

PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

EL SALVADOR

TECHNICAL ASSISTANCE FOR AGRARIAN REFORM IN EL SALVADOR

(TC6908092)

PLAN OF OPERATIONS

AUGUST 1969

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Technical Assistance for Agrarian Reform in El Salvador

I. REQUEST

In a cabled communication of August 18, 1969, Mr. Edgardo Suárez, the Secretary General of the El Salvadorean Consejo Nacional de Planificación y Coordinación Económica (CONAPLAN) requested the Bank's technical assistance for an agrarian reform program.

II. BACKGROUND

The agrarian situation of El Salvador is especially serious, as in addition to the latifundia-minifundia complex and other land tenure issues there is an exceptionally heavy population pressure on scarce land resources. Since 1950 the Rural Colonization Institute (ICR) has been active in land settlement and is empowered to acquire and distribute private lands and to assist settlers. In 1961 the Farm Welfare Administration (ABC) was established to extend supervised credit and technical assistance to low income farmers. However, to date, very few peasants have been resettled and the number of campesino beneficiaries of other programs has also remained small. The existing projects are fragmentary and do not represent an integral attack on the agrarian problem. The recent hostilities with Honduras have aggravated the plight of the Salvadorean peasants.

It now appears that the Government is interested in a more comprehensive and thorough going agrarian reform, as manifested by a recent resolution of the Ministerial Council. The request of CONAPLAN is a direct outcome of this new and current concern.

III. OBJECTIVES

The project objectives are to assist the appropriate entities of the Salvadorean government in preparing an integral agrarian reform program. More specifically, the objectives of an IDB consultant study mission are to assist in the following aspects:

1. design new or modified reform legislation;
2. define and recommend the needed administrative structure;
3. identify projects and programs;
4. study and define agrarian reform financing requirements and alternatives.

IV. DESCRIPTION

Upon approval of this plan of operations a preliminary mission consisting of two Bank staff members (one from ECO and one from PRA) will be sent to El Salvador for a period of approximately a week to examine in detail with CONAPLAN staff and other pertinent government officials their plans and define more precisely the type of assistance needed. The Bank mission will prepare specific terms of reference upon returning to headquarters and a more detailed plan of work for a group of consultants.

On the basis of available information, the consultant mission would be comprised of experts in the following fields: agrarian legislation, rural administration, agricultural economic planning, and agrarian reform financing.

After a short briefing period in Washington, the consultants will spend approximately three months in the country within which time they will prepare their final reports. It is expected that a preliminary report will be made after 60 days' work.

V. JUSTIFICATION

Satisfactory and orderly resolution of the agrarian problems of El Salvador is important for the country's future. In some areas these problems of landlessness, insecurity, and rural poverty are most acute and require urgent measures. But the agrarian situation is related to the entire socio-economic complex of national development. The success of practically all the present and potential development projects with which the IDB may be assisting depends in some measure on a more secure, equitable, and productive land system and on a better distribution of income and opportunities.

The cumulative experience of recent years by various countries with agrarian legislation and programs can be taken advantage of in this case. The assistance by the Bank in this important and sensitive field is especially appropriate. It is expected that the mission's work will not only yield practical results for strengthening national legislative, administrative, financial, and economic measures, but will contribute toward the formulation of specific projects and programs of agrarian reform which could be submitted to the IDB for financing although it is understood that IDB participation in this project will not imply a future Bank responsibility in agrarian reform loan requests from El Salvador.

VI. COST AND FINANCING

A. Total Costs and Project Financing

The estimated total cost of the project is in the equivalent of US\$48,000 of which the IDB would contribute the equivalent of US\$ 40,000. The total cost would be distributed as follows: (In US dollars):

Item	IDB	Government	Total	%
1. <u>Project consultants</u>	<u>\$33,800</u>		<u>\$33,800</u>	70.4
a) Honorarium at \$2,000 per month, 12 months	\$24,000			
b) Travel to Washington and return to point of origin at \$800 ea.	3,200			
c) Per diem - 120 days				
- at \$25 each:	3,000			
Per diem - 240 days				
- at \$15 each:	3,600			
2. <u>IDB Staff Travel</u>	<u>\$ 2,200</u>		<u>\$ 2,200</u>	4.6
a) Travel from Washington to San Salvador and return (4 trips)	\$ 1,200			
b) Per diem at \$25 daily 30 to 40 days	1,000			
3. <u>Counterpart Personnel</u>		<u>\$ 6,000</u>	<u>\$ 6,000</u>	12.5
a) 4 Staff members with salaries at \$500 each per month	\$ 6,000			
4. <u>Secretarial Services, Office materials, printing Costs, local travel, etc.</u>		<u>\$ 2,000</u>	<u>\$ 2,000</u>	4.2
5. <u>Contingency Fund</u>	<u>\$ 4,000</u>		<u>\$ 4,000</u>	8.3
Total:	<u>\$40,000</u>	<u>\$ 8,000</u>	<u>\$48,000</u>	
%	<u>83.3</u>	<u>16.7</u>		<u>100</u>

The Bank reserves the right to make adjustments within these categories as the needs arise.

B. Costs to the IDB

Costs to the IDB chargeable to the 1969 Technical Assistance Budget in the equivalent of US\$40,000 would be distributed as follows:

Item	IDB	%
1. Honorarium	\$ 24,000 .	60.0
2. Travel	4,400	11.0
3. Per Diem	7,600	19.0
4. Contingencies	4,000	10.0
Total	40,000	100.0

VII. BUDGET AND FUNDING

Bank funds for this project would be allocated on a non-reimbursable basis and charged to the Social Progress Trust Fund, 1969 Technical Assistance Budget, Item 1.d.

VIII. CONSULTANT CONTRACT

The government of El Salvador will directly contract the services of the consultants in accordance with the Terms of Reference provided by the Bank. The government of El Salvador will submit to the Bank for approval appropriate details on the background of each candidate, professional.

experience and proposed text of the contract to be signed. The proposal will include details and the time schedule of the work to be carried out by each of the consultants.

IX. DISBURSEMENTS

Two disbursements in the total equivalency of US\$33,800 will be made to the Government of El Salvador.

The first disbursement in the equivalent of US\$25,000 will be made after the signing of an agreement between the Bank and the Government of El Salvador and within 15 days after the consultant contracts have been approved by the Bank.

The second and final disbursement to the Government of El Salvador in the equivalent of US\$8,800 will be made during the third and final month of the project or within 15 days after receipt in the Bank of the interim progress report. The disbursement of the US\$2,200 to be utilized by IDB staff members for travel and per diem will be disbursed in accordance with established administrative procedures and the contingency fund of US\$4,000 will be maintained by the IDB.

The Bank reserves the right to utilize up to 30% of its total contribution for this project in local currency.

X. REPORTS

An interim progress report will be submitted by the Government of El Salvador to the Bank within the first 60 days of the consultant's activities. The Government of El Salvador will send a final project report to the IDB within 45 days after the project period terminates, which will include a detailed statement of expenditures, and final consultant reports will be attached.

XI. SUPERVISION

The Bank will exercise the right to supervise the field activities of this project through its representative in El Salvador.

XII. EVALUATION CRITERIA

The ultimate criterion for appraising the results of the proposed technical assistance lies in the degree of its contribution to a more soundly designed and more effectively carried out reform program in El Salvador.

In the short run, however, it is proposed that the mission's work be judged on its satisfactory fulfillment of the following points:

1. Provide practical suggestions for legal, administrative and financial measures in order to implement the government's land reform objectives.
2. Identify and help design reform programs which simultaneously provide a more equitable and just land and income distribution and at the same time increase the incomes and productivity of the campesinos.
3. Make recommendations for reform-oriented projects for possible IDB financing.

XIII. AGREEMENT

An agreement between the government of El Salvador and the IDB will be signed within 60 days after the approval of this plan of operations.

XIV. ELIGIBILITY

The Technical Manager, in consultation with the Legal Advisor, has agreed to the eligibility of this plan of operations for financing with resources of the Social Progress Trust Fund.

XV. RESPONSIBILITY IN THE BANK

The Technical Assistance Division will have the basic responsibility for this project. The Social and Economic Development Division will have the technical responsibility in coordination with the Division of Analysis of Agricultural Projects.

XVI. RECOMMENDATION

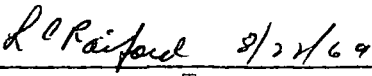
The Technical Manager recommends to the President of the Bank, through the Technical Assistance Committee, that this plan of operations be approved.



Technical Assistance Division



Legal Department



Treasury




Economic and Social Development Division

I certify that there are sufficient unobligated funds in Category I of the current technical assistance budget derived from SPTF to pay for the expenses, in the amount(s) of 40,000.00, contemplated in the operations plan to which this stamp is affixed.

This certification will expire 60 days after the date below unless this operations plan has been approved by then.

8/22/69

Administrative Division
Date Budget Officer



Operations Department (PRA)

SELECCION DE PUBLICACIONES SOBRE PROBLEMAS AGRARIOS EN

EL SALVADOR

Agri Research, Inc.

- 1962 Increasing and Diversifying Agricultural Production in
El Salvador (San Salvador: AID)

Comité Interamericano de Desarrollo Agrícola (CIDA)/CAIS

- 1968 El Salvador: Características generales de la utilización y
distribución de la tierra (Washington, D.C.: CIDA/CAIS)
(in process of publication)

- 1969 Tenencia de la tierra en Centroamérica (Washington, D.C.:
CIDA/CAIS) (in process of publication)

Comité Interamericano de Desarrollo Agrícola (CIDA)

- 1968 El Crédito Agrícola en El Salvador (Washington, D.C.) (mimeo)
502 p.

Comité Interamericano de la Alianza para el Progreso (CIAP)

- 1966 El esfuerzo interno y las necesidades de financiamiento ex-
terno para el desarrollo de El Salvador (Washington, D.C.
Unión Panamericana) (mimeo)

- 1968 Problemas del Sector Agropecuario y Tributación sobre utili-
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de diciembre de 1968) (OEA/Ser.H./XIV; CIAP/318), (mimeo) pp.
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Costales Samaniego, Alfredo

- 1965 La Realidad Social de Centroamérica (México, D.F.: Costa Anic
Editor)

Delgado Carías

- 1963 "Nomenclatura rural salvadoreña", Revista Económica Salvado-
reña (San Salvador) Tomo 12, Nos. 27-28.

Escoto León, Claudio

- 1965 Leyes de Reforma Agraria en América Central
(Bogotá: IICA-CIRA)

Instituto Universitario Centroamericano de Investigaciones Sociales
y Económicas

- 1965 Algunas consideraciones sobre tenencia de la tierra en relación
con el desarrollo agropecuario de los países centroamericanos
(San José, Costa Rica)

Marroquín, Alejandro Dagoberto

- 1965 "Cambios en la Agricultura y sus Repercusiones Sociales"
Revista salvadoreña de Ciencias Sociales (San Salvador) No.1.

Menjivar, Rafael

- 1962 Tomos de tenencia de la tierra y algunos otros aspectos de la
actividad agropecuaria (San Salvador: Universidad de El Salvador,
Instituto de Estudios Económicos) (Monografía No.1).

Oficina Internacional del Trabajo

1954 Informe del Gobierno de El Salvador sobre los asalariados agrícolas (Ginebra: OIT) 104 p.

1957 Informe al Gobierno de El Salvador sobre una legislación la boral, y social agrícola (Ginebra: OIT) 172 p.

Osegueda, Antonio

1967 Estudio de la incidencia de las formas de tenencia de la tierra sobre la economía de El Salvador (Tesis de grado, Universidad de El Salvador, Facultad de Ciencias Económicas)

Schwinden, James

1964 Report on the Instituto de Colonización Rural: Land Distribution Program (San Salvador: USDA-AID Technical Assistance Agreement) (mimeo) 15 p.

Torres, Abelardo

1961 Tierras y Colonización: Regimen de tenencia de la tierra y condiciones de trabajo agrícola en El Salvador (San Salvador Universidad de El Salvador, Instituto de Estudios Económicos) (Monografía No. 2) (mimeo) 68 p.

1962 "More from this Land Agrarian Reform in El Salvador", Americas (Washington, D.C.) Vol. XIV, No. 8, pp. 6-12.

Unión Panamericana

1966 Informe sobre los planes nacionales de desarrollo y el proceso de integración económica de Centroamérica) (Washington, D.C.)

Universidad de El Salvador

1961 Aspectos Jurídico-Laborales de la actividad agropecuaria (San Salvador: Instituto de Estudios Económicos, Monografía No.3)

Urban, Francis S.

1969 Agricultural Prospects in Central America (Washington, D.C.: USDA, ERS - Foreign 270)

Notas sobre la estructura agraria en El Salvador

La estructura agraria de El Salvador en su conjunto muestra como características sobresalientes: un minifundio acentuado, un gran número de familias sin tierra o en situación precaria ligadas a bajos ingresos, una tecnología primitiva en contraste con los últimos adelantos, un sistema de comercialización ineficiente para los productos de baja densidad económica y uso popular, así como una limitada disponibilidad de crédito para los pequeños y medianos productores.

El minifundio en El Salvador se describe así: de un total de 227,000 fincas en 1961, 207,000 correspondieron a empresas cuyo tamaño promedio fue de 9.9 has. o menos, ocupando el 22% del área agrícola, con un total de 346,000 has. El fenómeno se puede describir mejor si consideramos que 107,000 unidades o 47% del total de fincas estuvieron distribuidas en 61,000 has., para aquellas fincas menores de una hectárea, en tanto que 100,000 fincas o 44% del total, dispusieron de 285,000 has. o el 18% de la superficie agrícola.

En contraste, 1027 fincas o el medio del uno por ciento del total comprendieron 596,000 has. o 38% de la superficie total. El grupo de fincas de 50 a 199.9 has. constituye sólo el 1.5% y ocupa 313,000 has. o sea 20% de la superficie.

En resumen, en un polo se encuentran los minifundistas, 207,000 en número, con 346,000 has. y en el otro quienes poseen más recursos, éstos se hallan en alrededor de 4,300 fincas con el 58% de la tierra en fincas o sea 900,000 has.

Nos referimos ahora a la población en relación a los aspectos anteriores. Un total de 208,000 familias o 1.2 millones de personas, poseen 346,000 has.; mientras que 4,400 familias con un total de 25,000 personas poseen 900,000 has. Agréguese a lo anterior el hecho de que se registraron en 1961 otras 42,000 familias o cerca de un cuarto de millón de personas que, viviendo en el campo, no poseen tierras. Si se considera que para el mismo año de 1961 había un total de 1.54 millones de personas en zonas rurales y que se han registrado 1.45 millones viviendo en niveles precarios en promedio, se podrá visualizar la intensidad del problema agrario. Considerando que el empleo posible puede alcanzar 280 días al año y que el empleo actual (circa 1966) alcanza 125 días hábiles en promedio, esto significa que no se utiliza el 57% de la capacidad de fuerza de trabajo disponible. Por otro lado, el Instituto de Colonización Rural ha estimado que el ingreso mínimo básico anual por familia debería ser de 1,900 colones y los datos promedio arrojan un total de 630 colones, cantidad significativamente inferior a los requerimientos.

Según el informe sobre "Características Generales de la Utilización y Distribución de la tierra en El Salvador", preparado por

el Grupo CIDA/CAIS, los patrones existentes de uso y tenencia de la tierra dan como resultado la siguiente distribución del ingreso:

Familias según su estado de tenencia	No. aproximado de familias	Ingreso promedio (colones)
Trabajadores sin tierra	42,000	570
En microfincas	107,000	740
En fincas subfamiliares	100,000	1,050
En fincas familiares	15,200	3,580
En fincas multifamiliares medianas	3,340	17,720
En fincas multifamiliares grandes	11,030	64,400