

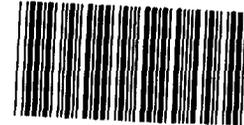
GAO

Briefing Report to Congressional
Requesters

November 1992

EL SALVADOR

Role of Nongovernment
Organizations in
Postwar
Reconstruction



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**National Security and
International Affairs Division**

B-250694

November 16, 1992

The Honorable William S. Broomfield
Ranking Republican Member
Committee on Foreign Affairs
House of Representatives

The Honorable Robert J. Lagomarsino
Ranking Republican Member
Subcommittee on Western Hemisphere Affairs
Committee on Foreign Affairs
House of Representatives

As you requested, we have reviewed the role of nongovernment organizations (NGO) in the economic and social reconstruction of El Salvador after 12 years of civil war. Our objectives were to ascertain (1) what experience NGOs working in El Salvador have had, especially as it relates to administering and accounting for program funds in line with U.S. standards; (2) what mechanisms are available to help NGOs that want to participate in the reconstruction program to strengthen their administrative capabilities; (3) whether the El Salvadoran government has procedures that impede greater participation by NGOs; and (4) the extent to which NGOs, particularly the five primary ones affiliated with the Farabundo Marti National Liberation Front (FMLN),¹ are participating in the reconstruction efforts. Because it is the government of El Salvador's policy not to fund projects in areas where elected municipal officials are not fully functioning, we also obtained information on the status of exiled mayors returning to their communities in the areas formerly in conflict. We briefed your staff members on July 30 and August 7, 1992, and this report updates and summarizes our observations.

Background

On January 16, 1992, representatives of the government of El Salvador and the FMLN signed a peace agreement, bringing to an end 12 years of civil war and 20 months of peace negotiations. The government placed immediate emphasis on rebuilding the social and economic structure of the country. The government expects NGOs to play a key role in El Salvador's rebuilding efforts to ensure the participation of all sectors of Salvadoran society, as mandated by the peace agreement.

¹Formed in 1980, the FMLN is an umbrella organization of five separate Marxist-Leninist groups. Five NGOs are affiliated with the five different factions of the FMLN, and each NGO operates in the same geographic area as the FMLN faction.

The framework for the government's rebuilding effort is its National Reconstruction Plan, developed to address the priority needs of targeted populations in the 115 areas most affected by the conflict. The government of El Salvador has estimated that about \$1.5 billion will be needed for the National Reconstruction Plan. The United States has pledged \$250 million in assistance to be provided over the next 5 years. NGOs are participating in reconstruction activities, and the Agency for International Development (AID) estimates that about \$55 million of the \$250 million will be dispersed to them.

Results in Brief

Both U.S.-based and Salvadoran-based NGOs operate in El Salvador. Salvadoran-based NGOs have less experience dealing with formal developmental and relief assistance projects and generally do not have management control systems that would meet U.S. requirements for accountability and control. In addition, many Salvadoran-based NGOs lack experience in designing and administering projects that would meet U.S. assistance standards. Although a comprehensive study of NGOs' capabilities has not been made, officials from the U.S. and Salvadoran governments, international organizations, and NGOs generally agreed that the ability of Salvadoran-based NGOs to design, implement, control, and monitor projects that meet U.S. standards for control and accountability is weak.

Technical assistance will soon be available through several mechanisms to help NGOs develop or upgrade their capabilities to develop and implement projects and enhance their financial controls. Salvadoran-based NGO officials said that they were willing to accept the technical assistance being offered, and some have already benefitted from the assistance. We did not evaluate the adequacy of the technical assistance being offered because it is tailored to the unique needs of each NGO.

Although the NGOs expressed concern about being excluded from full participation in the reconstruction efforts, our review indicated that El Salvadoran government processes and procedures do not directly exclude any NGO from participating in the program for political or other reasons. To obtain wider participation, the government allows NGOs to obtain project funding for up to 1 year before they have to meet the requirement that they register with the Ministry of Interior as a prerequisite to operating in El Salvador. Whether this actually enables NGOs to fully participate in the national reconstruction program can be determined only as more projects, particularly from FMLN-affiliated NGOs, are submitted to the government for approval.

As of September 1992, 16 NGOs (4 U.S.-based and 12 Salvadoran-based) had received U.S. funding through the Salvadoran government for reconstruction projects. Seven NGOs (two U.S.-based and five Salvadoran-based) were implementing reconstruction-related activities initiated under other projects with funding from AID.

None of the 5 primary FMLN-affiliated NGOs have submitted project proposals, although the 13 NGOs that have received funds are grass-roots organizations considered by AID to be affiliated with the FMLN. (Twelve of these 13 were funded through sub-grant agreements with a U.S.-based NGO.)

A variety of concerns, real and perceived, contributed to the lack of participation by the five primary FMLN-affiliated NGOs. According to NGO representatives, they have been confused about the procedures and criteria for submitting project proposals and for qualifying for National Reconstruction Plan funds. They believe the government's outreach has been limited and has not encouraged NGOs to participate, and they believe the government has been excluding certain NGOs for political reasons. U.S. officials told us that these NGOs may be reluctant to solicit funds from the Salvadoran government because such solicitation signifies public recognition and acceptance of the government's conditions on the funds and because there is a perception that accepting funds would result in a loss of authority or political power within their communities.

Representatives of the five primary FMLN-affiliated NGOs told us they would be willing to accept U.S. funds and to work with the civilian government, but only under certain conditions. For example, they would like greater autonomy over the design and implementation of projects. These representatives believe that the conditions imposed by the government on NGOs receiving assistance funding and the requirement to work with the civilian authorities are intended to control NGO activities.

It is the policy of the government of El Salvador not to fund projects in areas where elected municipal officials are not fully functioning. As of September 1992, 40 mayors had not returned to their offices. According to AID, their return is being blocked by the political and military maneuvers of certain elements of the FMLN and its supporters. These maneuvers have hindered the implementation of reconstruction activities. Nonetheless, NGOs and the Salvadoran government have implemented projects funded under the National Reconstruction Plan in 32 of the 40 municipalities where mayors have not returned. Despite its policy not to fund projects in

areas where elected officials are not fully functioning, the Secretariat for National Reconstruction has not denied the funding of projects that address the urgent or humanitarian needs of the community.

Appendix I describes our scope and methodology. Additional details on the participation of NGOs in El Salvador's reconstruction activities are contained in appendix II. As you requested, we did not obtain agency comments on this report. However, we discussed it with AID programs officials in Washington, D.C., and in El Salvador, and they generally agreed with the information presented in this report.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days from its issue date. At that time, we will send copies to the Chairmen, Senate and House Committees on Appropriations, Senate Committee on Foreign Relations, and House Committee on Foreign Affairs; the Secretary of State; the Administrator of AID; and the Director, Office of Management and Budget. We will also make copies available to others on request.

Please contact me at (202) 275-5790 if you or your staff have any questions concerning this report. Other major contributors to this report are listed in appendix III.



Harold J. Johnson
Director, Foreign Economic
Assistance Issues

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Abbreviations

AID	Agency for International Development
CIPHES	Coordinating Council of Private Humanitarian Institutions in El Salvador
CRS	Catholic Relief Services
FMLN	Farabundo Marti National Liberation Front
NGO	nongovernment organization
PACT	Private Agencies Collaborating Together
SETEFE	Technical Secretariat for External Financing

Scope and Methodology

To examine the role of nongovernment organizations (NGO) in the economic and social reconstruction of El Salvador and to ascertain the NGOs' experience in designing projects and exercising proper management controls, we met with officials of and reviewed and analyzed documents prepared by the governments of the United States and El Salvador, international organizations, other donor nations, and NGOs.

In El Salvador, we obtained information from the U.S. Embassy's Acting Deputy Chief of Mission, the Agency for International Development's (AID) Mission Director, and AID officials responsible for planning and managing assistance projects and programs. We met with El Salvador's Secretariat for National Reconstruction and her staff¹ and an official from the office of El Salvador's Technical Secretariat for External Financing (SETEFE).² We interviewed the Resident Representative of the United Nations Development Program, the Director of the United Nations High Commission on Refugees in El Salvador, and representatives of the Farabundo Marti National Liberation Front's (FMLN) Reconstruction Committee, the European Economic Community, Holland, and Canada. We also met with the directors or administrators of 5 U.S.-based NGOs with operations in El Salvador, 10 Salvadoran-based NGOs, and 2 Salvadoran NGO coordinating organizations.

The NGOs in El Salvador included in our review represent diverse origins and experience. (See table I.1 for the list of the NGOs we contacted.) The five U.S.-based NGOs have the extensive resources of an international organization from which to draw support as well as experience delivering humanitarian and development assistance. With the exception of Private Agencies Collaborating Together (PACT), the U.S.-based NGOs worked in El Salvador during the war and were involved in projects such as providing support to displaced persons, maternal and child health care, and education. All five have received funding through AID and are familiar with the accountability and control standards mandated by the United States.

¹The Secretariat for National Reconstruction is responsible for administering the National Reconstruction Plan, determining funding allocations, and coordinating the preparation of action plans from implementing agencies and organizations.

²SETEFE will assist the Secretariat for National Reconstruction in reviewing action plans and will disburse, manage, and monitor the U.S. reconstruction assistance funds transferred from AID to the government of El Salvador (about \$205 million of the total \$250 million).

**Appendix I
Scope and Methodology**

NGO	Years in El Salvador	Based in	Previous U.S. funding
CRS (Catholic Relief Services)	32	United States	Yes
CIRES (Salvadoran Integration and Reconstruction Committee)	10	United States ^a	Yes
Save the Children	7	United States	Yes
CREA (Creative Associates International, Inc.)	2	United States	Yes
PACT (Private Agencies Collaborating Together)	0 ^b	United States	Yes
FASTRAS ^c (Salvadoran Workers Foundation for Solidarity and Self-Management)	3	El Salvador	No
FUNSALPRODESE ^c (Salvadoran Foundation for the Promotion of Social and Economic Development)	4	El Salvador	No
REDES ^c (Salvadoran Foundation for Reconstruction and Development)	8	El Salvador	No
CORDES ^c (Salvadoran Community Development and Cooperation Foundation)	4	El Salvador	No
ASDI ^c (Salvadoran Integral Development Association)	8	El Salvador	No
FEDECACES (Salvadoran Savings and Loan Federation of Cooperative Associations)	26	El Salvador	Yes
CREFAC (Community and Family Reorientation Center)	25	El Salvador	No
FUNDEMUN (Salvadoran Foundation for Women's and Children's Development)	3	El Salvador	Yes
FUMA (Maquillishuat Foundation)	7	El Salvador	No ^d
PROCOMES (Consulting and Assistance Services for Community Development)	3	El Salvador	No

^aCIRES is the Salvadoran-based NGO created in April 1992 by the U.S.-based NGO, the International Rescue Committee. CIRES retained much of the International Rescue Committee's personnel and organizational structure, and for that reason, we consider CIRES a U.S.-based NGO.

^bPACT was scheduled to begin activities in El Salvador in September 1992.

^cOne of the five primary FMLN-affiliated NGOs.

^dIn March 1992, FUMA was approved to receive U.S. assistance.

We conducted our review from June to October 1992 in accordance with generally accepted government auditing standards.

Participation of Nongovernment Organizations in El Salvador's Reconstruction Plan

The Salvadoran-based NGOs we visited, including the five primary umbrella NGOs affiliated with the FMLN,¹ tended to have less experience providing development assistance than the U.S.-based NGOs. Most of the Salvadoran-based NGOs emerged during the war to work in the communities most affected by the conflict, often providing services to compensate for the lack of government services, such as literacy programs, health and sanitation services, sustenance food production, and support to repatriated and displaced populations.

Each of the five primary NGOs is linked to one of the five FMLN factions and operates in the same geographic area as the FMLN faction. These NGOs were, in essence, the social service agency for the FMLN, conducting activities to support FMLN's objectives and organizing the efforts of smaller, grass-roots organizations. During the war, the Salvadoran-based NGOs received funding from foreign governments and other—primarily European—organizations. Only two received funding from the United States. None of the FMLN-affiliated NGOs received U.S. assistance funding.

Although the activities reported by the Salvadoran NGOs appear to be similar to those of the U.S.-based NGOs, AID officials made a distinction between the NGOs. Generally, the activities of the Salvadoran-based NGOs, especially the five primary FMLN-affiliated organizations, were considered short-term relief assistance rather than longer term development assistance funded by AID. One U.S. Embassy official described the NGOs as "distribution systems" that delivered aid on an ad hoc basis with little or no long-term planning or sustainability. According to an AID-sponsored 1990 survey of Salvadoran-based NGOs in the health sector, 38 percent were involved in relief assistance, 36 percent were involved in mixed relief and development assistance, and 26 percent were involved predominantly in development activities.

Many Salvadoran-Based NGOs Have Weak Control and Accountability Systems

NGOs receiving U.S. assistance funds (either directly from AID or through a host country government) are expected to have the management and technical competence to plan, design, and implement projects and to practice adequate methods of accountability for funds and assets acquired with the assistance. Salvadoran-based NGOs have had limited experience delivering U.S.-funded development assistance and, consequently, are

¹Except for the five NGOs considered to be affiliated with the FMLN by the U.S. and Salvadoran governments, the FMLN, and the NGOs themselves, we did not categorize the other local NGOs we visited as affiliated with any particular political ideology.

generally not familiar with its accompanying U.S. requirements for management control.

An AID official told us that, because most Salvadoran-based NGOs have provided largely emergency-type assistance, it is difficult for them to prepare program plans that include the basic strategy of their projects including the objective, the approach and methodology, and realistic estimates of project costs. An official of PACT, a U.S.-based NGO, conducted a limited survey of the NGOs' capabilities. He told us that preparing a project proposal is beyond the capacity of many Salvadoran-based NGOs. Government of El Salvador officials from the Secretariat for National Reconstruction and SETEFE also told us that most of the El Salvadoran NGOs were unable to design and execute projects like those of the National Reconstruction Plan because of their limited experience with longer term, self-sustaining projects.

Studies have not been made to assess the internal financial controls of NGOs. However, officials from various organizations told us that the financial management systems used by the NGOs were inadequate and would not meet U.S. standards. Various officials informed us that most of these NGOs do not have adequate procedures to budget, to maintain accurate records and documentation of incurred costs, to prepare periodic financial reports, or to resolve audit findings, as illustrated below.

- A Catholic Relief Services (CRS) official told us that about 80 percent of the 23 Salvadoran-based NGOs scheduled to receive funds through CRS sub-grants did not have the procedures in place to fully account for the funds they received for disbursement to farmers to purchase seed. The official said that the NGOs do not have systems in place to consistently record receiving and disbursing funds. (Because these are sub-grants, CRS remains accountable for the funds.)
- According to an AID-sponsored survey of health sector NGOs operating in El Salvador, only about one-third of the 90 NGOs surveyed had complete systems of financial controls, including an accounting system, a budget, and internal and/or external audits.
- A review of the operations of nine Salvadoran-based NGOs by the certified public accounting firm, Price Waterhouse, identified weaknesses in policies, practices, and administration. The firm called for corrective actions, such as implementing systems to separate project funds from the organization's funds, providing adequate control procedures for fixed assets, developing adequate manuals, and filling key positions.

Not everyone we spoke with agreed that Salvadoran-based NGOs are unprepared to manage projects in a way that meets U.S. standards. One official from an FMLN-affiliated NGO believes that AID and the Salvadoran government are excessively critical of Salvadoran-based NGOs, especially those affiliated with the FMLN, since neither government had worked with many of these NGOs. In addition, he told us that these NGOs satisfied the accountability requirements of the other donors during the war. However, officials from local and U.S.-based NGOs, as well as AID, the Salvadoran government, and United Nations agencies, told us that donors providing funds to Salvadoran NGOs during the war did not demand the same level of accountability as the United States does. They said that comments such as these derive from the fact that the Salvadoran-based NGOs are unfamiliar with U.S. accountability standards.

An official of a U.S.-based NGO told us that, although an NGO may believe its internal controls are strong, it cannot fully understand what is required if it has never been subject to U.S. assistance standards. An official with a Salvadoran-based NGO that qualified to receive AID funding agreed. She said that after Price Waterhouse reviewed its systems and procedures, she realized how weak her organization was. In her opinion, other Salvadoran-based NGOs did not have the capability and measures needed to control funds adequately. Representatives from seven other Salvadoran-based NGOs that had not previously received U.S. assistance told us they had adequate financial systems, but only three could provide any documentation of their systems in the form of budgets, balance sheets, accounting manuals, or independent auditor opinions.

Technical Assistance Available to Strengthen NGO Weaknesses

Technical assistance to develop and strengthen NGOs' capabilities will soon be available through several mechanisms. For example, NGOs can call in SETEFE (or an accounting firm under contract with SETEFE) to evaluate their financial accountability systems, procedures, and management structures to ensure that assistance funds will be properly handled. If deficiencies or weaknesses are identified, SETEFE or the contracted accounting firm can assist the NGO in establishing corrective procedures and systems. We were told that this service is provided at no cost to the NGO.

An NGO can also receive technical assistance if it becomes a sub-grantee of an umbrella NGO, such as CRS. In this situation, the umbrella NGO signs the grant agreement with the Secretariat for National Reconstruction and then provides funds to other NGOs through sub-grant agreements. The umbrella

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NGO is financially responsible for the sub-grantee NGOs under the umbrella. AID, Salvadoran government, and NGO officials believe that the umbrella approach is a good mechanism to provide the means for less developed Salvadoran-based NGOs to be involved in delivering assistance without compromising accountability.

As of June 1992, one umbrella grant agreement between the Secretariat for National Reconstruction and CRS had been signed. CRS was working with 23 sub-grantee NGOs based in El Salvador to provide individual farmers with funds to buy corn and bean seeds, enabling the farmers to plant and grow food for their families and to produce a small cash crop. Before funds are disbursed, CRS is to assist the NGOs in establishing accounting systems and is to provide technical assistance in other areas that need to be strengthened, such as project design, proposal preparation, and project monitoring and evaluation. Although this umbrella project was just getting underway in June 1992, a CRS official told us that, on the bases of the project's early success, CRS was planning to submit proposals to the Secretariat for National Reconstruction for three additional umbrella projects over the next several months.

PACT also provides technical assistance to NGOs. In June 1992, PACT entered into a 1-year, \$1.18 million agreement with the Secretariat for National Reconstruction to provide technical assistance and training to NGOs seeking to participate in reconstruction activities.² PACT's efforts will be directed toward strengthening the financial and administrative management of NGOs, as well as helping NGOs obtain financing and design technically sound, sustainable projects. PACT expects to work with about 40 NGOs and NGO coordinating councils during the first year. Assistance will be provided through conferences, workshops, and seminars, as well as through sessions with individual NGOs and on-site field visits.

The United Nations Development Program and the Coordinating Council of Private Humanitarian Institutions in El Salvador (CIPHES) also will provide NGOs with assistance in preparing project proposals. The United Nations Development Program is developing a "project proposal assembly line" to assist NGOs with the preparation of reconstruction project proposals. One advantage of this approach to assistance, according to a United Nations Development Program official, is that some NGOs may be more receptive to criticism and assistance from an international organization than from the Salvadoran government. CIPHES is developing a 60-hour project

²Under the terms of the agreement, the majority of PACT's work will be directed to NGOs.

preparation course in conjunction with a local university for NGO managers and staff, according to CIPHES officials.

According to an AID official, technical assistance will strengthen NGOs only if the NGOs are willing to accept the assistance and adopt the necessary accountability and control measures. Two Salvadoran-based NGOs that received technical assistance from Price Waterhouse to qualify for AID funding told us that they welcomed the opportunity to learn how to strengthen their operations. According to these officials, their staff has applied the systems and procedures developed for the AID-funded project to other projects, and this application has made the organizations more competitive for funding from the United States or other donors. One of these NGOs was evaluated by a prospective European donor, who told us that the NGO had one of the strongest administrative and financial control systems of the 10 NGOs in his study. All of the Salvadoran-based NGOs we contacted told us they would be willing to accept technical assistance to improve their financial, administrative, and management operations. However, seven of the NGOs indicated a strong preference to receive technical assistance from entities other than the Salvadoran government.

As of June 1992, only SETEFE and CRS were ready to provide technical assistance to NGOs seeking reconstruction funds. PACT, the United Nations Development Program, and CIPHES were still in the process of developing their strategies. Because the programs were new and because technical assistance will be tailored to meet the needs of individual NGOs, we could not evaluate whether these mechanisms for addressing the technical assistance needs of the NGOs in El Salvador will be fully effective.

Government Procedures Do Not Appear to Exclude NGO Participation

Although NGOs expressed concern that governmental rules, practices, or procedures could exclude them from participating in the national reconstruction program, our review indicated that the criteria and procedures for NGO participation and project selection did not directly exclude NGOs for political or other reasons.³ However, this assessment can be validated only as more projects, particularly from FMLN-affiliated NGOs, are submitted to the government for approval.

The criteria and procedures, which were jointly developed by the Secretariat for National Reconstruction, SETEFE, and AID, were finalized on

³This discussion is limited to the criteria and procedures for NGO projects that would be approved and funded by the Salvadoran government. AID's criteria for direct AID funding is not discussed because most of the U.S. funds will be transferred to and administered by the Salvadoran government.

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June 15, 1992. Generally, the process of submitting project action plans and proposals operates as follows: NGOs are to submit project proposals to the Secretariat for National Reconstruction, where they are reviewed for technical merit. Technically sound proposals are to be forwarded to SETEFE for a preliminary review to determine whether the NGO has management and financial systems in place to administer and control program funds. If approved by the Secretariat and SETEFE, an agreement with the NGO is to be signed, and SETEFE is to conduct an in-depth review of the NGO's accountability and control systems and procedures and certify the organization. After certification, funds are to be disbursed.

The following criteria for projects are delineated:

- Projects must address reconstruction plan priorities, be carried out in at least one of the 115 targeted municipalities or areas, and be publicly identified as a national reconstruction project.
- Projects are ineligible for funding if they involve basic infrastructure development, such as the development of potable water, roads, and health clinics, as these activities are the responsibility of the central government.
- Projects must not contain certain prohibited expenses such as the cost of buying land, purchasing luxury items, and constructing office facilities.
- Projects can be conducted only in areas where elected municipal authorities are in place and functioning.

An NGO requesting inclusion in the reconstruction program is required to register with the government of El Salvador. This is called obtaining a "personería jurídica" from the Ministry of Interior. This has been a long-standing requirement for NGOs operating in El Salvador; however, under the National Reconstruction Plan, NGOs can receive project funding for up to one year before they are required to obtain a personería jurídica. During this time, they are eligible to participate in reconstruction and other programs. The relaxation of this requirement has eliminated a potential obstacle to greater NGO participation.

The five NGOs affiliated with the FMLN have alleged that the government issues the personería jurídica status on a political basis. They cite as evidence the fact that none of the five FMLN-affiliated NGOs have received their personería jurídicas, although all five told us that they had submitted their applications more than 1 year ago, with one application pending since 1988. Officials from four of these NGOs said that they were not aware of the 1-year grace period.

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**NGO Participation in
National
Reconstruction Plan as
of September 1992**

As shown in table II.1, 16 NGOs were conducting National Reconstruction Plan programs and projects as of September 30, 1992. The Secretariat for National Reconstruction had approved about \$11 million for projects submitted by 4 U.S.-based NGOs and 12 Salvadoran-based NGOs.

Table II.1: NGOs With Projects Funded by the Secretariat for National Reconstruction (as of September 30, 1992)

NGO	Funds committed	Type of project
U.S.-based		
Creative Associates International, Inc. (CREA)	\$5,738,289	Agricultural starter packages and household furnishings for ex-combatants
Catholic Relief Services (CRS) (umbrella NGO providing funds to 23 additional NGOs)	2,587,500	Agricultural
Private Agencies Collaborating Together (PACT)	1,180,000	Technical assistance to NGOs
Salvadoran Integration and Reconstruction Committee (CIRES)	388,745	Community reintegration
Salvadoran-based		
Eastern Economic Development Coordinating Committee (COMCORDE)	437,500	Microenterprise loans and technical assistance for productive projects
AGAPE	125,000	Mobile health units
SOS Constructors	45,840	Vocational training for ex-combatants
Universidad Albert Einstein	6,323	Vocational training for ex-combatants
Corporacion Fe y Trabajo	117,000	Vocational training for ex-combatants
Fundacion Cuscatlan Manuel Franco (FUNDAC)	93,750	Maternal and child health
Salvadoran Association for Integral Support (ASAI)	39,471	Credit for displaced persons and refugees
Business Foundation for Educational Development (FEPADE)	84,654	Vocational training for ex-combatants
CONVITEC	61,511	Vocational training for ex-combatants
Salvadoran Antidrug Foundation (FUNDASALVA)	14,938	Socio-demographic profile
Instituto Ricaldone	13,038	Vocational training for ex-combatants
Don Bosco	12,663	Vocational training for ex-combatants
Total	\$10,946,222	

In addition to the 16 NGOs funded by the Secretariat for National Reconstruction, 7 NGOs—2 U.S.-based and 5 Salvadoran-based organizations—were implementing projects with funding provided directly by AID.⁴ As of September 30, 1992, none of the five primary NGOs affiliated with the FMLN had submitted individual proposals for National

⁴Three of these seven NGOs also received project funding from the Secretariat for National Reconstruction.

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Reconstruction Plan projects to the Secretariat for National Reconstruction,⁵ although one of the Salvadoran-based NGOs and 12 of the 23 CRS sub-grantee NGOs are considered by AID to be grass-roots organizations affiliated with the FMLN. Several factors appear to have contributed to the lack of participation by the primary NGOs affiliated with the FMLN.

NGO officials were confused about the process of soliciting funds for reconstruction projects and the NGO eligibility criteria. For example, officials of five Salvadoran NGOs we interviewed (four of them FMLN-affiliated) were not aware that they could receive project funds for up to one year before having to obtain personería jurídica. They told us that they thought the personería jurídica was required to qualify for reconstruction funds. Two NGOs not affiliated with the FMLN said that they had been told by the government that all funds had been committed and that additional funds would not be available until January 1993.

Seven Salvadoran NGOs (the five FMLN-affiliated NGOs and two others) told us that the Secretariat has had limited outreach efforts and that these efforts have been insufficient to encourage wide NGO participation. They cited as somewhat superficial an advertisement that appeared in a Salvadoran newspaper announcing the availability of funds for NGOs to conduct reconstruction projects and a form letter to 32 NGOs asking them to participate in the reconstruction plan. According to several NGO officials, more direct, personal contact is needed to encourage NGOs that have not previously worked with the government to become allies in the reconstruction effort.

Officials of the five primary FMLN-affiliated NGOs told us that they suspected that they were being excluded from reconstruction activities for political reasons. They based their belief on the historical exclusion of FMLN groups from government activities and what they saw as an effort to exclude them from full participation in planning for postwar El Salvador. They stated that the government had not adequately considered the views and concerns of the FMLN and affiliated NGOs when designing the National Reconstruction Plan and the consensus required by the Peace Accords on postwar El Salvador had not been fully achieved. For example, despite the

⁵The five FMLN-affiliated NGOs told us they had submitted their project proposals as part of a \$250 million reconstruction plan developed by the FMLN and CIPHES, an NGO coordinating council. This plan was rejected by the Secretariat as too costly, too extensive, and technically deficient. In June 1992, one of the NGOs told us it was preparing a project proposal to submit to the Secretariat, but it had not submitted the proposal as of September 1, 1992.

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FMLN-affiliated NGOs' concern that the government's National Reconstruction Plan places too much emphasis on municipalities, the municipality is the primary focus of reconstruction activities. One NGO official told us that, although the government officials are publicly cordial, the government has not responded to his organization's inquiries about the reconstruction program. The official said he believes the Secretariat for National Reconstruction has not been responsive because of the NGO's affiliation with the FMLN.

We could not evaluate the legitimacy of the NGOs' complaints about the process or validate their suspicion that they were being excluded from the reconstruction activities for political reasons. However, an official from the office of the Secretariat for National Reconstruction told us that the Secretariat and her staff have been very busy with the initial implementation of the National Reconstruction Plan and might not have responded to all inquiries. Nonetheless, we were told that NGOs would not be ignored or excluded for political reasons. The official stated that the Secretariat was awaiting project proposals from the FMLN-affiliated NGOs.

U.S. officials told us the FMLN-affiliated NGOs may be reluctant to solicit government funds because such solicitation may be seen as signifying that the NGO accepts the objectives and conditions of the government's plan for reconstruction, such as recognizing the mayors as the legitimate civilian authorities and informing the mayors of any planned activities in their municipalities.

According to AID and U.S. Embassy officials, the NGOs' reluctance may also be due to a perception that accepting U.S. funds would mean the NGOs' loss of authority and power in the communities because they could no longer supply needed services. According to an AID official, these groups do not seem to understand that they can take credit for projects implemented with U.S. funds and that arranging for the services to meet the needs of a community can also be a source of power.

The five primary FMLN-affiliated NGOs told us that they would accept U.S. funding and work with the civilian government, but only under certain conditions. For example, they said that they would be willing to work with the civilian government if the government did not control the NGOs' activities and was willing to negotiate and reconcile differences. One NGO provided us with a list of conditions established by one of its smaller grass-roots organizations. These conditions included autonomy over the design and implementation of the projects. Another NGO told us that it had

been interested in participating as a sub-grantee in the CRS' agricultural project, but it could not agree with the requirement that NGOs must obtain mayoral approval. According to this NGO, requiring mayoral approval was another way in which the Salvadoran government could control the activities of the NGOs. AID officials told us that mayoral approval was required to coordinate and avoid the duplication or overlapping of development activities in municipalities.

The following two examples illustrate the situation of the NGOs and the government of El Salvador:

- In June 1992, two grass-roots organizations under one of the primary FMLN-affiliated NGOs stopped the Salvadoran Ministry of Public Works' road rehabilitation project. According to AID, the two groups were protesting the government's decision to rebuild the larger roads in the area rather than the smaller roads in their communities, which they believed should be a higher government priority. The groups seized the government's road construction equipment and fuel and sequestered 18 members of the road construction crew for several hours.
- In Santa Marta, a community that was an FMLN stronghold during the civil war, an AID-funded electrification project had been stalled until AID, the government of El Salvador, and a local NGO could reconcile differing interpretations of the project agreement. According to AID officials, AID was to fund the installation of the main electrical lines, and the community was to pay for the hook-up to the houses and the monthly electrical charges. This arrangement had been agreed to by AID, the Salvadoran government, and the community, including a local grass-roots NGO under one of the primary FMLN-affiliated NGOs. However, after the main electrical lines were installed, the grass-roots NGO, acting as a broker for the community, disputed the original agreement, saying that the community could not afford the hook-up costs and that the charge should be waived or paid by the Salvadoran government or AID. According to the grass-roots NGO, AID's and the Salvadoran government's refusal to pay the hook-up cost illustrates their unwillingness to reconcile differences in favor of the community. In September 1992, AID agreed to provide the materials needed for electrical connections, and the electric company agreed to install the electrical service at no cost to the community.

Status of the Return of Exiled Mayors

Despite the terms of the Peace Accords, which stipulated that mayors should be allowed to return as soon as possible as the legitimate civilian authorities, mayors in about 40 municipalities had not returned to their

**Appendix II
Participation of Nongovernment
Organizations in El Salvador's Reconstruction
Plan**

offices as of September 1, 1992. According to an AID official, the return of these mayors is being blocked by intimidation and threats from certain elements of the FMLN and its supporters. For example, an AID official told us that in some areas the local FMLN and its supporters have established armed public security committees to maintain control of the municipalities and to intimidate and threaten Salvadoran government authorities and the mayors. As of October 1, 1992, a tentative agreement between an association of mayors and FMLN-affiliated NGOs had been negotiated under the auspices of the United Nations Observer Mission in El Salvador outlining the terms under which the mayors would return.

According to AID, blocking the return of the mayors has limited the flow of reconstruction resources to the communities. Notwithstanding the government of El Salvador's policy that projects be funded in areas only where elected municipal officials are fully functioning, NGOs and the Salvadoran government have conducted reconstruction activities in areas where the mayors have not returned. In 32 of the 40 municipalities, NGOs have implemented projects that involve providing health services, credit, agricultural services, and training. Also, the central government's ministries and the Municipalities in Action program have built roads, repaired municipal buildings, and implemented reforestation projects. According to AID, in some of these areas, the mayors are partially functioning by conducting operations from other communities. The Secretariat has agreed to approve NGO and central government projects for these areas. Despite the government of El Salvador's policy of not funding projects in areas where the elected officials are not fully functioning, the Secretariat has not denied the funding of projects that address the urgent or humanitarian needs of the communities.

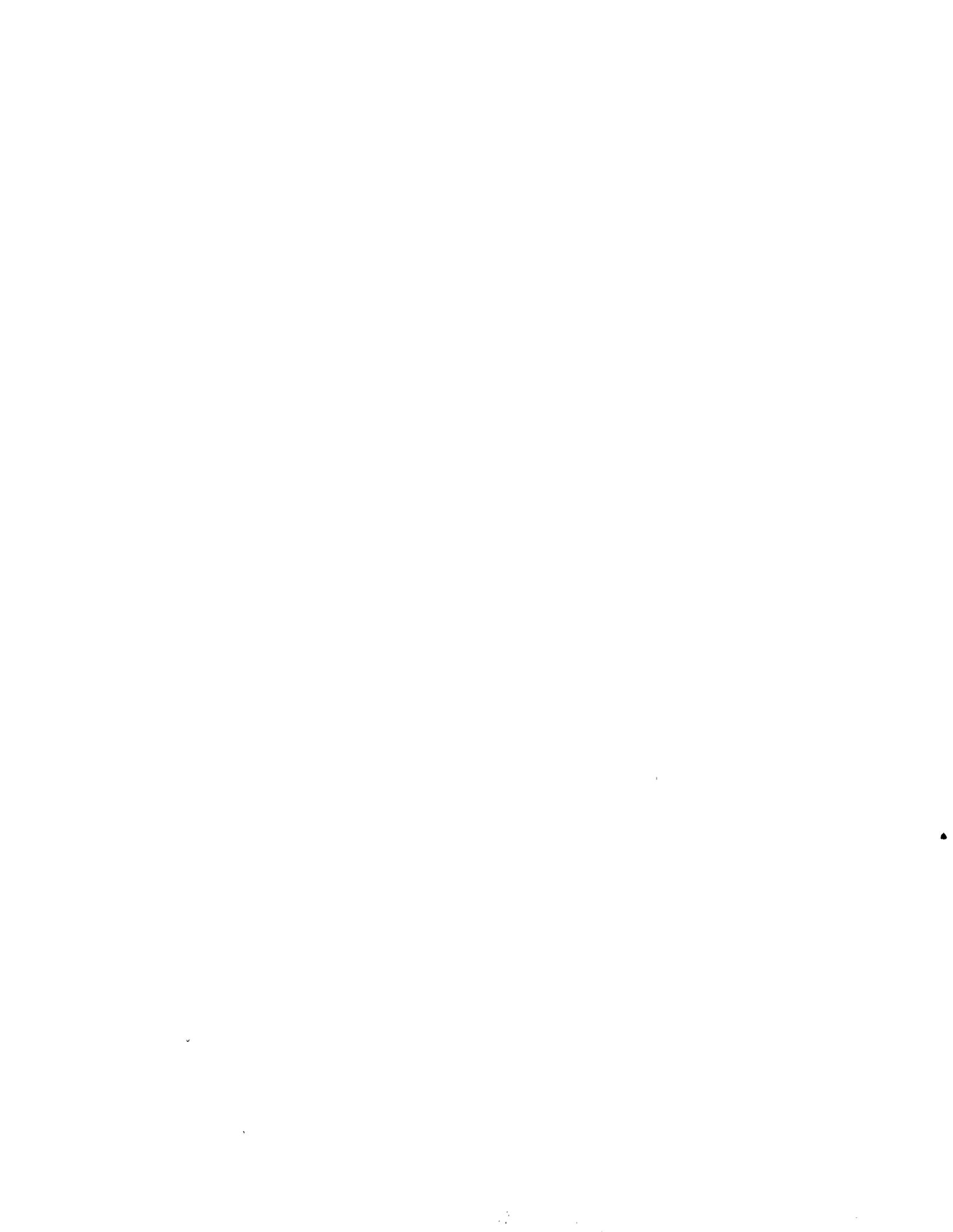
Major Contributors to This Report

National Security and
International Affairs
Division, Washington,
D.C.

Donald L. Patton, Assistant Director

Atlanta Regional Office

Roderic W. Worth, Regional Management Representative
Nancy T. Toolan, Evaluator-in-Charge
Daniel E. Ranta, Evaluator



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