

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

EL SALVADOR

**PROGRAM TO SUPPORT THE RECOVERY AND EXPANSION OF THE TOURISM
SECTOR IN EL SALVADOR**

(ES-L1151)

LOAN PROPOSAL

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ABBREVIATIONS

ANDA	Administración Nacional de Acueductos y Alcantarillados [National Water and Sewer Administration]
CORSATUR	Corporación Salvadoreña de Turismo [Salvadoran Tourism Corporation]
DGPE	Dirección General de Proyectos Estratégicos [Bureau of Strategic Projects]
EIA-G	General Environmental (and Social) Impact Assessment
ESMS	Environmental and Social Management System
ESPS	Environmental and Social Performance Standards
ESRS	Environmental and Social Review Summary
GDP	Gross domestic product
ICT	Information and communications technology
ISTU	Instituto Salvadoreño de Turismo [Salvadoran Tourism Institute]
MITUR	Ministry of Tourism
NTP	National Tourism Plan 2030
PEU	Program execution unit
SMEs	Small and medium-sized enterprises
STS	Smart tourism system
TSA	Tourism satellite account

PROJECT SUMMARY

EL SALVADOR PROGRAM TO SUPPORT RECOVERY AND EXPANSION OF THE TOURISM SECTOR IN EL SALVADOR (ES-L1151)

Financial Terms and Conditions				
Borrower:			Flexible Financing Facility ^(a)	
Republic of El Salvador			Amortization period:	25 years
			Disbursement period:	5 years
Executing agency:			Grace period:	5.5 years ^(b)
Ministry of Tourism (MITUR)			Interest rate:	SOFR-based
			Credit fee:	(c)
Source	Amount (US\$)	%	Inspection and supervision fee:	(c)
IDB (Ordinary Capital): ^(d)	106,000,000	100	Weighted average life:	15.25 years
Total:	106,000,000	100	Approval currency:	United States dollar
Project at a Glance				
Program objective/description: The general objective of the operation is to boost the international and domestic competitiveness of tourism in El Salvador. The specific objectives are to: (i) increase international and domestic tourist spending per visitor; (ii) expand tourism employment, particularly formal employment, and narrow the gender gaps in the sector; (iii) increase private investment in tourism; (iv) strengthen the sector's institutional capacity; and (v) reinforce the environmental sustainability of the country's tourist destinations.				
Special contractual conditions precedent to the first disbursement of the loan: The first disbursement of loan proceeds will be contingent on the borrower's fulfillment to the Bank's satisfaction, through the Ministry of Tourism (MITUR), of the following conditions: (i) creation of the program execution unit (PEU) and appointment and/or selection of at least the following key PEU staff members: program coordinator, social and environmental specialist, procurement specialist, and finance specialist; and (ii) approval and entry into force of the program Operating Regulations in accordance with the terms and conditions previously agreed upon with the Bank (paragraph 3.4).				
Special contractual conditions for execution: The borrower, through the executing agency, will submit evidence to the Bank of compliance with the following conditions: (i) prior to commencing the bidding process for each work, good, or service, as the case may be, a collaboration agreement will have been signed with the respective participating entity (or entities), establishing the terms and conditions for its transfer and maintenance; (ii) prior to issuing the order to commence the works, the borrower will have submitted evidence of legal possession of the property on which the respective works will be built and of any easements or other rights required for their construction and use, and will have contracted for supervision of such works; (iii) to enable the disbursement of loan proceeds to fund the matching grants program, operational guidelines will have been prepared and have obtained the Bank's no objection, establishing the criteria for eligibility and selection of beneficiaries as well as the characteristics of the matching grant evaluation and selection committee, key implementation considerations, and auditing and monitoring mechanisms; and (iv) the borrower will comply with the environmental and social requirements set out in Annex B of the Environmental and Social Review Summary (ESRS) (paragraph 3.5).				
Exceptions to Bank policies: None.				
Strategic Alignment				
Challenges: ^(e)	SI <input checked="" type="checkbox"/>	PI <input checked="" type="checkbox"/>	EI <input checked="" type="checkbox"/>	
Crosscutting themes: ^(f)	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>	CC <input checked="" type="checkbox"/> and ES <input checked="" type="checkbox"/>	IC <input checked="" type="checkbox"/>	

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) The credit fee and the inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with applicable policies.

^(d) Under document AB-2990, disbursement of the loan proceeds will be subject to the following maximum limits: (i) up to 15% in the first 12 months; (ii) up to 30% in the first 24 months; and (iii) up to 50% in the first 36 months, in all cases from the date of loan approval by the Bank's Board of Executive Directors (paragraph 0).

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

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

I. PROGRAM DESCRIPTION AND MONITORING OF RESULTS

A. Background, problem to be addressed, and rationale

- 1.1 **Country context.** Historically, El Salvador has been characterized by low productivity levels, limited production diversification, limited employment, export, and investment generation capacity, and high vulnerability to natural disasters and climate change. These factors restrict the country's potential for growth and the possibilities for improving the quality of life of its inhabitants [1].¹ The crisis triggered by the COVID-19 pandemic dealt a heavy blow to one of the sectors shown to have the greatest potential to correct the above-described shortcomings, namely the [tourism sector](#) [2].²
- 1.2 **The tourism sector in El Salvador.** The country has major tourist attractions, primarily in natural settings, which lay the foundations for an emerging tourism sector whose growth had accelerated considerably prior to the pandemic. Between 2011 and 2019, the average annual growth rate of the tourism-related gross domestic product (GDP) was 6% [3], i.e., 2.4 times the country's average rate of growth.³ Over the same period, the tourism sector created more than 31,360 direct jobs, US\$11 billion in exports, and US\$3.9 billion in investments [3], helping to improve the quality of life of thousands of Salvadoran families, many of them living in vulnerable conditions. Prior to the pandemic, the main outbound markets were Guatemala (34.7%), United States (34%), and Honduras (15.5%). All told, 74% of tourism spending was generated by leisure travel, and 62% by [inbound tourism](#).⁴
- 1.3 **Impact of COVID-19 on the tourism sector.** The pandemic resulted in a powerful sector-wide shock. In 2020, international tourist arrivals declined by 68.9%, leading to a 51.3% contraction in tourism-related exports [2]. This development created unprecedented headwinds for the tourism sector, adding new threats to the preexisting structural challenges. The consequences were particularly severe for microentrepreneurs (ECLAC, 2020), affecting jobs in the sector, especially in terms of activity and employment rates for women, who account for 60% of the sector's workforce [5].
- 1.4 **Challenges facing the tourism sector in El Salvador: environmental sustainability.** The most significant challenge for competitiveness and sustainable development of El Salvador's tourism sector is to preserve and improve the country's natural capital [7]. In fact, if the country fails to boost environmental sustainability and resilience to climate change, the factors of attraction of its tourist destinations could be irreversibly compromised [1]. At present, in terms of travel and tourism competitiveness, El Salvador is ranked 118th out of 140 countries in natural resources, and 117th in environmental sustainability [7]. Tourism-related business owners have singled out the environmental sustainability of destinations as the most formidable challenge

¹ See complete list of bibliographical references, identified by the number provided in brackets [#] [\(optional link 13\)](#).

² Technical glossary [\(optional link 12\)](#).

³ Authors' calculations based on data from the World Travel and Tourism Council (WTTC) [3] and the International Monetary Fund [4].

⁴ See sector data [\(optional link 10\)](#).

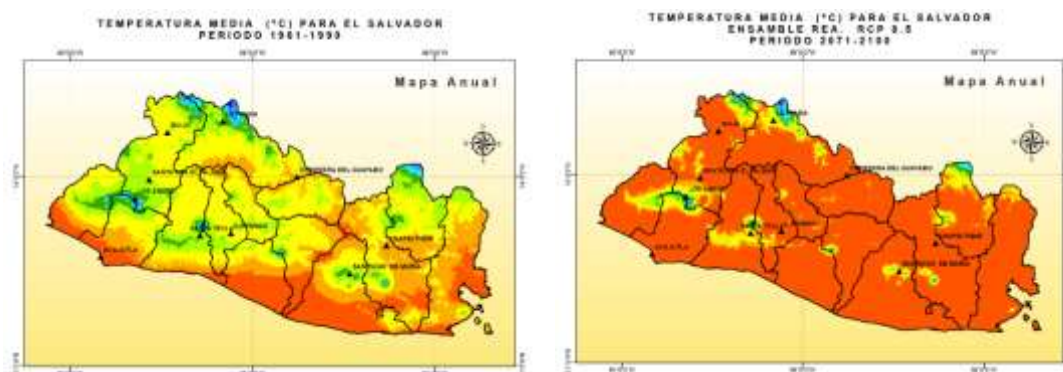
facing the sector in El Salvador.⁵ According to the National Tourism Plan 2030 (NTP) [8] and the diagnostic assessments performed by the Ministry of Environment [9] and the IDB ([1] ([link 8](#)), the main causes of this challenge are limited and inadequate land-use planning of tourist destinations, a deficient environmental governance and legislative framework, particularly in terms of coastal management, and significant gaps in access to water and sanitation and solid waste management services [10].

- 1.5 **Land-use planning.** The growth of tourist destinations in El Salvador has essentially occurred spontaneously, particularly in the case of the most developed destinations. Thus, the country's destinations still lack effective land-use planning with a productive focus. In a context of rapid expansion of tourism activity, addressing this absence is key; if the development of emerging destinations proceeds in a disorderly fashion, reversing the process will become much more costly and complicated, and the resulting deterioration might in some respects be irreversible [11,12]. Furthermore, the importance of land-use planning is growing. In view of the powerful impacts expected as a result of climate change, an absence of planning could not only jeopardize the social and economic development of tourist destinations but also pose a significant threat to the lives of tourists and residents [12,13].
- 1.6 **Climate change, disaster exposure, and coastal management.** In addition to being one of the countries with the highest population density [14], El Salvador faces the greatest climate risk in the region [15]. Climate change will exacerbate floods and coastal erosion, particularly in certain beaches in the country's east ([link 8](#)). A large part of the most visited beaches in the area will flood recurrently, and the intense erosion processes in localized portions of the coast (including the beaches of El Espino and El Tamarindo) may result in tens of meters of shoreline retreat by the 2030-2050 period.

⁵ Both in interviews conducted in May-June 2018 (IDB, 2018) and in recent surveys carried out in June-July 2022 (IDB, 2022), environmental sustainability stands out as the most significant challenge for the sector. In the latter surveys, this challenge is highlighted even more predominantly than in the previous interviews.

demand and dependence⁶ and upgrading tourist facilities to lower the risk of heat stress for both employees and visitors, campaigns to raise awareness of the effects of extreme heat on business operators and employees in the sector and the potential ways of avoiding it, and reinforced market intelligence measures designed to make the various demand segments better adapted to the conditions of the environment [20,47].

Figure 2. Average temperatures 1961 – 1990 vs. 2071 – 2100 | El Salvador



Source: El Salvador's Ministry of Environment. 2020. The color red indicates average annual temperatures exceeding 27.1°C.

- 1.9 **Water and sanitation and solid waste management.** The low percentage of wastewater treatment and sanitation service coverage is a source of pollution that significantly affects the natural capital [1]. Decontamination plans need to be implemented in 79% of the country's rivers, while only 2% of river waters are suitable for use in recreational activities [21]. In addition, 75% of surveyed business owners pointed to seawater quality as a challenge for tourism development [10]. The pollution affecting water sources and seawater entails health risks for tourists, particularly surf tourists, who are potentially exposed not only to gastrointestinal diseases but also to long-lasting skin infections [25,26]. The primary factors affecting the state of the water include wastewater treatment coverage and quality. Only 42% of households are connected to the sewer network [27] and a mere 12.9% of wastewater is adequately treated [28]. Treatment plants in the municipios encompassing the eastern tourist destinations cover 5% of households, and the effluents from these plants fail to comply with national standards for discharge into receiving waters. Closing these gaps will be essential for improving the quality of the natural resources that underpin most tourism activities in El Salvador, in addition to being a necessary condition for enabling an expansion of the sector without compromising its competitiveness and sustainability [29].
- 1.10 **Smart tourism system.** To enable the design of effective public policies, spur an increase in tourist spending, specifically spending per visitor, and boost private investment, it is essential to reinforce institutional capacity. The priority areas to be reinforced include a smart tourism system (STS). Identifying the market segments with the highest added value and greatest growth potential, performing a granular

⁶ For example, by prioritizing energy efficiency and the replacement of fossil fuels with renewable energy in the matching grant programs.

and differentiated analysis of the segment's preferences, analyzing the tourism offerings and their performance at the individual destination level, and examining tourists' spending patterns and geographic footprint are essential for ensuring the sector's competitiveness [22] and preserving the natural capital [23]. Tourism, especially in the postpandemic context, urgently requires new analysis and assessment tools as well as better use of the opportunities provided by information and communication technologies (ICTs) to measure, analyze, and study demand and supply in the sector in a timely fashion [24]. El Salvador currently lacks instruments of this type,⁷ which are needed to design quality-based sustainable tourism strategies focused on higher value-added demand profiles, while also enabling better management of tourism flows in vulnerable ecosystems through improved handling of the seasonality, visitor profile, and load capacity of the destinations [10]. In view of the foregoing, effective implementation of a comprehensive STS to support decision-making on public policies and prioritization of public and private investment also stands out as an essential task to be addressed under El Salvador's NTP.

- 1.11 **Tourism satellite account.** The country has not yet succeeded in fully implementing a tourism satellite account (TSA). Tourism is a demand-driven phenomenon. As such, it relates to visitors' activities and the role of these activities in the visitors' purchase of goods and services as they travel to their destination. The relationship of tourism to a large variety of activities makes it difficult to measure its economic contribution and isolate the phenomenon from other activities [30]. This has led to the development of the TSA methodology. When operated properly, TSAs make it possible to prepare macroeconomic aggregates that approximate the size and economic contribution of tourism, providing detailed information on tourism expenditure and itemized production accounts of tourism enterprises, including data on employment and gross fixed capital formation. TSAs are a key tool for improving the coverage and quality of tourism statistics and for performing a proper macroeconomic analysis of the sector [30,31].
- 1.12 **Public-sector management, equipment, and human capital systems.** Other challenges include the obsolescence of certain management systems in the public tourism sector, such as the lack of a digital repository or cloud, obsolete or outdated computing equipment (hardware and software), limited payment digitalization, manual handling of admission tickets at the recreational parks of the Salvadoran Tourism Institute (ISTU), absence of Wi-Fi connectivity in public spaces, and the need for human capital strengthening, particularly regarding languages, use of information and communication technologies, and sector-specific technical expertise [32]. With regard to gender equality in the public tourism sector, the three top authorities in the government's tourism institutions are women (see [optional link 6](#)), and women account for more than 65% of the payroll. However, men hold 50% more management positions. At the same time, while 6.4% to 7.3% of Salvadorans have a disability, persons with disabilities account for less than 1% of the salaried staff at tourism-related government organizations (see [optional link 9](#) and [optional link 7](#)).

⁷ Among other things, in 2020 El Salvador obtained a score of 60 (on a scale of 0 to 100) in the World Bank's source data assessment of statistical capacity. Furthermore, the country lacks statistics on occupancy rates and average price of tourist lodgings, particularly for the eastern area's tourist destinations.

- 1.13 Low productivity of the tourism business ecosystem.** In parallel, the low productivity of the tourism-related production ecosystem and the limited tourist infrastructure, particularly in the eastern area's destinations, create a structural constraint [1,10]. In the aftermath of the pandemic, it will be particularly critical to promote a business environment that spurs private investment as well as professionalization and innovation in the sector [33]. This will require increasing the formality rate in the tourism sector, which currently stands at about 25% [5,34] and is particularly low among women and in rural areas [5] ([optional link 9](#)).⁸ In this regard, it will be essential to develop instruments designed to foster entrepreneurship and business formalization by adjusting the labor regulations to reflect actual conditions in the sector, creating formalization incentives (such as matching grant programs), and lowering the existing barriers to formalization, especially for micro and small enterprises. At present, only a very small percentage of tourism businesses are registered and the sector is highly fragmented [34]. Coupled with the high informality rate, this increases the vulnerability and productivity challenges of tourism enterprises.
- 1.14 Human capital in the private sector.** In terms of know-how, a small percentage of enterprises have been identified as having the essential technological elements required for a competitive productive tourism ecosystem. A very limited number of businesses have their own website, and an even smaller number market their products and services through the main online distribution channels [10,36].⁹ Moreover, the tourist destinations in the country's east have few lodging establishments capable of addressing the demand, in terms of volume and service needs, created by international surfing events. Thus, the available offerings need to be reinforced and strengthened if these locations are to become world-class surfing destinations [10,35]. In addition, there is an identified need to boost the supplementary offerings, specifically the supply of professionalized restaurants, which may be supported by fostering food laboratories or gastronomic strategies aimed at tourists. At the same time, there are significant barriers to employee professionalization in the sector, especially in terms of ICT use and language training. The country has been ranked in 177th place out of 140 countries in ICT use for business transactions with consumers and tourists, and in 111th place in tourism employee qualification [7]. In addition, only a small percentage of workers speak a second language, especially English.¹⁰ Lastly, according to 45% of surveyed tourists [37], the sector's employees should be trained and improve in addressing customer service and customer care issues.
- 1.15 Gender gap.** In addition to the above-described challenges in the public tourism sector and in terms of informality (see [optional link 9](#) and paragraphs 1.12, 1.13, and 1.14), the analyses performed show that the educational gender gaps in the tourism sector exceed the national average. These gaps are particularly significant in the case of tertiary education, where there is a 40% gap between men and

⁸ According to the Time Use Survey (2017), 77% of women and 71% of men were not affiliated with a social security system. In the commerce, hotel, and restaurant sector, the gap is wider, as 78% of women and 66% of men are unaffiliated.

⁹ In surveys, business owners in the sector highlighted lack of technical expertise as a key constraint on business productivity, particularly in terms of online distribution of tourism products and services.

¹⁰ According to the English Proficiency Index, El Salvador has the lowest English language skills ranking in Latin America.

women (only 6% of women have higher education). Although women account for close to 60% of the workforce in the tourism sector, a mere 36% hold management positions [5]. Moreover, there is pronounced role segmentation in the sector, and the jobs with the largest proportion of women pay lower average wages [10,48]. Jobs such as housekeepers, or cleaning jobs in general, are performed almost exclusively by women.

- 1.16 **Accessible tourism** ([optional link 7](#)). At the same time, the tourism infrastructure poses accessibility and adaptation challenges to its use and enjoyment by persons with disabilities. While this population group constitutes a growing demand segment, and despite approval of the Special Law on Inclusion of Persons with Disabilities in 2021, only a few public or private tourist establishments in the country are adapted for use by the disabled. In this regard, with a view to the inclusion of Salvadoran residents and given the great potential of accessible tourism to reinforce the competitiveness of destinations, it will be essential to move forward in implementing accessible tourism measures in crosscutting fashion as well as to support measures aimed at integrating persons with disabilities into the sector's workforce.
- 1.17 **Tourist security.** Lastly, insecurity stands out as a crosscutting constraint on the development of the tourism sector in El Salvador. Various studies have shown the existence of an inverse relationship between insecurity and both sector productivity and the development of tourism activity [38], particularly as insecurity lowers the growth potential of inbound tourism and raises the operating costs of sector businesses. Despite the strides made in recent years, insecurity is a constraint on the sector's competitiveness. In fact, the cost overruns experienced by tourist enterprises in El Salvador due to this factor are among the highest in the region [7]. In addition, the country's death rate due to accidental drowning and submersion is higher than the average for the region.¹¹ The main reasons for this include the dangerous conditions, such as lack of signage or informational flags indicating surf conditions, and the absence of emergency aid providers and lifeguards [39,40]. Given the sector's growth strategy, which is specifically focused on surf tourism, reinforcing safety in the practice of recreational water activities is a key area in need of improvement, to be accomplished by supporting beach signage and lifeguard tower programs as well as by hiring and training lifeguards, both of which have proven to be effective [41]. Other determinants that could contribute to improving the security of tourists are proper street lighting and visible, operational video surveillance equipment [38,42,43,44,45,46)].¹²
- 1.18 Given the above-described challenges and the characteristics of the sector, what is needed is a holistic intervention, with a territorial and productive focus, that

¹¹ The drowning rate in El Salvador is twice that of Costa Rica and four times as high as Spain's (WHO, 2016).

¹² A recent meta-analysis reviewing the solid scientific literature from 1974 to 2021 on the issue of lighting and security shows that "public lighting interventions are associated with a significant desirable effect on total crime (14% reduction in the targeted areas with respect to comparable control areas); the desirable effects were found to be greater in studies that measured nighttime and daytime crime than in studies that only measured nighttime crime; and public lighting was followed by a significant reduction in crimes against property but not in violent crimes." (See Welsh et al., 2022). Another meta-analysis (El Pizsa et al., 2019) showed that the implementation of video surveillance systems is associated with a significant reduction in crime. The most pronounced and consistent effects were observed in parking areas and residential areas. Video surveillance systems that included active monitoring led to effects of greater magnitude than passive systems.

addresses all the priority issues more or less simultaneously to ensure the potential effectiveness of the intervention. To this end, and as tourism is viewed by the government as one of the priority sectors for spurring the country's economic development, the Government of El Salvador, through MITUR and the Ministry of Finance and within the framework of implementation of the NTP, has requested the Bank's support in implementing a holistic tourism development intervention with a territorial focus on priority destinations in the country's east (see [optional link 5](#)).

- 1.19 **Lessons learned.** The design of this program is based on the lessons learned from the Bank's experience in the sector, and in particular, from the Program for the Tourism Development of the Coastal-Marine Zone in El Salvador (loan 2966/OC-ES) ([optional link 14](#)), currently in the process of closure and whose project completion report (PCR) is in preparation. The Coastal-Marine Zone project completed flagship investments in the sector, such as the Mercado del Mar, the Walter Thilo Deininger park, and the El Tunco treatment plant. These investments have helped transform the country's top tourist destinations and are fundamental pillars in the surf tourism development strategy promoted by the Salvadoran government (paragraph 1.29). According to the diagnostic studies completed, which included interviews with direct beneficiaries, these investments also contributed significantly to the sector's post-COVID-19 recovery (optional link 4). The main lessons learned include:

Lesson learned	Reflection in design
Delays in execution due to incomplete bidding documents.	MITUR is completing the bidding documents prior to the start of the program with its own staff and specialized support financed by technical cooperation operation ATN/OC-18092-ES.
Importance of addressing governance challenges, regulatory framework, technical capacity-building in the public sector, and innovation in a comprehensive manner.	Comprehensively integrated into component 1 of the program.
A holistic and territorial approach with a productive perspective is key for effectiveness.	Crosscutting investments combined with a focus on targeted destinations in the Eastern part of El Salvador.
Need for interagency coordination mechanisms.	There is a formalized, operational tourism cabinet.
Need for support by specialists in infrastructure for better, more efficient and effective execution thereof.	The necessary specialized profiles have been incorporated into the execution unit (paragraph 3.2).

- 1.20 **Strategic alignment.** The program is aligned with the second Update to the Institutional Strategy (document AB-3190-2) through the challenges of: (i) productivity and innovation, since it will assist in boosting the competitiveness of the tourism sector; (ii) social inclusion and equality, since this operation will create employment and entrepreneurship opportunities in the most vulnerable

segments of the population, particularly women, and will improve the accessibility, and enhance the enjoyment, of tourist activities for persons with disabilities; and (iii) regional integration, since tourism is a driver of regional integration, an important exporting sector, and an engine of international investment and foreign trade in general. The program is also aligned with the crosscutting themes of: (i) institutional capacity and rule of law, by strengthening public institutions in the tourism sector; (ii) climate change and environmental sustainability, by contributing to the resilience and sustainability of the destinations to be targeted, as well as to climate adaptation by tourism businesses; and (iii) gender equality and diversity, by creating special consideration for women's participation in the labor market, reducing gender roles, and promoting the integration of persons with disabilities. At the same time, the program will contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12), specifically the following indicators: agencies with strengthened digital technology and managerial capacity; households with improved access to water and sanitation; jobs supported; enterprises provided with technical assistance; women beneficiaries of economic empowerment initiative; and targeted beneficiaries of public services that have been adapted for diverse groups. The program is also consistent with Vision 2025 (document AB-3266), helping to achieve the three medium-term goals: reactivate productivity, promote social progress, and strengthen good governance and the institutional framework in El Salvador, while also promoting regional integration, support for small and medium-sized enterprises (SMEs), support for gender equality and diversity, climate change action, and the digital economy. The operation is aligned with the IDB Group Country Strategy with El Salvador 2021-2024 (document GN-3046-1) through the strategic objectives of developing inclusive and sustainable infrastructure services and more adoption of information and communication technologies. Lastly, it is consistent with the Tourism Sector Framework Document (document GN-2779-12) through the following lines of action: "1. Strengthen recovery of the tourism sector in the wake of the COVID-19 shock;" "2. Increase tourism's economic benefits and contribution to the local economy;" "3. Strengthen the distribution of tourism benefits to groups in vulnerable conditions in Latin America and the Caribbean;" "4. Strengthen environmental and climate management in tourism;" and "5. Improve tourism governance in Latin America and the Caribbean." It is also consistent with [Vision 2025, Reinvest in the Americas: A Decade of Opportunities](#) in the following pillars: (i) regional integration; digital economy (paragraph 1.12); (ii) support for SMEs (paragraph 1.14); (iii) climate change (paragraph 1.6); and (iv) gender (paragraph 1.16) and diversity (paragraph 1.17). All in all, 47.24% of the loan proceeds are invested in climate change adaptation activities, in accordance with the [multilateral development banks' joint methodology for tracking climate adaptation finance](#). These resources contribute to the Bank's climate finance goal of 30% of the annual approval volume.

B. Objectives, components, and cost

- 1.21 **Objectives of the operation.** The general objective of the operation is to boost the international and domestic competitiveness of tourism in El Salvador. The specific objectives are to: (i) increase international and domestic tourist spending per visitor; (ii) expand tourism employment, particularly formal employment, and narrow the gender gaps in the sector; (iii) increase private investment in tourism;

(iv) strengthen the sector's institutional capacity; and (v) reinforce the environmental sustainability of the country's tourist destinations. These objectives will be pursued through the implementation of the following components:

- 1.22 **Component I. Governance, demand management, innovation, and smart tourism system (STS) (IDB: US\$9,914,000).** This component will finance investments aimed at strengthening governance and the legal framework, innovation and modernization of the public institutions in the sector, and strategic and sustainable planning for the tourism sector as a whole. The specific actions to be financed include the following: (i) analysis of the regulatory and governance frameworks for land-use planning and coastal management, as well as support for the implementation of land-use planning and coastal management instruments in the prioritized destinations, including the risk associated with climate change; (ii) development and implementation of competitiveness and innovation strategies for the tourist destinations as well as for the recreational parks managed by the ISTU; (iii) strengthening and training actions aimed at government workers at the various sector institutions or associated institutions and at local government representatives and officials, including training in gender perspective and accessible tourism; (iv) reinforcement of the STS, including actions aimed at completing the design and moving forward on implementing the tourism satellite account (TSA); and (v) investments aimed at the modernization of, and technological innovation in, government agencies with tourism-related responsibilities (especially with regard to digital transformation).
- 1.23 **Component II. Strategic investments in the prioritized destinations: innovation and infrastructure (IDB: US\$26,125,000).** This component will finance investments in resilient public infrastructure (considering climate change scenarios) for tourism development, aimed at enhancing tourist attractions and improving the tourist's experience as well as the accessibility and safety of the destinations. The investments to be financed under this component include investments to improve the condition of tourist attractions, such as ecology boardwalks, tourist lookouts, and bike paths to encourage green mobility within the destinations; investments to improve the tourist experience, such as signage at the destinations and in the access roads and streets, investments in infrastructure to enhance the factors of attraction tied to the landscape and natural capital; a recreational adventure park; and investments aimed at addressing some of the challenges identified in terms of tourist safety and security (i.e., lifeguard stations, lighting improvements at the destinations, and video surveillance systems at ISTU parks and at the beaches, which will be managed by the ISTU and by the National System of Civil Protection and Disaster Prevention and Mitigation, respectively).
- 1.24 **Component III. Strengthening of the productive ecosystem and improvement of the tourism product with a gender perspective (IDB: US\$20,086,000).** This component will finance: (i) implementation of a regional program for an integrated tourism quality management system; (ii) addressing sector market failures through various technical and financial support instruments, such as nonreimbursable

financial support¹³ or matching grant¹⁴ programs ([optional link 3](#)), which will focus primarily on supporting positive environmental externalities as solutions to improve energy efficiency and adapt to heat stress, developing technical skills in the sector, reducing imperfect information, and fostering investments in innovation and technology adoption,¹⁵ as well as supporting the formalization of tourism enterprises in crosscutting fashion; (iii) support for technology training for enterprises, with a focus on innovation and digitalization, aimed at both enterprise owners and workers in the sector; and (iv) launch of a food laboratory. Under the matching grants program, the minimum beneficiary counterpart percentage will be 40%, at least 40% of it in cash, with a maximum grant limit of US\$60,000. In the interest of promoting gender equality and accessible tourism in the country, mechanisms will be established to ensure that both the technical and financial assistance programs and the sector training programs prioritize support for women-led enterprises and investments, aimed at strengthening the capacities or employability of women workers in the sector or of persons with disabilities, or for enterprises and investments that contribute to accessible tourism or specifically help to address the needs of tourists (for example, gender-relevant care or lactation rooms) or persons with disabilities.

- 1.25 **Component IV. Environmental sustainability, climate change mitigation and adaptation, and comprehensive risk management (IDB: US\$46,010,000).** This component will finance investments aimed at reinforcing the provision of essential services for the development of tourism activities with environmental sustainability, climate change mitigation and adaptation, and comprehensive risk management, including both crosscutting measures and measures with a territorial focus on destinations. The actions expected to be financed include: (i) expansion and upgrade of seven water supply systems and four wastewater treatment systems, including upgrading and building four wastewater treatment plants, individual sanitation solutions, and investments (such as public showers and bathrooms) aimed at improving the tourist experience in the prioritized eastern destinations; (ii) investments to improve solid waste management¹⁶ in the ISTU recreational parks and in the prioritized eastern destinations; (iii) restoration and inclusive conservation of critical ecosystems, including a mangrove recovery and sustainability program in the eastern region; (iv) environmental sustainability plans for the destinations; and (v) design and implementation of environmental certification programs for beaches.
- 1.26 All actions envisaged by the program will mainstream a gender and accessible tourism perspective. In addition, and particularly in the infrastructure works to be performed as part of Components II and IV, risk management and climate change

¹³ This refers to contributions to be made by the direct beneficiaries of this program.

¹⁴ Eligibility criteria to be taken into account include: the type of market failure to be addressed and its potential impact, particularly as it related to the benefit of public interest expected to be generated by the program; the size of the beneficiary company; whether the beneficiary company is formalized or not; and the program's impacts on jobs.

¹⁵ The matching grants program is for a total of US\$7 million. At least US\$2.5 million of this amount is expected to be directed to women-led enterprises or projects aimed at closing the gender gap.

¹⁶ These investments will be comprehensive and will include physical distribution, treatment, and final disposal systems along with sustainable management and service delivery mechanisms.

adaptation will be mainstreamed, and their design and implementation will incorporate specific measures that consider the projected scenarios for the main climate threats in the priority destinations ([optional link 5](#)). Components I and III also include specific actions aimed at facilitating this mainstreaming, such as management plans for the ISTU recreational parks, land-use planning and coastal management, and matching grant programs.

- 1.27 The program's administration, auditing, and evaluation expenses will amount to US\$3,865,000. These expenses include the cost of the execution unit and operating expenses over the life of the program, audits, midterm and final evaluations, and impact assessment.
- 1.28 **Beneficiaries.** Attainment of these objectives is expected to help improve the lives of residents of El Salvador in general, and more specifically the lives of residents of the tourist destinations of La Unión, Morazán, San Miguel, and Usulután, as well as reinforce the competitiveness of the tourism sector and the resilience of the sector's productive ecosystem in the country as a whole. All told, it is estimated that the program will benefit more than 960,000 people (tourism-sector workers and their families). In addition, it is estimated that about 21,000 residents of El Salvador will benefit from the water and sanitation projects and some 3,000,000 will directly benefit from the set of improvements in infrastructure and tourist services. In particular, the program is expected to improve quality of life and enjoyment of recreational and leisure spaces for persons with disabilities (estimated to total 150,000 direct beneficiaries). The selection of these destinations is aligned with the NTP, which specifically focuses on surf tourism and is underpinned by the need to support an orderly growth of the priority emerging destinations. At an initial stage, loan operation ES-L1066 addressed some of the main surf tourism areas located in the department of La Libertad. This program has prioritized the departments bordering the other main surf tourism area, located in the country's east ([optional link 5](#)).

C. Key results indicators

- 1.29 The program has a results matrix (Annex II, [optional link 17](#)) agreed upon with the borrower. This document contains the program's impact indicators, outcomes, and outputs, with their respective midterm and final targets. The expected impacts are, on one hand, an increase in tourist spending by international visitors in El Salvador as a proportion of tourist spending by international visitors worldwide and, on the other hand, an increase in domestic tourist spending by Salvadoran residents as a proportion of their outbound tourist spending. These two indicators can be measured comparatively before and after the intervention, using data from the World Tourism Organization's (WTO) Barometer and the database of the World Travel and Tourism Council (WTTC). In addition, the results matrix includes several results indicators by specific objective.
- 1.30 **Economic viability.** The economic analysis of the program ([optional link 1](#)) uses a cost-benefit method to determine the return of the expected investments. These investments are aimed at developing tourism by means of public infrastructure, strengthen the sector's governance and productive ecosystem, and reinforce environmental sustainability. The analysis estimates the direct benefits for tourism-related economic activity, which is buoyed by increases in tourist demand attributable to the intervention, using a dynamic model to project total tourist

spending and generating an estimate of the tourist spending multiplier on GDP. The analysis incorporates the operation and maintenance expenses needed to keep the interventions in working order.

- 1.31 The analysis indicates that the program has an aggregate net present value (NPV) of US\$179 million under the base-case scenario, reflecting the viability of the operation. The internal rate of return (IRR) is more than 24%. A sensitivity analysis showed that the program remains economically viable despite changes in the values of the essential variables, yielding an NPV of US\$90 million and an IRR of 15% under the most adverse scenario.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The operation has been designed as a specific investment loan, and the preliminary design and cost of all planned investments have already been prepared and calculated (see [optional link 11](#)). No exceptions to Bank policies are envisaged. The loan amount of US\$106 million will be funded from the Bank's Ordinary Capital resources under the Flexible Financing Facility. The disbursement period will be five years.

Table 1. Estimated program costs (US\$ thousands)

Components	IDB (*)	%
Component I. Governance, demand management, innovation, and smart tourism system	9,914	9.3%
Technical studies / Training	5,550	5.2%
Equipment	4,364	4.1%
Component II. Strategic investments in the prioritized destinations: innovation and infrastructure	26,125	24.6%
Technical studies	225	0.2%
Works / Equipment	25,317	23.9%
Supervision	583	0.5%
Component III. Strengthening of the productive ecosystem and improvement of the tourism product with a gender perspective	20,086	19.0%
Training / Promotion events	9,500	9%
Works	1,428	1.4%
Supervision	72	0.0%
SME support and technical assistance	9,086	8.6%
Component IV. Environmental sustainability, climate change mitigation and adaptation, and comprehensive risk management	46,010	43.4%
Technical studies	3,210	3.0%
Works / Equipment	37,433	35.3%
Supervision	1,667	1.6%
Support for environment restoration	3,700	3.5%

Administration, audits, and evaluations	3,865	3.6%
Program administration and management	3,165	3.0%
Audits	400	0.3%
Evaluations	300	0.3%
Total	106,000	100.0%

(*) The costs of main activities are indicative.

- 2.2 **Restrictions on the pace of disbursements:** In accordance with document AB-2990, disbursement of the loan proceeds will be subject to the following upper limits: (i) up to 15% in the first 12 months; (ii) up to 30% in the first 24 months; and (iii) up to 50% in the first 36 months. These periods will run from the date of approval of the loan by the Bank's Board of Executive Directors. The aforementioned limits may cease to apply if the requirements established in the Bank's policy regarding such limits have been fulfilled, provided the borrower has been notified thereof in writing. The planning of execution is consistent with this pace of disbursements ([required link 1](#)):

Table 2. Projected disbursement schedule (US\$ thousands)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	10,600	15,900	26,500	40,000	13,000	106,000
Cumulative total	26,500	53,000	93,000	106,000	26,500	106,000
Cumulative %	10%	25%	50%	88%	100%	100%

B. Environmental and social risks

- 2.3 The program has been classified as a Category B operation in terms of its environmental and social impact. The infrastructure works associated with the program will generate moderate, localized, short-term adverse impacts. Mitigation measures and good construction practices that ensure compliance with national and municipal regulations and the Bank's Environmental and Social Performance Standards can be implemented to blunt these impacts. The environmental and social risk is considered substantial due to the contextual risk in vulnerable socioeconomic environments with limited land-use planning and in view of the need to reinforce the social and environmental supervision capacity of MITUR and other institutions involved. The disaster and climate change risk is classified as moderate since there is no expected intensification of the current natural threats or increase in the vulnerability of the local communities or the environment due to the infrastructure. This risk will be handled by means of specific climate change adaptation and comprehensive disaster risk management interventions.
- 2.4 Since the operation is a specific investment loan involving a diversity of subprojects in various geographic contexts, a [General Environmental \(and Social\) Impact Assessment](#) (EIA-G) was produced in the preparation stage. The EIA-G establishes eligibility criteria that exclude category A projects. It sets out guidelines for the socioenvironmental impact classification and describes the environmental and/or social studies that will be needed during execution.

- 2.5 In addition, MITUR's [environmental and social management system \(ESMS\)](#) was supplemented to comply with the ESPS requirements. The ESMS describes the procedures required during the life cycle of the projects, from eligibility to completion, identifying those responsible for carrying out each action or process.
- 2.6 Furthermore, a meaningful [public consultation](#) was conducted during the process. Those invited by MITUR to participate included various strategic interest groups from the central and municipal governments, interest groups from civil society, nonprofit organizations, and affected parties. Participation was broad in terms of both institutional profiles and geographic, gender, and social identities. The main issues that were raised included: the need to establish social and environmental parameters during the execution and operation of the subprojects, consider the lessons learned from successful experiences in socioenvironmental management, and ensure adequate management of the ecosystem dynamics in the areas of intervention. The ESMS includes a stakeholder participation framework that describes the processes and procedures for conducting consultations with stakeholders, adjusted for each of the projects and their contextual risks during the execution stage.

C. Fiduciary risks

- 2.7 The fiduciary capacity of MITUR is MEDIUM and the fiduciary management risk is MEDIUM, since the weaknesses relate to: (i) insufficient existing staff at the executing agency; (ii) high turnover of fiduciary staff; (iii) lack of necessary experience in the procurement of works, consulting firms, and individual consultants; and (iv) systemic problems in the filing and safekeeping of support documentation for expenses. The following mitigation measures are envisaged: (i) hire the necessary and appropriate workforce to address the program's requirements; (ii) provide additional training during employment at the institution / incentives and salary increases / establish measures to mitigate the loss of human capital; (iii) ensure that the staff in charge of the program includes a specialist with at least five years of quality management experience in international cooperation projects involving similar amounts to those of the program; and (iv) ensure that the program Operating Regulations provide indications and describe responsibilities that enable proper management of files and safekeeping of support documentation.

D. Other key issues and risks

- 2.8 The main risks of the program are: potential forward movement on individual solutions against coastal erosion before suitable regulations are developed and implemented, and cost overruns and price increases. The mitigation actions (which notably include close monitoring of the coast to prevent unauthorized construction, considering the threat of erosion in the design of program investments, and accounting for unforeseeable circumstances when planning investments) are incorporated into the design and cost of the operation.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Republic of El Salvador and the executing agency will be MITUR, with full responsibility over program administration, supervision, and evaluation. To fulfill this responsibility, MITUR will have the technical and operational support of its two affiliated entities (CORSATUR and ISTU). MITUR will execute the program through the Bureau of Strategic Projects (DGPE), using a program execution unit (PEU) that will be created for that specific purpose. Through the PEU created within the DGPE, MITUR will manage and coordinate the program and be responsible for tasks including: (i) financial administration and procurement for the program; (ii) coordinating the monitoring of program activities; (iii) managing the external audits; (iv) submitting the program's operational plans to the Bank, including the financial plan, procurement plan, and annual work plan; (v) submitting to the Bank the audit, status, evaluation, and social and environmental compliance reports, among others; (vi) supervising execution of the works and performance of the studies envisaged for the operation; (vii) submitting disbursement requests to the Bank; and (viii) acting as liaison to the Bank.
- 3.2 **Composition of the PEU.** At a minimum, the PEU will consist of a program coordinator, a procurement specialist, a finance specialist, a social and environmental specialist (the foregoing comprising the key staff), a water and sanitation specialist, a civil infrastructure specialist, and a project planning and monitoring specialist. The program coordinator will administratively and functionally report to the DGPE director. The PEU will work in close collaboration with the administrative units of MITUR: the institutional procurement unit (UACI), institutional finance unit (UFI), environmental unit (UA), and gender unit (UG). The finance and procurement specialists will functionally report to the heads of the institutional finance unit and institutional procurement unit, respectively, and will administratively report to the PEU coordinator. Members of the PEU will coordinate with any government unit as required for proper execution of the program.
- 3.3 **Participating entities.** The local or sector entities other than the executing agency that will be entrusted with the administration and management of works, goods, and services under the program (including CORSATUR, ISTU, National Water and Sewer Administration (ANDA), El Salvador's National Institute of Sports (INDES), municipios, communal development associations, and water boards, etc.) will be known as participating entities. The executing agency will need to have a collaboration agreement in effect with the relevant participating entity before the start of the bidding process for the respective works, goods, or services. This agreement will set out the terms and conditions for collaboration between the parties, including the obligations and responsibilities of each, the modality and conditions for the transfer and maintenance of the relevant works, goods, or services, and a requirement that the projects be designed, built, and operated in accordance with the instruments included in the EIA-G. The obligations will include: (i) to collaborate to complete the technical specifications and bidding terms for the works, goods, and services to be procured for the program; (ii) to manage and have legal authorization to intervene on the parcels of land on which the works will be performed; (iii) to collaborate in obtaining and completing any

required authorizations, permits, and formalities; (iv) to allow the executing agency, construction companies, external auditors, and the Bank free access to the construction areas; (v) to adequately operate and maintain the assets over their useful life in compliance with generally accepted technical standards and based on maintenance plans for the works; and (vi) to manage the site under its respective jurisdiction once the transfer of the works is completed, including operation and maintenance under a sustainable financial mechanism to be implemented. There are no plans for transferring resources to these entities. In the case of water and sanitation projects, the collaboration agreement will specify that ANDA will provide technical assistance to support supervision of the works.

- 3.4 **Special contractual conditions precedent to the first disbursement of the loan. The first disbursement of loan proceeds will be contingent on the borrower's fulfillment to the Bank's satisfaction, through MITUR, of the following conditions: (i) creation of the PEU and appointment and/or selection of at least the following key PEU staff members: program coordinator, social and environmental specialist, procurement specialist, and finance specialist (paragraph 3.2); and (ii) approval and entry into force of the program Operating Regulations (paragraph 3.8) in accordance with the terms and conditions previously agreed upon with the Bank.** The first of these conditions is intended to ensure that the program is properly assigned for efficient and effective execution, while the second condition is included because the Bank's experience in the region indicates that approval of the program Operating Regulations prior to the first disbursement helps to improve the way the executing agency is internally organized to implement the operation, which translates into a more efficient and effective intervention.
- 3.5 **Special contractual conditions for execution.** The borrower, through the executing agency, will submit evidence to the Bank of compliance with the following conditions: (i) prior to commencing the bidding process for each work, good, or service, as the case may be, a collaboration agreement will have been signed with the respective participating entity (or entities), establishing the terms and conditions for its transfer and maintenance; (ii) prior to issuing the order to commence the works, the borrower will have submitted evidence of legal possession of the property on which the respective works will be built and of any easements or other rights required for their construction and use, and will have contracted for supervision of such works; (iii) to enable the disbursement of loan proceeds to fund the matching grants program, operational guidelines will have been prepared and have obtained the Bank's no objection, establishing the criteria for eligibility and selection of beneficiaries as well as the characteristics of the matching grant evaluation and selection committee, the key implementation considerations, and the auditing and monitoring mechanisms; and (iv) the borrower will comply with the environmental and social requirements set out in Annex B of the [ESRS](#).
- 3.6 **Sustainability of the investments.** For all investments requiring maintenance for sustainability, a mechanism that enables the necessary cash flows for maintenance will be designed prior to the bidding process for the investment. This mechanism will be included in the agreement to be signed before the bidding process for the works as part of the obligations of the participating entity. In the case of water systems, the agreement will list the rate to be paid by the users of

the water and sanitation systems to cover the administrative and operation and maintenance costs, considering the sources of revenue as a whole. Supervision of the works or investments will include monitoring to verify that the maintenance obligations are being fulfilled. Although the financial sustainability of ANDA in the short term is not considered a risk for the sustainability of the systems financed under this program, it should be noted that in the medium term, with support from operation ES-L1152, ANDA is expected to be strengthened in this regard. Other operations with which this operation is and will continue to be coordinated are: the Global Credit Loan for Financing Energy Efficiency in Small and Medium-sized Enterprises (loan [4567/GN-ES](#)), the Social Digital Connectivity Program (loans [5340/OC-ES](#) and [5341/KI-ES](#)), and the First Program of Access to Lending for the Recovery of Micro, Small, and Medium-sized Enterprises ([5083/OC-ES](#)).

- 3.7 **Compliance with the Public Utilities Policy (document GN-2716-6).** This program is consistent with the principles of the Public Utilities Policy ([optional link 16](#)) and satisfies the conditions of financial sustainability by ensuring that the projects to be financed will cover the operation and maintenance obligations and costs from their revenues. In addition, these projects will generate an economic return in accordance with the assessment methods used and accepted by the Bank.
- 3.8 **Program Operating Regulations ([program Operating Regulations](#)).** The program will be executed in compliance with program Operating Regulations that will set out technical, environmental, fiduciary, financial, and other operational considerations. They will include: (i) mechanisms for coordination and reporting between MITUR, ANDA, municipios, communal development associations and water boards, and the Bank; (ii) requirements for the submittal and eligibility of projects to be financed; (iii) procedures for the procurement of works, goods, and consulting services; (iv) guidelines for the use of resources and for the program's fiduciary and financial management; (v) disbursement procedures; (vi) structure of the PEU, identifying the key staff's responsibilities; (vii) a chapter dealing with the EIA-G; and (viii) best practices in promoting transparency and managing integrity risk and conflict of interests. The annexes to the program Operating Regulations will include, at a minimum: (i) the results matrix; (ii) the fiduciary agreements and requirements; (iii) the monitoring and evaluation plan; and (iv) an itemized budget.
- 3.9 **Procurement of works, goods, and services.** Procurement for the program will be conducted in accordance with the Policies for procurement of works and goods financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for selection and contracting of consultants financed by the Inter-American Development Bank (document GN-2350-15). In addition, the Agreement for Partial Use of the Country Procurement System, Free Management Subsystem, is expected to be implemented when it comes into force once it is harmonized with the country. Furthermore, the provisions of the loan contract, the guidelines established in the procurement plan ([required link 4](#)), and the rules set out in the program Operating Regulations ([optional link 2](#)) will be taken into account. The procurement documents to be used are those made available to executing agencies on the Bank's website for international processes and those harmonized with the country for national processes. Procurement will be

supervised as provided for in the procurement plan, ex ante,¹⁷ ex post,¹⁸ or pursuant to the country system.¹⁹

- 3.10 **Disbursements.** The loan proceeds will be disbursed primarily in the form of advances of funds. The frequency of such advances and the prerequisite for requesting a new advance are indicated in Annex III.
- 3.11 **Fiduciary management.** The fiduciary agreements and requirements for program execution are set out in Annex III. The executing agency has the capacity and structure required to execute the program and will be reinforced through the creation of the PEU. Financial and procurement management of the operation will be governed primarily by the Bank's policies, guidelines, and standards, complemented on an ancillary basis by the agreements regarding the use of country systems under national regulations.
- 3.12 **Audits.** During the execution period, the executing agency will submit annual audited financial reports to the Bank no later than 120 days after each fiscal year-end. The audited financial reports for the close of the program will be submitted no later than 120 days after the date of the last disbursement.

B. Summary of arrangements for monitoring results

- 3.13 The executing agency has primary responsibility for providing the information needed to monitor and evaluate the program. Monitoring of the results matrix indicators will be conducted on an ongoing basis through the following instruments: annual work plan, execution plan, procurement plan, semiannual status reports, and supervision visits. The Bank's team will conduct semiannual technical visits to review progress on activities and make any required adjustments based on their execution. Fiduciary supervision visits will be conducted annually. The program calls for external financial audits to validate the executing agency's use of the loan proceeds. The information gathered will be analyzed and a monitoring and status report will be generated annually.
- 3.14 The monitoring and evaluation plan ([required link 2](#)) includes a description of the impact assessment methodology, including the indicators to be evaluated and the entities responsible for data collection, schedule, and budget. The plan proposes performing a program impact evaluation using the synthetic control method, which employs the weighted average of a group of observations not affected by the program to create a "synthetic control" that better reflects the characteristics of the treatment unit. The analysis will use a comprehensive database consisting of variables correlated with the level of tourism activity in the country. An analysis was performed of the preprogram economic and tourism characteristics in El Salvador and a synthetic El Salvador, the latter built on the basis of information for 11 countries and able to accurately reproduce the average pretreatment values of tourist spending predictor variables, suggesting that this methodological

¹⁷ Applicable to all direct procurement processes and/or processes with an estimated cost exceeding: (i) US\$5,000,000 for works; (ii) US\$250,000 for goods and nonconsulting services; and (iii) US\$200,000 for consulting services.

¹⁸ Ex post reviews will span at least one budget period and will be determined through at least 10% of randomly selected (preferably electronic) files.

¹⁹ This type of supervision will be performed through the country supervision system.

approach is viable. The evaluation strategy is described in greater detail in the monitoring and evaluation plan.

C. Post-approval design activities

- 3.15 Once the operation is approved, work will continue on deepening the studies related to coastal management and design of matching grants, as well as developing comprehensive destination competitiveness plans to complement the studies that have already been performed.
- 3.16 Technical cooperation resources will be used to support the preparation of terms of reference and final designs of the investments, which are expected to begin in the first year of the program.

Development Effectiveness Matrix		
Summary		ES-L1151
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	<div>-Social Inclusion and Equality</div> <div>-Productivity and Innovation</div> <div>-Economic Integration</div> <div>-Gender Equality and Diversity</div> <div>-Climate Change</div> <div>-Institutional Capacity and the Rule of Law</div>	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	<div>-Households with improved access to water and sanitation (#)</div> <div>-Beneficiaries of employment support initiatives (#)</div> <div>-Enterprises provided with technical assistance (#)</div> <div>-Women beneficiaries of economic empowerment initiatives (#)</div> <div>-Beneficiaries of enhanced disaster and climate change resilience (#)</div>	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-3046-1	Desarrollar servicios de infraestructura inclusivos e Incrementar la conectividad digital.
Country Program Results Matrix	GN-3087	The intervention is 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		8.3
3.1 Program Diagnosis		2.5
3.2 Proposed interventions or Solutions		3.5
3.3 Results Matrix Quality		2.3
4. Ex ante Economic Analysis		10.0
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		2.5
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		10.0
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		6.0
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		B
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Procurement: Information System.
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		

The general objective of the project is to improve the international and national competitiveness of the tourism sector of El Salvador. The specific objectives are: (i) to increase international and domestic tourist spending per visitor; (ii) to increase tourism employment, particularly formal employment, and reduce gender gaps at the sector level; (iii) to increase private tourism investment; (iv) to strengthen sector institutional capacity; and (v) to reinforce the environmental sustainability of Salvadoran tourist destinations.

In general, the diagnosis is adequate, with a well-identified problem and clear determinants. The results matrix vertical logic could be improved. Specific objectives are clear and result indicators, mostly SMART, that allow its fulfillment to be demonstrated. The economic analysis was based on the estimation of the net benefits of the program through a Cost Benefit Analysis (CBA) of the infrastructure investments from Components 2 and 4.

The program has a Monitoring and Evaluation Plan that specifies: (i) the methodology to measure the indicators; (ii) the attribution analysis of project results; (iii) the data requirements; and (iv) those responsible and the estimated budget. A quasi-experimental impact assessment is proposed, which seeks to estimate the impact of the project on tourist spending in the country, using a synthetic control methodology. This is an appropriate methodology for this type of projects, which is expected to have impacts at the national level. Additionally, the evaluation of the results will be done with a before and after analysis for the indicators of the results matrix, where the attribution of the results depends on the link between the specific products of each component and the associated results.

RESULTS MATRIX

For more details, see the extended version of the results matrix ([optional link 16](#)) and the monitoring and evaluation plan ([required link 2](#))

Program objective:	The general objective of the operation is to boost the international and domestic competitiveness of tourism in El Salvador. The specific objectives are to: (i) increase international and domestic tourist spending per visitor; (ii) expand tourism employment, particularly formal employment, and narrow the gender gaps in the sector; (iii) increase private investment in tourism; (iv) strengthen the sector's institutional capacity; and (v) reinforce the environmental sustainability of the country's tourist destinations.
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General Development Objective

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
General development objective: Boost the international and domestic competitiveness of tourism in El Salvador.							
Total tourist spending by international visitors in El Salvador over total tourist spending by international visitors worldwide	%	0.088	2019	2028	0.100	WTO Barometer, Volume 4, June 2022	International tourism revenues in El Salvador / International tourism revenues worldwide (US\$) ¹
Total tourist spending by international visitors in El Salvador over total tourist spending by international visitors in the Americas	%	0.395	2019	2028	0.464		International tourism revenues in E Salvador / International tourism revenues in the Americas (US\$)
Total tourist spending by international visitors in El Salvador over total tourist spending by international visitors in Central America	%	10.35	2019	2028	12.63		International tourism revenues in El Salvador / International tourism revenues in Central America (US\$)

¹ To isolate the effect of foreign exchange fluctuations and inflation, the UNWTO calculates international tourism revenues stated in U.S. dollars (for comparison purposes) in the local currency at each destination, weighted in accordance with its portion of the total and deflated by the relevant inflation rate.

Domestic tourist spending by Salvadoran residents over outbound tourist spending by Salvadoran residents	%	189.4	2019	2028	220.0	WTTC database	2019 US\$
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Specific Development Objectives

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
Specific development objective 1: Increase international and domestic tourist spending per visitor							
Tourist spending per international visitor	US\$	667.5	2019	2028	800.0	Salvadoran Tourism Corporation (CORSATUR), "Statistical Report. January - December 2019," 2020.	International tourism revenues in El Salvador (2019 US\$) divided by the number of international visitors
Tourist spending per domestic visitor	US\$	20.9	2019	2028	33.0	WTTC database and data estimates from CORSATUR and ISTU on domestic or local visitors	Domestic tourism spending in El Salvador (2019 US\$) divided by the number of domestic or local visitors.
Specific development objective 2: Expand tourism employment, particularly formal employment, and narrow the gender gaps in the sector							
Individuals employed in the tourism sector	#	228,716	2019	2028	260,023	Database of the Instituto Salvadoreño del Seguro Social [Salvadoran Social Security Institute] and estimates from CORSATUR's market intelligence and statistics unit on informality in the sector	

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
Individuals employed in the tourism-related lodging, restaurant, transportation, information, and leisure industries and enrolled in social security	#	57,179	2017	2028	67,185	Database of the Salvadoran Social Security Institute	CRF indicator: Employed workers contributing to social security (% of employed population).
Proportion of women employed in the hotel and restaurant industries in managerial positions	%	36.4	2017	2028	38.7	El Salvador's National Time Use Survey] (ENUT)	The proportion of women employers and owners in the commerce, hotel, and restaurant industry is used as a proxy for the tourism sector.
Specific development objective 3: Increase private investment in tourism							
Investment in the tourism sector as a proportion of total investment	%	11.5	2014-2019	2025-2030	13.5	WTTC database	The unit of measure is the arithmetic mean for the reference period.
Tourist lodging rooms in the hotel, boutique hotel, and resort categories in the departments of La Unión, Usulután, Morazán, and San Miguel.	#	250	2019	2028	375	Tourism inventory. CORSATUR's market intelligence and statistics unit	
Proportion of tourist lodgings adapted to serve the needs of persons with restricted mobility	%	14	2022	2028	20	Final program evaluation	Baseline built using the authors' estimates based on the number of lodgings with facilities for persons with restricted mobility available in the main online travel agencies

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
Total (private-sector) program beneficiaries with improved English proficiency level	%	0	2022	2028	75	Program evaluation	Number of beneficiaries who improve their English proficiency level, divided by the total number of English course beneficiaries. English proficiency tests will be conducted upon entrance and completion. The improvement needs to be equal to or greater than 15% (i.e., positive delta of at least 15% between the entrance and final scores).
Total (private sector) women beneficiaries of the program with improved English proficiency level	%	0	2022	2028	75	Program evaluation	Same as above, but only for women beneficiaries
Specific development objective 4: Strengthen the sector's institutional capacity							
Tourism satellite account estimated and a plan for its maintenance approved by the Tourism Cabinet.	#	0	2022	2028	1	Tourism satellite account validated by the UNWTO.	

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
Total (public-sector) program beneficiaries with improved English proficiency level.	%	0	2022	2028	75	Program evaluation	Tests will be conducted upon entrance and completion to assess progress in English proficiency. Number of beneficiaries who improve their English proficiency level divided by total number of English course beneficiaries
Percentage of admission tickets to ISTU parks paid through digital means	%	0	2022	2028	25%	ISTU	
Specific development objective 5: Reinforce the environmental sustainability of the country's tourist destinations							
Number of households at the tourist destinations in the country's east prioritized in the form of access to new or improved systems that provide safe water ²	#	0	2021	2028	5,300	Program evaluation	CRF indicator(s): Households with improved access to water or sanitation (#).

² According to the PAHO-WHO definition, safely managed water is drinking water from an improved source that is accessible on premises, available when needed, and free from fecal and priority chemical contamination.

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
Number of households at the tourist destinations in the country's east prioritized in the form of access to new or improved and safely managed sanitation facilities ³	#	0	2021	2028	5,100	Program evaluation	Same as above
Wastewater treatment plants in the prioritized eastern destinations that comply with the national standard for discharge into receiving waters ⁴	#	0	2022	2028	4	Water quality analysis when leaving the treatment plants	All existing wastewater treatment plants in the municipios of Chirilagua, Jucuarán, Intipuca, and Conchagua are considered.
Percentage of the criteria for obtaining a Blue Flag certificate implemented in the beaches of El Cuco, El Espino, Las Flores, Punta Mango, and El Tamarindo.	%	0	2020	2028	25%	Program evaluation	The Blue Flag criteria entail actions involving numerous stakeholders at the destinations, particularly local governments.

³ Improved sanitation facilities are those designed to hygienically separate human excreta from human contact and include: flush or pour flush toilets to sewer systems, septic tanks or pit latrines, pit latrines with a slab (including ventilated pit latrines), and composting toilets. According to the United Nations (SDG 6.2), there are three main ways of satisfying the criteria for a safely managed sanitation service. The population should use improved sanitation facilities that are not shared with other households, and the excreta should be: (i) treated and disposed of in situ; (ii) temporarily stored and subsequently emptied and treated off-site; or (iii) transported via sewer with wastewater and then treated off-site.

⁴ [National standard.](#)

Indicators	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
Beneficiaries of heightened resilience to disasters and climate change effects ⁵	#	0	2022	2028	21,000	Program evaluation ⁶	Refers to the beneficiaries of water and sanitation systems for which an analysis of disaster and climate change risks has been performed and adaptation measures will be included in the design of the works.

⁵ The number of beneficiaries is recorded the year it is determined that their resilience has improved. Beneficiaries are individuals who have benefited from far-reaching investments that have considered implications in terms of resilience needs in design, implementation, operation, and maintenance (for example, hospitals, schools, power lines, roads, and water and sanitation services). These investments are deemed to have incorporated resilience considerations when a qualitative or quantitative assessment of disaster and climate change risk has been performed and specific resilience measures have been taken into account to reduce the identified risk in at least one of the following project phases: design, implementation, and operation and maintenance. The number of beneficiaries for this category is determined by the number of individuals who will benefit from the specific resilience measures implemented by the project.

⁶ The design of loan operation ES-L1151 included a qualitative analysis of the risk of coastal floods, erosion, and tsunamis. The design of infrastructure works such as water and sanitation systems and ecology boardwalks to be financed by the program will consider measures to boost their resilience to threats whose risk has been analyzed. The main measures will consist of not locating infrastructure components in areas that are highly susceptible to the identified threats. Applying the indicator description, all direct beneficiaries of infrastructure built on a design that incorporates measures to boost its resilience are deemed to contribute to the Corporate Results Framework indicator.

Country: El Salvador

Division: RND

Number: ES-L1151

Year: 2022

Fiduciary Agreements and Requirements

Executing agency: Ministry of Tourism (MITUR)

Name: Program to Support the Recovery and Expansion of the Tourism Sector in El Salvador.

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the operation: (Any subsequently approved system or subsystem may be used in the operation in accordance with the Bank's validation terms).

<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 type="checkbox"/> Internal audit	<input type="checkbox"/> Shopping	<input type="checkbox"/> Other
<input checked="" type="checkbox"/> Accounting	<input type="checkbox"/> External control	<input type="checkbox"/> Individual consultants	<input type="checkbox"/> Other

2. Fiduciary execution mechanism: N/A

3. Fiduciary capacity:

Fiduciary capacity of the executing agency	MITUR's fiduciary capacity level is MEDIUM and the fiduciary management risk level is MEDIUM, due to its weaknesses related to: (i) insufficient staff to address the needs of the program; (ii) procurement specialist with less than one year in this position; (iii) little or no experience in fiduciary processes; and (iv) systemic problems in filing and safekeeping of support documentation for expenses.
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4. Fiduciary risks and mitigation actions:

Risk taxonomy	Risk	Risk level	Mitigation action
Institutional	If the executing agency continues to have an insufficient staff, it may be unable to adequately address the program's needs.	Medium-low	Hire the necessary and appropriate staff to address the needs of the program.
Organizational structure	If the fiduciary staff turnover remains high, it could slow the pace of program execution.	Medium-low	Provide additional training during employment at the institution / incentives and salary increases / establish measures to mitigate the loss of human capital
Internal processes	If there a lack of experience in the procurement of works, consulting firms, and individual consultants, the result could include delays in preparing the bidding terms and conditions and in the procurement processes as a whole.	Medium-high	Ensure that the staff in charge of the program includes a specialist with at least five years of quality management experience in international cooperation projects involving similar amounts to those of the program

Risk taxonomy	Risk	Risk level	Mitigation action
Internal processes	If the systemic problems in the filing and safekeeping of support documentation for expenses are not resolved, the program's financial management quality could be adversely affected.	High	Ensure that the program Operating Regulations provide indications and describe responsibilities enabling proper management of files and custody of supporting documentation.

5. Policies and guidelines applicable to the operation: Procurement under the program will be described in the procurement plan approved by the Bank and will be carried out in accordance with the Policies for procurement of works and goods financed by the IDB (document GN-2349-15) and the Policies for selection and contracting of consultants financed by the IDB (document GN-2350-15) or other policies in effect. The Financial Management Guidelines for IDB-financed Projects (document GN-2811) will be applied for financial management purposes.

6. Exceptions to policies and guidelines: Not applicable.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

Special conditions precedent to the first disbursement:
Exchange rate: For the purposes of Article 4.10 of the General Conditions, the parties agree that the exchange rate to be used will be the rate stipulated in Article 4.10(b)(i). For the purpose of determining the equivalency of expenditures incurred in local currency chargeable against the local contribution or of the reimbursement of expenditures chargeable against the loan, the agreed exchange rate will be the rate in effect on the date on which the borrower, the executing agency, or any other person or corporation with delegated authority to incur expenditures makes the respective payments to the contractor, vendor, or beneficiary.
Type of audit: MITUR will be responsible for contracting a firm acceptable to the Bank for audits of Bank-financed operations. In the event of a competitive process, the executing agency will follow the guidelines established in the new Governance Framework for External Audit Management of IDB-financed Projects. The annual financial statements will also be prepared in accordance with the abovementioned framework. To ensure the effectiveness of the audit work, the firm will be engaged no later than September of the execution period's fiscal year to be audited.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<input checked="" type="checkbox"/>	Bidding documents	<p>The procurement of works, goods, and nonconsulting services, executed in accordance with the procurement policies (document GN-2349-15) and subject to international competitive bidding (ICB), will use the Bank's standard bidding documents (SBD) or those agreed-upon by the executing agency and the Bank for a particular procurement process. Similarly, consulting services will be selected and contracted in accordance with the policies for the selection of consultants (document GN-2350-15), using the standard request for proposals (RFP) issued by the Bank or agreed-upon by the executing agency and the Bank for a particular selection process. National procurement processes will use the documents harmonized by the Bank for the country, which will be made available through TEAMS.</p> <p>The program's sector specialist will be responsible for reviewing the technical specifications as well as the terms of reference for procurement during the preparation of selection processes. This technical review may be performed ex ante and is separate from the procurement review method.</p>
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<input checked="" type="checkbox"/>	Use of country systems	<p>All procurement processes will be advertised through COMPRASAL (in addition to UNDB). In addition, the Agreement for Partial Use of the Country Procurement System, Free Management Subsystem (analogous to shopping), may be applied to the procurement of goods, works, and nonconsulting services. This agreement will become effective once it is harmonized and approved by the Salvadoran government.</p> <p>The procurement plan for the operation will indicate the procurement processes that will be carried out through the country system under the approved scope. In the event that the Board of Executive Directors expands the scope of approval of use of the country system, the expanded scope will be applicable to the operation.</p>								
<input checked="" type="checkbox"/>	Recurrent expenses	<p>The recurrent and maintenance expenses required to implement the program over its useful life will be approved by the Project Team Leader and be included in the program's annual plans, in line with the administrative procedures of the executing agency described in the program Operating Regulations. These procedures will be reviewed and accepted by the Bank, provided they do not violate the principles of economy, efficiency, and competition.</p> <p>The aforementioned expenses are expected to include: utilities and communication services, translations, bank fees, office supplies, advertising expenses, photocopies, fuel, lodging, per diems, event logistics, postal services, secretarial and driving services, security, and others agreed upon with the Bank in accordance with the treatment of recurrent expenses and the Expense Eligibility Policy (document GN-2331-15), as updated.</p>								
<input checked="" type="checkbox"/>	Procurement supervision	<p>Supervision will be ex post for all national procurement processes and ex ante for all exceptional processes, such as direct contracting, single-source selection, new methods, processes falling outside the established thresholds for the country, and international processes with an estimated cost exceeding: (i) US\$5,000,000 for works; (ii) US\$250,000 for goods and nonconsulting services; and (iii) US\$200,000 for consulting services.</p> <p>The supervision method will be established in the procurement plan, based on the fiduciary risk level identified for the program. In the case of procurement carried out through the country system, supervision will be performed using the country's supervision method. Ex post reviews will span at least one budget period and be determined through at least 10% of randomly selected (preferably electronic) files.</p> <p>The threshold amounts for ex post review are as follows:</p> <table><tr><td>Executing agency</td><td>Works</td><td>Goods / services</td><td>Consulting services</td></tr><tr><td>MITUR</td><td>US\$5,000,000</td><td>US\$250,000</td><td>US\$200,000</td></tr></table>	Executing agency	Works	Goods / services	Consulting services	MITUR	US\$5,000,000	US\$250,000	US\$200,000
Executing agency	Works	Goods / services	Consulting services							
MITUR	US\$5,000,000	US\$250,000	US\$200,000							
<input checked="" type="checkbox"/>	Records and files	<p>The executing agency's administrative and procurement finance unit will maintain the controls required for the safekeeping and integrity of the original records and files of the procurement and financial reporting processes under their responsibility within the framework of program execution. The Bank may at any time verify the organizational, control, and security standards of the files.</p>								

Main procurement items

Procurement description	Selection method	New procedures / tools	Estimated date	Estimated amount (US\$)
Goods				
Equipment and related services to implement the solid waste management plan for beaches	ICB with prequalification		Mar 2025	2,600,000
Equipping and refurbishment of program offices	NCB		Jan 2023	100,000
Means of transportation for program management	NCB		June 2023	150,000
Procurement and installation of video surveillance equipment at 21 locations	ICB		Oct 2023	3,475,000
Technology equipment and services	ICB with prequalification		Aug 2023	3,600,000
Equipment for implementation of digital innovation plans at the Altos de la Cueva park	ICB		Mar 2024	430,000
Works				
Design and construction of water and sanitation works at beaches	ICB with prequalification		Mar 2023	31,500,000
Design and construction of the Altos de la Cueva adventure park / food laboratory plus equipment	NCB		Mar 2023	4,038,000
Construction and equipping of digital technology infrastructure in the program's seven priority areas	NCB		June 2023	2,000,000
Design and construction of three tourist lookouts / lifeguard towers in prioritized coastal areas plus equipment	NCB		Jan 2023	4,285,000
Design and construction of ecology boardwalks in five priority areas / tourist corridors and bicycle paths in San Miguel	NCB		Jun 2023	4,667,000
Design, construction, and outfitting of a high-performance center and facilities for international tourism competitions in San Miguel	NCB		Mar 2024	4,080,000
Design and construction of public health modules and supplementary works	NCB		Mar 2023	3,333,000

Procurement description	Selection method	New procedures / tools	Estimated date	Estimated amount (US\$)
Nonconsulting services				
Training for implementation of digital innovation plans	NCB		Oct 2023	225,000
Operational digital technology in seven priority areas	ICB		Dec 2024	900,000
Minor infrastructure, for the annual international surfing event / promotion and setup / security	ICB		Oct 2023 June 2023 Mar 2025	2,000,000
Implementation of training program in the five tourism-related fields identified in the diagnostic assessment	ICB		Mar 2023	1,400,000
Training in tourism satellite account / gender equality	NCB		Mar 2025	275,000
Tourist signage preparation and installation services	ICB		Dec 2023	2,900,000
Language training / technological innovation / lifeguard training	ICB		Oct 2023	800,000
Firms				
Assessment of the regulatory framework for, and competence of, coastal management	Selection based on the consultants' qualifications (CQS)		Apr 2023	139,000
Equipment plans for solid waste management and design of communications plan	CQS		Aug 2024	100,000
Digital innovation plans for the Altos de la Cueva park	CQS		Mar 2023	120,000
Nine external supervision of works design and construction	CQS		Jan to June 2023	2,260,000
Local sustainable use plans	Quality- and cost-based selection (QCBS)		Mar 2023	5,000,000
Environmental impact studies for MITUR's strategic projects	QCBS		Mar 2023	1,810,000
Training in the five tourism-related fields identified in the diagnostic assessment of tourism training	QCBS		Mar 2023	1,389,000
Regional program for an integrated quality management system at 400 tourism enterprises and 15 parks	QCBS		Feb 2024	2,686,000
Tourism quality and sustainability certifications	QCBS		Apr 2023	350,000

Procurement description	Selection method	New procedures / tools	Estimated date	Estimated amount (US\$)
Tourism competitiveness and sustainability strategy for the ISTU parks and respective action plan	QCBS		Apr 2023	850,000
Tourism satellite account	QCBS		Jan 2024	500,000
Tourism land-use plans and coastal management for sustainability and competitiveness of tourist destinations	QCBS		Jan 2024	1,000,000
Social awareness-raising policy for conservation of tourist destinations	QCBS		Oct 2022	200,000
Work plans for tourism committees	QCBS		Oct 2022	500,000
Baseline survey in the seven priority areas	QCBS		Oct 2022	700,000
Technical assistance and business training for women-led tourism enterprises	QCBS		Feb 2023	600,000
Design and construction supervision	QCBS		Mar 2023	1,160,000
Individuals				
Technological diagnostic assessment and upgrade proposal for computing equipment, including technical specifications	Selection of individual consultant (3CV)		Dec 2022	150,000
Survey of tourist signage needs in the seven priority areas	3CV		Apr 2023	100,000
Detailed design of the surveillance system at 21 locations	3CV		Nov 2023	100,000
Preparation of conceptual design of ecology boardwalks / tourist corridors / technology infrastructure supplement	3CV		Feb 2023	200,000
Matching grant monitoring (three consultants)	3CV		Feb 2023	275,000
External design supervision and construction of public sanitary modules for beaches in the eastern region	3CV		Mar 2023	47,000
Executing agency staff	3CV		Mar 2023	1,320,000

To consult the procurement plan, see [required link 4.](#)

IV. AGREEMENTS AND REQUIREMENTS FOR FINANCIAL MANAGEMENT

<input checked="" type="checkbox"/>	Programming and budget	The country system will be used. Code 480: Budget procedures regulates and establishes the activities for the formulation and approval of the institutional budget pursuant to applicable regulations. It also oversees budgetary availability as programmed and guides the organizational units in processing authorizations for budget transfers to cover unforeseen needs under the budget approved by the country's executive branch.
<input checked="" type="checkbox"/>	Cash and disbursement management	The subnational treasury system will be used. The executing agency will request the opening of a special account at the Central Reserve Bank of El Salvador (BCR) to receive disbursements and make payments under the program. This mechanism will be part of the Ministry of Finance's single treasury account (CUT). The IDB will make disbursements in the form of advances of funds to carry out the planned activities and procurement for periods of up to six months. The cash flow schedule prepared by the executing agency will be consistent with a procurement plan that has received the Bank's no objection and will cover a rolling period of at least 12 months.
<input checked="" type="checkbox"/>	Accountability, information systems, and reporting	The country system will be used. The executing agency's institutional finance unit (UFI) will be responsible for the accounting records. These records will be supplemented by manual processes to enable the preparation of special-purpose financial statements using the formats required by the Bank. The executing agency will be responsible for the safekeeping of support documentation, which will be kept for at least three years after the date of the final disbursement. The integrated financial management information system (SAFI) will be used.
<input checked="" type="checkbox"/>	Internal control and external audit	The technical internal control regulations issued by the Corte de Cuentas de la República [National Audit Office] (CCR) will be applicable. All officials and consultants involved in the execution of the program will be responsible for internal control within their sphere of action. MITUR's internal audit department/unit will include control activities in its annual work plans for the program.
<input checked="" type="checkbox"/>	External control and financial reporting	At the Bank's discretion, external control will be performed by an eligible independent audit firm or by the CCR, if acceptable to the Bank. The audit firm will be engaged using the loan proceeds in line with terms of reference and request for proposals that have obtained the Bank's no objection. The executing agency will submit audited financial statements to the Bank no later than 120 days after the end of the relevant fiscal period. The audit firm may be engaged for the expected length of the loan contract execution period.
<input checked="" type="checkbox"/>	Financial supervision of the operation	The supervision plan will include at least one semiannual visit, to be conducted preferably prior to the portfolio review. In addition to this, there will be the external audit and ongoing communication with the executing agency to address any potential concerns.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/22

El Salvador. Loan ____/OC-ES to the Republic of El Salvador
Program to Support the Recovery and Expansion of the
Tourism Sector in El Salvador

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of El Salvador, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Program to Support the Recovery and Expansion of the Tourism Sector in El Salvador. Such financing will be for the amount of up to US\$106,000,000 from the resources of the Bank's Ordinary Capital and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2022)