

EL SALVADOR AND LUXEMBOURG 2007-2011

Final Report

Synthesis and perspectives

Final version - 15 July 2011

(Original – English)

InSyDe, Information, Systèmes et Développement sàrl

31, Boulevard Grande Duchesse Charlotte

L-1331 Luxembourg

N°TVA LU 20935729

N°RCL B 108583

www.insyde.lu

Executive Summary

Purpose of the Report

This executive summary aims to contribute to the policy dialogue between El Salvador and Luxembourg. It presents the findings and conclusions of:

1. The Mid Term Review of the Consolidation Programme (PC), the co-operation programme between El Salvador and Luxembourg during the period 2007-2010/11.
2. The Evaluation of the Programme of Support to Solidary Rural Communities (PACSR also known by the code SVD/021), implemented through Lux-Development from 2008 to 2011.

The report suggests options for cooperation of Luxembourg and El Salvador up to 2015 and makes recommendations to governmental institutions.

Organisation of the Work

The work was conducted between January and July 2011. The team interviewed government officials in El Salvador and Luxembourg, including regional officials from the Embassy and Lux-Development in Managua, and had access to official planning and monitoring documents. A two week field visit to all 13 targeted rural municipalities in the eastern region allowed observations of most projects and discussions with local people and government officials.

Main Findings and Conclusions

Mid Term Review of the Consolidation Programme (PC)

1. *The Consolidation Programme usefully concentrated Luxembourg's aid efforts in El Salvador, contributing to national development*

a. 82% of the PC budget was allocated to the major bilateral programme and 12% to a major UNDP programme

b. This concentration of funds made Luxembourg a major bilateral partner in the national anti-poverty programme (Programme of Solidary Communities – PCS – previously *Red Solidaria*) and in the UNDP programme

c. In general, Luxembourg's aid is appreciated for its flexibility and its positive contribution to development

2. *Making an impact on poverty at the local level was a main principle in the Luxembourg-El Salvador cooperation.*

a. All interventions supported within the PC focused on the reduction of poverty and made a contribution to the Millennium Development Goals

b. The major bilateral programme (PACSR) was designed to achieve a greater impact on poverty by focusing efforts on 13 extremely poor rural communities within the El Salvadorian government's national anti-poverty programme, the *Programa de Comunidades Solidarias (PCS)*

c. The activities of UNDP supported by Luxembourg contributed to the strengthening of national capacities to carry out the PCS, including analytical studies and other activities.

3. Luxembourg did not make the most effective use at national level of its strong position in key programmes

a. Policy dialogue at the highest level was unsteady over five years

b. The narrow territorial focus in the bilateral programme did not allow Luxembourg to engage effectively in discussions of the PCS at a strategic level.

c. The policy dialogue with Luxembourg's multilateral and other⁶ partners was ad hoc and lacked comprehensive monitoring.

d. The dialogue did not encourage synergy between the different interventions that Luxembourg supported.

4. The Consolidation Programme 2007-2010 was not an exit strategy

a. Initially considered as preparation for Luxembourg's exit from aid relations with El Salvador, the PC did not lead to Luxembourg's exit and was extended to 2011.

b. Design of the PC did not pay consideration to an exit strategy

c. A territorial programme was not a good basis for withdrawal from the bilateral programme.

5. The evolution of policy dialogue and aid coordination presents challenges for Luxembourg's territorial approach

a. The new government elected in 2009 in El Salvador shows enthusiasm for engaging willing donors in its social policy agenda

b. Donor coordination mechanisms are improving, encouraged by the new government

c. The government of El Salvador's emphasis on its national poverty reduction programme has increasingly made Luxembourg's narrow territorial approach appear out-dated.

Evaluation of the Support Programme for Solidary Rural Communities (PACSR)

6. The PCS and PACSR made a significant contribution to achieving the Millennium Development Goals in El Salvador.⁷

a. The PACSR, in support of PCS, is highly relevant to the needs of rural areas.

b. Provision of basic services and infrastructure in the social sectors (health, education and water supplies) was effective with some encouraging impacts at the local level (See Appendix 2).

⁶ Luxembourg had other partners in El Salvador during the period that cannot be categorised as multilateral or bilateral.

⁷ The evaluation tries to focus on the support of Luxembourg through the PACSR but it is often difficult to distinguish, in the 13 target municipalities, the results of the PACSR from the broader government activities of the PCS. Where the PACSR has helped to enhance the efficiency or effectiveness of the PCS, it is not possible to quantify the enhancement achieved by the PACSR.

- c. These social sector activities are aligned with government policies and generate enthusiastic support in the municipalities.
- d. PACSR is designed to manage results, with the introduction of effective monitoring systems.

7. Other areas of the programme are disappointing

- a. Gender, local participation and environment received attention at the design stage, including monitoring indicators. However, this was insufficient to ensure systematic attention during implementation, often leading to weak integration of these transversal themes into the programmes and the weaknesses were noted in results. Waste treatment is an example; there was attention to the issue in relevant sectors, but inter-sectoral integration was missing, leading to poor results on the ground.⁸
- b. The monitoring system used by PACSR, whilst being an improvement on government systems, mainly considers inputs and outputs with less attention on outcomes.
- c. The productive sector component of PACSR did not achieve a single functioning project in the 13 municipalities in three years. Reasons for delay included: lack of government strategy until 2010; problems with design given the unsuitability of the area; and reallocation of institutional responsibilities following the change of government in 2009.
- d. The delay in the productive sector also contributed to delay in the rural electrification component.
- e. With regard to the local government capacity building, a decision was taken to delay this component of PACSR, following the elections and the need for new local government officials to settle in.
- f. Other cancellations and delays followed the change of government; e.g., in the education component to tackle illiteracy there was an interruption to let the new government formulate its own literacy policy; and long pauses for reflection on national strategies in other sectors.
- g. Delays have led to substantial unspent funds.

8. PACSR is a complex and ambitious hybrid model, which leads to implementation challenges

- a. The PACSR was conceived as a support programme to a national anti-poverty programme, the PCS.
- b. The PACSR focuses on six sectors and concentrates activities in 13 rural municipalities (each comprising several cantons and dispersed local settlements) in the eastern region of El Salvador.
- c. On one hand, PACSR is an area focused project of the traditional type; on the other hand it is a programme of support for local institutions, with some important innovations (e.g. local capacity building).

⁸ An exception to this generally disappointing finding was noted in the water supplies component; in this component, the participation of women in the Water Users Groups (Juntas de Agua) was actively encouraged in the design and implementation stages, with the positive results noted above in 6b.

d. The PACSR works through national and local institutions, providing technical assistance and support through a project management unit (UGP), with the relevant sector, management and monitoring experts.

e. A constant tension in the PACSR is between the speed of delivery of good quality outputs against capacity building over a longer term.

f. Partners' perspectives diverged over time. Some El Salvador government officials regard PACSR as a pilot project for national strategies, learning lessons from the field experience. This was apparent in the productive sector but also to some extent with elements of the health sector (mobile health teams known as ECOSF). Luxembourg focused on the 13 municipalities, which were the location of the PACSR, rather than on the PCS more generally.

g. Implementation showed up sectoral inconsistencies in performance - significant progress and impact in some sectors (notably basic services and infrastructure in the social sectors) and substantial delays in others (as in the productive sector and strengthening local capacity for development).

h. Long term sustainability of the PACSR (and PCS nationally) is in doubt because of the challenge for the Ministries and local communities to support the approach without economic growth.

9. The role played by the UGP raises major concerns about ownership and mutual accountability.

a. Lux-Development has made different types of partnership agreement and contracts with these national institutions for the implementation of different aspects of the sector activities. These different agreements between Lux-Development and the government institutions imply two management models with distinct institutional responsibilities for UGP and different relationships with national institutions. In one case there was frequent appreciation of the direct support from the UGP; in the other case there was criticism of UGP intrusiveness, which raises questions about long term ownership.

b. The monitoring system used by the UGP was considered helpful by some sectoral institutions; they were considered unwanted additional tasks by others.

c. These contradictory views on the role of the UGP pose a dilemma for the aid relationship. In some sectors the UGP, exercising executive control, had guaranteed speedy delivery of high quality outputs. It achieved these good results in part by using its own procurement procedures rather than working through government procedures and over-extended government institutions, which often slow down the achievement of results. Moreover, the UGP was not empowered to engage with the El Salvador government to help reform these national procedures and to address other institutional constraints.

d. UGP capacities are appropriate for promoting the speedy delivery of high quality results in the sectors where Lux-Development has ample experience, notably basic infrastructure. It was less successful in facilitating capacity building and transversal issues. Indeed, it focused on monitoring progress with the delivery of results (speedy and visible) rather than on providing support for capacity building (long term and relatively invisible), which the UGP does not consider to be its role.

e. With regard to technical assistance, there were few formal requests from the government institutions concerned with national programmes; informal discussions of requirements often did not lead to formal requests.

f. The UGP's flexibility is inconsistent, depending on the sector and institutional relationships, which seem to be underlying factors for other issues noted.

Options and Recommendations.

10. Opportunities for a genuine Exit Strategy

- a. A further cooperation programme is justified by the positive results of the Consolidation Programme. The two partners can learn lessons from the Consolidation Programme and the PACSR.
- b. Concentration of effort in one major bilateral programme is a significant improvement in aid effectiveness, especially if other interventions supported by Luxembourg are coherent.
- c. To be a genuine exit strategy, there has to be a reduction in effort year on year. This implies choosing aid modalities and approaches that are consistent with the exit strategy.
- d. A Luxembourg presence in El Salvador would be highly desirable but a parallel structure such as the UGP is no longer appropriate and other means of representing Luxembourg's interests are needed.
- e. The report discusses three options for exit, each of which implies a different balance between aid modalities, institutional relationships and staff resources. The options are Basket funding to the PCS, Programme-wide approach with project funding, and a Sector-wide approach with different modalities.
- f. This report makes recommendations to the main institutional actors in the partnership for development cooperation. There are also joint recommendations for both governments to consider.