



OPPORTUNITIES *for the* MAJORITY

Strengthening Community Institutions that Support Local Microentrepreneurs in El Salvador

Supporting Municipal Marketplaces

In most cultures around the world, municipal markets are popular places for starting up small businesses. An entrepreneur can set up a stall with very low overhead costs, and sell anything from food to crafts, from household goods to simple services. Some sellers pass their market businesses down through their families; others may use their market stalls as launching pads for larger projects. Communities also benefit from central marketplaces that offer shoppers a variety of fairly priced and locally produced products.

In El Salvador, a new credit facility supported by the Inter-American Development Bank's Opportunities for the Majority (OMJ) initiative will help ensure that municipal marketplaces remain a vibrant part of the local economy and a cradle of entrepreneurship and innovation.

Marketplaces at the Heart of Communities

El Salvador has over 260 markets administered by municipal governments, in settings ranging from urban neighborhoods to small towns. These marketplaces act as public services, as they offer space in which local microentrepreneurs can conduct their businesses, and in which local residents can purchase affordable food and other goods.

While these historic marketplaces remain popular throughout the country, they face increasing competition from supermarkets and other chain stores. Deficiencies in utilities like plumbing and electricity cause problems with hygiene and ventilation in the market buildings, and make the markets less attractive to customers and more likely to harbor dangerous food-borne illnesses.

In some towns, the demand from merchants has outgrown the available space inside the markets. Undeterred, many vendors have set up stands on street corners, which has led to crowded sidewalks and traffic problems.

To address such issues, Opportunities for the Majority is loaning US\$10 million to El Salvador's Federation of Savings and Loan Associations and Workers' Banks (FEDECREDITO), a privately owned, cooperative financial institution with a network of 48 savings and loans associations and seven workers' banks. Its member institutions provide microloans and other financial services to low-income families and microentrepreneurs across El Salvador.

FEDECREDITO, through its member institutions, will channel the OMJ funds into subloans for the municipalities that administer the markets. The money will be used to renovate market buildings, making them more inviting and useful to a new generation of vendors and shoppers.

Improving Management along with Infrastructure

While modernizing and expanding the aging buildings that house the markets is one goal of this project, strengthening the tools and skills of those who oversee and operate the markets is equally important. A technical cooperation grant will complement the loan for structural upgrades by supporting management skills training programs that will help the municipalities run the markets more effectively and expand their provision of public-private services.



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