



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

QUARTERLY STATUS REPORT



El Salvador Compact

AS OF SEPTEMBER 2012

COMPACT GOAL

Advance economic growth and poverty reduction in the Northern Zone of El Salvador by improving human and physical capital; increasing production and employment; and reducing travel costs and time within the country and Central America more broadly.



COMPACT AT A GLANCE

Compact Signed	11-29-2006
Entry Into Force	09-20-2007
Compact End Date	09-20-2012
Compact Total	\$460,940,000
Amount Committed	\$432,270,974
Amount Expended	\$432,270,974
Estimated Program Beneficiaries	794,800
Estimated Increase in Household Income	\$366,700,000

% OF TOTAL COMPACT	BUDGET (USD MILLIONS)
15%	Productive Development Project \$68.2
58%	Connectivity Project \$269.2
19%	Human Development Project \$89.1
1%	Monitoring & Evaluation \$6.2
6%	Program Administration \$28.0

■ Project Preparation ■ Project Implementation

Productive Development Project

PROJECT COST

\$68,215,522

TOTAL CONTRACT COMMITMENTS

\$66,766,534

TOTAL PROJECT EXPENDITURES¹

\$66,766,534

Increase production and employment in the Northern Zone through technical assistance to farmers and small businesses, capital investment in competitively selected commercial projects, credit guarantees for micro, small and medium-sized enterprises, and technical assistance to financial institutions.



Projected Long-Term Results (Up to 20 years)

ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME
47,600	\$78,510,000

PROJECTED RESULTS BY END OF COMPACT

Increase incomes of beneficiaries by at least 15%, create 11,000 new jobs, and increase investment in the Northern Zone by providing technical assistance to 13,500 producers.

PROGRESS TO DATE

25,400 hectares are under production with support from MCC and 17,467 beneficiaries received technical assistance and training. \$12.57 million in loans to micro, small, and medium-sized businesses have been guaranteed, increasing access to credit for productive investment in the Northern Zone.

PROJECT ACHIEVEMENTS

The loan guarantee program for businesses surpassed its Compact target. More than 41% of the guarantees have benefitted women that have taken loans for productive uses. The Ministry of Agriculture & Livestock has formally adopted the technical assistance and business development platform of the Productive Development Project design as national policy to be replicated throughout the country.

Connectivity Project	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES [†]
	\$269,212,588	\$254,561,922	\$254,561,922
<p>Reduce travel cost and time within the Northern Zone by designing, constructing, and rehabilitating a two-lane paved road which will serve as a national transport artery and augment El Salvador's international connectivity.</p>			
<p>Projected Long-Term Results (Up to 20 years)</p>			
<p>ESTIMATED BENEFICIARIES</p> <p style="text-align: center;">644,190</p>	<p>ESTIMATED INCREASE IN HOUSEHOLD INCOME</p> <p style="text-align: center;">\$185,230,000</p>	<p>PROJECTED RESULTS BY END OF COMPACT</p> <p>Reduce the travel time across the Northern Zone from almost 12 hours to less than 6 hours and reduce vehicle operating costs by 24%.</p>	<p>PROGRESS TO DATE</p> <p>All works contracts for the Northern Transnational Highway (NTH) have been awarded and completed except two contracts where construction is expected to be completed during the Compact closeout period. Over \$237 million has been disbursed towards road construction and supervision.</p>
		<p>PROJECT ACHIEVEMENTS</p> <p>With MCC funding, the NTH is connecting the Northern Zone to the rest of the country and providing better access to Honduras and Guatemala. The Government of El Salvador passed two decrees aimed to provide adequate road maintenance funding in the near term.</p>	
Human Development Project	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES [†]
	\$89,146,523	\$81,984,218	\$81,984,218
<p>Increase human and physical capital of residents of the Northern Zone in order to take advantage of employment and business opportunities by providing formal and non-formal education, improved access to potable water systems and basic sanitation services, electricity coverage, and improved community infrastructure.</p>			
<p>Projected Long-Term Results (Up to 20 years)</p>			
<p>ESTIMATED BENEFICIARIES</p> <p style="text-align: center;">243,395</p>	<p>ESTIMATED INCREASE IN HOUSEHOLD INCOME</p> <p style="text-align: center;">\$102,967,000</p>	<p>PROJECTED RESULTS BY END OF COMPACT</p> <p>Provide formal technical vocational education for students and non-formal training, access to potable water systems and sanitation services, increase electricity coverage in the Northern Zone, and construct and improve community infrastructure.</p>	<p>PROGRESS TO DATE</p> <p>A new technical community college was built & 20 technical high schools were rehabilitated benefitting 10,333 students per year. 7,190 households have access to improved sanitation and over 81,696 residents are benefiting from strategic infrastructure projects.</p>
		<p>PROJECT ACHIEVEMENTS</p> <p>122 water/sanitation and community infrastructure projects have been completed. 1,950 photovoltaic systems were installed in remote homes, and 1,435 km of new electric lines were installed, connecting over 33,270 households to the grid.</p>	

[†]Expenditures are the sum of cash outlays and quarterly accruals for work completed but not yet paid or invoiced.