

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

EL SALVADOR

**VIOLENCE PREVENTION STRATEGY COMPREHENSIVE SUPPORT
PROGRAM**

(ES-L1025)

LOAN PROPOSAL

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12. Conceptual document: Parques de Convivencia e Inserción Laboral [coexistence, employment, and economic integration parks] (MJSP)
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ABBREVIATIONS

DGCP	Bureau of Correctional Institutions
EHPM	Multipurpose Household Survey
ENPVM	Estrategia Nacional de Prevención Social de Violencia en Apoyo a los Municipios [National violence prevention strategy in support of municipios]
FESAL	National Household Health Survey
FISDL	Fondo de Inversión Social de Desarrollo Local [Social Investment Fund for Local Development]
GDP	Gross domestic product
IUDOP	Instituto Universitario de Opinión Pública [University Public Opinion Institute]
MJSP	Ministry of Justice and Public Safety
MOC	Cuerpos de Agentes Municipales [Municipal Officer Corps]
MVPC	Municipal violence prevention councils
NCP	National Civil Police
PREPAZ	Dirección General de Prevención Social de la Violencia y Cultura de Paz [Office of Social Prevention of Violence and Peace Culture]
SICA	Central American Integration System
SSMA	San Salvador Metropolitan Area
TAC	Technical and administrative coordinator
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime

PROJECT SUMMARY

EL SALVADOR VIOLENCE PREVENTION STRATEGY COMPREHENSIVE SUPPORT PROGRAM (ES-L1025)

Financial Terms and Conditions				
Borrower: Republic of El Salvador Executing agency: Ministry of Justice and Public Safety (MJSP). For execution of component II, the MJSP will sign an interagency execution agreement with Fondo de Inversión Social para el Desarrollo Local [Social Investment Fund for Local Development] (FISDL).			Flexible Financing Facility*	
			Amortization period:	25 years
			Original WAL	15.25 years
			Original disbursement period:	5 years
			Grace period:	66 months
Source	Amount	%	Inspection and supervision fee:	**
IDB (OC)	US\$45.0 million	100	Interest rate:	LIBOR-based
Local	US\$0.0 million	-	Credit fee:	**
Total	US\$45.0 million	100	Approval currency:	U.S. dollars from the Bank's Ordinary Capital
Project at a Glance				
General and specific objectives: To contribute to youth crime prevention by: (i) improving the coordination of prevention services by the MJSP at the national level; (ii) increasing social and workforce integration of youth at risk in the beneficiary municipios; and (iii) reducing juvenile recidivism.				
Special contractual conditions precedent to the first disbursement: (i) the executing agency will appoint or contract, as the case may be, the following key personnel for program execution: the Technical and Administrative Coordinator (TAC) and, for each administrative unit of the MJSP and the Bureau of Correctional Institutions (DGCP), a financial administration specialist and a procurement specialist; (ii) the program Operations Manual, previously agreed upon with the Bank, will be approved by the executing agency (paragraph 3.8).				
Special contractual conditions precedent to the first disbursement for component II: (i) the FISDL will appoint or contract the following key personnel for execution: a financial administration specialist and a procurement specialist; (ii) the interagency execution agreement will be signed by the executing agency and FISDL; and (iii) the resource-transfer agreement will be signed between the borrower and the FISDL for execution (paragraph 3.9).				
Special execution conditions: (i) the program's beneficiary municipios will be identified in accordance with the provisions of the program Operations Manual; (ii) the beneficiary population for components II and III will be targeted; and (iii) the beneficiary population will be profiled for components II and III in accordance with provisions of the program Operations Manual (paragraph 3.10).				
Special disbursement: Upon fulfillment of conditions (a), (b), (c), and (e) of Article 4.01 of the General Conditions of the loan contract, the MJSP and the FISDL may request a special disbursement of up to US\$110,000 and US\$90,000, respectively, for contracting the staff described in paragraphs 3.2 and 3.5 and for procuring necessary equipment and furnishings (paragraph 3.11).				
Exceptions to Bank policies: None				
Procurement: Program procurement will be carried out in accordance with Bank policies (documents GN-2349-9 and GN-2350-9).				
Project qualifies as: SEQ [] PTI [X] Sector [X] Geographic [] Headcount []				

* Under the Flexible Financing Facility (FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency and interest rate conversions. When considering such requests, the Bank will take market conditions into account, along with operational and risk management considerations.

** The credit fee and 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 the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. General background

- 1.1 In recent years, El Salvador has exhibited lower economic growth and lower investment as a share of gross domestic product (GDP) than the average for countries in the Hemisphere. While many factors hinder El Salvador's development, crime and violence are considered among the most significant.¹ Various studies² point to the consequences of insecurity for the country, such as: (i) the economic cost of security (11% of GDP); (ii) decline in investment (the most problematic factors for doing business are "crime and robbery"); and (iii) loss of years of life due to the violence (2% of GDP).
- 1.2 **Characterization of the violence.** El Salvador has one of the highest violence levels in the Americas:³ (i) the homicide rate per one hundred thousand inhabitants rose by almost 15 points in four years, from 57 in 2007 to 71.4 in 2011,⁴ reaching an average of 12 homicides per day. Moreover, approximately 80% of murders involve firearms (following the nonaggression "truce" agreement reached by the country's two largest gangs⁵ in March 2012, this average dropped by half; but since the terms of the agreement are not explicit, it is impossible to predict its sustainability); (ii) major crimes reported in the country (more than 32,000 in 2010)⁶ rose by 8% in the last four years, 57% of such crimes being robbery and theft; (iii) extortion, the fastest growing crime, rose almost seven-fold between 2005 and 2011, from 493 to 3,296, becoming entrenched as one of the country's most common crimes, according to the National Civil Police (NCP);⁷ and (iv) 46.5% of women 15 to 49 years of age report having suffered from some form of domestic violence at some point in their lives.⁸ Two elements of these figures are noteworthy: their concentration in the major municipios and, particularly, in the 15-to-35 age group. In fact:
- a. The San Salvador Metropolitan Area (SSMA),⁹ where 27% of the country's total population is concentrated, in 2011 had: (i) eight of the 20 most violent

¹ United States-El Salvador Partnership for Growth. Joint Action Plan 2011-2015.

² Crime and Violence in Central America; A Development Challenge, World Bank, 2011.

³ In Central America there are marked differences in violence levels. While Nicaragua, Panama, and Costa Rica have homicide rates of 14, 22, and 11, respectively, homicide rates in the Northern Triangle countries (Guatemala, El Salvador, and Honduras) exceeded 41, 71, and 86, respectively, in 2011. Source: Central American Integration System (SICA), 2011.

⁴ Source: NCP.

⁵ Two major groups exist in El Salvador: the Mara Salvatrucha and the Mara Barrio 18, both with a broad social base and presence in all of the country's departments. Various studies put the membership of these groups at 16,000 to 39,000 (OCAVI, 2007).

⁶ Homicide, extortion, rape, theft, and robbery: Source NCP.

⁷ 60% of extortion cases are attributed to the gangs or maras (NCP).

⁸ National Household Health Survey (FESAL) (2008-2009). Final Report. Asociación Demográfica Salvadoreña [Salvadoran Demographic Association].

⁹ El Salvador has 262 municipios, 14 of which make up the SSMA.

municipios nationwide; (ii) a homicide rate per 100,000 inhabitants of 74.6, exceeding the national average; (iii) 41% of robberies; (iv) 31% of thefts; (v) more than 80% of motor vehicle theft; and (vi) the second highest number of extortion cases in the country, accounting for 24% of the nationwide total.¹⁰

- b. In 2011, young people constituted a majority of both victims and perpetrators of violence: (i) more than 54% of all homicides in El Salvador were concentrated in the 15-to-29 age group (27% of the total population¹¹); (ii) in the case of the SSMA, 41% of homicides involved the 19-to-30 age group (17% of the SSMA population); and (iii) 70% of the 2012 prison population of 26,490 are 18 to 35 years of age (23% of the population).

- 1.3 **Victimization and perceptions.** These indicators reflect deteriorating security: in 2011, the percentage of the population that reported having been a victim of violence rose by three points from the previous year to 22.8%¹² (28.5% in the SSMA).¹³ This has affected security perceptions, with 64.2% of the population citing crime, insecurity, and violence as their main concerns (66.7% in the SSMA). This has led to behavioral changes in the population: thus, 63% have limited their places of leisure and 53% the places where they shop.¹⁴
- 1.4 The problem of criminality and violence has multiple causes.¹⁵ However, according to the United Nations Office on Drugs and Crime (UNODC)¹⁶ and other authors, in El Salvador some of these causes are associated with: (i) the legacy of armed conflicts;¹⁷ (ii) the availability of weapons;¹⁸ (iii) fast and disorderly urban growth;¹⁹ (iv) inequality in income distribution;²⁰ (v) the growth of gangs, accelerated by the

¹⁰ San Miguel is the area where most cases of extortion take place. Source: Observatorio Metropolitano para la Prevención de la Violencia [Metropolitan Observatory for Violence Prevention] and NCP.

¹¹ National Population and Housing Census, 2011.

¹² Instituto Universitario de Opinión Pública [University Public Opinion Institute] (IUDOP), November 2011.

¹³ Metropolitan Observatory for Violence Prevention. Diagnostic assessment of victimization in the SSMA, 2011.

¹⁴ IUDOP, La victimización y la percepción de inseguridad en El Salvador en 2009 [Victimization and perceived insecurity in El Salvador in 2009], Year XXIV, Number 5, August 2009.

¹⁵ Establishing causal relations would require the availability of sophisticated analytical models and complete statistical series; instead, an epidemiological approach is adopted, which involves analyzing the incidence of the main risk factors. Source: United Nations Development Programme (UNDP), 2010.

¹⁶ UNODC, 2011 Global Study on Homicide.

¹⁷ The postwar demobilization of combatants with no social reintegration options (Beato, 2012).

¹⁸ It is estimated that in 2007 there were close to 650,000 firearms in the hands of civilians in El Salvador (World Bank, 2011).

¹⁹ Disorderly urban growth has been accompanied by a rise in crime in major cities. This is due to: (i) the way the cities have developed, with large areas of spatial and social exclusion; (ii) weak social control mechanisms in major cities; (iii) a concentration of socioeconomic disadvantages in the poorest areas; and (iv) diverse criminality dynamics in the various areas of the cities (Beato, 2012).

²⁰ According to the Human Development Report on El Salvador (UNDP), El Salvador is the country with the second highest degree of inequity in Latin America, with a GINI coefficient of 0.52.

deportation of many of their members from other countries;²¹ and (vi) the existence of illicit drug trafficking and other forms of transnational organized crime.²²

- 1.5 **Actions by the Salvadoran government.** To address this situation, the Government of El Salvador has implemented multiple plans, policies, and regulations²³ that provide core principles and essential actions for combating and preventing violence and crime, such as the Estrategia Nacional de Prevención Social de Violencia en Apoyo a los Municipios [national violence prevention strategy in support of municipalities] (ENPVM). It has also created institutional structures to address citizen security problems; a notable example is the Prevention Cabinet,²⁴ through which support is given to local governments for their violence prevention efforts. Similarly, starting in 2009, the Salvadoran government has been implementing the Escuelas para la Convivencia [Schools for Coexistence] project²⁵ (now known as Parques de Convivencia e Inserción Laboral y Económica [coexistence, employment, and economic integration parks]), which seeks to develop a violence prevention model for children and youth in at-risk populations (including an external assessment of its main impacts²⁶). Furthermore, to prevent recidivism and promote programs aimed at rehabilitating inmates, the Government of El Salvador launched the Yo Cambio [I Can Change] program,²⁷ which provides

²¹ See debate in Kincaid, Douglas. *Journal of Interamerican Studies and World Affairs*, Vol. 42, No. 4, Special Issue: Globalization and Democratization in Guatemala (Winter, 2000), School of International Studies, University of Miami.

²² Roughly 88% of cocaine shipments to the U.S. travel along the Central America/Mexico corridor, UNODC, 2007. According to the World Drug Report 2011, Central America and Mexico are transit countries for drugs consumed in the United States.

²³ Five-year Development Plan 2010-2014; National Policy on Justice, Public Safety, and Coexistence; and Institutional Strategic Plan of the MJSP, New Code of Criminal Procedure, Special Comprehensive Law for a Life Free of Violence for Women, Criminal Prosecution Policy, and Correctional Policy.

²⁴ Composed of the Ministries of the Interior; Justice and Public Safety; Education; Labor and Social Welfare; Economy; and Health; the Technical Secretariat of the Presidency; the Social Inclusion Secretariat; FISDL; Instituto Nacional de la Juventud [National Youth Institute]; Salvadoran Institute for Women's Development; National Council on Childhood and Adolescence; and Corporación de Municipalidades de la República de El Salvador [Corporation of Municipalities of El Salvador].

²⁵ With financial and technical assistance from the Bank: Support to the Ministry of Justice and Public Safety (operation ATN/SF-10632-ES). This program includes activities for the use of free time by young people in: remedial courses, art, culture, conflict transformation, intrafamily and gender violence prevention, and occupational training, employment, and economic integration.

²⁶ Undersecretariat of Territorial Development and Decentralization. Office of the President of El Salvador, 2011.

²⁷ This program is aimed at helping inmates develop workforce skills that can facilitate their integration into productive life and income generation. It consists of five areas: prison farms (appropriate infrastructure for social, educational, and workforce reentry activities for those incarcerated); painting freedom; support to the community; prison work; and solidarity cooperatives.

social reintegration options outside penitentiary walls for convicts in the trust or semiliberty phase of their sentence.²⁸

- 1.6 At the local level, El Salvador is one of the few countries in the region with a prevention strategy in which municipios play a key prevention role.²⁹ This strategy indicates the need for municipalities to create municipal violence prevention councils (MVPC), which in turn call on all local players to prepare diagnostic assessments and plans for violence prevention. In addition, in order to address the high levels of insecurity in the SSMA, the Salvadoran government has been developing a Metropolitan Agenda aimed at building a single violence prevention model for the entire SSMA, coordinating central and municipal government actions for purposes of working with the MVPCs.

B. Problem to be addressed by the program

- 1.7 The problem is the growing rate of crime and victimization in urban areas, particularly in the youth population. Various diagnostic assessments³⁰ have shown that some of the causal factors relate to: (i) weak leadership in coordinating and monitoring violence prevention policies and programs; (ii) high social marginalization among youth³¹ and poor capacity of municipal governments to implement comprehensive prevention programs targeting the vulnerable population;³² and (iii) limited availability and coverage of programs for rehabilitation and social reintegration of the incarcerated youth population.
- 1.8 **Weak management capacity for violence and crime prevention at the national level.** According to the Rules of Procedure of the Executive Branch,³³ the responsibilities of the Ministry of Justice and Public Safety (MJSP) include crime prevention and control management at the national level, development of the

²⁸ Sentences are divided into four phases: (i) adaptation; (ii) ordinary; (iii) trust (when a third of the sentence has been served); and (iv) semiliberty (when half of the sentence has been served or six months before the date on which the inmate is eligible for parole). Source: Article 95 of the Corrections Law and Article 259 of its enabling regulations.

²⁹ The ENPVM highlights the following municipal responsibilities: (i) identify and examine the problems and solutions and expand coverage of actions; (ii) facilitate coordination among entities; (iii) compile information; (iv) distribute resources efficiently; (v) facilitate the monitoring and evaluation of interventions and execute national prevention programs at the local level; and (vi) reduce the cost of interventions.

³⁰ [Strategic and institutional analysis of the violence prevention sector](#), April 2012, IDB.

³¹ This exposure to socioeconomic, interpersonal, and community factors can encourage youth to join gangs. Identified risk factors include: (i) lack of opportunities for social, cultural, or economic mobility; (ii) impunity; (iii) dropping out of school; (iv) low wages for unskilled labor; (v) lack of parental guidance, supervision, and support; (vi) mistreatment at home; and (vii) peers in gangs (World Health Organization, 2003).

³² Targeted prevention is understood to mean addressing a limited number of violence risk factors. An example of a promising experience in the use of this approach is that of the Bogota Mayor's Office in 1995-2003 (Martín, Gerardo and Ceballos, Miguel. 2004. "Bogotá: Anatomía de una Transformación [Bogota: Anatomy of a Transformation]), and of the Medellin Mayor's Office in 2000-2007. Medellin Laboratory. An exhibit of ten ongoing practices. IDB, UN-Habitat; ACI. 2011.

³³ Rules of Procedure of the Executive Branch. Article 35, Item 1.

positions and strategies that comprise government policy on citizen security, police and prison management, and felon rehabilitation and reintegration. However, the MJSP has been unable to perform this leadership role due to factors including its limited capacity to: (i) compile, process, and analyze, on a consolidated basis, information on crime rates, risk factors, recidivism, and prevention interventions;³⁴ (ii) implement the ENPVM through the Dirección General de Prevención Social de la Violencia y Cultura de Paz [Office of Social Prevention of Violence and Peace Culture] (PREPAZ) and coordinate the multiple violence prevention interventions executed by various institutions, including those carried out with international cooperation;³⁵ (iii) provide advisory and technical support to local governments in implementing the ENPVM, including preparing their municipal prevention plans; and (iv) efficiently manage the correctional institutions.³⁶

- 1.9 **Limited scope of local violence and crime prevention programs to address youth vulnerability.** Sixty-one percent of the Salvadoran population is under 30 years of age, and more than a fourth lives in the SSMA. Moreover, 20.8% of 15- to 19-year-olds and 30.5% of 20- to 24-year-olds live in situations of high social marginalization, since they neither study nor work (this group being known as “ninis” [neither nor]).³⁷ This is troubling because dropping out of school is often the first risk factor leading youth to gangs.³⁸ These young people are idle and prone to violence, criminality, early pregnancy, and additions. Above all, they lack the necessary conditions to take advantage of future social and professional development opportunities. In addition, a significant percentage of this youth segment has grown up witnessing or being affected by intrafamily violence:³⁹ 24% of 15- to 24-year-old Salvadoran women witnessed violence in their home during childhood and adolescence, and 31% reported having been physically mistreated by a family member before age 18.⁴⁰

³⁴ The evidence indicates that crime prevention improves as a result of greater knowledge of and training in the causes and patterns of crime (Reiss 1992).

³⁵ Leading to the existence of multiple work models without a consolidated methodology. In El Salvador there are at least 13 Executive Branch entities with prevention responsibilities. In addition, PREPAZ executes several programs directly, creating an overlap between the coordination and operating functions ([See optional electronic link 7](#)).

³⁶ Of the 1,500 current corrections officers, only 40% have received training. Moreover, the Office of Inspector General, as the unit responsible for enforcing the disciplinary system of the Bureau of Correctional Institutions (DGCP), has only nine technical specialists. In 2010, internal searches of correctional institutions led to the seizure of more than 12,000 banned objects. According to the NCP, close to 70% of the country’s extortion cases originate in correctional institutions. Source: DGCP.

³⁷ Diagnóstico situacional del empleo juvenil en El Salvador [Situational diagnostic assessment of youth employment in El Salvador], Multipurpose Household Survey (EHPM), 2010.

³⁸ A quasi-experimental study based on surveys in several countries in the region identified dropping out of school as a criminogenic risk factor (Rubio, 2007).

³⁹ Institute of Medicine. 2008. Violence Prevention in Low- and Middle-Income Countries: Finding a Place on the Global Agenda, Workshop Summary. Washington, D.C.: The National Academies Press.

⁴⁰ FESAL 2008 (2009).

- 1.10 Unemployment, yet another risk factor, affects the young more than adults in urban areas, particularly in the SSMA.⁴¹ The labor market is characterized by occupational segregation, wage discrimination, and precariousness, and the resulting high rates of informality, lack of social protection, and migration.⁴² While efforts have been made in El Salvador to support employment and economic integration for the country's youth, there is little evidence of their effectiveness.⁴³
- 1.11 Despite the fact that local governments should play a leading role in crime and violence prevention, only 15% of these governments have a violence prevention plan. This is related to: (i) weak capacity to design, implement, and monitor preventive programs focused on vulnerable populations and community involvement; (ii) limited capacity to generate and analyze crime-related information; (iii) operational disconnect between the Cuerpos de Agentes Municipales [Municipal Officer Corps]⁴⁴ (MOC) and the NCP in the absence of coordinated work protocols;⁴⁵ and (iv) little coverage of training processes for the MOC in the Policía Comunitaria [community policing]⁴⁶ approach.
- 1.12 **High recidivism and limited availability and coverage of programs for rehabilitation and social reintegration of the incarcerated youth population.** Youth crime and recidivism rates are worrisome: (i) from 2000 to 2010, the number of prosecuted adolescents (under 18 years of age) rose from 5.2% to 12.8%;⁴⁷ (ii) 31% of the 2012 prison population of 26,490 are in the 18-to-25 age group,⁴⁸ and 44% of these are illiterate or have not completed primary school; (iii) 28% of young inmates have been convicted of homicide; and (iv) there is 14% recidivism⁴⁹

⁴¹ According to EHPM 2010, unemployment in the 16-to-29 age group is 13% versus 4% among adults. This difference is wider in the SSMA, where the rates are 13.2% versus 3.8%, respectively.

⁴² Labor market study Young Builders Project (El Salvador, 2011).

⁴³ PROJOVENES (European Commission); Supérate [Better yourself] (Fundación Empresarial para la Acción Social [Business Foundation for Social Action]), Jóvenes Constructores [Young Builders] (CRS); Alianza Joven Regional [Regional Youth Alliance] (United States Agency for International Development (USAID)-SICA); Polígono Don Bosco, Trabajemos por la paz [Let us work for peace] (Rio Grande Foods).

⁴⁴ The MOC is responsible for enforcing municipal resolutions, watching over municipal assets, and contributing to security and violence prevention in the municipios. Source: Municipal organization and responsibilities manual (San Salvador Mayor's Office).

⁴⁵ Examination of the National Security System of El Salvador, OAS, 2011.

⁴⁶ Policía Comunitaria [community policing] is a prevention strategy that fosters greater trust in the police as an institution and improves information on risk factors. It has been applied with good results in the U.S., Europe, and Latin America (Goldstein, 1990, 1998) (Bayley, 1994; Sherman, 1998; Chinchilla and Rico). It also refers to strategies aimed at promoting collaboration between the public and security institutions. It includes: (i) crime prevention with a community focus; (ii) refocusing of patrol activities to emphasize nonemergency services; (iii) increased accountability to the public; and (iv) decentralized police command. Jerome Skilnick and David Bayley (1988) Theme and Variation in Community Policing.

⁴⁷ Juvenile Justice Unit of the Supreme Court of Justice.

⁴⁸ If the age bracket is extended to age 35, this percentage rises to 74% (DGCP).

⁴⁹ For purposes of this document, recidivism is deemed to mean "repeated sentencing" to prison for a crime within a period "of less than two years following release from a correctional facility."

in El Salvador. Of this recidivist population, 76.4% are 18 to 30 years of age. Moreover, the availability of productive activities for the youth segment of the prison population only covers 46% of this segment.⁵⁰ While the Yo Cambio program is promising, it also has weaknesses related to: (i) low coverage (only 20% of the population in the trust and semiliberty phases participate in this program);⁵¹ (ii) lack of a conceptual and methodological definition of the intervention models;⁵² (iii) weaknesses in the characterization and criminal profile of the prison population⁵³ for purposes of preparing individual inmate care plans; (iv) lack of specialized training of the mentors who support inmates; and (v) lack of methods and tools to monitor and evaluate the effectiveness of programs in terms of reintegration and recidivism.

- 1.13 Furthermore, prison overcrowding makes it difficult to implement rehabilitation programs.⁵⁴ The incarceration rate per one hundred thousand inhabitants is 403,⁵⁵ having risen by 55% over the past five years,⁵⁶ and overpopulation exceeds 300%⁵⁷ (with 27% of the prison population not having been convicted, including more than 2,000 who committed misdemeanors⁵⁸ and have no options available for being tried while free).
- 1.14 **Bank strategy with the country and the sector and GCI-9.** The Bank's country strategy with El Salvador (2010-2014) (document GN-2575) assigns priority importance to implementing integrated violence prevention activities at the community level. This operation was included in the 2011 Country Program Document, and since the program was not approved that year, it was carried over to the 2012 Country Program Document. Moreover, the issues it covers are national priorities included in the Five-year Development Plan and the country's sector policies (see paragraph 1.5).

⁵⁰ The young prison population that would be in a position to engage in a productive activity is 19,540 and there is space for only 8,990.

⁵¹ Currently, 2,000 inmates have qualified for the trust and semiliberty phases. Source: DGCP.

⁵² Analysis of the DGCP rehabilitation programs, IDB 2012.

⁵³ Prison population needs that are closely related to the commission of crimes and are modifiable through interventions. Gendreau, P., Little, T., and Goggin, C. (1996) A Meta Analysis of the Predictor of Adult Offender Recidivism.

⁵⁴ Despite this obstacle, the DGCP has made a great effort to expand the availability of rehabilitation programs inside correctional institutions. There are currently 236 productive units in the 19 correctional institutions, employing close to 6,000 inmates (23% of the total) in the ordinary phase of their sentence, i.e. who have served at least 6 months.

⁵⁵ DGCP of the MJSP, June 2012.

⁵⁶ In 2007, the incarceration rate per 100,000 inhabitants was 260. La cárcel: problemas y desafíos para las Américas [Prison: problems and challenges for the Americas]. Dammert and Zúñiga. FLACSO, 2008.

⁵⁷ Current capacity is for 8,187 persons.

⁵⁸ A misdemeanor is punishable with a fine or imprisonment for a period of less than one year. In El Salvador, judicial proceedings can last up to two years. Source: CSJ.

- 1.15 The program is consistent with: (i) the regional development targets under the Ninth General Capital Increase (AB-2764) of contributing to poverty reduction and reduction in homicides per 100,000 inhabitants, lending to small and vulnerable countries, and benefiting cities with citizen security projects; (ii) the Sector Strategy Institutions for Growth and Social Welfare (document GN-2587-2); (iii) the Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535); and (iv) the conceptual framework for interventions in the security sector (IDB-DP-232). In addition, this operation joins other Bank initiatives, particularly the program Comprehensive Support for Effective Labor and Social Security Policies (loan 2796/OC-ES), which is aimed at creating training and employment alternatives for the young and vulnerable population, the program Ciudad Mujer (loan 2525/OC-ES), which seeks to help reduce physical and sexual violence against women and increase women's employment and economic integration, and the technical cooperation operation for public-private partnerships and promotion of municipal markets⁵⁹ (operation ATN/ME-12728-ES).
- 1.16 In addition, the operation is aligned with three of the five pillars of the National Policy on Justice, Public Safety, and Coexistence,⁶⁰ with the National Agreement on Security,⁶¹ and with the National Prevention Strategy. It is consistent with the Central America Security Strategy, contributing to three of its four components: violence prevention, rehabilitation and prison systems, and institutional strengthening; and is aligned with seven of 22 regional projects.⁶²
- 1.17 **Rationale, intervention strategy, and beneficiaries.** The program will support comprehensive youth violence prevention actions in order to create a cumulative effect and help generate an impact.
- 1.18 As a starting point, it is important to promote the leadership and coordination of the ENPVM at the national level, thus providing a government vision and supporting the coordination and participation of the various actors involved in the sector.
- 1.19 The proposed local-level approach to preventing youth violence consists in addressing the problem through multidisciplinary actions coordinated across the various levels of government and targeting three of the 14 municipios in the SSMA, this being the region with the highest crime and violence rates, and 10% of the total vulnerable 15- to 29-year-old population in each municipio.⁶³ The criteria for

⁵⁹ San Salvador, Sacatecoluca, Olocuilta, Santiago Mónico, Mexicanos, Rosario La Paz, Suchitoto, and Santa Ana.

⁶⁰ Social prevention of violence and crime; enforcement of sentences and measures; punishment, rehabilitation, and social reintegration; and institutional and legal reform.

⁶¹ National pact on employment and improvement of prison conditions. Source: Presidency of El Salvador.

⁶² (i) Technology platform; (ii) social prevention of violence; (iii) education and job skills training; (iv) prevention by local governments; (v) modernization of the prison systems; (vi) rehabilitation and reintegration; and (vii) modernization of security institutions. SICA 2011.

⁶³ Based on the average at-risk population in the SSMA municipios (population at risk defined as the percentage of those 15 to 29 years of age who neither study nor work).

selecting these beneficiary municipios are: (i) higher crime rates (homicides, robberies, and intrafamily violence) than the SSMA average; (ii) lower human development index than the SSMA average; and (iii) a functioning MVPC.

- 1.20 The appropriateness of this approach is the result of lessons learned from specific experiences identified in certain cities in the region.⁶⁴ Within this program model (Fica Vivo) [Stay Alive], and within this program's budget, there is a simultaneous combination of various types of interventions (technical, control, social, and situational): (i) at the technical level, developing institutional capacities for the coordinated implementation of programs by local government and for addressing the problem using a quantitative and analytical approach; (ii) at the control-prevention level, modifying the police-community relationship model; and (iii) at the social-situational level, implementing specialized interventions to serve the high-risk population, including social and civic education activities; social town planning, public spaces, and housing; social inclusion and equity; and art and civic culture. In this regard, this program provides for strengthening the coexistence, employment, and economic integration parks model for youth at risk. This will help to reduce young people's exposure to risk factors by creating opportunities for social integration and productive use of time through socioeducational, recreational, and work activities, which has proven to be effective.⁶⁵ In order to implement these programs effectively, the consolidation of the Metropolitan Agenda will be strengthened through management tools, monitoring, information systems, and training for local governments. On a complementary basis, the program will encourage coordination between the MOC and the NCP with a view to implementing a police action model aimed at solving community problems.
- 1.21 The program plans to implement tertiary prevention actions⁶⁶ (rehabilitation and social reintegration) by strengthening the Yo Cambio program. Efforts will be aimed at implementing cognitive-behavioral strategies with inmates, which have

⁶⁴ Some program models providing for an integrated approach to youth violence and crime, such as Fica Vivo, have been implemented in cities such as Belo Horizonte and Diadema, in communities highly vulnerable to violence where the young have been the principal victims. According to the quasi-experimental assessment conducted, this program had the attributable impact of reducing the number of homicides by 69% (Beato Filho CC. "[Impact of Staying Alive Program in a community in BH.](#)" Rev Salud Pública. 2010; 44(3)). In addition, the Diadema (SP) Security Program showed that homicides of 16- to -20-year-olds were reduced by 85% and the number of teens sent to juvenile detention centers fell by 44% between 2001 and 2005.

⁶⁵ Creating opportunities for young people to use time productively has shown to be effective in reducing violence and crime levels. There is empirical evidence in this regard: (i) Chile, extending school hours, quasi-experimental evaluation by Kruger and Berhelon, 2010; (ii) United States, youth training programs, experimental evaluation by Schochet, Burghardt, and McConnell, 2008; and (iii) Jamaica and United States, strengthening socioemotional skills in youth through talks and courses for young people and their parents (Guerra, Meeks-Gardner, and Walker; and Botvin, 1995).

⁶⁶ Tertiary prevention: programs aimed at preventing recidivism for persons in conflict with the law and/or in the process of reintegrating into their communities.

been proven effective.⁶⁷ This will be carried out in two of the 19 correctional institutions known as “farms” and will benefit inmates in the trust or semiliberty phase of their sentence.⁶⁸ In addition, alternatives to incarceration, such as electronic monitoring, have been shown to reduce recidivism in comparison with incarceration.⁶⁹

- 1.22 The actions included in the operation are framed within the country’s efforts to serve at-risk youth. These efforts include other actions, such as those provided in the nonaggression pact.

C. Program objective and components

- 1.23 **General and specific objectives.** To contribute to youth crime prevention by: (i) improving the coordination of prevention services by the MJSP at the national level; (ii) increasing social and workforce integration of youth at risk in the beneficiary municipalities; and (iii) reducing juvenile recidivism. The program will focus on:
- 1.24 **Component I: Institutional strengthening of the MJSP (US\$ 8.7 million).** With a view to consolidating the role of the MJSP as the sector’s governing and coordinating entity, the program will finance: (i) consolidation of the Information and Analysis Bureau and deployment of an integrated platform for strategic management of crime-related information;⁷⁰ (ii) strengthening of PREPAZ as the entity responsible for coordinating prevention programs at the national level, by creating: (a) a Planning, Monitoring, and Evaluation Office for prevention programs and projects at the national level;⁷¹ and (b) an area specialized in providing technical assistance to municipal governments in order to build their capacities to develop, implement, and evaluate prevention plans and programs; and (iii) strengthening of the DGCP by: (a) training corrections officers and inspectors in the proper performance of their duties in accordance with respect for human rights; (b) designing and deploying a planning, monitoring, and evaluation system for prison rehabilitation programs, including preparing the respective Operations Manuals; (c) building achievement indicators in terms of rehabilitation and reintegration objectives; and (d) deploying identification, control, and surveillance

⁶⁷ Quasi-experimental tests on cognitive-behavioral treatment of young and adult offenders showed it to be effective in reducing recidivism by an average of 53% (Lipsey, M., Landenberger, N.A., Wilson, S.J., 2007) Bullis, M. et al. (2002) They indicate that, one year after being released from prison, the treatment group shows a 35% lower likelihood of recidivism than the control group.

⁶⁸ The program will benefit 100% of those in the trust or semiliberty phases, which account for 7.5% of the total inmate population in the 18-35 age group.

⁶⁹ Di Tella and Schargrodsky (2010); “Criminal Recidivism after Prison and Electronic Monitoring.”

⁷⁰ The platform would integrate georeferenced information on the incidence of crime, making it possible to improve the planning of police operations and thus increasing the chances of preventing crime.

⁷¹ This office will have an information system connected to the information management platform.

systems designed to create centralized records and detect the introduction of banned objects.⁷²

1.25 Component II: Youth violence prevention at the local level (US\$20.2 million).

With a view to preventing risk factors associated with youth violence and promoting social and workforce inclusion of at-risk youth in the beneficiary municipios,⁷³ the program will finance: (i) refurbishing, building, and strengthening the coexistence, employment, and economic integration parks,⁷⁴ which will become venues for activity modules such as: (a) sports; (b) art and culture; (c) conflict transformation; (d) intrafamily and gender violence prevention; and (e) vocational training and economic integration for at-risk youth;⁷⁵ and (ii) consolidating the Metropolitan Agenda by: (a) strengthening the processes of planning and community participation by local SSMA actors through the MVPCs, which are the municipal entities that coordinate technical and financial violence-prevention capacities at the local level; (b) strengthening local violence observatories for purposes of analyzing and managing crime statistics; (c) training and building awareness of the MOCs to manage, prevent, and relate to the community; (d) modernizing MOC facilities (posts⁷⁶) to improve accessibility for reporting crimes while bringing the police closer to the community; and (e) recovering public spaces for situational prevention.⁷⁷

1.26 Component III: Strengthening of the rehabilitation and social reintegration process (US\$15 million). With a view to strengthening rehabilitation and social reintegration programs for the youth population, the program will finance: (i) the implementation of a rehabilitation model for inmates in the trust and semiliberty phases through training in various work skills and socioeducational and psychosocial care, and the equipping and refurbishing of workshops inside prison farms; (ii) an ongoing training program for mentors-counselors who provide guidance in rehabilitation programs; (iii) the equipping of prison workshops and

⁷² Spanish Agency for International Development Cooperation and USAID programs have supported the Government of El Salvador through the procurement of telephone signal blocking equipment for correctional institutions. This program's actions complement these efforts.

⁷³ Before starting program activities, a study profiling at-risk youth will be conducted and used to establish a baseline.

⁷⁴ The current coexistence parks are in poor condition and have low population and activities coverage. See [optional electronic link 12](#), which explains the upgrades to be made to the coexistence schools in order to upgrade them.

⁷⁵ According to the methodology: Program for peace culture training with educational and employment opportunities for youth at risk in SSMA communities ([See optional electronic link 15](#)).

⁷⁶ Basic police organizational unit in the territory, under the jurisdiction of a department or municipio. They are strategically located and are specially designed to provide community services.

⁷⁷ These public spaces will be selected through participatory community processes.

training of instructors; and (iv) the implementation of alternatives to incarceration through a monitored release (electronic bracelets) pilot test.⁷⁸

- 1.27 **Key results indicators.** The program will be evaluated for changes in youth crime dynamics in the beneficiary municipios. In turn, the expected outcome indicators include: (i) improvement in the percentage of municipios that have a prevention plan in line with the ENPVM; (ii) improvement in the percentage of the at-risk youth population served by prevention programs; and (iii) drop in recidivism among youth that participated in rehabilitation programs.
- 1.28 **Economic analysis.** The program is expected to have high social returns. An ex ante financial analysis was performed to examine the social benefits associated with the operation, based on a reduction in crime resulting from improved crime prevention and crime-solving abilities, a reduction in extortion originating in correctional institutions, and a reduction in recidivism by rehabilitation program participants. The results of the analysis show that, even under highly conservative scenarios, the program yields a return of two and a half dollars for every dollar invested. The study shows the importance of influencing the number of homicides and achieving social reintegration for rehabilitation program participants, which will lead to lower recidivism. Given the dearth of background on the impact of this type of program, this program includes a plan for compiling information on the outcomes (largely through the systems to be strengthened by the operation), and thus validating the hypothesis posed by the economic analysis, and replicating the economic analysis on an ex post basis.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Costs and financing

- 2.1 The total cost of the program is up to US\$45 million, to be financed by the Bank from Ordinary Capital resources. The consolidated budget by component is shown in Table I (see [optional electronic link 3](#)):

Activities	IDB (US\$ thousands)
I. Institutional strengthening of the MJSP (MJSP)	8,700
II. Youth violence prevention at the local level (FISDL)	20,200
III. Strengthening of the rehabilitation and social reintegration process (MJSP)	15,000
Program management by the MJSP	700
Evaluations and audits	300
Contingencies	100
Total	45,000

⁷⁸ The launch of this pilot test includes procuring the necessary equipment (including bracelets), as well as training DGCP officials in technically tracking the bracelets and in evaluating their use.

B. Environmental, social, and other critical risks

- 2.2 **Environmental and social safeguards.** An Environmental and Social Management Report determined that this program would have insignificant environmental impacts due to the fact that the civil works to be financed would comply with the provisions of the Town Planning and Construction Law and the Law on Development and Land-use Planning in the SSMA and Adjoining Municipios and with the requirements of the Office of Environmental Management of the Ministry of Environment and Natural Resources, which are consistent with the Bank's policies on social and environmental protection and on health and safety risks. The environmental and social review of the program profile concluded that the program was classified as a category "B" operation.
- 2.3 **Reputation.** Due to the shortcomings in corrections officer training, there could be cases of failure to respect the human rights of inmates. To mitigate this risk, in line with the Bank's operational guidelines (document GN-2535), the United Nations Latin American Institute for the Prevention of Crime and the Treatment of Offenders was asked to conduct annual reviews and evaluations of the rehabilitation programs supported by this operation in order to ensure that they comply with the relevant international conventions. In addition, prison management capacities will be strengthened by training corrections officers and fine-tuning the inmate selection processes for participation in rehabilitation programs.
- 2.4 **Fiduciary risks.** The executing agency staff's limited experience in financial management, procurement, and monitoring of IDB projects, combined with the administrative staff workload, generates an operating capacity risk that needs to be mitigated. Accordingly, the program provides for the contracting of administrative and financial management staff to reinforce the financial and procurement units of the MJSP, DGCP, and Fondo de Inversión Social de Desarrollo Local [Social Investment Fund for Local Development] (FISDL). In turn, the Bank will provide procurement as well as financial and project management training to the financial and procurement units. Some of the activities planned under component II require the contracting of additional staff, the costs of which will be included in the budgets of the beneficiary municipios at the conclusion of the program. These costs are relatively low and thus would not require a great fiscal effort (Annex III).
- 2.5 **Delays in legislative approval.** This represents a recurrent risk for all Bank operations. However, with a view to examining alternatives to mitigate it, the country's major parliamentary groups were consulted on the importance of carrying out an operation of this type. These groups confirmed the national priority status of this issue and their interest in supporting actions targeting at-risk youth.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Republic of El Salvador, and the MJSP will be the single executing agency. As such, the MJSP will be in charge of program supervision and general management, as well as strategic coordination, and will be responsible for monitoring the scope of program outcomes, targets, and outputs as provided in the Results Matrix.
- 3.2 The executing agency will have a technical and administrative coordinator (TAC), who will act as interlocutor with the Bank, to be appointed by the Minister of Justice and Public Safety. The TAC's responsibilities will include: (i) program coordination and general and technical administration; (ii) planning of program execution, including preparing, consolidating, and monitoring the annual work plans (AWP) and procurement plans; (iii) preparing the semiannual progress reports; and (iv) coordinating the drafting of the terms of reference.
- 3.3 The execution of each of the three components will be coordinated by an MJSP line official, who will in turn be coordinated by the TAC. Component I will be coordinated by the Ministry's Director of Planning and Management; component II, by the Director General of PREPAZ; and component III, by the Director General of correctional institutions.
- 3.4 In executing component II, the executing agency will be supported by FISDL, which will act as co-executing agency. FISDL's interventions will be undertaken under the direction, coordination, and supervision of the executing agency. Accordingly, an interagency execution agreement will be signed between the executing agency and FISDL, setting forth FISDL's responsibilities, including: (i) the planning and monitoring of procurement processes for goods, works, and services, in accordance with Bank policies; (ii) the bidding and/or contracting processes for the works, goods, and services under component II; (iii) the preparation and processing of payments; (iv) the maintenance of a proper accounting and financial system for monitoring the use of the funds devoted to component II and the preparation of the applicable financial statements; and (v) the preparation and submittal to the executing agency of the periodic monitoring reports for component II.
- 3.5 The administrative area of the executing agency will be responsible for: (i) financial administration of program resources; (ii) monitoring the program's progress and production of the established outputs; (iii) planning and monitoring of procurement of goods, works, and services while ensuring compliance with Bank policies; (iv) preparing and processing payments; and (v) maintaining a proper accounting and financial system for monitoring the use of program resources and preparing financial statements. Accordingly, specialized technical assistance will be provided to strengthen the current MJSP and DGCP administrative unit by adding at least one financial administration specialist, one procurement specialist, and one

- specialist in planning and monitoring program execution. These specialists will report directly to the TAC.
- 3.6 The borrower will transfer the loan proceeds to a special account for the program, which the executing agency will maintain at Banco Central de Reserva de El Salvador. The executing agency will maintain an operating account for the program at a commercial bank, to be used for making payments to suppliers, contractors, and consultants. The executing agency's duties will include selecting shortlists of support specialists to be sent to the Bank, and approving the AWP, procurement plans, semiannual execution reports, and evaluation reports.
- 3.7 **Program Operations Manual.** This manual will contain a detailed description of execution mechanisms, procedures, and tools for each program component, mechanisms for coordination among the various institutions, and their respective responsibilities for the execution of activities. Any amendment to the manual will require the Bank's prior no objection.
- 3.8 **Special contractual conditions precedent to the first disbursement:** (i) the executing agency will appoint or contract, as the case may be, the following key personnel for program execution: the TAC and, for each administrative unit of the MJSP and DGCP, a financial administration specialist and a procurement specialist; and (ii) the program Operations Manual, previously agreed upon with the Bank, will be approved by the executing agency.
- 3.9 **Special contractual conditions precedent to the first disbursement for component II:** (i) the FISDL will appoint or contract the following key personnel for execution: a financial administration specialist and a procurement specialist; (ii) the interagency execution agreement will be signed by the executing agency and FISDL; and (iii) the resource-transfer agreement will be signed between the borrower and the FISDL for execution.
- 3.10 **Special execution conditions:** (i) the program's beneficiary municipios will be identified in accordance with the provisions of the program Operations Manual; (ii) the beneficiary population will be targeted; and (iii) the beneficiary population for components II and III will be profiled in accordance with the provisions of the program Operations Manual.
- 3.11 **Special disbursement:** Upon fulfillment of conditions (a), (b), (c), and (e) of Article 4.01 of the General Conditions of the loan contract, the MJSP and the FISDL may request a special disbursement of up to US\$110,000 and US\$90,000, respectively, for contracting the staff described in paragraphs 3.2 and 3.5 and for procuring necessary equipment and furnishings.
- 3.12 **Procurement.** Program procurement will be carried out in accordance with Bank procurement policies set forth in documents GN-2349-9 and GN-2350-9 and the provisions of the procurement plan. Bank supervision of procurement financed with loan proceeds will be performed on an ex post basis unless otherwise agreed by the Bank, as indicated in the procurement plan.

- 3.13 **External audit.** Annually, the executing agency will submit to the Bank the program's financial statements, audited by independent auditors acceptable to the Bank, within 120 days following the close of the executing agency's fiscal year. The program's last audited financial statements will be submitted 120 days following the last disbursement.

B. Summary of program monitoring and evaluation arrangements

- 3.14 **Monitoring by the executing agency and the Bank.** The executing agency will use the following documents for physical and financial monitoring of the program: (i) the Results Matrix; (ii) the Program Execution Plan (PEP); (iii) the itemized budget; (iv) the program Risk Management Matrix; (v) the program financial plan; and (vi) the Program Monitoring Report (PMR). In addition, in consultation with the Bank, the executing agency will perform a midterm and a final evaluation within the periods set forth in the monitoring and evaluation plan. The executing agency will prepare semiannual progress reports for Bank review. Furthermore, the Bank will conduct management missions and inspection visits on the basis of these reports and the PMR, in order to estimate the timing of disbursements and achievement of physical targets and outcomes.
- 3.15 **Evaluation.** The executing agency, in consultation with, and with technical advisory support from the Bank, will conduct impact evaluations⁷⁹ in line with the monitoring and evaluation plan, which proposes specific methods for evaluating program components based on data availability, and the intervention implementation process. The proposed studies are based on retrospective analysis methods (before and after) and quasi-experimental techniques such as double difference and statistical pairing. The advances and outcomes resulting from the truce process and its positive externalities, which could be boosted through this program, will also be observed.

⁷⁹ This plan takes into account the proposals in the program's economic evaluation.

Development Effectiveness Matrix			
Summary			
I. Strategic Alignment			
1. IDB Strategic Development Objectives	Aligned		
Lending Program	i) Lending to small and vulnerable countries, and ii) Lending for poverty reduction and equity enhancement.		
Regional Development Goals	i) Extreme poverty rate, and ii) Homicides per 100,000 inhabitants.		
Bank Output Contribution (as defined in Results Framework of IDB-9)	i) Individuals benefited from programs to promote higher labor market productivity, and ii) Cities benefited with citizen security projects.		
2. Country Strategy Development Objectives			
Country Strategy Results Matrix	GN-2575	The program is not aligned with a Country Strategy Objective.	
Country Program Results Matrix	GN-2661-4	The intervention is not included in the 2012 Country Program Document.	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		The Five-Year Development Plan and the Security Sector Policies consider that the situation of violence is one of the main obstacles for the country's development.	
II. Development Outcomes - Evaluability			
	Highly Evaluable	Weight	Maximum Score
	8.4		10
3. Evidence-based Assessment & Solution	6.5	25%	10
4. Ex ante Economic Analysis	10.0	25%	10
5. Monitoring and Evaluation	7.1	25%	10
6. Risks & Mitigation Monitoring Matrix	10.0	25%	10
Overall risks rate = magnitude of risks*likelihood	Medium		
Environmental & social risk classification	B		
III. IDB's Role - Additionality			
The project relies on the use of country systems (VPC/PDP criteria)	Yes	Financial Management: i) Budget, ii) Treasury, and iii) Accounting and Reporting.	
The project uses another country system different from the ones above for implementing the program			
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality			
Labor			
Environment			
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	Yes	Technical assistance was provided to the MJSP through national and international consultancies.	
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan.			

The operation is an investment loan to the government of the Republic of El Salvador for US\$45 million, financed with funds from the Bank's ordinary capital. The project aims to contribute to the prevention of crime in the country, particularly among young people and in the metropolitan area of San Salvador. The loan proposal presents a proper diagnosis. It identifies the precarious security situation that takes place in El Salvador based on empirical evidence, and describes the evolution of major security indicators in recent years, as well as in comparison to other countries in the region. The proposal identifies as possible causes of this problem the weaknesses in the governance of the sector, the social marginalization of young people and the limited supply of rehabilitation programs for offenders. However, there is no analysis of the relative importance of these factors, as to allow prioritizing interventions correspondingly. The loan proposal has a reasonable vertical logic in the sense that policy options are related to the causes of the problem identified. The proposal includes references to the effectiveness of related experiences, but it is not clear that the evidence cited can be applied to the proposed interventions in general or in the specific case of El Salvador. The results matrix is adequate. Impacts, outcomes and outputs are clearly defined and the proposed indicators are SMART.

The monitoring and evaluation mechanisms are properly planned and budgeted. The impact evaluation plan proposes retrospective and quasi-experimental study designs to measure the effectiveness of the various program components. An ex-ante cost-benefit analysis of the project was performed based on reasonable assumptions.

The risk matrix identifies and describes the risks of the project. It proposes mitigation measures and includes indicators to track their implementation.

RESULTS MATRIX

PROGRAM OBJECTIVE: To contribute to youth crime prevention by: (i) improving the coordination of prevention services by the MJSP at the national level; (ii) increasing social and workforce reentry of youth at risk in the beneficiary municipios; and (iii) reducing youth recidivism.

EXPECTED IMPACT

Indicators	Unit of measure	Baseline		Midterm measurements					General target	Source/ Means of verification	Comments
		Value	Year	Year 1	Year 2	Year 3	Year 4	Year 5			
EXTECTED IMPACT: Improved prevention in beneficiary municipios ¹											
1. Homicides per 100,000 inhabitants* ²	Rate	72.1	2011	71.3	70.5	69.6	68.8	68.0	68.0	- Metropolitan Observatory – NCP operations center	Calculated as the weighted average of the homicide rate per 100,000 inhabitants for the 3 beneficiary municipios. * The baseline value corresponds to the homicide rate per 100,000 inhabitants for the total population of beneficiary municipios (the baseline value will be updated once the municipios are identified).
2. Victimization	%	33.0	2011	32.0	31.0	30.0	29.0	28.0	28.0	- Metropolitan Observatory – Diagnostic assessment of perceptions and victimization in the SSMA	Percentage of surveyed individuals who report having been victims of a crime in the past year. Calculated as the weighted average of the victimization rates for the three beneficiary municipios (the baseline value will be updated once the municipios are identified).
3. Perceived insecurity in the municipios	%	28.7	2011	27.6	26.8	25.8	24.9	24.0	24.0	- Information bulletin on acts of violence in the metropolitan area. - Metropolitan Observatory – NCP operations center	Calculated as the weighted average of the percentage of the population that reports feeling insecure in the three beneficiary municipios (the baseline value will be updated once the municipios are identified).

¹ The sample is composed of the Ilopango, Soyapango, and San Marcos municipios, which are in the program's area of influence (SSMA) and have: (i) high crime rates; (ii) a low human development index; and (iii) functioning MVPCs.

² The homicide rate per 100,000 inhabitants is calculated on an annual basis. Thus, it does not reflect the changes associated with the truce between the major gangs. Consequently, the effects of this truce are not included in this figure.

EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline		Midterm measurements					General target	Source/ Means of verification	Comments
		Value	Year	Year 1	Year 2	Year 3	Year 4	Year 5			
EXPECTED OUTCOME 1: Improved prevention management											
1. Analytical reports on crime statistics generated on the basis of the information platform database.	#	0	2012		2	2	2	2	8	- MJSP – Information and Analysis Bureau – NCP operations center	The integrated platform financed by the program will enable information management.
2. Municipios with a prevention plan consistent with the ENPVM, over total municipios.	%	15	2012	15	18	22	26 0	30	30	- MJSP Information and Analysis Bureau - PREPAZ	PREPAZ will have a specific area for providing technical assistance to municipios in preparing prevention plans consistent with the ENPVM.
3. Prison rehabilitation alternatives* monitored monthly	Alternatives	0	2012		1	1	1	2	5	- Bureau of Correctional Institutions – Prison information system and rehabilitation system	The Bureau of Correctional Institutions (DGCP) will have a specific system, coordinated with the prison information system, to monitor the rehabilitation programs. * The rehabilitation alternatives provided in the Yo Cambio [I Can Change] program are: (i) prison farms; (ii) painting freedom; (iii) support to the community; (iv) prison work; and (v) solidarity cooperatives.
4.- Objects confiscated* inside correctional institutions	#	5,983	2011		5,000	4,500	4,000	3,000	3,000	- Bureau of Correctional Institutions – Prison information system - NCP operations center	These objects include cellular telephones, chips, chargers, and various types of knives and drugs. DGCP. *Confiscated: seized by corrections officers by virtue of being banned.

Indicators	Unit of measure	Baseline		Midterm measurements					General target	Source/ Means of verification	Comments
		Value	Year	Year 1	Year 2	Year 3	Year 4	Year 5			
EXPECTED OUTCOME 2: Increased social integration of youth at risk											
1. Youth aged 15-to-24 years who neither study nor work (ninis [neither/nor]) divided by the total population aged 15-to-24 years in the beneficiary municipios.	%	25	2012		24	23	22	20	20	- Multipurpose Household Survey	The baseline is the nationwide percentage of ninis. A study/survey will be conducted at the start of the operation’s execution to accurately measure this percentage in the three beneficiary municipios.
2. Youth at risk who complete the training in peace culture and employment and economic integration and are employed six months after each annual intervention is concluded	%	0	2012		30	30	30	30	30	- Office of monitoring and evaluation of violence-prevention programs - MJSP	The program plans to serve approximately 300 young people per year. Annual evaluations will be conducted six months after the end of each activity cycle to measure achievement of the target.
EXPECTED OUTCOME 3: Reduced recidivism in young ex-convicts											
1. Differential between the recidivism* of inmates who did not participate in the rehabilitation model inside prison farms and inmates who did participate in the rehabilitation model inside prison farms.	Percentage points	N/A	2012							- Bureau of Correctional Institutions – Prison information system	The recidivism rate of participants will not exceed 2/3 of the recidivism rate of nonparticipants (the value is expected to be determined by the third year of the program). * “Repeated sentencing” to a correctional institution for a crime within a period of “less than two years after being released from a correctional institution.”
2. Unsentenced misdemeanor inmates out of total prison population.	%	7.5	2012	7.0	6.5	6.0	5.5	5.0	5.0	- Bureau of Correctional Institutions – Prison information system	There are currently more than 2,000 unsentenced inmates who committed crimes considered misdemeanors. They will be the subjects of a monitored (electronic bracelets) release pilot test aimed at reducing overcrowding in corrections institutions.

OUTPUTS

Output • Milestones	Total estimated cost per output (US\$)	Unit of measure	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source/ Means of verification
At overall program level: GCI-9 targets										
Cities benefiting from citizen security projects	N/A	Cities	0				1		1	Cities mean metropolitan conglomerates with more than 500,000 inhabitants, possibly spanning several municipios
COMPONENT I: Institutional strengthening of the Ministry of Justice and Public Safety										
1. Criminal information system developed	1,950,000	System	0		1				1	Information and Analysis Bureau - Prevention action reports generated on the basis of system information. - Midterm evaluation report
Bidding process for contracting a firm to design and develop the system		Bidding process	0	1					1	- Contract signed in second half of first year
Bidding process and award of computer equipment contract		Bidding process	0	1					1	- Contract signed in second half of first year - Certificate of equipment delivery
Training workshops on using the system for Information and Analysis Bureau officials		Officials	0	10					10	- List of trained Information and Analysis Bureau officials
2. Planning, Monitoring, and Evaluation Office for nationwide prevention programs operating.	578,000	Office	0		1				1	Planning, Monitoring, and Evaluation Office - Preventive program evaluation and monitoring reports.
3. Training events conducted for formulating municipal violence prevention and community management plans	872,000	Events	0		6	6	6	6	24	PREPAZ - List of training event participants and graduates.
4. Corrections officers trained	679,000	Officers	0			90	90		180	Corrections school - List of training event participants and graduates.
5. System of indicators for the planning, monitoring, and evaluation of prison rehabilitation programs developed	1,265,000	System			1				1	DGCP information technology office. - Indicators manual - System reports
Bidding process for contracting a firm to design and develop the system		Bidding process	0	1					1	- Contract signed in second half of first year
Bidding process and award of computer equipment contract		Bidding process	0	1					1	- Contract signed in second half of first year - Certificate of equipment delivery
Training workshops on using the system for DGCP officials		Officials	0	20					20	- List of trained DGCP officials

Output • Milestones	Total estimated cost per output (US\$)	Unit of measure	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source/ Means of verification
6. Technological security system for correctional institutions purchased	3,356,000	System	0		1				1	Bureau of Correctional Institutions - Certificate of equipment delivery
Bidding process for contracting with firm to design and develop the system		Bidding process	0	1					1	- Contract signed in second half of first year
Bidding process for the procurement of full-body scanners		Bidding process	0		1				1	- Contract signed in the first half of the second year - Certificate of equipment delivery
COMPONENT II: Youth violence prevention at the local level										
7. Metropolitan violence prevention agenda developed	1,910,000	Metropolitan agenda	0		1				1	PREPAZ - Metropolitan agenda document endorsed by the metropolitan area municipios - Agenda certification issued by the MJSP
Training workshops for municipal officials in municipal management, citizen security, participatory planning, and community participation methodology		Officials	0	150	200				350	- List of trained municipal officials
Bidding process and award of computer equipment contract for the MVPCs		Bidding process	0		1				1	- Contract signed in the first half of the second year - Certificate of equipment delivery
Training workshops for MOC officers in community participation, violence prevention, conflict mediation, and municipal ordinances		MOC officers	0	100	100	100			300	- List of trained MOC officers
8. Local violence-prevention observatories operating	300,000	Observatories	0		3				3	PREPAZ - Bulletins on incidence of local violent acts, including an analysis thereof (causes, risk factors, victim and perpetrator population, intervention proposals, etc.)
9. Police and MOC posts, built and operating	620,000	Post	0			3		6	9	Reports from the mayor's offices of the beneficiary municipios (to be identified through a community participation process in the selected municipios) - Certificates of delivery of works.

Output • Milestones	Total estimated cost per output (US\$)	Unit of measure	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source/ Means of verification
10. Public spaces for violence prevention, restored and built	5,350,000	Squares and parks	0			3	6	6	15	Reports from the mayor's offices of the beneficiary municipios (to be identified through a community participation process in the selected municipios) - Certificates of delivery of works.
Contracting of firms to design works and public spaces		Designs	0	1	1	1			3	- Various contracts signed in the first three years
Bidding process for construction and remodeling of public spaces		Bidding process	0	1	1	1			3	- Various construction contracts signed in the first three years
Bidding process and award of contract for security cameras for three municipios		Bidding process	0		1				1	- Contract signed in the first half of the second year Certificate of delivery and installation of security cameras
11. Community houses, built and operating	580,000	Community house	0			3			3	Reports from the mayor's offices of the beneficiary municipios - Certificates of delivery of works.
12. Study profiling youth at risk in the three beneficiary municipios.	60,000	Study	0	1					1	Study completed and approved by the executing agency and the Bank.
13. Social prevention programs focused on the youth population*	4,920,000	Youths	0		1,000	3,000	3,000	3,000	10,000	PREPAZ and MJSP – Information system for the office of prevention program evaluation - Semiannual monitoring reports * This is not a linear addition (not a cumulative target)
Sports modules implemented in the coexistence parks		Modules	0		1	3	3	6	7	One module will be implemented in each beneficiary municipio (for a total of seven) in the first year of the program.
Art and culture modules implemented in the coexistence parks		Modules	0		1	3	3	6	7	One module will be implemented in each beneficiary municipio (for a total of seven) in the first year of the program.
Conflict transformation modules implemented in the coexistence parks		Modules	0		1	3	3	6	7	One module will be implemented in each beneficiary municipio (for a total of seven) in the first year of the program.
Intrafamily violence prevention modules implemented in the coexistence parks		Modules	0		1	3	3	6	7	One module will be implemented in each beneficiary municipio (for a total of seven) in the first year of the program.

Output • Milestones	Total estimated cost per output (US\$)	Unit of measure	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source/ Means of verification
14. Vocational training and economic integration program for youth at risk implemented	3,400,000	Jóvenes	0	300	300	300	300	300	1,500	MJSP – Information system for the office of prevention program evaluation - Semiannual monitoring reports
15. Sports complexes, built and restored	3,060,000	Coexistence parks	0			2	1		3	Reports from the mayor's offices of the beneficiary municipios - Certificates of delivery of works.
Contracting of firms to design the restoration of sports complexes		Designs	0	3					3	- Various contracts signed in the first three years -
Bidding process for the restoration of sports complexes		Bidding process	0	3					3	- Various construction contracts signed in the first three years -
Contracting of firms to design sports complexes		Designs	0	3		2	1		3	- Various contracts signed in the first three years
Bidding process for the construction of sports complexes		Bidding process	0			2	1		3	- Various construction contracts signed in the first three years -
COMPONENT III: Strengthening of the rehabilitation and social reintegration process										
1. Technical and professional training courses conducted for prison farm officers	115,000	Officers	0		70	70	100	100	340	Bureau of Correctional Institutions - List of training course participants and graduates.
2. Rehabilitation courses conducted for inmates in the trust phase	300,000	Inmates	0		100	100	100	100	400	Bureau of Correctional Institutions - List of training course participants and graduates.
3. Prison farms with purchased support equipment* for rehabilitation programs	5,140,000	Prison farms	0		1	1			2	- Bureau of Correctional Institutions - Certificate of equipment delivery * Refers to: tools, equipment, raw materials, and inputs for prison farms
Bidding process and award of contract for tools and machinery for prison farms.		Bidding process	0	1	1	1			3	- Various contracts signed in the first three years - Certificate of equipment delivery
Bidding process and award of contract for raw materials and inputs for production at prison farms		Bidding process	0	1	1	1			3	- Various contracts signed in the first three years - Certificate of delivery of raw materials and inputs

[illegible]

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: El Salvador
Project number: ES-L1025
Name: Violence Prevention Strategy Comprehensive Support Program
Executing agency: Ministry of Justice and Public Safety (MJSP), with support from Fondo de Inversión Social para el Desarrollo Local [Social Investment Fund for Local Development] (FISDL)
Prepared by: Santiago Castillo and Mario Castaneda (FMP/CES)

I. SUMMARY

1. This report was prepared in the framework of the financial management and procurement policies for Bank-financed projects,¹ setting forth the preliminary financial management and procurement agreements and requirements reached with the executing agency.
2. The MJSP will be responsible for executing the program through a technical and administrative coordination structure to be set up for such purpose at the executing agency. In complying with these fiduciary agreements and requirements, the executing agency will be supported by its own institutional financial management and procurement units and those of the Bureau of Correctional Institutions (DGCP) and the Social Investment Fund for Local Development (FISDL). Financial management will be regulated by the Bank's financial management policy and, on a supplementary basis, by the general provisions for the public sector. Procurement will be carried out in accordance with Bank policies and procedures (documents GN-2349-9 and GN-2350-9).

II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. The national financial management and procurement systems, as well as their internal and external control mechanisms, are clearly defined in Salvadoran legislation. By law, funds may not be committed or paid unless the concomitant budgetary credit has been approved by the Legislative Assembly. The Statutory Law on State Financial Administration (SFA Law) regulates financial management in the public sector and provides for an integrated financial management system (SAFI) that includes budget, public debt, treasury, and government accounting subsystems.

¹ Documents OP-273-2 and OP-274-2, Financial Management Policy and Operational Guidelines; GN-2349-9, GN-2350-9, and OP-272-1 Procurement Policies and Operational Guidelines.

2. Under the SFA Law, an institutional financial unit (IFU) was established at each of these government entities, with financial management responsibilities. These units report directly to the head of the respective entity. The law assigns regulatory responsibilities to the Ministry of Finance, while the responsibility for financial transactions in the administrative process is assigned on a decentralized basis to the execution units.
3. At each government entity, the IFU's fiduciary responsibilities are shared by the respective internal auditing unit and institutional procurement unit (IPU). The Public Administration Procurement Law sets forth the provisions governing this area. Regarding external control, under the Law on the National Office of the Auditor General, this institution is responsible for oversight of public finance.

III. FIDUCIARY RISK EVALUATION AND MITIGATION MEASURES

1. The fiduciary team concluded that the project's overall financial and procurement management risk is medium. This conclusion is essentially based on the limited operating capacity and unfamiliarity with Bank policies of the MJSP institutional fiduciary units. The identified risks and proposed mitigation measures are summarized below:

Table No. 1: Identified risks and mitigation measures

Risks/Weaknesses	Preventive/Corrective action	Date for compliance
Limited institutional capacity for project execution	Select and contract specialized technical and fiduciary staff. Periodic training offered by the Bank.	Quarter I year 1 and throughout the life of the program
Unreliable and late financial reports	Financial management of program resources within the SIAFI framework Timely engagement of external auditors Engagement of financial and accounting specialists based on required profiles Establish internal administrative and financial control rules and procedures	Quarter I year 1 and throughout the life of the program
Unapproved or insufficient budget resources to cover new expenditures arising from the operation	Ensure budgetary allocation for new expenditures generated by the program in the beneficiary municipios	Quarter I year 2 and throughout the life of the program

IV. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF THE CONTRACT

1. **Special disbursement.** Upon fulfillment of conditions (a), (b), (c), and (e) of Article 4.01 of the General Conditions of the loan contract, the borrower may request a special disbursement of up to US\$200,000 for contracting the staff

described in paragraphs 3.2 and 3.5 and for procuring equipment and furnishings.

2. **Conditions precedent to the first disbursement:** (i) the executing agency will appoint or contract, as the case may be, the following key staff for program execution: the program's TAC and, for each administrative unit of the MJSP and the DGCP, a financial administration specialist and a procurement specialist; (ii) the program Operations Manual, previously agreed upon with the Bank, will be approved; and (iii) the interagency execution agreement for execution of component II of the program will be signed by the executing agency and FISDL.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

1. **Procurement execution.** The procurement-related fiduciary agreements and requirements establish the applicable provisions for performing all procurement planned under the program.
 - a. **Procurement of works, goods, and nonconsulting services:** Procurement of works, goods, and nonconsulting services² arising under the program and subject to international competitive bidding (ICB) will be carried out using the Bank's Standard Bidding Documents. Bidding processes subject to national competitive bidding (NCB) will be carried out using national bidding documents acceptable to the Bank.
 - b. **Procurement of information technology (IT) systems:** The Bank's standard documents will be used.
 - c. **Turnkey procurement (supply and installation):** Not applicable.
 - d. **Procurement with community participation:** Not applicable.
 - e. **Selection and contracting of consultants:** Consulting services contracts arising under the program will be included in the initial procurement plan and will be undertaken using the Bank's Standard Request for Proposals.³ The list may consist entirely (100%) of national firms⁴ in the case of contracts for an amount below the thresholds established by the Bank for El Salvador.
 - f. **Selection of individual consultants:** Individual consultants will be selected by comparing the relevant qualifications of at least three qualified candidates.
 - g. **Training:** Applicable.
 - h. **Recurring expenses:** Operating and maintenance expenses required to make the program operational during its useful life. **Not applicable.**

² According to the Bank's procurement policies, nonconsulting services are treated as goods.

³ Policies for selection and contracting of consultants financed by the IDB (document [GN-2350-9](#)), paragraph 3.9: Single-source selection must be duly justified.

⁴ The participation of foreign firms is not precluded.

- i. **Business practices:** All procurement processes must be conducted in accordance with international business practices, without imposing any procedure or practice that violates the fundamental principles of competition, efficiency, and economy.
- j. **Advance procurement/Retroactive financing:** No advance procurement and/or associated contracts are planned for this program.
- k. **National preference:** Not applicable.
- l. **Others:** In the case of bidding for works, the executing agency must have possession of the land and/or rights and easements, as well as the environmental permits required for program execution, before commencing any bidding process.

2. Major procurement processes

Initial Procurement Plan

Description of planned procurement		Estimated amount (US\$)	Procurement method	Estimated date
WORKS	Remodeling and construction of community coexistence centers in the selected municipios	3,460,000	ICB	1 st half 2015
GOODS	Procurement of computer equipment and furnishings to upgrade the computer center.	4,619,000	ICB	1 st half 2014
	Procurement of security cameras for surveillance in the SSMA	1,250,000	ICB	1 st half 2015
	Procurement of equipment and furnishings to outfit the nine police stations	305,000	ICB	2 nd half 2014
	Procurement of sports, art, and culture supplies for community coexistence centers	1,500,000	ICB	2 nd half 2014
	Procurement of materials, tools, equipment, and machinery for prison farms	3,057,107	ICB	1 st half 2014
	Procurement of vehicles for prison farms	964,945	ICB	1 st half 2014
	Procurement of equipment, machinery, raw materials, and inputs for production in prison farms	892,947	ICB	1 st half 2014
	Procurement of equipment, tools, and materials to upgrade correctional institution workshops	1,434,059.08	ICB	1 st half 2014
	Procurement of raw materials and inputs for workshop production at correctional institutions	574,865	ICB	1 st half 2014
	Procurement of electronic monitoring system for correctional institution inmates	6,500,000	ICB	2 nd half 2015
SERVICES				
FIRMS	Design and conduct of two surveys on victimization and citizen perceptions of violence in the selected municipios	60,000	QCBS	1 st half 2016
	Curriculum design and diploma courses in municipal management, citizen security, participatory planning, and community participation methods for mayors, town councils, municipal outreach workers, and community boards.	130,000	QCBS	2 nd half 2014

Description of planned procurement		Estimated amount (US\$)	Procurement method	Estimated date
	Curriculum design and diploma courses in community police training (violence prevention, community participation, conflict mediation, municipal ordinances)	160,000	QCBS	2 nd half 2014
	Evaluation of prison farms	75,000	QCBS	2 nd half 2015
	Program audit	100,000	QCBS	2 nd half 2014
INDIV				

3. Procurement supervision

- a. The Bank will perform yearly ex post reviews of procurement. The frequency of the ex post reviews and the thresholds for ex ante reviews of contracts are consistent with the findings of the capacity assessment. These thresholds and frequency of ex post reviews may be adjusted, as part of the procurement plan updates and revisions, based on the performance of the executing agency and progress in adopting the described corrective actions. The applicable procedures for each type of procurement process are in line with the Policies for the procurement of works and goods financed by the IDB (document GN-2349-9) and the Policies for selection and contracting of consultants financed by the IDB (document GN-2350-9). The Bank will review procurement performed with program resources in accordance with the procurement plan, Appendix I of documents GN-2349-9 and GN-2350-9, and the provisions set forth in the following table:

Procurement procedures

Investment category	Threshold (in US\$ thousands)	Procurement procedure	Review type
Works	Greater than or equal to 5,000,000	International competitive bidding	All ex ante
	Greater than or equal to 350,000 and less than 5,000,000	National competitive bidding	All ex ante
	Less than 350,000	Shopping	Ex ante the first three contracts and ex post thereafter
	No threshold	Direct contracting	Ex ante
Goods and nonconsulting services	Greater than or equal to 250,000	International competitive bidding	Ex ante
	Greater than or equal to 50,000 and less than 250,000	National competitive bidding	All ex ante
	Less than 50,000	Shopping	Ex ante the first three contracts and ex post thereafter
	No threshold	Direct contracting	Ex ante

Individual consulting services	No threshold	Comparison of individual consultant qualifications	Ex ante the first three contracts and ex post thereafter
	No threshold	Single-source selection	All ex ante
Consulting services Consulting firms	Greater than 200,000	Shortlist with broad geographic participation	All ex ante
	Less than 200,000	Shortlist may consist of national consultants.	All ex ante
	No threshold	Single-source selection	All ex ante

4. **Records and files.** A single filing system must be established and maintained at the procurement units, duly identifying all procurement processes and allowing all documents for each stage of the process to be filed in a single folder. In addition, an office must be set up to safeguard all files and ensure they have the necessary security protection. The head of the IPU will maintain and protect program files and records. Program reports will be prepared and filed using the formats to be described in the aforementioned Operations Manual.

VI. FINANCIAL MANAGEMENT

1. **Programming and budget.** The country systems will be used. The executing agency and FISDL will on an annual basis process a budget allocation clearly identifying the budgetary unit and lines of work consistent with each component so as to clearly identify the program and its source of financing, with budget credits in sufficient amounts to cover the execution commitments for each year.
2. **Accounting and financial reports.** The MJSP's institutional financial unit will be responsible for keeping the program's accounting records and corresponding support documents through the integrated financial management system (SAFI), and will keep ancillary records as needed. FISDL will use its institutional application for similar purposes.
3. **Disbursements and cash flow.** The executing agency and FISDL will each maintain a special account at Banco Central de Reserva, as well as a designated operating account at a commercial bank⁵ for payments to suppliers and contractors, supported by SAFI's treasury module. Both accounts will be used exclusively for the program. In accordance with the Bank's financial management policy (document OP-273-2), disbursements into the special account will be based on liquidity needs. To this end, the executing agency and FISDL will prepare a financial plan that will serve as a basis for advances of funds or any other form of disbursement deemed appropriate.

⁵ This arrangement will be kept in place unless the Government of El Salvador implements a single account system for payment purposes.

4. **Internal control.** The technical internal control regulations issued by the National Office of the Auditor General⁶ are applicable. An important ex ante control provides for the IFU's budget area to review annual procurement programming using resources allocated in the respective budget. At a later stage, when the contracts are signed, the budget area makes the budgetary commitment through a SAFI entry. Before payment of the obligations, the expenditure accrual entry is reviewed once more. Payment of the obligation is recorded immediately after the check is deposited or the amount is credited in the beneficiary's account.
5. **Internal audit.** The respective internal audit units are expected to include a review of the program's execution as part of their annual plan.
6. **External control and reports.** External control of the program will be entrusted to an independent audit firm acceptable to the Bank. The executing agency will commission the external audit through a bidding process, in accordance with the guidelines set forth in document AF-200. The terms of reference will be expanded and must be previously agreed upon with the Bank. The Bank will review this contracting process on an ex ante basis.
7. **Supervision.** Financial monitoring of the program will be conducted using the (unaudited) financial statements generated by the institutional applications, and any required disaggregation will be provided in the respective notes and supplementary financial information. Initially these reports will be required on a quarterly basis, but this frequency may subsequently be adjusted. It is estimated that these reports could be submitted no later than 45 days following the end of each calendar quarter. The explanatory notes to the financial information will be designed to be consistent with the Bank's financial policies and tools. These reports must evidence the progress made in executing the activities set forth in the Project Execution Plan (PEP).
8. In the first six months of execution, the financial information submitted will be reviewed on site and will be compared with the planning data. The fiduciary risks will be reassessed, and it will be determined whether further onsite supervision is needed, as opposed to desk reviews.
9. **Execution arrangements.** The executing agency will appoint a Technical and Administrative Coordinator (TAC) to direct and monitor the execution of all planned activities and ensure that the annual operational planning documents and periodic progress reports are prepared and kept updated, together with the estimates of funds for preparing the disbursement plans and the updating of the program management and monitoring tools (PEP and procurement plan). In complying with his/her fiduciary responsibilities, the TAC will have support from the institutional financial units (IFU) and procurement units

⁶ In El Salvador, a civil servant's responsibility to fulfill his/her duties is established by legislation. Consequently, officials may be subject to legal action in the event of nonfulfillment. Title III 'Civil service liability,' Articles 52 - 61 of the Law of the Office of the Auditor General.

(IPU). To this end, the aforementioned units will be reinforced with specialized staff assigned exclusively to the program.

10. **Operations Manual.** The matters presented in these fiduciary agreements and requirements will be set forth in detail in an Operations Manual, which will set forth the various procedures, roles, and responsibilities for program execution. The Operations Manual will require the approval of the undersigned fiduciary specialists.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/12

El Salvador. Loan ___/OC-ES to the Republic of El Salvador
Violence Prevention Strategy Comprehensive
Support Program

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 a violence prevention strategy comprehensive support program. Such financing will be for the amount of up to US\$45,000,000 from the resources of the 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 __ _____ 2012)

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