

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

EL SALVADOR

**MODIFICATION OF THE SOCIAL DIGITAL CONNECTIVITY PROGRAM
(ES-L1145) (5340/OC-ES, 5341/KI-ES)**

AND

**COMPLEMENTARY INVESTMENT GRANT FINANCING
(ES-G1008)**

**PROPOSED MODIFICATION TO LOAN CONTRACTS
5340/OC-ES AND 5341/KI-ES**

AND

**PROPOSED MODIFICATION TO RESOLUTIONS
DE-69/21 AND DE-70/21**

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ABBREVIATIONS

| | |
|--------|--|
| DACI | Institutional Procurement and Contracting Department |
| DGFTGP | Dirección General de Formación en Tecnología y Gestión Pública [Specialty Unit on Education in Technology and Public Management] |
| EU | European Union |
| ICT | Information and communications technologies |
| IDB | Inter-American Development Bank |
| IDBA | Broadband Development Index |
| IGR | Investment grant |
| KIF | Korea Infrastructure Development Co-financing Facility for Latin America and the Caribbean |
| OECD | Organisation for Economic Co-operation and Development |
| PAES | Pruebas de Aprendizaje y Aptitudes para Egresados de Educación Media [Learning and Aptitude Tests for Secondary School Graduates] |
| PSG | Project Specific Grant |
| WEF | World Economic Forum |

PROJECT SUMMARY

EL SALVADOR

MODIFICATION OF THE MODIFICATION OF THE SOCIAL DIGITAL CONNECTIVITY PROGRAM (ES-L1145) (5340/OC-ES, 5341/KI-ES)

AND

COMPLEMENTARY INVESTMENT GRANT FINANCING (ES-G1008)

| Financial Terms and Conditions | | | | |
|--|--|-------------------------------|--|-----------------------------|
| Beneficiary: | | | | |
| Republic of El Salvador | | | | |
| Executing agency: | | | | |
| Innovation Department of the Presidency | | | | |
| Source | Amount in euros (€) | Amount in U.S. dollars (US\$) | Disbursement period: ^(c) | 5 years |
| IDB (European Union / ECR 2020): | 6,000,000 ^(a) | 6,431,162 ^(b) | Implementation period: | 5 years |
| Total: | 6,000,000 | 6,431,162 | | |
| Administration fee: | 400,000 | 428,741 | Approval currency: | United States dollar (US\$) |
| Total available for the program: | 5,600,000 | 6,002,421 | | |
| Project at a Glance | | | | |
| Project objective/description: The general objective of the investment grant (IGR) is to continue contributing to access to broadband for the citizens of El Salvador to increase its potential for ensuring the continuity of public services. To that end, the following specific objectives have been established: (i) improve access to connectivity through investment in digital infrastructure; and (ii) reduce the digital skills and competencies divide at connected public sites. | | | | |
| Special contractual conditions precedent to the first disbursement of the financing: The first disbursement of financing proceeds will be contingent on the beneficiary having fulfilled, to the Bank's satisfaction, the following conditions: (i) having submitted evidence of the establishment of the program management, and having contracted or appointed, as applicable, the key staff members (program general manager, procurement specialist, and financial specialist); and (ii) having approved the program Operating Regulations , under the terms and conditions previously agreed upon with the Bank (paragraph 3.16). | | | | |
| Exceptions to Bank policies: None. | | | | |
| Strategic Alignment | | | | |
| Challenges: ^(d) | SI <input checked="" type="checkbox"/> | | PI <input checked="" type="checkbox"/> | EI <input type="checkbox"/> |
| Crosscutting themes: ^(e) | GE <input checked="" type="checkbox"/> and DI <input type="checkbox"/> | | CC <input checked="" type="checkbox"/> and ES <input type="checkbox"/> | IC <input type="checkbox"/> |

^(a) The grant resources to be provided by the European Union (EU) will be subject to availability and approval by the EU. The funds will be administered by the Bank as a project specific grant (PSG), pursuant to document SC-114 and the terms of the Financial Framework Partnership Agreement between the European Commission and the IDB of 29 September 2020 (document GN-2605-5). As contemplated therein, the commitment from the EU will be established through a separate contribution agreement (delegation agreement). The EU resources may be disbursed once the EU and the Bank have signed the delegation agreement and the Bank has received the funds from the EU. The Bank will charge an administrative fee once it receives the first installment of the payment. Any reference herein to the Framework Agreement of 2019 between the European Commission and the IDB will be considered to refer to, as applicable, any amendment or reinstatement of that agreement that may be undertaken by the European Commission and the IDB that is in effect on the date the delegation agreement is signed.

^(b) The approval currency is the euro (€) (equivalent to US\$6,431,162) based on the exchange rate applied on 7 June 2022, which was US\$1.0718/€. The EU will make its contribution to the PSG in €, which will be immediately converted into U.S. dollars when it is received by the Bank's Finance Department. The Finance Department will inform the project team of the exchange rate at which each contribution is converted. Each contribution to the PSG by the EU will be made in € and converted to U.S. dollars (US\$) upon receipt.

^(c) The start of the disbursement and implementation periods is determined in the Financial Framework Partnership Agreement between the European Commission and the IDB.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GE (Gender Equity) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. REQUEST BY THE GOVERNMENT OF EL SALVADOR FOR COMPLEMENTARY FINANCING FOR THE SOCIAL DIGITAL CONNECTIVITY PROGRAM

A. Beneficiary request

- 1.1 By means of a letter dated 9 May 2022 ([optional link 6](#)), the Ministry of Finance requested that the Bank modify loan contracts 5340/OC-ES and 5341/KI-ES in order to incorporate the grant by the European Union of an amount of up to €6.0 million that would complement the scope of the Social Digital Connectivity Program (ES-L1145).
- 1.2 The purpose of this modification and complementary financing is to help provide Internet access to approximately 200 new public sites (170 schools and 30 hospitals) in the target area described in [optional link 3](#), enabling the continuity of public services in rural areas with a combination of access technologies, as described in the program's Component 1. In addition, through Component 2 of the program, the modification will help enhance the digital skills and competencies of about 4,500 users from the target area of the 200 educational and healthcare institutions that will be connected, which will enable the continuity of services in situations like those experienced due to the COVID-19 pandemic with the actions in Component 2.

II. BACKGROUND

A. Background on the program

- 2.1 **Purpose of the modification.** The purpose of this document is to ask the Bank's Board of Executive Directors to approve the modifications to the "Social Digital Connectivity Program" (loan contracts 5340/OC-ES and 5341/KI-ES), hereinafter, the "Program," described in paragraph 1.2 resulting from the application of the complementary financing resources with respect to the original operation. The program was approved by the Bank's Board of Executive Directors on 15 September 2021. Loan contracts 5340/OC-ES and 5341/KI-ES were signed on 4 April 2022, and eligibility was granted on 12 July 2022.
- 2.2 **Objective.** The general objective of the program remains unchanged with respect to what was already approved in the original program (loans 5340/OC-ES and 5341/KI-ES) and consists of expanding access to broadband for the citizens of El Salvador and increasing its potential for ensuring the continuity of public services. To that end, the following specific objectives have been maintained: (i) improve access to connectivity through investment in digital infrastructure; and (ii) reduce the digital skills and competencies divide at connected public sites (paragraph 3.2).
- 2.3 **Original financing.** The total amount of financing from the IDB and the Korean Facility (KIF) remain unchanged at US\$85 million charged against the Bank's Ordinary Capital and the Korea Infrastructure Development Co-financing Facility for Latin America and the Caribbean (KIF (paragraphs 3.3 and 3.5)), in accordance with the details outlining costs per component included in Table 1.
- 2.4 **Beneficiary and executing agency.** For the Social Digital Connectivity Program, the beneficiary will be the Republic of El Salvador and the executing agency will be the Innovation Department of the Presidency.

B. Progress on program components

- 2.5 At present, the program is moving forward on various fronts: on one hand, on fulfillment of the conditions precedent to the first disbursement, the program was declared eligible on 12 July 2022. On the other, progress is being made on the preparation of bidding documents for Component 1 and on the design of the strategy for digital skills and competencies related to Component 2. In addition, the execution unit has received a great deal of training as a result of the launch workshop.

C. Rationale for the modification

- 2.6 The modification request to the Bank by the beneficiary [\(optional link 6\)](#) is based on the following rationale: (a) during the pandemic, access to telecommunications allowed for the continuity of public services. However, in El Salvador fewer than 10% of rural households have an Internet connection, limiting their capacity to participate and access the benefits of broadband¹ and the continuity of public services during the pandemic. In El Salvador, 65% of public schools do not have connectivity,² and only 40% of health centers have this service; (b) the penetration of fixed broadband (7.7%) and mobile broadband (54.5%) in El Salvador is the lowest in Latin America and is far from the average of the Organisation for Economic Co-operation and Development (OECD) (34.8% and 127.3%, respectively),³ hindering access to online health and education services. This is due to: (i) limited level of digital infrastructure^{4,5} and institutional capacity;⁶ and (ii) low level of digital skills and a gender gap; (c) 42% of people under 25 and 54% of those over 66 do not have an Internet connection,⁷ and of the people who do, more than 90% have a low-speed plan that does not support online education and/or healthcare solutions. The main determinants are the high prices for services⁸ and insufficient connectivity infrastructure, especially in rural areas;⁹ and (d) the lack of the ability to use the Internet aggravated the effects of COVID-19. The World Economic Forum (WEF) gives El Salvador a digital skills score of only 3.2 points out of 7, ranking the country 131st in the world.¹⁰ The main determinants are: (i) the illiteracy rate and the school attendance rate among women;¹¹ (ii) the

¹ [Socioeconomic Impact of Broadband in Latin American and Caribbean Countries.](#)

² [Brechas de Infraestructura y Criterios de Priorización.](#)

³ [DigiLAC.](#)

⁴ [DigiLAC.](#) El Salvador ranks 56th out of 65.

⁵ [United Nations e-Government Knowledgebase.](#) El Salvador ranks 107th out of 193 countries.

⁶ El Salvador has a score of 40.5 out of 100 ([DigiLAC](#)).

⁷ http://repositorio.cepal.org/bitstream/handle/11362/45938/4/S2000550_es.pdf.

⁸ According to the Broadband Development Index (IDBA), the percentage that represents the price of a fixed broadband subscription (30%) and a mobile one (7%) over the gross family income is greater than that of the region (23% and 6%) and the OECD (2% and 2%).

⁹ According to the Innovation Department of the Presidency, the 4G coverage of the population (31%) compared to 67% for the region.

¹⁰ [Global Competitiveness Index.](#) WEF.

¹¹ The illiteracy rate for women is 4 points higher than the rate for men and the school attendance rate is 4 points lower.

low level of digital training;¹² and (iii) the low level of training and certification of women in information and communication technologies (ICT) (the percentage of women ICT graduates is 4.62% compared to 16.5% for men).¹³

D. Strategic alignment

- 2.7 The proposed modifications in this complementary financing ES-G1008 are aligned with the original program (loans 5340/OC-ES and 5341/KI-ES). In particular, they are consistent with the second Update to the Institutional Strategy (UIS) 2020-2023 (document AB-3190-2), addressing the following development challenges: (i) productivity and innovation, through support for the use of digital technologies in education and health, favoring continuity in the delivery of public services, especially in the current situation stemming from COVID-19; and (ii) social inclusion and equality, by increasing broadband access¹⁴ accompanied by improvements in quality of service, particularly considering that, through access to digital infrastructure, citizens who live far from large urban centers will be able to enjoy quality public services comparable to those enjoyed by urban residents. They are also aligned with the following crosscutting themes: (i) gender equity, by promoting women's participation in digital skills training modules to contribute to reducing the digital gender gap. In particular, the complementary financing is aligned with the Update to the Gender Action Plan for Operations 2020-2021 (document GN-2531-19), through the strategic lines of action included in Component 2: economic opportunities for women and development of human capital with a gender approach; and (ii) climate change, thanks to the use of sustainable digital infrastructure that will contribute to resilience and the reduction of the carbon footprint due to the prioritized installation of equipment with the highest energy efficiency standards and the improved efficiency of the processes that will rely on existing digital infrastructure solutions.¹⁵ According to the [joint methodology of the multilateral development banks](#), an estimated 75.9% of the complementary financing resources will be invested in promoting innovation and technologies with a positive environmental and climate impact. These resources will contribute to the IDB Group target of increasing financing for climate-related projects to 30% of annual approvals.
- 2.8 The proposed modifications contribute to the IDB Group Corporate Results Framework 2020-2023 (document GN-2727-12), through the following indicators: (i) students benefited by education projects; (ii) beneficiaries receiving health services; (iii) beneficiaries with new access to at least a 4G mobile network; and (iv) women beneficiaries of economic empowerment initiatives. The program is also aligned with the sphere of action of the Sector Strategy on Institutions for Growth and Social Welfare (document GN-2587-2), with regard to "improving innovation and productivity for growth and social welfare;" and is consistent with

¹² In the IDBA's Internet access in the schools variable, El Salvador's score (3.6 out of 7) was below the region's average (3.9 out of 7).

¹³ Ibid.

¹⁴ This expansion will focus on easy connection points (near the backbone network and/or existing access, taking advantage of existing infrastructure) and sites with reasonable expectations for sustainability. Based on these criteria, the specific sites to be connected will be confirmed with the sector authorities.

¹⁵ Interventions with significant energy-savings impact will be relevant to reaching the national emissions reduction target.

the Innovation, Science, and Technology Sector Framework Document (document GN-2791-8) in the dimension of promoting the capacity of Latin American and Caribbean economies to take full advantage of the potential of the digital economy. It is also aligned with the IDB Group Country Strategy with El Salvador 2021-2024 (document GN-3046-1), by contributing to the following strategic objectives: (i) develop inclusive and sustainable infrastructure services; and (ii) increase digital connectivity.

E. Compliance with the Public Utilities Policy

- 2.9 The proposed modifications fulfill the objectives, principles, and economic viability and financial sustainability conditions set forth in the Public Utilities Policy (document GN-2716-6), by guaranteeing that services will be provided in such a way that the operation and maintenance costs will be covered by a minimum subsidy. The coordination among the Innovation Department of the Presidency and the Ministries of Education and Health for designing and implementing the national broadband plan and designing public policies and regulations will boost the offering of telecommunications services and foster universal access thereto. Specifically, the program: (i) includes a feasibility analysis that has made it possible to identify the lowest-cost technological solutions, ensuring an appropriate balance between cost and efficiency for the population; (ii) is based on a holistic approach, deploying infrastructure based on government-identified needs; and (iii) supports the development of broadband technology that will provide access to cost-effective solutions (see [Analysis of compliance with the Inter-American Development Bank Public Utilities Policy \(document GN-2716-6\) for program ES-L1145 updated with complementary financing ES-G1008](#)).

III. DESCRIPTION OF THE PROPOSED MODIFICATIONS

- 3.1 The following modifications are proposed below, based on the request submitted by the beneficiary.

A. Program objectives

- 3.2 The program objective is maintained under the following terms: the general objective is to expand access to broadband for the citizens of El Salvador, and to increase its potential for ensuring the continuity of public services. To that end, the following specific objectives are maintained: (i) improve access to connectivity through investment in digital infrastructure; and (ii) reduce the digital skills and competencies divide at connected public sites.

B. Components

- 3.3 **Component 1: Connectivity and digital infrastructure (IDB: US\$46,705,882; KIF: US\$32,694,118; EU: US\$5,466,512).** Through the minimum subsidy mechanism,^{16,17} whereby bidders compete in a reverse auction for the contract to

¹⁶ This consists of a subsidy for the contract, to be awarded through a bidding process. The one-time subsidy is meant to incentivize private-sector actors to enter areas with low population densities. Private actors are expected to compete, ensuring that the subsidy will be minimum. Detailed description of the minimum subsidy mechanism ([optional link 5](#)).

¹⁷ Guides and a checklist to be completed in the proposal-submission process will be prepared in coordination with the Bank.

connect locations according to certain minimum technical quality requirements, and taking into account the existing infrastructure, this complementary financing will finance the following: (i) expansion and equipping of the backbone network; (ii) infrastructure components for expanding and equipping the aggregation network; (iii) connection to the access network of approximately 200 additional public sites¹⁸ in the target area described in [optional link 3](#), mainly schools and medical centers; and (iv) equipping and wiring of the connected public sites. The Ministries of Education and Health will help coordinate prioritization of the sites according to the following prioritization criteria: (i) potential impact (number of users who will benefit, public employees who will be trained, etc.); (ii) potential savings (difference between the available commercial offerings and the network provision costs); and (iii) the school or medical center's consent to be connected, and to take on the service maintenance and sustainability commitments thereafter. The specific connection needs derived from COVID-19 will also be taken into account. The school or medical center's commitment to the sustainability and maintenance of the service will be included as an eligibility criterion. Equipment procurement processes will prioritize products with the highest standards for energy efficiency and climate risk management.

- 3.4 **Component 2: Expansion of digital skills and competencies (IDB: US\$2,352,941; KIF: US\$1,647,059; EU: US\$535,909).** This complementary financing will finance the following activities: (i) online training for public employees and civil servants, with a gender approach; and (ii) training for the connectivity beneficiary population, with a gender approach.¹⁹ These trainings will consist of courses and workshops to help internal and external users of the connected public sites (teachers, students, and medical staff; and citizens, respectively) develop digital skills at the user and advanced levels. This training will include a communications strategy to help correct gender biases and stereotypes in digital education. Furthermore, specific workshops will be held for women and girls to strengthen their digital skills. The Ministries of Education and Health will provide support for selecting and/or prioritizing the public sites to be connected as well as the teachers, students, and medical staff to be trained, through campaigns with public teaching and health facility administrators. This will facilitate the beneficiary enrollment process and further the relevance to both sectors. The training sessions for citizens of the established target areas will also be publicized in local media through social networks. A minimum participation rate of at least 28% females will be stipulated for all training processes.
- 3.5 **Management, monitoring, auditing, and evaluation (IDB: US\$941,177; KIF: US\$658,823; EU: US\$428,741).** The estimated administrative expenses will include: monitoring, auditing, evaluations (midterm, final, and impact), and the

¹⁸ Procurement of routers and other active components. The connection of the public sites will be contracted through bidding processes in which private sector actors will submit their most cost-efficient solutions that adhere to the technical specifications identified. These bids will be for the subsidies for the internet access and connectivity service contracts and will be technologically neutral. For more details on the prioritization criteria, see section 2.4 of the program [Operating Regulations](#).

¹⁹ The complementary financing is expected to help train 4,500 individuals from the area of intervention encompassing the 200 educational and healthcare institutions that will be connected. A minimum participation rate of at least 28% females will be stipulated for all training processes.

hiring of the specialists for the executing agency, as well as the fee for administration of funds in the case of the EU complementary financing.

- 3.6 **Beneficiaries.** The complementary financing will help expand connectivity, principally benefiting the 170 educational institutions and 30 health centers that will be connected to the internet, as well as the teachers, medical staff, students, and patients that will access digital services at the connected sites (around 42,000 beneficiaries). The program will also benefit citizens—especially women—with improved digital skills thanks to the training modules that will be imparted (nearly 6,700 beneficiaries). Around 14,000 households from the specified coverage areas (mainly in remote areas) will also indirectly benefit from a wider offering of connectivity services due to the entry of new providers.
- 3.7 **Economic analysis.**²⁰ The benefits of the complementary financing derive from two main sources. The first is the increased availability of broadband access offered by public and private operators and the reduced price of fixed internet service in the specified areas, which is expected to take place once the infrastructure deployment process has been completed. This will shape the market and generate consumer and producer surpluses. The second is the training for students on digital skills and pedagogical practices and the connection of schools, which will lead to higher quality education and increased employment income for the students served. The economic analysis yields a benefit-cost ratio of 1.36; internal rate of return of 17% (higher than the Bank-established threshold of 12%); and net present value of US\$2.31 million. The sensitivity analysis with the most conservative assumptions yields results that surpass the thresholds for all indicators (see the [Economic analysis](#)).

C. Costs and financing sources

- 3.8 This operation includes an investment grant (IGR) from the EU. The budget of the complementary financing is €6,000,000 or the equivalent of US\$6,431,162, based on the exchange rate applied on 7 June 2022, which was US\$1.0718/€. The Bank will charge an administrative fee equivalent to €400,000 of the IGR amount once it receives the first payment installment from the EU. The administrative fee will be divided across the departments supporting the operation in order to cover the implementation costs, in accordance with the Financial Framework Partnership Agreement between the European Commission and the IDB of 29 September 2020 (document GN-2605-5). The disbursement period will be five years and will coincide with the date of the last disbursement of the original program included in contracts²¹ 5340/OC-ES and 5341/KI-ES. It covers all of the activities included in the [multiyear execution plan](#), applying the estimated parameters for the procurement and implementation processes (Table 2). [Optional link 1](#) contains the itemized budget for the EU complementary financing. With this complementary financing, the total cost of the program is US\$91,431,162 (€85,301,026), and the program as a whole (the original program plus the complementary financing) has an internal rate of return of 26%, a cost-benefit ratio of 1.71, and a net present value of US\$62.9 million.

²⁰ The outcome indicators remain the same, and the output indicators have been adjusted in light of the complementary financing.

²¹ The start date of the implementation period will be defined in the delegation agreement.

Table 1. Program cost per component²² (in millions of US\$ and €)

| Component | ES-L1145 | | % | Complementary financing | | % |
|--|-------------------|-------------------|------------|-------------------------|------------------|------------|
| | US\$ | € | | US\$ | € | |
| Component 1. Connectivity and digital infrastructure | 79,400,000 | 74,076,487 | 93 | 5,466,512 | 5,100,000 | 85 |
| Connected public sites | | | | | | |
| Component 2. Expansion of digital skills and competencies | 4,000,000 | 3,731,813 | 5 | 535,909 | 500,000 | 8 |
| Digital training | | | | | | |
| Management, monitoring, audit, and evaluation | 1,600,000 | 1,492,725 | 2 | - | - | - |
| Management | 1,000,000 | 548,794 | 1 | - | - | - |
| Monitoring | 150,000 | 82,319 | 0 | - | - | - |
| Audits | 100,000 | 54,879 | 0 | - | - | - |
| Evaluation | 350,000 | 192,082 | 0 | - | - | - |
| Fee for the administration of funds | - | - | - | 428,741 | 400,000 | 7 |
| Total | 85,000,000 | 79,301,025 | 100 | 6,431,162 | 6,000,000 | 100 |

Table 2. Disbursements of EU complementary financing (in millions of US\$ and €)²³

| Disbursements | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|---------------|------|-----------|-----------|-----------|-----------|--------|-----------|
| EU | € | 1,171,517 | 1,530,872 | 1,740,900 | 1,498,020 | 58,691 | 6,000,000 |
| | US\$ | 1,255,707 | 1,640,880 | 1,866,001 | 1,605,668 | 62,909 | 6,431,162 |
| % | | 19.5 | 25.5 | 29.0 | 25.0 | 1.0 | 100 |

D. Environmental and social risks

3.9 In accordance with the Environmental and Social Policy Framework (document GN-2965-23) this operation was confirmed as a category “C” operation since minimal environmental and social risks are foreseen in connection with lighting up dark fiber or installing equipment on existing infrastructure, and will be mitigated pursuant to standards 2 and 10 of the Bank’s Environmental and Social Policy Framework. The project will only use existing infrastructure and contract services from the market’s existing providers and companies. The program [Operating Regulations](#) will include compliance with applicable local regulations, the restriction regarding the use of existing infrastructure, and effective procedures and flows that describe the actions, responsible parties, and timelines for the socioenvironmental management of works. The Bank’s approval

²² The costs per subcomponent or main activity are indicative.

²³ These are disbursements made by the Bank to the executing agency. In anticipation of potential delays in execution, the disbursement period is being extended to five years.

of the Operating Regulations is a special contractual condition precedent to the first disbursement.

E. Fiduciary risks

- 3.10 In March 2021, the Innovation Department of the Presidency's institutional capacity was assessed. Based on this assessment, the Department's fiduciary capacity for program execution is considered to be high. However, it was determined that the Innovation Department of the Presidency's experience in executing Bank-financed operations is not very recent, so a medium-high internal process risk was specifically identified, since the Department's potential lack of experience in executing operations with the Bank could lead to delays in procurement and contracting.²⁴ This risk will be mitigated through the: (i) establishment of evaluation committees made up of staff with knowledge of the program governance framework and Bank policies; (ii) prior training of the evaluation committee members with Bank support; and (iii) inclusion of the description of the procedures, flows, responsibilities, and timelines for procurement management in the program [Operating Regulations](#). The [Operating Regulations](#) will specify clear procedures and mechanisms, including information on budget formulation and accounting records for the program.

F. Implementation arrangements

- 3.11 The beneficiary will be the Republic of El Salvador and the executing agency will be the Innovation Department of the Presidency, through the Specialty Unit on Education in Technology and Public Management (DGFTGP).²⁵ The Innovation Department of the Presidency will coordinate program activities with the Ministries of Education and Health, taking into account the minimum requirements specified in the program [Operating Regulations](#). The Institutional Procurement and Contracting Department (DACI) of the Office of the President will support execution, as the body responsible for managing procurement processes for the Office of the President's departments. Accordingly, the following will fall to the DGFTGP, which is a division of the Innovation Department of the Presidency, as program management: (i) the detailed specification of requirements, initially in coordination with the Ministries of Education and Health; (ii) management of procurement processes, through DACI, pursuant to Bank guidelines and the additional EU requirements set out in the supplementary agreement between the Bank and the beneficiary (the executing agency); (iii) program execution, supervision, and management of the process of accepting the subcontractors selected for operational execution of the program; and (iv) presentation of annual reports (within 30 days after the end of the calendar year) and the audited financial reports (within 90 days after the same date). In that connection, the narrative reports will include a financial section that must be presented in euros and U.S. dollars. Additionally, the project archives will include the documents required by the supplementary agreement between the Bank and the beneficiary (the executing agency) for a period of five

²⁴ Notwithstanding the foregoing, the Innovation Department of the Presidency has experience in executing funds from FOMILENIO II, financed with US\$277 million provided by the United States Government with the objective of improving the investment climate in El Salvador for economic growth and poverty reduction.

²⁵ [Decree 1 of 2019](#).

years starting from the date of the program closing, as established in the supplementary agreement.

- 3.12 The DGFTGP will be responsible to the Bank for execution, and its main functions will be to: (i) supervise the planned procurement and contracting processes conducted by DACI; (ii) prepare the: (a) procurement plan and multiyear execution plan and amendments thereto; (b) semiannual progress reports; and (c) audited financial statements; and (iii) contract preparation of the midterm and final evaluations and submit the respective reports to the Bank. The DGFTGP will execute the program based on the technical guidelines defined by the Innovation Department of the Presidency.
- 3.13 To fulfill these functions, the DGFTGP will be in charge of the planning and monitoring processes; project management; administration; procurement, financial, and environmental and social management; and communications. During execution of the original program ES-L1145, the DGFTGP appointed the program general manager.²⁶ A financial specialist and other administrator who will fulfill the roles of the program financial management specialist and procurement specialist, respectively, have also been appointed. Accordingly, the following minimum team will be on board for program execution: (i) program general manager; (ii) procurement specialist; and (iii) financial specialist. The loan will also finance supporting consultants with experience in Bank policies for the procurement specialist and the financial specialist, and as needed, a planning and monitoring specialist, communications specialist, legal specialist, and technical specialists for each component, pursuant to the profiles set forth in the program [Operating Regulations](#). Actions financed by the complementary financing resources will also follow the [Operating Regulations](#).
- 3.14 The Bank will manage the IGR proceeds in accordance with the provisions of the Report on COFABs, Ad Hoc, and CLFGs and a Proposal to Unify Them as Project Specific Grants (PSGs) (document SC-114), and the Operational Guidelines for the Processing, Approval, and Supervision of Project Specific Grants Financed with Resources from the European Commission (document GN-2605-5). The EU contribution will be made available through a delegation agreement signed by the Bank and the EU according to the terms and conditions stipulated in the Framework Agreement. EU contribution payments will be made in euros (€), and immediately converted into U.S. dollars (US\$) when received by the Bank's Finance Department. The Finance Department will inform the project team of the exchange rate at which each contribution is converted.
- 3.15 Final resources in U.S. dollars will be dependent on the exchange rate on the date when the resources are received by the Bank and converted into U.S. dollars. If a significant adverse fluctuation in the exchange rate reduces the amount in the U.S. dollar-denominated budget, the program activities will be reduced accordingly, and the budget will be adjusted accordingly by the project team in consultation with the EU authorities. If at the end of the program there is a positive uncommitted and unspent balance related to the EU resources, the

²⁶ The program general manager will be appointed or retained pursuant to the terms of reference confirmed with the Bank and will work full time on the program. Furthermore, the general manager will receive support on the procurement processes from DACI, as well as from the financial and procurement specialists.

executing agency will return such amounts to the Bank, which will transfer them back to the European Commission.

- 3.16 **Special contractual conditions precedent to the first disbursement of the financing. The first disbursement of financing proceeds will be contingent on the beneficiary having fulfilled, to the Bank's satisfaction, the following conditions: (i) having submitted evidence of the establishment of the program management, and having contracted or appointed, as applicable, the key staff members (program general manager, procurement specialist, and financial specialist); and (ii) having approved the program [Operating Regulations](#), under the terms and conditions previously agreed upon with the Bank.** These conditions are justified in order to ensure efficient execution and successful implementation of the program, and compliance with Bank policies.

G. Monitoring and evaluation

- 3.17 Achievement of the outcome and impact targets set forth in the Results Matrix will be verified through the complementary financing's midterm and final evaluations and an ex post economic analysis. The planned midterm evaluation will be submitted to the Bank no later than three years after the date of the first disbursement or once 40% of the loan amount has been disbursed, whichever occurs first. This evaluation will be governed by the program [Operating Regulations](#) updated with the complementary financing, and its main objectives will be to review the progress of all of the activities planned at that time, potential deviations from the plan that have occurred, and the causes thereof; and to propose corrective measures to be applied; as well as to verify the midterm outputs generated, the occurrence of risks foreseen in the corresponding matrix, and implementation of the mitigation measures. The final evaluation will be governed by the guidelines set out in the [monitoring and evaluation plan](#) and will be submitted to the Bank no later than 120 days after the final justification of program disbursement. The final evaluation will also include a review of the implementation of the [monitoring and evaluation plan](#). Once the complementary financing has been completed, the Bank will prepare the project completion report, for which the beneficiary will contribute program performance observations. The program will close with a workshop at which the principal findings will be disclosed.

IV. RECOMMENDATION

- 4.1 Based on the evidence and documentation presented by the beneficiary, along with the analysis set out in previous sections, the Bank's Management recommends, pursuant to paragraph 3.29(c) of the Regulations of the Board of Executive Directors of the Inter-American Development Bank (document DR-398-17) and paragraph 6 of the List of Matters That Can Be Considered by the Board via Short Procedure (document CS-3953-3), that the Board of Executive Directors approve the modifications proposed in this document via short procedure.
- 4.2 The team also recommends that the Board authorize the President of the Bank, or his appointed representative, to undertake the following on behalf of the Bank: (i) take the necessary measures for the Bank to manage the complementary

financing of up to €6,000,000 contributed by the EU, including the Bank's administrative costs; (ii) enter into the necessary agreement(s) with El Salvador as the beneficiary, for the purpose of providing the complementary financing as a charge against the EU contribution, with a view to executing the activities proposed in this document; and (iii) take any additional measures needed for program execution.

- 4.3 The corresponding modifications will be reflected, as applicable, in an amendment to loan contracts 5340/OC-ES and 5341/KI-ES.

| Development Effectiveness Matrix | | |
|--|---|--|
| Summary | | ES-G1008 |
| I. Corporate and Country Priorities | | |
| Section 1. IDB Group Strategic Priorities and CRF Indicators | | |
| Development Challenges & Cross-cutting Issues | -Social Inclusion and Equality -Productivity and Innovation -Gender Equality and Diversity -Climate Change | |
| CRF Level 2 Indicators: IDB Group Contributions to Development Results | -Students benefited by education projects (#) -Beneficiaries receiving health services (#) -Beneficiaries with new access to at least a 4G mobile network (#) -Women beneficiaries of economic empowerment initiatives (#) | |
| 2. Country Development Objectives | | |
| Country Strategy Results Matrix | GN-3046-1 | It contributes to two strategic objectives: (i) develop inclusive and sustainable infrastructure services; and (ii) increase digital connectivity. |
| Country Program Results Matrix | | The intervention is not included in the 2022 Operational Program. |
| Relevance of this project to country development challenges (If not aligned to country strategy or country program) | | |
| II. Development Outcomes - Evaluability | | Evaluable |
| 3. Evidence-based Assessment & Solution | | 9.7 |
| 3.1 Program Diagnosis | | 2.5 |
| 3.2 Proposed Interventions or Solutions | | 3.2 |
| 3.3 Results Matrix Quality | | 4.0 |
| 4. Ex ante Economic Analysis | | 7.5 |
| 4.1 Program has an ERR/NPV, or key outcomes identified for CEA | | 1.5 |
| 4.2 Identified and Quantified Benefits and Costs | | 3.0 |
| 4.3 Reasonable Assumptions | | 0.0 |
| 4.4 Sensitivity Analysis | | 2.0 |
| 4.5 Consistency with results matrix | | 1.0 |
| 5. Monitoring and Evaluation | | 9.5 |
| 5.1 Monitoring Mechanisms | | 4.0 |
| 5.2 Evaluation Plan | | 5.5 |
| III. Risks & Mitigation Monitoring Matrix | | |
| Overall risks rate = magnitude of risks*likelihood | | Medium Low |
| Environmental & social risk classification | | C |
| IV. IDB's Role - Additionality | | |
| The project relies on the use of country systems | | |
| Fiduciary (VPC/FMP Criteria) | Yes | Financial Management: Budget, Treasury, Accounting and Reporting, External Control, Internal Audit. Procurement: Information System, Price Comparison, Contracting Individual Consultant. |
| Non-Fiduciary | | |
| The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions: | | |
| Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project | | |

This program, ES-G1008, provides supplemental financing with a donation from the European Union in the amount of US\$6.4MM to the investment program ES-L1145 that already channeled US\$85MM toward improving connectivity in El Salvador. In El Salvador only 16.9% of homes have internet while 54.8% of countries in the region have connectivity and for OECD countries it is 78.2% of homes that are connected. Moreover, in El Salvador, 65% of public schools and 60% of health centers have no connectivity. This investment grant shares the original objectives of the investment program it complements. The general objective of the program is to increase access to Broad Band by the citizens of El Salvador and to increase the country's potential to provide continuity of public services. To achieve this, the following specific objectives were defined: (i) improve access to connectivity through investment in digital infrastructure; and (ii) reduce the gap in digital capacities and competencies in the public sites connected.

With the grant the program's reach is augmented and some key results targets have been correspondingly increased. The program has a solid vertical logic, and the Results Matrix reflects adequate evidence vis-à-vis the project's specific objectives. The program seeks to connect schools and health centers to the internet. The expansion in connectivity infrastructure will be done via a one-subsidy-tender to incentivize penetration of remote regions. The subsidy will be given in a sole instance to incentivize private actors. Furthermore, in the zones benefitted by the program digital capacity building workshops will be conducted for citizens, teachers, students, and medical personnel. In its workshop offerings, the program will be inclusive of women and seeks to mitigate greenhouse gas emissions by investing in telecommunications infrastructure with energy efficiency standards. Some results to highlight in the medium term include an increase in the percent of schools and health centers at a national level with connectivity, and an increase in the percent of the population that can access Broad Band in the areas benefitted. The cost benefit analysis demonstrates the operation is of net benefit to society. At closure, a before-and-after methodology will be used to assess most of the program's results.

RESULTS MATRIX

| | |
|---------------------------|---|
| Project objective: | The specific development objectives are to: (i) improve access to connectivity through investment in digital infrastructure; and (ii) reduce the digital skills and competencies divide at connected public sites. The general development objective is to expand access to broadband for the citizens of El Salvador, and increase its potential for ensuring the continuity of public services. |
|---------------------------|---|

GENERAL DEVELOPMENT OBJECTIVE

| Indicators | Unit of measure | Baseline value | Baseline year | Expected year achieved | Target | Means of verification | Comments |
|---|-----------------|----------------|---------------|------------------------|---------------------|--------------------------------------|---|
| General development objective: Expand access to broadband for the citizens of El Salvador, and increase its potential for ensuring the continuity of public services | | | | | | | |
| Indicator 1: Percentage of the country's population with access to fixed broadband | % | 7.67% | 2020 | 2026 | 8.5% | DigiLAC | This indicator will be based on information published annually by DigiLAC . |
| Indicator 2: Digital skills in the country's active population | Index score | 3.2 | 2019 | 2026 | 4.1 | WEF Competitiveness Report | The index classifies the active population's digital skills (computer, programming, and digital reading skills) with a score ranging from 1 to 7. |
| Indicator 3: Average score on the Learning and Aptitude Tests for Secondary School Graduates (PAES) achieved by students at the targeted schools | Score | Baseline | 2019 | 2026 | Baseline +0.2. S.D. | Ministry of Education of El Salvador | According to the literature, the use of digital tools and internet in education improves students' performance on standardized tests by 0.29 to 0.5 standard deviations. In line with this, the established target is 0.2 S.D. on the PAES. According to the results matrix, measurement will be before and after. The 2019 PAES have already been submitted, and information is available on the performance of students from all of the country's schools. The baseline can be calculated once the schools to be targeted under the program have been selected. The ex post score will be measured using the 2026 tests for the targeted schools. |

| Indicators | Unit of measure | Baseline value | Baseline year | Expected year achieved | Target | Means of verification | Comments |
|--|-----------------|----------------|---------------|------------------------|--------|---|---|
| Indicator 4: Percentage of the country's schools that are connected in the long term | % | 34% | 2020 | 2030 | 71% | Innovation Department of the Presidency and the Ministry of Education | Of all of the country's schools, how many have broadband internet access. The formula for the indicator is: Schools with broadband internet access/total number of schools in the country. Considering that there are 5,139 schools in El Salvador, and that the project is expected to connect 2,033, or nearly 39% of them, the planned impact-level target is to increase the current percentage of connected schools (34%) to 71% in the long term. |
| Indicator 5: Percentage of the country's medical centers that are connected in the long term | % | 25% | 2020 | 2030 | 50% | Innovation Department of the Presidency and the Ministry of Health | Of all of the country's medical centers, how many have broadband internet access. The formula for the indicator is: Level 1, 2, and 3 health centers with broadband internet access/total number of health centers in the country. Given that El Salvador has 812 medical centers and that the project plans to connect approximately 372, or 45% of them, the conservative target is to increase the current percentage of connected centers (25%) to 50%. At the end of the program, only the first few sites will have been connected, and thus the 50% target is for the long term. |
| Indicator 6: Percentage of the population with access to broadband, in coverage areas demarcated by the program, in the long term | % | 35% | 2020 | 2030 | 56% | Innovation Department of the Presidency | Population census vs. geographic coverage confirmed by radio frequency studies. The project is expected to provide connectivity to around 237,346 households, or 21% of the population living in the target areas. However, at the end of the program, only the first few sites will have been connected, and thus the target of 56% is for the long term. The demarcation of these areas can be found in optional link 3 of the loan proposal. The public sites have not yet been determined, but will correspond to the target areas (Geolocation of schools and health centers). |

SPECIFIC DEVELOPMENT OBJECTIVES

| Indicators | Unit of measure | Baseline | Base-line year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Final target | Means of verification | Comments |
|--|-----------------|----------|----------------|--------|--------|--------|--------|--------|--------------|---|--|
| Specific development objective 1: Improved access to connectivity through investment in digital infrastructure | | | | | | | | | | | |
| Indicator 1.1: Percentage of the country's schools connected in the medium term | % | 34 | 2020 | 38 | 41 | 44 | 50 | 54 | 54 | Innovation Department of the Presidency and the Ministry of Education | Of all of the country's schools, how many have broadband internet access. The formula for the indicator is: Schools with broadband internet access/total number of schools in the country. Considering that there are 5,139 schools in El Salvador, and that conservatively the project is expected to connect 2,033, or 39% of them, the planned impact-level target is to increase the current percentage of connected schools (34%) to 71%. At program end, only the first few sites will have been connected, and thus the 54% target is for the medium term. |
| Indicator 1.2: Percentage of the country's health centers that are connected in the medium term | % | 25 | 2020 | 30 | 35 | 40 | 45 | 50 | 50 | Innovation Department of the Presidency and the Ministry of Health | Of all of the country's medical centers, how many have broadband internet access. The formula for the indicator is: Level 1, 2, and 3 health centers with broadband internet access/total number of health centers in the country. Given that El Salvador has 812 health centers and that the project plans to connect approximately 372, or 46% of them, the conservative impact target is to increase the current percentage of connected centers (25%) to 40%. At program end, only the first few sites will have been connected, and thus the 40% target is for the medium term. |
| Indicator 1.3: Percentage of the population with access to broadband, in the program-established coverage areas, in the medium term. | % | 35 | 2021 | 37 | 41 | 45 | 47 | 50 | 50 | Innovation Department of the Presidency | Population census vs. geographic coverage confirmed by radio frequency studies. The project is expected to provide connectivity to nearly 237,346 households, or 21% of the population living in the target areas. However, at the end of the program, only the first few sites will have been connected, and thus the target of 50% is for the medium term. |

| Indicators | Unit of measure | Baseline | Base-line year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Final target | Means of verification | Comments |
|--|-----------------|----------|----------------|--------|--------|--------|--------|--------|--------------|---|---|
| | | | | | | | | | | | The demarcation of these areas can be found in optional link 3 . The public sites have not yet been determined, but will correspond to the target areas (Geolocation of schools and health centers v). |
| Specific development objective 2: Reduce the digital skills and competencies divide at connected public sites | | | | | | | | | | | |
| Indicator 2.1: Teachers certified as having satisfactorily completed the program's digital skills training at connected schools | Number | 0 | 2020 | 3,500 | 7,500 | 11,000 | 13,000 | 14,700 | 14,700 | Innovation Department of the Presidency | <p>This indicator will depend on the design of the Component 2 outputs, and will be measured as the number of teachers who satisfactorily complete the training provided, thus earning certificates. For certification, teachers must pass the course with a final score of at least 70%.</p> <p>For this indicator, basic and advanced-level classes were grouped together, because the number of slots available for the different levels is subject to demand, and it is impossible to know the participants' levels ex ante.</p> <p>All told, there are 49,000 teachers associated with all of the schools to be served by the program. Therefore, the program will provide that many trainings. Calculating that at least 30% of the population attending the training will complete it satisfactorily, that is to say, will fulfill the minimum requirements set for achieving a passing final score, the target will be set as 14,700.</p> |
| Indicator 2.2: Persons who have satisfactorily completed the program's digital skills training at connected health centers | Number | 0 | 2020 | 1,200 | 2,400 | 3,600 | 4,750 | 5,580 | 5,580 | Innovation Department of the Presidency | <p>This indicator will depend on the design of the Component 2 outputs, and will be measured as the number of persons associated with health centers (doctors and hospital staff) who satisfactorily complete the training provided, thus earning certificates. For certification, participants must pass the course with a final score of at least 70%.</p> <p>For this indicator, basic and advanced-level classes were grouped together, because the number of spots available for the different</p> |

| Indicators | Unit of measure | Baseline | Base-line year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Final target | Means of verification | Comments |
|---|-------------------|----------|----------------|--------|--------|--------|--------|--------|--------------|--|---|
| | | | | | | | | | | | <p>levels is subject to demand, and it is impossible to know the participants' levels ex ante.</p> <p>Given that the program plans to connect 372 health centers, with an average of 50 persons per center, it is expected to train 18,600 associated individuals. Calculating that at least 30% of the population attending the training will complete it satisfactorily, that is to say, will fulfill the minimum requirements set for achieving a passing final score, the target will be set as 5,580.</p> |
| Indicator 2.3: Gap between the female and male populations without computer knowledge, in the defined coverage areas | Percentage points | 11.9 | 2020 | 8.9 | 5.9 | 3.9 | 2.9 | 1.9 | 1.9 | Innovation Department of the Presidency (International plan) | <p>Pro-gender indicator. This indicator will depend on the design of the Component 2 outputs, and will measure the decrease in the digital divide between the country's men and women who have been trained through digital literacy programs. The indicator will be measured in all established coverage areas and in all of the trained cohorts. To that end, comparable evaluations will be performed at the beginning and end of the training processes, to measure the gap between the female and male populations on computer knowledge before and after the training. The measurement of the gap taken by the Innovation Department of the Presidency and the El Salvador International Plan for the national population will be used as the baseline.</p> <p>The information will include all of the training sessions provided, regardless of the level of difficulty (basic or advanced) and the population (citizens, teachers, or medical staff).</p> |

OUTPUTS

| Indicators | Unit of measure | Baseline | Base-line year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Final target | Means of verification | Comments |
|---|--|------------------|----------------|--------|--------|--------|--------|--------|--------------|---|---|
| Component 1: Connectivity and digital infrastructure | | | | | | | | | | | |
| Output 1: Backbone network (CORE) expanded and equipped, with the highest energy efficiency and climate change resilience standards: yearly evolution, with high-level E2E design of all network layers and comprehensive project management | Km fiber lit | 0 | 2020 | 366.5 | 110.2 | 0 | 0 | 0 | 476.2 | Audited Innovation Department of the Presidency semiannual report | The infrastructure necessary to enable local providers to use backbone network coverage will be installed in the governing municipios that do not have it. Financing will be included for infrastructure deployment and management, operations, and maintenance expenses for the proposed solutions for five years. The equipment's energy-efficiency performance versus a national or international benchmark will be taken into account in product selection. If an energy efficiency seal for the equipment exists in the market (e.g., Energy Star), it will be required for selection. |
| MILESTONE 1: Number of households with at least a 4G connection | Number | To be determined | | | | | | | 476.2 | Innovation Department of the Presidency | For purposes of Corporate Results Framework monitoring, this indicator will be calculated using the information gathered by the Innovation Department of the Presidency. The baseline remains to be determined. Work will be done with the executing agency to do so. |
| Output 2: Infrastructure components for the aggregation network expanded and equipped, with the highest energy efficiency and climate change resilience standards | # of infrastructure and equipment components installed | 0 | 2020 | 245 | 240 | 110 | 0 | 0 | 595 | Audited Innovation Department of the Presidency semiannual report | In the municipios and municipal districts where expanding the fiber optic aggregation network is feasible, the infrastructure needed to enable local suppliers to use it will be installed. Financing will be included for infrastructure deployment and management, operations, and maintenance expenses for the proposed solutions for five years. Progress on the output will be determined through this indicator, considering the installed aggregation network components, following the detailed design and scope of the aggregation network. This design will include 100% of the elements required for connecting the access networks and last mile, following the comprehensive high-level design of the national connectivity network. |

| Indicators | Unit of measure | Baseline | Base-line year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Final target | Means of verification | Comments |
|--|---------------------------------|------------------|----------------|--------|--------|--------|--------|--------|--------------|---|---|
| Output 3: Public sites connected to the access network with the highest energy efficiency and climate change resilience standards | # of public sites connected | 0 | 2020 | 600 | 955 | 850 | 0 | 0 | 2,405 | Audited Innovation Department of the Presidency semiannual report | In the municipios where fixed access networks can feasibly be installed and expanded, the necessary infrastructure will be installed and local providers will be connected (2,033 schools and 372 health centers). Financing will be included for infrastructure deployment and management, operations, and maintenance expenses for the proposed solutions for five years. For equipment selection, the products' energy-efficiency performance compared to a national or international benchmark will be taken into account. If an energy efficiency seal for the equipment exists in the market (e.g., Energy Star), it will be required for selection. |
| MILESTONE 2: Number of students at schools connected through the program | Number | To be determined | | | | | | | 2,033 | Innovation Department of the Presidency and the Ministry of Education | This indicator will be calculated for purposes of Corporate Results Framework monitoring. Ex ante, the schools to be connected are unknown, but once they have been identified the tally will be completed using Ministry of Education administrative information. The baseline remains to be determined. Work will be done with the executing agency to do so. |
| MILESTONE 3: Number of patients served at health centers connected through the program | Number | To be determined | | | | | | | 372 | Innovation Department of the Presidency and the Ministry of Health | This indicator will be calculated for purposes of Corporate Results Framework monitoring. Ex ante, the health centers to be connected are unknown, but once they have been identified the tally will be completed using Ministry of Health administrative information. The baseline remains to be determined. Work will be done with the executing agency to do so. |
| Output 4: Public sites with equipment and wiring that meet the highest energy efficiency and climate change resilience standards | # of new public sites connected | 0 | 2020 | 600 | 955 | 850 | 0 | 0 | 2,405 | Audited Innovation Department of the Presidency semiannual report | In the municipios where installing and expanding fixed access networks is feasible, the necessary infrastructure will be installed and local providers will be connected. Financing will be included for infrastructure deployment and management, operations, and maintenance expenses for the proposed solutions for five years. |

| Indicators | Unit of measure | Baseline | Base-line year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Final target | Means of verification | Comments |
|--|-----------------|------------------|----------------|--------|--------|--------|--------|--------|--------------|---|---|
| | | | | | | | | | | | For equipment selection, the products' energy-efficiency performance compared to a national or international benchmark will be taken into account. If an energy efficiency seal for the equipment exists in the market (e.g., Energy Star), it will be required for selection. |
| Component 2: Expansion of digital skills and competencies | | | | | | | | | | | |
| Output 5: Online training programs with a gender approach for public servants and officials, for the population of the country's connected health centers and schools | # of programs | 0 | 2020 | 5 | 5 | 5 | 5 | 5 | 25 | Audited Innovation Department of the Presidency semiannual report | Pro-gender indicator. The certified online training programs will contain specific activities for civil servants and officials in order to close the technology and gender gaps, and will incorporate innovative learning pathways in the different required specialties. |
| Output 6: Training programs for the population benefiting from the connectivity, with a gender focus | # of programs | 0 | 2020 | 15 | 15 | 15 | 15 | 15 | 75 | Audited Innovation Department of the Presidency semiannual report | Pro-gender indicator. The certified training programs will be provided for citizens at the connected schools and community centers. The training program will contain specific activities for women and girls, and for closing the technology and gender gaps. |
| MILESTONE 4: Number of women beneficiaries of the digital skills trainings | Number | To be determined | | | | | | | 75 | Innovation Department of the Presidency | For purposes of Corporate Results Framework monitoring, this indicator will be calculated using the information gathered by the Innovation Department of the Presidency during implementation of the training sessions. A minimum participation rate of 28% females will be stipulated for all training processes. The baseline remains to be determined. Work will be done with the executing agency to do so. |

Country: El Salvador Division: IFD/CMF Operation: ES-L1145 and ES-G1008 Year: 2022

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: Innovation Department of the Presidency (SECINO)

Operation name: Social Digital Connectivity Program

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country system in the operation: (Any system or subsystem subsequently approved may be applicable to the operation, in accordance with the terms of validation of the Bank.)

| | | | |
|--|--|--|---|
| <input checked="" type="checkbox"/> Budget | <input checked="" type="checkbox"/> Reports | <input checked="" type="checkbox"/> Information system | <input type="checkbox"/> National competitive bidding (NCB) |
| <input checked="" type="checkbox"/> Treasury | <input checked="" type="checkbox"/> Internal audit | <input checked="" type="checkbox"/> Shopping | <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> Accounting | <input checked="" type="checkbox"/> External Control | <input checked="" type="checkbox"/> Individual Consultants | |

2. Fiduciary execution mechanism

| | | |
|-------------------------------------|---|---|
| <input checked="" type="checkbox"/> | Special features of fiduciary execution | The borrower will be the Republic of El Salvador and the executing agency will be the Innovation Department of the Presidency, through the Specialty Unit on Education in Technology and Public Management (DGFTGP), which will carry out the program's technical and fiduciary activities. For the latter, it will be supported by the Procurement and Contracting Department and the Administration and Finance Department, both institutional. The IDB resources will be granted pursuant to the program Operating Regulations drawn up for this operation. The institutional capacity assessment found capacities that, with certain minor strengthening interventions, will be sufficient to allow the Bank to rely on the existing structure and processes. |
|-------------------------------------|---|---|

3. Fiduciary capacity

| | |
|--|---|
| Fiduciary capacity of the executing agency | In March 2021, the Innovation Department of the Presidency's institutional capacity was assessed. Based on this assessment, the Department's fiduciary capacity for program execution is considered to be high, given its capacity to manage technical quality and interagency coordination. Although it was determined that the Department's experience in executing Bank-financed operations is not very recent, ¹ improvement actions will be taken to support execution and comply with the Bank's policies using technical cooperation resources and to complement the identified fiduciary risk mitigation measures. The program Operating Regulations will establish clear procedures and mechanisms to ensure inclusion, for the program, of information on budget formulation and accounting records. |
|--|---|

¹ In the last three years, the Innovation Department of the Presidency has executed public investment projects with both reimbursable international cooperation funds (e.g., FOMILENIO II with the Millennium Challenge Corporation with US\$277 million provided by the United States Government with the objective of improving the investment climate in El Salvador for economic growth and poverty reduction), and with nonreimbursable international cooperation funds (e.g., [ATN/OC-17689-RG](#) with the IDB), as well as with internally sourced funds (e.g., United Nations Development Programme, International Telecommunications Union).

4. Fiduciary risks and risk response

| Area (Financial management/ procurement) | Risk | Risk level | Risk response |
|--|---|---------------|--|
| Internal processes | The Innovation Department of the Presidency's potential lack of experience in executing Bank operations could lead to delays in procurement and contracting. | Medium - high | <ul style="list-style-type: none"> (i) Formation of evaluation committees made up of staff members with knowledge of the program governance framework and Bank policies; (ii) Prior training of the members of the evaluation committees with Bank support; and (iii) Inclusion in the program Operating Regulations of a description of the procedures, flows, responsibilities, and timelines for procurement management. |
| Internal processes | Ineffective contract management could lead to delays in payments of contractors and suppliers. | Medium - low | <ul style="list-style-type: none"> (i) Regular monitoring of the contractor and supplier payment plan; (ii) Inclusion in the Operating Regulations of effective procedures and flows describing responsibilities and timelines; (iii) Implementation of the contract management certificate as a monitoring instrument; and (iv) Establishment of parties responsible for managing contracts (contract managers) |
| Human resources | The limited human resources availability or experience in executing Bank-financed operations could lead to delays in execution. | Medium - low | <ul style="list-style-type: none"> (i) The staff members in charge receive support from consultants experienced in Bank processes to streamline financial management and procurement tasks; and fiduciary training, assistance, and supervision from the Bank. |
| Planning | Insufficient and/or poorly timed budget allocations for the financial execution of the program could delay execution, which could jeopardize fulfillment of objectives on the planned timeline. | Medium - low | <ul style="list-style-type: none"> (i) Establishment of programmatic structure to identify the investment program within the Innovation Department of the Presidency's budget; and (ii) Comprehensive planning of activities and identification of budgetary needs, for appropriate allocation management. |

| Area (Financial management/ procurement) | Risk | Risk level | Risk response |
|--|---|--------------|---|
| Planning | Insufficient and/or poorly timed availability of financial fees for the financial execution of the program could lead to delays in execution, which could jeopardize the fulfillment of objectives on the planned timeline. | Medium - low | (i) Timely planning of financial fees in line with the financial plan; (ii) Coordination with the lead agency. |

5. Policies and guidelines applicable to the operation: documents GN-2349-15 and GN-2350-15.

6. Exceptions to policies and guidelines: None.

II. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

| | | |
|-------------------------------------|------------------------|---|
| <input checked="" type="checkbox"/> | Bidding documents | The Bank's standard bidding documents or other documents agreed upon by the executing agency and the Bank for a specific procurement will be used for the procurement of works, goods, and nonconsulting services subject to ICB, executed in accordance with the procurement policies (document GN-2349-15). Likewise, the selection and contracting of consulting services will be executed according to the Policies for the Selection of Consultants (document GN-2350-15) using the Standard Request for Proposals issued by the Bank or a request for proposals agreed upon by the executing agency and the Bank for a specific selection. A procurement document to be agreed upon by the Bank and the competent authority in the country will be developed (additional description). The project's sector specialist will be responsible for reviewing the technical specifications and terms of reference for procurement during the preparation of selection processes. This technical review may be conducted ex ante and is independent of the procurement review method. |
| <input checked="" type="checkbox"/> | Use of country systems | The "free management" method will be used for the procurement of goods, works, and nonconsulting services as approved by the Bank's Board of Executive Directors. The procurement plan for the operation will indicate which procurement processes are to be executed using the country system where approved. If the scope of the Board's approval for the use of the country system is expanded, the system will be applicable to this operation. |
| <input checked="" type="checkbox"/> | Recurrent costs | The recurrent costs required for project implementation approved by the Project Team Leader and financed, will be incurred pursuant to the executing agency's administrative procedures. These procedures will be reviewed and accepted by the Bank, provided they do not violate the principles of economy, efficiency, and competition. This includes the following types of operating expenses: office rentals, automobile rental for supervision work, utilities and communications expenses, translations, bank fees, office supplies, publicity and advertising costs, photocopies, food, lodging, travel expenses, logistics for events, mail, etc. (see Guidelines for the financing of recurrent costs and the Expenditure Eligibility Policy (document GN-2331-15 and updates)). |

| <input checked="" type="checkbox"/> | Advance procurement and retroactive financing | The Bank may finance, retroactively from the loan proceeds, up to the maximum amount of US\$12,750,000 (15% of the proposed loan amount, disbursed pursuant to the restrictions on the disbursement schedule described in paragraph 2.2 of the loan proposal) related to Component 1 Activities I, II, and III (paragraph 1.17 of the loan proposal), provided they were incurred in accordance with conditions substantially similar to those established in the loan contract and that the procurement procedures were consistent with the core procurement principles. ² These expenses will have been incurred on or after 29 January 2021 (the project profile approval date), but in no case will expenses incurred more than 18 months before the loan approval date be included (see the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15), Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15), and the Bank policy on recognition of expenditures, retroactive financing, and advance procurement (document GN-2259-1)). | | | | | | |
|-------------------------------------|---|---|-------|----------------|---------------------|----------------|--------------|---|
| <input checked="" type="checkbox"/> | Procurement supervision | <p>Supervision will be done on an ex post basis, except where ex ante supervision is justified. When procurement processes are executed through the country system, they will be overseen by the country system for supervision. The supervision method ((i) ex ante, (ii) ex post, or (iii) country system) will be determined for each selection process. Ex post reviews will be conducted according to the project supervision plan, which is subject to change during execution. Ex post review reports will include at least one physical inspection visit, chosen from the procurement processes subject to ex post review (30% of contracts reviewed physically). The thresholds for ex post review are:</p> <table border="1"> <thead> <tr> <th>Works</th><th>Goods/services</th><th>Consulting services</th></tr> </thead> <tbody> <tr> <td><US\$5,000,000</td><td><US\$250,000</td><td><US\$200,000 firms <US\$50,000 individuals</td></tr> </tbody> </table> | Works | Goods/services | Consulting services | <US\$5,000,000 | <US\$250,000 | <US\$200,000 firms <US\$50,000 individuals |
| Works | Goods/services | Consulting services | | | | | | |
| <US\$5,000,000 | <US\$250,000 | <US\$200,000 firms <US\$50,000 individuals | | | | | | |
| <input checked="" type="checkbox"/> | Records and files | The Innovation Department of the Presidency's DGFTGP will be responsible for properly maintaining the original procurement, contracting, and financial management records and files (where applicable) with which it has been entrusted in connection with program execution. | | | | | | |

Main procurement items

| Procurement description | Selection method | Estimated date | Estimated amount (US\$) |
|---|---|-----------------------|--|
| Goods | | | |
| Output 1: Backbone network (CORE) expanded and equipped, with the highest energy efficiency and climate change resilience standards | International competitive bidding (ICB) | Fourth quarter year 1 | Original program: 38,913,073 Complementary financing: 2,093,886 |

² Procurement processes will be guaranteed to be undertaken using competitive bidding processes in accordance with the Bank's procurement policies.

| Procurement description | Selection method | Estimated date | Estimated amount (US\$) |
|---|-----------------------------------|-----------------------|--|
| Output 2: Infrastructure components for the expanded and equipped aggregation network, with the highest energy efficiency and climate change resilience standards | ICB | Fourth quarter year 1 | Original program: 7,539,046 Complementary financing: 1,293,992 |
| Output 3: Public sites connected to the access network with the highest energy efficiency and climate change resilience standards | ICB | Fourth quarter year 1 | Original program: 25,184,966 Complementary financing: 1,258,384 |
| Output 4: Public sites with equipment and wiring that meet the highest energy efficiency and climate change resilience standards | ICB | Fourth quarter year 1 | Original program: 7,762,915 Complementary financing: 1,315,638 |
| Firms | | | |
| Output 5: Online training programs with a gender approach for civil servants and officials, for the population associated with the country's connected health centers and schools | Quality- and cost-based selection | Second quarter year 1 | Original program: 400,000 Complementary financing: 233,216 |
| Nonconsulting services | | | |
| Output 6: Training programs for the population benefiting from connectivity, with a gender approach | ICB | Second quarter year 2 | Original program: 3,600,000 Complementary financing: 351,284 |
| Individuals | | | |
| Procurement specialist | 3 CVs | First quarter year 1 | 200,000 |
| Financial specialist with experience in Bank policies | 3 CVs | First quarter year 1 | 200,000 |
| Communications specialist | 3 CVs | First quarter year 1 | 200,000 |
| Technical specialist | 3 CVs | First quarter year 1 | 200,000 |
| Legal specialist | 3 CVs | First quarter year 1 | 200,000 |
| Planning and monitoring specialist | 3 CVs | First quarter year 1 | 150,000 |

(*) To access the procurement plan, follow this [link](#).

III. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

| | | |
|-------------------------------------|--|--|
| <input checked="" type="checkbox"/> | <p>Programming and budget</p> | <p>The country system will be used. The country system for budgeting and cash management (SIAFI) will be used.</p> <p>The Bank will manage the IGR proceeds in accordance with the provisions of the Report on COFABs, Ad Hoccs, and CLFGs and a Proposal to Unify Them as Project Specific Grants (PSGs) (document SC-114), and the Operational Guidelines for the Processing, Approval, and Supervision of Project Specific Grants Financed with Resources from the European Commission (document GN-2605-5). The EU contribution will be made available through a delegation agreement signed by the Bank and the EU according to the terms and conditions stipulated in the Framework Agreement. EU contribution payments will be made in euros (€), and immediately converted into U.S. dollars (US\$) when received by the Bank's Finance Department. The Finance Department will inform the project team of the exchange rate at which each contribution is converted.</p> <p>Final resources in U.S. dollars will be dependent on the exchange rate on the date when the resources are received by the Bank and converted into U.S. dollars. If a significant adverse fluctuation in the exchange rate reduces the amount in the U.S. dollar-denominated budget, the program activities will be decreased accordingly, and the budget will be adjusted accordingly by the project team in consultation with the EU authorities. If at the end of the program there is a positive uncommitted and unspent balance related to the EU resources, the executing agency will return such amounts to the Bank, which will transfer them back to the European Commission.</p> |
| <input checked="" type="checkbox"/> | <p>Disbursements and cash management</p> | <p>The country cash management subsystem will be used. The executing agency will open a special account at the Central Reserve Bank for receiving disbursements and making project payments. This mechanism will be part of the Ministry of Finance single treasury account. The Bank will make disbursements through the advance of funds modality for execution of the planned activities and procurement, for periods of up to six months. The cash flow planning prepared by the executing agency will be consistent with the procurement plan that has previously received the Bank's no objection, and will cover a rolling timeframe of at least 12 months.</p> <p>Special disbursement. Once the conditions precedent regarding the legal report, authorized signature assignment, and opening of the designated account for receiving loan proceeds have been fulfilled, the executing agency may request and receive a first disbursement of up to US\$250,000, which will cover the costs of hiring the executing agency contractual staff for its installation, equipping, and operation. The SIAFI will be used.</p> <p>In the case of European Commission resources, the IDB will submit the approved payment requests to the Commission within the time frames indicated below, which start from the date on which the payment request was received, not including suspensions of the time limit for payment:</p> <ul style="list-style-type: none"> (a) for pre-financing specified in the public contract or subsidy contract: <ul style="list-style-type: none"> 15 calendar days for actions financed under the EU budget; 30 calendar days for actions financed under the European Development Fund (EDF); (b) for all other payments, 45 calendar days. <p>The Commission will act in accordance with clauses 4.9 and 4.10 of the General Conditions, within a time frame equivalent to the payment time frame stipulated in the public contracts and subsidy contracts, minus the aforementioned time frames.</p> |

| | |
|--|---|
| | <p>Upon receipt of a payment request from a contractor or grant beneficiary, the IDB will notify the Commission accordingly and will immediately review the request to determine if it is eligible, that is, if it contains identifying information for the contractor or grant beneficiary and for the contract or agreement in question, as well as the amount, currency, and date. If the IDB concludes that the request is not eligible, it will reject it and notify the contractor or grant beneficiary of the rejection and the reasons justifying it, within 30 days following receipt of the request. The IDB will also notify the Commission of the rejection and the reasons justifying it.</p> <p>Upon receipt of an eligible payment request, the IDB will review it to determine if payment is due, that is, if all contractual obligations have been fulfilled to justify the payment, including, as appropriate, a review of the report accompanying the request. If the IDB concludes that payment is not due, it will notify the contractor or grant beneficiary accordingly and provide a justification for its decision. The time limit for payment will be suspended when this notice is sent. The Commission will receive a copy of the notice sent and will also be notified of the response or corrective measures taken by the contractor or grant beneficiary. Such response, or actions to correct noncompliance with contractual obligations, will make the payment period start to run again. The IDB will review the response or measures in question in accordance with the provisions of this paragraph.</p> <p>If the Commission does not agree with the partner's conclusion that payment is not due, it will notify the IDB thereof. The IDB will review its decision and, if it concludes that payment is indeed due, it will notify the contractor or grant beneficiary accordingly. The suspension of the time limit for payment will be lifted once this notice has been sent.</p> <p>If disagreement between the partner and the Commission persists, the Commission may pay the uncontested portion of the invoiced amount, as long as it can be clearly separated from the amount in question. The Commission will notify the IDB and the contractor or grant beneficiary of this partial payment.</p> <p>If the IDB concludes that the payment is due, it will transfer the payment request and all necessary accompanying documents to the Commission for approval and payment. It will also provide an indication of how many days remain until the end of the time limit for payment, as well as all suspensions of said time limit.</p> <p>Once the payment request has been transferred, if the Commission concludes that the payment is not due, it will notify the IDB, copying the contractor or grant beneficiary and indicating the reasons for its decision. Notifying the contractor or grant beneficiary will suspend the time limit for payment, as stipulated in the formal contract.</p> <p>Once the IDB and the Commission conclude that the payment is due, the Commission will execute the payment.</p> <p>Any late payment interest owed to the contractor or grant beneficiary will be distributed between the IDB and the Commission and prorated based on the number of days in arrears with respect to the time limits previously established, without prejudice to the following:</p> <p>The number of days used by the IDB will be calculated from the date on which the eligible payment request is recorded until to the date on which the request is transferred to the Commission, and from the date on which the Commission transferred the information until the next transfer of the request to the Commission. Any suspension of the time limit for payment will be deducted from these calculations. The number of days used by the Commission will be calculated from the date following the date on which the</p> |
|--|---|

| | | |
|-------------------------------------|--|--|
| | | <p>IDB transferred the request until the payment date, and from the date of transfer until the date on which the IDB is notified.</p> <p>Any circumstance not envisaged in the procedure described above will be resolved in a spirit of cooperation between the IDB and the Commission based on the provisions above, abiding by the IDB's contractual relationships with the contractor or grant beneficiary.</p> <p>To the extent possible, any of the parties will cooperate with the other party, at its request, by providing useful information for the evaluation of the payment request, including before the payment request is transmitted or formally submitted to the first party.</p> <p>A public contract or grant contract that has not given rise to any payments during the two years following its signature will be automatically terminated, and its funds will be released, except in the event of a litigation before jurisdictional or arbitration bodies.</p> |
| <input checked="" type="checkbox"/> | Accounting, information, and reporting systems | <p>The country system will be used. The executing agency's Administration and Finance Department will be in charge of accounting records, which will be supplemented with manual processes for preparing the special-purpose financial statements in the formats required by the Bank.</p> <p>The executing agency will be responsible for safeguarding the supporting documentation, which will be kept for a minimum of three years after the date of the last disbursement. The National System for Accounting and Reporting will be used.</p> |
| <input checked="" type="checkbox"/> | Internal control and internal audit | <p>The technical standards for internal control issued by the General Accounting Office of the Republic (CCR) apply. All of the employees and consultants involved in project execution are responsible for internal control, as per their area of action. The Ministry of Finance Internal Audit Division will include project-related control activities in its annual work plans.</p> |
| <input checked="" type="checkbox"/> | External control and financial reports | <p>To be executed, at the Bank's choice, by an eligible external independent audit firm or the CCR, if it is Bank-eligible. The firm will be retained with loan proceeds, pursuant to the terms of reference and request for proposals that have received the Bank's no objection. The executing agency will submit the audited financial statement reports to the IDB, no later than 120 days after the corresponding fiscal period has ended. The audit firm may be retained for the execution period planned in the loan contract. The same independent audit firm may be used for the IDB and World Bank programs to reduce transactionality and costs.</p> |
| <input checked="" type="checkbox"/> | Financial supervision of the operation | <p>The financial supervision plan will include at least one semiannual visit, which will preferably take place before the portfolio review. Furthermore, any questions that may arise can be addressed with the external audit or through the ongoing communication with the executing agency.</p> |

SOCIAL DIGITAL CONNECTIVITY PROGRAM

ES-G1008

CERTIFICATION

The Grants and Co-Financing Management Unit (ORP/GCM) certifies that the referenced operation will be financed through:

| Funding Source | Fund Code | Currency | Amount Up to |
|---|------------------|-----------------|------------------------|
| EU-IDB Financial Framework Partnership Agreement – 2020 | ECR | EUR (USD eq) | 6,000,000 6,431,162 |

For operations financed by funds where the Inter-American Development Bank (IDB) does not control liquidity, the availability of resources is contingent upon the request and the receipt of the resources from the donors. Additionally, in case of operations financed by funds that require a post-approval agreement with the donor, the availability of resources is contingent upon the signature of the agreement between the Donor and the IDB. (i.e.: Project Specific Grants (PSG), Financial Intermediary Funds (FIF), and single donor trust funds).

Certified by: _____ (ORIGINAL SIGNED) _____

July 26, 2022 | 3:29 PM ED

Maria Fernanda Garcia
Chief
Grants and Co-Financing Management Unit
ORP/GCM

Date

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/22

El Salvador. Nonreimbursable Complementary Financing GRT/___-___-ES
Social Digital Connectivity Program

Amendment of Resolutions DE-69/21 and DE-70/21
Amendment of Loan Contracts 5340/OC-ES and 5341/KI-ES
Social Digital Connectivity Program

WHEREAS:

The European Union granted a complementary financing for the execution of the Social Digital Connectivity Program (the “Program”), approved by the Board of Executive Directors of the Bank by Resolutions DE-69/21 and DE-70/21, of 15 September 2021; and

The complementary financing was not foreseen in the original formulation of the Program and it will be administered by the Inter-American Development Bank (the “Bank”) through a nonreimbursable investment financing, it is necessary to amend Resolutions DE-69/21 and DE-70/21.

The Board of Executive Directors

RESOLVES:

1. To approve the amendment to Resolutions DE-69/21 and DE-70/21 which approved the financing of the Social Digital Connectivity Program to include the complementary financing granted by the European Union, and the reformulation to the Program in accordance with the provisions contained in Document PR-_____.

2. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank: (i) to take the necessary actions as may be pertinent for the Bank to administer a complementary financing granted by the European Union for a sum of up to €6,000,000 in accordance with the provisions contained in Document PR-_____; (ii) to enter into such agreements as may be necessary with the Republic of El Salvador, as beneficiary, to grant it a nonreimbursable investment financing, which complements the financing approved by Resolutions DE-69/21 and DE-70/21, to cooperate in the execution of the Social Digital Connectivity Program; and (iii) to take such additional measures as may be pertinent for the execution of the Program.

3. That the President of the Bank, or such representative as he shall designate, is authorized, to distribute the administrative fees received by the Bank among the relevant departments for which additional workload is generated by virtue of the resources granted by the European Union.

4. That the authorization granted in paragraph 2(ii) above will only be effective once the Bank and the European Union have entered into the corresponding Delegation Agreement in accordance with the terms and conditions set forth in the Framework Agreement to receive and administer the resources granted by the European Union.

(Adopted on _____, 2022)

LEG/SGO/CID/EZSHARE-269233204-8745
ES-G1008, ES-L1145