



FACT SHEET

Fiscal Policy and Expenditure Management Program

Taxes provide income that the government needs to invest in education, health, infrastructure, and other social programs. Thus, in order for all Salvadorans to benefit from the income generated by trade and economic development, an efficient and fair tax system is essential. A government that taxes citizens fairly, spends money wisely, and delivers services that society wants and needs will accelerate growth, preserve stability, and improve living conditions for all Salvadorans.



An improved tax system will provide the Salvadoran government with millions of dollars in more resources that can be invested social programs that are essential for the nation's future.

USAID's five-year \$10.7 million Fiscal Policy and Expenditure Management Program provides technical assistance to the Government of El Salvador (GOES) for key fiscal policy reforms. USAID supports the Ministry of Finance in implementing new tax policies to promote fair taxes and to close tax evasion loopholes, in order to generate more income to support government social investments. The program provides training to Ministry personnel, as well as assistance in the creation of an in-house training program to help keep personnel up-to-date beyond the life of the USAID program.

To streamline tax collection, the Ministry of Finance, with the support of USAID, launched the "Taxpayer Registration System (TRS) and Taxpayer Current Account (TCA) Reconciliation Project," designed to establish more reliable and updated databases that will guarantee improved tax administration. At the same time, the project promotes government transparency and accountability through a results oriented budget, where results are tracked in order to assure that government funds are being properly used for key social programs in the country. The project also supports the implementation of reforms in the General Directorate of the Treasury to establish a Single Treasury Account, rather than several separate ones, in order to more easily provide information on budget performance for use in policy creation, planning, and management. This will help enhance the efficiency and effectiveness of budget preparation, execution, and oversight, particularly within the civil service and the procurement of goods or services. USAID is also providing support for a Case Selection and Management System that will guarantee increased effectiveness in fiscal administration and improved administrative and legal response to tax debt.

An online public expenditure tracking system and the Fiscal Transparency website, accessible to the public, provides budget information. To promote tax awareness and fiscal responsibility for future taxpayers, the Salvadoran government created the *EXPRESATE* center, where high school students learn about the importance of paying taxes through hands-on interactive displays and activities.

Fiscal Policy and Expenditure Management Program
Total investment: \$10.7 million
Period: June 2011 – February 2017
Geographic areas: Nationwide
Contractor: Development Alternatives Inc.
Partners: Ministry of Finance

For more information on USAID/El Salvador and USAID/Central America Regional programs, please call (503) 2501-3411; 3344; 3432, or visit www.usaid.gov/el-salvador

