

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 120 months from the date of where a financing agreement is concluded.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component [Already executed]

4.3.1 Rationale for the Amounts Allocated to Budget Support [Already executed]

The amount allocated for the Budget Support Component was EUR53 Million, while complementary support amounted to EUR1 Million.

The total cost of the Plan El Salvador Seguro (PESS) was estimated at USD2.1 Billion for a five-year period, mainly funded through the national budget (49%) including the Special Contribution for Citizen Security and Coexistence, international loans (29%), cooperation donations (19%) and private contributions (4%). The annual financing gap was estimated at USD140 Million per year, a deficit that affected the violence prevention component of the policy, in particular. The EUR10 Million to EUR16 Million annual disbursement of the SRC programme aimed to significantly contribute to closing the financing gap for violence prevention actions under the PESS. In order to ensure an appropriate mix of performance incentives and funding predictability, the SRC had proposed the inclusion of fixed tranches for every year, to be combined with variable components for years 2, 3 and 4, resulting in a 55% of the budget support funding to be channelled through variable tranches.

4.3.2 Criteria for Disbursement of Budget Support [Already executed]

a) The general conditions for disbursement of all tranches were as follows:

- Satisfactory progress on the implementation of the Plan El Salvador Seguro (PESS) and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress on the implementation of the Salvadoran Ministry of Finance's Strategic Plan (Plan Estratégico Institucional 2015-2019), in turn based on studies such as the 2013 PEFA repeat assessment and the new assessment to be conducted in 2017; and
- Satisfactory progress regarding the public availability of timely, comprehensive and sound budgetary information in line with the PEFA's conclusions on transparency of the budget.

b) The specific conditions for disbursement that were used for variable tranches were the following: