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Transcript

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Millennium Challenge Corporation Hosts a Public Outreach Event to Discuss the MCC Compact with El Salvador

Speakers

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Transcript

MCLEAN: Can we begin to take our seats, and we'll start the program.

Good evening, and welcome to the Millennium Challenge Corporation's headquarters. Bienvenidos. My name is Matt McLean. I'm the Vice President for Congressional and Public Affairs here at the Millennium Challenge Corporation. I really want to welcome you here today. Obviously it's a very warm crowd. It reflects our great partnership with El Salvador. And we really appreciate you coming today.

And in particular, I understand, as I was talking with some folks, that they're -- we usually on these kind of events just get our Washington crowd, people who are -- where it's convenient to come. But I understand that there are a number of people who have traveled some distance to be with us here tonight.

And let me express my particular appreciation for making the effort to come. Particularly it's not a 2:00 in the afternoon kind of event, but we really appreciate you coming here, and we welcome you warmly to our headquarters here in Washington.

And I can say without a doubt that MCC is very proud of our partnership with El Salvador, and we welcome this opportunity to showcase that partnership with the kinds of things we're doing together. As I mentioned, it's a very strong partnership, and I will say within the confines of these four walls, El Salvador really is one of our stars here at MCC, and we appreciate the great partnership and the great work.

In many ways, it's a model for how a partnership of all of our countries really ought to be, and it's moving well. It's moving quickly. We've got plenty of hard work, but we appreciate your partnership.

In particular, I want to thank El Salvador's Ministry of Foreign Affairs. I want to thank the Embassy of El Salvador. I want to thank FOMILENIO for working with us to make this event possible tonight.

Shortly after the signing of the compact between El Salvador and MCC, President Saca wrote an op-ed in the Miami Herald, where he said, "MCC sends a powerful message to countries around the world that their reforms have not gone unnoticed, and that their commitment to good governance, as well as economic and social development, deserves their ongoing effort. Through its support of MCC, the U.S. Congress also demonstrates strong support for reformers around the world, like El Salvador, that are leveraging aid to further an agenda of opportunity, where citizens and businesses can thrive."

This is a powerful statement by President Saca, and we agree with that statement. In fact, we are modeled for that statement. And this event is a perfect occasion to take a look at ways, particularly in cooperation with the private sector, to maximize MCC's investment in El Salvador and in the people of El Salvador.

At MCC, we believe that assistance should spark private sector activity and investment, not replace it or not be a substitute for it. And to discover how this can be, we have a terrific lineup for us tonight, and we're privileged to hear first from our MCC CEO, Ambassador John Danilovich, who will introduce Her Excellency, Ambassador Margarita Escobar; El Salvador's Vice Minister of Foreign Affairs for Salvadorans living abroad.

After those remarks, we will convene a panel of three individuals, FOMILENIO Executive Director Juan Jose Llord, our very own MCC resident Country Director Vince Ruddy -- I don't know how to say Vince Ruddy with a Spanish twist to it, but it -- yes. See, I can't roll my tongue, so I -- sorry -- and Todos Supermarket's owner/operator, Carlos Castro.

With that overview, I'd like to just introduce briefly our boss, Ambassador John Danilovich. He knows something or two about Central America and Latin America. He was the U.S. Ambassador to Costa Rica, and also Brazil, and after which time he has been at the helm of the Millennium Challenge Corporation since November of 2005.

And under his leadership here at MCC, we now have compacts with 16 countries, valued at over \$5.5 billion. And it's a remarkable record. It's a remarkable pace, and we're just getting started.

So, with that, Ambassador Danilovich?

DANILOVICH: Hi. Thank you very much, Matt, and thank all of you for joining us this evening here at MCC headquarters to discuss our compact with El Salvador.

We're very happy that Vice Minister Escobar is here, Juan Jose Llord, Vince Ruddy. We're very delighted that he's here also. Also, my colleagues here at the MCC, and especially all of you who made the effort to be with us tonight to talk about our joint commitment to the progress and the future of El Salvador, to the reduction of poverty and our commitment to sustainable development.

The MCC-El Salvador compact focuses on transforming the northern zone of your country, a zone that has suffered from poverty for many decades. MCC is proud to work with the people of El Salvador to contribute to the economic rejuvenation and empowerment of that area. It's strategic for the growth of your country, and we strongly believe that the proposals which you have given to us target growth in that area, target the potential growth, and have every possibility of being successfully implemented.

I just returned from a trip to El Salvador recently. It's a place of great promise and great potential and great people. Thanks to our partnership in that area, I know that you would agree with me that there are (inaudible) in the northern El Salvador.

The Salvadoran community, you as stakeholders in the country's progress, are a powerful force for change, and your ongoing support of development in El Salvador, particularly in the northern zone, will continue to usher in a new day of promise for a country that is of tremendous importance to the Millennium Challenge Corporation, and also of tremendous importance to the United States of America.

I want you to know that your presence here tonight is, in a very direct way, a continuation of the original consultation process that went into the creation of the proposals which we received from El Salvador. It's what distinguishes MCC's cooperation with all of our countries, and especially with El Salvador. We believe that only through open and honest dialogue with those who are invested in their country's future can economic growth yield long-term results and sustainable benefits.

Your questions and comments and your interest are part of an ongoing conversation that began years ago, and will continue throughout the life of the compact. The consultative process engages Salvadoranos to define a new vision for El Salvador's development, gathering feedback from NGOs, the private sector, women's advocacy groups, international development organizations, producers, municipal officials, community leaders and the Salvadoranos abroad.

Over 2,500 participants were consulted during the program design in 2006, resulting in a powerful and finely-tuned compact to reduce poverty and to spur economic growth. I had the pleasure of discussing this with Margarita Escobar, the Vice Minister for Foreign Affairs for Salvadorans living abroad when I was in Chalatenango last month. Together, we reaffirmed our shared commitment to the success of the \$461 million compact, and recognized the role that Salvadoranos abroad can and should play in the success of this program.

To date, MCC has committed \$1 billion to Latin America through our compacts and thresholds programs as proof of this hemisphere's importance to the United States. El Salvador's compact represents an important part of this investment and reflects the development of priorities defined by Salvadoranos themselves, which include investing in (inaudible) development through skills training and vocational education, in essential community infrastructure and services, and agricultural production and rural development, and in transportation.

El Salvador is a model country for the MCC for the quality and speed which it has -- to develop its compact, and I want to commend El Salvador for achieving early progress on the ground. President Saca and I presented the first of thousands of scholarships funded by the MCC to young students, young men and women in the northern zone, to attend vocational training courses.

What a pleasure that was to see, you can imagine. It was a warm day. We were commenting earlier, it was 70 degrees as opposed to the temperature tonight.

We also were presented with a copy of El Salvador's first-ever strategic environmental assessment. El Salvador's assessment reflects our shared goal of protecting the environment as we pursue sustainable development.

Moving forward, we welcome and encourage private sector engagement as the best way to leverage MCC's development assistance, and we contribute to this in three main ways.

First, MCC creates the right policy conditions for the private sector. By insisting on sound fiscal monetary and regulatory policies, MCC creates a pro-investment climate. For example, motivated by its desire to qualify and remain eligible for MCC funding, El Salvador slashed the time it takes to start a business, lead to a spike in business registrations. Entrepreneurship is thriving in El Salvador, and MCC can help further that spirit by motivating pro-business policy reforms.

Second, MCC promotes a trade agenda. MCC compacts in the Americas contained aid for trade activities to build each country's capacity to maximize regional and international trade opportunities. MCC funding is con-

structing and improving transportation links between El Salvador and Honduras, and between Honduras and Nicaragua. These links will help farmers more easily move their products to markets and beyond.

And third, MCC generates further investment opportunities. MCC investments provide the private sector with a point of entry to initiate or expand their own commercial and corporate social responsibility activities. We want the private sector to take advantage of MCC's significant investments to build infrastructure, to increase agricultural productivity, and to improve the business climate. These investments are specifically designed to create ways for the private sector to grow.

And MCC is combining its efforts with those of over U.S. government agencies, like OPIC and the U.S. Trade and Development Agency to create even stronger incentives for investments in the north.

I invite members of the business community, many of you here in this room tonight, to look closely at MCC investment possibilities in El Salvador and to explore opportunities of your own. I encourage you to meet with experts who are assembled here and in El Salvador to make business connections and to think of how we together can make strategic investments in El Salvador's future, investments that combine our concerns and bright hopes with serious resources and positive action.

Together with the private sector, the Millennium Challenge Corporation is proud to partner with El Salvador. Through this partnership, based on mutual respect, teamwork and results, MCC will continue to help El Salvador achieve its goals for stimulating growth and reducing poverty for the benefit of Salvadoranos committed to a more prosperous life for themselves and for their children. I want to thank you again for being here tonight and for your interest in MCC's work in El Salvador and in Central America.

I'd now like to invite Vice Minister of Foreign Affairs for Salvadoranos Living Abroad, Margarita Escobar, to the podium. Ambassador Escobar has served in her capacity since 2003, working to support the Salvadoran Diaspora and deepening their relationship with El Salvador. Previously, she served as El Salvador's ambassador to the OAS as well as to Venezuela.

Please join me in welcoming Vice Minister Escobar. Thank you, Margarita.

ESCOBAR: Thank you. Thank you. Thank you.

Well, buena noches a todos. Good evening to everybody. It's a real pleasure to be here with you tonight.

I want to start by thanking Ambassador Danilovich and your team for hosting this wonderful meeting with our community here in Washington, Virginia, Maryland and other places. We want to thank you for your work and your team.

In fact, we were in Chalatenango. This idea, as you mentioned, started with a 70-degree Chalatenango city and ended up in Washington, minus two or three degrees. But thank you for your warmth in receiving us here tonight.

MCC is changing the lives of a lot of people in El Salvador. We don't believe El Salvador has had an opportunity like this one for development in the northern zone as we do have it tonight, as we do have at this moment of our lives. This is due to the partnership between the United States and El Salvador that is a traditional, solid, loyal friendship between our two countries, and MCC comes right in the middle of it to anchor a project for development, freedom, democracy, advancement of people, eradication of poverty, maintaining a system in which all Salvadorians can live in a just society.

For all these reasons, as Vice Minister of Foreign Affairs for Salvadorans Living Abroad, an institution that was created by President Saca for the very first time in our history, we are delighted to be here in Washington with you, (inaudible). President Saca has been committed to serve the Salvadoran community abroad, has been committed to give an institution to the service of the Salvadorans living abroad, has made possible, with other partners, to help Salvador -- that El Salvador was awarded this project of \$460 million plus that will go into three main areas, on human development, infrastructure and the productive elements of this project.

President Saca told me when I was Ambassador to OES, "Margarita, I want you to help and be part of my cabinet." And to me, this is a very important issue, our "Ermanos Cercanos" (ph), as he calls you, and you know it. I want to create, the first time in history, an institution for them, and I want to ask you to come and join us. I said, "Yes, President, immediately."

So it's been over four years since we started that journey, and look where we are, right at the headquarters of MCC offices with all of you, for the most exciting project that we have had and that we have seen in years.

There are two things that I would like to say, and then we'll move onto the panel, which is the substance of this -- tonight event. One is that, together with Ambassador Danilovich, his team and our team, we will be carrying events like this in the West and in the East Coast in the near future. The purpose is to deliver information to the Salvadorans who are already investing in El Salvador or who are interested in investing in El Salvador and want to know more about MCC.

MCC has created a great momentum in El Salvadoran communities. There are many, many questions that we receive every single day from all of you. How do I get into the project? How do I participate? How do I get involved? Am I a beneficiary of that? How can I make alliances with the territorial entrepreneurship of El Salvador? How do I bring my knowledge and my technology that I have acquired during all these years in the United States or in Canada, or in Italy? How do I put all that to work for the development of El Salvador? So this is how information, closeness, networking.

With us tonight are also six General Counsels of El Salvador from Boston, New York, New Jersey, Long Island, Virginia and Washington, D.C. We will be doing the same thing all across the United States. We would also reach out to our communities in Italy, where we have, as you know, a very large community, and we'll do the same thing in Canada.

So information, accessibility to you, transparency and knowledge for -- facilitate your investments, not only in time but in experience and in technology is one of our main goals tonight.

The second goal is, of course, to establish a method by which communication can be facilitated for all of you tonight. You have (inaudible) our points of reference. One is the Ministry of Foreign Affairs through the Vice Minister for Foreign Affairs for Salvadorans, our Embassy in Washington, our Offices of the Consulates across the United States, are points of reference for you to find out information, but also FOMILENIO, who is here, the Executive Director is here tonight, and other important officers from the Salvadoran government and FOMILENIO and MCC, who are really ready and willing to give you all the access and information that you need.

As we move along, El Salvador has buenos noticias, as Ambassador Danilovich just said, buenos noticias that reaches out to you also because, just as you work in the United States hard, you also keep your community work, the service to your community, the service to your country, and you are Salvadorans who never really left your country. You have always been present. (Inaudible) has been present, and now we're making a big change from (inaudible) going to investment, to development.

So I want to thank you very much, Ambassador. We're proud to be a partner with you. We are ready to continue to working. El Salvador is alive. El Salvador has buenos noticias for all of you. We live in freedom. We live in democracy, and we're working hard to eradicate poverty and consolidate every day our liberties, personal and as a society.

Thank you very much.

MCLEAN: Thank you, Ambassador Danilovich and Vice Minister Escobar. Those are inspiring words, and so there's a lot of pressure on the panel now.

If I can invite the panel to come on up and take their places as I introduce them? In order, Mr. Juan Jose Llort. Llort is FOMILENIO's Executive Director, so I suppose, Vince, you see -- you can come up, take your seats -- but I suppose you see Vince quite a bit, huh?

LLORT: Oh, too much.

MCLEAN: Too much, yes.

LLORT: Too often.

MCLEAN: Yes. How are you? Welcome. Thank you. He has -- Mr. Llort has extensive experience in the private sector. He has served as the general manager at Pollo Compero De Salvador, dedicating nearly two decades of his career to the business. He was president of CEPA. Is that how I say it?

LLORT: CEPA.

MCLEAN: CEPA, the Independent Port Authority Commission, and was the director of the Salvadoran Chamber of Commerce, as well as the National Association of Advertisers of El Salvador. Welcome.

Secondly, we have our Resident Country Director from MCC, Mr. Vince Ruddy. Vince assumed his position in El Salvador in November of 2006, responsible for managing all of MCC's activities and relations in the country, and monitoring all aspects of our compact negotiations for that.

Before moving to El Salvador, he was responsible for leading the MCC team before the compact was signed, and worked very closely with the government of El Salvador to negotiate the five-year, \$461 million agreement. Welcome home, I guess, right? But you have to go back, right? I don't think there -- much convincing. Yes, that's right.

Lastly, let me introduce Mr. Carlos Castro. He's a native of El Salvador. Mr. Castro migrated to the United States in 1954, which I find hard to believe because he's only 32 years old. I don't know. It's a misprint, clearly. For the past 18 years, he has owned and operated Todos Supermarkets, a northern Virginia chain and stores in Alexandria and Woodbridge. I live in Manassas, and so I cornered him before we started, and I said, "Where's the store in Manassas? I mean, we should have one. I'm waiting." So hopefully he'll be able to expand out to my neighborhood as well.

But without further ado, if I can ask each of them to have a few opening remarks, and then we'll go ahead and open it up for questions and answers.

DANILOVICH: I briefly want to say something. I want to apologize to you. Unfortunately, I have a 7:00 overseas telephone conference call, and I have to leave you. I'd like to stay with you for the rest of the night, and particularly to hear what the panel has to say, and talk to you later.

I just briefly want to say, again, thank you all very much for being here tonight. Thank you for your commitment to the success of El Salvador, and I'm sorry I have to leave. Thank you.

LLORT: Buenos noches. Good evening to all. We'd like to thank MCC, Ambassador Danilovich and Ambassador Margarita Escobar, Vince for inviting FOMILENIO to brief you and El Salvadoran community about the progress we have made, and also to announce the good news of the early start of the productive development project through a \$5 million pilot plan for technical assistance.

FOMILENIO -- I'm going to go through -- very quickly through the FOMILENIO project. FOMILENIO's objective, as Ambassador said before, is to reduce poverty in the northern zone of El Salvador through a sustainable economic growth for the next five years. The compact establishes a commitment of \$461 million divided into several areas. First, connectivity, roads of -- for \$233 million; human development for \$95 million; productive development, \$88 million; accountability, \$25 million; administration and institutional strengthening, \$20 million.

And the human development project seeks to increase human and physical capital with two main activities - education and training with \$27 million budget; and community development, especially in water and sanitation, \$24 million; community infrastructure, \$11 million; and rural electrification with \$32 million.

And the productive development project will support business and production services with \$57 million; investment support activities, \$21 million; and financial services, \$9 million.

And the connectivity project will help to reduce time and cost of transportation in the northern zone with a 530 kilometers highway system that includes 290 kilometers for the Transnational highway, with a budget of \$139 million, and 240 kilometers connecting roads network with \$94 million.

All this -- for FOMILENIO, all these projects are based on five major cross-cutting issues. First, transparency; second, citizens participation; third, the environment; fourth, gender; and fifth, the territorial development.

After the signing of the compact, and in order to be able to start its implementation, the government took actions, early actions that included the contracting of specialized consultant firms for each of the following tasks: the feasibility study and environmental impact assessment for the whole connectivity project, the final design of the first 155 kilometers of the Transnational highway, and, as Ambassador Danilovich said, the strategic environmental assessment of the entire program, first in El Salvador and Central America to be done.

And the pre-design of 1,500 kilometers of rural electrification. All of these actions are permitting us to implement the compact early or as soon as we can, because, if that -- of those set -- wouldn't have taken (inaudible) studies, we would have to be doing it starting September 20th. That was the entry into force date. So we have anticipated about a year in doing all this before.

These actions have allowed us to accomplish several results that are leading us to meet the goals established in the compact. For example, as Ambassador Danilovich said, we have in (inaudible) education and training activity benefited 116 low-income students of the northern zone with scholarships.

We have also contracted the technical assistance in education and training to develop the allocation implementation strategy. And in our community development project, we received last January 31st 300 projects profiles for water and sanitation and community infrastructure worth \$54 million. We're (inaudible) with around \$23 million in the infrastructure -- small infrastructure projects.

In rural electrification, we have received the first 600 kilometers of the pre-design out of the 1,500 total -- in total. And we are going to start with 160 kilometers in the next couple of months.

And in our connectivity project, FOMILENIO would receive by the end of March the final design of the first 65 kilometers of the Transnational highway. The remaining 90 kilometers will be received in June this year.

In our productive development project, we have signed a contract with SMC Labalin (ph) as a consultant to prepare the productive development project implementation. We have been working closely with MCC, Labalin and our implementing entity, Banco (inaudible), the pilot plan of the productive development project, in order to provide technical assistance to our beneficiaries. This is the reason why FOMILENIO's here today, to announce this good news, buenos noticias.

To be more specific, this pilot will provide technical assistance in productive activities such as dairy, fruits and vegetables, forestry, agro-industry, tourism and (inaudible). The selected project will also be able to apply to the investment support funds and financial services. FOMILENIO will support with this pilot plan up to 10 projects between 100 and \$900,000 each, and we expect to reach around 1,200 beneficiaries, direct beneficiaries.

Beneficiaries include associated individuals, micro, small and medium entrepreneurs of the 94 municipalities of the northern zone. And in compliance with the compact requirements, beneficiaries have to present their projects through specialized entities, such as NGOs, foundations, associations, private entities, and also multilateral organizations present in El Salvador.

The specialized entities have to fulfill the requirements established in the request for proposals that include fund management skills, and they must have at least one proven successful project in the country. And they must have a direct relation with the beneficiaries. Projects will be selected according to our competitive process, and participant projects will have a 24-months execution period.

There are four key dates that I would like to emphasize. First, today, of course, is the announcement of the pilot project to the Salvadoran community, and this will be launched officially to the stakeholders and the majors of the northern zone next Thursday, March 6th, in the municipality of San Francisco Gotera. The deadline to present proposals is April 23rd, and FOMILENIO will announce the selected proposals that will be granted with technical assistance and optional additional funding by May 15th.

So, on behalf of FOMILENIO, again we want to thank MCC and Margarita and Vince and all of you living out here for allowing us to share with you this new opportunity of investment in El Salvador.

Thank you very much.

RUDDY: It's so difficult to talk after this line-up, but I'll try my best just to add a few things, keep it brief, because really I think it's the questions -- your questions that interest us the most.

I want to start off with saying some complementary information that some of the people out there, especially contractors, consultants, the Salvadorans who are here, might find interesting. Over the next six months, FOMILENIO plans to initiate procurement on over \$150 million of good, services, consultancies and works projects.

The title of this event, I think, was, "Generating Opportunities" or something great. If you want to talk about opportunities, one of the first places to start is the procurement opportunities, and I want to be more specific. The Salvadorans who are here that have businesses, that have skills, you are perfect candidates to participate in some of these activities, to look for companies to form alliances, joint ventures, to bid yourselves or with -- together with other companies for this work.

MCC is all about transparency. The information about these procurement opportunities are on their website, including the procurement plan, I think, or at least the announcements for the \$150 million over the next six months. Again, I encourage you to follow up if that sounds of interest to you. That's a great opportunity.

The second thing I just wanted to point out, there's been a lot of talk about the education, the scholarships that were launched last month in Chalatenango. It's worth pointing out that El Salvador was the first MCC country to include education inside its compact proposal. And that was really important. It got a lot of attention, a lot of NGOs, a lot of social organizations have been encouraging MCC to place more emphasis on education.

And fortunately, thanks to the Salvadorans, we got off to a good start. We have at least \$27 million going directly to education, to formal -- non-formal education, but also in the productive development component there are funds going to training activities and other things that complement that human development. So I think that the Salvadorans deserve a lot of kudos for that.

Another thing, just expand a little bit outside of the MCC box and talk about some other agencies that are also working here, a while ago someone told me, "Guess what, Vince? We've got some news for you. Your country, or El Salvador, has been selected to be a pilot program" -- I mean, the word "pilot" gets used a lot around here -- "To be a pilot program to demonstrate how U.S. government agencies can more effectively collaborate and coordinate their efforts to leverage private investment and make these compacts even more successful than they already are."

I'm very happy to report that, last week, we had a mission come down from a number of agencies, the U.S. Trade and Development Agency, the Overseas Private Investment Corporation, members from MCC's staff. I see Mitchell from OPIC in the audience, Maureen and Gerry Jensen (ph), who -- Gerry, who came down with us, and Maureen, who helped set the whole thing up. That mission last week, when we went to Chalatenango, generated some truly exciting additional identification of opportunities of how to leverage and complement what the compact is doing, and what Juan Jose just explained to us.

Let me be more specific. We went -- we toured the northern zone. We stopped off, for example, in Chalatenango. We met with the local Mayor there, Jose Egoberto Mejilla (ph). And Mayor Mejilla kindly talked with our group, with Mitchell, with Gerry and Geoff Jackson, the person from USTDA, and they identified an amazing complementary project.

They said, "Hey, the Transnational highway is coming right through this area. There will be a bypass road that goes around the southern part of the city to ensure adequate traffic flow. But we haven't done any urban planning. We haven't done any real design or zoning, or we really haven't looked at the potential of how to really take advantage of the new investment opportunities that this road is going to bring about."

It wasn't necessarily contemplated in the compact to do that kind of detailed investment preparation work, so the USTDA said, "Hey, we could lend a hand here." So they're basically working now -- I don't want to announce this before its time and steal their thunder later on, but they're looking at setting up a Trade and Development Agency grant that will fund a study, a preparation work, a real urban design initiative, among other things. There's also trade facilitation, a few other complementary things. They will help leverage these funds and enable some opportunities. I mean, there's even talk now about specific projects.

After that exciting meeting, we headed off to this interesting site called the Chalatenango Country Club, which is a very recently launched initiative. I don't know, is Jesus Orliano (ph) here in the audience?

I met with some of the investors, Jesus and with others, who have launched this project, and this is what they told us.

They said, "You know, we got this going about four years ago, but the first two years it didn't really move that fast. We couldn't sell enough memberships. We didn't sell any (inaudible) housing construction sites."

With the arrival of the MCC compact, the signing of \$461 million in building a new road and investing in people, building water, sanitation systems, building community infrastructure and investing in productive development projects, suddenly people got really interested. One of their partners, I believe, went out to Los Angeles, others -- and other missions.

And what they've done in the past two years, the final two years, most recent ones, is sold I think 95 percent of membership space. In fact, it's been so successful -- and we're talking about millions of dollars that they've generated of their own capital, complemented by Salvadorans living abroad who are investing \$16,000 I think apiece to have a membership and to buy a piece of land.

This overseas investment back into the northern zone is starting to generate an impact. It's creating jobs. It's creating wealth. It's creating a new tourism attraction, a site where people can go. It's actually quite a beautiful facility, with swimming pools and tennis courts.

This is the kind of thing that helps renovate and rejuvenate and generate economic opportunity for the North. This is exactly the kind of project that makes sense to leverage and complement what the MCC is doing.

So having the USTDA, having OPIC also come into the picture, having private investors come in, it's a very exciting moment. There's a lot of momentum building right now in the northern zone, and I really welcome you. I encourage everyone, if you haven't been down there, come down. Check it out. It's a good time to position yourself for these and other opportunities.

Finally, just to wrap up -- I'm sorry about my enthusiasm -- I think we always talk a lot about host country ownership here at MCC. El Salvador's probably one of the best examples of that. The capacity of the Salvadorans, these people are running the program. They designed it.

Juan Jose Llorca is the Executive Director. He's joined by a management team, a Board of Directors, including NGOs, private sector members. The Salvadorans are running it. And I must tell you that they're really in a better position than me to answer your detailed questions and explain more how the compact is already generating opportunities and hope for thousands of poor people, even now, only four months after the -- entering the force. It's remarkable progress, and I congratulate them.

I'm now going to turn the mic over to Carlos. He's one of many investors who can speak better about the opportunities, what they see in the northern zone.

Carlos?

CASTRO: Thank you very much. Good evening. I'm supposed to speak only five minutes, so please let me know when I am a minute-nine.

So I would like to start by thanking Ambassador John Danilovich, CEO of the Millennium Challenge Corporation; our beloved Ambassador, Margarita Escobar, Vice Minister of Foreign Affairs for Salvadorans Living Abroad -- actually, sound better in Spanish -- and Mr. Juan Jose Llorca, Executive Director of FOMILENIO in El Salvador. I really feel privileged to be here as a panelist because I have been involved from the beginning on this process, and it's exciting to see that, finally, all this effort that you're all doing is -- are coming to fruition.

And of course, I'm not here to speak about the MCC project. I am actually here trying to learn a little bit more about it. But what I would like to share is my experience and my enthusiasm for what I consider a great opportunity for our country with this MCC project for the northern part.

And I must say I am one of those Salvadorans that never left, and, since I became legally resident, I have never stopped going back and forth. And I see how those of us living in the U.S., that we have achieved the American dream, want to bring that American dream back to El Salvador. And we want to do it because we love our

country, we love our people, and I think we have learned a lot of how to do and not to do business, and we want to share that, too.

I might probably mention to you that the conditions are -- couldn't be better. The past summer I participated on an event with Pousadis (ph), and the topic, if I don't remember, is what do Salvadorans abroad expect from the Salvadorans at home? It was very interesting.

On the (inaudible), we had to have (inaudible), and it was very interesting to see how they received the idea of creating those (inaudible). Our Vice Minister was part of that event. So during that event, I also had the opportunity to offer the opportunity to a graduating class of the high school, the local high school from a poor area, and it was more exciting because all these intelligent kids, I just told them to find a project that we can develop in El Salvador, and I will be investing.

And you know what they wanted to create? A (inaudible) supermarket in El Salvador. So, that project is not going to work over there, but I'm always looking at opportunities. I think that we, our country and this alliance that provide these great opportunities, in this last December we actually identified a project.

We hope to have it going by June, only because my wife and I have to be present there to get everything legally going because we had the fortune that we -- and the privilege we (inaudible) in here that we can (inaudible) with such a formidable group from our Vice Minister, our Counsels, our Ambassadors and everybody, the whole team. And I had the great experience of going to El Salvador and setting up a company, helping a friend, an American friend, to go set up a company, and he was done in a week, which is record time by El Salvador standards -- and (inaudible) by American standards sometimes.

(Inaudible) going on over there, you know I am excited that Chalatenango is -- there's a program that is taking the interest, because actually my grandparents from my mother's side were from Chalatenango from (inaudible), which is -- there's a (inaudible) trying to develop the water rafting, and natural (inaudible) over there. So it's -- to me it's very exciting because that's a place that I had the opportunity to see when I was probably nine, not too long ago.

And also, there is some -- in Miramundo, which is a beautiful, pristine mountains, you know, there is the project that is being developed on -- by a group of Salvadorans trying to create the infrastructure and the communication channel to cultivate flowers and bring them -- sell them in the U.S. And then, there is the (inaudible) a small mountain known by the (inaudible) located in Chalatenango, and they have created a bed and breakfast concept. And actually, we're going a little more creative, and I -- creative.

I understand that they are domesticating a herd of oxen, and they're going to offer rides, so I won't give you one of those. You can -- I can tell you that. But if somebody wants to sightsee on the top of an ox, I think there will be an opportunity there.

So what I want to say is that it's no secret that the Salvadoran people living in the U.S. want to help our people back home, whether it's a relative or just a friend. And we see in the development of the northern zone on this project a great opportunity. And I hope that those of you that are here on the capacity to invest look beyond our traditional way of investing, because we're not only investing on the future of our country, we are investing on the future of the planet.

I particularly think that there can now be better conditions to invest in right now, and I am working on that (inaudible) project. And since we're going to have all the infrastructure and all the investment to be done, I think we're going to have great opportunity there.

I know there is some members here present. I have worked with the organization, and we have worked together, trying to do some charity, some help to our country in El Salvador. I think we now have the opportunity to do the economic investment, it -- to take the big jump. I am really thankful the Salvadorans both having given this great opportunity from the Millennium Challenge, and thank you for being here with us tonight.

MCLEAN: Thank you for your opening remarks. We appreciate that. Let's go ahead and open it up for questions. We have a roving mic from Jessica (ph) over there, so, if we can just open it up for questions, we have a few minutes for that.

Questions? There's got to be question. No questions.

QUESTION: (OFF-MIKE)

LLORT: That's a very important question. Our commitment to transparency is very high. We want to make things different. We have to make a difference because, if not, (inaudible) is there, too.

No, really. We want to make a different impact in the country and learn on these projects that the country learned more on transparency. We have to, for example, the -- act as a -- of the Board of Directors, they have to be on the -- published the next day. That's very new for the country, that the Board of Directors' (inaudible) minutes be posted on the site.

We also, as Vince said, have the general procurement notice, which establishes what are we going to start buying in the next -- until July. It's there in the Web. And all the solicitations (ph), procurements, are going to be -- and are posted on the -- at FOMILENIO's site.

So, yes, we are committed to transparency and information to everyone at the same time. So, the moment we make it public, it's going to be public for everyone, not just for a sector or a segment of the population.

(UNKNOWN): I had a question.

MCLEAN: You're in charge. You're on the panel.

(UNKNOWN): Do we have dates on what the timeline is?

LLORT: We have now 55 months to execute, to deliver, to implement the compact. We have dates for the connectivity project. As I told you in March, we're going to have the first 55 kilometers, the design of -- the final designs. After that, we have to go through the resettlement actions plans, the derecho de vie (ph), the right of ways have -- because we're applying the (inaudible) of the World Bank, it -- and that tells us that we have to have the right of ways and resettlement completed before we start building the road. Before we have a truck, we have to have the resettlements and the right of way completely done.

We have also dates on the water and sanitation, for example. Right now we're going to -- we have two projects that we're going to have a fast-track process in order to start delivering potable water to these two communities that presented everything in order, very well done. So we have that commitment to 850,000 in the northern zone, and we want to make it as soon as possible.

But we have to do it Orestetanio (ph), the processes -- the procurement processes that the MCC guidelines establishes for us. We're not using our law, the Salvadoran law, for the acquisition. We're using the procurement guidance from MCC. That also is teaching us different ways to procure, very clearly stated.

(CROSSTALK)

MCLEAN: Can you go ahead and wait for the microphone and then we'll -- that way it'll get on the tape. That will just get on the video. That's all. OK.

QUESTION: You just mentioned about recruiting guidelines from Millennium. This solicitation will be -- there isn't a specific frame of timing of the corporation or the company that's going to be working with Millennium, or how does the requirements for the companies going to solicit this opportunity?

RUDDY: I'll try to answer that. I'm not sure about your question. It sounds like you're referring to a single company. Qualification?

QUESTION: Qualify. How do you qualify?

RUDDY: Well, some procurements will use a prequalification step, when it's appropriate, when it's necessary. Other procurements will go straight to a public announcement for an open competition, no prequalification. It will depend on the nature of the project, the Activity. There's complex roads design or road construction project, building a bridge, for example, where they might decide, "We better do a prequalification step," and that may be done.

That information is normally let out in the specific procurement notice when it comes out for each -- it varies from case to case. There's a very wide variety of goods, services, works that are being procured over the following six months.

As I said, \$150 million, you can't do any one of those. There will be, I believe, more than 80 individual procurement actions are scheduled to go out, or to be initiated, over the next six months, so a lot of variety there.

MCLEAN: And then, more after six months, right?

RUDDY: Well, we're just going to stop being done after ...

MCLEAN: Yes, \$461 million, but 150 over the next six months. Yes, that's a few.

Could I have some more questions? You have a question back there? Is there -- no? Please, back here.

QUESTION: (OFF-MIKE) El Salvador and Millennium for such a wonderful opportunity. I'm from Peru. I have a lot of interest in El Salvador. I figure this is fantastic. I've been in conversations, and look forward to meeting with OPIC about Peru. But, this is phenomenal. I think it is a wonderful opportunity.

I just want to make a suggestion for the name of that road, La (inaudible) Milenio. I just want to say that because it just goes with it. Thank you.

MCLEAN: I think Vince was hoping for the Vince Ruddy Road, but I don't think it's going to happen.

RUDDY: What's the matter?

MCLEAN: No. Please, a question over here?

QUESTION: (UNTRANSLATED)

LLORT: (UNTRANSLATED)

MCLEAN: We have time for just maybe one or two more question, Please, right here.

QUESTION: (UNTRANSLATED)

LLORT: (UNTRANSLATED)

MCLEAN: I have another question? Right here. Oh, we've got a couple. Got two more. That's it.

QUESTION: (UNTRANSLATED)

LLORT: (UNTRANSLATED)

MCLEAN: We have time for just one last question.

(UNKNOWN): First of all, I'd like to commend you for the excellent job you are all carrying out, and you yourself, and thank you for inviting us to participate here at this event.

My question is basically I'd like to know, does the Millennium Funds have any or certain tax advantages associated with them for the contractors that are going to bid? Or what (inaudible) procurement processes, will they have any or certain tax assumptions, or -- I don't know. Are there any tax benefits for the companies that will be bidding?

(UNKNOWN): I'm starting on the left side of the audience, because our legal counsel, James Gerard (ph), who dominates the theme of tax privileges, is here with us.

I can give you a quick answer, and if I totally screw up -- and James, if I say the wrong thing, you can correct me. The MCC policy is that MCC funds cannot be used to pay taxes. And therefore, most of the activities that we're doing in there, we make sure that you're not paying taxes to -- using MCC funds to pay taxes that then come back to the government. It's like a circle.

But there are mechanisms in place for local companies, or companies that are working in El Salvador, to pay the value-added tax, the EVA, as it's called. They use government of El Salvador funds to pay that portion of the bill, but, in essence, our funds are not being used to pay taxes.

When it comes to tax incentives, I think they've been very wise not to create distortions, to use the existing tax incentives systems. There's very attractive tax incentives in El Salvador for tourism.

I see Mauricio in the back of the audience. Mauricio works for PROESA, the investment promotion agency of El Salvador. He is in charge of the tourism sector in particular, and he could probably give you very specific information about the tax incentives in that sector, as well in others.

But specifically with regard to the MCC, we don't -- our funds aren't used to pay taxes, but we don't get into the national tax incentive system of the country. I hope that -- James, am I ...

MCLEAN: Do we have a rebuttal, James, or are we good? OK, very good.

Let me close and, first of all, thank our panelists, Senor Carlos Castro, Mr. Vince Ruddy and Mr. Juan Jose Llort. Thank you very, very much for your contribution. And also in particular, we'd like to thank Vice Minister Escobar for coming and visiting with us tonight.

And most of all, we'd like to thank you for coming and participating with us tonight. I'm in charge of the Congressional and Public Affairs, and this is more of a public affairs side, but I wish I could bottle what we're talking about here in this room and take it up to our stakeholders in Congress and others so they can get a feel for what is going on with MCC and more, particularly, with our MCA countries. This is what we were designed to do, and this is, in fact, what we are doing.

If you could share, Juan Jose, your website?

LLORT: It's www ...

MCLEAN: Yes, you've got to have a microphone for this.

LLORT: Yes, sir, www.fomilenio, F-O-M-I-L-E-N-I-O, .gov, G-O-V, V as in ...

MCLEAN: Is it in the packets? Are they in the packets? I think ...

LLORT: Yes.

MCLEAN: ... You can't direct -- I think it's attached to our website as well, which is MCC.gov. So if you have difficulty getting directly to FOMILENIO, you can come in through the MCC website, simply MCC.gov, and you can click around until you find FOMILENIO.

But again, thank you for your attendance and for your interest. Thank you. Good night.

END