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USAID DOMESTIC RESOURCE MOBILIZATION PROJECT

Semi-Annual Performance Progress Report
April 2018 – September 2018

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USAID DOMESTIC RESOURCE MOBILIZATION PROJECT

SEMI-ANNUAL PERFORMANCE PROGRESS REPORT APRIL 2018 – SEPTEMBER 2018.

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ACRONYMS

AFI	Public Financial Administration Law
ANEP	National Association of Private Corporations
COMPRASAL	E-Procurement System
CONAMYPE	National Commission for Micro and Small Enterprises
CONEVAL	Mexican National Council for the Evaluation of Social Development Policy
CSMS	Case Selection Management System
DAI	DAI Global, LLC
DFD	Training and Capacity Building Department
DGA	General Directorate for Customs
DGCG	General Directorate for Government Accounting
DGICP	General Directorate for Public Investment and Credit
DGII	General Directorate for Internal Revenue
DGP	General Directorate for Budget
DGT	General Directorate for Treasury
DPEF	Directorate of Economic and Fiscal Policy
DINAFI	National Directorate for Financial Administration
FPEMP	Fiscal Policy Expenditure Management Program
GDP	Gross Domestic Product
GOES	Government of El Salvador
IDB	Intern-American Development Bank
IPSAS	International Public-Sector Accounting Standards
JSIIT	Integrated Tax Information System
LACAP	Salvadoran Public Procurement Law
MINED	Ministry of Education
MINSAL	Ministry of Health
MOF	Ministry of Finance
MTEF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Framework
MTIF	Medium-Term Institutional Framework
N/A	Not Applicable

Na	Not Available
PAAC	Public Procurement Annual Programming
PESS	El Salvador Safe Plan
PFM	Public Financial Management
ROB	Result Oriented Budget
SAFI	Integrated Financial Management System
SAFIM	Municipal Integrated Financial Management System
SETEPLAN	Technical and Planning Secretariat of the Presidency
SITEP	Integrated Public Treasury System
TSA	Treasury Single Account
TPAR	Tax Policy and Administration Reform
UNAC	National Procurement Office
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The United States Agency for International Development (USAID) signed a contract with DAI Global, LLC on April 27, 2017 to continue improving public financial management practices, increase domestic revenue mobilization and generate additional revenue for the public sector in El Salvador.

The purpose of the Domestic Resource Mobilization Project is to support a technical assistance program to the Government of El Salvador's (GOES) Ministry of Finance (MOF) in the areas of tax policy, public administration, public expenditure and revenue management systems, and public-private dialogue between the government, the private sector, and the civil society. The main counterpart for these activities is the MOF.

The Project has four main components. These are:

1. Component 1: Budget Planning and Preparation Improved
2. Component 2: Budget Execution Improved
3. Component 3: Tax Policy and Administration Improved
4. Component 4: Transparency and Public-Private Dialogue on Fiscal Policy Strengthened

Highlights for the third semester of Project implementation, April 2018 to September 2018, are listed below:

Semester results/highlights

- GOES Budget Reform postponed to January 2020.
- Training for MINSAL and National Hospitals on ROB formulation delivered.
- Training for GOES institutions, DGP and SETEPLAN on ROB delivered.
- Expenditure quality assessment for the education sector revised and presented to MOF, MINED and International Donors Roundtable.
- DGT administrative and functional reform implementation plan developed.
- Study Tour to Argentina on Cash Flow Projection Tools delivered.
- AFI Law reform proposal drafted.
- Training on IPSAS to DGCG and eighteen (18) national hospitals delivered.
- Training on SAFI II Accounting Matrices to DGCG personnel delivered.
- New Public Investment Model drafted and approved.
- Presentation on COMPRASAL II to UFIs and UACIs delivered.
- COMPRASAL II *Libre Gestión* e-learning module developed.
- Assessment of the DGII Audit Unit developed.
- Draft a proposal for a Fiscal Reforms Unit within DGII.
- Proposal for the creation of two Integrated Assistance Centers for taxpayers and international traders drafted.
- *Dictamen Fiscal* e-learning modules developed.

- Citizen's Forum on Results-Oriented Budget implementation in El Salvador.
- PFM and customs reforms for fiscal sustainability presentation delivered.
- New Viceminister of Finance.
- Development of an assessment of MOF capacity to reallocate personnel for administrative reforms implementation.

Activities in progress

- Assessment of the current MOF revenue projection models.
- Elaborate a revenue forecasting model for MTFF.
- Support the implementation of ROB and MTIF in MINSAL.
- Support the implementation of ROB and MTIF in ISSS.
- Support the implementation of ROB and MTIF in MARN.
- Support the implementation of ROB and MTIF in MINED.
- Support the DGP in the SAFI II Budget Formulation Subsystem Deployment.
- Development of e-learning modules for Medium-Term Frameworks and Results-Oriented Budget Implementation.
- Development of the SAFI II Government Accounting Subsystem.
- Development of the SAFI II Treasury Subsystem.
- Integration of the COMPRASAL II, SAFI II Budget, Accounting and Treasury Subsystems.
- Development of a new methodology for formulation and evaluation of public investment projects.
- Support the adjustment of the SAFI II Public Debt Management Subsystem Use Cases.
- Implementation of COMPRASAL II PAAC Formulation, PAAC Execution and Libre Gestion modules across public institutions.
- Implementation of COMPRASAL II PAAC Formulation, PAAC Execution and Libre Gestion modules across public sector providers.
- Development of COMPRASAL II Contract Management Module.
- Development of an assessment of the Court of Accounts' Fiscal Department capacity for fiscal control.
- Support the approval of the Simplified Tax System proposal.
- Support the Use Cases development of the Integrated Current Account Module within JSIIT.
- Strengthening of the DGT Tax Arrears Collections Direction capacity to collect tax arrears
- Support the creation of a Fiscal Reforms Unit into DGII.
- Development of the Tax Arrears Collections System.
- Support the development of the economic, fiscal and institutional presence maps.
- Support DGT in the development of the use cases for the SITEP II.
- Support the implementation of the e-filing system.

- Development of the DGA reform implementation plan.
- Draft a Custom Code Proposal.
- Development of a Customs Service Call Center and Customs Service Site.
- Support DGA in the development of the CSMS II Customs Module Use Cases.
- Development of an assessment of the DGA IT Systems.
- Development of a proposal to redesign the Public Procurement Ombudsman Portal.
- Develop and sustain a communication strategy with GOES, Legislative Assembly, Private and Civil Society groups to get buy-in for key reforms approval.
- Develop and sustain a communication strategy with GOES, Private and Civil Society groups to get their feedback from fiscal reforms proposals and implementations.
- Promote a Fiscal Transparency Round Table with Public and Private Sector.

INTRODUCTION

This report presents the activities of the USAID Domestic Resource Mobilization Project in El Salvador, during its third semester of work. It covers the period from April 1st, 2018 through September 30th, 2018. The Project is for five years and concludes on April 26th, 2022.

Previous USAID fiscal projects, the Tax Policy and Administration Reform (TPAR) Project and the Fiscal Policy and Expenditure Management Program (FPMP), successfully supported the Ministry of Finance (MOF) in the implementation of reforms that generated an accumulated increase in tax collection of 4% of Gross Domestic Product (GDP) between 2004-2016. Nevertheless, the gap between revenues and expenditures remained high over the past decade, generating a structural deficit that is currently challenging the fiscal sustainability of the country. The Domestic Resource Mobilization Project is now supporting the MOF in implementing the reforms on revenues and expenditures to solve the structural fiscal deficit and to implement the reforms needed to guarantee that the GOES fiscal and financial environment get to a safe harbor that provides fiscal sustainability, sound economic growth and a better life for all Salvadorians.

During the third semester of Project implementation, the Project continued working on key public financial management reforms (such as ROB implementation and SAFI II development) and tax and customs administrations reforms (such as CSMS II, SITEP II and Custom Code development, among other activities) and continue working to ensure future achievement and sustainability of its goals.

COMPONENT I: BUDGET PLANNING AND PREPARATION IMPROVED

The Domestic Resource Mobilization Project supports the MOF in the implementation of Medium-Term Frameworks that will provide the Government with fiscal targets, data and instruments that must guide the budget ceiling, key budget programs and resource allocations. The frameworks will enforce a fiscal discipline that will help GOES to achieve fiscal sustainability. Additionally, the Project supports the reform of the budget system. The new budget system will enforce the GOES institutions to develop budget programs with a full set of output, efficiency and economy indicators, helping GOES to improve public value creation and resource allocation and rationalization.

KEY ACCOMPLISHMENTS/HIGHLIGHTS FOR THE SEMESTER

- **GOES Budget Reform postponed to January 2020.** The Council of Ministers decided that the 2019 Budget will be developed under the current budget model, not under a Medium-Term and Results-Oriented approach as originally planned. Public institutions are not yet sufficiently trained to implement the new model, also the SAFI II is not fully developed nor has it been completely tested. The Council believes that, under these circumstances, it is too risky to start operating under the new budget approach. The implementation of the new budget model is now scheduled for January 2020.
- **MINSAL and National Hospitals trained on ROB formulation.** Project supported a series of 8 workshops for MINSAL's Regional Directorates and National Hospitals with the objective of reinforcing their understanding of ROB formulation and resource allocation process, more than 280 personnel participated in the trainings. Trainings should improve MINSAL personnel capacities in budget programs formulation.
- **GOES institutions, DGP and SETEPLAN trained on ROB formulation.** The Project delivered a training on indicators for ROB on July 2018. 42 personnel from DGP, MINSAL, MINED, MARN, ISSS and SETEPLAN participated in the training which focused on Results-Oriented Budget and the role of indicators, the process to elaborate indicators, units of measure and indicators' attributes, and Public-Sector value chain. The training was also a space for interaction of the main actors of the process in which they discussed their experience on formulating indicators and challenges they have found. The training was well received by the participants and had very good feedback.
- **Expenditure quality assessment for the Education sector revised and presented to MOF, MINED and International Donors Roundtable.** The Project finished the revised version of the expenditure quality assessment for the education sector based on new data available and Project technical staff's experience. The main assessment findings and areas of opportunity were presented to the International Donors Round Table that supports the MOF on April 1st and to the Ministry of Education (MINED in Spanish) and DGP authorities

on May 23rd. The Project also provided recommendations on how to address them. The drawbacks identified in MINED include: (i) A weak link between their strategic objectives, policy programs and budget, (ii) Difficulty to define priorities for strategic planning and too many plans and policies with different objectives and non-integrated information management systems, (iii) Lack of a proper and timely Budget monitoring and evaluation, and no performance indicators. All these factors generate an unproductive resources allocation. The assessment is the basis for the technical assistance that will be carried out in this Ministry during the following months.

- **Developing of Interactive PDF's for budget reform e-learnings.** Project's Subcontractor TechChange developed an interactive PDF of the Classification Manual for Financial Transactions of the Public Sector for the budget reform e-learning program.

WORK IN PROGRESS

- **Assessment of the current Medium-Term Frameworks forecasting models.** Project held meetings with DPEF and international donors to coordinate an intervention regarding the Public Expenditure and Revenue Forecasting Model for MTFE. During the reporting period, Project reviewed the current revenue MTFE forecasting model and started working on a proposal for its improvement, the proposal will contain recommendations of technical and legal reforms required to ensure that the multi-year, ROB activities can be properly institutionalized, it will also contain Project's recommendations for the improvement of MTFE's multi-year revenue projections. Project will continue working on the proposal and once completed will present it to MOF's Fiscal and Economic Policy Directorate (DPEF) for their consideration.
- **Support the implementation of ROB and MTIF in MINSAL.** The Project continues supporting the implementation of Results-Oriented Budget (ROB) in the Ministry of Health (MINSAL). Due to the deferral of ROB implementation until 2020, Project met with MINSAL's Planning Director to redefine priorities, update the roadmap of the assistance and organize the activities to be followed in the future for ROB implementation; Project and MINSAL agreed to work together on the improvement of the currently approved budget programs with the objective of strengthening the Government's Health Policy and having the budget programs becoming a sound tool for expenditure control. A technical committee was appointed and the reviewing process was institutionalized by the Health Minister on August 30th with an official memorandum; the reviewing is based on a series of premises previously agreed by Project and MINSAL's technical staff, every reviewed program should meet these premises in order to comply with the purpose of ROB formulation. MINSAL's technical staff will analyze the feasibility to implement the proposed improvements. Project and MINSAL started this reviewing process in September and will continue during the next months, DGP also established their commitment to continue working with the Project on the improvement of MINSAL's budget programs. Project also met with MINSAL's Planning directorate,

Information and Communication Technologies directorate and Statistics unit to present the assessment of MINSAL's Information Systems, during the presentation, Project explained the main strengths and weaknesses identified in the assessment and provided recommendations to address these issues. The presentation was also an opportunity for MINSAL personnel to provide additional insight and feedback on some topics. The Project will continue working on the analysis of the performance of MINSAL's information systems in order to improve the scope of the assistance and propose a concrete strategies for the systems' improvement. Additionally, Project continued reviewing MINSAL's administrative organization and strategic planning process. A proposal for the functional and administrative restructuring was developed with the purpose of preparing MINSAL's personnel for the institutionalization of the ROB, Project will deliver a final document of the reform proposal for MINSAL's review and approval.

- **Support the implementation of ROB and MTIF in ISSS.** The Project met with personnel from the Salvadoran Social Security Institute (ISSS in Spanish), in the meeting, ISSS presented their strategic planning, budget programs and the information systems that support all the functioning. ISSS stated that in the process of ROB formulation they have experienced difficulties to distribute and allocate resources, which is very similar to MINSAL's experience and background. The ISSS staff requested technical support from DRM in improving their budget programs. The project requested them a formal request in order to move forward. Currently DRM is expecting the official request.
- **Support the implementation of ROB and MTIF in MARN.** The Project met with personnel from the Ministry of Environment and Natural Resources (MARN in Spanish). In the meeting, MARN presented the state of ROB implementation in this ministry, they have formulated budgetary programs and defined performance indicators. The Project explained the scope of the technical assistance and will coordinate additional meetings with MARN personnel to identify specific areas of intervention. One of these areas could be the improvement of performance indicators.
- **Support the implementation of ROB and MTIF in MINED.** Project met with MINED personnel to present the Project's scope of work and to start coordinating the assistance to strengthen MINED's capacities to formulate its budget and efficiently allocate its resources, in September MINED presented their eight approved budget programs which are linked to the current organizational structure of the ministry. Project and MINED elaborated a roadmap for the assistance which will guide the activities to be carried out in the following months. The assistance to MINED will focus on the findings of the expenditure quality assessment for the education sector, the improvement areas identified in MINED are: (i) review of their current budget programs (ii) strengthen the link between their budget, programs and strategic objectives, (iii) support the definition of an administrative structure that allows an effective allocation of resources within the current ROB framework (iv) redefine priorities for strategic planning and find a better way to integrate their information

system management and (v) improve the monitoring and evaluation of their budget. In the following months.

- **Support the implementation of ROB to DGP.** During the reporting period the Project met with DGP to discuss and reach an agreement on alternatives for some methodological issues concerning the treatment of the budget category named “non-programmatic resources”. In this meetings Project and DGP also discussed issues concerning to the resource allocation for MINSAL's primary health care provision. Project also met with DGP to know the advance on the budget monitoring and evaluation system, some of the information provided by DGP was used to improve the elaboration of a process mapping for budget formulation, execution and monitoring that will be followed by Government institutions for ROB implementation according to the guidelines provided by MOF. Then the Project presented the mapping to DGP authorities, this was a great opportunity to solve some doubts regarding the budget execution process and its functioning within the IT systems.
- **Support the DGP in the SAFI II Budget Formulation Subsystem Deployment** The Project agreed with DGP to print one thousand (1,000) SAFI II Budget Formulation Subsystem User’s Manual to be delivered to the one hundred fifteen (115) public institutions that will use this Subsystem. However, the Project review the Manual and noted several errors, DGP agreed to make a revised version of the manual. Once the new manual is completed the Project will fund the printing of the manuals.
- **Development of e-learning modules for Medium-Term Frameworks and Results-Oriented Budget Implementation** - In September, the Project delivered 4 e-learning courses (Classification Manual for Financial Transactions of the Public Sector, Medium-Term Expenditure and Institutional Frameworks and *Guía Metodológica para la Identificación y Diseño de Programas Presupuestarios, Asignaciones no Programables y Acciones Centrales*). The project expects the materials will be ready by next quarter; then, the courses will be updated to an e-learning platform.

NEXT STEPS

- **Assessment of the current Medium-Term Frameworks forecasting models.** The Project will continue working on the proposal for the improvement of the current MTFE forecasting model, the proposal will contain recommendations of technical and legal reforms required to ensure that the multi-year results-oriented budgeting activities can be appropriately institutionalized, it will also contain Project’s recommendations for the improvement of MTFE's multi-year revenue and expenditure projections. Once completed, Project will present the proposal to MOF’s Fiscal and Economic Policy Directorate (DPEF) for their consideration.
- **Support the approval and implementation of the DGP organizational reform.** FPEMP developed a proposal for a new organizational structure of the Budget General

Directorate (DGP in Spanish) that they have been reviewing and updating for the past months. Once the project received the final approval of the reform proposal by the DGP Director, DRM will provide technical support to the MOF in the implementation.

- **Support the implementation of ROB and MTIF in MINSAL.** The Project will continue supporting MINSAL with the implementation of ROB and MTIF. Project and MINSAL will continue working on the improvement of the budget programs, once this process is concluded, the updated programs will be presented to the Health Minister for her approval. Project will also continue working on the proposal for the improvement of MINSAL's information systems and will follow-up on the approval of the proposal for the functional and administrative restructuring of MINSAL, if approved, the Project will support its implementation.
- **Support the implementation of ROB and MTIF in MARN.** Project will support ROB implementation in MARN based on the findings of the first approach Project made to this institution on ROB implementation, one of these areas could be the improvement of performance indicators. A similar methodology to the one used for MINSAL will be implemented, starting by assessing the priority areas for the intervention and defining a schedule for the activities.
- **Support the implementation of ROB and MTIF in MINED.** The Project will continue supporting ROB and MTIF implementation in MINED. The Project and MINED will follow the roadmap elaborated for the assistance. The assistance to MINED will focus on the findings of the expenditure quality assessment for the education sector.
- **Study tour to Chile on Results-Oriented Budgeting experience and M&E practices.** The Project in coordination with the Chilean General Budget Directorate (DIPRES, in Spanish), will organize a study tour for 3 authorities from the ministries of health, education and environment and an audit specialist from the Court of Accounts (CCR) to learn from the Chilean experience on ROB formulation, execution, monitoring and evaluation with special focus on the health, education and environment sectors. It is expected that after learning from the Chilean best practices on ROB, participants will replicate the training to the technical personnel in their ministries.
- **Support the DGP in the SAFI II Budget Formulation Subsystem Deployment.** Once DGP complete the revised version of the manual, the Project will fund its printing to be distributed across public sector institutions.
- **Schedule e-learning trainings for Medium-Term Frameworks and ROB implementation.** The Project supported DFD to define the work plans and participants that will receive e-learning training.

COMPONENT 2: BUDGET EXECUTION IMPROVED

The Domestic Resource Mobilization Project supports the MOF in improving cash management practices through the implementation of an advance Treasury Single Account (TSA) and a cash projection tool, modernizing government accounting through the adoption of the International Public-Sector Accounting Standards (IPSAS), developing a sound public procurement electronic system and enhancing its financial management information system. Additionally, the Project supports the GOES in the improvement of the oversight and accountability of its institutions.

KEY ACCOMPLISHMENTS/HIGHLIGHTS FOR THE SEMI-ANNUAL

- **DGT administrative and functional reform implementation plan developed.** The Project drafted an implementation plan for the General Directorate of Treasury (DGT) reform proposal that the Project developed and that the DGT approved in January 2018. The reform already obtain the approval from the Viceminister of Finance.
- **Support the assistance of DGT to the Annual Latin American Congress on Public Treasury Management.** The Project supported the participation of the DGT General Director in the Public Treasury Management Annual Congress that took place in Buenos Aires, Argentina from Sept 12th to Sept 14th, 2018. Main topics discussed during the congress were: a) Public budget, debt and treasury integrated management b) Methodologies for efficiency of TSA, c) Innovation on electronic payments and d) Treasury management and tax arrears collection.
- **International congress to Argentina on Cash Flow Projection Tools delivered.** The Project organized a study tour to Argentina where three DGT personnel learned about the Argentinian Treasury experience in the development of cash flows projections models. Based on this experience, the DGT (with Project support) will develop a tool for cash flows projections that will represent a greater improvement on cash management practices in El Salvador.
- **AFI Law reform proposal drafted.** The Project completed the final draft of the Administrative and Financial Law reform proposal. The proposal was submitted to the MOF Minister, Viceminister and DGICP, DGT, DINAFI, UNAC, DGCG and DGP Directors for final review and discussion.
- **Training on IPSAS to DGCG and eighteen (18) national hospitals delivered.** The Project delivered training on IPSAS to DGCG and eighteen (18) national hospitals. The trainings were on accounting conceptual model and government accounting system model, property and cost module (Module A: IPSAS 11, 12, 16, 17, 21, 27, 31 and 31). This closes the accounting training cycle for 2018. Depending on training needs, additional IPSAS trainings may be scheduled for 2019-2020.
- **Training on SAFI II Accounting Matrices to DGCG personnel delivered.** The Project trained DGCG personnel in accounting matrices use. The DRM expert explained the

objective and nature of each matrix and provided a detailed review of some of them. After the conceptual explanation, the personnel make some practical exercises using SAFI II Government Accounting Subsystem.

- **Development of the SAFI II Treasury Subsystem.** The Treasury Subsystem development was completed on September. The Project is now starting the testing of the software. In the following months, the project will carry out the vertical test of this subsystem.
- **New Public Investment Model drafted and approved.** The Project developed the conceptual model for the new public investment system, and the DGICP Director already approved it. Based on this new model, the DGICP will design the use cases for the SAFI II Public Investment Subsystem that the Project agreed to develop.
- **Presentation on COMPRASAL II to UFIs and UACIs delivered.** The Project, along with UNAC and the Vice Minister of Finance, delivered a presentation to all Government Procurement Units (UACI in Spanish) and Financial Units (UFI in Spanish) on the importance of implementing COMPRASAL II and the requirements needed for said implementation. The Court of Accounts participated in the presentation to inform of their role to ensure compliance of the norms dictated by UNAC. The presentation was delivered on May 22nd. The attendance at the event was very successful, 98 Government institutions were represented, the total of government officials was 242.
- **Development of the Conceptual Model of the Government Accounting Subsystem e-learning module.** The Project developed the e-learning module with the objective of establishing the functional guidelines of the Government Accounting Subsystem. This model has been delivered to DFD and will be published after being reviewed by DGCG.

WORK IN PROGRESS

- **Support the DGT administrative and functional reform implementation.** The Project is following up the implementation of DGT organizational reform approved by its director and the Viceminister of Finance. The MOF still doesn't have a physical space to adequate the new people that the MOF needs to hire in order to implement organizational reforms. The project agreed on supporting the reform with a HR specialist in order to perform the reform before March 2019. During the reporting period, the Project started providing technical support to DGT and the Viceminister on the legal framework of the reform and started analyzing the personnel profiles proposed by the directorate.
- **Development of the SAFI II Government Accounting Subsystem.** The Project continued developing the SAFI II Government Accounting Subsystem reaching a 93% of progress. Lots of meetings with DGCG has been part of the developing process.
- **Integration of the COMPRASAL II, SAFI II Budget, Accounting and Treasury Subsystems.** The Project continued developing the Subsystems components despite the delays UNAC has been experiencing in delivering the use cases function specifications, therefore, the process will take more time.

- **Support DGICP in the Use Cases development for the SAFI II Public Investment Subsystem.** The Project continued supporting the SAFI II Public Investment use cases development. The process includes workshops and meetings with DGICP IT team.
- **Development of a new methodology for formulation and evaluation of public investment projects.** During the reporting period, the Project started developing a new formulation and evaluation methodology for public investment projects that will be aligned to the new public investment conceptual model approved by the DGICP Director.
- **Support the adjustment of the SAFI II Public Debt Management Subsystem Use Cases** – The Project continued providing technical support to the DGICP on the Use Cases development for the SAFI II Public Debt Management Subsystem. This subsystem is being developed by the DINAFI, and DRM is providing the support with an UNCTAD expert.
- **Implementation of COMPRASAL II, PAAC Execution and Libre Gestión modules across public institutions** - The project continued working with UNAC to deliver e-learning training on COMPRASAL. During the reporting period, the Project trained over 2,600 participants from 126 institutions in PAAC Executions and almost 500 participants in *Libre Gestión* in 59 Institutions. Additionally, the Project, through TechChange, developed a 30 minutes/self-paced training called “Talking about Public Procurement” that was presented on September 25th, during the Annual Meeting with UNAC and procurement chiefs of over 100 Institutions.
- **Implementation of COMPRASAL II PAAC Formulation, PAAC Execution and Libre Gestion modules across public sector providers** – The Project met with UNAC and National Commission for Micro and Small Enterprises (CONAMYPE) to start developing a COMPRASAL II training plan for public sector providers, however, after a couple of meetings UNAC notified the Project that currently their priorities are to finish the COMPRASAL II Use Cases and continue training public institutions, as a consequence, this activity has been placed on hold.
- **Development of improvements to the COMPRASAL II Libre Gestion Module.** Now that *Libre Gestion* Module is on deployment phase, UNAC has encountered several procurement scenarios that they did not consider when they designed the *Libre Gestion* Module use cases, on that regards, they requested the Project to include new functionalities to the software. Improvements to the Libre Gestion Module includes adding an electronic file for all the procurements, removing the automatic group of bided items, among others. During the reporting period, the Project started developing these improvements to the module.
- **Development of COMPRASAL II Contract Management Module.** By the end of September, UNAC hasn't sent the Use Cases for the development of this module. Without use cases, development of the software cannot begin.
- **Development of an assessment of the Court of Account's fiscal control capacity.** The Project started working in the development of an assessment of the Court of Accounts (CRR) Fiscal Audit Department. The assessment focus on the CRR's audit process and procedures and their capacity for fiscal control.

- **Development of IPSAS Manual e-learning module.** The Project developed a draft e-learning module of the IPSAS manual. The materials are based on the products developed by two project consultants. The content will be discussed with accounting for approval.
- **Development of COMPRASAL II e-learning modules.** During the reporting period, the Project has been developing additional e-learning trainings on COMPRASAL II *licitaciones, concursos públicos y contratación directa* module. These courses contain interactive and multimedia materials making use of the virtual platform of the MOF and will be delivered on the next semester.

NEXT STEPS

- **Support the DGT administrative and functional reform implementation.** Once the DGT Director and the Viceminister of Finance approve the DGT organizational reform implementation plan, the Project will support its execution, including donation of IT equipment and furniture, training DGT staff on their new roles and helping with the management of change among DGT staff.
- **Development of an inventory of GOES bank accounts for TSA implementation.** Even though DGT has centralized most of the GOES payment process, an important number of bank accounts remains open at GOES entities. The project will support the development of a bank accounts inventory to determine the unnecessary bank accounts at the GOES entities and will recommend a plan for their closing and integration to the TSA. The closing of some bank accounts will depend on the AFI Law reform approval.
- **Provide DGT an advanced level training on TSA.** The project will provide a training to DGT staff on the methodologies and protocols for the management of the advance TSA.
- **Development of the concept model for cash flow forecasting system.** Based on the Argentinean experience learned during a study tour, the Project, in coordination with DGT, will develop the concept model for the cash flow forecasting tool that will allow DGT to estimate better their cash needs. Better cash flow forecasting is of paramount importance for the implementation of a budget commitment installment.
- **Deliver training to DGT on administrative law focused on bank services contracting.** The project will deliver a training to the DGT staff on the regulation and best practices for the management of the administrative contracts that the MOF subscribe with the banking institutions for tax collection.
- **Support and review the legal model for bank services contracting.** The program expert will support the DGT in the drafting of a contract tender for banking services on the collection of taxes.
- **Development of the SAFI II Government Accounting Subsystem.** The Project Will continue with SAFI II – DGCG Subsystem development, including vertical and horizontal test process. Depending on the results, the software could need some adjustments.

- **Development of the SAFI II Treasury Subsystem.** The Project will continue developing the SAFI II Treasury Subsystem, making tests, creating two new modules: Revenue and Expenditure. DGT will create the use cases.
- **Development of the SAFI II Accounting Subsystem, use cases.** The Project is working on SAFI II Accounting Subsystem use cases actualization, the process will be finished in November 2018 and delivered to DGCG.
- **Integration of the COMPRASAL II, SAFI II Budget, Accounting and Treasury Subsystems.** The Project Will continue the process to integrate COMPRASAL II into SAFI II, when UNAC deliver the corresponding use cases, which are needed to complete the process.
- **Support DGICP in the Use Cases development for the SAFI II Public Investment Subsystem.** The Project will continue reviewing the uses cases developed by DGICP, which are needed to develop the SAFI II Public Investment Subsystem.
- **Development of a new methodology for formulation and evaluation of public investment projects.** During the reporting period, the Project started developing a new formulation and evaluation methodology for public investment projects that will be aligned to the new public investment conceptual model approved by the DGICP Director.
- **Implementation of COMPRASAL II PAAC Formulation, PAAC Execution and Libre Gestion modules across public institutions.** The Project will continue supporting the implementation of COMPRASAL II PAAC Formulation, PAAC Execution and *Libre Gestion* modules across public institutions, through the e-learning platform it is expected to reach all GOES institutions that need to be trained in a shorter time. The Project will also continue following-up the implementation process in all GOES Institutions.
- **Development of COMPRASAL II Contract Management Module.** The Project Will continue developing COMPRASAL II Contract Management module when UNAC deliver the use cases functional specifications needed to understand how this module should work.
- **Support the testing of the COMPRASAL II Tender, Public Contest and Direct Hiring Module.** The Project Will supporting tests for Tender, Public Contest and Direct Hiring, according to UNAC's work plan the module testing process should be finished in December 2018.
- **Follow up the approval of the LACAP reform proposal.** In the following quarter, the Project will continue providing technical support to UNAC in the approval of the Salvadoran Public Procurement Law (LACAP) reform proposal that includes new procurement procedures. Currently, the proposal is being reviewed by the Viceminister of Finance. The Project will assist the MOF Viceminister to solve any queries and update the modifications that may arise from the revision. Although, with presidential elections so close, it doesn't seem to be political momentum for the approval of big reforms.
- **Development of an assessment of the Court of Account's fiscal control capacity.** The Project will finish the assessment of the CCR's Fiscal Audit Department practices. The assessment will be used as an input for the development of a strategy that will strengthen

their capacity for fiscal control, including a new case selection and management system and budget monitoring and evaluation of public institutions.

- **Support the strengthening of the Court of Account's Fiscal Audit Unit.** Following the conclusions and recommendations of the CCR's fiscal control assessment, during the next semester the Project will create a strategy and a work plan to support the strengthening of the CCR Fiscal Audit Department.
- **Development of COMPRASAL II e-learning modules.** The Project will support UNAC and DFD to develop additional e-learning modules for GOES vendors. These trainings contain interactive and multimedia materials that will be published on MOF's web page. One of the e-learning modules will be on United Nations' Standard Goods and Services Code. The Project will also finish the development of the COMPRASAL II *licitaciones, concursos públicos y contratación directa* module during the following semester.

COMPONENT 3: TAX POLICY AND ADMINISTRATION IMPROVED

The Domestic Resource Mobilization Project supports the MOF in the broadening of the tax base and compliance effort, supports the improvements of the tax administration and enforcement and the strengthening of the operational capacity of the Customs Administration.

KEY ACCOMPLISHMENTS/HIGHLIGHTS FOR THE SEMI-ANNUAL

- **Assessment of the DGII Audit Unit developed.** The Project completed a thorough assessment of the audit process at the DGII and made critical recommendations that will help improve the effectiveness of their operation. Plans for implementing the recommendations were delayed until January 2019 because the Audit Department is working on cases with statute of limitations that are expiring on December 2018 due to a special ruling by the Constitutional Court that changed the timeframes for auditing cases.
- **Support the assistance of TAIIA to the Ibero-American Tax Congress.** The Project supported TAIIA personnel assistance to the Ibero-American Tax Congress that took place from Sept 5th to Sept 7th at Lima, Peru. The Congress was organized by the Ibero-American Justice and Administrative Courts Association. During the congress, the following topics were discussed: (i) Administration of electronic fiscal justice, (ii) new trends on proofs treatment and (iii) electronic systems for customs services delivery.
- **Proposal for strengthening DGII Legal Unit drafted.** The Project analyzed the current status of the DGII Legal Unit and recommended that the Unit should be expanded in their authorities to work tax treaty and exchange of information agreements, assist in defending tax assessments and other tax cases in court, assist the Minister in responding congressional inquiries and other tasks that are not actually contemplated as assigned to the current unit. In addition, the Project will be presenting a proposal for a new structure to accommodate the extra tasks.
- **Assessment of the Case Selection Unit developed.** The project conducted and assessment of the CSU compliance with the implementation of the CSMS II. The assessment found that the Unit is using the CSMS for massive tax control at different levels, but is not programming the office and field audit through the system. The project recommended to the DGII Director the use of the full CSMS II for all tax control activities and he concurred with the proposal.
- **Assessment of the Fiscal Studies Unit developed.** In the past, this unit served mostly to produce reports and studies for the Minister's office on request, without regard to its actual mission within DGII, assist the USC. Therefore, the Unit was found deficient in delivering data to the USC for them to focus their work into specific risk segments that may be evading taxes. The Project proposed to restructure the current Fiscal Studies Unit into

two separate units; (i) The Fiscal Studies Unit and (ii) The Statistics Unit. DGII officials agreed with the results of the assessment and they are waiting for approval from the Vice-minister's office to proceed with restructuring into the two units.

- **Draft a Custom Code Proposal.** The Project held several sessions to review the proposed draft of the Customs Code and made the appropriate modifications to many of the articles. The Code was finished, and it will be presented to the Vice-Ministers and the Minister on early October 2018. Activities to socialize the Code will start after it has been reviewed and approved by these officials.
- **Assessment of the DGA Audit Unit developed.** The Project assisted in setting parameters for the Case Selection Unit to identify a segment of taxpayers that are receiving tax incentives through Customs' warehouses. Under this regime, businesses do not pay VAT taxes when they manufacture goods for export. However, some of these taxpayers often transfer merchandise from one warehouse to another and these transactions must be taxed. They also construct elaborate schemes internationally to avoid paying taxes. Five cases were selected for a pilot test and results are expected to bring additional revenues and improve compliance in this segment of the industry. Results are anticipated for February 2019.
- **Proposal for the creation of two Integrated Assistance Centers for taxpayers and international traders drafted.** The Project presented a draft for the creation of an Integrated Assistance Center (CAI in Spanish) for taxpayers that will house DGT, DGII and DGA in San Salvador to provide services to their taxpayers and Customs users. The Vice-Ministers and the Minister verbally approved the creation of this center and the project is working with Ministry staff to build the center. A committee was formed with members of DGII, Collections, DGA, the Ministry's Administrative Director, the Ministry's Communications Unit and the Director of Human Relations to coordinate logistics and make decisions regarding the CAI. The initial task assigned for each directorate was to analyze the individual customer services provided to the public and decide to modify, integrate with other similar services or discard the service. DGII and DGT Collections Directorate already optimized their processes to fit the center. DGA failed to produce the modifications and instead asked the Project to conduct an assessment of their services to ensure they have the priority services at the CAI. This assessment was developed, and the Project is working on a new Customs' customer service concept that has been received with much resistance by the Director of Customs. In any case, the work plan for new concept implementation will still be submitted next semester. Along with the proposal to create a CAI, the Project presented a proposal to the Vice-Minister, the Minister and the Director of Customs to create a Customer Service Center at their headquarters in San Bartolo. This proposal is still waiting for approval.
- **Development of an assessment of the customs services and customs processes.** The Project diagrammed the import, export and transit processes and conducted a thorough assessment of the Customs' Audit Department. Findings were presented to the Minister and the Director of Customs. The findings in the import, export and transit processes are serving

to build a new concept in Customs customer service and many of the observations during this analysis served to proposed enhancements to border operations and infrastructure. The assessment was presented to the Viceminister of Revenue and the Customs Director, both authorities position clearly let the DRM team understand that due to the political moment with the elections and the upcoming transition process the task should be addressed with the next government authorities. These observations were also shared with other donors and USAID Projects that are or will be working with Customs in improving both technical and physical areas in anticipation of the Central American Customs Union. The Project will be holding additional meetings with these donors and USAID Projects to form a collaborating force to assist Customs.

- **Dictamen Fiscal e- learning modules developed.** The Project converted their training materials to an e-learning format. Several of the scripts have been completed and narrated and published on the MOF webpage and their YouTube channel. Dictamen Fiscal trained over 4,400 accountants in this modality.

WORK IN PROGRESS

- **Support the approval of the Simplified Tax System proposal.** The Project met with the National Commission for Micro and Small Enterprises (CONAMYPE) President to make a presentation of the work of the Project in drafting and discussing the simplified tax system with the MOF. The Project recommended CONAMYPE to review the proposal and discuss with the MOF the setting of a threshold for the legal system. They agreed and confirmed that it is a priority for them and they will continue with the process necessary to finally submit the Bill to the Legislative Assembly.
- **Support the strengthening of the DGII Legal Unit.** The Project will start discussions with the Ministry and Vice-Ministers' offices to attain approval for strengthening proposal of this unit. Once approved, the projection will support the Unit by providing training and equipment.
- **Development of a tax expenditure assessment.** The Project started the development of a tax expenditure assessment that covers the 2013-2017 period. The Project will estimate the impacts of tax expenditure on employment and investment and will provide recommendations to improve tax incentives laws.
- **Support the Use Cases development of the Integrated Current Account Module within JSIIT.** The Project continued supporting DGII, DGT and DGA in the design of the Integrated Current Account use cases. Use Cases have been revised, comments and recommendations have been sent to each directorate. They should attend them in order to continue with to the software developing phase.
- **Strengthening of the DGT Tax Arrears Collections Directorate capacity to collect tax arrears.** The project is currently working with Collection Directorate to assist them in developing an automated system to receive delinquent tax cases from Customs and

perfect the flow of delinquent tax work coming from DGII. The Project also proposed the creation of an elite group of collectors that will work only the largest cases in their inventory and activate some sections of the Tax Code that tie corporate officers to the company's liabilities. The Project and Collection officials are in the process of scheduling meetings with the Prosecutor's office to propose procedures.

- **Development of the Tax Arrears Collections System.** The Project continued supporting DGT in development of the Tax Arrears Collection System use cases. Project revised them and sent comments and recommendations that should be attended by DGT in order to continue with the process. It is anticipated that the Collections' System be in operations approximately a year after the use cases be finished. This system will automate all the Collections operations, including transactional systems linked to payments and the DGII, with the addition of paperless case files that can be viewed online. Meanwhile, the Project started talks with DGII and DGA to improve delinquent case assignments to Collections. The flow of audit assessments to Collections from DGA and DGII is cumbersome and slow, mostly performed manually and with minimal controls which results in the loss of revenue and cases that never reach Collections. The DGT Collection Directorate already identified gaps related to this flow of work into their operation and the Project started providing technical assistance to help in closing these gaps. The Project will present a proposal at the end of the analysis for improvement in this area.
- **Support the development of the economic, fiscal and institutional presence maps.** The project has embarked in an expansion of systems and technical assistance in DGII that will help to build the economic, fiscal and institutional presence maps. Once built, this concept will aim to more accurately identify taxpayer segments with evasion risks to be selected for audit with the potential of producing additional tax revenues. The Economic and Fiscal maps involve all operations related to the identification of sources, both internal and external, that can assist, through automated cross matching of information, to identify taxpayers with high potential of inaccuracies in returns. This will include the elaboration of studies that will identify specific segments of registered taxpayers with potential evasion risks. One key component of this process resides with the Fiscal Studies Unit, which mission is to provide data and risk studies to the Selection Unit to target specific segments of the taxpaying population for audit. Regarding the Institutional map, the Project is collaborating in configuring internal DGII software to immediately notify taxpayers of a penalty when they file late returns. Programmers from the Project are assisting in this configuration, which is expected to bring additional revenues. The Project is strengthening the DGII through the implementation of Case Selection Pilot Tests. The cases selected were identified from a data mining initiative supported by the Project that detected inconsistencies in Customs tax free warehouses for several large taxpayers showing potential taxable transfers of merchandise that were not reported. DGII's Audit Unit selected five cases to determine if the inconsistencies were valid. Based on preliminary results some of the cases are showing that additional taxes will be owed. The test is supposed to conclude in February 2019.

- **Support DGT in the development of the use cases for the SITEP II.** The Project has continued building SITEP II, there are two groups of IT professionals developing the System plus four DGT programmers. There are some difficulties with functional changes that delays the development, the difficulties have been noticed to DGT.
- **Support the implementation of the e-filing system.** The most critical informational returns were released in the e-filing system by the DGII this last semester. The Project lead meetings with personnel from DGII to perform the last revisions of these returns and provided programmers to code these returns into the e-filing system. The information in these returns is being used to conduct cross matching of information that is assisting DGII to identify discrepancies in income and VAT tax returns, which have translated in additional revenues being collected. The Project will provide further assistance to DGII to integrate 9 additional returns to the e-filing system. The Project anticipates that these returns will be part of e-filing by January 2020.
- **Development of the DGA reform implementation plan.** DGA Director and MOF Minister approved the DGA administrative and functional reform proposal developed by the Project. Once approved, during this semester, the Project started and finished the work plan for the implementation of the reform. The work plan describes the various stages of the reform, functions of each of the areas in the new structure, employees by areas, among others. However, due to serious governance problems in DGA, and presidential elections adding political elements to all reforms, the Project has placed DGA reform support on hold.
- **Development of a Customs Service Call Center and Customs Service Site.** The Project conducted an assessment to diagram the customer services processes based on the Import, Export and In-Country Transit operations. Based on the analysis conducted, a new Customer Service model was proposed to the Minister and the Customs' Director. A work plan was developed and will be presented to the Director of Customs for approval during October 2018.
- **Assist DGII in Export VAT Tax Reimbursement Unit.** The Project, along with the USAID Project El Salvador Competitivo, presented the proposal to the Vice-Minister of Revenue to assist the DGII VAT Tax Reimbursement Unit for an administrative reform and software enhancement. Companies requesting the export VAT tax reimbursement have been complaining that the reimbursement process is taking too long. The two projects conducted a joint assessment of the process and concluded that it must be changed, specially the software that it is used by the analysts. The vice-minister approved the proposal of activities to enhance the process. It was agreed that the Competitivo Project will hire a consultant to start the process of conceptualizing the new automated system that will be needed to improve the refund operation. Both USAID projects will meet to start diagramming the process and assist the consultant.
- **Anti-Corruption Unit Performance Assessment and Technical Assistance.** The Project conducted an assessment and made improvement recommendations to the Anti-Corruption Unit that is under the Minister. The assessment revealed that the Unit is not

currently achieving their mission and tasks. The findings showed that, for the last 4-5 years, the Unit has only been focused on providing training to the different areas of the MOF. The Project presented recommendations to the Vice-minister of Revenue and to the Minister to drastically change the structure of the Unit and to reactivate their activities into fighting corruption in the MOF. As part of the technical assistance, a pilot was initiated that involved the selection of 8 employees from customs to be investigated for possible illegal enrichment. Results from this pilot are expected by January 2019.

- **Support DGA in the development of the CSMS II Customs Module Use Cases.** The Project continued developing the CSMS II use cases, the process will be finished in October.
- **Development of an assessment of the DGA IT Systems.** The Project made and investigation about SIDUNEA World System and its technological infrastructure and found that: (i) A SIDUNEA World project manager is needed, (ii) Training in SIDUNEA World is needed by DGA personnel, (iii) SIDUNEA World has not support and does not work by modules but it does using isles, which is not functional, (iv) DGA doesn't have approved the infrastructure for the Server equipment that will provide contingent support to the system and (v) support infrastructure needs to be measured to be sure that is what the system needs.

NEXT STEPS

- **Support the approval of the Simplified Tax System proposal.** Once CONAMYPE and MOF agreed on the final draft of the law proposal, the Project will provide them the proper technical support for the approval of the new tax system.
- **Development of a tax expenditure assessment.** During the following semester, the Project will finish the tax expenditure assessment. The Project will provide budget and tax administration recommendations based on the findings of the paper.
- **Support the Use Cases development of the Integrated Current Account Module within JSIIT.** The conceptual model and use cases design of the system was completed by DGA, DGII and DGT. The Project's IT team is revising the use cases. Once revised, the Project will start programming the integrated system.
- **Strengthening of the DGT Tax Arrears Collections Direction capacity to collect tax arrears.** The Project started an analysis of how Collections are receiving cases to find a more expeditious manner to get these into the Collection process, since most of this flow is performed manually and cases are lost, causing a loss of revenue. The Project already identified gaps in the process. The strategy is to close these gaps probably through automation so the cases can arrive in Collections faster. The Project will be concluding the analysis during the next semester and presenting a proposal to improve the flow and close gaps that interfere with cases ultimately making their way to the Collection Process. In addition, the Project will be conducting an analysis of the stratification of the Collection inventory to determine the

effectiveness and make recommendations as to future strategies to prioritize further. The Project held discussions with the Director of Collections to propose the creation of an elite group of collectors that will only work higher dollar cases and will investigate possible evasion of taxes.

- **Development of the Tax Arrears Collections System.** Use Cases were developed by Collections and the Project's IT staff asked them to make modifications to the cases. The Project is waiting for Collections to return these cases with the modifications to start programming a new system design.
- **Support the development of the economic, fiscal and institutional presence maps.** The Project is assisting the DGII, specifically the Case Selection Unit, in completing additional needed configurations to CSMS to activate the assignment module for the large taxpayer module. In addition, the Project purchased and will be installing a server that will house the data that will be used by the selector in CSMS to use this data to cross match with returns and select the cases with higher evasion risk. In October the Project will deploy resources to divide the current Tax Studies group into two: (i) Fiscal Studies and (ii) Statistics. This will enable Fiscal Studies to concentrate in providing practical and specific studies to the Case Selection Unit on market segments with potential evasion risk. In another front, the Project is providing information systems assistance to help DGII finish integrating the remaining returns into the e-filing system. This effort is expected to be completed by February 2019. The Project will develop training programs that will be delivered in 2019 to DGII Audit Unit. There are 4 main identified areas: Indicators, Audit Techniques, Financial Investigation and Excel Training.
- **Support the strengthening of the Fiscal Studies Unit.** The Project will provide technical assistance to the Fiscal Studies Unit to create a new infrastructure and new processes. IT equipment, training and statistical software will be provided.
- **Support DGT in the development of the use cases for the SITEP II.** The Project will continue developing SITEP II and it is expected to be finished by December 2020.
- **Support the implementation of the e-filing System.** The Project developed a plan to assist DGII in launching the remaining informational returns developed under FPMP and integrate them into the e-filing system. It is expected that these returns be integrated to the system by January 31, 2019.
- **Support on e-filing (9 forms) use cases elaboration.** The Project will support DGII in the e-filing use cases elaboration to ensure that all the requirements are included.
- **Draft a proposal to improve DGII Internal Audits Units efficiency and visibility:** the project will continue FPMP efforts in the strengthening of the DGII internal audit unit by training them and helping them to develop audit programs and technical tools.
- **Support the approval of the Custom Code Proposal.** The Customs' Code has been finished and delivered by The Project and Customs' officials had reviewed it. The draft will be presented to the Minister in October 2018, The Project will assist in the socialization of the new Code proposal.

- **Development of a Customs Service Call Center and Customs Service Site.** A proposal for implementation of the call center and a customer service center for Customs will be presented to the Director of Customs and the Minister in October. If approved, the project will commence activities to assist in the implementation.
- **Support DGA in the development of the CSMS II Customs Module Use Cases.** The Project will continue supporting the CSMS II use cases development, which are planned to be finished in October 2018.

COMPONENT 4: TRANSPARENCY AND PUBLIC-PRIVATE DIALOGUE ON FISCAL POLICY STRENGTHENED

The Domestic Resource Mobilization Project supports the improvement of the public finance transparency and the strengthening of the dialogue between the public and private sector regarding fiscal issues. Project also supports the creation of new channels for citizen participation on fiscal matters.

KEY ACCOMPLISHMENTS/HIGHLIGHTS FOR THE SEMI-ANNUAL

- **Citizen’s Forum on Results-Oriented Budget implementation in El Salvador.** The Project, in collaboration with GIZ’s Fiscal Project, UE’s Program for Fiscal Policy and the Ministry of Finance; organized a Citizen’s Forum on Results-Oriented Budget implementation in El Salvador with the aim to promote participation of Civil Society Organizations, Academia, Trade Associations and Economic think-tanks. In the forum, the participants were presented with the essential aspects of the new model for budget formulation. The participants also learned the experience of other countries in the implementation of ROB and the importance of citizen participation in the preparation and evaluation of the National Budget. The Project also handed copies of the Expenditure Quality Assessment for the Health Sector and “*Innovación Fiscal*” magazine to the forum’s participants. Two hundred eighty-four (284) persons attended to this event.
- **PFM and customs reforms for fiscal sustainability presentation delivered.** The Project organized an event with the National Association of Private Enterprise (ANEP by its acronyms in Spanish) to present them the most important advances in PFM reforms made by the MOF, the new Custom Code and the next steps needed to achieve fiscal sustainability in El Salvador. ANEP is the most important business union in El Salvador, getting their support for the implementation of PFM and customs reforms is important for the legislative approval process and the sustainability and ownership of the reforms. Twenty-five (25) members of ANEP attended to this event.

WORK IN PROGRESS

- **Development of a proposal to redesign the Public Procurement Ombudsman Portal.** The Project formed a committee between UNAC’s Director and the Communication Unit Chief in order to work on a timeline to re-design the Public Procurement Ombudsman Portal. The Communication Chief agreed on presenting a design proposal by the end of the year 2018, although she recently expressed she will no longer be able to support this re-

design until February 2019. The Project is working on a proposal to work on the new design with a local company.

- **Develop and sustain a communication strategy with GOES, Legislative Assembly, Private Sector and Civil Society groups to get their feedback from fiscal reforms proposals and implementations.** During the reporting period, the Project organized 39 meetings with NGO's (FUNDE, FUSADES, Centro de Monitoreo de Transparencia y Democracia de Acción Ciudadana, among others) and business unions (ANEP, ASI, COEXPORT, among other) and other USG Projects (FOMILENIO II, USAID's Pro-Integridad and El Salvador Competitivo Projects). Most of these meetings where informative, but the main objective was to strengthen Project's relationships with them, so they can be Projects sound boxes to promote the fiscal reforms with their own audience. In some cases, the Project is working together with some NGO's to reach a common goal. The Project hasn't been authorized by the Minister of Finance nor USAID to discuss the reforms at Legislative Assembly.
- **Promote a Fiscal Transparency Round Table with Public and Private Sector.** The transparency portal is being updated by the European Union Program for Fiscal Policy, up until September 18th the Project was invited to a meeting to start working together with DINAFI and the European Union Fiscal Program. The MOF has pushed back once again the release of the new Transparency Portal. Also, the MOF has decided not to publish the desegregated information on expenditures, the MOF has decided to keep the information up to the account level. The project should advise the Ministry of Finance to pursue the desegregation on the information in order to provide a more detail information to the citizens of El Salvador. This portal was going to be the starting point to discuss Fiscal Transparency with Civil Society, GOES and Private Sector.

NEXT STEPS

- **Assessment of fiscal information demand from the private sector and civil society.** In the next semester, the Project will develop an assessment of the fiscal information that private sector and civil society groups need to have access through the Fiscal Transparency Portal, in order to guarantee a better fiscal oversight from Salvadoran citizens.
- **Organize a training on transparency and accountability for UNAC public procurement ombudsman:** The project will organize a training on public procurement ombudsman office best practices and risk management matrix modeling. The project will coordinate with the Chilean Procurement agency the training in order to have the UNAC team learn from the Chilean experience.
- **Develop a proposal to redesign the Public Procurement Ombudsman Portal.** In the following semester, the Project will continue supporting UNAC in the redesign of the Public Procurement Ombudsman.

- **Development of an assessment of the independence of the IAIP and the accountability of public institutions.** In the following semester, the Project will start the development of an assessment of the independence of IAIP and the accountability of public institutions. The Project will take a sample of 5 public information access units and evaluate how well their procedures are. The Project will then provide recommendations on how to improve access to public information.
- **Draft a proposal to strengthen the MOF public information access unit.** In the next semester, the Project will start the developing a proposal to strengthen the MOF public information access unit. The proposal will then be discussed with the Minister of Finance and the Unit Chief.
- **Develop and sustain a communication strategy with GOES, Legislative Assembly, Private Sector and Civil Society groups to get their feedback from fiscal reforms proposals and implementations.** In the next semester, the Project will follow up on the MOF approval to start discussing PFM and Revenue reforms with the Legislative Assembly, Private Sector and Civil Society Groups.

CROSS-CUTTING ACTIVITIES

This section includes a list of different topics, activities and events that during the reporting period affected the overall performance of the Project or more than just one of its components.

KEY ACCOMPLISHMENTS/HIGHLIGHTS FOR THE SEMI-ANNUAL

- **New Viceminister of Finance.** The President of El Salvador appointed Mr. Oscar Anaya as the new Viceminister of Finance. The Project team met with him and delivered a presentation about the Domestic Resource Mobilization Project scope of work, objectives, and progress of activities.
- **Assessment of MOF capacity to reallocate personnel for administrative reforms implementation developed.** The Project developed an assessment of the legal framework involving moving personnel from one job or place to another within the MOF in order to analyze what options the MOF has available to fill the new positions required to implement current and future administrative reforms.
- **Provide training on ICA for Call Centers.** Per MOF request, the Project supported the participation of the MOF Call Center Technical Support Unit Chief in a training on Issabel Certification of Advisor (ICA) at San Jose, Costa Rica. The topics learned in the training will improve the MOF Call Center Management.
- **Provide training on ICAE for Call Centers.** Per MOF request, the Project supported the participation of the MOF Call Center Technical Support Unit Chief in a training on Issabel Certification of Advance Engineer (ICAE) at San Jose, Costa Rica. The topics learned in the training will improve the MOF Call Center Management.
- **Development of the second issue of “Innovación Fiscal” magazine in collaboration with the MOF.** As part of the Change Management Strategy, the Project and MOF’s Communications department worked together to issue “*Innovación Fiscal*”, a magazine on different Public Financial Management subjects. The first edition, published in April, contained articles written by MOF managers and the project’s technical staff. In May, the project created a workshop for all the directorates’ communications personnel to explain the role of copyeditor for the magazine. The directorates have taken a very active role in suggesting ways to improve the magazine and broaden its readership. The second edition of *Innovación Fiscal* was published in September 2018. For the second edition, the MOF’s Communications Unit took full responsibility for publishing the magazine. The Magazine is part of the change management strategy of DRM on PFM reforms.
- **Implementation of an e-learning strategy in coordination with the MOF for PFM and revenue trainings.** The Project has been working closely with sub-contractor, TechChange, and a cadre of local consultants to support the MOF personnel. Most of the work is being done by the MOF personnel, they are writing the scripts, narrating audios and creating audio-visuals. The project is providing support to edit the scripts, facilitate the

narration and providing AV support. In addition to MOF technical personnel, the Project is working closely with the DFD. DFD coordinates and maintains access to the e-learning platform and trains the on-line tutors who support each of the on-line courses. Also, based on the suggestions made by TechChange, the project purchased computers and software for the e-learning unit. In addition, the project is planning to support the creation of a sound lab to record narrations for the audiovisual materials.

- **Development of interactive PDFs and storyline templates.** Subcontractor TechChange developed the original (animation audiovisuals) templates for the development of interactive PDFs. The templates were given to different course development workgroups and TechChange provided initial training on how to edit them. Some of the teams have already developed their own materials. The e-learning team has begun using the templates to create new products. The transfer of skills has been extremely fast and effective.

WORK IN PROGRESS

- **Development of an assessment of MOF Institutional Communications.** Per MOF's Communications Unit request, the Project started the development of an assessment of MOF's institutional communication practices in order to provide recommendation to improve the content and quality of their products.
- **Coordination of activities with local universities.** The Project continued working with local universities to support its activities. Jose Matias Delgado University has supported the project by providing classroom space for various project training programs and allowing the use of their radio and TV laboratories to produce the audiovisual material for the COMPRASAL II e-learning modules. The project has an agreement with the Evangelical University of El Salvador to support the video editing of e-learning programs. Students assisting the project will receive credit for their social service requirements. This contributes to strengthening the collaboration between the Project and civil organizations.
- **Coordinated work with MOF Communications Unit for the development of audiovisuals for PFM and revenue reform activities** – The Project is assisting the Communications Unit developing a communications strategy and videos for DGA. The Project is also in the process of providing them with upgraded computers and software.
- **Support on Administrative Law Training.** The Minister requested the Project's assistance in training all MOF's legal departments and employees on the administrative law that takes effect February 2019. In September, the Project conducted the initial training for over 40 employees of DGA and TAIIA. In October, 3 additional courses will be conducted for revenue directorates. Expenditures directorates (DGCG and UNAC) will also be trained.

- **Meeting with all the Vice Ministers.** The Project proposed the Viceminister and Minister of Finance the development of a series of conference to all GOES viceministers and managers in order to explain them the functionality and necessary activities to be performed in order to successfully implement the system. Several meetings were hold with the Communication Office and the Directorates deputy directors and executive staff in order to organize the events. It is expected that the conference take place in October and November.

NEXT STEPS

- **Development of an assessment of MOF Institutional Communications.** In the following semester, the Project will finish the development of MOF's institutional communication assessment and will provide recommendation to improve it. Once it is reviewed, the Project will assist in developing a strategic plan for the strengthening of the Unit. This will include reviewing resource utilization and prioritizing workload.
- **Strengthening of MOF Communications Unit.** The Project will provide them with training, software and upgraded computers to increase their audiovisual development skills and make their internal and external communications strategies for PFM and revenue reforms more effective.
- **Organize a study tour on e-learning content development.** The Project is planning a study tour to Peru for e-learning development to visit on early 2019. The objective is to meet with tax, customs and public education functions to determine how they are developing e-learning for their respective clients.
- **Donation of Microsoft Project licenses for DPEF Planning Unit.** In the following semester, the Project will donate 17 Microsoft Project licenses to the DPEF Planning Unit to support the improvement of MOF strategic planning, control and monitoring of projects capacity, which are key for the management of PFM and Revenue reforms processes.
- **Support the creation of an E-Learning Unit.** The Project will continue working with DFD to create an e-learning unit to institutionalize the advances made to date. The project has provided computers and software to DFD to enhance their capability to develop programs.
- **Development of the second issue of “Innovación Fiscal” magazine in collaboration with the MOF.** The third edition of the magazine will be delayed until 2019. The delay is the result of the increased workload for the unit because of the end year activities and the national elections.
- **Meeting with all the Vice Ministers.** In October and November it is expected that the meetings take place, DRM will support the events development.

DOMESTIC RESOURCE MOBILIZATION PROJECT - PROGRESS TOWARDS EXPECTED RESULTS

EXPECTED RESULT	PROGRESS
COMPONENT I: Budget Planning and Preparation Improved	
1. At least 75 percent all GOES entities (including all ministries) produce a Medium-Term Institutional Framework (MTIF).	The DPEF is responsible for the development of the MTFE, DGP is responsible for the development of the MTEF and GOES entities are responsible for the development of MTIF. During the reporting period, a Ministries Council decided that is too risky to start the new Budget model for next year, but it will start on 2020. In addition, during the reporting period the Project, elaborated a revenue forecasting model for MTFE, and supported the implementation of MTIF in MINSAL, ISSS, MARN and MINED.
2. Aggregate GOES expenditures have a variance less than 1 percent from planned budget on an annual basis.	<p>Project continued developing the Treasury and Accounting subsystem within the SAFI II and supporting the deployment of the COMPRASAL II. The Project developed and delivered to MOF the AFI Law reform proposal that will include, among other things, the implementation of budget commitment installments. Project also started supporting the improvement of the budget formulation practices in MINSAL for the ROB adoption. However, the Project conducted a series of short workshops on budget indicators for 128 participants from SETEPLAN, ISSS, MINSAL, DGP, MINED. and MARN and coordinated 8 additional courses on the budget process for 200 participants.</p> <p>During the reporting period, the Project have been supporting the implementation of ROB in MINSAL, ISS, MARN and MINED.</p> <p>At last, the Project have developed e-learning modules for Medium Term Frameworks and ROB.</p>
3. Composition of GOES expenditure has a variance less than 1 percent from planned budget on an annual basis.	Project continued developing the Treasury and Accounting subsystems within the SAFI II and supporting the deployment of the COMPRASAL II. The Project developed and delivered to MOF the AFI Law reform proposal that will include, among other things, the implementation of budget commitment installments. Project also started supporting the improvement of the budget formulation practices in MINSAL for the ROB adoption.

EXPECTED RESULT	PROGRESS
	The Project has developed the Classification Manual for Financial Transactions of the Public Sector, using Interactive PDF.
COMPONENT 2: Budget Execution Improved	
1. 100 percent of all GOES entities using TSA	Last semester, The Project conducted an assessment of the current DGT organizational structure and made a reform proposal for these structures to prepare DGT to successfully implement the TSA. In the following months, the project will support the development of an inventory of existing GOES bank accounts and institutions that will be affected by the advance TSA implementation. All the activities planned for TSA will start on next semester.
2. Full integration of TSA sub-system with SAFI-II.	The Project finished the development of the Treasury subsystem. The SAFI II is being developed fully integrated with the TSA. During this reporting period, Treasury staff have been testing, anyway they have not send back the inputs needed to finish the Subsystem integration.
3. MOF consistently produces a moving 12-month Cash Flow Projection	During the reporting period, The Project supported DGT Director to participate in a study tour to Argentina, where he learned about cash projection tools development and implementation. Based on this experience, next semester DGT and the Project will develop a conceptual model and use cases for a new cash flow projection tool that will help improve cash management practices in El Salvador.
4. 100 percent of excess bank accounts reconciled and closed.	The Project have been supporting the approval and implementation of the reform. From January 2019 to June 2019, the project will support the development of an inventory of existing GOES bank accounts and institutions that will be affected by the advance TSA implementation.
5. 100 percent implementation of SAFI-II in all GOES entities	<p>Project continued with the development of SAFI II Treasury and Government Accounting Subsystems started by FPEMP. The necessary dependencies to interconnect SAFI II subsystems that were requested by FPEMP on October 2015 were finally submitted to DRM on April 2018, two years and a half later, this situation was the responsible of the delay of the SAFI II for the last three years.</p> <p>The Project completed the development of the SAFI II Treasury Subsystem (the software is now on its testing phase) and continued developing the Accounting subsystem (93% of progress) and supporting the deployment of the COMPRASAL II.</p>

EXPECTED RESULT	PROGRESS
6. 100 percent deployment of COMPRASAL II PAAC module and “Libre Gestión” modules to all GOES entities.	The PAAC modules within COMPRASAL II are fully implemented, nevertheless more than 40% of GOES entities are delinquent in the implementation despite the fact that the law enforces them to upload the PAAC within COMPRASAL II, the project has been insisting with the UNAC in the need for them to enforce the law as the regulation on public procurement states. The Libre Gestion module is being implemented gradually and upgrades to the software are being performed by DRM upon UNAC request.
75 percent out of 262 municipalities implement SAFIM (These must include the 50 municipalities of <i>Plan El Salvador Seguro</i>).	The SAFIM is being implemented by the DGCG, up to date more than 100 municipalities are using the SAFIM, the DGCG requested support to DRM to support the system sustainability, it is expected that by the project 3 rd year extensive support get provided to the SAFIM.
8. GOES’ Ministries that manage at least 50 percent of the GOES Annual Operating Budget will be strengthened in public financial management.	The project continued supporting the MINSAL, MINED and MARN, that comprise the 34.5% of the entities GOES budget, in the ROB adoption. The strategy has three main components, support in the budget formulation, MTIF implementation and administrative and functional reforms implementations in order to successfully implement the ROB. During 2029 the project will include the MAG and the MOP.
COMPONENT 3: Tax Policy and Administration Improved	
1. Contribute to the GOES’ efforts to achieve a two percent increased tax revenue measured as a percentage of GDP over the baseline established at the end of calendar year 2017.	DRM continues supporting the DGII in improving the tax collection increase by addressing the tax evasion issues. The full CSMS adoption is being supported by DRM. The DGII is using the CSMS for massive tax control and compliance, but due to operational issues is not using it for office and field audit. Additionally, DRM continues supporting the reform of the tax audit offices improving the tax and fiscal analysis function and the data mining tools.
2. Level of taxpayer non-compliance reduced (Baseline provided by MOF statistics).	The project continued supporting the tax evasion crackdown program and all other activities explained in number 1.
3. All regulations and directives drafted to operationalize the proposed “Procedural and Tax Law Reform” bill.	The project continued supporting the MOF in the tax reforms proposed by FPMP and finished the Simplified Tax System proposed legal reform that the Viceminister of Revenue submitted to CONAMYPE for review. Once the laws are approved the project will support in the laws implementation and regulation.

EXPECTED RESULT	PROGRESS
4. Tax revenues from customs declarations increased by 10 percent from 2017 baseline ratio.	DGA has been a complicated and difficult partner for DRM and other donors. Nevertheless, the Customs Code proposal was finally finished and reviewed with the DGA and is ready to be presented to the private sector and civil society before being submitted to the Presidential House for Review. Additionally, the project continued working in the proposal for a customs duties evasion crackdown program.
5. Sharing of information between DGA and DGII increased.	The project continued working with DGII in cross-referencing the customs and tax data for tax control purposes, and the customs crackdown program is proposing doing the same process for customs control.
COMPONENT 4: Transparency and Public-Private Dialogue on Fiscal Policy Strengthened	
1. Fiscal transparency improved, as measured by international rankings such as the World Bank Open Budget Survey scores and PEFA assessments.	The FPEMP project had recommended the MOF to improve the disaggregation level of the Fiscal transparency portal that was develop under the trilateral initiative back in 2014, finally this year the MOF decided to move one grade to account level instead of budget line, DRM insisted in disaggregate the data to item level, but the MOF didn't accept it. Once the SAFI II get deployed, the project will work in reforming the fiscal transparency portal improving open data and the level of disaggregation.
2. 100 percent increase in the number of visits to the MOF's Transparency Portal.	The transparency portal made an important advance toward accountability in the reform proposed and supported by FPEMP and the Brazilian Government, the new transparency portal generated an increase in the number of visits, nevertheless, the portal won't have an important increase in visits unless critical mass get improved within civil society. The project started working in a program of civil society forums in order to improve the capacity of civil organizations, universities students and citizens to use the fiscal data for overseeing and control porpoises.
3. 75 percent of 262 municipalities hosting a sustainable Municipal Fiscal Transparency Portal.	During 2019 after the new government get in place the project will work in the development of a fiscal transparency portal that will use the SAFIM as primary source of information, the project is currently working on a technical proposal for the portal implementation.
4. At least two events per year increasing dialogue among GOES, municipalities, civil society organizations, the private sector, and tax payers carried out.	During the reporting period, the Project organized two events: A Citizen's Forum on Results Oriented Budget implementation (attended by 284 persons) and a fiscal sustainability event with ANEP (attended by 25 persons).



USAID | EL SALVADOR

FROM THE AMERICAN PEOPLE

Case Study/ Success Story

+11,000 People used new training strategies through august 2017 to september 2018.

The Ministry of finance is implementing new ways of running their expenditure and revenues systems which directly affect the other institutions of the Government of El Salvador. To cope with these changes, the Ministry faces the challenge of training all the personnel who will use the new programs in their daily activities.

Challenge

The reform requires that GOES strategically plan all the projects and activities in each ministry. This implies a change of thinking for the officials to have goals and measurable objectives, prioritization of projects, proposed results for each scheduled activity and follow-up performance audits.

A government oriented to this strategic planning, provides the most appropriate projects for the population. These project focuses on long-term results with a vision that impacts on Salvadorean society.

Challenges in the new expenditure reform

- ⊕ Trained more than 300 institutions
- ⊕ Capacity of classrooms
- ⊕ Capacity of systems
- ⊕ Specialized instrutures
- ⊕ Logistics and management
- ⊕ Defined and Institutionalized structure

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his reason, the project has supported the Ministry in logistics for each of the training programs needed by all the



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FROM THE AMERICAN PEOPLE

CASE STUDY/ Success Story

Beyond training to generate new knowledge, training is an opportunity to help public officials understand that their responsibilities in public finance to benefit Salvadoran society.

These new reforms change the tasks performed by government employees involved in the improvements in the new budget, purchases models

and to the support to the private sector providers.

Results

It has created two types of trainings: classroom and e-learning. Along with the development of content, a structure has been developed to make it sustainable over time.

The training Department of the Ministry of Finance

(DFD) is incorporating these new types of training in their functions.

To meet its objectives, DFD needs to develop new alliances with other institutions, such as universities.

E-learning allows participants to manage their own training, by giving them access from their workplace.

OUR FOCUS AREAS



E-learning experts

The project provided specialists in e-learning to guide process for the new courses. Also assisted in the logistics and planning off-line and on-line training programs.



E-learning MoF team

The MoF through DFD has developed an on-line tutoring course for instructors to support training programs. They have created a specialized unit to develop e-learning programs.



Win-win Alliances

Development of cooperative relationships with universities to train public employees and promote civil society participation.



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FROM THE AMERICAN PEOPLE

CASE STUDY/ Success Story

For example, External Auditors trained more than 4,000 accountants in this modality. Audiovisuals materials used in each course are available when they need it. A YouTube channel was created to support officials from the GOES for all the e-learning activities.

This type of training has created a change in the strategy of the DFD, and with the support of the project, now they have a wider vision to train employees in the ministry and other offices.

The project is focused on the sustainability of the support given to the ministry. The objective that is a successful implementation of the reforms and strategies for a better tax administration, operating expenditure and promote transparency.

Above all, ensure that the reform will continue beyond the life of the project.

It is a change to the operations of the DFD. The new training strategies increase their capacity to service other institutions of the state. (see chart below)

Thinking about the future, it is important for the ministry to create new alliances to support its mission.

BENEFITS FOR SALVADOREANS



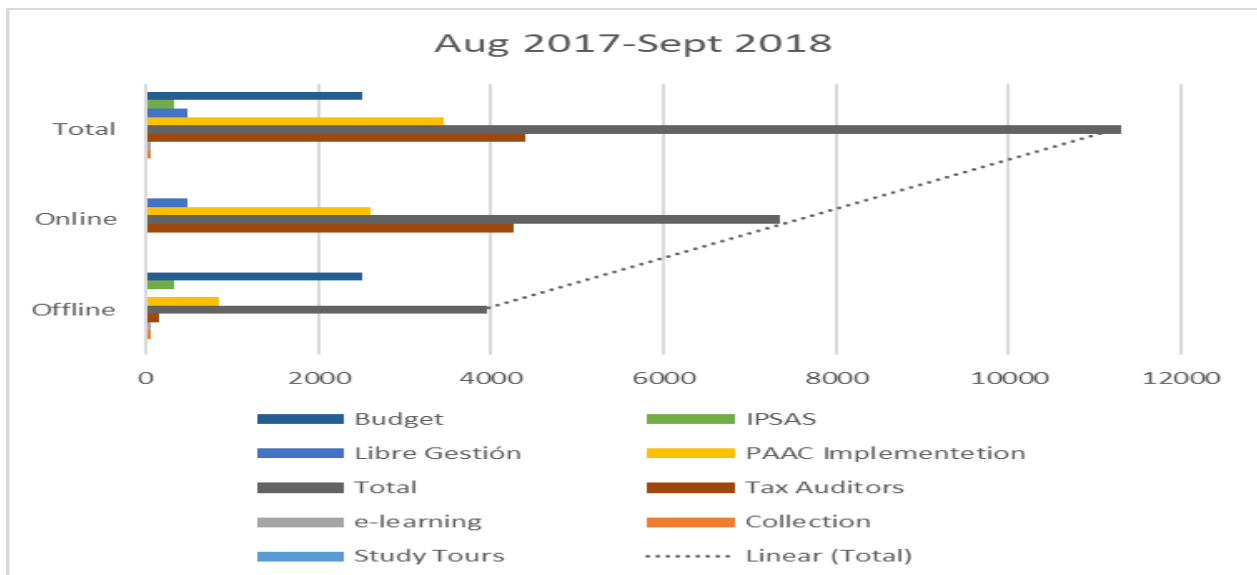
MORE RESOURCES



HIGH IMPACT PROJECT



TRANSPARENCY



FINANCIAL INFORMATION (AS OF SEPTEMBER 30TH, 2018)

FINANCIAL REPORT					
BUDGET CHART APRIL 2018 - SEPTEMBER 2018 DAI GLOBAL LLC - DOMESTIC RESOURCE MOBILIZATION PROJECT AID-519-C-17-00002					
LINE ITEMS	BUDGET	INVOICED (as of March 2018)	INVOICED (April 2018 - September 2018)	TOTAL INVOICED TO DATE	BUDGET AMOUNT REMAINING
TOTAL ESTIMATED COST	\$25,937,945.00	\$3,433,195.03	\$2,231,574.94	\$5,664,769.97	\$20,273,175.03
FIXED FEE	\$1,556,277.00	\$247,640.76	\$213,038.59	\$460,679.35	\$1,095,597.65
TOTAL ESTIMATED COST PLUS FIXED FEE	\$27,494,222.00	\$3,680,835.79	\$2,444,613.53	\$6,125,449.32	\$21,368,772.68

FINANCIAL REPORT						
BUDGET CHART APRIL 2018 - SEPTEMBER 2018 DAI GLOBAL LLC - DOMESTIC RESOURCE MOBILIZATION PROJECT AID-519-C-17-00002						
LINE ITEMS	BUDGET	INVOICED (as of March 2018)	INVOICED (April 2018 - September 2018)	TOTAL INVOICED TO DATE	BUDGET AMOUNT REMAINING	% BUDGET SPENT
TOTAL BILLING	\$27,494,222.00	\$3,680,835.79	\$2,444,613.53	\$6,125,449.32	\$21,368,772.68	22.28%
TOTAL OBLIGATION	\$10,832,494.91					
PERCENT OBLIGATION SPENT	56.55%					

FINANCIAL REPORT			
BUDGET CHART APRIL 2018 - SEPTEMBER 2018 DAI GLOBAL LLC - DOMESTIC RESOURCE MOBILIZATION PROJECT AID-519-C-17-00002			
MUNICIPALITY	EXPENDED (as of March 2018)	INVOICED (April 2018 - September 2018)	TOTAL EXPENDED
SAN SALVADOR	\$ 3,680,835.79	\$2,444,613.53	\$6,125,449.32

Note: The Project has a nationwide presence. All the expenses are to strengthen the capacity of the GOES.

ANNEX I. PERFORMANCE INDICATORS TRACKING TABLE (PITT)

Indicator Information						CY17			CY18			CY19			CY20			CY21			Life of Project		
No.	Type	Indicator Name	Unit of Measure	Disaggregation	Baseline	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%
Overall Program Impacts																							
O.1	Impact	Tax administration and compliance improved (% increase in the ratio of tax collections as percent of GDP) with USG assistance	Percentage	By type of tax	0.0%	N/A	0.0%		0.5%			0.7%			0.4%			0.4%			2.0%		
O.2	Impact	Public investment in the security and justice and social sectors as a percent of total budget expenditures	Percentage	By Sector	16.6% in security and justice and 46.6% in social spending	N/A	16.17% in security and justice and 43.72% in social spending		N/A			N/A			N/A			18.0% in security and justice and 52.0% in social spending			18.0% in security and justice and 52.0% in social spending		
O.3	Impact	Public investment in security and social sectors as percentage of gross domestic product	Percentage	By Sector	3.23% in security and 9.15% in social spending.	N/A	3.40% in security and 9.21% in social spending		N/A			N/A			N/A			3.3% in security and justice and 9.6% in social spending			3.3% in security and justice and 9.6% in social spending		

USAID El Salvador Domestic Resource Mobilization Project

Indicator Information						CY17			CY18			CY19			CY20			CY21			Life of Project		
No.	Type	Indicator Name	Unit of Measure	Disaggregation	Baseline	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%
O.4	Impact	Public investment as percentage of gross domestic product	Percentage	N/A	Na	N/A	Na		N/A			N/A			N/A			3.0%			3.0%		
O.5	Impact	Fiscal balance as percentage of GDP	Percentage	N/A	-3.14%	N/A	-2.54%		-2.3%			-2.7%			-2.2%			-1.8%			-1.8%		
Component I: Budget Planning and Preparation Improved																							
I.1.1	Outcome	Percentage variance between actual and planned aggregate GOES revenues	Percentage	N/A	8.26%	N/A	1.90%		N/A	0.0%		N/A			N/A			0.5%			0.5%		
I.1.2	Outcome	Percentage variance between actual and planned aggregate GOES expenditures	Percentage	N/A	2.64%	N/A	5.35%		N/A	0.0%		N/A			N/A			0.5%			0.5%		
I.2.1	Output	Percentage of GOES entities relative to total using a ROB approach	Percentage	N/A	0.00%	N/A	0.00%		N/A	0.0%		100%			100%			100%			100%		

USAID El Salvador Domestic Resource Mobilization Project

Indicator Information						CY17			CY18			CY19			CY20			CY21			Life of Project			
No.	Type	Indicator Name	Unit of Measure	Disaggregation	Baseline	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	
1.2.2	Output	Percentage of GOES entities planning and executing their budget based on a MTFE and MTEF.	Percentage	N/A	0.00%	N/A	0.00%		N/A	0.00%		N/A			N/A			100%			100%			
1.2.3	Output	Percentage of GOES institutions implementing Gender Responsive Budgeting (GRB)	Percentage	N/A	0.00%	N/A	0.00%		N/A	0.00%		N/A			N/A			100%			100%			
Component 2: Budget Execution Improved																								
2.1.1	Outcome	Expenditure arrears as a percentage of total expenditures	Percentage	By level of government	GOES – 6.59% of total expenditure. Municipal government – Na.	N/A	GOES – 6.49% of total expenditure. Municipal government – Na.		N/A	6.50%		N/A			N/A			3.0% for both Central and Municipal Govts			3.0% for both Central and Municipal Govts			
2.2.1	Output	Percentage of GOES expenditures going through the SAFI II that are integrated with the Treasury Single Account (TSA)	Percentage	N/A	0.00%	N/A	0.00%		N/A	0.0%		100%			100%			100%			100%			

USAID El Salvador Domestic Resource Mobilization Project

Indicator Information						CY17			CY18			CY19			CY20			CY21			Life of Project		
No.	Type	Indicator Name	Unit of Measure	Disaggregation	Baseline	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%
2.2.2	Output	Percentage of all procurement transactions performed through COMPRASAL II	Percentage	By level of govt	0.00%	N/A	0.05%		N/A	Na		N/A			N/A			100%			100%		
2.2.3	Output	Percentage of GOES agencies using SAFI II	Percentage	N/A	0.00%	N/A	0.00%		N/A	0.0%		100%			100%			100%			100%		
Component 3: Tax Policy and Administration Improved																							
3.1.1	Outcome	Revenue Productivity (Gross Compliance Ratio)	Percentage	By type of tax	59.64% VAT Compliance Rate; 23.56% Income Tax Compliance Rate	N/A	60.42% VAT Compliance Rate; 23.83% Income Tax Compliance Rate		N/A			N/A			N/A			67.5% VAT Compliance Rate; 65% Income Tax Compliance Rate.			67.5% VAT Compliance Rate; 65% Income Tax Compliance Rate		
3.1.2	Outcome	Revenue collected through enforcement efforts resulting from improved data mining	USD	By type of tax	Income tax \$100.2 million, VAT \$32 million	N/A	Na		N/A			N/A			N/A			Income Tax - \$180.36 million, VAT \$57.6 million			Income Tax - \$180.36 million, VAT \$57.6 million		

USAID El Salvador Domestic Resource Mobilization Project

Indicator Information						CY17			CY18			CY19			CY20			CY21			Life of Project		
No.	Type	Indicator Name	Unit of Measure	Disaggregation	Baseline	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%
3.1.3	Outcome	Percentage of taxpayers satisfied with the tax and revenue authority	Satisfaction score index	Survey question and weight, taxpayer sex, age and geography	86.0%	N/A	Na		N/A			N/A			N/A			96.0%			96.0%		
3.2.1	Output	On-time filing and payment rate (voluntary tax compliance rate)	Percentage	by filing or payment and by type of tax	Na	N/A	Na		N/A			N/A			N/A			98.0%			98.0%		
3.2.2	Output	Number of payments agreed to and accepted by taxpayers	Number	By type of tax	1.42%	N/A	3.12%		N/A	6.99%		N/A			N/A			TBD			TBD		
3.2.3	Output	Monetary value of payments agreed to and accepted by taxpayers	USD	By type of tax	\$18.9 million in Fiscal Compliance, \$9.5 million in Tax Control, \$100.2 million in Income Tax and \$32 million in VAT	N/A	Na		N/A	Na		N/A			N/A			\$30.24 million in Fiscal Compliance, \$15.2 Million in Tax Control, \$160.3 million in Income Tax and \$51.2 million in VAT			\$30.24 million in Fiscal Compliance, \$15.2 Million in Tax Control, \$160.3 million in Income Tax and \$51.2 million in VAT		

USAID El Salvador Domestic Resource Mobilization Project

Indicator Information						CY17			CY18			CY19			CY20			CY21			Life of Project			
No.	Type	Indicator Name	Unit of Measure	Disaggregation	Baseline	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	
Component 4: Transparency and Public-Private Dialogue on Fiscal Policy Strengthened																								
4.1.1	Outcome	Open Budget Index Score	Score	N/A	53	N/A	45		N/A	Na		57			N/A			68			68			
4.2.1	Output	Average monthly visitors to the MOF Fiscal Transparency Portal	Number	N/A	6,310	N/A	6506		7,700	4,484		9,200			11,900			12,620			12,620			
4.2.2	Output	Average monthly visitors to the Municipal Transparency Portal	Number	N/A	0%	N/A	0%		N/A	N/A		N/A			N/A			3,000			3,000			
4.2.3	Output	Percentage of municipalities hosting a fiscal transparency portal	Percentage	N/A	0%	N/A	0%		N/A	N/A		N/A			N/A			75.0%			75.0%			
4.2.4	Output	Number of cases annually reported in the Public Procurement Ombudsman Social Audit Tool	Number	N/A	0	N/A	N/A		N/A	N/A		N/A			20			40			40			

USAID El Salvador Domestic Resource Mobilization Project

Indicator Information						CY17			CY18			CY19			CY20			CY21			Life of Project		
No.	Type	Indicator Name	Unit of Measure	Disaggregation	Baseline	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%	Target	Actual	%
4.2.5	Output	Number of public-private dialogue events	Number	N/A	0	2	2	100%	2	2	100%	2			2			2			10		
Cross-Cutting Indicators																							
C.1	Output	Number of person hours of training completed in fiscal policy and fiscal administration	Number	By subject matter and sex	0	10,000	18,191	82%	30,000	48,531	62%	20,000			20,000			20,000			100,000		
C.2	Output	Number of core and socialized training modules developed	Number	By subject	0	4	10	150%	12	24	100%	8			8			8			40		

Note: N/A stands for Not Applicable. Na stands for Not available. Update to June 2018.