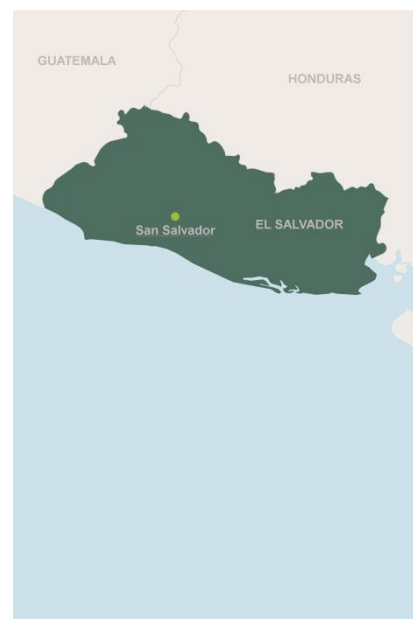


Ex post evaluation – El Salvador

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Sector: Social welfare/social services (CRS Code 1601000)
Project: Reconstruction and municipal development via FISDL III - BMZ No. 2001 65 811*
Programme-/Project executing agency: Social Investment Fund for Local Development (FISDL)



Ex post evaluation report: 2014

		Project A (Planned)	Project A (Actual)
Investment costs (total)	EUR million	7.17	7.99
Counterpart contribution	EUR million	1.55	2.37
Funding	EUR million	5.62	5.62
of which BMZ budget grant	EUR million	3.58	3.58
of which BMZ budget loan	EUR million	2.04	2.04

*) Random sample 2014

Description: The programme promoted the rehabilitation, development and improvement of access to and the sustainable use of social and economic infrastructure for poor groups of the population in areas affected particularly severely by an earthquake in 2001 as well as a hurricane and a volcanic eruption in 2005. The project was implemented by the Social Investment Fund Fondo de Inversión Social para el Desarrollo Local (FISDL), a national government fund. Promoting municipal development and participation were further objectives. The building and rehabilitation of rural roads, schools, water supply systems and rural electrification were all financed. Municipal administrations and the people living in the programme areas were involved in planning and implementing the projects based on clear participation rules.

Objectives: The overarching objective of the project was to contribute to reconstructing the country as well as to strengthening human capital within the poor population with a view to improving their development opportunities. The goals of the programme were (i) to restore and develop access to and the sustainable use of social and economic infrastructure for poorer groups of the population and (ii) to promote municipal development in terms of greater participation of the population in decision-making that affects them and expanding competencies at a municipal level. The achievement of the objectives was measured against the appropriate implementation, use and sustainable operation of facilities as well as the quality of participatory planning processes and the execution of individual projects.

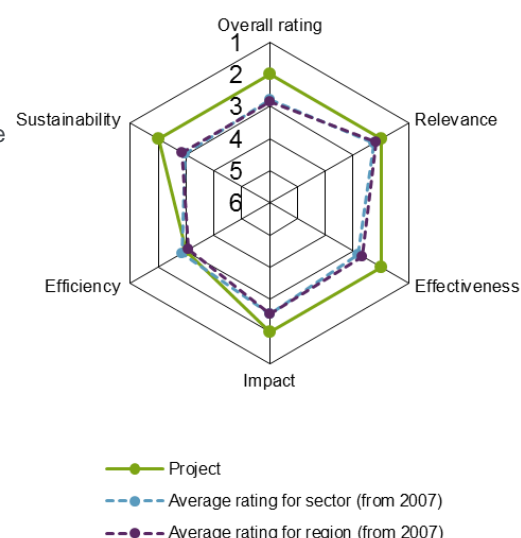
Target group: Sections of the population in La Paz and Ahuachapán who were severely affected by the 2001 earthquake.

Overall rating: 2

Rationale: Using a participatory approach, the project improved the access to and quality of the communal infrastructure. Decentralised administrative structures were strengthened and participants involved.

Highlights: FISDL III is part of a range of programmes from FIS I to FISDL VI, the latter currently under review. From one phase to the next and together with stakeholders, the learning outcomes from previous planning and implementation experience were meaningfully integrated into designing the next phase. This facilitated great flexibility and a high level of innovation in the project in light of the political, economic and climatic circumstances.

The project-executing agency is an efficient social investment fund and has proved its worth as a DC partner in supporting the evolution of this programme. Following Hurricane Stan and a volcanic eruption in 2005, it swiftly managed to integrate reconstruction measures into the project too.



Rating according to DAC criteria

Overall rating: 2

The project contributed to the reconstruction of the country after the devastation caused by Hurricane Mitch (1998), two earthquakes (2001), Hurricane Stan and the eruption of the Santa Ana volcano (2005), and improved the living conditions for roughly 150,000 people participating and benefiting directly from the programme, or 2 % of the country's total population. The risks of future destruction by natural disasters were lowered by means of the high-quality construction of schools and roads as well as the stabilisation of embankments and waste water sewers. The programme also intensified the involvement of the target group as well as decentralised structures at municipal administrations.

General conditions and classification of the project

El Salvador is the smallest country in Central America with approximately 6.5 million inhabitants. More than 2.5 million Salvadorans also live abroad, the majority in the USA. El Salvador does not have any notable mineral or natural resources while its economy is closely linked to the USA, both through foreign trade as well as money repatriated to relatives back home by Salvadorans living in the USA. Rocked by civil war until 1992, efforts to reconstruct the country were complicated by several grave natural disasters in quick succession (1998: Hurricane Mitch; 2001: earthquake; 2005: eruption of the Santa Ana volcano alongside Hurricane Stan) and particularly affected weaker and rural groups in the population.

The last two decades have seen a relatively stable democratic system emerge with a strong position assigned to the President, who is also head of the government. Government affairs have been handled by the former guerrilla movement Frente Farabundo Martí para la Liberación Nacional (FMLN) since 2009. In March 2014 the FMLN government was re-elected with a tiny majority (50.11 %, + 6,364 votes) under the leadership of Salvador Sánchez Cerén. This electoral victory triggered unrest in the country and had to be confirmed with a partial recount of the votes and a ruling by a high constitutional body in the country. The victory of Cerén and his FMLN was attributed to the very left-wing stances adopted in the election campaign. This result also reveals the highly polarised nature of Salvadoran society. The election promises made by the FMLN to broaden the governments centrally managed transfer and social programmes ultimately tipped the scales, because in a country marked by a strong oligarchy almost half of the population lives below the poverty line and approximately 31 % survive on less than USD 1 per day. The greatest domestic political problem alongside the consequences of the economic crisis is the very high crime rate, caused especially by the youth street gangs, the "maras", who paralyse entire districts or small towns.

Given the small size of the country there is almost no intermediate level of administration between the central government and the 262 municipalities, which are financed with transfers from the Fondo para el Desarrollo Económico Social (FODES) that are calculated based on formulas. In recent years, this financing amounted to roughly 7 % of the government's total budget, representing the only available source of income for more than half of the municipalities. If the municipalities do generate income, the FODES funds are reduced. Infrastructure investment in poorer regions is largely financed using FISDL funds, whereby the municipalities have to make their own contribution.

Relevance

The project aimed to offer a better quality of life for the people living in crisis-ridden El Salvador. Urgently needed social and economic infrastructure (such as rural roads, bridges, schools, water supply systems and electrification) was to be built or rehabilitated. Promoting municipal development was another target. The project concept is still very relevant today, while the underlying impacts seem plausible.

The EPE shares the view (results chain 1) that the project had the potential to contribute to decentralising and strengthening the administrative efficiency of municipal governments in El Salvador, thanks to its decentralised focus and the programme components to sustain the technical capacities of municipal administrations.

The second underlying impact (results chain 2) is also plausible because by building functional and sustainably used social infrastructure facilities – with the active involvement of the target group and municipal

governments – the activities of the FC programme were suitable for making an indirect contribution to eliminating the causes of structural poverty. They enabled poor sections of the population to make better use of their development potential and improve their living conditions.

The project was and still is aligned with El Salvador's National Decentralisation Policy, which foundations were laid in 1999. The project was associated with the DC priority area of "Democracy, Rule of Law and Active Participation of the Poor (good governance)" and was sensibly carried out in close cooperation with the GIZ "Municipal Development and Decentralisation Programme (PROMUDE)". An even more extensive and systematic project focus on "decentralisation" as opposed to "municipal development" would possibly have been preferable, but given the reconstruction conditions and generally speaking the still weak local structures in supported rural areas, such a focus would have been difficult to implement.

The procedure followed was coherent with general procedures of other development partners. During the same implementation period there were similar programmes of the World Bank, the Inter-American Development Bank, the EU and Spanish development cooperation, which were all implemented through the same executing agency. That said, the FC projects seem to have permitted the most flexible and un-bureaucratic approach that gets closest to the target groups. All of the individual projects were identified and prioritised in participatory municipal investment planning procedures.

Relevance rating: 2

Effectiveness

The objective of the project was to contribute to reconstructing the country after the earthquake in early 2001, as well as to strengthening human capital within the poor population with a view to improving their development opportunities (overarching objective). The goals of the programme were (1) to develop and improve access to and the sustainable use of social and economic infrastructure for poorer groups of the population and (2) to promote municipal development in terms of greater participation for the population in decision-making that affects them and expanding competencies at a municipal level. Three indicators were defined to measure the achievement of the FC activities objectives.

"1) At least 80 % of the 110 facilities built or rehabilitated and expanded should be used appropriately, as well as operated and maintained appropriately by the competent authorities". This indicator was largely achieved: involving the community helped to pinpoint the needs of the beneficiaries. All of the 18 infrastructure projects (or 16 %) visited by the mission were used by the target group, but the evaluation mission found varying degrees of shortcomings in maintenance at 4 of the 18 projects visited (roughly 20 %). (i) 7 of the transport infrastructure projects visited by the evaluation mission out of 69 such projects in total (streets, roads, bridges) have made a significant contribution to improving or restoring the traffic routes disrupted by the natural disasters and therefore to restoring mobility and communication in the programme areas, (ii) road embankments and buildings were stabilised in 2 of the protection projects visited from 17 such projects overall; (iii) the school construction activities have improved the physical learning conditions (in 3 schools visited from the total of 4); (iv) clean drinking water has been provided (3 water tanks visited from 9 in total) and (v) waste water disposal has made a direct improvement of hygiene (2 waste water sewers visited out of 3 in total, and one health unit); (vi) finally, electrification has improved communication and employment opportunities as well as living and learning environments in houses and schools (one project visited out of 8 in total).

The second indicator: "2) At least 75 % of the project committees have got involved in the individual phases of the project cycle (with a high ratio of women) (planificación participativa und contraloría social)" was fully achieved. The close involvement of users in preparing the municipal plans that also ensure consistency with planning at ministry level and in identifying the projects applied for at the FISDL guaranteed that the objectives of the implemented investments closely matched the needs of the target group. A small number of the projects (17 out of 110) carried out under FISDL III were implemented in accordance with the new PEC system (Proyectos Ejecutados por la Comunidad – implemented by the community), which proved to be extremely successful. Satisfaction with the nature and content of the training provided in this context was high: 814 beneficiaries with a roughly 50 % female participation ratio were involved in a total of 106 committees.

Project objective indicator: "3) at least 80 % of the municipal administrations and village communities implemented the projects satisfactorily (in terms of building quality, complying with procedures and implementation time)" can also be considered to have been met. The construction departments of 34 municipal administrations were advised and supported by the executing agency during the project. Training for village communities was more comprehensive for the 40 % of regular infrastructure activities than for those after Hurricane Stan, because the remaining 60 % of rehabilitation activities were pressing and implemented urgently under great time pressure. The consultant undertook a quality control of the procedures and provided some valuable input for training and social processes. Overall, both the design and the quality of individual projects are considered appropriate.

The ex post evaluation was unable to detect any municipal administration systematically and demonstrably "reinforced" by external activities. In light of the still poorly decentralised structure in El Salvador, overall it appears that the implementation success of the decentralisation project depends upon two factors: 1) at least one dedicated person in the municipal administration embracing the project and supervising it over more than one term of office; or 2) suitably close proximity to the beneficiaries and the project committees who have generally been trained very thoroughly. More frequent monitoring visits by the executing agency are not as important but still bear a positive correlation to the project success.

Effectiveness rating: 2

Efficiency

The project implementation contract was two years late entering into force because of the involvement of the Salvadoran parliament. Some 110 infrastructure activities were then quickly drawn up from mid-2006, focusing on street and road building, flood protection mechanisms and water supply. The total costs amounted to EUR 7,996,906, comprising investments of EUR 6,360,668, activities to bolster the target group amounting to EUR 215,011, consulting costs of EUR 669,300 and FISDL operating costs totalling EUR 751,927. The infrastructure activities made a large contribution to improving and restoring conditions after the natural disasters. Additionally, all the projects included a training component for directing the project committees through the entire project cycle. The executing agency also advised 34 municipal administrations during the project in the departments of Ahuachapán and La Paz. Further consulting services were provided via the TC programmes PATDEL and PROMUNDE.

The funds employed appear to be appropriate in relation to the services provided and the impacts achieved. In total, around EUR 8.0 million was used for infrastructure projects and their support. Some 150,000 people benefited directly from this according to the executing agency. The average costs per beneficiary are therefore in the region of EUR 53, which is good when compared with the costs of other social funds in the region. The costs of projects in the random sample visited were acceptable according to the accompanying engineer, and within the reference values for El Salvador. The planned cost budgets were generally adhered to and in some cases not fully utilised. Production efficiency, which is deemed appropriate on the whole, is even higher in the very participatory PEC implementation procedure than with the "binomio" implementation model (municipal administrations and municipalities working together in executing projects), where municipal administrations play a more active role compared to the end users. Where savings were made they were used for the benefit of additional activities in village communities, thereby demonstrating the soundness of planning procedures and the monitoring of construction activities. This meant the spending on development opportunities for previously disadvantaged groups of the population improved on balance to a justifiable level, thereby fulfilling the allocation efficiency criterion (input relative to impact) to an appropriate extent.

FISDL proved to be a committed and competent executing agency. The internal system for rewarding "fast" implementation sometimes led to the executing agency stepping in where otherwise a village community or administration supported by the executing agency would only have come to the same outcome itself somewhat more slowly.

Efficiency rating: 2

Impact

The activities were appraised subsequent to the two earthquakes in 2001 and the implementation directly after Hurricane Stan and the volcanic eruption in 2005. In addition to the development policy objective of promoting decentralisation, the third FISDL programme was therefore strongly influenced by the need to reconstruct the areas most affected:

There was undoubtedly a contribution made to the reconstruction of the country and an improvement to the living conditions of roughly 150,000 beneficiaries or 2 % of the total population in El Salvador. The risks of future natural disasters were reduced by a higher standard of building.

Other important and positive developmental impacts were achieved by means of 110 small projects thanks to the decentralised implementation model and the high participation of citizens:

- The democratisation of local structures and the strengthening of civil society by using participatory processes to identify prioritise and monitor individual projects.
- "Empowerment" via the direct involvement of the population in implementing the project and, depending on the project type, by operating and maintaining it, accentuated in particular with the investments implemented as part of the Proyectos Ejecutados por la Comunidad (PEC). It was also repeatedly emphasised by the participants how what they had learned in implementing the project (awarding contracts, bookkeeping, construction supervision, accounting, planning, etc.) would be useful for future projects or even to qualify for formal jobs. The increase in the self-esteem of those involved in the projects was obvious.
- One relatively unexpected impact, that was not explicitly part of the programme targets but is certainly valuable in the given context, was underlined by many of the interviewed stakeholders: the contribution towards social peace by satisfying fundamental needs as well as creating temporary employment and incomes.

Equally positive but less prominent impacts:

- Partial achievement of sustainable operation via the municipal maintenance fund and introduction of "maintenance" concept instead of more expensive repairs.

On a negative note,

- it must be pointed out that in municipalities whose successive mayors came from different parties – mayoral elections take place every three years – there was no handover of information, not even on the maintenance fund. Documents were even systematically destroyed in some communities and computer hard drives removed in order to leave no information for the incoming administration. After assessing the evaluation, FISDL does not believe it is in any way responsible for adopting a bridging role via its project appraisers, e.g. by handing over copies of relevant project documents, maintenance plans, etc.

The PEC can be considered a model procedure in regions with high unemployment. The question remains as to why the omnipresent and politically powerful executing agency (FISDL) describes PEC as the most sustainable and most cost-efficient system, but consistently making reference to its own apolitical nature shows little commitment itself to ensuring that at least some of the funding from the government (or other development partners) is also implemented in accordance with the PEC method.

Impact rating: 2

Sustainability

The positive changes for beneficiaries are deemed to be lasting because the infrastructure is there and those involved know how to maintain and preserve it; they have also learned how to plan, organise and deal with funds. Significant value is attached to the implemented projects and they are mostly looked after and maintained with care.

The ex post evaluation inspected 3 of 18 projects that were not or no longer in an acceptable state. All of the other projects (84 %) were rated as acceptable to very good in terms of building quality, usability and maintenance. This revealed marked differences in the quality of municipal administrations. In some cases

no municipal representative could be found – the bigger the municipality and the closer it was to San Salvador, the more often this happened.

Strengthening the municipalities to promote a systematic decentralisation process will require a more decisive central governmental commitment in the future. This aspect of promotion through German DC was only moderately effective.

Sustainability rating: 2

Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance, effectiveness, efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

Level 1	Very good result that clearly exceeds expectations
Level 2	Good result, fully in line with expectations and without any significant shortcomings
Level 3	Satisfactory result – project falls short of expectations but the positive results dominate
Level 4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
Level 5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
Level 6	The project has no impact or the situation has actually deteriorated

Ratings level 1-3 denote a positive assessment or successful project while ratings level 4-6 denote a negative assessment.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Ratings 1-3 of the overall rating denote a "successful" project while ratings 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (rating 3).