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USAID MUNICIPAL COMPETITIVENESS PROJECT

Annual Performance Report
October 1, 2011 – September 30, 2012

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USAID Municipal Competitiveness Project (MCP)

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Introduction

During FY 2012, we made significant progress playing “catch up” across the spectrum of requirements and performance. A quick review of the nine major USAID indicators shows that we are **ahead of schedule on five**, meet standards on three, and are only slightly behind on one indicator, the 2011 MCI, which is in the final stages of editing, approval, publication, and distribution. We expect to be on or ahead of schedule for each indicator no later than the second quarter of FY 2013 (see *Table 1*).

Table 1. Performance Indicators

	Target During FY 2012	Achieved During FY 2012	Target Life of Project	Achieved as of End FY 2012
1. Number of municipalities receiving USG assistance to improve their performance (figures refer to the 50 selected MCP municipalities that will directly receive technical assistance during the life of the project)	50	50	50	50
2. Number of participants in trade and investment environment trainings	200	2255	500	2850
	100 M 100 W	1283M 972W		1609M 1241W
3. Number of new firms registered in assisted municipalities	25	918	500	1,089
4. Number of new jobs created as a result of USG assistance	500	936	5000	936
	250 M	536M		536M
	250F	400W		400W
5. Number of municipal associations assisted and strengthened by MCP technical assistance	2	2	4	4
6. Number of municipalities certified as business-friendly	0	0	15	0
7. Number of municipalities that have increased their competitiveness in providing services to businesses and investors as determined by the Municipal Competitiveness Index (MCI)	0	0	50	0
8. MCI implemented in 2011 and 2013	0	1	2	0
9. Number of MCP-assisted municipalities that have simplified administrative	8	10	15	10

	Target During FY 2012	Achieved During FY 2012	Target Life of Project	Achieved as of End FY 2012
procedures in business registration, permitting, and licensing via SIMTRA				

M = Men; W = Women

We have successfully engaged all 50 MCP municipalities and are making excellent progress in meeting or exceeding goals across the three components of the contract. We also started to work with the Association of Municipalities of the Metropolitan Area of San Salvador (AMSS) and the Salvadoran Construction Chamber (CASALCO) to get their support in standardizing construction permits for municipalities within the city of San Salvador. MCP is emphasizing the creation of Economic Development Units within the municipalities. These units will provide support in business development services provided by public and private agencies to entrepreneurs and will engage local governments to work together with the private sector to promote local economic growth. To facilitate involvement of the private sector and build its capacity, the project will work with the Salvadoran Chamber of Commerce (CAMARASAL) to provide advice to businesses on the steps and requirements involved in creating or strengthening business associations. Assistance and training also will be provided through Vital Voices to women entrepreneurs in leadership and management. CAMARASAL and Vital Voices also will provide support for product and service promotion activities and fairs, as well as business networking. Once we are meeting and/or exceeding goals across the spectrum of the nine major performance indicators, we will shift more emphasis to sustainability of the programs. With only 18 months left on the life of the project, sustainability efforts are necessary to insure the USAID investment has lasting, not temporary, positive effects on municipal competitiveness in El Salvador.

A. Component 1: Enhancing Municipal Effectiveness and Efficiency. Component 1 encompasses the Core Technical Assistance Program carried out in MCP municipalities as identified in the Municipal Competitiveness Plans. MCP partners, SACDEL and FUNDE, execute technical assistance in MCP municipalities. In addition, a Business Friendly Certification Program is being developed and implemented through FUNDES. FUNDES also implements SIMTRA activities under this component. As evident in *Table 1* above, MCP exceeded annual goals for five major indicators and will be on schedule to meet or exceed all goals prior to second quarter FY 2013. Details appear in *Table 1* above and the performance indicator sheets attached with the quarterly report.

B. Component 2: Municipal Competitiveness Index. We anticipate publishing and distributing the 2011 MCI during first quarter FY 2013, and we have already begun planning for the 2013 MCI. We expect to have the 2013 MCI work plan published and approved during first quarter FY 2013. This will be a significant event because it will mean that the MCP is on target to meet or exceed all major performance indicators. For the third week of October 2012, we have planned a conference

convening ESEN, other universities, and development organizations to advance the 2013 MCI. MCI's methodology will be reviewed and discussed with ESEN's team, and a forum will be held with other organizations to share the MCI's methodology and objectives. Field surveys and data collection are expected to take place from March to July 2013, with a final report to be completed by November 2013.

C. Component 3: Private Sector and Inter-Jurisdictional Engagement. As described in the preceding quarterly report, our activities in this component include our strategic alliance with BPEACE, public-private dialog workshops and events, and the encouragement of private sector involvement in MCCs and in the development of Municipal Competitiveness Plans. Similarly, the development and presentation of Transparency Pacts will involve, and benefit from, interaction with the private sector. Finally, we recently launched the Domestic Finance for Development (DF4D) program to finance a Grants Challenge in Support of Crime and Violence Prevention Activities. It is estimated that 16 to 20 grants will be awarded under the challenge.