



**MILLENNIUM
CHALLENGE
CORPORATION**
REDUCING POVERTY THROUGH GROWTH

 **Headway**
July 21, 2008 ★ www.mcc.gov

MCC Funds Tap Local Know-How, Give Salvadoran Farmers “Quick Start” to Planting Season

Local expertise and locally-driven ideas are the keys to achieving results – faster and in a more efficient way – when it comes to reducing poverty. Nowhere is this clearer than in El Salvador’s Northern Zone, where a call for proposals from local experts triggered an impressive response, and catalyzed some creative ideas aimed at helping farmers improve their incomes and production.

The call for proposals was widely publicized by local television and press. FOMILENIO, the entity implementing the Millennium Challenge Corporation’s (MCC) \$461 million compact with El Salvador, was seeking to partner with non-governmental organizations or private firms to bring immediate technical and business training services directly to people in the Northern Zone. This initiative was designed to help farmers get a jump start on developing and improving their businesses. The program aims to bring higher incomes, better jobs, and economic growth to one of the poorest areas of the country.

The public call for proposals was part of a wider \$87.5 million Productive Development Project scheduled to start by the end of this year. This larger project will provide Northern Zone residents with technical assistance, training, production support and access to credit and investment capital.

The approaching 2008 planting season infused the pilot project with a sense of urgency – and the need to help farmers increase their productivity as soon as possible. FOMILENIO launched the innovative pilot program, which allots \$5 million for the top ten, best qualified proposals from local organizations. Sectors involved include agro-industry, forestry, dairy, tourism, and handicrafts. The selection criteria were straightforward and results-based. Winning firms presented an income and job-generating proposal, a confirmed commitment with pre-identified beneficiaries, and a demonstrated track record of successfully managing similar projects in the region. FOMILENIO was searching for those with the ingenuity and creativity at the grass roots to achieve results that could be replicated or scaled up for a quick impact in the Northern Zone.



One of the Productive Development pilot project winning proposals aims to help Northern Zone cattle and dairy farmers reduce the high cost of feed and other inputs by providing training for best practices in production.

“Proper preparation for a large-scale activity like the \$87.5 million Productive Development Project can take up to a year,” says MCC’s Deputy Resident Country Director Kenneth Miller. “We felt the urgency to act. We took stock of the country’s current capacity, and found a win-win solution through this pilot program.” According to Miller, there are many NGOs, development technicians, and producer associations already operating successfully in El Salvador. What was missing, however, was fresh funding to continue, expand, and maximize their potential to reduce poverty in the Northern Zone.

The competition for this funding exceeded expectations: in a period of just one month, FOMILENIO received 51 detailed proposals showcasing projects covering all six regional Departments and more than a dozen agricultural and non-agricultural sectors. The proposals were prepared in strict consultation with the local people themselves, include farmer profiles, and provide detailed information on everything from economic rates of return to proof of the organization’s financial, management, and monitoring and evaluation capacity.

The winning proposals are impressive and promising. They focus on areas such as dairy and cattle, tourism, handicrafts, fruit trees and organic vegetables. And as per the needs identified by local beneficiaries, most of the projects focus on solving two of the most problematic realities in the Northern Zone: high input costs and poor access to local and regional markets.

“We have plenty of challenging work ahead of us and the Pilot Program is just the beginning. We expect this initial activity will better orient the full implementation stage of the Productive Development Project, set to begin towards the end of 2008.”

For more information on MCC’s innovative \$461 million compact with El Salvador, visit www.mcc.gov.

At a Glance

Some of the winning projects will help:

- Transition land into high-value fruit crops
- Reduce the high costs of feed and other inputs for cattle and dairy farmers by providing improved vegetative material and training for best practices in production.
- Transition crops from grains to higher value organic vegetables
- Build capacity in marketing, hospitality, food preparation, and management for local tourism-oriented businesses
- Improve the quality of traditional crafts to stimulate commercialization and access to export markets