poverty and inequalities (income, non-income, gender, etc.) that specifically define which aspects of the impacts may be affected by the intervention, in order to improve the definition and monitoring of the potential impacts that a sectoral intervention may have.** This analysis will provide the guidelines and baselines to find out whether, beyond the sectoral

*Need to link the intervention logic of Budget support programmes and policy dialogue around a clear sectoral strategy*

*Influence of the Budget support on the outcome and impact levels*

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<sup>2</sup> [https://ec.europa.eu/europeaid/el-marco-de-resultados-de-devco\\_es](https://ec.europa.eu/europeaid/el-marco-de-resultados-de-devco_es)



outcomes, the programme has in the end contributed to the expected impacts in the aggregate. Methodologies that manage to capture changes in living conditions, particularly those of people living in a vulnerable situation, may be considered. For example, an analysis of poverty (income and/or non-income) could be carried out for PRO-INCLUSIÓN and/or the support to the PESS, or other analyses depending on the priorities identified.

- **To ensure coherence in the development cooperation financed by the European Commission, systematise and replicate accredited 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.** This recommendation also applies to good practice in other modalities, such as PRO-JÓVENES in the social sector or PRACAMS for quality. At the moment, the fiscal area is no longer receiving budget support, but it needs further support in the form of TA, the results of which will benefit all the sectors receiving funds through the national budget.

*Recommendations for Government of El Salvador institutions*

The recommendations presented below are addressed both to the Government of El Salvador and to the European Union's development cooperation agencies, as they identify activities that will strengthen improvements in the design and implementation of public policies in education, social protection, quality and the fiscal area.

**Social Protection – actions for which the Technical and Planning Secretariat and institutions in the area of social protection are responsible:**

- **Continue working to improve the Monitoring and Evaluation systems, the Single Register of Participants as well as the systems in the regulatory agencies and 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.
- **Continue to make 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.
- **Raise the level of importance of the Jóvenes con Todo Programme** and strengthen the links between labour policy, careers guidance, employability, Technical and Technological Education and the private sector.
- **Reinforce the gender components in the different social interventions and strengthen the Ciudad Mujer Programme.** Consider carrying out a specific evaluation of the efficiency and sustainability of the improvements achieved when government support ends. Forge links with government institutions related to the economy to spread the gender approach.

**Education – actions for which the Ministry of Education and institutions in the education sector are responsible:**

- **Coordinate policies and interventions to reduce exposure to violence at school and alleviate families' precarious economic situation,** both of which are identified in the study as determining factors in access to education and dropping out of school. With regard to the economic factor, consider a significant increase in the scholarships programme targeted at the most vulnerable families and those in periurban and rural areas.

- **Work on the outputs achieved with PRO-EDUCA to make them sustainable.** 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). Consider evaluating the presidential programme *Un niño, una niña, una computadora* 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. Review the quality and location of educational infrastructure and whether it is adapting to changing demand.

**Public Finances and Fiscal Policy – actions for which the Ministry of Finance is responsible:**

- **Strengthen and update the Institutional Strategic Plan** to improve intra-institutional coordination and monitoring, as well as considering a system of administrative sanctions to levy against departments that fail to meet the agreed targets. **In the implementation of the Plan, 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.
- **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. **Gradually move forward with the implementation of results-based budgeting and related tools** (MTEF, plan-budget links, etc.). Complete the implementation of SAFI II to operationalise these reforms, which are not compatible with the current IT system.

**Quality Policy – actions for which the Ministry of the Economy and the organisations in the Salvadoran Quality System are responsible:**

- **Continue to strengthen the Salvadoran Quality System by altering the composition of the National Quality Council Board to make it more operational and effective.** Also, use this forum to guide policy to secure the support of the sectoral ministries for the efforts to introduce and disseminate the culture of quality. Reach agreements with other public institutions to make the Council the point of reference for the internal certification of processes and systems in the public sector, and the use of its facilities and services the main means of achieving it.
- 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.