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UNITED STATES
HOUSE OF REPRESENTATIVES

July 1, 2014

The Honorable John Kerry
Secretary of State
U.S. Department of State
2201 C St. NW
Washington, D.C. 20520

Dear Secretary Kerry:

We were heartened by your comments following the election of El Salvador's new president, Salvador Sánchez Cerén, which expressed your commitment to maintaining a strong relationship between our two governments. More than two decades after the country's Peace Accords were signed, El Salvador is now a mature and stable democracy, and one that is making an admirable effort to address long-standing issues of poverty and inequality.

We write in regards to U.S. relations and development assistance to El Salvador. Specifically, we are concerned that the Millennium Challenge Corporation compact with El Salvador, which the MCC Board approved last fall, has not yet been administered. We are troubled by reports that this delay is related to the Office of the United States Trade Representative's (USTR) concerns regarding the Salvadoran government's procurement of seeds for its national food security program. El Salvador's domestic food security program should neither impact the terms of the compact, nor should the U.S. use it to unduly pressure El Salvador. As Chair of the MCC Board, we urge you to support the immediate, final approval and implementation of the agreement.

In 2007, MCC, the U.S. agency that provides five-year grants to selected governments for country-led development efforts, signed its first agreement with El Salvador, providing \$461 million for roads and other improvements to spur development in northern El Salvador. The evaluation of that agreement was positive, and the MCC entered into negotiations with El Salvador for a second compact, focused on issues related to development along El Salvador's Pacific Coast. On September 12, 2013, following the resolution of a multitude of technical and political issues, the MCC Board in Washington approved a second compact, for \$277 million.

Since that time, the Salvadoran government has taken executive and legislative actions to accommodate various reform requests raised by MCC stakeholders, on issues related to the pact. However, over eight months have passed without any indication about when the compact will be signed. Immediate approval is needed for the country to move forward with development planning.

We are concerned that the delay in final approval is being used to exert undue influence on El Salvador's democratic political processes and policy-making. We are particularly troubled by

U.S. authorities' insistence upon a condition that would hamper the government's national food security program.

Launched in 2011, the Salvadoran government's Family Agriculture Plan seeks to improve the livelihoods of nearly 400,000 small farmers living in poverty. Modeled loosely on a successful program in Brazil, the Plan provides agricultural inputs for small farmers, including seeds for two of El Salvador's staple crops, maize and beans, and helps support local markets for farmers' products.

Reportedly, final approval of the MCC compact has now been conditioned on eliminating a provision – first passed by the Salvadoran legislature in December 2012 and renewed for another year in January 2014 – which enables the government to purchase the seeds for its Family Agriculture Plan program from small-scale producers who might otherwise be excluded from the process. USTR has expressed concerns regarding this provision with regards to compliance with the United States-Central America Free Trade Agreement (CAFTA) and has sought to impose as a condition for the MCC compact a change in this process of government procurement of seeds.

The Salvadoran government has demonstrated that it has recently carried out a transparent bidding process, in which a number of domestic and international producers competed. This mechanism has thus enabled the Ministry of Agriculture and Livestock to ensure that the government can purchase better quality seeds at lower prices for the Family Agriculture Plan. It has successfully increased the market access for many of El Salvador's small-scale producers and helped financially stabilize those producers. This is a modest program that has that helped stabilize the rural sector and improve livelihoods and reduce poverty, and it will make producers more competitive over time.

To condition the final approval of the MCC compact on the elimination of a provision that enables local producers to access government procurement mechanisms poses a risk to El Salvador's national food security efforts. Agriculture and food security are outside the scope of the compact, yet critical to the country's development. For both of these reasons, elimination of support for small-scale farmers to improve their livelihoods through domestic seed production has no place as a condition for signing the MCC compact with El Salvador.

We believe it is in the best interests of U.S. foreign policy and development policy to desist from conditioning the MCC compact on the Salvadoran government's seed purchase for the Family Agriculture Plan. We respectfully request your swift action to ensure that the signing and administration of MCC compact will, ultimately, uphold the U.S. development goals of poverty reduction, and independent and sustainable development. In addition, we look forward to your timely response regarding the steps you will continue to take in order to ensure the agreement's final approval and implementation.

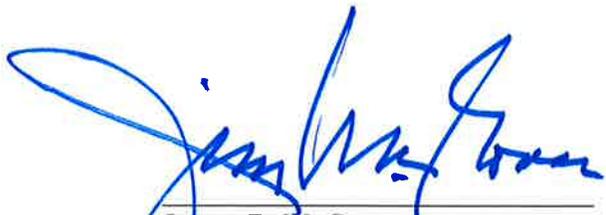
Sincerely,



Mark Pocan
Member of Congress

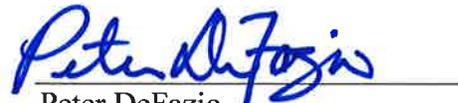


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