



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

FINAL STATUS REPORT



El Salvador Compact

AS OF MARCH 2013

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. MCC is committed to reporting results and will fund evaluations to assess the full extent of impacts that can be attributed to MCC programs. These evaluations will be posted on www.mcc.gov as they become available.



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	\$449,566,761
Amount Expended	\$449,566,761
Estimated Program Beneficiaries	935,185
Estimated Increase in Household Income	\$366,707,000

% 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

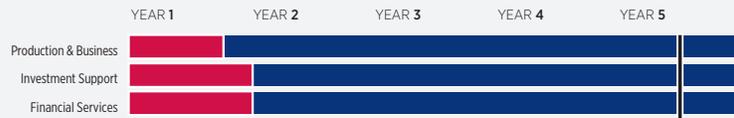
TOTAL CONTRACT COMMITMENTS

\$66,741,748

TOTAL PROJECT EXPENDITURES¹

\$66,571,834

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.



COMPACT ENDED ON SEPTEMBER 20, 2012

Projected Long-Term Results (Up to 20 years)

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

PROJECTED OUTCOMES

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.

RESULTS AT END OF COMPACT

23,475 hectares are under production 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	\$270,041,802	\$267,916,157
<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>YEAR 1 YEAR 2 YEAR 3 YEAR 4 YEAR 5</p> <p>Northern Transnational Highway</p> <p>COMPACT ENDED ON SEPTEMBER 20, 2012</p>		
<p>Projected Long-Term Results (Up to 20 years)</p>			
<p>ESTIMATED BENEFICIARIES</p> <p style="text-align: right;">644,190</p>	<p>ESTIMATED INCREASE IN HOUSEHOLD INCOME</p> <p style="text-align: right;">\$185,230,000</p>	<p>PROJECTED OUTCOMES</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>RESULTS AT END OF COMPACT</p> <p>As a result of the Compact 220 kilometers of road, three large bridges, and 20 smaller bridges have been rehabilitated or constructed in northern El Salvador to help improve connectivity with the rest of the country.</p>
		<p>PROJECT ACHIEVEMENTS</p> <p>The Northern Transnational Highway 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 increase road maintenance funding to a more adequate level in the near term.</p>	
Human Development Project	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES [†]
	\$89,146,523	\$84,212,632	\$84,763,901
<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>YEAR 1 YEAR 2 YEAR 3 YEAR 4 YEAR 5</p> <p>Education & Training</p> <p>Water & Sanitation</p> <p>Rural Electrification</p> <p>Community Infrastructure</p> <p>COMPACT ENDED ON SEPTEMBER 20, 2012</p>		
<p>Projected Long-Term Results (Up to 20 years)</p>			
<p>ESTIMATED BENEFICIARIES</p> <p style="text-align: right;">243,395</p>	<p>ESTIMATED INCREASE IN HOUSEHOLD INCOME</p> <p style="text-align: right;">\$102,967,000</p>	<p>PROJECTED OUTCOMES</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>RESULTS AT END OF COMPACT</p> <p>Overall, 30,672 students participated in MCC supported education activities, including 10,333 students that will benefit from 20 rehabilitated technical high schools and a new technical community college. 7,634 households have access to clean water and over 81,699 people benefitted from improved community infrastructure.</p>
		<p>PROJECT ACHIEVEMENTS</p> <p>122 water/sanitation and community infrastructure projects were completed. 1,950 photovoltaic systems were installed in remote homes, and 1,522.52 km of new electric lines were installed, connecting over 35,412 households to the grid.</p>	

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