

## Data Sheet

<b>USAID Mission:</b>	El Salvador
<b>Program Title:</b>	Economic Freedom
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	519-022
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$14,526,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$3,773,000 DA; \$10,000,000 ESF
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** USAID is promoting new economic opportunity initiatives to contribute to a more open, diversified, and expanded Salvadoran economy. USAID's economic growth program supports the Government of El Salvador (GOES) in creating a policy and regulatory environment that fosters growth of small and medium-sized firms (SMEs) and increases resources for public investment; private sector competitiveness by improving business skills and production technologies; co-investment with communities to improve rural infrastructure to enable better access to jobs and markets; financial sector provision of improved services for SMEs; and improved management of two critical watersheds to sustain rural livelihoods and promote biodiversity conservation.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

Expand and Improve Access To Economic and Social Infrastructure (\$600,000 DA). USAID continues co-investing with rural communities to finance small rural infrastructure projects that help residents get better access to commodity and job markets. Some of these resources are being used to respond to the infrastructure damage caused by Hurricane Stan in October 2005. Principal grantees: local community associations.

Improve Economic Policy and the Business Environment (\$2,000,000 DA). USAID is assisting the GOES and the private sector to identify and address key implementation challenges under the Central America and Dominican Republic Free Trade Agreement (CAFTA-DR) and other trade agreements. USAID is also strengthening exporters' capacity to meet U.S. import standards, and help the GOES to increase tax revenues needed to finance key social sector investments. Principal contractors: Digital Applications International and others to be announced.

Improve Sustainable Management of Natural Resources and Biodiversity (\$3,042,000 DA). A new activity to support the consolidation and effective management of selected protected areas, habitats and natural resources has started in FY 2006. Efforts are focusing on the conservation and management of biodiversity, water, forests, and other natural resources within two priority watersheds. Interventions include strengthening local management and technical capacity. Implementer to be determined through a competitive process.

Increase Agricultural Sector Productivity (\$3,648,000 DA). USAID targets increased sales and incomes of agribusiness and small farmers in fruit, vegetable, and quality coffee production by funding technical assistance in technology transfer, export marketing, training and processing. USAID is funding technical assistance to expand export opportunities by helping the Salvadoran agricultural processing sector meet sanitary and phytosanitary requirements for trade with the United States, Europe, and Asia. USAID is assisting farmers and agribusinesses to improve management practices and meet market demands. Principal contractors and grantees: FINTRAC, Chemonics and others to be determined through a competitive process.

Increase Trade and Investment (\$3,936,000 DA). USAID is helping the GOES strengthen its export promotion capacity and improve the competitiveness and productivity of SMEs to take advantage of new trade opportunities and to create jobs. USAID is helping SMEs adopt more efficient management practices, improve basic business management skills, and establish better access through market information and business contacts. To boost productivity, USAID is promoting access to new technologies, provide training, and facilitate links with larger companies. Principal contractors and grantees: Nathan and Associates, Aid to Artisans and others to be determined through a competitive process.

Strengthen The Financial Services Sector and Increase Access to Capital (\$1,300,000 DA). USAID is helping financial institutions increase lending to SMEs for sound economic activities by improving their understanding of SME requirements, introducing new lending products and methodologies, and reducing overall lending risk. USAID-funded technical assistance is also helping two nonbank financial institutions become formal, regulated institutions to increase access of financial and savings services to SMEs. Implementer to be determined through a competitive process.

**FY 2007 Program:**

Expand and Improve Access to Economic and Social Infrastructure (\$700,000 ESF). USAID plans to co-invest with rural communities to fund small infrastructure projects to improve access to jobs and markets.

Improve Economic Policy and the Business Environment (\$545,000 DA, \$1,080,000 ESF). USAID will continue assisting the GOES and key private sector partners to implement trade agreements including the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), in order to stimulate economic growth, notably through the contribution of a strong rural economy. Activities include identifying and addressing implementation challenges; strengthening capacity to meet sanitary and phytosanitary standards; and promoting fiscal policy reforms to raise resources for priority social sector investments. Same partners as above.

Improve Sustainable Management of Natural Resources and Biodiversity (\$2,273,000 DA). USAID will continue to support the consolidation and effective management of selected protected areas, habitats, and natural resources, while promoting responsible economic growth. Same partners as above.

Increase Agricultural Sector Productivity (\$4,150,000 ESF). USAID plans to continue helping agricultural enterprises increase domestic sales and exports of nontraditional, high-value agriculture products; improve value-added processing and access to markets; develop long-term business relationships; and introduce new agricultural technologies. Same partners as above.

Increase Trade and Investment (\$700,000 DA, \$3,870,000 ESF). USAID will continue to support programs that strengthen the capacity of the GOES to promote exports and improve the productivity, competitiveness, and job creation capacity of SMEs, including farmers and agribusinesses, as they take advantage of increased trade opportunities. Same partners as above.

Strengthen The Financial Services Sector and Increase Access to Capital (\$255,000 DA, \$200,000 ESF). USAID will continue to implement activities to help increase access to critical financial services for selected SMEs, including farmers and agribusinesses. Same partners as above.

**Performance and Results:** USAID continues to play a key role in El Salvador's economic transformation by increasing Salvadoran firms' competitiveness, productivity and job creation. In 2005, USAID assistance directly led to an increase of \$10.2 million in domestic and export sales. The growth in sales by USAID-assisted firms and agribusinesses exceeded the 2005 target by

almost 87%. By 2009, tax collections should increase by at least 2% of GDP. SMEs, agricultural enterprises and farmers should increase domestic and export sales by \$67 million and create approximately 19,500 new jobs.

## US Financing in Thousands of Dollars

El Salvador

519-022 Economic Freedom	DA	DCA	ESF
<b>Through September 30, 2004</b>			
Obligations	16,459	0	0
Expenditures	0	0	0
Unliquidated	16,459	0	0
<b>Fiscal Year 2005</b>			
Obligations	16,983	396	0
Expenditures	6,487	0	0
<b>Through September 30, 2005</b>			
Obligations	33,442	396	0
Expenditures	6,487	0	0
Unliquidated	26,955	396	0
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	0
<b>Planned Fiscal Year 2006 NOA</b>			
Obligations	14,526	0	0
<b>Total Planned Fiscal Year 2006</b>			
Obligations	14,526	0	0
<b>Proposed Fiscal Year 2007 NOA</b>			
Obligations	3,773	0	10,000
Future Obligations	7,154	0	0
Est. Total Cost	58,895	396	10,000

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