

## El Salvador

**The Development Challenge:** El Salvador has made significant progress in increasing political, economic, and social stability since the signing of the Peace Accords in 1992, despite the devastating effects of Hurricane Mitch in 1998 and two massive earthquakes in 2001. In the last decade, there have been free and fair presidential and municipal elections, with high expectations that these will continue. The annual rate of economic growth has averaged two percent over the last two years, above many countries in the Latin America and Caribbean region. Nonetheless, El Salvador still suffers from endemic poverty in rural areas, where more than 50% of the population lives below the poverty line, 27% are illiterate, and around 60% lack access to water piped into the home. A stagnant agricultural sector and a crisis in the coffee market have only exacerbated the situation. Security issues in urban and rural areas and low citizen confidence in the justice system compound the poverty problem. With a murder rate second only to Colombia, El Salvador has one of the highest crime rates in the western hemisphere. It is believed that crime and violence have contributed to depressed domestic and foreign investment below levels sufficient for economic growth and employment to keep pace with population growth. The need to finance reconstruction after the earthquakes contributed to a rise in the total debt burden by eight percentage points in the last two years to approximately 39% of GDP.

Despite the bleakness of some economic indicators, overall prospects are positive. El Salvador continues to reform and open its economy, leading to low inflation and continued growth. Remittances from Salvadorans living abroad pumped around \$2 billion into the economy this year. The country has made substantive progress in the national reconstruction effort while, at the same time, successfully dollarizing its economy. Despite frustrations with polarization in the political system, the political reforms brought by the Peace Accords are permanent and functioning, and democracy in El Salvador does not appear to be at risk. The Government of El Salvador, with four other Central American countries, recently entered into negotiations with the United States on a U.S.-Central America Free Trade Agreement (CAFTA).

The United States has multiple national interests in El Salvador. The political and economic liberalization the United States encouraged, and the country adopted, has made El Salvador a model for other developing countries in the region. The United States is El Salvador's most important trading partner, absorbing 60% of its exports and providing more than 50% of its imports. Approximately two million Salvadorans reside in the United States, many of them illegally. USAID assistance will play a critical role in responding to the historic opportunity that CAFTA presents and addressing the dramatic drop in coffee prices. Through a Presidential Initiative - the Opportunity Alliance - USAID is working in close collaboration with Central American partners to tackle their key constraints to competitiveness by building trade capacity, diversifying the rural economy, and improving disaster preparedness and environmental management. By promoting prosperity in El Salvador in tandem with USAID's new Opportunity Alliance in Central America and Mexico, the United States can help reduce the flow of economic migrants and El Salvador's vulnerability to narcotics abuse and trafficking.

**The USAID Program:** USAID requests funds for its four core strategic objectives: 1) expanding economic opportunities for rural poor families; 2) promoting democracy and good governance; 3) improving the health of rural Salvadorans; and 4) increasing rural household access to clean water. In response to the 2001 earthquakes, USAID is implementing a high-profile earthquake reconstruction program which is financing the reconstruction of community infrastructure, housing, and municipal centers, promoting economic revitalization of the rural economy, and implementing critical disaster mitigation activities. The overall goal of USAID's assistance program in El Salvador is reduction of rural poverty with a focus on women, youth, and children. USAID will implement programs that promote access to microfinance, agricultural production, and marketing services, construction of small-scale productive infrastructure such as roads and bridges, and quality early childhood and primary education services. USAID plans to expand its program to help El Salvador prepare for CAFTA. USAID fosters democratic progress by encouraging citizen participation in local and national level government and works to strengthen the rule of law by improving court administration and training judges, prosecutors, and public defenders. USAID plans to expand its program in transparency and anticorruption. USAID activities in the health sector will help to reduce child mortality, strengthen and expand reproductive health care and family planning, and

help prevent the spread of HIV/AIDS, tuberculosis, and dengue. Through improvements in watershed management and construction of rural water distribution systems, USAID will help rural residents increase their access to safe drinking water. Specific activities funded by FY 2003 and FY 2004 appropriations are described in the Data Sheets for the four core programs.

**Other Program Elements:** Through its Regional Central American Program, USAID will help develop a regulatory framework and tariff system for improved management of the country's electrical system and implement environmental conservation activities that promote improved solid waste management. USAID will also assist El Salvador with trade capacity building related to CAFTA, and provide assistance to improve the production, processing, and marketing of high-quality specialty coffees grown by small and medium-scale coffee producers. USAID will also work with HIV/AIDS high-risk populations to control and prevent the spread of HIV/AIDS through condom marketing and behavioral change interventions at the community level.

USAID's Global Health Bureau supports the expansion of reproductive health care for adolescents through a local NGO, the Salvadoran Demographic Association. USAID's Economic Growth, Agriculture and Trade bureau is working with a local NGO to provide for water quality testing in rural areas. Through its farmer-to-farmer program, the Office of Private and Voluntary Cooperation (DCHA/PVC) funds short-term U.S. volunteers to provide technical assistance to increase farm and agribusiness productivity and incomes.

**Other Donors:** The United States remains the largest bilateral donor in El Salvador, followed by the European Union, Japan, Germany and Spain. However, the greatest share of economic development assistance for El Salvador (41%) comes from multilateral lending institutions, led by the Inter-American Development Bank (earthquake reconstruction, infrastructure, legislative and judicial strengthening, microfinance, agribusiness, local governance, and education), the World Bank (earthquake reconstruction, education, health infrastructure) and the Central American Bank for Economic Integration (rural development, earthquake-related infrastructure reconstruction). Active multilateral donors include: the European Union (earthquake reconstruction), World Food Program (health), United Nations Children's Fund (health), United Nations Development Program (rule of law), and the Pan American Health Organization (health). Among the bilateral donors, Japan works on earthquake reconstruction, education, and the agriculture sector, Germany works on health and local governance, and Spain works on earthquake reconstruction and judicial strengthening.

**El Salvador  
PROGRAM SUMMARY**

(in thousands of dollars)

| Accounts                                | FY 2001<br>Actual | FY 2002<br>Actual | FY 2003<br>Prior Request | FY 2004<br>Request |
|---|-------------------|-------------------|--------------------------|--------------------|
| Child Survival and Health Programs Fund | 14,557            | 15,653            | 9,636                    | 6,334              |
| Development Assistance                  | 31,807            | 45,640            | 24,096                   | 28,712             |
| Economic Support Fund                   | 4,989             | 25,200            | 0                        | 0                  |
| PL 480 Title II                         | 1,458             | 0                 | 0                        | 0                  |
| <b>Total Program Funds</b>              | <b>52,811</b>     | <b>86,493</b>     | <b>33,732</b>            | <b>35,046</b>      |

**STRATEGIC OBJECTIVE SUMMARY**

|  |        |        |         |        |
|--|--------|--------|---------|--------|
| 519-001 Economic Growth, Agriculture and Education       |        |        |         |        |
| CSH  | 700    | 0      | 0       | 0      |
| DA   | 6,779  | 6,830  | 15,993  | 18,743 |
| 519-002 Democratic Consolidation and Governance          |        |        |         |        |
| DA   | 4,400  | 3,450  | 4,000   | 5,469  |
| ESF  | 1,489  | 200    | 0       | 0      |
| 519-003 Health of Women and Children                     |        |        |         |        |
| CSH  | 6,814  | 9,353  | 9,636   | 6,334  |
| DA   | 3,991  | 0      | 0       | 0      |
| 519-004 Clean Water Access                               |        |        |         |        |
| DA   | 3,189  | 3,200  | 4,103   | 4,500  |
| 519-008  |        |        |         |        |
| CSH  | 7,043  | 6,300  | 0       | 0      |
| DA   | 13,448 | 32,160 | 0       | 0      |
| ESF  | 3,500  | 25,000 | 0       | 0      |
| 598-021 Special Development Activities in the LAC Region |        |        |         |        |
| DA   | 0      | 0      | (1,625) | 0      |

## Data Sheet

|                                     |  |
|-------------------------------------|--|
| <b>USAID Mission:</b>               | El Salvador                                |
| <b>Program Title:</b>               | Economic Growth, Agriculture and Education |
| <b>Pillar:</b>                      | Economic Growth, Agriculture and Trade     |
| <b>Strategic Objective:</b>         | 519-001                                    |
| <b>Status:</b>                      | Continuing                                 |
| <b>Proposed FY 2003 Obligation:</b> | \$16,147,000 DA                            |
| <b>Prior Year Unobligated:</b>      | \$0  |
| <b>Proposed FY 2004 Obligation:</b> | \$18,743,000 DA                            |
| <b>Year of Initial Obligation:</b>  | FY 1997                                    |
| <b>Estimated Completion Date:</b>   | FY 2005                                    |

**Summary:** USAID's program to expand access and economic opportunities for rural poor families seeks to promote policies that generate additional resources and stimulate economic activity; expand financial services for micro and small businesses; help small-scale farmers access new technology, adopt better practices and market services; improve basic education for rural residents; and improve rural infrastructure for local communities through small grants.

### **Inputs, Outputs, Activities:**

#### **FY 2003 Program:**

Economic policies that stimulate rural growth (\$3,700,000 DA). USAID-funded technical assistance will help the Government of El Salvador (GOES) improve its tariff and regulatory procedures and restructure the energy sector to support investment and reduce energy costs. To help the GOES generate more resources for national development, USAID-funded technical assistance to the Ministry of Finance will improve audit capacity and voluntary tax compliance systems. USAID will address bottlenecks to rural trade and services expansion by financing at least 10 small-scale rural infrastructure grants. Principal contractors and grantees are Bearing Point, PA Consultants, and local communities.

Sustainable microfinance institutions (\$2,354,000 DA). To expand credit and savings services to rural, poor entrepreneurs, USAID will finance technical assistance to 11 microfinance institutions to open new rural branches and make them more sustainable. USAID advisors will help the Superintendent of the Financial System establish an efficient approach to regulate non-bank financial institutions, leading to a stronger rural financial system. The principal contractor is Development Alternatives Inc.

Economic opportunities for small enterprises (\$3,100,000 DA). USAID-funded technical assistance will help the GOES and the private sector implement a Central America Free Trade Agreement (CAFTA) and help small businesses compete in a free trade system. USAID will also strengthen the business capability, efficiency, management and profitability of up to 550 micro-, small-, and medium-sized enterprises. USAID will also provide technical assistance to hundreds of small-scale artisans to introduce new products and promote domestic and export sales. In addition, USAID will work with at least 400 micro-, small-, and medium-sized enterprises to improve product quality and increase employment and sales. Principal contractors and grantees are Aid to Artisans, Center for the Promotion of Micro- and Small Enterprises, and the National Commission for Micro- and Small Enterprises.

Environmentally sound agricultural practices and exports (\$3,800,000 DA). USAID will work with 1,500 small farmers to increase sales and incomes through improved crop production, processing, and marketing. To increase sales of specialty and quality coffee, advisors will work with farmers and producer groups to improve coffee production, processing, and business practices. Principal contractors and grantees are Fintrac Inc, Cooperative League of the United States in El Salvador, Technoserve, and Peace Corps.

Quality basic education (\$3,193,000 DA). USAID-financed technical assistance to the Ministry of Education (MINED) and the Ministry of Health will help implement a program to improve learning skills of preschool and primary school children and train parents and caregivers to provide better childcare. Advisors will work with the MINED to improve student academic performance in 250 rural primary schools and improve management and education skills of primary school principals. Principal contractors and grantees are Development Associates, UNICEF, and Save the Children.

**FY 2004 Program:**

Economic policies that stimulate rural growth (\$3,100,000 DA). USAID intends to continue supporting GOES efforts to develop an energy sector regulatory framework that fosters private investment and makes energy delivery more efficient. Assistance will also improve voluntary tax compliance and collection. USAID plans to finance further development of small-scale rural infrastructure.

Sustainable microfinance institutions (\$3,187,000 DA). USAID plans to finance technical assistance for selected MFIs to improve financial service provision to rural businesses and comply with requirements to become regulated non-bank financial institutions. USAID also plans to finance technical assistance to the Superintendent of the Financial System to establish a clear, efficient system to regulate non-bank financial institutions.

Economic opportunities for small enterprises (\$6,150,000 DA). USAID intends to continue trade capacity building technical assistance to implement CAFTA requirements. USAID also plans to support activities that improve the capacity of medium, small, and micro enterprises to generate increased profits, exports, and employment.

Environmentally sound agricultural practices and exports (\$3,513,000 DA). USAID plans to continue providing technical assistance and training in technology transfer, marketing, accessing credit, and product processing to several thousand low-income farmers to expand fruit, vegetable, and coffee production for local and export markets.

Quality basic education (\$2,793,000 DA). USAID will continue its activities to foster quality basic education in 250 rural schools, strengthen MINED's management and monitoring and evaluation systems, and improve childcare skills of parents and caregivers to improve care and education for thousands of rural children.

**Performance and Results:** USAID's policy assistance helped the GOES implement energy laws, regulations, and procedures that brought electrical services to 76% of rural households and improved the investment environment. Based on a USAID-financed assessment to identify legal, administrative, and technological constraints to tax collection, the GOES made administrative reforms and hired additional auditors, resulting in an 8.8% (\$132 million) increase in tax collections over the previous year. Nearly 95% of rural children aged seven through ten now attend school. Four hundred childcare center workers and educators have been trained in improved education and childcare methodologies, benefiting more than 9,000 children. Rural residents accessed 12,250 new loans and opened more than 4,500 savings accounts as a result of USAID's efforts to expand microfinance services. Of the new loans, 39% were under \$400 and 71% of borrowers are women. USAID-assisted rural organizations and farmers increased sales and 6,700 farmers received technology transfer, marketing, credit access, and post harvest processing assistance. Three coffee mills were constructed, benefiting 1,500 farm families and two farm cooperatives. USAID completed 11 rural infrastructure projects (roads, bridges, and water systems), benefiting 14,500 people.

When this objective is completed, USAID expects that rural access to electricity will have increased to 78%. Tax compliance and revenues will have increased, generating more GOES resources for national development. Assistance to microfinance institutions will provide access to financial services to 40,000 new rural clients, a regulatory system will facilitate the transition of non-bank financial institutions into regulated entities, and micro-, small-, and medium-sized enterprises and farmers will increase exports and local sales. The academic performance of students in 250 rural schools will have improved.

## US Financing in Thousands of Dollars

El Salvador

| 519-001 Economic Growth, Agriculture and Education | CSH    | DA     | ESF    |
|--|--------|--------|--------|
| <b>Through September 30, 2001</b>                  |        |        |        |
| Obligations  | 10,702 | 48,220 | 39,162 |
| Expenditures                                       | 6,525  | 34,682 | 39,065 |
| Unliquidated                                       | 4,177  | 13,538 | 97     |
| <b>Fiscal Year 2002</b>                            |        |        |        |
| Obligations  | 0      | 6,526  | 0      |
| Expenditures                                       | 1,876  | 7,229  | 0      |
| <b>Through September 30, 2002</b>                  |        |        |        |
| Obligations  | 10,702 | 54,746 | 39,162 |
| Expenditures                                       | 8,401  | 41,911 | 39,065 |
| Unliquidated                                       | 2,301  | 12,835 | 97     |
| <b>Prior Year Unobligated Funds</b>                |        |        |        |
| Obligations  | 0      | 0      | 0      |
| <b>Planned Fiscal Year 2003 NOA</b>                |        |        |        |
| Obligations  | 0      | 15,993 | 0      |
| <b>Total Planned Fiscal Year 2003</b>              |        |        |        |
| Obligations  | 0      | 15,993 | 0      |
| <b>Proposed Fiscal Year 2004 NOA</b>               |        |        |        |
| Obligations  | 0      | 18,743 | 0      |
| Future Obligations                                 | 0      | 0      | 0      |
| Est. Total Cost                                    | 10,702 | 89,482 | 39,162 |

## Data Sheet

|                                     |   |
|-------------------------------------|---|
| <b>USAID Mission:</b>               | El Salvador                                     |
| <b>Program Title:</b>               | Democratic Consolidation and Governance         |
| <b>Pillar:</b>                      | Democracy, Conflict and Humanitarian Assistance |
| <b>Strategic Objective:</b>         | 519-002   |
| <b>Status:</b>                      | Continuing                                      |
| <b>Proposed FY 2003 Obligation:</b> | \$4,469,000 DA                                  |
| <b>Prior Year Unobligated:</b>      | \$0   |
| <b>Proposed FY 2004 Obligation:</b> | \$5,469,000 DA                                  |
| <b>Year of Initial Obligation:</b>  | FY 1997   |
| <b>Estimated Completion Date:</b>   | FY 2005   |

**Summary:** USAID's program to strengthen democratic processes and good governance aims to promote increased access to justice and improved court case preparation; strengthen local governments to provide basic public services; increase open access to legislative processes; and encourage active civil society advocacy through small grants.

### Inputs, Outputs, Activities:

#### FY 2003 Program:

Access to justice and court case preparation (\$1,600,000 DA). The justice sector, which has been working under new criminal codes, will continue to be a principal area of focus. USAID will fund training in evidence collection and management, plea bargaining, case preparation, use of oral arguments, and other aspects of the new criminal codes for several hundred judges, prosecutors and public defenders to assist them in effectively and fairly applying the new system. USAID-financed technical assistance and training will support development of modern rules of evidence and review legislation and regulations related to trade and the commercial sector. Working with selected law schools, USAID will help educate and train faculty in practical legal teaching techniques, promote curriculum reforms, and develop and manage legal clinics as educational learning tools. To further increase access to justice, USAID will help establish at least two additional community-based mediation centers and widely disseminate information on the use of alternative dispute resolution. The principal contractor is DPK Consulting. The Department of State implements activities through an inter-agency agreement.

Local government (\$1,769,000 DA). USAID will fund technical assistance to approximately 25 municipalities to improve their financial and human resource administration accountability. Assistance will also increase local governments' efficiency and coverage of selected public services, such as water and solid waste management. Municipalities will receive assistance in designing, with citizen participation, medium-term community development plans. Policy-related activities will help clarify municipal roles and responsibilities regarding additional public services that may be decentralized, such as education and road maintenance. Principal contractors and grantees are Research Triangle Institute and the Salvadoran National Mayors Association.

Citizen participation in legislative process, civil society advocacy, and transparency (\$1,100,000 DA). USAID will fund training for selected civil society organizations to strengthen their internal administrative and financial management systems. Assistance will be provided in tandem with six to eight small grants to support specific advocacy and oversight activities that further democratic principles. Assistance to the legislature will help further open up its decision-making processes to public input through more frequent public hearings, a legislative hotline, and constituent outreach offices located outside the capital. Technical assistance will help the Government of El Salvador implement a code of ethics for government employees. An additional \$1 million, included in S.O. 598-021 in the FY 2003 CBJ, will be dedicated to this activity. Principal contractors are Creative Associates Inc. (prime) for civil society and transparency activities and the University of Texas (sub) for legislative activities. Grants to civil society organizations will be determined through competition.

**FY 2004 Program:**

Access to justice and court case preparation (\$1,600,000 DA). To assure fairer and more equitable treatment of evidence in the courts, USAID plans to continue training activities for key justice sector institutions in criminal code implementation and appropriate use of rules of evidence. USAID also intends to continue training and technical assistance to implement curriculum and teaching reforms in selected law schools. USAID plans to establish additional community-based mediation centers and is considering support for legal reforms and training related to trade and commercial code legislation.

Local government (\$1,769,000 DA). Up to 25 municipalities will benefit from technical assistance and training to further improve provision of basic municipal services and increase transparency and accountability in municipal management and planning. USAID is also planning to support activities that promote greater citizen participation in local government oversight committees.

Citizen participation in legislative process, civil society advocacy, and transparency (\$2,100,000 DA). USAID expects to continue limited civil society grants for advocacy and oversight initiatives and complementary training. Should the legislature commit to open additional constituent outreach centers, USAID will consider supporting this effort. USAID is planning to support technical assistance activities that would strengthen the office of government ethics, as well as training related to government ethics and transparency within GOES ministries.

**Performance and Results:** USAID has helped El Salvador improve citizen access to the justice system. Use of the justice system, expressed by the number of court cases filed in USAID target areas, increased 18% over the past year (from 15,238 cases in FY 2001 to 17,990 cases in FY 2002). The two community-based mediation centers established in 2002 have received 1,870 cases. The centers are proving to be valid, accessible alternatives for helping people resolve their problems without having to go to court. The first modern legal education clinic, launched at one of the country's largest law schools, is providing practical opportunities for law students to work on real cases and gain first-hand knowledge of the roles and responsibilities of each justice sector institution. USAID support for the community policing initiative has helped police reduce crime and violence rates in many municipalities. In 2002, overall crime dropped almost 18% from the previous year. USAID helped six legislative committees hold a total of 28 public hearings and 8,690 citizens visited their constituent outreach offices. These results demonstrate an increased openness to listening to citizen concerns. An eight percent increase in local revenue generation by USAID-assisted communities shows evidence that municipal government credibility is growing. These municipalities also increased their solid waste collection and disposal services by almost 20%.

By the end of the strategy period, USAID expects that El Salvador will have built a more credible criminal justice system and more transparent local level public administration services. USAID expects that citizens will have increased confidence in the criminal justice system and participate more actively in policy discussions. Legislative decision-making is expected to become increasingly transparent. The community policing model will be working nationwide and assisting in reducing crime and violence.



## US Financing in Thousands of Dollars

El Salvador

|   | DA     | ESF    |
|---|--------|--------|
| 519-002 Democratic Consolidation and Governance |        |        |
| <b>Through September 30, 2001</b>               |        |        |
| Obligations                                     | 24,976 | 16,632 |
| Expenditures                                    | 17,725 | 13,452 |
| Unliquidated                                    | 7,251  | 3,180  |
| <b>Fiscal Year 2002</b>                         |        |        |
| Obligations                                     | 3,225  | 200    |
| Expenditures                                    | 4,484  | 1,757  |
| <b>Through September 30, 2002</b>               |        |        |
| Obligations                                     | 28,201 | 16,832 |
| Expenditures                                    | 22,209 | 15,209 |
| Unliquidated                                    | 5,992  | 1,623  |
| <b>Prior Year Unobligated Funds</b>             |        |        |
| Obligations                                     | 0      | 0      |
| <b>Planned Fiscal Year 2003 NOA</b>             |        |        |
| Obligations                                     | 4,000  | 0      |
| <b>Total Planned Fiscal Year 2003</b>           |        |        |
| Obligations                                     | 4,000  | 0      |
| <b>Proposed Fiscal Year 2004 NOA</b>            |        |        |
| Obligations                                     | 5,469  | 0      |
| Future Obligations                              | 0      | 0      |
| Est. Total Cost                                 | 37,670 | 16,832 |

## Data Sheet

|                                     |                              |
|-------------------------------------|------------------------------|
| <b>USAID Mission:</b>               | El Salvador                  |
| <b>Program Title:</b>               | Health of Women and Children |
| <b>Pillar:</b>                      | Global Health                |
| <b>Strategic Objective:</b>         | 519-003                      |
| <b>Status:</b>                      | Continuing                   |
| <b>Proposed FY 2003 Obligation:</b> | \$9,011,000 CSH              |
| <b>Prior Year Unobligated:</b>      | \$0                          |
| <b>Proposed FY 2004 Obligation:</b> | \$6,334,000 CSH              |
| <b>Year of Initial Obligation:</b>  | FY 1997                      |
| <b>Estimated Completion Date:</b>   | FY 2005                      |

**Summary:** USAID's health program is working to improve child survival practices and services, including water supply and sanitation services to rural communities to reduce diarrheal disease; prevent and control sexually transmitted diseases including HIV/AIDS; support Ministry of Health (MOH) efforts to decentralize the planning and management of health services to local levels; and support MOH and non-governmental organizations' (NGO) efforts to improve the quality of and access to reproductive health services and practices, especially for rural women and adolescents.

### **Inputs, Outputs, Activities:**

#### **FY 2003 Program:**

Child survival (\$4,286,000 CSH). USAID-financed technical assistance, training, and select commodities to the MOH will help: a) improve referrals between rural health promoters and health facilities; b) implement an integrated management of childhood illnesses strategy; c) improve monitoring of births in 28 maternity hospitals and 50 health units nationwide; d) expand nutrition care skills to 300 high-risk rural communities to prevent malnutrition in young children and pregnant women; and e) implement breastfeeding counseling at the local level. Construction of rural water systems and latrines as well as intensive community health education will help decrease diarrheal incidence in young children. USAID will continue support to prevent and control dengue fever with community-based interventions and train more than 4,000 MOH staff in child survival techniques. Principal contractors are the Academy for Educational Development, International Science and Technology Institute, the Tuberculosis Coalition for Technical Assistance, the Centers for Disease Control and Prevention (CDC), and Management Sciences for Health.

Maternal and reproductive health care (\$3,375,000 CSH). USAID will fund training and technical assistance for the MOH to improve reproductive health care including: a) prenatal, delivery and postpartum care; b) training of health promoters and midwives for counseling mothers and families; c) community education to increase knowledge of the importance of family planning and reproductive health care; d) prevention of pregnancies and sexually transmitted diseases among adolescents; and e) an improved contraceptive logistics system. Over 11,000 health workers, including doctors and birth attendants will be trained. In addition, USAID support to the Salvadoran Demographic Association will enable it to provide family planning services to 38,250 rural women, become more financially self-sufficient, and complete the 2003 National Demographic and Health Survey. Principal contractors are the Salvadoran Demographic Association, CDC, University of North Carolina and John Snow, Inc.

HIV/AIDS (\$500,000 CSH). USAID-financed technical assistance to the MOH will improve its HIV/AIDS epidemiological surveillance and help initiate voluntary HIV testing and counseling for pregnant women. Technical assistance to NGOs will help them prevent and control HIV/AIDS among high-risk groups. Principal contractors are Population Services International and the Academy of Educational Development.

Ministry of Health decentralization (\$850,000 CSH). USAID-financed technical assistance to the MOH will help make its community-level health services more efficient. USAID will concentrate on strengthening

services in seven districts that serve 20% of El Salvador's population and contain 25% of MOH facilities. More than 430 key local-level managers will be trained in strategic planning and financial and management systems. The principal contractor is Abt Associates, Inc.

All family planning agreements will incorporate clauses that implement the President's directive reinstating the Mexico City Policy.

**FY 2004 Program:**

Child survival (\$1,834,000 CSH). USAID expects to continue support for targeted health promotion activities in rural areas to reduce infant and young child morbidity and mortality. Assistance would help the MOH expand its strategy for reducing malnutrition in high-risk rural areas and strengthen performance of rural health promoters.

Maternal and reproductive health care (\$3,600,000 CSH). To help reduce maternal and infant mortality, USAID will continue to fund assistance to the MOH to improve prenatal, delivery, and postpartum care and increase public awareness of the importance of reproductive health care. USAID plans to assist the Salvadoran Demographic Association to attain financial sustainability and anticipates providing contraceptive support to the Salvadoran Demographic Association as well as the MOH.

HIV/AIDS (\$600,000 CSH). USAID will fund technical assistance to MOH's epidemiological surveillance of HIV/AIDS to better monitor and measure the extent of HIV/AIDS in El Salvador. USAID expects to continue support for interventions to change behavior among high-risk groups.

Ministry of Health decentralization (\$300,000 CSH). USAID is planning to continue its support for MOH decentralization in the seven local health districts, as well as limited support for reform at the national level.

**Performance and Results:** With USAID support, the MOH initiated decentralized health services planning, management and delivery, which provided improved service delivery at the community level. The MOH's 28 maternity hospitals now offer a "mother-baby" health package to reduce infant deaths. All of El Salvador's 1,700 rural health promoters are trained in improved management of childhood illnesses, resulting in improved access to quality health care in rural areas. With USAID support, the MOH launched a nutrition care initiative in rural areas, which has resulted in improved nutrition monitoring mechanisms at the local level. MOH facilities have significantly increased contraceptive stocks on hand as well as the availability of family planning services. Working closely with the MOH and the private sector, USAID supported a campaign that lowered levels of dengue fever, a mosquito-borne virus, in high-risk areas. USAID water and sanitation activities achieved a 29% to 82% decrease in diarrhea among children under five years old in nine activity sites. Passage in 2002 of a law to prevent discrimination against individuals with HIV/AIDS makes HIV/AIDS prevention and control more acceptable to high-risk groups.

By the end of the strategy, decentralization of health services in rural areas will have improved the efficiency and quality of service delivery in the seven local health districts assisted by USAID. Improved health services will reduce malnutrition among rural children, increase contraceptive use, increase knowledge about the importance of reproductive health care and HIV/AIDS risks, increase the percentage of births attended by trained personnel, and decrease diarrhea among young children.

## US Financing in Thousands of Dollars

El Salvador

| 519-003 Health of Women and Children  | CSH    | DA      | ESF    |
|---------------------------------------|--------|---------|--------|
| <b>Through September 30, 2001</b>     |        |         |        |
| Obligations                           | 30,529 | 148,922 | 36,610 |
| Expenditures                          | 21,338 | 144,450 | 36,610 |
| Unliquidated                          | 9,191  | 4,472   | 0      |
| <b>Fiscal Year 2002</b>               |        |         |        |
| Obligations                           | 8,693  | 0       | 0      |
| Expenditures                          | 6,901  | 2,716   | 53     |
| <b>Through September 30, 2002</b>     |        |         |        |
| Obligations                           | 39,222 | 148,922 | 36,610 |
| Expenditures                          | 28,239 | 147,166 | 36,663 |
| Unliquidated                          | 10,983 | 1,756   | -53    |
| <b>Prior Year Unobligated Funds</b>   |        |         |        |
| Obligations                           | 0      | 0       | 0      |
| <b>Planned Fiscal Year 2003 NOA</b>   |        |         |        |
| Obligations                           | 9,636  | 0       | 0      |
| <b>Total Planned Fiscal Year 2003</b> |        |         |        |
| Obligations                           | 9,636  | 0       | 0      |
| <b>Proposed Fiscal Year 2004 NOA</b>  |        |         |        |
| Obligations                           | 6,334  | 0       | 0      |
| Future Obligations                    | 0      | 0       | 0      |
| Est. Total Cost                       | 55,192 | 148,922 | 36,610 |

## Data Sheet

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|-------------------------------------|--|
| <b>USAID Mission:</b>               | El Salvador                            |
| <b>Program Title:</b>               | Clean Water Access                     |
| <b>Pillar:</b>                      | Economic Growth, Agriculture and Trade |
| <b>Strategic Objective:</b>         | 519-004                                |
| <b>Status:</b>                      | Continuing                             |
| <b>Proposed FY 2003 Obligation:</b> | \$4,105,000 DA                         |
| <b>Prior Year Unobligated:</b>      | \$0                                    |
| <b>Proposed FY 2004 Obligation:</b> | \$4,500,000 DA                         |
| <b>Year of Initial Obligation:</b>  | FY 1998                                |
| <b>Estimated Completion Date:</b>   | FY 2005                                |

**Summary:** Summary: USAID's water and environment program promotes sustainable, replicable, and integrated water resource management in 14 microwatersheds (an area within a larger watershed) to increase access to clean water for rural Salvadorans. Through this program, USAID is 1) improving the quality of water sources through agricultural practices that increase water availability and decrease erosion; 2) improving performance of water delivery systems by strengthening infrastructure and local management capability; 3) promoting more effective citizen involvement in water related issues through public awareness campaigns and training and; 4) improving municipal management of water resources.

### **Inputs, Outputs, Activities:**

#### **FY 2003 Program:**

Quality of water sources (\$1,905,000 DA). Through training and technical assistance, USAID will support stream and groundwater protection and physical improvement of watersheds. Activities will promote containment and protection of natural springs as alternative sources of clean drinking water for rural households. More than 9,000 small farmers participating in watershed improvement activities will carry out conservation practices on 67,000 acres to increase water table recharge and decrease soil erosion. Promotion of recycling and residential waste treatment plants will leverage an additional 50% of non-USAID funding, permitting construction of new demonstration plants. USAID plans to build at least two water storage reservoirs through programs that incorporate training to develop local technical capacity for reservoir management. Principal grantees are the CARE Consortium and Project Concern International.

Performance of water delivery systems (\$400,000 DA). USAID will continue supporting construction and expansion of water delivery systems by funding technical and managerial services for design, construction management, and administrative training. Construction materials, which account for 75% of total costs, will be purchased using non-USAID resources. Tariffs for each water system will help pay for watershed conservation efforts and solid and liquid waste treatment, neither of which is currently widely practiced. Potential investment partners include the Salvadoran Social Investment Fund, municipal governments, international donors, and NGOs. Principal grantees are the CARE Consortium and Project Concern International.

Citizen actions to address water issues (\$1,000,000 DA). USAID will promote community management of activities that improve water quality and access. Continued training of technicians (soon to reach 10,000) will result in more than 450 water-related improvements to water systems, pollution prevention, and conflict resolution. Watershed organizations formed as a result of this assistance will manage water access and improvement in conjunction with municipalities in at least half of the project's watersheds. Assistance will also support watershed legislation that promotes local control of water resources. Principal grantees are the CARE Consortium and Project Concern International.

Municipal participation in water resources management (\$800,000 DA). USAID-supported technical assistance and training will strengthen municipal capacity to manage water resources. Fourteen municipalities are implementing water resource management plans developed through this activity. Plans

include decentralization of water management and services, municipal ordinances to ensure proper management of solid and liquid waste, and financing of water systems and waste treatment services. USAID will fund training for an association of four municipalities that manages 17 water systems (serving 30,000 residents). This association, which will become the first regional-based technical support network for rural water systems, will be able to diagnose and repair water system defects and problems. Principal grantees are the CARE Consortium and Project Concern International.

**FY 2004 Program:**

Quality of water sources (\$2,300,000 DA). USAID plans to continue watershed protection activities by promoting water conservation practices in current areas and expanding coverage by up to 7,400 acres. Efforts will focus on strengthening the capacity of existing watershed organizations, comprised of water users, to administer water conservation efforts in 10 microwatersheds. Watershed organizations will carry out water conservation and management activities currently financed by USAID, providing for sustainable, long-term watershed conservation.

Performance of water delivery systems (\$400,000 DA). USAID expects to complete at least 10 water delivery systems using leveraged counterpart funding to purchase construction materials. The tariffs paid by users to support these systems would also help finance watershed protection and waste management activities. Emphasis will be placed on increasing private sector investments in some areas of water systems development.

Citizen actions to address water issues (\$1,000,000 DA). USAID plans to support training for up to 1,000 new technicians and organization members in water resource management. Through this activity, USAID expects to form five additional watershed organizations active in organizing water users.

Municipal participation in water resources management (\$800,000 DA). USAID assistance will likely focus on effective enforcement of municipal ordinances to assist selected communities in solid and liquid waste treatment management. USAID anticipates continuing assistance for the water systems technical support model.

**Performance and Results:** USAID is making important contributions to promoting access to clean water for rural households. USAID successfully implemented soil conservation practices on 62,000 acres of land and incorporated more than 9,000 farms into the program. A total of 100 water systems were constructed, rehabilitated, or expanded in 2002, increasing access to clean water in targeted areas from 53% to 60% of the population. Over the past three and a half years, more than 130,000 Salvadorans have gained access to clean water through this program. The majority of construction materials for water systems built in 2002 were financed through outside investments as USAID leveraged over \$1.3 million in counterpart contributions from local and national level government agencies, NGOs, and private donors. Four completed water systems are using tariff revenues to help finance sustained watershed conservation. All 100 completed water systems are economically self-sufficient and locally administered. More than 200 local civic groups were formed to work on improving water management and more than 2,400 civic group members were trained in water resource management. Civic awareness of the importance of clean water reached 97% of the target population. All 18 target municipalities successfully developed water resource management plans and collectively passed 32 municipal ordinances to improve community sanitary conditions and water resources.

By the end of the strategy, water resource improvements will be sustainable and 78% of rural households in target areas will have access to clean, locally managed water resources. Local user organizations will manage 14 microwatersheds and have the capacity to cover operating costs with local revenues. The 120 water systems constructed through this activity will be self-sufficient and use tariffs to further watershed protection and waste treatment objectives. Four sewage and six solid waste treatment facilities demonstrating appropriate technologies will be operational.

## US Financing in Thousands of Dollars

El Salvador

|                                       |        |
|---------------------------------------|--------|
| 519-004 Clean Water Access            | DA     |
| <b>Through September 30, 2001</b>     |        |
| Obligations                           | 13,040 |
| Expenditures                          | 9,217  |
| Unliquidated                          | 3,823  |
| <b>Fiscal Year 2002</b>               |        |
| Obligations                           | 2,821  |
| Expenditures                          | 6,776  |
| <b>Through September 30, 2002</b>     |        |
| Obligations                           | 15,861 |
| Expenditures                          | 15,993 |
| Unliquidated                          | -132   |
| <b>Prior Year Unobligated Funds</b>   |        |
| Obligations                           | 0      |
| <b>Planned Fiscal Year 2003 NOA</b>   |        |
| Obligations                           | 4,103  |
| <b>Total Planned Fiscal Year 2003</b> |        |
| Obligations                           | 4,103  |
| <b>Proposed Fiscal Year 2004 NOA</b>  |        |
| Obligations                           | 4,500  |
| Future Obligations                    | 0      |
| Est. Total Cost                       | 24,464 |