CULTIVATING SEEDS
FOR FOOD SECURITY IN EL SALVADOR

Family farming and small-scale agriculture play an important role in food production. However, limited access to resources such as land, water, seeds, and finance can be a barrier for these farmers to access markets under equitable conditions; such obstacles are even greater for women. Public policies that focus on overcoming these obstacles not only help to improve the performance of the sector overall, they further stimulate the local economy, create jobs and generate income, contribute to reducing inequality and poverty, and make strides toward ensuring food security and food sovereignty.
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INDEX

Abbreviations
Summary
Introduction

   1.1. Contribution of agriculture and livestock to Gross Domestic Product (GDP)
   1.2. Planted area, production, and yield of the basic grains sub-sector
   1.3. Intra-regional trade (corn and beans)
   1.4. Cost of production and fertilizers
   1.5. Prices for basic grains
   1.6. Structure of the agriculture sector
   1.7. Institutional structure and main public policies enacted to reactivate the agriculture sector
      1.7.1. Family Agriculture Plan (PAF)

2. Seed Procurement Program (PCS)
   2.1 Origin and description of the PCS and its link to the PAF
   2.2 Budget analysis for the Seed Procurement and Distribution Program

3. Analysis of the Public Procurement Mechanism for Corn and Bean Seed
   3.1 Program for procurement of corn and bean seed: 2004-2014
      3.1.1 Suppliers of corn and bean seed prior to the PAF (2004-2010)
      3.1.2 Suppliers of corn and bean seed during the PAF (2011-2014)
   3.2 Transparency of the public procurement mechanism under Decrees 198 and 603
   3.3 Difference between corn and bean seed procurement mechanisms under Decrees 198 and 603, and the "LACAP" procurement law

4. Impact of the Corn and Bean Seed Procurement Program, 2012-2014
   4.1 Increased domestic production of certified corn seed
   4.2 Reduced dependence on imported corn seed
   4.3 Increased domestic production of corn and beans
   4.4 Reduced trade deficit for basic grains
   4.5 Increased employment and catalyzed local economies
   4.6 Increased learning and knowledge for planting certified corn and bean seed
   4.7 Improved production, business, and organizing capacity
   4.8 Distribution of surplus for social benefit

Conclusions

Bibliography
ABBREVIATIONS

FF: Family Farming
SFF: Subsistence Family Farming
CFF: Commercial Family Farming
CAFTA-DR: Central America Free Trade Agreement (United States, Central America, and the Dominican Republic)
CENTA: National Center for Agriculture, Livestock, and Forest Technology
MPHS: Multi-Purpose Household Survey
FAO: United Nations Food and Agriculture Organization
IFAD: International Fund for Agricultural Development
IICA: Inter-American Institute for Cooperation in Agriculture
ISTA: Salvadoran Institute for Agrarian Transformation
MAG: Ministry of Agriculture and Livestock
OIR: Office for Information and Response
PAF: Family Agriculture Plan
PAN: National Supply Program for Food Security
PAP: Program for Chains of Production
PIA: Program for Agriculture Innovation
PEIC: Program for Engagement with Industry and Trade
NGB: National General Budget
PNS: National Seed Program
SIECA: Central America Economic Integration System
SUMMARY

In El Salvador, 80 percent of farmers operate on a small scale, but account for over 70 percent of the country’s domestic food production. Basic grain production accounts for the greatest share of agricultural GDP, despite the fact that only 29 percent of available agricultural land is sown with these crops. Nonetheless, small-scale producers have faced many challenges over the course of the civil war and post-war period due to lack of investment and the application of structural adjustment and free trade policies, which has left them without adequate support to develop production and ensure food security.

The rollout of the Family Agriculture Plan (PAF) in 2011 represented a shift in national agricultural policy. This change in direction recognized the potential of family farming as a catalyst for local economies and a tool to reduce poverty and strengthen food security and food sovereignty. An important part of the program was a measure put in place to enable small-scale farmers and cooperatives producing white corn and bean seed to participate in the tender process for the government’s seed distribution program. These domestic producers had previously been excluded from this market, which was dominated by a limited group of suppliers, particularly agribusiness importers. An initial transitory decree – “Special Transitory Provisions to Promote the Production of Certified Corn and Bean Seed” (Decree 198) – was issued on November 22, 2012. A second decree - "Special and Transitory Provisions to Promote the Production of Basic Grains" (Decree 603) - was issued on January 28, 2014. Both of these decrees granted the Ministry of Agriculture (MAG) the authority to purchase corn and bean seed directly, bypassing the mechanisms in the Law for Procurement and Contracts in Public Administration (LACAP).

These temporary mechanisms enabled domestic producers to access the public bidding process to offer certified seed for the PAF on an equal playing field with international suppliers. This allowed farmers who produce high-quality seeds at reasonable prices to have access to the market for government procurement contracts. As a result, in 2013 and 2014 there was a significant jump in the number of domestic producers offering competitive seed varieties well-adapted to drought-prone micro-climates. Due to this increase in competition, the government was able to expand the number of beneficiaries of the PAF without having to increase the program’s budget, which has been an important contribution both to food security and to reactivating the agricultural sector in El Salvador.

The main companies that sold seeds to the government prior to the implementation of the PAF (2011) were Cristiani Burkard (which accounted for 39 percent of the market), LAFISE (26 percent), PROSELAS (15 percent), and El Surco (7 percent). There were 11 vendors in total, and no cooperatives were included. The special decrees effectively increased the number of suppliers, allowing for greater competition in the market.

In 2013, 91 percent ($9,444,513.20) of corn seed procured by the government was purchased from domestic producers, with only 9 percent ($1,091,603.99) supplied importers. In 2014, domestic suppliers, including both companies and cooperatives, provided 100 percent of the
corn seed purchased by the government. Of this total, 21 percent of the volume was purchased from cooperatives, and 79 percent from private companies. In 2014, the largest seed supplier was the company PROSELAS, which accounted for 23 percent ($2.5 million) of the total, followed by the Maroma and Normandía cooperatives, with a market share of 14 percent ($1.5 million) each. The Borgornovo Company was the third largest supplier with 9 percent ($934,000), and the Barra Ciega Cooperative supplied 8 percent ($907,000). These numbers reveal that although the majority of the seed purchased was supplied by domestic companies, cooperatives are increasing their supply and gaining greater participation in the seed market as a result of improved competitiveness, reasonable pricing and the higher quality of their seeds.

It is important to note that in 2014, 7.68 percent of the total volume of seed purchased by the Ministry of Agriculture (MAG) for the PAF’s seed packages came from the native Santa Rosa and Pasaquina varieties; previously the government had only purchased hybrid seed. The tender rules for 2014 established that the seed to be supplied must be certified white corn seed, either hybrid seed or open-pollination varieties, both duly registered. This change allowed for the inclusion of seed varieties that are better adapted to climate change, particularly to drought conditions.

In the case of bean seed, in 2013 producer associations and companies supplied 56 percent of the seed purchased for the PAF, while individual suppliers made up the remaining 44 percent. In 2014, the government purchased the majority of seed – 53 percent – from individual producers for a total of $17.2 million; the farmers’ associations and companies that sold the most seed were: Agrozapotitán, which sold $3.4 million, SEDEOCCI, at $3.3 million, and PROPOMAO and ALBA ALIMENTOS at $3 million each.

In the case of chemical fertilizers, the largest supplier was Disagro S.A. de C.V., which comprised 39 percent of the market ($3.3 million), followed by the Fertilizantes Maya S.A. de C.V., with 34 percent of the market ($2 million). The PAF seed packages are fully dependent on the use of chemical fertilizers. Small-scale producers and cooperatives are not suppliers in this market, as suppliers are concentrated in three large companies. This lack of competition has a direct impact on the cost of production. While certain seed varieties require more intensive use of chemical products to ensure optimum yield, as is the case with imported seed, local varieties such as Pasaquina and Santa Rosa require less fertilizer per area sown, and tend to be more resilient to climate change, according to both agronomists and farmers.

The budget allocated to family farming grew significantly from 2004 to 2013, climbing from $185,943 to $25,166,065. The number of program beneficiaries also skyrocketed, from 19,132 in 2004 to 587,836 in 2013. This leap is an increase of nearly 3,000 percent from 2004. It is worth highlighting that with the budget allocated for seed purchases in 2008 ($25,330.13), the program was only able to serve 325,920 families. But with a similar budget in 2013, the program was able to expand the number of beneficiaries to reach 541,000 families, an increase of 216,000 from 2008.

The design of the LACAP law made it difficult for small-scale producers to participate in the tender process, as they found themselves restricted by the time-consuming and costly demands for documentation and the rigid timeframe for application. The special decrees that the
government issued for seed procurement in 2013 and 2014 enabled the cooperatives producing corn seed to participate in the public procurement process for the first time. However, with the procurement process once again under LACAP in 2015 instead of using a special decree, it will be more difficult for new domestic producers to participate in the procurement process. Nonetheless, with the experience and technical support that domestic producers have gained over recent years, these producers are now better positioned to compete under the LACAP.

The technical support and capacity-building that MAG provided to small-scale farmers during production, as well as the creation of government procurement mechanisms that enabled participation of small-scale producers, has generated positive socio-economic outcomes and valuable impacts at the local and national level. From a socio-economic perspective, there has been an increase in the domestic production of basic grains. The production of certified corn seed climbed from 3,400,000 lbs in 2009 to 9,200,000 lbs in 2013. As a result of this increase, corn seed imports fell by 78 percent.

The 2013/2014 harvest yielded a record production of 1.125 million tons of white corn. Corn production leapt from 700,000 tons in 2004/2005 to 1.02 million tons in 2012/2013. Over that same period, bean production grew from 95,000 to 120,000 tons. This shift reflects an 82 percent drop in the trade deficit for basic grains from 2010-2013, which reflects a drop in imports from 1.12 million tons in 2010 to just 615,000 tons in 2013.

Locally, the impact of these changes can be seen in the creation, directly and indirectly, of 81,000 new jobs in agriculture in the 2013/2014 harvest; 60 percent of these jobs were for women. The growth in income has catalyzed local economies, and there has been an increase in knowledge and skills for producing, managing, harvesting and marketing corn and bean seed. This has enhanced the social development of communities, particularly where seed cooperatives operate.

By issuing the transitory decrees and providing technical assistance to small-scale producers, the Salvadoran state fulfilled its role of supporting the poorest and most vulnerable sectors. Moreover, through technical assistance and creation of conditions under which small-scale producers could participate in the tender process, the government increased competition and improved the quality of seed supplied. Finally, by executing the tender process publicly and setting equal technical requirements for all bidders, the government ensured accountability and transparency.

It is important for the government to promote a business climate in which domestic producers can compete with international suppliers. This requires policy incentives such as those issued in the framework of the Family Agriculture Plan to ensure that domestic producers can participate and compete in the government’s procurement of corn and bean seed. These policies have led to enhanced local production of high-quality seed, stimulating the local economy and contributing to food security and food sovereignty in El Salvador.