
Rescuing Reconstruction

The Debate on Post-War
Economic Recovery in
El Salvador

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Jack Spence and George Vickers

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Summary and Recommendations

During the Salvadoran peace process, all parties recognized the need for a National Reconstruction Plan (PRN)—a blueprint for a massive effort to rebuild the country in the wake of the armed conflict. From the outset, however, there were two very different conceptions of this “reconstruction” effort.

The FMLN (Farabundo Martí National Liberation Front) and its base of support within civil society insisted that the PRN lay the foundation for economic development in the ex-conflictive zones through the integral support and empowerment of economic agents who had traditionally been marginalized by the country’s economic elites. For the Government of El Salvador (GOES), on the other hand, reconstruction consisted of the physical reconstruction of the war-torn zones and compensatory programs designed to alleviate the conditions of poverty among the population of these areas. Development, in this view, was to evolve through market-driven accumulation which would eventually create employment opportunities for the population, thus opening the path out of poverty.

In the immediate post-war climate, there was great hope that the reconstruction process could assist the search for common ground between these views, or at least a working consensus. The PRN was successful in the sense of attracting significant financing, but these first two years of reconstruction were a time of often unproductive clashes of views rather than a participatory, consensual experience. Important factors in this situation include:

1. The absence, in the peace accords, of specific mechanisms to assure beneficiary participation in program design and implementation;
2. International pressure for the PRN to adhere to the global effort to structurally readjust the Salvadoran economy;

3. The proximity of the 1994 elections which heightened sensitivity concerning the political impact of the PRN.

The PRN was launched in early 1992 with the government’s establishment of the National Reconstruction Secretariat (SRN). The United States Agency for International Development’s (USAID) immediate financial support to the SRN established it as the key institution in the reconstruction process.

However, the majority of PRN financing is, in fact, passing through entities other than the SRN. For example, a large bridge-repair program is channeled through the Ministry of Public Works and a project to rehabilitate the electric system is passing through the Hydro-electric Commission. The Social Investment Fund (FIS), a poverty-alleviation program supported by the Inter-American Development Bank, also receives large amounts of PRN money.

When both SRN and non-SRN projects are taken into account, the PRN emerges as a plan of primarily government action oriented, in the first place, toward infrastructure improvements with a secondary emphasis toward alleviating poverty among the target population. The PRN is not, fundamentally, a developmental plan.

Rather than seek consensus with opposition forces, the SRN has taken a more exclusionary attitude, perhaps owing to a perceived need not to allow the FMLN to gain any political benefits from the distribution of reconstruction funds. For example, the non-governmental organizations (NGOs) traditionally more associated with the FMLN and the population of the PRN target zones have been forced to struggle for even minimal participation in SRN projects. This dynamic has persisted through the two years of the SRN’s operation, although, in recent months there has been a modest opening toward the NGOs.

For their part, these "opposition" NGOs are in a high-speed attempt to convert themselves from implementors of emergency and subsistence projects in a highly political context to technically competent representatives of communities seeking economic transformation. Support for this effort has come from the same network of international development agencies that made war-time projects possible. The NGOs can also point to impressive results, but they, too, are confronting the difficulty of meeting expectations for post-war economic improvements. As a sector, they are conscious of the need to confront the limits posed by their institutional development and the enormity of the task of promoting development in the post-war context. The re-vitalization of this NGO sector is critical to long-term development, not just in the ex-conflictive zones but in the country as a whole.

The PRODEPAS program was established with SRN and USAID support to provide training and institutional support to NGOs, thus enabling them to better participate in the PRN. Given the size of the investments in the program, PRODEPAS has shown limited results and has been totally revamped by USAID.

Considerable SRN resources have been committed to local governments through the Municipalities in Action (MIA) program. The notion of decentralizing government action is laudable and a significant number of projects have been implemented. Our study of municipalities in three different areas of El Salvador suggest, however, that the MIA program has not met its democratic promise. Given the "winner-take-all" structure of local government, the mayor has inordinate power over project choice, and even in those cases where the mayor has apparently supported local consensus-building initiatives, political opposition at other levels has undermined local participation. Finally, the administrative problems in the relationship between the SRN and the municipalities has slowed project implementation to the point that alternative mechanisms—like the Social Investment Fund (FIS)—are preferred by many mayors and local citizens.

Projects to achieve the reinsertion of the ex-combatants of both sides constitute another important area of SRN activity. The continuity of these programs has been seriously damaged by the delays in the transfer of land to both ex-combatants and civilian tenants. Without a solution to the land problem, the entire program is in doubt. Another serious question about reinsertion concerns whether or not the

combination of credits, training and technical assistance included in the reinsertion program is likely to give the ex-combatants a reasonable opportunity to become successful producers. USAID, the main financial supporter of the reinsertion program, has been made aware of the difficulties through its own evaluation of the program, although there has been no systematic, broad-based survey of the current impact of the various programs on their intended beneficiaries.

The Mid-Level Commanders Program (Mandos Medios) is among the most unique and controversial of the reinsertion programs. It is a program negotiated directly by USAID and sectors of the FMLN to provide for the reinsertion of 600 officers of the FMLN by transforming them into small-business entrepreneurs. Participant training has been completed as of April, 1994 and the officers are now soliciting credits to make their initial investments. The same doubts about long-term viability that plague the overall reinsertion program also persist with the Mandos Medios Program, and many suggest that this preferential program for officers is creating negative divisions within the ranks of the FMLN. These doubts are even greater when one examines the program as it applies to women ex-commanders in rural areas.

The UNDP (United Nations Development Program) has played an important technical assistance role in relation to the SRN, and has worked to mobilize donor support for Salvadoran reconstruction. At the same time, the agency has performed a reconciliatory function between the SRN and the opposition NGOs, by involving these NGOs in UNDP-implemented projects.

Quite independently of the SRN, the European Economic Community (EEC) is implementing a major project for the reinsertion of ex-combatants in the department of Usulután. Preliminary evaluation of the program suggests that, in general, it is being carried out more efficiently than the SRN/USAID reinsertion work while projecting an underlying philosophy more oriented to the emergence of ex-combatants as viable agricultural producers. Despite these early successes, there are questions about the levels of popular participation in the design and implementation of the EEC program.

The entire National Reconstruction Plan has important achievements to its credit: it has created temporary employment opportunities, carried out impres-

sive infrastructure repairs and reconstruction, and met some of the most immediate needs of the populations of the ex-conflictive areas. At the same time, there are serious questions about how far the government plan has advanced toward the productive reinsertion of ex-combatants or the overall economic reactivation of its target areas. In addition, the PRN has not combined its choice of municipal governments as prime channels for reconstruction funds with decided action to insure that those funds are distributed in a participatory and democratic way.

It is much too early to speak of the failure of national reconstruction in El Salvador, but the process is in serious trouble. Despite election publicity to the contrary, however, the PRN has neither laid the foundations for real development in the country's ex-conflictive zones nor significantly enhanced the process of reconciliation.

The government need not assume all of the responsibility for the problems of the PRN. Some of the donors providing funds for PRN work have been slow to fulfill their pledges. In addition, the FMLN and some sectors of the beneficiary population have been uncooperative in certain areas and inefficient in providing necessary information in others. The relatively closed attitude of the government toward participation in the PRN has greatly aggravated these difficulties.

These problems, and a variety of other internal and external factors, have conspired to create profound tensions in the reconstruction process that are rooted in questions about the ability of the PRN, and especially the SRN, to carry out its mandate. These tensions are reflected in increased conflict surrounding reconstruction work and increased difficulty in the government's efforts to secure financing to carry out the rest of the reconstruction plan.

Reconstruction virtually ground to a halt in early 1994 as the nation awaited the results of the "elections of the century." Now that the ARENA party has won a decisive victory in the Presidential race, many fear that the new government will resolve the crisis in the reconstruction process by simply turning its back on the needs of the ex-conflictive zones—and, by extension, the peace accords.

This possibility can not be lightly dismissed, but our analysis suggests that there is at least a possibility that reconstruction can be "rescued", that is, the PRN being carried to its conclusion in a way that:

1. convinces the international community that it is still a project worth supporting;
2. offers space for opposition participation in program design and implementation, and
3. allows for the reorientation of SRN efforts toward well-planned development programs focused on the beneficiaries of the Land Transfer Program.

Without such a rescue of Salvadoran reconstruction, a historic opportunity will have been tragically squandered, and the cycle of injustice and resistance, repression and rebellion that has characterized Salvadoran history for centuries is likely to persist. In the hope that the Salvadorans will be able to break this cycle, we offer the following recommendations for action by the major international and national actors in the reconstruction process:

1. USAID should seek Salvadoran government support for a reorientation of the agency's support for reconstruction redirected toward an economic development plan focused on those receiving land through the Land Transfer program.
2. Increased participation of both the target population and NGOs experienced with that population should be a key goal of that reorientation.
3. All program delivery mechanisms—including governmental and non-governmental entities—should be re-evaluated based on their capacity to implement such a plan.
4. The EEC should renew its commitment to support reconstruction in El Salvador, especially by assuring adequate support for the second phase of the reinsertion program in Usulután. That program's exclusive focus on ex-combatants is highly counter-productive and should be omitted in the second phase. Finally, the EEC should also increase its commitment to programs which increase popular participation in program design and implementation and the growth of a vibrant non-governmental sector in Usulután.
5. In keeping with its goals concerning the participation of civil society in reconstruction, UNDP should devote more resources to an integral program for the institutional strengthening of Salvadoran NGOs. The elements of that program should be defined by the NGOs and the PRN target population.

6. The UNDP should take concrete steps to more firmly situate its concepts of "sustainability" and "human development" in Salvadoran government debates concerning reinsertion and reconstruction in general.
 7. In view of the problems facing the PRN, UNDP should strengthen its capacity to mobilize resources in support of Salvadoran reconstruction and to take responsibility for oversight of those resources, when necessary.
 8. The government should reaffirm its commitment to the PRN as part of the peace accords and evaluate the plan's fiscal situation in light of the potential need for more internally-generated funds for reconstruction. Similarly, the GOES should promote a second national consultation concerning "the PRN after two years" in order to seek concerted solutions to the problems faced by the plan.
 9. International NGOs should maintain their economic support for development alternatives in El Salvador while seeking higher levels of coordination in those efforts. In addition, these NGOs should devote more resources to informing their national governments of the key issues regarding Salvadoran reconstruction. As they seek to adapt to their new post-war roles, the Salvadoran NGOs require the continued moral and technical accompaniment of the international NGOs.
 10. Salvadoran NGOs should attempt to collectively analyze the full range of their experience with the PRN and develop new strategic approaches for the next phase of the program. Such planning should address the need for higher levels of coordination among NGOs. Regardless of the future path of the PRN, the processes of institutional development and reorientation of these NGOs should continue.
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The Framework of Reconstruction

Introduction

In early April, life in southern Usulután is dominated by heat and dust. After more than five months without rain, it is hard to believe that it has ever rained here. Against that backdrop, just under one hundred families are trying to build their lives in a new hamlet called Nueva Esperanza (New Hope). Over twenty of those families are headed by men and women who fought in the guerrilla army of the Farabundo Martí National Liberation Front (FMLN) during the 12-year war in El Salvador.

Reconstruction? The word brings you blank stares in Nueva Esperanza. Before the war, this land was part of a huge plantation in the heart of the richest cotton-producing area. The war drove the old owner out; the property is one of a great many disputed war-zone properties. Many of the families of Nueva Esperanza come from cooler northern towns in Chalatenango and Morazán. Refugees in the war or supporters of the guerrilla army, they believe that the peace accords signed by the FMLN and the government in January, 1992, give them the right to construct a new kind of economy on this land, and that the government is obliged to provide them with the tools to realize their dreams. While they do not see themselves reconstructing anything, as the named beneficiaries of national reconstruction, it is their hopes and dreams, alongside their strengths and weaknesses, that give meaning to the debate about national reconstruction.

Far from Nueva Esperanza, in the air conditioned conference rooms of the World Bank, there is another reality that is shaping national reconstruction at least as much as the visions in Nueva Esperanza. Here, Salvadoran government officials negotiate agreements about structural adjustment, the heart of

economic policy since the conservative ARENA party took power in 1989, that will define the economic future of El Salvador into the next century. (See Box on page six.)

Here, there are no blank stares about reconstruction. World Bank representatives know of the Salvadoran government's agreement to respond in a massive way to the needs of the people most affected by the war, and they are clear that the government has international obligations to structural adjustment, as well. In fact, they see the government's effort to raise \$800 million in international funds for national reconstruction as a guarantee that El Salvador will "stay the course" on structural adjustment without increasing government deficit spending.¹

Between Nueva Esperanza and the World Bank, a dizzying array of actors play out the drama of reconstruction in El Salvador. Reconstruction faces the dual challenges of reactivating the economies of the ex-conflictive zones while promoting reconciliation among those who were life-and-death adversaries during the war. Such a drama is not easily brought to a happy ending.

Hemisphere Initiatives has published several reports examining progress in the implementation of the peace accords: the reform of the judiciary and the military, the formation of the new civilian police, and the resolution of land conflicts.² This report discusses the National Reconstruction Plan called for in the accords. The discussion is grounded in a global institutional analysis and case studies. We focus on the National Reconstruction Secretariat (SRN), the only governmental entity created to oversee the reconstruction process, though we make clear that programs overseen by the SRN are only a portion of projects within the wider context of the PRN.

Structural Adjustment and National Reconstruction

Structural adjustment has two major components: the reorganization of the economy to maximize the role of the market in the allocation of resources and services, and reforms of the State to remove it from most economic activities and to modernize it so that it can more efficiently support private sector market activity.³

A successful structural adjustment program requires commitments by domestic leaders to deregulation, privatization, tariff reduction, export promotion, and reduction of government social subsidies and deficits. In exchange, the World Bank, the International Monetary Fund (IMF) and the Inter-American Development Bank (IDB) each provides critically needed financing on favorable terms, a powerful incentive to comply with structural adjustment commitments. Implementation frequently has recessionary effects, necessarily "harsh medicine" needed to "cure the patient", to use a metaphor employed by plan advocates.

The Christian Democrat government defeated by ARENA in 1989, attempted to implement structural adjustment, but was prevented from adopting a complete program by the war and, in the eyes of ARENA, by excessive state economic intervention.

ARENA came to power determined to implement a model structural adjustment program—even though the country was still at war. The new government immediately initiated negotiations with the World Bank leading to a first structural adjustment loan of \$75 million in February 1991. This agreement opened the floodgates for a series of loans from the IMF and the IDB.

The structural adjustment negotiations took place even as the Salvadoran government (GOES - Government of El Salvador) and the FMLN were struggling toward an agreement to end the armed conflict. The GOES repeatedly told the FMLN that its economic program—and,

by implication, the structural adjustment agreements with the World Bank, etc.—were simply not on the table. The weak agreement on national reconstruction in the Chapultepec Accords reflected the government's insistence on the sacredness of its structural adjustment program.

The subservience of national reconstruction to structural adjustment's requirements was confirmed two months after the signing of the peace accords at the March 1992 meeting of the World Bank Consultative Group. The World Bank, negotiator of structural adjustment plans, sponsored the forum where donors would determine the levels of resources available for reconstruction. The World Bank does not control the PRN; it sets a framework within which national actors shape and implement the plan.

The Salvadoran Minister of Planning suggests that "congruence" between the PRN and the GOES economic plan is insured by:

1. minimizing the increase in the GOES' fiscal deficit as a result of the PRN by heavy reliance on external financing,⁴
2. minimizing the creation of new government entities while continuing efforts to modernize and decentralize the Salvadoran state.

This congruence has not been easy to maintain in the face of donor hesitation to support some programs and the demands put on state institutions by the massive reconstruction program.⁵

The need to conform to structural adjustment planning has resulted in the PRN's programmatic orientation toward repairing infrastructure and short term poverty alleviation rather than a developmental effort to support the emergence of non-traditional economic agents in the country's ex-conflictive zones.⁶

It is much too early to speak of the failure of national reconstruction in El Salvador, but the process is in serious trouble. Twenty-eight months after the signing of the peace accords, hundreds of projects have been fully executed and thousands of employment opportunities have been created. Despite election publicity to the contrary, however, the PRN has neither laid the foundations for real development in the country's ex-conflictive zones nor significantly enhanced the process of reconciliation.

On March 20, 1994, Salvadorans went to the polls in what were billed as the "elections of the century." The registration and voting, marred by serious inefficiencies and irregularities, resulted in a resounding ARENA party victory in municipal and legislative races, and a near first-round victory in the Presidential race, affirmed in the April 24th second round.

Though ARENA presidential candidate Armando Calderón Sol made inconsistent comments regarding the peace accords, toward the end of the campaign he said compliance was a "national commitment." The advent of the new administration offers an opportunity for a thorough re-thinking of national reconstruction to correct important weaknesses. Some observers doubt that ARENA will seriously pursue reconstruction goals, while others dare hope that a fresh approach can rescue reconstruction. Our report hopes to contribute to that rescue effort.

The Rise and Fall of "Concerted" Reconstruction

The signing of the peace accords at Chapultepec Castle, Mexico City, in January 1992 created an incredible sensation of euphoria throughout the country, but left Salvadorans with a great many unfinished tasks—national reconstruction among them. At that time, there was much talk about

reconstruction as a "concerted" process through which the interests of the different actors could be reconciled through an open, participatory process. The treaties' vagueness does not lend much support to this view.

The FMLN was definitely interested in strong agreements on reconstruction and other economic issues, but the government's determined resistance to this, and the FMLN's own lack of clarity on an economic program led them to make a conscious choice not to push for stronger economic language as part of their "bottom line" in the negotiations.⁷ As a result, the Chapultepec Accords clearly states that the government, alone, was to elaborate a reconstruction plan and then seek the input of other social forces (which it did). There is a vague reference to the accords reflecting the "collective will" of the country, but no mention of any participatory mechanism for the actual implementation of the program.⁸

The Chapultepec Accord is so vague and inadequate on the issue of reconstruction that it does not even prescribe mechanisms for dealing with the vital first step in reconstruction—the response to the material needs of FMLN combatants as they made their way to the concentration points stipulated in the accord.⁹

Furthermore, all drafts of the PRN make reference to the need to insure that reconstruction develops as an integrated part of the overall government economic plan, and government officials continue to echo this sentiment today.¹⁰ Thus, the government set the parameters within which any "concerted" effort by the GOES, the FMLN, the Armed Forces and the affected communities might occur.

The FMLN was not interested in participation for its own sake. They called for reconstruction funds to be used to turn beneficiaries into the active agents of a "new popular economy"¹¹ that would fundamentally alter the Salvadoran economic structure as the peace accords attempted to alter the political structure.

The reconstruction debate about participation was not just about economic visions. In a pre-electoral period, with the promise of a great deal of foreign money to support reconstruction, the government wanted to keep an eye on the political interests of the ruling party. Every government official categorically rejects the notion that the PRN has been used for ARENA's political benefit. Important evidence suggests otherwise.

Significant reconstruction funds have gone to non-governmental organizations controlled by relatives of the Vice-President and other private-sector stalwarts of the ARENA party.¹⁴ Even after the return of "exiled" mayors to conflictive municipalities, there have been inordinate delays in the movement of municipal reconstruction funds to the most conflictive areas of the country, i.e., those in which the FMLN has a strong presence.¹⁵ During the election period, thousands of dollars came from the budgets of both the SRN and the Social Investment Fund (FIS) to publicize local infrastructure projects as political achievements of the ARENA government, and the location of FIS projects obeyed a political logic. The virtual exclusion of the FMLN and the opposition non-governmental organizations from direct participation in the PRN can easily be understood as an effort to block any effort by the FMLN to accumulate political capital from the reconstruction process. The evidence stands at the side of common sense in support of the contention of one UN official that the PRN is a series of "technical projects under decidedly political management."¹⁶

The New Popular Economy

The "new popular economy" refers to the survival strategies developed by poor Latin Americans as they confront a "formal" economy that has no place for them. In El Salvador, this economy has a special twist because its foundations were laid in war-time when production was sometimes considered a subversive act.

This economy exists in cooperatives and communities in rural and urban areas all over El Salvador, but one of its strongest expressions is in the rural communities of the ex-conflictive areas where displaced people and refugees have returned to build new lives.

During the war, this popular economy was a subsistence economy that often relied on external support for its survival. "Opposition" NGOs served as a critical link between that economy and the outside world.¹² The new popular economy in El Salvador also relied heavily on the hope which flowed from a utopian vision of egalitarian community which, through labor, could meet the economic needs of all its members.

Now that the war is over, people in these communities are, in different ways, determined to build self-sufficient communities in which they can overcome their poverty. Their search for viable alternatives that they would control ranges from a traditional bean cultivation project to a "ranch" with 5000 head of iguana. It includes discussions about what to do about the over-production of corn and about gender roles after a war where men and women fought side-by-side. The NGOs remain crucial, but even their role is being challenged.

The transition from the war economy to the new popular economy has not been an easy one. Decisions must be made about how this new economy will relate to the market-driven economy dominant in El Salvador, and the way forward is not so clear.¹³ New organizational forms must be found to increase production. The war's destruction has made people realize that they still need significant outside resources to make their dreams a reality.

The people working to build this economy see the debate over the reconstruction resources of the PRN in this context.

The notion of a concerted reconstruction, therefore, had two strikes against it coming out of the accords, but in the euphoria of 1992, everything seemed possible. Many hoped that a combination of popular pressure and the insistence of the international

donors would make the government soften its position and open spaces for opposition participation. These hopeful eyes turned toward the first meeting of the World Bank Consultative Group in March 1992.¹⁷

The donors, especially the Europeans, emphasized that they would not give support to anything other than a consensus plan. This led to the proposal of a "neutral" mechanism to administer reconstruction money. The United Nations Development Program (UNDP) was suggested; it is named in the reconstruction section of the accords as a source of technical assistance for the PRN and as a facilitator.

The government showed no real interest, and its most important reconstruction donor, the United States Agency for International Development (USAID), was adamant that its reconstruction money go directly to the government. In the weeks before the meeting, USAID had begun to redirect existing programs to the government's newly formed National Reconstruction Secretariat (SRN). Furthermore, UNDP admits that it barely had the capacity to organize an international response to the emergency needs of the ex-combatants, let alone administer a large part of the plan.¹⁸ As proposals for an alternative mechanism evaporated the Consultative Group participants began to center discussion on opposition participation within the SRN. Ultimately, these discussions bore no fruit.

The FMLN had to decide whether to accept the grudging invitation from the government to attend the Consultative Group meeting. To do so would imply that the PRN was reached through a concerted process, but the FMLN had major problems with the PRN and did not like the momentum building behind the SRN as the key institutional force in reconstruction. But a refusal to attend would have allowed the government to blame the FMLN if sufficient funds were not forthcoming from the donors, and would have eliminated the possibility of lobbying donors for

participation safeguards. The FMLN decided to attend.¹⁹

The meeting was a turning point for reconstruction in El Salvador. It signaled the formal public marriage of El Salvador's PRN with its process of structural adjustment—and everyone was there for the celebration. There was still concern about "concertación", but the arrival of the FMLN calmed donor concern on that front. With that point settled, most of the discussion at the meeting concerned how reconstruction would impact macro-economic planning and structural adjustment commitments.²⁰

The government's reconstruction plan presented a technically sophisticated combination of apparently-viable programs designed to promote a peaceful transition in El Salvador. It did not rest on an explicit, long-term vision of how "integrated-development" was to be achieved in the ex-conflictive zones, and the majority of its programs were definitely not development programs.²¹

Promises of support showered down - the \$800 million in pledges exceeded the Ministry of Planning's (MIPLAN) goal of \$745 million. USAID offered \$250 million (later boosted to \$300 million) to go directly to the SRN in 1992 and 1993. This allowed emergency programs to start immediately and, more importantly, established the SRN's preeminent place on the reconstruction map as the key route between the plan and the target population. SRN Director Norma de Dowe, a capable veteran of government economic programs during the war years, is not known as a builder of consensus between government and opposition forces.

The government had prevailed on the issue of who would control reconstruction funds, and, in the short term at least, the notion of the PRN as a site of reconciliation of different views of the country's economic future was, as we will show, gravely wounded.

National Reconstruction Plan in Action

Table 1
Who's Who In the National Reconstruction Plan?

Organization	Participation in PRN
Target Population	-1,645,756 people, almost all residents of the 115 target municipalities -60,000 displaced people -24,000 repatriates -56,356 ex-combatants (both sides) ²²
Ministry of Planning (MIPLAN)	-lead government participant in PRN -wrote draft plan, sought funds -administers all SRN money
Farabundo Martí National Liberation Front (FMLN)	-political representative of much of the target population -negotiates changes in PRN -organizes target population
Secretaría de Reconstrucción Nacional (SRN)	-set up by government to execute part of plan -receives money from MIPLAN -approves projects, disburses money
Other GOES inst./ministries	-execute SRN projects or get PRN funds direct from MIPLAN
Salvadoran NGOs	-execute SRN projects -through SRN or intermediary NGO -some feel excluded from PRN
Foreign NGOs	-execute SRN projects -four active, often intermediaries for national NGOs.
Target municipalities	-mayor's offices execute SRN projects -work through MIA Program -many had mayors "in exile"
U.S. Agency for International Development (USAID)	-largest foreign supporter of plan -disburses money to MIPLAN -chooses and monitors projects -sole donor to SRN
European Economic Community (EEC)	-unifies support of European countries -funds large reinsertion project -"coordinated autonomy" from SRN
PRODERE	-supports World Food Program
United Nations Development Program (UNDP)	-channel for U.N. support for plan -provides technical assistance -executes some projects -channels assistance to PRN
United Nations Mission for El Salvador (ONUSAL)	-verifies compliance with accords -reports on progress of PRN -focus on ex-combatant reinsertion

PRN Programs

The National Reconstruction Plan has over 30 international cooperation projects in three areas: Investments, Technical Assistance, and Democratic Institutions. "Investments" includes programs for ex-combatants, and infrastructure projects. "Technical Assistance" includes smaller projects mostly administered by UNDP. "Democratic Institutions" supports institutions created by the peace accords such as the Ombudsman for Human Rights, and the National Civilian Police. The Ministry of Planning (MIPLAN) has overall responsibility for plan implementation.

Table 2
Summary of International Support for the
National Reconstruction Plan (PRN)
as of December 1993
(In millions of \$US)²³

Program Area	Under Contract	In Negotiation	Total
Investment Projects	627.30	191.86	819.16
Technical Assistance	43.76	12.90	56.66
Strengthening Dem. Inst.	54.70	12.85	67.55
Total	725.76	217.61	943.37

The table on page 12 represents the flow of funds from donors (the top half) into the PRN and its central administrating agency MIPLAN, and then from MIPLAN to the implementing agencies or ministries of government (the bottom half). The dollar sums represent donors' commitments and, for the implementing agencies, amounts of project funds to be received.

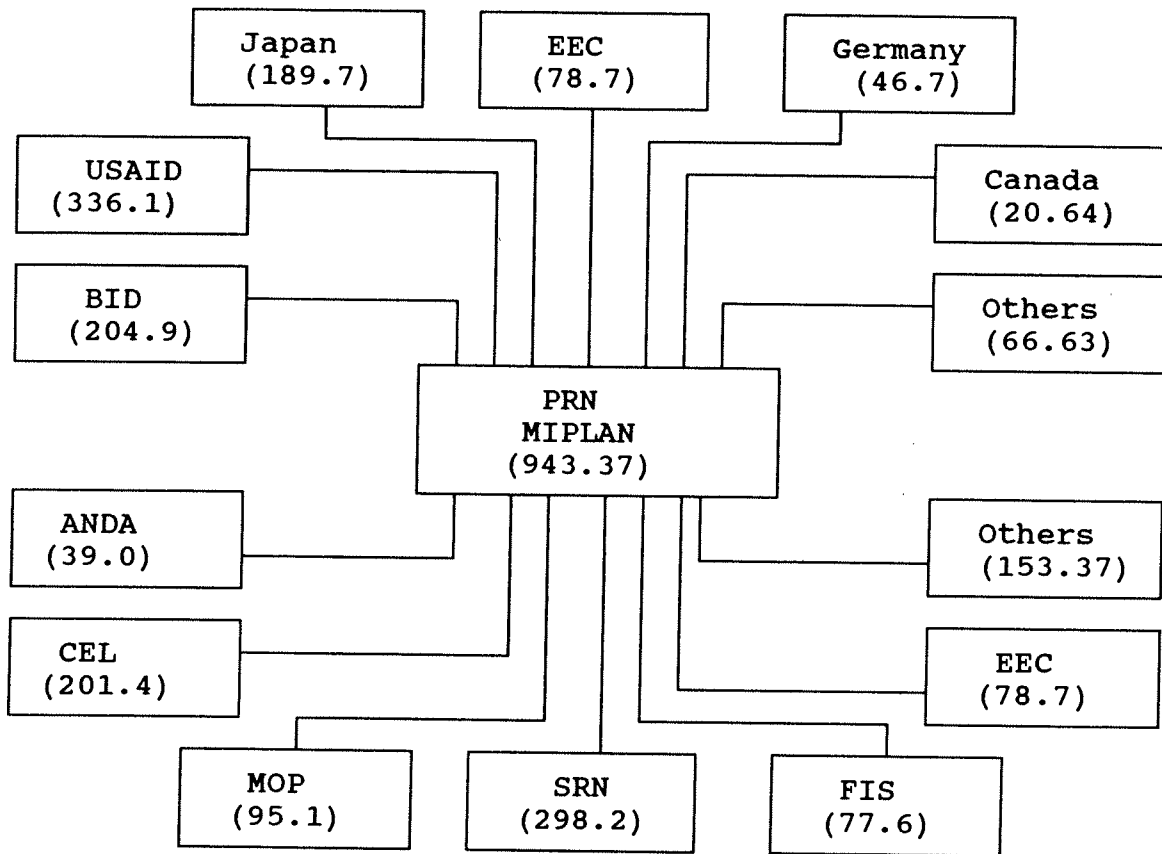
Unfortunately, most public debate about national reconstruction focuses on the work of the SRN funded by USAID.²⁴ Table 3 shows SRN funds amount to only 30% of the total. The category "Others" in both parts of the table covers at least fifteen other donors and dozens of implementing agencies. The SRN "box" includes at least 100 public and private implementing entities.

It is difficult to track PRN progress. MIPLAN regularly reports its efforts to attract funds, but no report tracks the movements of funds during implementation. No one in MIPLAN can say how much PRN money has actually been received or how much has been disbursed, or even the implementing mechanism for every project. We were assured that this shortcoming will be corrected "after the elections."²⁵

We have been unable to completely fill in the giant gap between the dollar total of cooperation which MIPLAN claims to have under contract and the amount which the SRN says it has assigned to projects. Furthermore, absolutely no data are available on the amounts or uses of the considerable interest generated between receipt of funds and disbursement. This lack of transparency is extremely troubling—especially in an election year.

Table 3
National Reconstruction Plan
Financial Flow Chart²⁶
(In millions of \$US)

DONOR COUNTRIES AND AGENCIES



IMPLEMENTING AGENCIES

Abbreviations:

ANDA-Salvadoran Water Authority

MOP-Ministry of Public Works

EEC-European Economic Community

CEL-Hydro-Electric Commission

FIS-Social Investment Fund

BID-Inter-American Development Bank

What do these implementing agencies do? The SRN (National Reconstruction Secretariat) will receive detailed attention later in the report. The MOP's (Ministry of Public Works) \$95.1 million is for a project funded by Japan to repair two major war-damaged bridges over the Lempa River. ANDA (water and sewers) and CEL (electricity) are "semi-autonomous" utilities under public control. CEL is on the government's privatization agenda. Both water and power systems have serious deficiencies not necessarily related to the war.

The FIS was created in 1990 as a "social compensation" mechanism to respond to the negative social side effects of structural adjustment. A former NGO Director and the Vice-Presidential candidate of the Christian Democratic Party have both described the FIS as "a type of ambulance that goes around picking up people wounded by the government's structural adjustment program."²⁷ Headed by beer magnate Roberto Murray Mesa, this "bricks and mortar" program builds small projects (schools, latrines), not unlike the Municipalities in Action program administered through the SRN. Its primary supporter is the Inter-American Development Bank, but important support has also come from UNDP, the governments of Japan and Germany, and the SRN itself. Privately, officials close to the SRN say SRN - FIS relationships are less than cordial; they compete over funds for similar projects in the same areas.

The FIS can efficiently move large amounts of funds, but its reliance on project "wholesalers" who can quickly construct, say, many latrines has been to the detriment of both community participation and the quality of the projects.²⁸ An FMLN leader recently elected to the Legislative Assembly acknowledges the technical capacity of the FIS, but insists that FIS projects are unabashedly used by the ruling party for political purposes, as evidenced by lavish FIS self-congratulatory advertisements during the electoral campaign.²⁹

The EEC appears in Table 3 as both a major donor and implementing agency because it is operational in El Salvador, with a large technical staff charged with carrying out EEC projects. The largest EEC program, examined later, supports the reinsertion of 3000 ex-combatants in Usulután. The UNDP implements SRN projects. But it also serves as the administrative channel for projects involving a growing amount of money that are supported by other UN agencies and foreign governments. A later section is devoted to UNDP efforts.

Much of the early debate between the FMLN and the government concerned the priorities to be assigned for human capital development, desired by the FMLN, versus infrastructure construction. A global vision of the PRN allows interesting comparative observations. For example, the \$95.1 million for the two Lempa River bridges exceeds by 50% the total assigned (as of the end of 1993) to the reintegration of the ex-combatants of both sides. The various improvements to the electrical system account for double the amount assigned to all "human development" programs in the PRN (as of the end of 1993).

The National Reconstruction Secretariat (SRN)

The SRN remains the largest and most politically sensitive area of the plan. Formed by Presidential decree as the accords took effect, the SRN was built on the organizational foundation of The National Commission for the Restoration of Areas (CONARA), the primary arm of government economic counterinsurgency strategy toward the war zones in the 1980s.³⁰ Given its history, CONARA ties hurt the SRN's image with much of its beneficiary population. The Secretariat has sought to develop an independent identity, but with limited success.

The SRN has been responsible for three primary areas of work: the Municipalities in Action (MIA) program, an USAID-supported program which makes money available to mayors for basic-infrastructure improvements; all USAID-supported programs for ex-combatants of both sides; and, USAID-supported economic reactivation programs.³¹

SRN projects involve the most contact between government reconstruction programs and the PRN beneficiary population. The Minister of Planning admits that it was predictable that the SRN would be in the front line in terms of public criticism, giving the impression that the SRN was set-up as a sort of buffer between PRN beneficiaries and high government officials.³²

Amid tremendous administrative problems, the SRN started slowly, and relied heavily on international NGOs during the emergency phase. Since then, the SRN has made administrative improvements and lessened its dependence on foreign implementing agencies. Though important administrative questions remain, the most probing critiques of the SRN now concern political and programmatic issues.

In December 1993, the SRN presented a report on its operations. Table 4 summarizes the reported results.

Table 4
Progress of SRN Implementation
by Project Area
 (amounts in millions of \$US) ³³

Program Component	Amount Approved	Amount Disbursed	% Disb.
A. Immediate Assistance	2.78	2.23	80.22
B. Assistance to Ex-Combatants	69.11	23.73	34.34
C. Econ. & Soc. Reactivation	39.24	26.45	67.41
D. Land Transfer	0.00	0.00	0.00
E. Infrastructure	1.74	.80	45.98
F. Administration	2.27	1.81	79.74
Total	115.14	55.02	47.79

After 18 months, the Secretariat had assigned to projects less than 40% of the USAID money and had disbursed less than half of assigned funds to the implementing agencies. Category E., Infrastructure, vastly understates such expenditures because the SRN shifted MIA programs to Category C. The big problem areas were clearly the land transfer program and the programs to reintegrate ex-combatants into productive life. The land money began to move in the first months of 1994.

The USAID-commissioned evaluation of agency support for the SRN suggests that even by September 30, 1993, \$154.6 million—instead of the \$115.14 reported by the SRN—had actually been committed to specific projects.³⁴ Neither the SRN or USAID could clarify the discrepancy or the activities to which the extra money had been committed.

The SRN acknowledges implementation problems, but suggests that its program has been delayed by political considerations in the ex-combatant programs. They trace the delays to the tendency of both the FMLN and the beneficiary population to politicize technical projects. The SRN says the beneficiaries see the programs as rights won at the bargaining table rather than as opportunities for assistance offered on a conditional basis by the government.³⁵ Finally, the SRN says agencies it has contracted have lacked operational capacity.

Both USAID and MIPLAN seem to be in basic agreement with this analysis, and offer no substan-

tive criticism of the work of the SRN. USAID insists that the SRN has advanced considerably along the "learning curve" and is now performing quite satisfactorily. The agency's relationship with the current director of the SRN has developed to the point that USAID will reconsider its relationship to the SRN should the new administration replace Norma de Dowe.³⁶

In its January 1994 report the United States General Accounting (GAO) office takes a slightly different view of the progress of the SRN. The report, entitled "Implementation of Post-War Programs Slower Than Expected" focuses on the National Civilian Police, the Land Transfer Program (PTT), and the USAID/SRN. While not discounting the importance of political factors in the obvious delays, the GAO also points to serious administrative difficulties within the SRN and in the USAID/SRN relationship. Funds passed extremely slowly from USAID to the SRN and there were major confusions concerning USAID policies.

USAID officials admitted that "competing demands on their time" prevented a timely response to problems. According to GAO, USAID has taken corrective measures, but as of late 1993, the problems persist. Of the \$10 million in USAID funds destined for audits and technical assistance, only \$726,000 had been used by late 1993.³⁷

It is widely known that there was considerable institutional friction between MIPLAN and the SRN in the early stages of PRN implementation. In addition

to normal institutional boundary problems, there were political problems concerning the degree to which the PRN should promote opposition participation.³⁸ The Minister of Planning now expresses admiration for the work of the SRN and asserts that the fact that no non-USAID projects had been channeled through the Secretariat as of the end of 1993 implies no criticism of SRN performance.³⁹

Not surprisingly, the FMLN and the "opposition" NGOs have a strikingly different view. The debates concerning the SRN and the PRN, in general, center on three themes:

1. NGO PARTICIPATION: Opposition NGOs charge the SRN has discriminated against them and has not included sufficient participation of war-torn communities it associates with the opposition. The SRN claims decisions are made on technical grounds and that these NGOs were incapable of many of the tasks of the PRN.

2. MUNICIPAL RECONSTRUCTION: Has the process established by the Municipalities in Action Program been sufficiently democratic? Has it led to reconciliation? Has it reconstructed and laid the foundation for development?

3. REINSERTION PROGRAMS: Has the SRN shown sufficient political and technical ability to overcome the problems that have arisen in the implementation of the reinsertion programs? Will implementation of existing programs achieve the reinsertion of the ex-combatants of both sides?

This report contains case studies on these issues. These cases will help to navigate the great distance between the government and the opposition perspectives. An examination of PRN implementation from a variety of angles forms the basis of our conclusions about the problems and the future potential of the PRN.

The Participation of NGOs

In its most recent report, the SRN makes a striking claim.

"Up until now, neither the size nor the amounts of projects approved have been the most relevant aspect of the implementation of the PRN. Of much more impact has been the institutionalization of more participatory systems to allow the implementing agencies of the PRN to respond to the need of the target communities."⁴⁰

According to the SRN, the establishment of new mechanisms of participation has been even more important than the physical results of SRN work.

Direct citizen participation is difficult in a program as large and ambitious as the PRN, so the debate on this question tends to focus on the channels of participation open to the beneficiary population. NGOs exist to provide one such channel, so their participation in the PRN becomes a central point of evaluation.

In this section, we examine the degree of participation by opposition NGOs and other NGOs in the PRN, the capacity of the opposition NGOs to assume major responsibility for post-war reconstruction, and PRODEPAS, the program designed to increase the technical capacity of Salvadoran NGOs.

Exclusion of the Opposition NGOs

When the PRN was first presented, observers from different ideological perspectives agreed that the plan did not give sufficient importance to the role of the non-governmental actors. MIPLAN changed the plan to address this criticism.

Two years later, the SRN claims great success in its incorporation of NGOs, while the FMLN and opposition NGOs harshly criticize the SRN for having excluded those NGOs with the most experience working with the PRN target population. The SRN notes that, as of November 1993, it had assigned \$41.15 million (36% of its total funds) to NGOs.⁴¹ The FMLN differs with the government definition of an NGO, but acknowledges that NGOs have received over 30% of SRN funds.⁴² Their question concerns which NGOs have received those funds and why.

The entire PRN, including projects outside the SRN (see Table 3), is overwhelmingly a plan of governmental action. Existing data suggest that well over 85% of the plan was designed to be implemented by government entities, even after the plan was changed to broaden the NGO role.⁴³ The major exceptions are the programs administered directly by UNDP, where a range of actors including opposition NGOs have participated, and in the SRN, where the question of NGO participation is complex.

Like virtually every other sector of society, Salvadoran NGOs were deeply divided during the war. One group of NGOs channeled a considerable quantity of emergency relief, economic subsistence and alternative social service projects to the country's conflictive areas, often to the consternation of the government and in political competition with its CONARA program.

These NGOs carried out their work under very unusual circumstances that verged on clandestine operations. They are the first to admit that the situation did not lend itself to organizational development. Most had offices that were semi-public at best, and extraordinary security measures were necessary for the simplest of operations. At the time of the

FMLN offensive in 1989, nearly all NGO offices were shut down and the Armed Forces confiscated thousands of dollars worth of their equipment. NGOs hired staff more on the basis of confidence than technical criteria, and programs for technical or administrative training were rare.

These circumstances created organizational problems, but they also led to very close relations between those NGOs and the repopulated communities of the war zones. That experience, these NGOs argue, makes them the ideal NGOs to carry out the reconstruction efforts. For the government, this very experience establishes the connections of these NGOs to the FMLN and makes them politically suspect.

It is difficult to say exactly how much of the over \$40 million in approved NGO funds has gone to opposition NGOs, but no one suggests that it has been very much. As of November 1993, no more than \$300,000 had been approved to go directly to this group of NGOs. Perhaps another \$2.5 million had been approved to reach them through the UNDP or an "umbrella" NGO such as Catholic Relief Services (CRS).⁴⁴ The opposition NGOs have gotten a toe in the door of the SRN, but their participation has been minimal by any standard.

Just which NGOs have received SRN money? The following table answers the question with information taken from SRN reports.

Table 5
NGO Participation in SRN Projects
Feb. 1992-Nov. 1993
(amounts in thousands of \$US)

NGO Type	Funds App.	%
Opposition	248.95	0.62
US-Based	10,950.84	27.06
Salesian NGOs	21,244.16	52.49
UNDP	5,065.73	12.52
Others	2,964.14	7.31
Total	40,473.82	100.00

More than half of the funds approved for NGOs has gone to two organizations associated with the Salesian fathers, an order of Catholic priests who worked in close coordination with the government for much of the 1980s. The Salesians have made a name for themselves in development circles by the promotion of "industrial belts" (polígonos industriales) in El Salvador. They do, therefore, have significant experience in the areas of vocational training and industrial development, but have little or no experience with the target population of the PRN.

The second largest recipient of funds has been a group of United States-based NGOs with established relationships to USAID. One of these, Catholic Relief Services, acted as an intermediary for project funds which went to opposition NGOs.

The "others" category includes several Salvadoran NGOs, nearly all of whom have close relations to the government and/or USAID. The Habitat Foundation and the International Rescue Committee of El Salvador (CIRES) account for two-thirds of the funds approved in this category. Both are Salvadoran organizations with a proven track record with USAID projects.⁴⁵

According to USAID, when the SRN started its work, most of the opposition NGOs did not have the legal certification necessary to receive government funds. Negotiations between the government, USAID and the NGOs resolved that problem in late 1992. Since then projects have been rejected or approved based on technical grounds and the availability of funds. Many Salvadoran NGOs, according to this argument,

have simply been unable to make the transition from emergency relief to development work.⁴⁶ (USAID's view on this point is important because the agency reviews every SRN project before it is approved, though they do not necessarily see all projects presented to the Secretariat.) The SRN echoes USAID's position on project approval criteria.

Opposition NGOs insist that they have invested considerable organizational resources in building their technical capacity. They cite the International Conference on Central American Refugees (CIREFCA) process, which saw Salvadoran NGOs coordinate with the GOES to channel millions of dollars in bilateral refugee assistance projects.

But the SRN has declined to recognize the coordination mechanisms that worked for CIREFCA, leaving the NGOs to invest time and energy in presenting projects to the SRN only to see their proposals endlessly delayed or in the end be told funds were not available. A January 1994 GAO report appears to support that contention.⁴⁷

The NGOs trace their exclusion to patently political reasons. The data presented in Table 5 support their assertion. Given their experience, it is hard to believe that the technical superiority of other NGOs could possibly justify the differences in project approvals. UN officials acknowledged the technical problems of the opposition NGOs, but insisted that if only technically capable institutions could receive PRN funds then most NGOs and government agencies would be excluded—including the SRN.⁴⁸

Political criteria appear to have weighed more heavily than technical expertise in project assignments. Perhaps, in a pre-electoral period, ARENA was not interested in having the SRN fund projects that could result in political gains for the FMLN. Whether USAID was in agreement, it did not have the will to intervene with sufficient vigor to reverse the trend.⁴⁹

An evaluation of USAID, commissioned by the agency, recommends determined action to overcome the obstacles to the participation of NGOs in the PRN. They report that the SRN and USAID have agreed to develop a new institutional strengthening program for NGOs to go into effect this August. However, as we detail below, this would come after a somewhat ineffectual \$2 million dollar project with the same goal. Furthermore, the evaluation suggests that "USAID should simplify the project approval

procedures and explore some alternative methods for utilizing NGOs not likely to meet U.S. financial management standards."⁵⁰

The opposition NGOs have an undeniable political affinity for the FMLN and they espouse a vision of reconstruction that differs radically from that of the government. That should not, however, serve as the basis for their exclusion from the PRN. If the plan is to integrate the target population into the national economy and serve as a basis for national reconciliation, it requires the participation of both that population and the opposition NGOs.

Opposition NGOs and Alternative Economic Development

Opposition NGOs have participated in reconstruction through the design and implementation of development projects supported by the same international NGOs that supported them during the war. They seek to launch economic development in the post-war period. Their attempts to develop "the new popular economy" (See Box #2) have paralleled and overlapped the implementation of the PRN in complicated and often unproductive ways.

For a variety of political and institutional reasons, NGO support to this effort takes place in a greatly decentralized way. Though they have not had access to anything like the resources available to the PRN, the opposition NGOs have spent about \$30 million per year in the ex-conflictive zones since the end of the war, a sum that compares favorably with the amount of money disbursed by the SRN.⁵¹

This work includes social projects in health, education and housing as well as a wide range of projects to stimulate production. Although these development programs have made significant advances that are reflected in improved living conditions, close observers of the process agree that the results have not met the expectations of either the people served by the programs or the opposition NGOs.

The obstacles are many, but three stand out:

1. Lack of infrastructure means development requires major investments like those contained in the PRN.

2. The NGOs have not achieved sufficient levels of coordination to promote economic development initiatives.

3. The transformation of the NGOs from organizations designed to support emergency war-time relief to development organizations capable of, say, launching a housing construction project has been a slow and uneven process.

Dependence on Large-Scale Projects: These NGOs will never be able to mobilize the resources necessary to carry out sustainable development programs, the land transfer program, or the repair of war damaged infrastructure.

For example, the population and the NGOs of the area of southern Usulután where Nueva Esperanza is located have identified four major needs that stand in the way of their development plans: repair of the 30-kilometer dirt road leading to the coastal highway; repair of dikes and flood walls; electricity; and piped potable water or better wells. These are the sort of projects that the PRN promotes, but not a single one has been initiated in this zone, so the NGOs small-scale development projects in the region face formidable limitations.

Lack of Coordination: Perhaps as a legacy of the often irrational requirements of the war, many NGOs are carrying out programs uncoordinated with other NGOs. This often leads to unproductive competition, and can be complicated by different NGOs having different relations with the five parties of the FMLN. A number of creative new efforts at NGO coordination exist—like the municipal coordination of NGOs in Nejapa, and the Local Economic Development Agency (ADEL) programs in Chalatenango and Morazán.

Institutional Inertia: During the war, the opposition NGOs were charged with carrying out dangerous projects. Even moving a truckload of food from San Salvador to Suchitoto, for example, required careful consideration of security conditions. These conditions determined, to a great extent, the organizational structure of the NGOs and the profiles of the people that would be likely to occupy key posts in that structure. Working in the war zones in support of a civilian population identified by the government as the FMLN's "social base" implied a certain set of relations with the main actors in the conflict—the FMLN and the Salvadoran Armed Forces—that very much affected institutional priorities.

With peace, all of these circumstances have changed radically. The political and security conditions of the ex-conflictive zones changed almost overnight and improved living conditions through sustained economic development became the dominant priority of the population. In one way or another, all of the opposition NGOs have begun a "conversion" process designed to adjust to these changes. Not only do their constituents have different needs, but their key sources of support—international NGOs—also see this new period in a different light.

The major changes being demanded of these NGOs in this transition period include: 1) improved, more transparent financial administration; 2) increased capacity to provide technical support to communities; 3) decentralization away from the capital and toward the communities, and more participatory planning and decision-making; 4) longer-term planning oriented toward regional solutions.

At the same time, the NGOs have begun to seriously rethink war-time relations with political structures of all sorts so that the direct social and economic needs of the communities can become the unquestioned basis and absolute priority of all institutional efforts. Whatever one might think about the place of political considerations in the war-time work of the opposition NGOs, there is general agreement that these considerations can not assume the same importance in the current period. Predictably, not all community leaders are happy with the pace at which these changes are happening in the NGOs, and tensions between communities and NGOs have increased, accordingly.

The transition process within the opposition NGOs will continue, not primarily because of requirements placed upon them by the SRN or some other funding agency, but because their constituents demand these changes. The "conversion" of the opposition NGOs has been a complex and painful process of change that has occurred unevenly across a diverse group of organizations. For the foreseeable future, these NGOs will confront technical, administrative and political problems that result from the conditions in which they were formed during the armed conflict. But alongside these problems, the opposition NGOs also carry a reservoir of shared experience with the people who form the target population of the PRN. To ignore the value of this experience is to condemn the PRN to failure.

Building NGO Capacity: The Case of PACT/ PRODEPAS

As noted, the government and some donors (notably USAID) argued that the Salvadoran NGOs, particularly opposition NGOs, lacked administrative and technical ability. In mid-1992, the SRN and USAID awarded nearly \$2 million to Private Agencies Collaborating Together (PACT), a Washington, D.C. non-profit organization, to mount a program to strengthen the institutional capacity of Salvadoran NGOs. PACT had trained NGOs in other countries, but had no prior experience in El Salvador.

Called PRODEPAS, the program diagnosed NGO needs and selected 40 NGOs based on two criteria: prior participation in the PRN, and a match with priority needs defined by the diagnostic study. Training centered on computerized accounting, project formulation and evaluation, and developing Boards of Directors.

PRODEPAS director, Beatriz La Fuente explains that NGOs face a challenge in moving from a subsistence to a development mission. She cites even greater problems with the "political" composition of the Boards, claiming that the political parties have a real sense of ownership of the NGOs. Nevertheless, "the NGOs have a role to play," particularly given the government's commitment to decentralization. La Fuente asserts that unlike FUSADES, an NGO with training programs that she admits is identified with the ARENA party, PRODEPAS is able to work with NGOs from all political ideologies. And while FEPADE (another GOES-linked NGO) may do excellent training of individuals, the focus of PRODEPAS has centered on ensuring the "permanence of the institution."⁵²

La Fuente concedes that PRODEPAS has had numerous problems. Funding was delayed six months until December 1992 as a result of SRN and USAID requirements and the need to clear everything with PACT's Washington office. USAID's requirement that they "buy American" forced them to wait for cars and furniture to come from the U.S.⁵³

Of the \$2 million budget, more than 30% was assigned to PACT in Washington to cover "administrative" costs.⁵⁴ According to La Fuente, USAID determines this amount and in many of the SRN

projects funded by USAID, administrative costs run between 25 and 40 percent.

Personnel issues also complicated the start of the PRODEPAS program. According to a highly-placed SRN official, the original director, Pedro Urrea, received an annual salary of \$125,000, amounting to 5% of the entire project. He was reportedly recommended for the position by USAID after having served as a top-level agrarian reform advisor to the Duarte government. The SRN says Urrea "dedicated himself exclusively to politics."⁵⁵ A participating NGO director alleged that Urrea selected too many NGOs "from the left" and NGOs that hadn't been approved for SRN/USAID funding.⁵⁶ La Fuente emphasizes that Urrea has been removed and PRODEPAS is working to establish a new leadership style.

She explains that PRODEPAS began with "business criteria" only, but they have since learned that these criteria must be tempered by consideration of the NGO context in El Salvador. Many NGOs were initially suspicious of PRODEPAS, largely because of the USAID connection. In its own report, PRODEPAS asserts that because of "institutional envy toward a program financed with funds provided by the Government, proceeding from a donor, traditionally tied to governmental policies," it has been difficult "to achieve quantifiable goals in terms of organizational and institutional development of the NGOs."⁵⁷ La Fuente believes this bias has now been overcome, and that PRODEPAS has been accepted because of the quality of its programs.

For USAID, PRODEPAS was "spread a little too thin" in the early stages, and the results of its work simply did not correspond to the level of investment.⁵⁸ According to PRODEPAS, USAID has responded by taking a much more direct role in the program. "USAID and the Government, through the SRN, influenced by the proximity of the first post-war electoral process, have limited the implementation of the Program's Second Stage. PRODEPAS will work with a reduced number of organizations, selected previously by the Government and USAID through tight control of program activities. Such control limits the program's ability to take proactive initiatives, and to build consensus among NGOs, thereby, reducing it to simple technical assistance."⁵⁹

Accordingly, PRODEPAS has been limited to working with 10 NGOs in its November 1993-June 1994 phase. The type and extent of training is entirely dependent on the expressed needs of the NGOs. It

consists of one-day seminars, individual consultations and classes in computer skills.

Of the 10 NGOs, two are related to churches, three are pro-government NGOs, two are opposition NGOs, and the remaining three are considered "center" NGOs. They do a variety of work including programs in eye care, establishment of community credit associations, waste treatment and recycling, and support to toddler home schooling.

Participant assessments of PRODEPAS vary from "excellent" to "not very helpful." Despite La Fuente's belief that the program has overcome differences, NGO evaluations vary along ideological lines. FUEDEM and CLUB 700, two of the more conservative NGOs, had high praise for the program.⁶⁰ The more centrist FUNSOESA commends the technical assistance while reiterating their centrist position.⁶¹ A representative of PROCOMES, an opposition NGO with six years of experience working with the displaced and marginal populations, criticized the PRODEPAS seminars for their simplicity. "It hasn't helped us much," she stated.⁶² Nevertheless, because of their successful implementation of an initial project and their work with PRODEPAS, all the NGOs consulted confirmed that they are now eligible for much more USAID funding, up to \$2 million.

PRODEPAS' contract will require renewal in late 1994. The SRN and USAID speak of two primary requisites for renewal: satisfactory completion of the new work plan; and transformation into a Salvadoran NGO, thereby reducing administrative costs tied to the Washington PACT office. SRN is considering simply contracting private accounting firms to give basic accounting instruction to the NGOs.⁶³ This notion echoes the narrow definition of training and capacity found in other programs the SRN supports.

La Fuente insists that this would not address the long-term needs of the NGOs, but that the choice of program depends on the objective: If it is "only to ensure fiscal control" then auditing firms can suffice, but if the goal is "to educate and train" then the PRODEPAS program is the better option, particularly if it gains increased autonomy from USAID and PACT and can choose the NGOs itself based on the "feasibility of the NGO."⁶⁴

PRODEPAS sees itself as strengthening NGOs, and the majority of those consulted agree. On closer inspection, however, it seems that the main outcome has been to ensure that the participating NGOs fulfill the administrative requirements established by USAID and the SRN, and thus gain access to additional funding through these channels. By their own assessment, Salvadoran NGOs require training and assistance in a wide range of programmatic and administrative areas. More importantly, a training program must be sensitive to the particular historical experience and economic vision of these NGOs. These concerns remain largely unaddressed by PRODEPAS. In addition, USAID and the SRN have wielded tight control over the selection of the participating NGOs. Most of the NGOs that worked in the conflictive areas during the war have been excluded from the PRODEPAS program by the fact that their projects have been rejected by the SRN and/or USAID.

PRODEPAS received considerable financial backing through the SRN; the coverage and results of the program, however, have been quite limited, for both administrative and political reasons. In the end, it is ironic that the very questions concerning the technical abilities and effectiveness of Salvadoran NGOs that prompted the initiation of the PRODEPAS program might be asked of PRODEPAS itself.

Municipal Reconstruction

Municipalities in Action (MIA), a USAID initiative, was established during the war to finance infrastructure projects through local governments rather than bureaucratic government ministries. Founded in 1986, MIA shares with the SRN an historical connection to CONARA and counterinsurgency efforts. During the war, partly as a result of a perceived connection between the mayors and counterinsurgency programs, the FMLN prevented elected mayors from serving, and forced elections to be held outside the municipality, in areas under government control. War-time residents within the municipalities often selected their own extra-official town councils.

Following the war, "exiled" mayors returned to municipalities that had been controlled by the FMLN, frequently to a tense situation. Peace has enabled MIA to begin working in ex-conflictive zones and the MIA program has become the largest recipient of SRN funds (\$29 million).

For USAID, the program has been a rousing success, providing over \$2 billion in projects since 1986, building more schools than the Ministry of Education, and repairing more kilometers of highway than the Ministry of Public Works, with less than one percent of the expenses questioned in random audits conducted by Price-Waterhouse.⁶⁵

At the core of the MIA program is the "cabildo abierto", or municipal assembly, in which residents can propose projects based on community needs. The mayor, perhaps with the municipal council, then establishes priorities and presents a project list to the MIA program for approval. For the ARENA government, the return of the "exiled" mayors paved the way for full municipal decentralization.⁶⁶ Negotiations between USAID, SRN and the FMLN resulted in two

mechanisms to ensure the participation of the local opposition: expanded municipal assemblies which include local NGOs; and municipal reconstruction committees meant to enable opposition input on priorities.

In this section, we examine the cases of Suchitoto, San Antonio los Ranchos, San José las Flores, Arcatao, and Nejapa.

Reviving Reconstruction in Suchitoto

Following the peace accords, the municipality of Suchitoto became a pioneer in addressing reconstruction. Its ARENA mayor formed an innovative broad-based citizens' committee including the FMLN to identify post-war reconstruction needs and solutions. As shown below, political controversy impeded the committee's development. In the recent elections, Suchitoto is one of the few where the FMLN won the mayoral race. As such, it remains an important test case for the Salvadoran transition to democracy and the reconstruction process.

Located 30 kilometers north of San Salvador, the town of Suchitoto and the 29 surrounding communities that make up the municipality were regarded as strategic military and political targets by both sides. Aerial bombardments, large-scale military attacks, and counterinsurgency programs dominated life on the slopes and foothills of the overshadowing Guazapa volcano. As is common in most PRN areas, the rural communities in the municipality tended to be sympathetic to the FMLN, whereas the townspeople generally supported the government armed forces.

Delayed Land Transfer Program (PTT)

During the war, landowners in war zones abandoned or were forced off their lands. Landless peasants, some of them guerrilla supporters, moved in, enduring the war while working the land. In the peace negotiations, the GOES and the FMLN argued over who should get these contested parcels. They agreed that the former owner would retain ownership of the land, but that the occupiers, an estimated 25,000, must be offered comparable lands to buy. The owner could sell land to the Land Bank and the peasants could, in turn, buy it with Land Bank credits. Negotiators also agreed that 7500 ex-FMLN combatants and 15,000 ex-soldiers would be eligible to buy lands purchased by the Land Bank (funded by USAID and the EEC) or other government lands, including new lands stemming from full enforcement of the 1980 agrarian reform.

Land prices rapidly increased during the post-war period. The Land Bank and USAID established a per beneficiary 30,000 colon (\$3450) borrowing limit (6%, 20-year term) for land purchase; the EEC set a 40,000 colon (\$4600) limit. The FMLN preferred collective farms. The government and USAID insisted on individual forms of ownership, but the Land Bank was not administratively capable of dividing hundreds of farms into 47,500 individual plots to make 47,500 sales. A complicated blend of the two preferences was established that has slowed the land transfer program to a crawl.

An illustration: The titleholder of an 350-manzana farm, [1 manzana = 1.7 acres]

occupied by 45 families, is willing to sell. The FMLN negotiates a price with the landlord, within Land Bank guidelines. A typical price of 6000/manzana yields a price of 2,100,000 colones. At the 30,000 colon maximum, 70 families would be needed: The FMLN would have to find 25 families to move to the farm. All families would sign a group title where each became legal owner of 1/70th of the land, though the title would not specify which piece of the land was theirs. It is not a cooperative; if one were to default on loan payments, a judge could specify which 1/70th of the farm would revert back to the bank.

Finding the precise number of families for each farm, or moving families from haciendas where the titleholder will not sell, has been a major social problem. Some families, not comfortable in their new surroundings among strangers, or put off by the high debt or the complex nature of the transaction, have backed out before the deal could be closed.

Complications abound: the former owner cannot be found, disputed wills, unpaid back taxes or debts. And there has been political ill will between the FMLN and bank officials.

The results as of February 18: 524 properties (of which 65 are government properties) totaling some 80,000 manzanas have had prices negotiated. Of these 335 have been titled. The beneficiaries on negotiated lands total some 17,700 of which 3700 are ex-combatants from the military and the rest are ex-FMLN combatants or civilians related to the FMLN.

Many residents give accounts of brutal killings of friends, family and neighbors. Heads of decapitated victims were said to have been hung from trees in the city park in the early 1980s, and death squads reportedly operated on the highway between nearby San Martín and Suchitoto. In the countryside, community members tell of massacres by the army in Zacamil, Copapayo, and Aguacayo. Although there has been some reconciliation, the human impact of the war is still evident. There is a lot of resentment. As the outgoing mayor of Suchitoto commented, "Here there is a lot of resentment because the people suffered a lot, they've seen many horrible things that they can't forget. It's hard to see the person who killed your family or friends...it's difficult to overcome these feelings."⁶⁷

Before the war, Suchitoto was a thriving commercial center, and produced cattle, sugar cane and cotton. The last two years have seen a flurry of social and economic development activities, initially through the Municipal Reconstruction Committee and subsequently through local NGOs and grassroots groups linked to the FMLN. Targeting repatriated communities and demobilized ex-combatants, programs have supported traditional and non-traditional agricultural production, small businesses, and vocational education.

In the last year, a large-scale road improvement project between Suchitoto and Aguilares was completed, funded by USAID and carried out by the Ministry of Public Works. New bus service along the road enhances contact between the rural and urban populations. Private citizens have opened a cultural café with exhibits of locally-produced art, and a government sponsored "Casa de Cultura" has been established. The Catholic Church and a nearby convent have undergone renovation. Local politicians and NGOs have high hopes for the development of tourism. These days the mood in Suchitoto is one of optimism and new beginnings, despite controversy.

Municipal Reconstruction Committee

Prior to the peace accords, in late 1991, representatives from USAID, the U.S. Embassy, and the U.S. Congress along with officials from CONARA, and Suchitoto's ARENA Mayor Franklin Figueroa met with the FMLN, community members and a grassroots organization. At the time, such a meeting in a war zone was controversial. The rural population

distrusted USAID and the government, and some ARENA members were alarmed at U.S. diplomatic contacts with the FMLN. Subsequent meetings occurred between the mayor and the rural communities, and later, U.S. Ambassador William Walker, USAID officials, and Land Bank President Rafael Montalvo visited the community of La Mora. The international attention seemed to facilitate contacts between the SRN and the people of Suchitoto.⁶⁸

Shortly thereafter, local community leaders organized the Forum for Consensus-Building, comprised of farmers and representatives from the church, political parties, and NGOs. This effort gave way to the Municipal Reconstruction Committee, which was made up of Mayor Figueroa, community leaders, the municipal council, and representatives from the church, local NGOs and grassroots groups. The Committee's principal goal was to foster broad participation in prioritizing Suchitoto's reconstruction needs.⁶⁹

From the start, The Committee aimed to monitor SRN projects, and to provide progress reports to local residents. It invited participation by non-governmental and governmental institutions, including the SRN and CONARA.⁷⁰ Participants felt the committee enhanced understanding of the reconstruction process and reconciliation.

As the Committee evolved, it attracted international attention. UN agencies and several embassies sent representatives to the Committee's inauguration in June 1992. A Danish aid institution opened its local development program in Suchitoto and a Canadian agency supported projects as a direct result of the Committee's reconstruction and reconciliation efforts.⁷¹ Both the SRN and USAID initially expressed support for the Committee.

However, as the Committee consolidated, Mayor Figueroa began to receive pressure from ARENA and the SRN to withdraw from the Committee. He and others believe ARENA feared a "co-governing" situation was developing with groups linked to the FMLN. Allegedly, the SRN threatened to cut reconstruction funding; later that year the Mayor reported that funding for five PRN projects was frozen. In July, ARENA officials dismissed the Mayor from his post of Secretary General of the party in Suchitoto. USAID began questioning the "legality" of the Committee, asserting that it was out of line with the Municipal Code.⁷² Events climaxed in February 1993 when Mayor Figueroa was charged with "mispend-

ing" 88,665 colones of municipal project funds, and subsequently arrested and jailed.⁷³

Municipal Reconstruction⁷⁴

After Mayor Figueroa was jailed, the Municipal Reconstruction Committee disintegrated, and the budding consensus and participatory process withered. The energetic priest who had been a strong advocate of the committee was transferred. Former Committee members now carry out activities separately. The Mayor appointed to replace Figueroa, his first cousin, Julio César Figueroa, has had little contact with surrounding communities or the NGOs.

The appointed mayor explained that his dual responsibilities as mayor and treasurer hindered travel to the communities. He appeared to expect others to take the first step. "I've seen many NGO offices in Suchitoto, but I don't know what they do...Everything here is very individual. No one consults with the Mayor's office, including the private sector which hasn't done very much to resolve local problems. Getting people to work together will be the challenge of the new mayor."⁷⁵

During the appointed Mayor's one year in office, the *cabildo abierto* has atrophied. He argues that the SRN, due to bureaucracy, has never responded to projects approved in a March 1993 *cabildo abierto*, and so attendance at subsequent meetings has suffered. The ARENA mayoral candidate in the recent election, Osmin Morales, shares this frustration over SRN delays. Morales believes FIS is a more efficient funding agency than the SRN/CONARA, with the latter, in effect, damaging the mayor's credibility. Often, "CONARA rules rather than the Municipal Council."⁷⁶

PRN projects, as distinct from local NGO projects funded by international NGOs, have been at a lull since 1993. During our interview, the appointed Mayor read a list of implemented PRN projects; all had been solicited by the deposed Mayor, and most had been finished well before the appointed mayor's arrival. A large-scale electrification project from Suchitoto to the rural community of La Mora, which is also a project submitted during the previous mayor's term, is slated to begin in April.⁷⁷

Former Mayor Franklin Figueroa has now served more than one year at Mariona Prison. His family awaits a final decision from the Salvadoran Supreme Court. They believe his arrest was illegal and that

political motives led to his imprisonment. According to his wife, Marina de Figueroa, if her husband committed financial errors, he used funds for another project, not for himself. "He was oriented by the government to serve all citizens.... But when he did so, look what happened to him. They accused him of belonging to the guerrillas. When we asked for help from an ARENA official, this individual told us that they couldn't do anything because Franklin's problem was political."⁷⁸

NGO Perspectives

At least 20 NGOs operate in Suchitoto, including opposition NGOs, national and international donor agencies, and private social service organizations. However, this strong development potential cannot be realized without a sustainable mechanism for coordination which would include the Mayor's office. A degree of coordination exists among some opposition NGOs, but in general there has been no joint development planning or project work in the region.

Several factors have contributed to this void. NGO representatives believe that the ARENA government boycotted the Municipal Reconstruction Committee, and that as a result local enthusiasm for consensus dwindled. One NGO director characterized the situation in the following way: "At first, everyone thought the Committee was a good idea because both central and local government, the church, the popular sectors, the international community, USAID and the SRN were all willing to support it. But the Committee died when the SRN withdrew its support, and when the Mayor was pressured by his party... When the SRN and the municipal government pulled out, the perception was that the Committee was no longer significant. Now all that process gained through the Committee was lost. What a shame! Now, with the new concepts of local human development, we'd be far ahead, since participation is so key to this process."⁷⁹ Another NGO member remarked that people had felt disillusioned when the process became politicized, but that there is interest in re-energizing the stalled consensus process.⁸⁰

NGOs agree there has been minimal contact with the appointed mayor. Representatives of an NGO housed right across the street from the Mayor's office have never visited him or vice versa. They believe that they, as well as the Mayor, had made a mistake in not seeking contact.⁸¹ Two grassroots organizations had met with the appointed Mayor, but the meetings merely took up implementation details of two ongoing projects.⁸²

None of the local organizations interviewed had a direct working relationship with the SRN or USAID, but some had developed contacts through intermediary organizations. All reported positive experiences with Catholic Relief Services.⁸³ One ecological group commented that USAID did visit the area, but only in coordination with one NGO, and that neither USAID or other national NGOs were coordinating their environmental training programs. "They have their own plans for ecology in our zone, but without consulting or coordinating with us."⁸⁴

Political differences, competition for resources, and dispersion have contributed to a costly lack of coordination among local NGOs. To cite an extreme case of such costs, individuals from one community received money from four NGOs, telling each they needed money to pay back agricultural credits. Better communication could have avoided the problem.⁸⁵

An international NGO was more successful in opening the doors to the SRN for the community of Consolación. In January 1993, a fifty-member delegation from a U.S. university arrived to work on a construction and health project. The community affirms that a subsequent SRN visit to Consolación happened due to the delegation's presence. The visit resulted in a housing project for 50 families, and the people of Consolación attribute both their project and their on-going communication with the SRN to this international "accompaniment."⁸⁶

Local Citizen Perspectives

Unaffiliated citizens were virtually unaware of municipal projects and *cabildos abiertos*, and some were confused or suspicious about NGOs who want to "take what we have." They were particularly critical of the appointed mayor's "lack of initiative" and "closed door" policy.⁸⁷

Residents cited security and land as their most urgent problems. In the last year, armed bands have assaulted residents. Last October, cattle farmer Marco Antonio León Aguilar was abducted and killed by his captors, who had asked for a \$12,000 ransom.⁸⁸ Aguilar had also been the president of a group seeking consensus between producers, the communities and the FMLN. Leaders say that, although the presumed motive for the killing was financial, it "would be a sad coincidence if there were political motives."⁸⁹ No one has been willing to

replace Aguilar as president. In three other kidnapping cases, communities were forced to pay ransom from funds they had collected to pay back credits provided by an NGO.⁹⁰

Rural community members have asked President Cristiani to deploy the National Civilian Police in the area. As one farmer said, "How can you talk about development without first guaranteeing human security?"⁹¹ Fear and insecurity were also expressed by town residents. One young woman commented, "We saw such terrible things here in the war. We'd go to school and find dead people. I'm afraid of what is going to happen here after the elections."⁹² The ARENA candidate for mayor reported on the day of the interview that there were two armed men outside of his house that morning, asking for his whereabouts. He felt that it would be good to have the Civilian Police in the area, especially "people with good human relations."⁹³ In early April, the National Civilian Police conducted a major anti-crime operation in the area, arresting 60 persons and capturing a large quantity of illegal weapons. However, the community leaders who reported the band to authorities have now received written death threats.⁹⁴

Delays in the land transfer process (see Box 3) have negatively affected development. Many landowners are willing to sell, but they owe back property taxes. This forces them to seek outside buyers who can pay both the debt and the land price.⁹⁵

Prospects

The undermining of the jailed Mayor's reconciliation efforts has led to problems of fragmentation and distrust. Newly elected FMLN Mayor Isaias Sandoval will have several advantages: substantial national and international interest in Suchitoto, the experience accumulated by local NGOs and communities, a general recognition that consensus is necessary, and a 2-to-1 margin of victory over his ARENA opponent. But he acknowledges that many people in Suchitoto will have a hard time accepting an FMLN mayor.⁹⁶ He plans to dedicate a lot of energy to building trust. The FMLN electoral platform for Suchitoto states that its primary goal is to guarantee participation and consensus.⁹⁷ Acceptance by the central government of a municipality governed by the left presents a more daunting challenge. "I only hope they don't try to marginalize us, or not give priority to our needs," the Mayor commented.

Because four of the five parties of the FMLN are present in Suchitoto, political divisions pose another challenge to the new mayor. A member of one of these factions expressed concern that "he will be partial to his own people."⁹⁸ But each faction has representatives on the Municipal Council, which could contribute to consensus on the left. Traditionally, the Council has had only townspeople; this Council has nine rural community residents and but one person from the town.⁹⁹

Ideas for participation and consensus abound. To guarantee broad participation, the newly elected Mayor suggested reviving the municipal reconstruction committee. A local merchant called for a committee of workers, merchants, and the rural communities.¹⁰⁰ Said an NGO director, "We need to have one common strategy for rural development and assure that the municipal government takes responsibility for this development. We NGOs don't have the capacity to do this."¹⁰¹ The ARENA mayoral candidate voiced his support for this measure.¹⁰² Another NGO leader said, "What unites people is the search for solutions to their common problems, not politics. Now we need to take into consideration other municipal authorities like the Ministries of Education and Health. We need to link interest groups, and avoid exclusion, and go beyond the traditional forces. The municipal government needs to solve local problems together with the local actors."¹⁰³

The mechanism must go beyond the "cabildo abierto" formula which was criticized by NGOs as maintaining the decision-making power in the hands of the mayor.¹⁰⁴ And a forum facilitating participation of the poor majority, not just leaders, is necessary. As a grassroots leader said, "we poor people are accustomed to believing that if we were born poor, we will die poor. We need to overcome this attitude."¹⁰⁵

Human and material reconstruction must take place before there can be development in an ex-conflictive zone like Suchitoto. Until a practical and sustainable mechanism can be found to foster coordination among local actors (including the municipal government), reconstruction efforts will continue to suffer.

Steps need to be taken to make the SRN/CONARA channel more accessible and efficient for the delivery of municipal PRN funds to ensure progress in the reconstruction process. Both the SRN and USAID should consult with the local NGOs, not solely in San

Salvador but also in their field offices in Suchitoto, and should actively support the efforts of the local government and constituents in the 1994-97 period.

Donor interest and an accumulation of NGO experience in the area point to real opportunities for successful local development. Unless the security situation and the land issue are resolved, however, local development efforts will be seriously hampered. Suchitoto's past efforts to unite citizens to resolve local survival and development problems, and the present collective will to work together, suggest that it could become a model for municipal reconstruction in the post-war period in El Salvador.

Chalatenango: Back From The Edge?

The government's development plans have normally bypassed the mountain communities of Chalatenango. Isolated by bad or non-existent roads, rural Chalatenango has lacked electricity, potable water, schools with teachers, and health clinics. Agricultural land is marginal, held mostly by peasants on small parcels, in contrast to El Salvador's traditional rich coffee lands or vast stretches of sugar and cotton plantations in the south.¹⁰⁶

Because of Chalatenango's dire social-economic conditions and its remoteness, the FMLN had a broad base of support in the area. The region subsequently became a major theater of war for twelve years, leading to army sweeps displacing the population across the border into Honduras or into less conflictive zones.¹⁰⁷ Some 50% of the population suffered damage or total loss of their homes. The minimal government services disappeared in many areas.

In 1986, with the war still in progress, organized refugees began to repopulate abandoned areas. This study focuses on the reconstruction process in the organized communities that left the Mesa Grande refugee camp in Honduras. Though the majority of the repatriates were "*chalatecos*", most resettled in what remained of towns like San Antonio Los Ranchos, Guarjila, San José Las Flores, and Arcatao, not necessarily the towns from which they had come.

These highly public resettlements by communities sympathetic to FMLN changed the military balance in Chalatenango. The new inhabitants organized communal agricultural production, small enterprises and basic health and educational services, though the military often actively prevented materials from moving into the area.

For the population of Chalatenango, the most direct effect of the Chapultepec Peace Accords was the demilitarization of the countryside. The end of armed hostilities permitted a first step toward revitalization of the region. The accords, however, gave scant attention to the economic roots of the conflict, so they have borne little fruit in Chalatenango.

Land and Housing

As of March 1994, not one property in eastern Chalatenango has been transferred to tenants or ex-combatants through the land transfer program mandated by the peace accords.¹⁰⁸ (See Box 3) Given El Salvador's history of conflict over land ownership, it would be dangerous to underestimate the potential explosiveness of the situation if the transfer process remains bogged down. The people occupying the land are clear about their situation. As a member of the community council of San José Las Flores puts it: "For us, the peace accords are like the Bible that corrects us."

In contrast, many of the displaced have been out of their communities for more than twelve years and information about them as a group is scarce. Until the accords on the land transfer are complied with, the status quo on land tenancy will be maintained.

The peace accords do not refer to housing. Repatriated communities moved into abandoned homes. With the war's end, many titleholders now want to come back to their houses. This conflict often pits the poor against the poor. Representatives of 14 communities of repatriates estimated that there are more than 1,000 occupied houses in this eastern sector alone.

The repatriates' primary strategy has been to buy houses from those willing to sell. For example, in San Antonio los Ranchos, the NGO PROCAPP carried out a survey of the town, and helped locate owners and seek financing. In Arcatao, the Spanish government is paying for the construction of 96 cinder block houses to ease the conflict over existing housing.¹⁰⁹

The story of Irma Henríquez is typical of the displaced population. She and her family fled Las Flores in 1982 and settled in Chalatenango City, and have lived there ever since under difficult circumstances. She is unsure of the exact amount of land left by her father. The current residents have offered her just over \$2000 for 7 acres of land. When the peace accords were signed, she and her three siblings put their land up for sale. However, when the land transfer process stalled and no credit came through for the tenants, the family decided against selling. For now, Irma is clear that she will not sell the land but is convinced that the problem cannot be resolved in a violent manner. "For we displaced, our land is the only thing we have to hold onto. We will just have to give it time and hope we can get back to plant our corn."

There is a long way to go. Financial resources are scarce. To pay for housing security, the communities have also mortgaged a portion of their productive capacity: Hundreds of cows and horses have been sold and rotating funds for agricultural inputs have been diverted to the effort to guarantee living space.

The PRN and Municipal Dialogue

The PRN has had a minimal impact on these eastern communities. Animosity between the repatriate communities and municipal authorities have prevented consensus. Both sides express frustration that the SRN has been slow to respond to their needs. Community representatives and some mayors also complained that the SRN has used reconstruction funds for ARENA's political benefit.

In late 1992, ONUSAL negotiated an agreement between the FMLN and the government that would allow "exiled" mayors to return to their communities. In exchange, repatriates would participate more directly in municipal affairs and in choosing priority reconstruction projects. Despite the agreement, the mayors of Arcatao, Las Flores and Los Ranchos are still housed in Chalatenango City.¹¹⁰ They had a certain fear of returning to the communities and had become accustomed to a more comfortable life in the department capital. In addition, the communities also refused to simply turn over town halls that were being used for school rooms and day-care centers, insisting that they be compensated for the improvements they had made. Alternative structures were built but only after long months of wrangling.

San Antonio Los Ranchos has been comparatively successful in working toward consensus on reconstruction, because the mayor, elected from the small MAC party, has been willing to work with the repatriates. He compared his municipality to Las Flores, where there has been an absolute failure in communication between the mayor and the townspeople: "For me, the people who left the land are not at fault. I can also understand why the people who came from the outside moved in. The mayor of Las Flores does not understand that those people are there because of an accord that has been reached. According to them, they were promised they could buy those lands. I don't blame either side. I have been able to work with both the displaced and those who are squatting. We have sought solutions and have achieved a lot."¹¹¹

Los Ranchos' relatively amicable relations are reflected in its reconstruction projects. To a great extent, these projects respond to the community's needs as expressed in the *cabildos abiertos*. They include street and road improvements, an extended water system, and school, health clinic, and town hall renovations.

These positive changes illustrate the dependence of the reconstruction process on the disposition of mayors. Reconstruction committees are supposed to help make choices among the development projects presented in the *cabildo abierto*. In practice, final decision-making authority lies in the hands of the mayor. The newly created Oversight Committees suffer a similar fate. In every community we visited, there were complaints that the mayors do not allow any monitoring of project accounting.

This centralization of authority lends itself to the political uses of reconstruction. Located in the municipality of Arcatao, the hamlet of Teosinte, where Arcatao's ARENA mayor has her political base, has received nearly as many projects as the much larger town of Arcatao. The majority of construction jobs in the entire municipality have gone to inhabitants of Teosinte.¹¹²

In Las Flores, the Christian Democrat mayor has generally ignored the inhabitants' project requests, and has instead built roads to outlying villages. The mayor of San Isidro Labrador has taken a similar tack. Until quite recently, the repopulated village of Los Amates was the only inhabited town in the municipality. Although a road is being rebuilt between San Isidro and Los Amates and school con-

struction is beginning, the mayor first built a city hall and paved the empty center of San Isidro, and built a school in the empty village of El Majón.

In short, the *cabildos abiertos* have not worked, save in Los Ranchos, because of political favoritism and the animosity between mayors and pro-FMLN inhabitants. With FMLN mayors recently elected, it remains to be seen how responsive they will be to the allies of the former mayors, many of whom now live in Chalatenango City, but wish to return to their former homes.¹¹³

SRN Programs

In eastern Chalatenango, SRN projects have been dedicated to infrastructure repairs. Many agree that infrastructure is necessary; others complain the projects have been carried out very slowly.¹¹⁴ But the Secretariat has not encouraged programs to establish new productive activities that might begin to transform the structures that have marginalized the poor of Chalatenango for so long.

The Secretariat has some legitimate explanations for delays. Local arguments impede a speedy presentation of community needs. In Nueva Trinidad, a potable water project was halted because the town has no electricity to run pumps.¹¹⁵ In addition, the SRN requires that the municipality own the water source. Although it could be purchased, three people claim ownership and all documentation was lost in the war.

Land questions come up time and again over ownership of water sources, rights of way for pipes, and building construction. In Las Flores, a sewage system is on hold. The Ministry of Health asked to be ceded land for a leaching pond. Until the community can agree on a site, the regional office of the SRN cannot initiate the first stage of designing the project.

When the residents of Chalatenango's repopulated towns speak about the SRN, they inevitably refer to it as CONARA, an agency they distrusted during the war. Representatives felt further alienated when visiting SRN Director Norma de Dowe insisted that the Municipal Councils are the only mechanism for channeling reconstruction funds, and that she had to respect the mayors' autonomy.¹¹⁶ The SRN's failure to broker compromises between the opposed camps of elected officials and communities has strengthened the perception that the agency is an ideological opponent of the communities. Non-

ARENA mayors also claim that, during the electoral campaign, the SRN favored ARENA-controlled municipalities, and opposition NGOs insist that their project proposals are never approved.¹¹⁷

The mayors are responsible for overseeing construction and ensuring that money is well spent. Since the communities lack an effective oversight role, there is widespread suspicion of corruption. Each mayor has suspended one or more projects, claiming they lack sufficient funds.¹¹⁸ SRN officials acknowledge that mayors and the contractors skim money by overcharging for materials and "administrative costs". The SRN froze funding for most projects in San Isidro Labrador until the mayor "could get his house in order" when the money ran out for one project after only a small section of the road was completed.

The work of the SRN in Chalatenango has not been without benefits. SRN projects have created jobs and, though workers generally make less than four dollars per day, their wages are an immediate injection of resources into the communities. New roads, bridges, potable water and electricity are foundations for development, but they will not alone break the region's circle of subsistence production.

Reinsertion of Ex-Combatants

Reinsertion training courses have served mostly to enable participants to survive in the short term on the stipends they are paid, but the classes are more a series of workshops strung together for purposes of the accords than a training program integrated into an overall productive strategy.¹¹⁹ The most critical failure has been the apparent absence of a strategy for follow-up with participants. If skills are learned, is there a local market for them?

Many potential recipients insist that they have yet to receive the agricultural credits which are supposed to follow the training, even though they have long since completed their courses.¹²⁰ This is undoubtedly related to the delays in the transfer of land. At the same time, people express serious concern about their capacity to repay loans that have been made available. Given the devastated conditions in Chalatenango, it is not clear that the training and credits will translate to income sufficient to pay for the loans assumed for land, credits, and housing.

The question that all ask is: "If we get productive credits, what should we invest in?" An ex-combatant in Las Flores stated her desire to buy cattle but

Antonio Cabañas is a de-mobilized FMLN guerrilla who lost a leg in 1987. Through the SRN reinsertion program he went through a vocational course in tailoring, but he had so many responsibilities as president of the community (Guarjila) that he devoted little attention to the five month course. The main benefit for him was the 810 colon (\$93.15) monthly stipend. "With the money I got there I could buy my firewood for the winter. This gives me some future security." Antonio works a small parcel of land where he grows corn and beans. He has applied for credit based on his tailoring course but has no idea whether he will receive it. If he obtains the credit he will use it to buy some cattle.

acknowledged that so many have the same idea that "soon we will have more cattle than people here." An ex-combatant in Los Ranchos spoke of his plan to set up a small store, but admitted that several of his friends have the same idea in a town where five stores already exist. Some ex-combatants have begun to pool their credits in the hope that a larger enterprise will give them a better chance. Their ideas range from buying trucks, to mechanic shops, to poultry projects, and to furniture making shops, but these projects sound bigger than what the loans would support.

All of the communities have productive enterprises that, for the most part, were brought from Mesa Grande. Besides agricultural projects, there are tailoring and shoe-making shops, carpentry and tin-smithing, embroidery and other handicrafts, auto repair and production of cattle feed. But residents have little disposable income. One put it this way: "People here don't go to the tailoring shop to ask for a pair of pants. These products must be sold outside the community. If you have saved 60 colones (\$6.90), it is better to wear your pants for one more year and spend the money on food for the kids."

The communities are no longer satisfied with just surviving. With the help of sister-city projects, international NGOs, the UN's PRODERE program, and the European Community's program for refugees, these communities have developed to the point where they believe they can break their cycle of poverty.

A regional development strategy is needed but the experience of the last two years makes it unlikely that such a strategy will come from the SRN. The communities and the NGOs are working on alternative strategies, but these run directly into the problem of

the volume of resources necessary. There is some hope for the integral development program being planned for Chalatenango through the International Fund for Agricultural Development (FIDA). By combining funds from FIDA and other sources, the program is expected to have access to over \$30 million. While the funds will arrive as a loan to the Salvadoran government, the FIDA program will be administered through the UNDP. In a certain sense, the fact that the central government has been removed from the local development process to this point is an advantage. The communities have developed a strong sense of themselves so that any successful development strategy will require a strong measure of local participation. The FIDA program will be no exception.

Eastern Chalatenango is another test of how far reconstruction and reconciliation can go. More than two years after the signing of the peace accords, there is still a deep polarization of society, and little sign of economic reactivation. And though some communities will soon be represented by FMLN mayors, these will have to work with a central government dominated by their traditional enemies in the ARENA Party. The challenge is overwhelming and only time will tell if there exists sufficient political will to link the government of El Salvador with the aspirations of those living on the edge in Chalatenango.

NGO Coordination in Nejapa

In Nejapa, several NGOs have developed a coordinated effort to participate in the PRN through their local mayor and the Municipalities in Action program of USAID.

The municipality of Nejapa is located in the department of San Salvador, 14 miles north of San Salvador. Some 35,000 people live in the municipal seat and over two dozen surrounding hamlets. The town of Nejapa provides its residents with a full range of services including electricity, potable water, sewage services, telecommunications, markets and inter-urban transport. These services are generally not available in the hamlets.

Nejapa's economy centers on the cultivation of sugar cane and coffee on a large and medium scale. Peasants grow corn and beans on smaller properties; they work on coffee and sugar cane farms for much of their income. The hamlets where the NGOs began work during the war have a large population of

landless agricultural laborers, some of whom attempt to grow subsistence crops on rented or occupied land. Five agrarian reform cooperatives formed in the early 1980s are the exception to this pattern of landlessness. Much Nejapa land is high quality and could support crop diversification, citrus growing and animal husbandry. The level of technical development is, in general, quite low, but some communities, especially the cooperatives, have mechanized activities like plowing, transport, irrigation, and animal feed preparation.

During the war, the area around Nejapa was moderately conflictive, especially the communities near the San Salvador volcano. That land was strategic because it constituted a populated belt which gave access to San Salvador. The FMLN worked to develop an ongoing presence there. Intense militarization by the Salvadoran Army, accompanied by continuous reports of human rights violations, prevented the FMLN from controlling the zone.

NGOs' projects responded to the resettlement of war-displaced groups. Their work spread quickly to include not only the displaced living in the conflict area near the volcano, but also traditional campesino communities, cooperatives, and marginal urban communities in non-conflictive areas.

The NGOs have historically emphasized health projects, agricultural production, vocational and technical education, and communal banks. If the work has had a central theme, it is the involvement of women and youth as a way of strengthening the family unit.

During the war, there was little coordination among the NGOs. Since then, the NGOs have begun to coordinate to gain access to the PRN's resources, and to involve the FMLN as a local political actor. For example, eight NGOs presented a program to train health promoters and promote community participation in health and traditional preventative and curative health methods.¹²¹

The NGOs and the FMLN quickly became active participants in the mayor's bi-monthly *cabildos abiertos*. The day before the *cabildo*, the mayor would meet with the NGOs and community representatives to prepare the agenda. At first, these assemblies were quite participatory and popular.

Humberto Chacón, the ARENA mayor of Nejapa, was a local founder of ARENA with a strong commit-

ment to the ideological precepts of the party. In a uniquely Salvadoran way, however, a combination of kinship ties and personal characteristics left Chacón open to the participation of the opposition.

In November 1992, the mayor announced the formation of a "technical committee for reconstruction" with representatives of the NGOs and the community organizations. Shortly thereafter, a commission made up of NGO representatives and the mayor's office got local government institutions to nominate representatives to the committee, though only the Ministry of Health actually named a representative.

Projects similar to those on the NGOs' agenda were presented in the cabildos. The mayor and the municipal committee eventually approved a number of projects and forwarded them to the SRN where they encountered technical delays. In April 1993, the NGOs crossed a major hurdle when the SRN issued a pre-approval of some of the NGO projects¹²² and formed a technical round table involving NGO staff and technical personnel from the SRN. Later that same month, a meeting between the representative of the Swedish agency Diakonia and the director of the SRN appeared to reinforce this progress. The NGOs sensed a real change in attitude on the part of the SRN, but there was one more obstacle to cross - health or education projects had to receive a letter of support from the appropriate national Ministry.

The letters never came. If the SRN had actively lobbied, the Ministries' letters would have arrived. Without active SRN support, local NGO staff, sometimes apparently lacking full support from their central offices, were not able to exert sufficient pressure. But the opposition to the Nejapa initiative was not simply bureaucratic. Important GOES and ARENA party officials at the local and regional levels opposed the idea from the start (local representatives of the Ministry of Education, for example). More importantly, COMURES, the national organization of mayors, opposed NGO coordination as a dangerous manifestation of "parallel power" at the local level. The rejection of the project applications must be seen in the context of an atmosphere of political hostility.

This opposition was strong enough to defeat Nejapa's NGO and Mayor initiative, but the situation did not reach the extremes evident in the Suchitoto case. Mayor Chacón was in a much stronger position within ARENA than Mayor Figueroa of Suchitoto. Also, there was much less public fanfare about

Nejapa than Suchitoto. Finally, and perhaps most importantly, with the Suchitoto case as a guide, Chacón never allowed the formation of a municipal reconstruction committee like the one which began work in Suchitoto. In that sense, he apparently stayed within some sort of acceptable limit for opposition participation in municipal reconstruction.

While the NGO projects were languishing in bureaucratic limbo, other typical public works projects presented by the mayor did move through both the SRN and the FIS, albeit with great difficulty. Their implementation involved a minimum of community or NGO participation and responded to the political interests of the mayor. These included road repairs, construction of a building, and furnishing of nine schools and a health clinic. Clearly, not all projects presented in cabildos abiertos received the same treatment from the SRN.

The Swedish NGO, Diakonia, also played an important role in the Nejapa experience. In mid-1992, the agency began to identify municipalities where its financial cooperation could encourage local NGO coordination and reconciliatory negotiations between the NGOs, the mayors and the SRN. This work represented a major departure for Diakonia which, during the war, had directly supported NGOs apart from any coordination with government entities. Given the NGO coordination already in progress, Nejapa seemed an ideal place for such work. In early 1993, Diakonia approved a short-term project to support coordinated NGO work in health and education.¹²³

After some early difficulties, the health and education project was successfully carried out and a second proposal is currently under consideration. Since examples of NGO coordination of the sort present in Nejapa are quite rare in El Salvador, the presence of Diakonia and its intention to support such coordination help explain the survival of the coordination initiative.

The NGO coordination effort has continued, but the meetings of the various technical committees have been suspended in view of the lack of concrete projects to discuss. The NGOs generally view the considerable time they invested in establishing and improving relations with the SRN as a waste.

There have been positive results not related to the SRN: a good relation with the mayor, legitimacy for NGO participation in the cabildos, and more efficient

project implementation. In addition, because of this effort the NGOs were able to work with the mayor and the Ministry of Health to train promoters to participate in a campaign against cholera and various vaccination drives. Finally, coordination resulted in the new project obtained from Diakonia.

Besides failing in the primary objective of securing SRN funding, the initiative also suffered from a tendency on the part of the NGOs to see the fruits of coordination only in financial terms. By leading the NGOs to under-value the non-monetary gains of the initiative, this limited view raises questions about future efforts.

In Nejapa, an ARENA mayor decided to confront a well-orchestrated opposition NGO project initiative—

encouraged by international support—with a tight-rope act that allowed FMLN and NGO participation within definite limits. Though there were definite gains from the NGO initiative, SRN projects were not channeled through the opposition NGOs. Mayor Chacón avoided the sort of political attacks experienced by Suchitoto's mayor, but, in the end, lost his bid for re-election. The case deserves much further study from an electoral perspective.

Nejapa's newly elected FMLN mayor will be even more supportive of NGO participation in municipal development through the SRN. Nonetheless, securing SRN approval of a plan that results from Nejapa's unique NGO coordination with local government will require a creative campaign.



Reinsertion Programs

Designed for the very people who participated more directly in the conflict, the reinsertion programs for ex-combatants are perhaps the most sensitive of all SRN programs. Failures of such programs in neighboring Nicaragua has slowed reconstruction there. Nicaraguan problems, directly related to the lack of economic opportunities, have led to the subsequent rearming of the ex-combatants of both sides.

Reinsertion programs in El Salvador have set out to avoid the pitfalls of the Nicaraguan experience.¹²⁴ The SRN coordinates nearly all reinsertion programs. USAID finances the lion's share, and the EEC has mounted a large ex-combatant program in Usulután.

Each of the six main sections of the plan represent a "reinsertion track." Participants can only chose one

Table 6
Eligibility in Reinsertion Programs
for Ex-Combatants of the FMLN and the FAES

Program	FMLN	FAES
I. General Attention	X	
Support for Documentation	X	
Basic Utensils	X	
II. Agricultural Reinsertion	X	X
Agricultural Tools	X	X
Agricultural Credit	X	X
Agricultural Training	X	X
World Food Program	X	X
Technical Assistance	X	X
Emergency Housing	X	X
III. Industrial and Service Reinsertion	X	X
Industrial Training	X	X
Credit	X	X
IV. Scholarship Program	X	X
V. Disabled Veterans Services	X	X
VI. Middle Level Commanders Program	X	

program in one track; they can't switch. Two reinsertion programs had special audiences: the war wounded and, for the FMLN, the mid-level commanders program (discussed below)¹²⁵ Other programs, such as the Catholic Relief Services' loan program FRATA, also discussed below, include but do not limit themselves to ex-combatants.

These programs revolve around two central strategies—training geared to provide specific skills, and loans to invest in new businesses or farms (and, in some cases, housing).

We present five cases: the Mid-Level Commanders Program; programs affecting women ex-combatants in a community in Usulután; agricultural credit; the participation of the UNDP in reinsertion programs; and the EEC reinsertion program in Usulután.

Mid-Level FMLN Commanders

"Mandos Medios" (or Program of the 600 Mid-level FMLN Commanders) is one of the more costly and comprehensive reinsertion programs. Despite its size and shape, it can illustrate the limitations in design and execution of these programs.

By all accounts, the Mandos Medios program originated from a peripheral negotiation involving USAID and a small group of FMLN leaders after the Accords were signed. The accords contain no reference to special programs for FMLN commanders. Some in the FMLN thought the program would create a divisive class structure among ex-combatants. At least two of the five constituent parties of the FMLN did not submit names for the program until it was clear that it was going forward, with or without them.

The name of the project proposal "De Comandante Guerrillero a Empresario" (From Guerrilla Commander to Entrepreneur) summarizes its goal: to transform former FMLN commanders into business people. The program includes an academic equivalency program and six months of vocational or management training, access to credits for housing and small business creation, and technical assistance for the establishment of enterprises. Participants receive stipends while attending classes, and subsequently, loans would be available for the purchase, construction, or repair of housing. The credit lines are generally larger than for other reinsertion programs.

USAID provides approximately US \$4.037 million to cover all areas of the program except housing: this latter program, totalling in excess of \$2 million, is funded through World Bank funds left over from loans made to El Salvador following the 1986 earthquake.

Divided into urban and rural categories, participants are further sorted into three groups according to their ranks in the FMLN military structure. The stipends awarded and the credit available depends upon placement within these categories. The highest-ranked, urban commanders receive a monthly stipend of 3500 colones (\$403), are entitled to up to 50,000 colones (\$5747) for small business credit, and may request up to 60,000 colones (\$6897) in housing credit. In contrast, the lowest-ranked rural commander received only 900 colones stipend (\$103) and had ceilings of 30,000 and 25,000 colones (\$3448 and \$2874) respectively for small business and housing loans.

The FMLN proposed that UNDP oversee all program components: training, technical assistance, and credit. After negotiations among the SRN, USAID, UNDP, and FMLN, the credit segment was awarded to FUSADES, a huge USAID-created NGO and think tank with close links to the government and the private sector. UNDP had little interest in mounting a major credit program, but it opposed FUSADES' proposed budget, which included administrative costs of 22%. (UNDP's norm is a maximum of 10% for administrative costs.) After more discussions, UNDP was removed from the coordination of credit and USAID funding for credit went directly to FUSADES.

Academic and training classes began in mid-1993. Approximately 190 beneficiaries chose subjects such as auto or farm machinery mechanics, cattle-raising, clothes-making, or computers. The majority of these classes were provided by institutes or community schools in or somewhat near the participant's community. About 350 former commanders chose classes in management and administration provided through FUSADES in eight sites around the country; another 60 opted to receive executive management training at the Central American University.

Problems reported within the program are many. One ex-combatant who withdrew from the program said that the program sowed discord by creating a privileged class of demobilized FMLN combatants. Classes started late, and the preliminary classes designed to upgrade the educational level of some participants were often not sufficient to ensure that

the participants benefited from the subsequent vocational training. The SRN reported that security issues became a problem following the October 1993 assassination of Francisco Véliz, who was participating in the executive management training program.¹²⁶

Both FUSADES and SRN cited non-attendance as a problem. The program required a 90% attendance record to be eligible for the credit programs. This was later lowered to 80%.¹²⁷ UNDP reports that those failing to reach the attendance limit will have to attend special compensatory classes to receive their credits.¹²⁸ Some participants suggested that access to credit should have been linked to their knowledge of the subject, measured through written exams, rather than simple attendance.

Loan interest rates were debated for months. The FMLN wanted preferential rates of 14%, while the government and USAID insisted that interest rates be tied to the market. In February 1994 was a final agreement reached on a variable rate of 16%.

The UNDP has criticized the extensive loan applications FUSADES requires for the small business projects. "They are more difficult than the forms required by the Central Reserve Bank," asserted one UNDP representative.¹²⁹ When asked, a SRN official defended the forms, stating that FUSADES has years of experience in small business promotion and that it is the same form used in other micro-enterprise funding channels. He added, however, that "the SRN, along with UNDP, has made suggestions to simplify the forms."¹³⁰ FUSADES asserted that the problem lies in the NGOs the UNDP has contracted to provide technical assistance in project formulation. These NGOs "are not qualified to do the work." When asked why FUSADES had not offered to provide the technical assistance, the official explained that "objectivity would have been lost" since FUSADES was involved in the original training programs and the later credit approval.¹³¹ The UNDP also requested that the FUSADES program include feasibility studies for the projects proposed by the participants: FUSADES refused. As of March 1994, only one project had been approved by FUSADES for credit.

According to FUSADES, in a survey conducted by USAID early in 1994, 90% of the participants expressed "satisfaction" with the program. Most of the participants we consulted, however, complained of virtually every aspect of the program. The training

offered by FUSADES was inadequate to a full understanding of how to run a business and inappropriate to the real business possibilities open to the participants. "IBM has nothing to do with a pupusería," (small restaurant with typical Salvadoran food) complained one participant. He added, "Examples were taken only from successes, they didn't give us examples of why and how businesses fail."¹³² The loan limits are "not realistic", being too low for people to actually establish a business.¹³³ Many of the participants believe the attendance rule to have been made simply to keep them from continuing their work with the FMLN, particularly important in the pre-electoral period. "We are the leaders; we needed to work on political organizing and policies."¹³⁴

Most of the criticisms made of the Mandos Medios program can be traced to a profound difference concerning the meaning of and method for reinsertion. The SRN repeatedly asserts that the reinsertion programs are not "rights" owed to the ex-combatants, but are simply opportunities to gain the basic tools necessary to enter civilian life. The SRN was never envisioned as "assuring the reinsertion 100%," claimed one official.¹³⁵ But the accords, however vague they are on reconstruction, do call for programs for the FMLN for housing, employment, scholarships and for starting new businesses. The UNDP, on the other hand, has promoted reinsertion as a process, to be successfully completed in stages, with adequate support to the ex-combatants at every step.

Everyone agrees, however, that the program is now at a critical point. Training courses have been completed and the stipends are about to run out. Three-fourths of all participants have identified projects and the technical assistance process is underway to help them gain credit eligibility. If participants are unable to get credits, or choose not to apply, all of the training and technical assistance will have been for nought. On the other hand, questions remain about the prospects of those who do receive credits.

Either way, the ability of the Mandos Medios program to achieve its goals is in serious doubt. Despite denials by some of the key actors, political differences among the program donors, administrators, and beneficiaries impede the program's progress and effectiveness. "We are apolitical," asserted a FUSADES technician, "but we have been completely opposed ideologically to them [the FMLN]."¹³⁶

The program has achieved other ends, however, possibly contemplated in the original proposal. First and foremost, an important group of influential FMLN leaders were kept occupied and compensated during a critical transition period in the peace process. The program also succeeded initially in exacerbating tensions within the FMLN, and helping to create some disunity within the ranks (though this has decreased somewhat because of the lack of success and results shared by all the reinsertion programs).¹³⁷

Finally, in some participants, the program has supported a reorientation in their vision of and commitment to grassroots social change. One participant, an FMLN member for 16 years, was part of the program while acting as a director of a Salvadoran community organization. The difficulties of this political transition coupled with the potential options opened up by his participation in the Mandos Medios program have left him unsure about his future path—something that never happened in the same way during the war. "I don't know...the popular project no longer convinces me. If these credits ever come through, three or four of us will probably get together and give it a try."¹³⁸

In our discussions about the Mandos Medios Program, participants and observers have evaluated the program as an economic reinsertion program, a factor in the stability of the transition, and a program promoting political and ideological changes in its participants. As comments move back and forth among the various levels, they can seem inconsistent or contradictory.

On the economic level, it is too early to make a definitive conclusion but there are serious doubts about the program's ability to achieve the economic reinsertion of the mid-level commanders. On the other hand, by involving a key group of FMLN leaders in a compensated, future-oriented training experience, the program has definitely been a stabilizing factor in the transition from war to peace in El Salvador. Finally, the perceptions of political divisions or ideological changes arising from the program lead to a highly emotional and subjective debate. These observations may say much about the impact of this program on the FMLN as a political party and Salvadoran society, in general, but they can not serve as a basis for evaluating Mandos Medios as an economic reinsertion program.

Women Ex-Combatants In Nuevo Gualcho

"When the Frente signed the Peace Accords we expected freedom and it was said that all of us were going to be beneficiaries... We expected a great change, some land and ...a house without having to pay a loan. We never thought we would have to pay for all that we struggled for in the war.

The only thing I have is this training and I don't want to be another baker; I have other dreams for my life...

- Reina, A female ex-combatant and community leader¹³⁹

Two years after the signing of the peace agreement between the FMLN and the government, the ex-combatants of both sides are still immersed in the complex process of becoming civilians after the war took years out of their lives. All sides agree that they deserve support and resources, but there are widely divergent views about what should be done.

Much of the debate has failed to consider the views and experience of the 3,285 female ex-combatants of the FMLN. Here are perspectives of four of those women. They are among the 19 women ex-combatants living in Nuevo Gualcho, twelve miles north of the Pan-American Highway in the Department of Usulután.¹⁴⁰

The war forced the owners of the Hacienda Gualcho to abandon the land in the early 1980s. For ten years the land remained virtually unoccupied. In March 1990, one thousand Salvadorans who had spent much of that decade in the refugee camp at San Antonio, Honduras, settled into what they christened "Nuevo Gualcho."

Six hundred people remain in the community after nearly one-half of the inhabitants decided to leave last year. They cited economic problems, a desire to return to their places of origin, and internal divisions in the community as their primary reasons for leaving. Those that remain are campesinos who make their living by growing corn, beans and a few commercial crops. Community members have gained ownership of some of the land they work through the Land Transfer Program; and others are negotiating for land. The economic situation of the community remains precarious.

Reina and Ana are participating in the Mid-Level Commanders program (Mandos Medios), and Norma and Isabel are part of the Agricultural Reinsertion program. They talked with us about their experience of being "re-incorporated into civilian life."

Neither the peace accords nor the final draft of the PRN give women's needs any specific treatment. None of the programs listed in Table 6 are designed specifically for women, or address the empowerment of women. These and other shortcomings might have been overcome if a participatory planning process for the reinsertion programs had allowed for the incorporation of the observations of women, but no such process existed.

Of the 18 Nuevo Gualcho residents participating in the Mandos Medios program, 11 are women. These women had to go to the department of San Miguel, three hours away, to receive a five-month theoretical course in starting up small businesses. Next, each participant attended a five-month practical training in their community. The men were trained in animal husbandry, while the women received a course in bread-making. Reina and Ana attended both the theoretical and the practical courses. Reina says that she was offered no alternative to the baking course for her practical study.¹⁴¹ She doubts that the course will have any real impact on her life. Ana was also dissatisfied with the training:

Some of us found that we did not feel capable of starting our own business, especially with the 14%-16% interest [loans]... Maybe, we don't have the "capitalist spirit" needed to manage a business.

The course in San Miguel was about "Theory For Writing Project Proposals." It was horrible. The material was difficult and it was hard for us to understand it. Four of the women didn't know how to read or write and they just went to sleep. The "sleeping hens" they called them. As Mandos Medios, we felt ashamed. We received 900 colones every month and now it's finished, and what are we going to do? This program wasn't like what thought it would be.¹⁴²

These women received equivalency courses before the training course, but the presence of illiterate women in the training course means the preparatory courses did not compensate for the inadequate education received by most Salvadoran rural women. The instructors apparently made no effort to adjust the lesson plan after it became clear illiterate women

were in a theoretical course. Rather than helping the women gain confidence, the course added to their feelings of inadequacy and isolation.

Why did the women stay with the program? By attending the course, the women qualified for the 900 colon (\$103) monthly stipend. Since most of the ex-combatants were without any source of income, the stipend was a powerful incentive to attend.

Women have completed the classes and received part of their benefits, but aren't any closer to integration into the economic structure of the country than they were before the PRN was put into motion.

The basic goal of the Mid-Level Commanders program was to turn FMLN leaders into entrepreneurs through training and loans. The Mandos Medios program has not yet begun to extend credits, but neither Reina nor Ana, nor any of women ex-combatants feel prepared for the responsibility of a loan at 16%. There is a question about how many women will assume loans when and if they become available.

Those are the post-war obstacles faced by FMLN women leaders. The conditions for regular ex-combatants are surely no better.

Norma, for example, faces a situation where, as a mother, it is hard for her to take advantage of any program.

I get up every day at 4:30 in the morning, it's still dark...I go to the river to wash the clothes and the dishes. I wash the corn and put it on the fire before I go, so it will soften up. When I get back from the river it's daylight; I grind the corn for the tortillas and cook the food. In all it's tons of work.

When we have "milpa" I help my compañero to clean it. We used to have running water, but the tubes broke and now I have to go four times a day to the Hacienda or to Los Mangos to get water. Each trip is more or less one hour [to go and come back, not counting the time lost waiting in line]. I wash the clothes in the river which is close to here, but drinking water has to be hauled...

Juan is the only child that's mine, the other four are my sister Elba's. She is working in Usulután [city]... she only comes home on week-ends. My mother and I take care of the kids because she has no compañero. The father of the bigger children was

killed in the war and the other guy just left her with the little ones... In these times it is better not to have too many children, that is why I only have one...

*As a demobilized, they have given me land in "Las Molinas", but I haven't even gone to see it. I don't even know where it is. For my compañero, who is a war-wounded, they gave him land, but they sent him to "Las Mariás." [Las Mariás is an hour's walk Northeast; Las Molinas is an hour and a half Northwest]. This is a big mess, they send the man here and the woman over there, what is this?...*¹⁴³

Norma and her compañero chose land in Las Mariás; it was closer and had fewer mosquitoes. Residents were not informed that the list of names sent to the Land Bank exceeded the limit the bank had set for the Las Mariás farm. The FMLN assigned disabled ex-combatants (including Norma's compañero) to the nearby Las Mariás farm, but, hoping to avoid further delays in the land transfer program, failed to consult the beneficiaries when excess names, including Norma's, were switched to Las Molinas.

If Norma and her compañero decide to take out loans to buy into both farms, they will have higher costs by having to work two plots separated by several hours walk. Norma's compañero could take outside employment to pay the loan, but this separation would be a strange notion of "agricultural reinsertion."

In SRN statistics, Norma and her sister Elba count as reinsertion beneficiaries. Both are to receive land and agricultural training. The statistics mask the tremendous obstacles faced by women trying to take the critical next step of turning these "benefits" into the basis for a new life. Being eligible to buy land has not changed Norma's economic situation, but it is important to note that one of the complications in Norma's situation—her land assignment—was not the fault of the SRN or the Land Bank. Rather the complexity of the deal negotiated and renegotiated by the government and the FMLN for land transfers makes faulty communication a probability.

Norma is also eligible for a housing program and an agricultural production credit program, both through the European Economic Community (EEC). The housing program provides 20,000 colones for housing, 8,000 as a loan at 14%. The agricultural credit maximum is 9,000 colones at 14%. Should Norma borrow for land, production and housing, she will eventually be responsible for credit payments of approximately 750 colones a month.¹⁴⁴ In El

Salvador, an urban industrial worker has a minimum monthly salary of 900 colones¹⁴⁵. Could a rural ex-combatant, with no fixed income, be able to meet the credit payments?

The EEC insists that it will be possible to pay these credits, but only if the credits are combined with improved productive organization, effective training and technical assistance, and help in establishing marketing networks.

Finally, if Norma is to have time for training and farming, she will need to be freed from some of her household work. She now spends over four hours a day hauling water and several more hours cooking. Her situation points to the necessity of including gender considerations in the planning of reinsertion programs.¹⁴⁶

Isabel, a feminist leader and an ex-combatant, claims that the difference between benefits to commanders and regular combatants, create inequality and generate conflict.

"These programs are the weeds that the enemy sows among us... The PRN serves to sow the division and the inequality among revolutionaries, among those who are supposedly the "subjects of social change."¹⁴⁷

Isabel insists that reinsertion benefits have created new bases for inequality among women. The women in Mandos Medios said they didn't get the emergency household utensils and farm tools that were given to the ex-combatants. The ex-combatants have complained that the Mandos Medios earned too much money during their training program. Ana's comment about feeling ashamed of the illiterate woman in her course evidences hard feelings between educated and less educated. Nearly 20% of female ex-combatants are illiterate.¹⁴⁸ There may always have been some status differences among FMLN combatants, but the reinsertion programs highlight new divisions and hard feelings between educated and less-educated ex-combatants.

The experience of the women in Nuevo Gualcho suggests that women are, in fact, receiving benefits under the reinsertion programs of the SRN. The benefits have been delayed, as they have for all ex-combatants, but there is no evidence that women have been excluded because of their gender. Nor did women tell us that they felt that men had received more benefits than the women did.

The traditional gender roles assumed by women in communities like Nuevo Gualcho, however, have prevented women's full participation in the programs. Furthermore, some of the reinsertion programs are designed in ways which perpetuate those same roles i.e., the Mid-Level Commanders program where men are trained in animal husbandry and women as bakers.

Another problem area has been the tendency of the reinsertion programs to establish economic and social divisions among participants. Woman ex-combatants did not complain about male ex-combatants getting more benefits than themselves, but they were very aware of the different treatment received by both male and female participants in the Mid-Level Commanders program.

Agricultural Credit

In May, 1992, Catholic Relief Services (CRS) began an agricultural credit fund and technical assistance project of 20 million colones (\$2.29 million) aimed at the populations of war-torn communities. Since March, 1993, the Banco Fomento Agropecuario (BFA - Agricultural Development Bank) has been administering an 85 million colones (\$9.77 million) line of agricultural production credit available to ex-combatants from the FMLN and the military. USAID provides financing for both programs.¹⁴⁹

The Fondo Rotativo y Asistencia Técnica Agrícola (FRATA) program of the CRS set out to improve basic grain production (corn, beans, sorghum) and nutrition, to increase income, and to educate about the use of credit through the provision of loans and technical assistance. Of the 20 million colones dedicated to the project (only one of many administered by CRS), some 14 million were to be dedicated to loans; the rest was to finance administrative costs, the provision of technical assistance, and logistical support.

CRS operated through local, experienced NGOs in 257 small towns and hamlets. The NGOs organized 240 locally-elected community-based credit committees charged with reviewing credit applications. The NGOs provided part of the technical assistance.

Loans to some 7000 families, in a year's time, averaged 2000 colones (\$232). Borrowers were ex-combatants and families severely affected by the

war. In a survey of 100 credit users, 18 credit committees and 6 NGOs project, only 15% of borrowers owned land, 20% rented, and some 64% worked small parcels under negotiation for purchase, presumably through the land transfer program. The average size of land "held" in the survey was 3 manzanas.¹⁵⁰

Most committees, according to the survey, gave 10-month loans (CRS allowed 12 months) at 15.5%. The recuperation rate of the rotating fund (not counting technical assistance and administrative costs - a third of the total budget) was 60% of capital plus interest.

The survey of the project revealed that the loans were being used for their intended purposes. There seemed to have been a considerable increase in the use of technology, such as better seeds and fertilizers, if one compares the surveyed population with national level surveys of poor farmers. About three quarters of those surveyed said they had received at least one day of direct technical training in both credit issues and agricultural techniques, a minimal amount.

Production satisfied basic food needs, and in the vast majority of cases left a surplus to be sold. Corn production exceeded national averages, though bean production did not. Beans suffered from bad weather and, apparently, a lower use of the techniques the program was trying to impart.¹⁵¹

Despite advances, the income, on average, was not sufficient to meet costs plus the interest on the loan (unless sales were increased by dipping into the family food supply). Given this, it is somewhat surprising that loan paybacks were as high as 60%. Perhaps the NGOs and credit committees supervision of the loans helped augment the payback rate, which would help them qualify for future CRS programs.

The evaluators of the CRS project recommended that NGOs organize marketing cooperatives to get better prices. CRS has launched another credit program to encourage diversification into crops that would generate more income.

It is not unusual for a first year enterprise to lose money, and the FRATA program "lost" one-third of its loan base in the first year. To be sustainable in the financial sense would require the generation of

higher incomes. At a minimum, this would require crop diversification, technical assistance and attention to programs to increase the beneficiaries' market power. These, in turn, are dependent on further infusions of capital from international donors.

The Banco Fomento Agropecuario (BFA) manages an 85 million colones (9.77 million dollars) line of production credit tied to the land transfer program. To receive a BFA agricultural credit an ex-combatant must be among those who are in line to receive land through the land transfer program. The maximum one-time credit is 15,580 colones (\$1791) at 14%, slightly below market rates. (The rate can be adjusted downward two points below market.) The loan term is 5 years, with a one-year grace period during which only interest is due. An applicant must be registered as an ex-combatant, and also formally registered as a resident on a piece of land which has either been transferred, is being negotiated for transfer, or at least is on a list of "disputed lands" negotiated by the FMLN and the government in 1992. On the other hand, an ex-soldier must be on a plot of land which has been transferred and titled through the land transfer program.

To receive credit, applicants must present a production plan which a regional bank committee judges to be viable.

The BFA sets loan maximums for different projects, e.g. an amount per manzana for corn production. If approved, the loan is disbursed in parts timed to various crop or livestock production cycles.

Through the end of 1993, the BFA had loaned out just under half of the line of credit, about 40 million colones, to some 4176 ex-combatants, giving an average loan of 9615 colones, well below the 15,580 colones limit. Only 721 ex-soldiers (none of them women) received loans, compared to 3455 ex-FMLN combatants, of which 920 were women. The difference may be due to the need for ex-soldiers to be on titled lands and perhaps to a better information system among ex-FMLN combatants and their former commanders. Ex-soldiers also obtained lower average loans of 9155 colones as did women from the FMLN (9185 colones).

Several concerns have been raised about the loan program. The program was delayed until after training courses were, in theory, taken by the ex-combatants (evidence of having taken the course

does not appear to be part of the documentation that needs to be supplied to get a loan), and thus any lessons learned in the classroom may well have been forgotten in the lapse between lesson and practice.¹⁵²

The delay, in large part, is a result of delays in the land transfer program (see Box 3). While the land does not have to have been formally transferred and titled, an ex-combatant must be registered as being on the land through a verification process that was done once and then confirmed two more times. BFA officials must periodically verify to the SRN and USAID that recipients are from these lists.

A second concern arises because many farms have civilian and ex-combatant residents. Only the ex-combatants are eligible for this line of production credit, creating differences among the residents' opportunities.

Two more central concerns stem from radically opposite assumptions. First, UN officials, among others, worry that this line of credit, combined with the credits likely to be assumed for land and housing, will be more debt than the "beneficiaries" can handle in the current market. Studies show that income levels per manzana for corn and beans are low and have been declining, and may well make it impossible to keep up with debt payments without major diversification.¹⁵³

From the opposite perspective, BFA officials worry that the loans will not be paid back at all. They complain that the ex-combatants on both sides, perhaps encouraged by their commanders, view the line of credit as a right or a gift. One local BFA official reported that ex-soldiers had threatened him in an effort to gain full loan approvals while he was serving in the Santa Ana office. Upon transfer to the San Martín office, he had been threatened again, this time by ex-FMLN combatants.

These BFA officials also worried that the money was not being used for purposes stated in the loan application, but for consumption purposes - and, in some cases, had even been used to migrate to the U.S. The loan recipient is supposed to show receipts for purchases, and BFA loan officers are to use these receipts to justify to their supervisors that the loan money has been properly used and administered. They worry that receipts will not be forthcoming.

From an institutional standpoint, the BFA concern is quite real. The BFA is currently one of the two remaining state banks following bank privatization under the Cristiani administration. It has come under criticism from the government and USAID for low rates of loan recovery and less than efficient administration, and, in comparison with private banks, substantial losses. An USAID study recommended that the bank operate as a bank rather than an instrument for social policy, but the study also noted that for small farmers, "operational subsidies will be needed."¹⁵⁴ Clearly, being assigned to supervise this agricultural credit program for ex-combatants is not likely to improve the BFA's image as an efficient loan collecting institution. But it is also worth noting that this program amounts to a bit more than 1% of bank credit in 1991. Even major defaults with this line of credit will hardly send the banking system into a tailspin.¹⁵⁵

Encouraging savings and investment are noble and necessary goals, but the investment/consumption dilemma is at the heart of development problems in the third world. The poor in countries like El Salvador continue to emphasize consumption when that option is available. And the target population of these programs has been deprived of basic consumption for over a decade. Had development and investment been a more serious concern for this line of credit, in-kind loans or vouchers might have been used, though admittedly this would have increased logistical and administrative problems.

Even as the country's leaders preach the virtues of the market, the recent history of lending in El Salvador finds many examples of concessionary loans. Agrarian reform cooperatives, coffee growers, and large property owners in the conflictive zones have all been beneficiaries of concessionary lines of credit in recent months or years. The Central Reserve Bank, in turn, has bailed out banks with bad loan portfolios.

In this context, the ex-combatants want their own concessions. When a broad range of interest groups are getting steep concessions, it is a bit difficult to apply calvinistic norms to the ex-combatants and unrealistic to assume that they would meekly accept them.

While no one has systematic data on how borrowers are using these loans, there are anecdotes of the loans being used to finance migration to the U.S. or

to buy an additional piece of property, rather than to plow the money into this year's crop. In the absence of a viable alternative in agricultural production, both land speculation and the trip to the U.S. are entirely logical options offered by the market which the ex-combatants are very likely choosing. Land prices are rising, particularly near urban areas; the ex-combatants would be following a large rush of people investing in real estate.

In the case of migration to the United States, the BFA might be making a very good investment. It is more than ironic that USAID might be funding credits to send Salvadorans to the U.S., but if those ex-combatants that head north behave as the Salvadorans that preceded them, they will save dollars and send a healthy portion of those savings back to El Salvador, a dollar flow that keeps the Salvadoran economy and hundreds of thousands of families afloat.

For a country undergoing structural adjustment, there is still quite a bit of credit available in El Salvador. But newly privatized banks have no interest in either the risk or the administrative costs involved in making many small loans to marginal producers. A cost-cutting government minimizes subsidies of all sorts. Experts debate the virtues of formal and informal mechanisms to get credit to small farmers, but development schemes would seem to require some level of subsidized credit if there is to be any hope of reducing poverty.¹⁵⁶

Though they adopt quite different approaches, neither of the programs reviewed are sustainable without further infusions of money. Perhaps for political reasons, it will be difficult to assess the impact of the BFA program on individuals or communities given strained relations between the BFA and recipient groups. The CRS model involves technical assistance and training, closely tied to the provision of credit, community based credit committees, and a means of assessing impact. Though the BFA is accused of over-bureaucratization, it should be noted that the CRS model involves several levels (from, USAID, to the SRN, to CRS, to NGO, to Credit Committee, to Borrower) and lengthy waiting periods between loan application and disbursement. Nonetheless, a local level committee with NGO technical assistance seem a better model than the BFA model, because it involves community monitoring and promises the possible development of credit committees into local savings and loan institutions.

The UNDP and the Search for a Sustainable Reinsertion

During final peace negotiations the FMLN sought to establish the UNDP as a third party that could assist in achieving a "concerted" and participatory reconstruction process. As a result, the accord makes direct reference to the UNDP.

Some hoped in early 1992 that the UNDP might serve as a "neutral" mechanism for the implementation of the entire PRN. We have seen this vision was unrealistic for a number of reasons, not the least of which was UNDP's lack of capacity to assume such a task. (See "The Rise and Fall of Concerted Reconstruction.") The agency has, nonetheless, maintained a vision of its role as a mechanism of broad participation in the PRN, and has consistently played this role throughout the past two years.

The UNDP was quickly called upon to support the emergency program to provision FMLN troops gathered into specified zones. The current UNDP director insists that these needs should have been addressed in the peace accords, and would have been had the United Nations called its own emergency assistance experts into the negotiations.¹⁵⁷

Lacking a developed plan, the UNDP rushed to gather \$3.1 from fifteen countries into a trust fund to support health care, food provision and educa-

tion.¹⁵⁸ In coordination with the GOES, several UN agencies and national NGOs, among them the FMLN's January 16th Foundation (F-16), planned and implemented these programs. The inclusive nature of this first effort set the tone for future UNDP efforts.

In September 1992, the government released its "Program to Support the Reintegration of Ex-Combatants of the FMLN." The UNDP has based its reinsertion program efforts on the following overall strategy:

UNDP's institutional strategy centers upon activities which aim to transform the consolidation of peace into Sustainable Human Development... UNDP must support the country in the creation of conditions which will pave the way to a new economic model based upon the active incorporation of those sectors of the society which have been traditionally excluded from decision-making."¹⁵⁹

UNDP's implementation practices have sought sustainability and reconciliation, through the participation of the opposition NGOs. Most observers credit UNDP with success in achieving the latter goal. The NGOs single out UNDP as the only true space of reconciliation.¹⁶⁰ Though there are many NGOs with disparate programs and often poor coordination, a common thread of emphasizing human development connects them. This, they say, coincides with the UNDP's vision.

Table 7
UNDP Participation in
SRN Reinsertion Projects
(amounts in \$US)

Program	Description	Budget
Agricultural Training	Basic agricultural training to 6300 FMLN ex combatants	\$3,800,000
Agricultural Tech. Assistance	Aid to 6000 ex-combatants in formulating productive plans	862,855
Mandos Medios Program	Training, technical asst. and credit to 600 Mid Level Commanders of FMLN	1,541,020
Emergency Housing	6000 units of provisional housing (4000 FMLN, 2000 FAES)	1,200,000

According to USAID, the involvement of UNDP in USAID-funded projects is somewhat irregular, and owes its involvement, in large part, to the insistence of the FMLN that UNDP play a key role in certain projects. USAID treats the UNDP like any other NGO seeking project funds.¹⁶¹ NGO sources close to the government affirm that UNDP has created problems in project implementation because it tends to work in favor of the FMLN.¹⁶²

Though much of the reinsertion money comes from USAID, UNDP has also mobilized financing. This has opened channels for donors to support the PRN through mechanisms other than the SRN. The importance of this role can be expected to grow in the future, especially if the SRN fails to provide an opening to all NGOs in its program.

Broader participation does not necessarily mean UNDP has succeeded in its goal of increasing program sustainability. Reinsertion programs with or without UNDP participation have been dependent on the advance of the overall government program—especially the much delayed land transfers.

Moreover, many ex-combatants clearly identified the training classes and their stipends as a source of income more than training integrated into an overall productive plan. Many productive projects actually suffered as ex-combatants preferred to attend the paid training sessions. Similarly, some technical assistance requires people to leave their communities and productive work—rather than the more accepted methodology of direct extension to the participants in the productive context. Even though the NGOs had significant participation in these programs, at least one FMLN leader questions their overall value.¹⁶³

UNDP efforts in the Mandos Medios program to build in technical assistance to ex-commanders during their project design and implementation, to do market research to see if projects were viable and to secure preferential rates of interest were all aimed at sustainability. Several key components, however, such as productive credits, have been removed from UNDP control. The long-term viability of the resulting program is in doubt.

In a 1993 brief, the UNDP reflects on its future work: "UNDP will be refocusing its approach in this new period to emphasize programs that respond to

problems of structural poverty, in order to expand beyond programs which constitute essentially either forms of social compensation or emergency support."¹⁶⁴

The UNDP will bring this new orientation to three large-scale, long-term development projects funded principally by the International Fund for Agricultural Development (FIDA). The largest will take place in Chalatenango. Projects will be implemented in close coordination with UNDP. However, UNDP's work on SRN programs will continue.

UNDP has recently initiated coordination efforts with international and national NGOs. In March, UNDP held a conference for dozens of Salvadoran NGOs to explain the evolving orientation of the UNDP and seek NGO assessments of UN work. The turn toward "horizontal" relations with NGOs is quite a change for the UNDP.¹⁶⁵ NGO observers argue about how much this shift reflects actual institutional change, but most agree that it is a change that must be nourished and pursued.

The overall role of the United Nations in the Salvadoran peace process has created a unique opening for the UNDP in national reconstruction. The institution has been able to promote important levels of NGO participation, but has had more difficulty translating these gains into sustainable programs in the context of the SRN. Notwithstanding the problems, the UNDP's decision to emphasize reconciliation and participation in the context of an overall commitment to "Human Development" is one of the truly hopeful signs of reconstruction to date.

The EEC Reinsertion Program in Usulután

The shadows lengthen as nightfall approaches in the place they used to call Cuchemonte. Before the war, this was a bustling coastal zone where over five thousand people made their living, combining farming with labor in the salt works situated along the estuaries of the Bay of Jiquilisco. The war changed all that. Salt production was halted. Roads became overgrown paths and electrical service was cut. People abandoned the area to escape the violence - save for a few families who offered important support to the guerrillas.

This afternoon, about fifteen men have gathered in a small clearing where the main road seems to end. Among them are ex-soldiers, ex-guerrillas, and members of the civilian population, all representing groups who are attempting to reactivate salt and shrimp production under the auspices of the European Economic Community (EEC). One of the ex-soldiers wears the burgundy beret of his battalion, but the talk is pure business. The groups are meeting to determine the best way to get the EEC to fund the repair of a critical section of road that will be impassable in the rainy season.

The ex-combatants of the FMLN and the military are on the verge of producing salt in the salt works they have been sold as part of the Land Transfer Program, and the civilians have been assured that they will have their own "salinera" soon after phase II of the program begins in July. In its embodiment of the dual goals of economic reactivation and reconciliation that form the basis of the PRN, this meeting feels very different from those in other parts of the country where ex-combatants meet to complain about failed reinsertion programs.

In February 1992, El Salvador's Minister of Planning Mirna Liévano de Márques asked the EEC Development Commissioner Manuel Marín to support the reinsertion of Salvadoran ex-combatants. The Commissioner responded positively and EEC cooperation in Usulután was born.¹⁶⁶

The next July, following intense consultations with unofficial FMLN participation, the EEC and the government signed a two-year, US\$18 million reinsertion agreement for 3000 FMLN and military ex-combatants in Usulután. The money was mostly to buy land and extend production loans. (See Table 8). A subsequent five-year phase was also contemplated, contingent on the success of the first phase.

Six months later, implementation began with the appointment of Jaap van der Zee, as the European director, and former SRN-employee Gustavo Adolfo Escobar, as the national director. These co-directors, working in close coordination with program staff and representatives of the government, the Armed Forces, and FMLN, developed the operational plan for the program in early 1993.

Program design, insisted upon by the EEC, gives the co-directors almost complete control over implemen-

tion. Neither GOES officials nor EEC diplomatic personnel can overrule the co-directors on policy issues. On operational issues, they report directly to Brussels.¹⁶⁷ Funds from Brussels go to bank accounts in El Salvador under the control of the co-directors. The GOES exerted minimal control over the relatively small amount of funds (\$460,000) it provided.

The program provides for the creation of a non-profit Service Corporation designed to oversee major program activities like credits and marketing. The corporation has a Board of Directors as a mechanism of participation, but leaves controlling interest in the hands of the EEC and its co-directors.

The EEC program is based on the presumption that:

The term "re-integration into the agrarian sector" [regularly employed by the government and USAID] is nothing more than an empty phrase. All that remains of this sector is the product of a series of disastrous agrarian policies that, since 1932, have had a collective impact that was quite possibly as great as the havoc of the civil war.¹⁶⁸

The EEC does not substantiate this view, which appears in its Annual Report in the context of a plea for a new Agrarian code. Nonetheless, the perception is present in program design which seeks to create a new agrarian model rather than integrate ex-combatants into an existing system.

Land and Production

The funds provide credit for land, housing, potable water (so beneficiaries can actually live on the land), and production necessities, and a training and technical assistance program. Detailed plans call for primary areas of production in: crops (basic grains and cash crops), cattle raising, coffee, and salt/shrimp. The EEC projects that 1700 of the beneficiaries will be doing agricultural work, 410 will cultivate coffee, and 890 will work in the salineras producing salt and shrimp. Production in each area will be marketed collectively.

Staff and resources have been overwhelmingly devoted to securing the land transfers. These lands involve 2349 ex-combatants, 60% of whom have actually taken possession of the land. Thus, in one year, the program has located over half of the 3000 beneficiaries on land and provided them with the

Table 8
Budget Allocations and Expenses
(quantities in ECUs, as of 31/12/93)¹⁶⁹

Category	Budget Alloc.	Actual Exp.
Land Purchase	10,000,000	5,875,079
Agricultural Credits	700,000	695,322
Housing Credits	1,500,000	843,631
Support to Land Bank	300,000	772,130
Training and Tech. Asst.	350,000	376,168
Administration	1,650,000	767,215
Unforeseen Costs	300,000	105,707
Total	14,800,000	9,435,252

Table 9
EEC Land Transfer for Ex-Combatants as of 12/31/93,
Number and Size of Properties by
Type of Land and Status of Negotiation

Type of Land	Titled *		Negotiated **		In Neg.	
	#	Size	#	Size	#	Size
Crops/Cattle	10	1171	16	4129	7	811
Coffee	3	734	5	297	-	-
Salt Works	7	708	6	910	1	42
Total	20	2613	27	5336	8	853

* Transfers completed with title passing to new owners.

** Purchase agreement reached but titling has not passed.

Property size in manzanas (1 Manzana=1.73 acres=.70 hectare)

means to start producing.¹⁷⁰ Despite its mandate as an ex-combatant program, the EEC has participated in land purchase negotiations for 2428 civilian families who occupy the same lands as the ex-combatants. The purchase of these properties has been financed by USAID and accounts for an important percentage of the advance of the USAID's land transfer work.

In the EEC program, 7949 manzanas of privately-held land have been titled or have been negotiated and are awaiting titling (see Table 7). According to a February 1994 report issued by ONUSAL, a total of 51,834 manzanas meets the same conditions, nationwide. The EEC program is responsible, then, for over 15% of the land that has been successfully negotiated at the national level, and this does not include the land which they have negotiated for the civilian population. That is not so surprising given the amount of land in Usulután that is part of the FMLN land inventory, but it still indicates that land transfer in that department is well ahead of the rest of the country. This is true even though the EEC is working through the same Land Bank that is consistently blamed for delays in transfers throughout the country.

The EEC traces its success with the land transfer to three factors:

1. EEC agrarian experts talk to everyone involved from the buyer/beneficiary to the seller. They are very active in "pre-negotiations" to gain the confidence of the seller with accompanying advantages in terms of price.
2. Rather than wait for the Land Bank to measure land, the EEC hired its own topographer.
3. The EEC has its own lawyer who prepares the paperwork for the review and final signature by the legal staff of the Land Bank.¹⁷¹

The EEC is, therefore, taking steps that USAID and the government might take to help the land transfer process at the national level. In addition, the EEC has provided substantially more resources than anticipated to help the Land Bank. (See Table 8). Finally, its activist role in the transfer of lands is no doubt greatly enhanced by the fact that it is also a major funder of the land bank.

The EEC has a higher credit limit than the USAID-sponsored land transfers—40,000 colones (\$4600) rather than 30,000.¹⁷² It believes that the extra

purchasing power, combined with the program's other features in training and marketing, gives the participants a fighting chance to survive in the market. According to van der Zee, with the lower credit limit, weak technical assistance, and no organizational assistance or marketing guidance, the government program is creating "an indebted farmer who will be forced to rely on off-the-farm income in order to survive."

The EEC also insists that its land transfers be combined with a physical sub-division of the land into family plots so that each ex-combatant knows exactly which land is his or hers. Once they are assured of their land, the new landowners can enter into any associative relationship that interests them for production and marketing purposes. Ownership, however, remains in the unique combination of individual and group title described in Box 3. This is a highly controversial policy because it confirms the individual character of the land transfer and echoes a GOES-sponsored effort to sub-divide cooperatively-held land, long seen as a political attack on the cooperatives.

Moving in bold and often controversial ways, the EEC has advanced rapidly in providing stable land possession, the necessary condition for the rest of the program, and has set forth a regional development plan that goes beyond the concept of reinsertion. The plan, however, faces several obstacles.

Ex-Combatants and Civilians

The government-EEC agreement limits EEC aid to ex-combatants. This distinction becomes less realistic with every day of civilian life lived by the ex-combatants. The distribution of scarce resources based on this increasingly false distinction is potentially disastrous. The only reason that it has not destroyed the entire program is that it is not universally applied.

Application of the policy on the California Cooperative, a huge property previously owned by the wealthy Palomo family, had unfortunate, potentially explosive results. The civilian population with historical roots in the area had sacrificed a great deal to occupy and defend the salt works, and made substantial investments to begin salt production. Without prior consultation with the civilian occupants, the EEC announced that it was buying the salinera—for ex-combatants.

After months of tension, a solution was worked out for civilians to become part of the group purchasing the salinera. The civilians grudgingly accepted the agreement, but when they subsequently left the salt works they took with them \$310,000 worth of materials they claimed to have invested.¹⁷³

As noted, the EEC has ameliorated the "ex-combatants only" policy by helping to facilitate land transfers for many civilians living alongside ex-combatants (including those on California), but these civilians now must somehow become part of the overall productive plan. The EEC is now seeking alternative ways to finance their participation. Though USAID money funded the land transfer, El Salvador-based USAID officials have shown no interest in funding production. A better solution would give the EEC flexibility and financing to integrate the civilian neighbors of the ex-combatants.

Ex-government soldiers

A much higher percentage of FMLN ex-combatants who have received land are actually on that land than are ex-soldiers. The EEC believes the pre-existing organization the FMLN had in Usulután has facilitated the incorporation of groups of FMLN ex-combatants, in contrast to the military, which is sending un-married, generally younger individuals from other areas of the country. The military does not have an organized system for gathering eligible ex-soldiers; rather it relies on each ex-soldier to apply. The EEC has felt that the military system for matching veterans with opportunities is inadequate, so they have supported the formation of FUVESAL (The Salvadoran Veteran's Foundation) to coordinate the participation of ex-soldiers in the EEC program. Even so, they are skeptical that the target of 1500 resettled soldiers will be reached.

Those ex-soldiers that do settle and begin producing are achieving 25% higher agricultural productivity on average than the ex-combatants, which the EEC suggests may be due to the "politically-influenced" forms of organization of the ex-guerrillas, i.e., the beneficiaries are organized in forms that are more suitable to political control than maximum production.

Cash Flow

As of the end of 1993, the program claimed to be seven months ahead of schedule in land transfers and a year ahead in agriculture production. However, this resulted in spending the credits planned to last through July 1, 1994. In the Hacienda California

salt works, 250 ex-combatants, many who had recently been encouraged to move to Usulután from northern Morazán, had to be temporarily laid off for lack of investment credits. This created a serious crisis for the elected salinera coordinating committee.¹⁷⁴

More serious was the impending shortage of funds for the 1994 planting season which begins in May. This problem was resolved only when the Minister of Planning interceded with the Central Reserve Bank and facilitated a \$1.725 million line of credit.¹⁷⁵

The program's second 5-year phase begins on July 1, 1994, but there is general uncertainty about its budget. This makes planning difficult, and runs the risk of creating expectations that will not be fulfilled.

Productive Organization

The EEC maintains that the pre-existing forms of organization were not suited to economic reactivation. The production cooperatives, for example, tend to be, in the EEC's opinion, excessively vertical and to divide benefits in ways that do not give sufficient incentives to produce.

Ongoing discussions between the EEC and cooperative and political leaders seek organizational forms that combine the benefits of campesino solidarity and individual initiative. The program seems to favor the organization of voluntary "solidarity groups" based on group credits and marketing in the context of a combination of individual and collective production. Each group must make its own production plan, and elect leaders responsible for credits and marketing. Although generally progress has been slow, there have been markedly different results among productive sectors. The beneficiaries working in coffee have, for example, been very slow to adopt new forms of organization. In agriculture, on the other hand, people have shown a more favorable response.

The EEC annual report concludes:

Among the FAES [Salvadoran armed forces] and some factions of the FMLN there exists an irresistible tendency, traditional in Latin America, to want to control "their" people. While this attempt at political suicide is clearly not the business of the program, these actions impede the progress of many groups and have brought the program to the point of withdrawing (not from Usulután entirely—but leaving certain groups to their own resources).¹⁷⁶

Participation

Shaped by a small group, the EEC plan is implemented by an even smaller group of decision makers. The beneficiaries are generally positive, but there is no sense that this is, in any important way, their program.

Broad participation is quite difficult because many ex-combatants have little relevant production experience, and much less in large-scale economic planning. No one on the elected Coordinating Committee of the aforementioned salinera has any experience with salt production.¹⁷⁷ They are struggling mightily to get a handle on their own situation, and are not inclined to involve themselves in the overall plan.

Opposition NGOs, with undeniable ties to the beneficiary population and, in some cases, experience in project implementation, are not participating in the EEC plan any more than they are in the programs of the SRN. Director van der Zee insists that he is aware of their importance, but says, "I don't know what to do with them." For him, the NGOs are very short on technical expertise and qualified personnel and very long on political orientation. This makes it difficult to integrate them in the efforts to fundamentally change the productive organization. He would like to support an NGO initiative in health or education, but the groups working in Usulután have not achieved the coordination necessary to present a plan—let alone carry it out.¹⁷⁸

There are exceptions. The EEC program is successfully coordinating work with two NGOs, REDES and ITAMA in projects to reactivate salt and shrimp production. The NGO CODECOSTA, on the other hand, says that the EEC has displaced it from areas of work in salt production and agriculture. The 16th of January Foundation (F-16), the NGO coordinating reinsertion for the FMLN, was offered a place on the board of the program's Service Corporation, but they "temporarily declined" saying that they have no interest being on the board of an organization where the director is just going to do what he wants.¹⁷⁹

Ironically, just as the EEC program co-director complains of verticalism in the political organizations, NGO leaders agree on words like "vertical" and "arrogant" to describe the leadership style of the EEC program. They assert that the program does not understand local realities. No one doubts that the EEC "does things well," but that is not always the sole determinant of success or failure.

The Service Corporation is to be the center of participatory discussion of policy directions with FMLN, government, military veteran and coffee, agriculture and salt/shrimp sector representatives. The Corporation suffered a huge blow when Hernan Eleno Castro (FMLN Comandante Carmelo) was murdered.¹⁸⁰ It has not really been active since that time. Even if activated, it is unlikely that it alone will succeed in increasing participation in the program.

Another set of well-planned actions will be needed to achieve that goal, if, in fact, it is a priority of the program leadership. Here the experiences with models of popular education in El Salvador could be very helpful. For example, through a well-designed and effectively implemented popular education project, the repatriates in Nueva Esperanza, the women ex-combatants of Nuevo Gualcho, and the new salt producers of Cuchemonte could all begin to gain a broader knowledge, not just of their economic situation, but also how they fit into the emerging post-war economy of Usulután, and the intentions of the EEC to reshape that economy.

The results would not be felt overnight, but, in time, the EEC would find that it had tapped a rich source of new leadership and participant input on how to best achieve—or prudently adjust—its program goals. This is only one of many ways to encourage popular participation in the program.

The initial successes of this program in implementing a local development model for Usulután, as opposed to the individualized training and credit approach of "reinserting" combatants into the market, have great potential. The EEC has refused to compromise its plan and that, plus the exclusion of the SRN from influence over the program, has generated serious opposition from many in the government. As in SRN programs, the EEC has also limited the participation of opposition NGOs. The land may belong to the ex-combatants who occupy it, but the regional plan is clearly the "EEC plan."

There have been admirable efforts to involve beneficiaries in the administration of their production units, but there must be an effort, in the new five-year phase, to build beneficiary knowledge of planning, promote a vibrant non-governmental sector, and to transfer power over their program to the beneficiaries. Without this, the EEC program could be increasingly isolated politically, despite its successes, and, when the EEC eventually "goes home," its successes may wither.

Conclusions

The broad international support for the reconstruction of El Salvador creates an unprecedented opportunity for addressing the long-standing economic problems that led to the country's civil war. A successful reconstruction is, therefore, absolutely crucial to the effort to break the cycle of injustice, repression and rebellion that has dominated Salvadoran history for centuries.

To date, the two years of reconstruction have involved a variety of actors with divergent and often conflicting goals. Not surprisingly, these conflicting goals lead observers of the process to radically different interpretations of the strengths and weaknesses of the process.

Despite a very slow start, the PRN has important gains to its credit. It has contributed to a peaceful transition after 12 years of brutal armed conflict. Similarly, it has provided resources for important infrastructure projects and created temporary job opportunities and other mechanisms to put economic resources in the hands of its target population.

The peace accords, however, call on the PRN to promote the "integrated development" of the ex-conflictive zones, and to contribute to national reconciliation among all Salvadorans. The plan must be judged in relation to these goals as well.

On the issue of integrated development, one USAID official, referring to land, training and credit programs, said that while these programs may be many things, "there is very little development in them."¹⁸¹ We have to agree with that assessment.

Key components of reconstruction like the Land Transfer Program have been drastically delayed, and there is reason to doubt that, even if they do gain access to land, the beneficiaries will have the means to become viable agricultural producers—a precondition for development in the ex-conflictive zones. That is not to say that the plan, as a whole, is without

developmental impact. Despite the undeniable shortcomings of their efforts, both the EEC and the UNDP are concentrating on integrating elements of long-term sustainability into reconstruction programs. According to program evaluators contracted by USAID, that agency and the SRN have also begun concentrating resources on economic revitalization of the ex-conflictive zones, but they lack "any underlying theme or plan (e.g., an area development plan)" to guide this work.¹⁸² Without such a plan, the SRN is unlikely to achieve lasting advances.

A second key issue concerns participation in the PRN. Despite evidence to the contrary, some insist that the PRN programs are well-designed but that their implementation has been blocked by the FMLN and other opposition forces for political reasons. There is evidence of a lack of cooperation by the FMLN and project beneficiaries, and such behavior does not aid the reconstruction process. Such conduct, however, is a predictable outcome of the absence of participation by the opposition in the design and implementation of PRN programs. Exclusion has damaged relationships that the reconstruction process should be strengthening. This not only undermines the goal of reconciliation, it also destroys the programs from an operational perspective.

The elections and the accompanying change in administration make this an excellent time to re-think reconstruction, but a positive outcome is by no means assured.¹⁸³ In the end, Salvadorans will determine whether or not reconstruction will be rescued: given the heavy reliance of the PRN on outside resources, however, the actions of international actors will continue to have considerable weight. That influence carries with it some responsibility for the success of the process.

With that responsibility in mind, we have presented ten recommendations in the summary at the front of this report.

Endnotes

- ¹ The World Bank, "Report and Recommendation of the IBRD to the Executive Directors on a Proposed Second Structural Adjustment Loan (SAL) of US\$50 Million to the Republic of El Salvador," August 23, 1993. Report No. P-6108-ES. p 21, cited in Herman Rosa, "El Banco Mundial y el Futuro de Ajuste Estructural en El Salvador," PRISMA Noviembre/ Diciembre, 1993, pp. 2-13.
- ² See Endgame: A Progress Report on Implementation of the Salvadoran Peace Accords, George Vickers and Jack Spence with David Holiday, Margaret Popkin and Philip Williams, December 3, 1992; Justice Impugned: The Salvadoran Peace Accords and the Problem of Impunity (Margaret Popkin, George Vickers and Jack Spence), June 1993 and Risking Failure: The Problems and Promise of the New Civilian Police in El Salvador (Bill Stanley with George Vickers and Jack Spence), September 1993; A Negotiated Revolution? A Two Year Progress Report on the Salvadoran Peace Accords, Jack Spence and George Vickers with Margaret Popkin, Philip Williams and Kevin Murray, March 1994.
- ³ This entire section owes a great deal to the excellent treatment of structural adjustment in El Salvador in Herman Rosa, op. cit.
- ⁴ According to the United States GAO, the GOES has pledged \$407.7 million to the PRN (just over 22% of the plan's projected needs). That money was supposed to have come primarily from normal government budgeting so as not to aggravate deficit problems. The Minister of Planning reports that PRN expenditures have already resulted in some fiscal problems for the government.
- ⁵ For example obtaining international funds for the new National Civilian Police has been difficult. This creates a budgetary problem with the Planning Minister's goals, a problem made worse, in this example, because the government has been reluctant to take resources from the military for the new police. See, A Negotiated Revolution?, op.cit. pp.9-13.
- ⁶ The economic orientation of the PRN is analyzed at great length in "La Improductiva Reconstrucción Salvadoreña" in Tendencias Actuales de la Resolución del Conflicto Salvadoreño, Asociación Salvadoreña de Cientistas Sociales/ASACS, San Salvador, 1993.
- ⁷ The FMLN leadership did not unanimously support this decision, but, in the end, the majority decided that it would be impossible to reach an agreement by the end of 1991 if the FMLN held fast to its economic positions. Interviews with Ana Guadalupe Martínez, January 14, 1994 and Mauricio Chávez, February 22, 1994. All Interviews in San Salvador unless otherwise noted.
- ⁸ Naciones Unidas, Acuerdos de El Salvador: En el Camino de la Paz, San Salvador, 1992, pp. 88-89.
- ⁹ Anders Kompass, the current director of the UNDP, sees this as a critical deficiency of the accords which greatly influenced the entire reconstruction process. Interview with Anders Kompass, UNDP, March 1, 1994.
- ¹⁰ Interviews with Sra. Norma de Dowe, Director of the SRN, February 3, 1994 and Lic. Mirna Liévano de Márques, Minister of Planning, March 1, 1994.
- ¹¹ See, Aquiles Montoya, La nueva economía popular: una aproximación teórica, UCA Editores, San Salvador, 1993.
- ¹² There are very different opinions about how to describe the group of NGOs that gave life to the new popular economy during the war. They have become the center of attention in the debate over opposition participation in the PRN. The GOES calls them "FMLN NGOs" while they tend to call themselves "popular-sector NGOs." In hopes of avoiding the language of that debate, we refer to them as "opposition NGOs" because they are NGOs that are closely associated with the country's political and social opposition.
- ¹³ For an excellent discussion of the new popular economy and ideas about its future, see Aquiles Montoya, La nueva economía popular: Op. Cit.
- ¹⁴ Sources close to the SRN insist that both FOREDI and COMCORDE are NGOs controlled by family members of the current Vice-President, Francisco Merino. Though both FEDISAL and PROMIPE are

under the control of the Salesian fathers, their boards are both led by private sector figures with ARENA connections. FUSADES, the best known of the ARENA-connected NGOs, is also an important institutional presence in the PRN.

¹⁵ USAID insists that there has been no preferential treatment for any municipality in the MIA program, but Guillermo Galván of PROCAPP, a new NGO working on municipal reconstruction efforts, insists that such delays did exist.

¹⁶ Interview with a UN official, February 18, 1994.

¹⁷ For a comprehensive description of the environment surrounding the March 1992 meeting, see Peter Sollis, Reluctant Reforms: The Cristiani Government and the International Community in the Process of Salvadoran Post-War Reconstruction, Washington Office on Latin America, Washington, D.C., 1993.

¹⁸ Interview with Kompass, op. cit.

¹⁹ Mr. Kompass maintains that the GOES had to be convinced of the logic of including the FMLN in the official delegation.

²⁰ This point, made by several observers, is borne out by the "Report of the Proceedings by the Chairman" published in reference to the March 1992 meeting.

²¹ The economic orientation of the PRN is analyzed at great length in "La Improductiva Reconstrucción Salvadoreña" Op. Cit.

²² FMLN, "Ejecución del Plan de Reconstrucción Nacional: Balance 1993," San Salvador, enero, 1994, p. 4.

²³ MIPLAN-SETEFE, "Financiamiento Contratado y en Proceso de Negociación con la Comunidad Internacional para la Ejecución del Plan de Reconstrucción Nacional (PRN)", San Salvador, diciembre de 1993.

²⁴ Even the FMLN year-end evaluation of the PRN report makes no reference to the non-SRN aspects of the plan.

²⁵ Interview with Liévano de Márques, Minister of Planning, op. cit.

²⁶ MIPLAN-SETEFE, op. cit.

²⁷ Interview with Oscar Pérez, Director of Radio Farabundo Martí, January 14, 1994 and appearance of Atilio Viéytez, PDC Vice-Presidential candidate on Channel 12, "Entrevista Al Día", March 11, 1994.

²⁸ Interview with international development official, February 8, 1994.

²⁹ Interview with Guadalupe Martínez, op. cit.

³⁰ On the SRN-CONARA relationship, see, Sollis, op. cit.

³¹ The SRN claims that they are also handling funds from the EEC and Germany, but that was not reflected in their last report in December 1993.

³² Interview with Liévano de Márques, op. cit.

³³ Secretaría Nacional de Reconstrucción, "Plan de Reconstrucción Nacional Informe de Avance: Convenio 'Paz y Recuperación Nacional' 519-0394, a noviembre de 1993," San Salvador, diciembre de 1993, p. 25.

³⁴ Development Associates, Inc., "Final Report: Evaluation of the Peace and National Recovery Project (519-0394) El Salvador," Arlington, VA, January, 1994, p. VI-1.

³⁵ Secretaría de Reconstrucción Nacional, op. cit., p. 21.

³⁶ Interview with Raymond Lynch and Marvin Dreyer, USAID, January 27, 1994.

³⁷ United States General Accounting Office, "El Salvador: Implementation of Post-War Programs Slower Than Expected," Washington, D.C., January, 1994.

³⁸ Interview with former SRN employee, March 8, 1994.

³⁹ Interview with Liévano de Márques, op. cit.

⁴⁰ SRN, op. cit., p. 5.

⁴¹ FMLN, op. cit., p. 7.

⁴² FMLN, op. cit., p. 31.

⁴³ This percentage is based on the information in MIPLAN-SETEFE, op. cit. Because the information is incomplete, it is impossible to arrive at an exact figure. Semi-autonomous utilities are included as government entities for purposes of this calculation.

⁴⁴ This estimate is based on the SRN report, and on interviews with officials of CRS and UNDP.

⁴⁵ HABITAT is a housing foundation, but bears no relation to the North American NGO of the same name. It was created in 1986 under the AID supported FORTAS program to build private-sector NGOs. See, Sollis, op. cit., p. 12.

⁴⁶ Interview with Lynch and Dreyer, op. cit.

⁴⁷ An NGO told a GAO investigator that the SRN had denied their project application for lack of funds. USAID assured the GAO that the SRN had \$35 million available for projects at the time. See, United States GAO, op. cit., pp. 13 & 22.

⁴⁸ Interview with Carlos Lecaros, UNDP, San Salvador, February 4, 1994.

⁴⁹ USAID staff insist that their new director has been "very clear" with the SRN that there can be no exclusion for political reasons, but there is no evidence that this has led to real change on the part of the SRN.

⁵⁰ Development Associates, op. cit., p. VII-4.

⁵¹ This conservative estimate is based on multiple interviews with national and international NGOs.

⁵² Interviews with Beatriz La Fuente, PRODEPAS, February 2, 1994 and March 1, 1994.

- 53 Interview with La Fuente, op. cit.
- 54 Interview with La Fuente, op. cit.
- 55 Interview with de Dowe, op. cit.
- 56 Interview with Alejandro Amaya M., 700 Club, San Salvador, March 16, 1994.
- 57 PRODEPAS, "La Reconstrucción de El Salvador y la Participación de PACT en el Proceso," undated report.
- 58 Interview with Lynch and Dreyer, op. cit.
- 59 PRODEPAS, op. cit.
- 60 Interviews with Clelia Lima de Arroyo, FUEDEM, and Alejandro Amaya M, 700 Club; both San Salvador, March 16, 1994.
- 61 Interview with Edgar Saúl Romero and Francisco Rosa Chávez, FUNSODESA, San Salvador, March 15, 1994.
- 62 Interview with Virginia Magaña, PROCOMES, San Salvador, March 1, 1994.
- 63 Interview with Anaya M., op. cit.
- 64 Interview with La Fuente, op. cit.
- 65 Interview with USAID staff, February 4, 1994.
- 66 Interview with Miriam Hirezi de Meléndez, SRN/COMURES, San Salvador, January 28, 1994.
- 67 Interview with Julio César Figueroa, ARENA substitute mayor for Franklin Figueroa, Suchitoto, March 18, 1994.
- 68 Information in this section comes from the Foreign Aid Monitoring Project Report, "After the War: A Preliminary Look at the Role of U.S. Aid in the Post-War Reconstruction of El Salvador," December 1992, by Danielle Yariv, Cynthia Curtis and Lisa Haugaard.
- 69 Ibid.
- 70 "Work Plan of the Municipal Committee for the Reconstruction and Development of Suchitoto," May 1992. This document was produced by the members of the Municipal Committee.
- 71 Interview with Klavs Wulff, Regional Director, Mellemfolkeligt Samvirke (Danish Association for International Cooperation), San Salvador, March 21, 1994; FAMP report, interview with Jorge Garza, page 29.
- 72 Foreign Aid Monitoring Report, op. cit.
- 73 La Prensa Gráfica, San Salvador, 24 de febrero 1993.
- 74 Findings in this section result from twenty-two interviews conducted during March 1994.
- 75 Interview with Figueroa, op. cit.
- 76 Interview with Osmín Morales, Suchitoto, March 24, 1994.
- 77 Interview with Figueroa, op. cit.
- 78 Interview with Marina de Figueroa, wife of Franklin Figueroa, Suchitoto, March 18, 1994.
- 79 Interview with Roberto Alfaro, REDES, March 14, 1994.
- 80 Interview with Javier Martínez, a.k.a. Walter Funes, former FMLN commander in the Guazapa volcano zone, presently serving as vice-president of the REDES Executive Board. Martínez is a native of Suchitoto.
- 81 Interview with Nelson Alemán, Coordinator of the CIREFECA-REDES project in Cuscatlan, March 18, 1994. Financed by the EEC, and initiated in October 1992, the program provides assistance in credits, training, and technical support to local farmers, and environmental programs. Its mandate expires in December 1994; efforts are underway to extend the program for another year.
- 82 Interviews with Inocente Orellana, representative of PROGRESO, and Alfonso Rivas, CRC, Suchitoto, March 23, 1994.
- 83 Interviews with REDES-San Salvador, CRC, and PROGRESO, in Suchitoto, March 23, 1994. The San Salvador office of one NGO had contact with AID.
- 84 Interview with Amilcar Alas Andrade, leader in the local environmental group, ECO-GUAZAPA, Suchitoto, March 17, 1994.
- 85 Interview with Alemán, op. cit.
- 86 Interview with staff members of the Companion Community Development Alternatives, CoCo, San Salvador office, March 20, 1994; and with Toño and Celio, residents of Consolación, March 23, 1994. CoCo organized this DePauw University delegation in January 1993. The visitors contacted the U.S. Embassy to request assistance bringing tools through customs. Since the USAID meeting, which Consolación residents and a grassroots leader attended, USAID has turned down requests from CoCo to include Salvadorans in other meetings, stating that they only will meet with U.S. citizens.
- 87 Interview with local high school student, Suchitoto, March 18, 1994.
- 88 La Prensa Gráfica, 15 de noviembre 1993.
- 89 Interview with Javier Martínez, op. cit.
- 90 Interview with Roberto Alfaro, op. cit.
- 91 Interview with Candelaria Landaverde, farmer, La Mora, March 17, 1994. He also will be a member of the new Municipal Council.
- 92 Interview with street vendor, Suchitoto, March 24, 1994.
- 93 Interview with Osmín Morales, op. cit.
- 94 Interview with representative of grassroots organization, Suchitoto, April 21, 1994.
- 95 Interview with Inocente Orellana, op. cit.
- 96 Interview with Mayor-elect Julio César Sandoval, Suchitoto, March 18, 1994.
- 97 "FMLN-CD Platform for the Municipality of Suchitoto 1994-97."
- 98 Interview with FMLN member, Suchitoto, March

18, 1994.

99 Interview with Ana Maria Menjívar, FMLN, new Municipal Council member, Suchitoto, March 25, 1994.

100 Interview with Miguel Melgar, former Christian Democratic Mayor of Suchitoto, owner of a clothing store, Suchitoto, March 14, 1994.

101 Interview with Nelson Alemán, op. cit.

102 Interview with Osmín Morales, op. cit.

103 Interview with Javier Martínez, op. cit.

104 Interview with Roberto Alfaro, op. cit.

105 Interview with Alfonso Rivas, op. cit.

106 The Ministry of Agriculture estimated in 1978 that only 14.7% of Chalatenango is suitable for agriculture, and 85% of this land requires special measures to preserve the topsoil. (MAG, 1978, Mapa de Clases de Tierra por Capacidad de Uso Mayor. Departamento de Chalatenango.)

107 PRODERE and local NGOs estimate that 36% of the population suffered displacement.

108 As of February 2, 1994 only thirteen properties, all in the western sector, had been transferred to approximately 400 tenants and FMLN ex-combatants.

109 In several communities, the NGO FUNDASAL is initiating housing projects for ex-combatants and war-wounded. The future owners provide the labor and receive a stipend for the first eight months. The subsidized houses will be worth approximately 19,000 colones (\$2,184) and beneficiaries will pay 12,000 colones (\$1,379) for them. However, with interest, the houses will likely end up costing at least 25,000 colones (\$2873.50) under the 15 year loan term. Beneficiaries are balking at the terms and several expressed fear that within their subsistence economy they will be unable to make the monthly house payments.

110 The mayors of Las Vueltas, Nueva Trinidad, San Isidro Labrador, El Carrizal, and Ojo de Agua have also not returned to their municipalities. The ARENA mayor of Chalatenango has rarely visited Guarjila, one of the largest repopulations. Residents describe her attitude toward the community as "well thought-out neglect." The mayor has one project—painting the school. She argues that no construction can take place there until the people have title to the land. Residents may seek to separate from the municipality of Chalatenango. Interview with a member of the Guarjila directiva, Guarjila, March 1994.

111 Interview with Los Ranchos Mayor José Efraín Peñate Recinos, March 1994.

112 Arcatao's February 26 cabildo abierto was held in Teosinte, after a February 12 incident when

inhabitants stoned her political rally in Arcatao's plaza and chased the mayor and her entourage from the town. The incident damaged the process of dialogue.

113 In El Salvador's municipalities there is a built-in lack of plurality. The party with the most votes wins the mayorship and the entire town council. Thus, in a town where four parties are running, a party could conceivably win every elected position with 26% of the vote. In the March 20, 1994 elections in Chalatenango the FMLN won in Arcatao, San José Las Flores, Las Vueltas, and San Antonio Los Ranchos. ARENA won in San Isidro Labrador and Chalatenango City.

114 The process of building infrastructure can be tortuous: 1) The project (ideally) must be prioritized in a cabildo abierto (held four times a year). 2) The mayor can take the cabildo's advice or not and then submit a proposal to the SRN. 3) Regional SRN engineers elaborate an area study with maps, verbal descriptions and a basic design of the project. 4) The SRN hires a contractor to draw up blueprints and cost estimates. 5) If needed, arrangements for land purchase or right-of-way are made. 6) Municipal authorities and regional SRN officials sign off on the contractor's plans and the package is sent to the central SRN office. 7) When the SRN approves funds, a contractor can be hired and the project may begin. 8) Mayors are responsible for overseeing project work and regional SRN engineers visit the site to observe and give technical advice.

115 Regional engineers have submitted to the SRN project packages for the main power line through Las Flores and Nueva Trinidad to Arcatao. Interview with regional SRN engineers, March 1994.

116 Interviews with members of Arcatao and Las Flores directivas, February and March 1994.

117 The Coordinator of Programs and Projects in Chalatenango for CORDES listed 531 projects presented to the SRN by 11 NGOs. None had been approved. Interview with Enrique García, February 1994.

118 Las Flores and Arcatao mayors complain that the costs of certain projects have been underestimated. The mayor of Los Ranchos explained that the town hall cannot be finished because of inflation during an eleven-month delay caused by negotiations over community occupation of the old structure. Interviews with Las Flores Mayor Osmín Santos Calles, Arcatao Mayor Orbelina Dubón, and Los Ranchos Mayor José Efraín Peñate, March 1994.

119 A UNDP-contracted evaluator of the training program suggested that the classes did not get high marks from either the instructors or the students, though an in-depth evaluation has yet to be carried

- out.
- 120 Some FMLN ex-combatants in Chalatenango have received agricultural credits under the BFA program discussed below.
- 121 The participating NGOs include: Promotion for Salvadoran Communities (PROCOMES), The Salvadoran Pro-Life Association (PRO-VIDA) [a health group, not to be confused with the Pro-Life movement in the U.S.], The Salvadoran Federation of Agricultural Production Cooperatives (FEDECOOPADES), CREDHO, The Family Attention Center (CAF), The Integral Center for Adult Literacy (CIAZO), The Salvadoran Health Promotion Association (ASPS), The Society for the Promotion of Salvadoran Community Development (PRODECOSAL).
- 122 The agricultural production projects were rejected because they did not fall within the guidelines of the Municipalities in Action program. Health and education programs received preliminary approval.
- 123 Since Diakonia does not implement projects directly in El Salvador, it needed a Salvadoran NGO intermediary and chose ASAI, a technically capable NGO experienced in dealing with opposition NGOs and government entities like the SRN. Unfortunately, ASAI was not able to perform the delicate balancing act inherent in the intermediary role. The Diakonia project had to be channelled through PROCOMES, an NGO participating in the coordination.
- 124 According to Raymond Lynch of USAID, the agency sponsored visits of Salvadoran reinsertion planners to Nicaragua and to Colombia to evaluate the strengths and weaknesses of those programs.
- 125 A parallel program for mid-level government military officers was not included apparently because the shrinkage of the military called for in the peace accords did not include any reduction in the size of the officer corps.
- 126 Interview with Guillermo García, SRN, March 2, 1994.
- 127 FUSADES reported that upon completion of nearly all the classes, 69% of the participants had complied with the minimum 80% attendance record. Interview with Renzo Martínez, FUSADES, March 10, 1994.
- 128 United Nations Development Program, "Program de Apoyo a la Reinserción Económica de Líderes y Mandos Medios del FMLN (Proyectos ELS/93/006 y ELS/93/012): Informe de Avances y Evaluación," San Salvador, marzo de 1994, p.12.
- 129 Interview with Carlos Lecaros, op. cit.
- 130 Interview with Guillermo García, SRN, March 2, 1994.
- 131 Interview with Renzo Martínez, op. cit.
- 132 Interview with former FMLN commander, March 4, 1994.
- 133 Interview with former FMLN commander, February 17, 1994.
- 134 Interview with Edmundo López, March 3, 1994.
- 135 Interview with Guillermo García, op. cit.
- 136 Interview with Renzo Martínez, op. cit.
- 137 Osmin Domínguez, Director of Fundación 16 de Enero, insists that there is "nothing special" about the treatment received by the Mandos Medios. If there is a problem of differential treatment, he suggests, it arises from the decision to give ex-soldiers the benefit of severance pay in a cash payment with no reference to credit.
- 138 Interview with former FMLN commander, January 26, 1994.
- 139 Interview with Reina Palacios, San Salvador, April 28, 1994.
- 140 16.7% of female FMLN combatants live in Usulután. "Diagnóstico de la Situación Actual de la Mujer Ex-Combatiente. Investigación Realizada por la Fundación 16 de Enero con UNICEF." San Salvador, El Salvador, 1993.
- 141 Programs based on sexual stereotypes face serious contradictions with the woman ex-combatants of the FMLN. They do not conform to the established role for women. They want to have programs that allow them to get ahead and develop as active subjects in society and have the basic conditions that will allow this participation. See, Fundación 16 de Enero, op. cit., p.1.
- 142 Interview with Ana Rivas, San Salvador, March 28, 1994.
- 143 Interview with Norma Hernández, Nuevo Gualcho, February 7, 1994.
- 144 Calculation based on information provided by ASDI, the Salvadoran Association for Integrated Development.
- 145 CRIES, Centroamerica '93; El Salvador, p. 116.
- 146 A Canadian study came to similar conclusions concerning health programs serving Salvadoran women in Canada. See Ministry of Public Health, Ontario, Canada. "A Participatory Research Study on Hispanic Immigrant Women and Childbirth," 1993, p.78.
- 147 Interview with Isabel de Guevara, Executive Director of the Salvadoran Women's Movement, March 27, 1994.
- 148 Fundación 16 de Enero, op. cit., p. 7.
- 149 Interviews for this section include BFA officials Ronald Pocasangre, March 7 and 29, and Nelson Acuña (in San Martín), March 30, CRS officials Ing. Manuel Enrique Romagoza March 25 and 29, and

José Angel Cruz, March 25.

¹⁵⁰ Sertecnia, Evaluación del Proyecto Fondos Rotatorios y Asistencia Técnica Agrícola (FRATA), November, 1993, pp. 1-15.

¹⁵¹ Ibid., pp. 58-69.

¹⁵² Interview with Karen de Grujil, ONUSAL, San Salvador, March 1, 1994.

¹⁵³ Interview with ONUSAL official, March 1, 1994; U.S. Agency for International Development, "El Salvador Agricultural Policy Analysis Land Tenure Study," September, 1983, pp. 1-42 to 1-51.

¹⁵⁴ U.S. Agency for International Development, "Agricultural Credit Market Assessment in El Salvador," February 1993, pp. 6, 159-165.

¹⁵⁵ Ibid. p. 6.

¹⁵⁶ On these themes see, Agricultural Credit Market Assessment in El Salvador, op.cit.; Prisma, "Los Intermediarios Financieros No Oficiales de El Salvador," July 1993; Carlos E. Cuevas, et. al., "The Informal Financial Sector in El Salvador," Agricultural Finance Program, Ohio State University, September, 1991; Agency for International Development, "Mobilizing Savings and Rural Finance: The A.I.D. Experience," 1991; Carlos E. Quintanilla, Estudio Sobre Analisis Del Sistema Creditico Salvadoreño, Julio-Agosto 1992.

¹⁵⁷ Interview with Kompass, op. cit.

¹⁵⁸ Because they doubted the UNDP would be able to obtain the money, several international NGOs active in El Salvador launched a similar appeal. They raised nearly \$2,000,000 which was distributed through the University of El Salvador, F-16 and other NGOs. Country representatives of some international agencies were unimpressed by the coordination between the two efforts, citing a competitive attitude on the part of the UNDP.

¹⁵⁹ The United Nations Development Program, "Illustrated Annual Report: 1993," San Salvador, January 1994, p. 2.

¹⁶⁰ Interviews with Andrés Gregori, CIPHEs, January 17, 1994 and with Osmin Domínguez, Fundación 16 de Enero, April 5, 1994.

¹⁶¹ Interview with Lynch and Dreyer, op. cit.

¹⁶² Interview with Renzo Martínez, op. cit.

¹⁶³ Interview with Alberto Enríquez, FMLN Reconstruction Committee, January 18, 1994.

¹⁶⁴ UNDP, "Supporting Peace Consolidation, Reconstruction and Development Efforts in El Salvador: Discussion Points on Future Directions in UNDP Activities," (unpublished manuscript), p.2.

¹⁶⁵ As an essentially government-oriented institution, UNDP has traditionally maintained a certain distance from NGOs. One Salvadoran NGO director remarked that, as recently as early 1992, "going to

the UNDP was like going to the SRN." Some international NGO staff still treat UNDP with great reserve wondering if the new turn toward the NGOs is a real institutional shift or just a temporary change based on the preferences of current leadership.

¹⁶⁶ This was during San José VIII in Lisbon, the eighth meeting between Central American foreign ministers and their EEC counterparts. Interview with Jaap van der Zee, EEC project director, April 5, 1994.

¹⁶⁷ All official references to the management of the program refer to co-directors, but everyone involved with the program refers to the European director as the real power within the program.

¹⁶⁸ European Economic Community, "Programa CE-GOES ALA 92/18, Informe Anual: Febrero-Diciembre, 1993", p. 1.

¹⁶⁹ Ibid, Cuadro 1.

¹⁷⁰ In its Annual Report, the EEC claims that the lands purchased through the government plan have only a 10% occupancy rate. This figure can not be verified, but occupancy rates have been cited as a problem. UNDP presented its emergency housing program because land beneficiaries were not settling on the land for lack of shelter.

¹⁷¹ Interview with van der Zee, op. cit.

¹⁷² Mr. van der Zee cites this as an example of his authority to run the program as he sees fit. Oscar Santamaría, the Salvadoran Minister of the Presidency, approached van der Zee early on insisting that the EEC program lower its credit limit. Van der Zee refused. Later EEC diplomatic staff arrived from Costa Rica with the same message, but van der Zee insisted that the higher level was a necessity. The credit limit remained at 40,000 colones.

¹⁷³ Ibid.

¹⁷⁴ Interview with Coordinating Committee of Salinera El Zompompero, Hacienda California, February 24, 1994.

¹⁷⁵ The Minister of Planning has been the sole reliable GOES advocate of the EEC program. Van der Zee is openly concerned about the implications for the program of a change in administration.

¹⁷⁶ EEC, op. cit., p.3.

¹⁷⁷ Interview with Coordinating Committee, op. cit.

¹⁷⁸ International NGO sources estimate that over eighty opposition NGOs work in the department of Usulután, at least 12 of them in health. Departmental coordination would surely be a tall order, but coordination has been difficult even on a regional basis within the department.

¹⁷⁹ Interview with Domínguez, op. cit.

¹⁸⁰ Political motives were originally suspected in the slaying, but the FMLN has since accepted ONUSAL's

conclusion that it was a common crime related to a collision between Castro's vehicle and that of a Salvadoran cattle-raiser. The suspect has yet to be apprehended.

¹⁸¹ Interview with USAID staff, San Salvador, March 7, 1994.

¹⁸² Development Resources, op. cit., p. VII-2.

¹⁸³ NGO reports, confirmed by United Nations

observers, insist that the rhetoric of ARENA presidential hopeful Armando Calderón Sol has been anything but reconciliatory. He reportedly told a crowd in San Francisco de Gotera, Morazán that his administration would not make funds available to municipalities controlled by the FMLN. Such talk bodes ill for the effort to rescue reconstruction.

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