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USAID SME  
DEVELOPMENT PROGRAM

# ANNUAL REPORT: OCTOBER 2011 - SEPTEMBER 2012

**USAID SME DEVELOPMENT PROGRAM**

**January 2013**

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States government.



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## USAID SME DEVELOPMENT PROGRAM

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**DISCLAIMER**

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# ACRONYMS

APP	<i>Asocio Público Privado</i> - Public Private Partnership
ASBDC	Association of Small Business Development Centers
BCIE	Central American Bank of Economic Integration
CDMYPE	Micro and Small Enterprise Development Center
CONAMYPE	National Commission for Micro and Small Enterprise
COEXPORT	Exporters Corporation of El Salvador
FDA	Food and Drug Administration
FONDEPRO	Productive Development Fund
GOES	Government of El Salvador
IDB	Inter-American Development Bank
NGO	Non-Governmental Organization
MINEC	Ministry of Economy
MOU	Memorandum of Understanding
SME	Small and Medium Enterprise
OIT	Organización Internacional de Trabajo
PSO	Private Sector Organization
PDP	Program for Supplier Development
PMP	Performance Monitoring Plan
PPP	Public-Private Partnership
PROESA	Export and Investment Promotion Agency of El Salvador
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USG	United States Government
UTSA	University of Texas in San Antonio

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## EXECUTIVE SUMMARY

A difficult economic environment – characterized by a low external demand, loss of international competitiveness and lack of private investment – represented a big challenge for the Program during its first year of operations. In spite of this, the Program was able to establish some firm partnerships with both the public and private sectors and design and execute several programs in support of SMEs that have started to generate their first results and established the base to intensify operations in 2013.

The main governmental counterpart of the Program is the Ministry of Economy (MINEC), with which it collaborated by supporting two of its main entities: The National Commission of the Micro and Small Enterprise (CONAMYPE) and the Productive Development Fund (FONDEPRO). Additionally, the Program offered support to the Export Division of the Export and Investment Promotion Agency of El Salvador (PROESA), which used to be part of MINEC, but now forms part of the Technical Secretariat of the Presidency.

With respect to the private sector, the Program established a partnership with the Exporters Corporation of El Salvador (COEXPORT) to engage in multiple initiatives to promote SME exports, and with the Chamber of Commerce and Industry of El Salvador to collaborate in the implementation of the Suppliers Development Program initiated by the UNDP. The Program also offered support in training more than 300 businesswomen from Voces Vitales, and strengthened two clusters of SMEs, one in the handicraft sector and the other in the area of production and processing of vegetables.

Below is a summary of the main activities and achievements during FY2012:

### **Support for CONAMYPE and its Small Business Development Centers**

The support of the Program to CONAMYPE focused on strengthening its network of Small Business Development Centers (CDMYPEs) with the help of the Association of Small Business Development Centers of the United States (ASBDC). CONAMYPE launched this model in September 2010, which is based on the successful experience of the *Small Business Development Centers* (SBDCs) in the United States. CONAMYPE started with a pilot test of five CDMYPEs and is currently operating with 10 centers, with one more expected to join the network in 2013.

The Program's contribution to the CDMYPE model focused on three strategic areas: strengthening the human resources, improving operations, and finding ways to improve the sustainability of the model. In the human resources area the Program helped strengthen the technical skills of directors and business consultants of the centers, as well as CONAMYPE technical staff, through an intensive training program given by the SBDC-ITC from the University of San Antonio, Texas (UTSA), which shared with Salvadoran staff best practices developed in the areas of planning, administration, client attraction and segmentation, and monitoring and evaluation, among others.

With respect to improving operations, through UTSA the Program conducted on site assessments of the 10 CDMYPEs, in order to identify areas for improvement. The Program also strengthened CONAMYPE's capacity to capture and measure impact generated by the CDMYPEs and supported efforts to link the CDMYPEs to PROESA for referral of SMEs with export potential.

In order to help CONAMYPE find sustainability for the CDMYPE model, the Program subcontracted a local law firm to look for legal alternatives for signing multi-annual agreements between CONAMYPE and the operators of the CDMYPEs, instead of the annual agreements that are currently being signed because public funds cannot be assigned for longer periods, a situation which causes serious delays to the funding of the centers at the beginning of every calendar year.

The Program assisted CONAMYPE and CDMYPE representatives to participate in the 32nd Annual ASBDC Conference, held in New Orleans, and in the 13th Annual Conference of the Mexican Association of Small Business Development Centers (AMCDPE), in Monterrey. It also helped finance events such as the Third National Meeting of the SMEs, and a consultancy to design a business development center specialized in government procurement.

### **Support for the Productive Development Fund (FONDEPRO)**

Considering that FONDEPRO is one of the main instruments of the GOES in support of productive development, there was concern about the low placement of funds in 2011. For this reason, the Program offered its support to the reengineering process initiated by FONDEPRO, which included an increase in the maximum amounts to be financed and to the co-financing percentage, the creation of new funding lines, and the reduction of administrative burdens and requirements for companies that apply for funds.

In this context, the Program supported FONDEPRO in two strategic areas: improvements in the funding process and support in promoting the Fund with the private sector. In the first area, the Program financed a diagnosis of the organizational climate which also identified the main elements that were affecting relations among FONDEPRO staff and their willingness to adopt the new processes. With the findings of the diagnosis we supported the execution of a *Team Building* workshop with 22 members of the executive and technical teams. Parallel to this, the Program has started work on a consultancy to improve the selection criteria for grants and is scheduled to start another for the design of a monitoring and evaluation system to measure the impact of Fund activities.

Also, in order to improve communication between FONDEPRO and the private sector the Program provided computers for its Call Center and facilitated coordination with private organizations such as COEXPORT and Voces Vitales.

## **Support for PROESA's Export Division**

The Program strengthened the institutional capacity of PROESA by training its personnel, by supporting the organization of events and fairs, and through support to the *Step by Step Export Program*.

Training was provided by the UTSA International Trade Center and included the transfer of best practices in areas such as organization of the center, identifying clients, assistance to exporting companies, and strategic planning. The Program also offered support to PROESA (and COEXPORT) on the preparation and participation of 14 Salvadoran companies in two international fairs: the BIOFACH organic products fair in Germany and the ethnic foods fair, Expo Comida Latina in California.

Particular emphasis was placed this year on the *Step by Step Export Program*, which prepared 77 companies to export to Honduras, Nicaragua, Ecuador and Chile. Through this mentorship program these companies received market information on their sector, training on how to approach potential buyers in the selected country, and the opportunity to participate in a trade mission to that country. After concluding intensive training courses and after preparing their export plans, participating companies were able to travel in a trade mission to Santiago de Chile in September, while the trade missions to Ecuador, Nicaragua and Honduras were scheduled for October and November 2012.

## **Collaboration with the Exporters Corporation of El Salvador (COEXPORT)**

COEXPORT was the first private organization with which the Program signed an MOU and is the organization with which it has carried out the greatest number of activities; these include the promotion of trade opportunities, workshops on compliance with export requirements, support for obtaining international certifications, export market studies, meetings with foreign buyers, and participation in international fairs.

Besides the Biofach and Expo Comida Latina fairs mentioned above, the Program also supported COEXPORT to send several handicraft companies to the New World Craft fair held in Guatemala. The Program co-sponsored, together with COEXPORT and AL INVEST, two seminars for 44 companies in proper presentation, quality and packaging to be able to sell to the European Union. The Program also supported an event by COEXPORT, AMCHAM and FDA to disseminate the implications of the new U.S. Food Safety Modernization Act. Additionally, the Program co-financed the organic certification process for nine companies that are already exporting or wish to export to Europe, and organized meetings with 11 providers of the All Foods Company, a New York-based firm which distributes ethnic food and beverages.

## **Activities with the Cámara de Comercio e Industria de El Salvador (CCIES)**

CCIES operates the Providers Development Program financed by the UNDP, which seeks to develop productive chains with the participation and co-financing from lead companies and a group of their suppliers. The Program identified an opportunity to support this initiative and in July signed a subcontract with CCIES enabling it to finance

the development of productive chains of interest to the Program; through this subcontract the Program can also provide additional specialized technical assistance to firms participating in each supplier chain. Work under the PDP methodology will begin in October with two dairy products chains, one led by Agrosania and the other by Los Quesos de Oriente. Approximately 20 companies will be benefitted. Additional interventions are being evaluated in the tourism and metal-mechanics sectors.

Other activities with the CCIES included the *Third Regional Meeting of Micro, Small and Medium Enterprises*, with a participation of more than 100 companies from the Central American region, and the *First International Meeting of Suppliers Development Programs*, where representatives from Chile, Costa Rica, Mexico, Africa, Peru, Bolivia and El Salvador shared their experiences.

### **Support to SMEs in the handicrafts and vegetable processing sectors**

The Program took over part of the support that PDP-FOMILENIO had provided to the **MOJE and ACOPROARTE** handicraft companies in order to strengthen their associative structure and improve their trading skills in the local and international markets. These lead companies represent more than 200 micro workshops from the northern part of the country and have achieved sales of approximately \$250,000.

The Program also identified the opportunity to continue supporting El Salvador Produce, a marketing company that was created under the FOMILENIO framework and which groups 41 cooperatives from northern El Salvador. In July an MOU was signed with this group and with Super Selectos, in order to support efforts to introduce good practices and food safety in its processing plant. Within this framework the Program is helping prepare plant personnel in good manufacturing practices and HACCP, as well as in audit and certification.

### **Support to Female Entrepreneurship**

The participation of women in the training courses offered by the Program and its institutional partners was quite notable. Of 1,340 people trained in business development, 781 were women; also, 41 of the 67 business advisors that received training were women. Similarly, 45% of the jobs that were generated with support from the Program were for women.

The Program offered support to the 2012 edition of Voces Vitales' Exporters Development Program, especially through the promotion of two of its training modules, thus benefiting 319 woman-owned companies in San Salvador, Santa Ana and San Miguel. A third and last module with the support of the Program will take place in November, at the same time that the personalized assistance phase for 40 qualified entrepreneurs will have already started.

## **Some Quantitative Results**

Despite the difficult business climate and a year of poor economic growth, the Program was able to help generate more than \$5.5 million dollars' worth of new sales for SMEs; this was close to the initial goal of \$6 million dollars. This achievement was the result of technical assistance and training by public and private partners of the Program to a large number of companies and entrepreneurs. CDMYPEs and PROESA alone assisted 1,296 micro, small and medium entrepreneurs during this period, while private partners offered business and exporting assistance to 547 companies. During this period, the Program supported the execution of 32 business development training courses with the participation of more than 1,300 persons. Additionally, 67 specialized consultants received training in providing business development services. Besides the increase in sales, supported activities generated 199 new jobs and leveraged resources from the counterparts for more than \$320,000.

## A. INTRODUCTION

USAID's SME Development Program (from here on, "the Program") is a US\$9.6 million dollar initiative to be executed during a four year period; the objective is to offer support to the micro, small and medium enterprises (SMEs) of El Salvador and to ensure they have better access to quality entrepreneurial development services, increase their productivity and competitiveness and expand their operations in local and export markets. The Program began its execution on October 3, 2011.

To achieve its commitments, the Program is working both with entities from the El Salvador Government (GOES) as well as with private sector organizations that offer entrepreneurial development services or help the SMEs to achieve business opportunities.

From the start of operations the objectives of the Program have been aligned with the objectives established under the Partnership for Growth (PFG) agreement that was signed in November 2011 between the Government of the United States (USG) and the GOES, to help the country to overcome the restrictions to its growth. The PFG agreement and commitments constitute a reference framework for this Program's strategy to support small and medium enterprises (SMEs). The PFG establishes that "in order for El Salvador to see a significant improvement in the productivity of its tradable sector, the export companies and institutions involved in exporting, must improve their competitiveness on a regular basis". This is one of the key areas in which the Program supported the objectives of the PFG during fiscal year 2012 and will continue being an important area of focus for the coming year.

The purpose of this Annual Report, which corresponds to the period between October 2011 and September 2012, is to present the progress in accomplishing the objectives and goals established in the Work Plan for fiscal year 2012, according to section F.4 of the Contract signed between USAID/ El Salvador and Chemonics International Inc.

This document summarizes the activities that were executed by the Program during this year and it identifies challenges, lessons learned, and main activities to develop in the coming months. In accordance with section C.8 of the referenced contract, it also includes the results that have been reported to date regarding the increase in sales, job generation, resources leveraged and other indicators.

## **B. HELPING THE GOVERNMENT OF EL SALVADOR TO RESTRUCTURE SME ASSISTANCE**

### **B.1 Support to CONAMYPE and its Network of Business Development Centers for Micro and Small Enterprises (CDMYPE)**

#### **B.1.1 Context**

The Salvadoran business sector consists of approximately 600,000 commercial establishments, of which 99 percent are classified as micro, small and medium enterprises (MIPYME)<sup>1</sup>. Nationally, these businesses generate two thirds of total employment. This data demonstrates the important contribution of the MIPYME sector to the Salvadoran economy. It is clear that the need exists to promote growth and development to enable these businesses to reach a higher level of growth and economic development. One component of the USAID SME Development Program benefits the National Commission for Micro and Small Enterprise (CONAMYPE), under the auspices of the Ministry of Economy (MINEC). CONAMYPE is responsible for promoting and coordinating public policy for the development of the micro and small business sector.

Program support for CONAMYPE has focused on strengthening the model for Micro and Small Business Development Centers and began at the end of the first year of operations of the CDMYPE model in El Salvador. With support from the University of Texas in San Antonio (UTSA), CONAMYPE launched the model in September 2010. It is based on the Small Business Development Center (SBDC) model used in the United States. Initially, CONAMYPE opened five CDMYPE as a pilot program and currently the network has expanded to ten centers operating throughout the country.

One year after initiating CDMYPE operations, CONAMYPE acknowledged the need to strengthen and consolidate the model. It prioritized the following strategic focus areas: strengthening human resource capacity; greater efficiency and effectiveness of operational processes, and promoting the sustainability of the CDMYPE model. Based on these strategic areas, the Program and CONAMYPE developed the first year work plan. To implement the plan, the Association of Small Business Development Centers (ASBDC) has served as a key partner, providing access to CONAMYPE to its network of more than 1,100 SBDCs in the United States. Most planned activities were implemented with technical assistance from ASBDC and some of its affiliated centers. Recognizing that the SBDC from UTSA is a member of ASBDC, the Program was able to provide continuity to the initial work carried out between UTSA and CONAMYPE.

In support of human resource development, first year objectives centered on strengthening the technical capabilities of CDMYPE directors and business advisors as well as CONAMYPE's technical staff. To help accomplish this objective, a training program was designed and implemented with participation from the SBDC at UTSA, , the SBDC from Mississippi and the President of ASBDC. All parties shared best

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<sup>1</sup> El Salvador, *Generando riqueza desde la base: Políticas y estrategias para la competitividad sostenible de las MIPYME*. Ministerio de Economía. 2007

practices developed in the SBDC planning and administration process, client selection, capturing and measuring impact, among other areas. An on-site evaluation was carried out together with technical assistance from UTSA for the 10 CDMYPEs in the operational processes area. This identified potential areas for improvement of processes to attract and select clients, as well as capture and measure impacts. This evaluation served to re-define some processes, with the purpose of making them more effective. Currently there is a subcontract being implemented by a law firm to help address the sustainability of the model. This includes identifying and defining legal alternatives for signing agreements between CONAMYPE and CDMYPE operators. The objective is to eliminate the time lapse at the beginning of each fiscal year, which puts the continuity and sustainability of the model at risk, since GOES funding is temporarily suspended.

## B.1.2 Activities and achievements during FY 2012

### i. Human Resources

In February and March, the Program’s technical team, in coordination with CONAMYPE, developed a diagnosis to identify the training needs of the CDMYPE network’s human resources. The results of this diagnosis gave way to the design of a technical training program, to build capacities and capabilities of directors and business advisors of the network as well as CONAMYPE’s technical staff. The following activities were implemented during the year:

- **Transfer of best practices by the ASBDC and its SBDCs.**

1. *First Workshop to Support the Consolidation of the CDMYPE Network in El Salvador, January 17-19.* The SBDCs from San Antonio, Texas and Mississippi shared their best practices regarding the provision of services and natural disaster response and management. ASBDC’s President was one of the speakers; he shared the role and operation of the association and its connection with the affiliated centers. Thirty five people participated in the workshop, such as directors and advisors from the CDMYPE network and CONAMYPE’s technical team.
2. *Second best practices workshop based on the UTSA SBDC experience.* This activity was held on April 16<sup>th</sup> and focused on the directors of the CDMYPE network and technical staff from CONAMYPE. The Director of the UTSA SBDC, shared the tools that were developed by the Center on how to plan and operate an SBDC, as well as information related to generating, capturing and

Building capacities and capabilities of the CDMYPE network’s human resources



**Ingrid Hernández, Business Advisor CDMYPE UNICAES Ilobasco.**

*“With support from the USAID SME Development Program, throughout the year I had the opportunity to participate in a series of training sessions for CDMYPE advisors oriented to strengthen our skills and upgrade the quality of the services we provide to our beneficiaries in our assigned territories. Having acquired knowledge in new areas I have been able to provide more efficient advisory services to help the entrepreneurs to implement strategies that generate greater economic impact”.*

measuring economic impact. Twenty five people participated in the workshop.

3. *Workshop: Creating a Results-Based Culture for the CDMYPE Network.* With the continued support from the UTSA SBDC, a workshop was held April 17-18, 2012. UTSA shared best practices for attracting and classifying clients, as well as capturing and measuring impact. Fifty people attended the workshop.
4. *Study Tour to the International Trade Center located at the UTSA.* Marta Durán, Director of Entrepreneurial Development and Alejandrina Lemus Technical Advisor of Entrepreneurial Development both from CONAMYPE, traveled to UTSA between April 30<sup>th</sup> and May 4<sup>th</sup>. Participants learned first-hand about the applicability of the model and strengthened their relationship with the International Trade Center (ITC) staff at the University of San Antonio. The trip broadened their knowledge regarding the management of an SBDC, and to identify key elements that could be applied in El Salvador. The delegation was accompanied by two representatives from PROESA and one from the Program.
5. *CONAMYPE and CDMYPE participation in ASBDC's 32nd Annual Conference in New Orleans, Louisiana, September 11-14, 2012.* Two CONAMYPE representatives, four CDMYPE directors and one CDMYPE advisor traveled with the Chief of Party and the Business Development Services Specialist, to participate in the annual conference. The participants learned about the best practices developed by ASBDC regarding business consulting, management tools and the SBDC accreditation process, with the expectation of implementing these in El Salvador. The Salvadoran delegation had the opportunity to interact with advisors and directors from different SBDCs from the U.S. and other countries during the conference, to gauge the possibility of establishing mechanisms to exchange experience and expertise in different areas.

- **Training on the Buyer-Led approach for SME development delivered by international expert, Mr. Riordan.**

1. *Transfer knowledge regarding the "Buyer Led Approach."* The approach is based on helping small businesses produce goods and services demanded by

**Learning best practices to strengthen CDMYPE network**



**Miguel López, CDMYPE-FADEMYPE Director.**

*"In September 2012, I attended the XXXII ASBDC Annual Conference. The event showcased the best practices utilized by the SBDCs to help SMEs grow in the United States. During this event I was able to identify key strategies used by the SBDCs towards achieving this objective. I learned how the ASBDC works and the strategies they apply as an association to ensure sustainability. I noted that one of the main strengths of the SBDC model is the importance that the SBDC places on constantly developing the Human Resources that work in the SBDCs."*

market. This training, held on January 17<sup>th</sup> was part of the first workshop to support the consolidation of the CDMYPE Network in El Salvador.

2. *Workshop on strategies to increase and measure economic impact.* Based on his experience as Director of the USAID Poverty Reduction and Alleviation Program (PRA) implemented in Peru, and in his book, *We do Know How*, Mr. Riordan shared strategies to maximize and measure economic impact for CDMYPE Network clients. The workshop was delivered to CDMYPE directors and also offered the opportunity for the directors to share their experiences managing their centers. This served to establish closer connections between the various CDMYPEs. The event took place on July 19<sup>th</sup> with 14 participants.
- **Training for the CDMYPE network on “Techniques for the identification of companies with export potential”, delivered by PROESA.** An important short-term objective shared by CONAMYPE and PROESA is to establish a link between the institutions that will promote synergies between CDMYPE clients and PROESA’s support to exporters. From May 15<sup>th</sup> through the 17<sup>th</sup>, PROESA, with support from the Program, delivered this seminar to orient CDMYPE business advisors and CONAMYPE technical staff regarding the techniques and tools available to facilitate the identification and diagnosis of clients with export potential. Once identified, these clients can access PROESA counseling and other services to facilitate the exporting process. The seminar exposed the participants to the necessary tools for evaluating potential exporters and provided information about international trade databases available on the Internet.
  - **Transfer of methodologies to capture and measure CDMYPE Network impact indicators.** The seminar “*Foundations and Mechanisms for the Capture and Measurement of Impact Indicators*” was held on August 29<sup>th</sup> with a total of 66 participants. . The seminar served to transfer the methodology developed by the Program to capture and measure the impact generated by the services provided by the CDMYPE to the directors and advisors of the centers and CONAMYPE’s technical staff. The seminar was held in two parts. First, monitoring and evaluation specialist, Marco Castro, developed the conceptual impact evaluation and measurement framework. Second, CONAMYPE shared the new methodology for collecting and measuring impact data with the CDMYPE. The process was formalized in a manual. The new methodology is being applied as a pilot program by the CDMYPE network in 2012.
  - **CONAMYPE’s participation during the 13th Annual AMCDPE Conference.** Ileana Rogel, CONAMYPE’s Executive Director and Rafael Ortiz, Manager of the CDMYPE network, attended the 13th Annual Conference of the Mexican Association of Small Business Development Centers (AMCDPE) which was held in Monterrey, Nuevo León, Mexico, and September 26-28, 2012. The objective of their participation was to learn about the experiences and good practices developed in Mexico during the implementation of the SBDC model, for its possible application in El Salvador. AMCDPE is comprised of 108 SBDC’s throughout Mexico, which are operated by more than 40 higher education institutions. The Salvadoran delegation

had the opportunity to meet representatives of the Universidad Autónoma of the State of Mexico, where AMCDPE's main office is located and where the Organizations and Administrative Development Directorate is directly responsible of the accreditation process for member SBDCs. The Program's Deputy Chief of Party and the Business Development Services Specialist also participated during the conference.

**ii. Operational processes**

The main objective for this area was to strengthen the processes implemented by the CDMYPE network to provide improved services SMEs. The following describes the main activities:

- **First on site evaluation of the operational processes of the CDMYPE network, to identify improvement opportunities.** During the May 22-29 period, Mr. Paredes and Ms. Garcia from the SBDC at UTSA visited the nine CDMYPE in operation at that time. The purpose of the visits was to learn about the main processes used by the centers to identify, select and assist their clients and to see firsthand how they capture and measure economic impact. The UTSA representatives evaluated the human resource capacity within the centers and the level of implementation of the best practices that were transferred during previous training programs. During this evaluation, UTSA interviewed CDMYPE clients to gather information about the quality of services being provided by the CDMYPE. The representatives from UTSA were able to identify the strengths developed by the CDMYPE and the areas that continue to present opportunities for improvement. The findings and results of the visits were presented to the CONAMYPE executive team. CONAMYPE analyzed and discussed the findings during a workshop on May 30<sup>th</sup>. This resulted in modifying processes, in particular related to capturing and measuring impact data.
- **Diagnosis of the monitoring and evaluation system.** The Program, in coordination with CONAMYPE, carried out a diagnostic of CONAMYPE's monitoring and evaluation system. The results revealed limitations related to the development and definition of the indicators. Additionally, the software being used to measure and evaluate impact data also had limitations.

In recognition of the importance of strengthening the CDMYPE monitoring and evaluation system, CONAMYPE made this a priority area of focus and implemented the following activities:

1. *Strengthening the Information Management System (IMS).* This is the software currently in use by the CDMYPE network and CONAMYPE to register the operations of the centers on service provision. With the support of a local consulting firm, Outstanding, changes are being made to the programming. These include improvement of management reports with the development of a personalized reports module and a second module that calculates the indicators. The services provided by Outstanding are expected to conclude by the end of 2012.

2. *Design and Implementation of the Manual to Capture and Measure Impact.* To overcome the lack of clarity on the development of indicators, the Program supported the design and implementation of the “*Instructions Manual to Capture and Measure Impact and Management Indicators of the Services Provided by CONAMYPE, through the CDMYPE network.*” The manual includes new methodologies to measure the impact of the interventions of the network and builds on an August 29<sup>th</sup> workshop. Since that date the CDMYPES have been implementing a pilot program using the new methodology to monitor and evaluate economic impact and as such will be carried out during the last quarter of 2012 and will serve to validate and/or adjust the methodology and submit it later for CONAMYPE approval.

**Strengthening CDMYPE Model**



**Rafael Ortiz, CDMYPE – CONAMYPE Manager**  
*“The support of USAID SME Development Program has contributed significantly to strengthen the CDMYPE model in El Salvador by further developing the capacity of the Human Resources of CONAMYPE and the CDMYPES. This has been achieved by transferring best practices in key areas such as developing a results oriented culture and creating the mechanisms to capture and measure impact. The exchange of experiences and knowledge with representatives of the SBDC network in the United States and Mexico has played a major role towards achieving these goals. The Program has also contributed to improve the information management system currently in place so that it can become a more effective management tool to record and capture information necessary for monitoring clients and capturing impact.”*

**iii. Sustainability of the CDMYPE Model**

One of the big challenges of the CDMYPE model in El Salvador is to guarantee its sustainability – which is a concern among the various stakeholders. The Program is supporting CONAMYPE on the identification of mechanisms to build a solid and sustainable model. The following activities were carried out for this purpose:

- **Information exchange meetings between the Directors of the CDMYPE Network and CONAMYPE.**

Recognizing that the CDMYPE network in El Salvador is still nascent, the Program quickly identified the lack of communication between the centers. Furthermore, the relationship between CDMYPE operators and CONAMYPE must be strengthened. To promote better communication, the Program facilitated meetings where the directors of the centers shared their experiences and addressed common issues related to the sustainability of the CDMYPE model. This resulted in greater interaction between the centers as well as between the centers and CONAMYPE. This is important to strengthen and consolidate the public-private-academia partnerships.

- **Identification of legal alternatives for the establishment of agreements between CONAMYPE and the CDMYPE Network.** A critical aspect regarding the

sustainability of the CDMYPE model is the one related to the disbursement of resources from CONAMYPE's annual budget to the CDMYPEs. Currently, at the end of each Salvadoran fiscal year, each center must establish their annual budget while they wait for the allocation of new funding s for following years' operations. On average, there is a lapse of three months between fiscal year end and the availability of new funding to continue the operations of the center. During this period, centers either shut down their operations until a new agreement was signed by CONAMYPE and a new respective budget was assigned, or they continued to provide limited services with their own resources. The organizations that operate the CDMYPE's consider this a critical situation because of the shutdown that is generated on the operations which sometimes results in the loss of human resources. To find a solution to this problem, the Program has subcontracted the services of the law firm AZUL VIOLETA, S.A. DE C.V. The law firm is working together with CONAMYPE and the centers to identify alternatives that will help to eliminate this impasse. It is critical that CDMYPE operations are not interrupted at the beginning of each fiscal year. The Program expects to receive a final product from this subcontract by December 2012, for immediate implementation.

#### iv. Other types of support

- Proposal to operate Specialized Government Procurement Centers.** The purpose of this consultancy was to define the strategies and mechanisms for CONAMYPE to offer support to companies interested in becoming providers of goods and services to the Government of El Salvador. National legislation establishes that 12 percent of all acquisitions made by public institutions must be sourced from micro and small enterprises. This activity received co-financing from the International Labor Organization (ILO).
- Third National Meeting of SMEs.** The Program supported CONAMYPE as sponsor of the *Third National Meeting of SMEs*, known as "*Eliminating Barriers and Creating Financial Opportunities for the Micro and Small Enterprise.*" This activity was held on September 19<sup>th</sup> at the International Fair and Convention Center (CIFCO) facilities in San Salvador, The Technical Secretariat of the Presidency and the Minister of Economy inaugurated the event. This is an annual activity developed by CONAMYPE and provides a venue for the CDMYPEs to showcase their achievements and encourage the micro and small businesses to access their services. Other institutions also participated in the meeting, highlighting issues of relevance to the SME sector.



Opening ceremony of the 3rd. National Meeting, of SMEs held on September 19, 2012, at the CIFCO.

The Program's participation included the sponsorship of the stand for the ten CDMYPEs. This allowed CDMYPE advisors to provide advice to visiting entrepreneurs and display their products. The stand also counted with an audiovisual and information technology area.

The Program took the opportunity to mount an Institutional stand to promote the Program's services to SMEs. It is estimated that over 1,000 small entrepreneurs participated in the event.

### B.1.3 Main Achievements

During its first year of implementation, the Program established a strong relationship with CONAMYPE. Below is a detail of other main achievements:

- Strengthen the skills and increase motivation CDMYPE staff by transferring knowledge and providing tools through the mentioned training workshops.
- Reinforce the knowledge regarding the operations of the SBDC model and improve the model in El Salvador.
- Promote a results-based culture among CDMYPE personnel. The new process to capture, monitor and evaluate impact data is helping.
- Promote exchange visits with the United States and Mexico, which has helped to better orient the work being done by the CDMYPE network.
- Strengthen the management information system.
- Support the identification of legal alternatives that will allow the operations of the CDMYPE to continue year round.

#### *Summary of results of CONAMYPE and CDMYPE network management*

As of September 2012, ten centers were operating around the country. Considering that the agreements between CONAMYPE and the operators were signed between March and April 2012, except for the CDMYPE operated by the University of Sonsonate, the new centers were in operation for approximately six months. Important results of the administration have been accounted for during the reporting period for this report, such as:

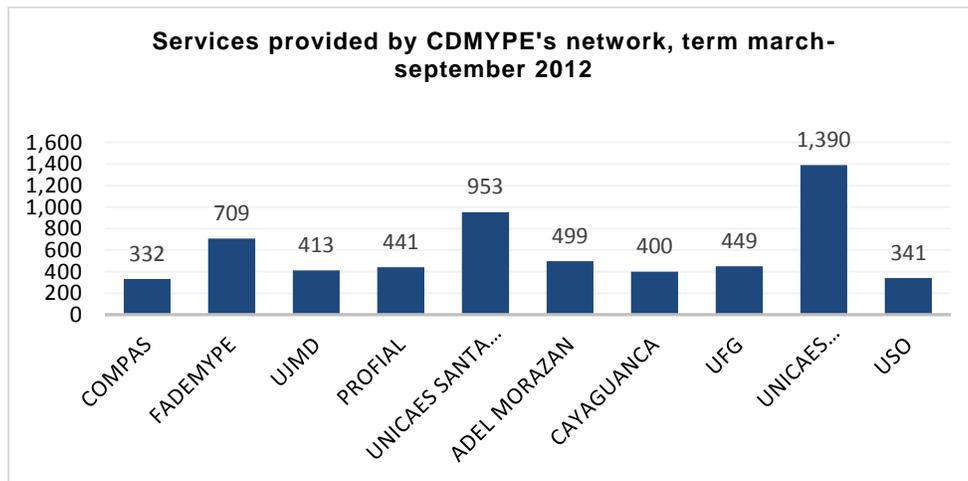
#### **Number of clients assisted by CDMYPEs**

CDMYPE - COMPAS	95
CDMYPE - FADEMYPE	145
CDMYPE - UNIV. MATIAS DELGADO	182
CDMYPE - CONSORCIO PROFIAL	127
CDMYPE - UNIV. CATOLICA ES FILIAL SANTA ANA	143
CDMYPE- ADEL MORAZAN	102
CDMYPE- ASOCIACION CAYAGUANCA	120
CDMYPE- UNIV. FRANCISO GAVIDIA	124
CDMYPE- UNIV. CATOLICA ES FILIAL ILOBASCO	161
CDMYPE- UNIV. SONSONATE	97
<b>Total</b>	<b>1296</b>

Of the 1,296 clients attended by the CDMYPE network between March and September, 21 percent are entrepreneurs (i.e. start-up businesses) and 79 percent are operating businesses. The CDMYPE operated by the University José Matías Delgado is the one that has provided services to the most clients (182) followed by the Universidad Católica de El Salvador - Ilobasco, with a total of 161 clients.

*Amount of services provided by the CDMYPE Network:*

In all 5,927 services were offered to the SME sector through the CDMYPE network. This figure accounts for training, consulting services, technical assistance and market linkages. The following chart shows the distribution by CDMYPE:



The center that has offered the highest amount of the total services provided by the CDMYPE network is operated by the Universidad Católica de El Salvador. The Ilobasco center has offered 23 percent while the center in Santa Ana has provided 16 percent. When comparing the data from the chart, of the clients attended by the network, we can conclude that the center that has attended a greater number of clients is not necessarily the one with the greater amount of services offered. In other words, a center can attend a large number of clients and have a low average of services for each one, or contrary to this, it can attend a reduced number of clients and have a high average of services provided to each client. This is the case of the CDMYPE operated by the Universidad Católica de El Salvador, Ilobasco that has attended 161 clients with an average 8.6 service for each.

**B.1.4 Outlook for 2013**

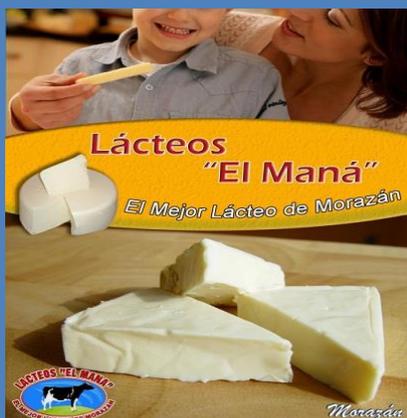
For FY 2013 the Program will continue to support CONAMYPE in strengthening key areas that favor the consolidation of a solid network of CDMYPEs at the national level



Immer Adin Reyes founded “Lácteos el Maná” in Morazan in 2000. When he started experiencing difficulties to grow, he requested advice to CDMYPE ADEL Morazán. After completing a diagnosis of this company, an expert in cost analysis indicated the necessary steps that he needed to take to organize his business and control production costs. Implementing these recommendations he was able to improve the decision making process and identify the activities and processes that were generating losses for the Company. CDMYPE’s support also included the design of the commercial image for his company and allowed him to promote his company more effectively as he started to print banners for point of purchase, posters, and tags for their products, business cards, envelopes, invoices, brochures and advertising.

On the other hand, Don Immer didn’t know the applicability of Information and Communication Technology (ICT) and its use to improve the competitiveness of business; so CDMYPE trained him in this area. Nowadays Don Immer uses e-mail to establish business contacts and has opened a website for his business.

The assistance of ADEL Morazán CDMYPE’s advisors has been instrumental in the growth of “Lácteos el Maná” which has diversified its range of products and is generating more sales. To meet this growing demand, Don Immer has hired new staff, provides delivery service and has opened two more branches of his business, hoping to continue growing in the medium term.



and improvement of the quality of services that are being offered to micro and small businesses. These efforts will be aimed at:

- Continue improving the quality of services provided by the CDMYPE network by training center staff and establishing the bases for an accreditation program to standardize the processes and procedures used by the network when providing business development services.
- Consolidate the implementation of the new monitoring and evaluation processes used by the CDMYPE network. This includes providing CONAMYPE and the centers, the technological tools that will contribute towards improved performance.
- Support the establishment of an Association of Micro and Small Business Development Centers for El Salvador which is expected to be capable of managing financial resources in the medium term, to complement the budget already being granted by the GOES. This will contribute to the sustainability of the CDPYME model.

Additionally, the Program will support CONAMYPE in actions aimed at promoting and expanding the CDMYPE model in El Salvador, such as opening new centers, development of activities generate awareness of the work being done by the CDMYPE network.

## **B.2 Support for the Productive Development Fund (FONDEPRO)**

### **B.2.1 Context**

One of the objectives of the Program is to provide technical assistance to the Ministry of Economy (MINEC) to strengthen their capacity to offer efficient services to the SMEs. When the Program began operations, between October and December 2011, the Ministry of Economy was going through a transition period that included personnel changes at the Trade and Industry Vice Ministry, the principal counterpart of the Program and the department within MINEC responsible for coordinating promotion of production and development of entrepreneurial capacity. Nevertheless, the Program's technical team held meetings with a number of its officials, including the Minister and Vice Minister of Economy, the former Director of FONDEPRO, the Director of Productive Value Chains and the Director of Technological Innovation and Development. They succeeded in identifying some areas of collaboration, which were included in a preliminary Action Plan. In December, 2011 a new consultation process was held in order to validate the previously identified areas of collaboration, after Mr. Flores had been appointed as the Trade and Industry vice Minister and after the resignation of the Director of FONDEPRO. Finally, in February 2012 after the appointment of the new Director of FONDEPRO, ministry officials asked that the efforts of the Program focus on strengthening said Fund, due to its importance as one of the main instruments of MINEC used to support the business sector.

FONDEPRO is a financial fund managed by MINEC to grant co-financing to the MIPYME (Micro, Small and Medium Enterprises) to strengthen their competitiveness and to generate economic impact. The Fund, originally the Exports Development Fund (FOEX), was created in 2002 as and operated during its initial years with financial resources granted by international organizations. However, because of its relevancy, the Government of El Salvador in 2010 decided to institutionalize and strengthen FONDEPRO, granting it resources from the national budget. In 2011, FONDEPRO was designated \$3 million dollars from the national budget.

FONDEPRO had limited capacity in dispersing funds due to limited co-financing processes. Consequently, in 2011 FONDEPRO only distributed 41% of its funds and approved only approximately 12% of the eligible initiatives. Additionally, single requests required a prolonged period of time for approval. This caused the Fund to lose credibility in the business sector. In order to overcome the situation, throughout 2012 FONDEPRO implemented a re-engineering process to simplify its internal proceedings and ensure that the co-financing granting process was more efficient. Changes were incorporated in the Fund's User's Manual, which included increases in the maximum co-funding amounts and percentages, and the creation of new lines of co-financing. Additionally, its internal organizational structure was redefined to respond to the new processes and objectives of the Fund.

## **B.2.2 Activities and achievements reached during FY 2012**

In April 2012 the Program began working with FONDEPRO; with the main objective of strengthening its capacity to grant co-financing for the SMEs in a faster and more efficient manner. The following two strategic areas were prioritized: improvements to the granting of co-financing processes and support in linking FONDEPRO with the private sector.

### **i. Improvements in the processes to grant co-financing**

Work with the FONDEPRO technical team in this strategic area centered on the design and implementation of actions aimed at simplifying its operational mechanisms and in offering more efficient services. In this sense, the Program offered specialized technical assistance in the following issues:

*a. Diagnosis of the organizational climate to identify elements affecting the employee relations and their disposition toward the adoption of new processes.* As with all processes of change, resistance to change was demonstrated among technical staff as the new processes and new organizational structure were put in place; this restricted adequate implementation of the changes and generated working climate that did not lend itself to an improvement in the Fund's performance. Each one of the members of the technical team and of the executive team of FONDEPRO were interviewed during the development of the diagnostic; also interviewed were members of the evaluating committees and of the Executive Board. This resulted in a validation of the need and urgency of defining and standardizing the selection criteria for initiatives that request co-financing, as it is one of the main causes for internal conflicts. Similarly, they also identified the need for defining standards in order to objectively assess the individual performance of each of the members of the team and establish effective communications mechanisms. As part of this specialized assistance the Program is also considering offering *coaching* sessions at all levels of the institution as well as the establishment of follow-up commitments to consolidate the integration of the team. It is estimated that the final results will be achieved by December 2012.

**b. Team Building Workshop with the FONDEPRO Team.** As part of the organizational climate improvement process, the Program supported a *Team Building* workshop, which was held on October 2nd at the Hotel Sheraton Presidente, with the participation of 22 people from the executive and technical teams of FONDEPRO. The objective of the activity was to validate the findings from the interview process and promote the team's integration through communications, motivation and leadership dynamics. As a result of this workshop, three areas were identified for strengthening: respect, empowerment and organization. Three work groups were formed, the same groups that designed the action plan that will be implemented during the first quarter of next year. Finally, joint agreements on coexistence were elaborated and each member expressed their commitment to supporting the improvement of the organizational climate at FONDEPRO.



FONDEPRO Team attended the Team Building workshop to promote staff integration and improve the working environment.

**c. Advance in the definition of evaluation criteria for initiatives requesting co-financing.** The lack of clear criteria to evaluate and select initiatives requesting co-financing, is one of the main limitations on the expedition of dispersal of available funds. In this sense, the Program, together with FONDEPRO, designed the terms of reference for a specialized consultancy to help to define such criteria.

**d. Advance on the design and construction of a monitoring and impact evaluation system.** FONDEPRO and the Program both agree on the need to evaluate the economic impact of the services it offers to the clients. During its 10 years of operations, FONDEPRO's work has been measured based on management indicators: amounts of funds distributed and the number of clients served. However, there is interest in measuring the economic and social impact of the activities of the Fund, including the amount of sales generated and jobs created. In August 2012 FONDEPRO, with the support of the Program, developed a pilot test to measure the degree of customer satisfaction regarding the services they had received. The evaluation was carried out with 48 beneficiary businesses, which is equal to 45% of the total amount of businesses that received support during the first semester of 2012, whose initiatives reached a level of implementation equal to or greater than 60%. FONDEPRO was then able to identify that the support offered to this group of businesses, generated \$4.4 million in sales and 148 new jobs. Additionally, the performance of the Fund was well evaluated by the businesses surveyed; this suggests that the changes that were implemented were effective. During these fast few months, the Program has been working together with FONDEPRO on the definition of the monitoring and impact evaluations system, which is hoped to be systematized into an instructions manual. To date, the management and economic impact indicators have

been defined and the hiring process of a consultancy to automate processes of capturing and measuring data is advancing.

## ii. Support on linking FONDEPRO with the Private Sector

In this strategic area, the support of the Program was mainly aimed at promoting a closer relation between FONDEPRO and the public and private sector institutions, in order to promote companies' access to its platform of services. The following procedures were developed for this purpose:

*Support the linking of FONDEPRO with public and private sector institutions, such as PROESA, the Corporación de Exportadores de El Salvador (COEXPORT) and Vital Voices.* The Program established different procedures to facilitate the coordination of efforts between FONDEPRO and other SME support organizations, such as PROESA, COEXPORT and Vital Voices. Currently, FONDEPRO and PROESA are working closely together to offer accompaniment to the businesses that participate in fairs and trade missions abroad, including those that are part of the Step by Step Export Program, which is supported by the Program. The Program also encouraged FONDEPRO's participation during the event known as "Requirements for Applying for Funding at the Economic Development Fund and at the Productive Development Fund" held on the 17th of May. This event was coordinated by COEXPORT with the support of the Program; approximately 60 representatives from the private sector were in attendance. During the event, the Promotions Coordinator from FONDEPRO spoke about the support that is available for the business sector and of the different co-financing lines of the Fund.

## iii. Support for equipping the new FONDEPRO Call Center.

On September 14, the Program donated four computers, including headsets and Office licenses to FONDEPRO, with the purpose of strengthening the operations of its new Call Center; which constitutes an important direct channel with the business sector. The Call Center is one of the main tools that FONDEPRO now utilizes to promote its lines of co-financing and to develop a closer relation with the Salvadoran SMEs. The Call Center operates under the 2247-5566 telephone number, using the Ministry of Economy's Call Center structure; nevertheless, they did not count with the ideal technological equipment to carry out the work in an efficient manner.

To date the Call Center's operations have facilitating the linkage of 278 exporting

### Equipping the new FONDEPRO call Center



**Alejandro Panameño – FONDEPRO**  
*"With support from the USAID SME Development Program, FONDEPRO managed to implement a call center, which has served to increase the direct contact with the SME sector. The Call Center has allowed us as to , October 2012, to establish direct communication with over 500 new SMEs in different areas of the country (Central, Western and paracentral), identifying among them more than 50 new project initiatives that have been evaluated by the Fund"*

companies assisted by PROESA, to the available co-financing services at FONDEPRO. Likewise, companies that operate within the country have been contacted and have received assistance through the *Call Center*. Therefore, 495 calls have been counted the majority of which come from the Departments of: San Salvador (290), La Libertad (125), Santa Ana (25) and Sonsonate (10). Finally, the implementation of the *Call Center* has allowed the identification of 50 business initiatives (12 projects and 38 rapid execution projects) to be financed by the Fund.

### B.2.3 Main Achievements

At the end of the 2012 fiscal year, 2012 FONDEPRO has achieved important progress in the simplification of its processes to grant co-financing. Although there are still areas that need improvement, its management demonstrated significant advances, not only in the placement of funds, but also in the level of satisfaction with the services received by beneficiary companies. Below is a summary of the management results for FONDEPRO in 2012:

- FONDEPRO's effectiveness tripled in the distribution of co-financing funds.** By September 30th 2012, \$2,389,685 million dollars had already been distributed; this is equal to 80% of the total available funds. The Fund's Administration believes that the remaining 20% will be distributed to initiatives that are currently undergoing the evaluation process. This means that the effectiveness of the distribution of funds was three times greater than in 2011, because by September of last year, only 24% of the funds had been distributed (\$729,483).
- The initiatives approval process was faster and a greater number of businesses benefited.** In 2012 the response time to requests by companies decreased, with the Fund approving a total of 180 initiatives; this figure reflects an increase of 22% with regards to 2011. This means that between January and September, 133 companies received support from FONDEPRO, 37 more than those that received support in 2011. Of these companies, 22% operate in the food and beverage sectors; 16% in manufacturing, 16% in services including tourism, 13% in agroindustry, 8% in textiles and clothing, 7% in the pharmaceutical industry, and the remaining 18% in diverse activities, including metal mechanics and agroindustry.

FONDEPRO's management outcomes  
January-September 2012

Indicator	2012
<b>Total placed funds</b>	<b>\$2,389,685</b>
<b><i>By assistance line</i></b>	
• Innovation and technology	\$1,668,663
• Market development	\$428,881
• Dynamic entrepreneurship	\$226,000
• Quality and productivity	\$57,439
• Cleaner production	\$8,700
<b>Total SMEs assisted</b>	<b>133</b>
<b>N° of approved initiatives</b>	<b>180</b>
<b><i>By assistance line</i></b>	
• Market development	90
• Innovation and technology	71
• Quality and productivity	16
• Dynamic entrepreneurship	2
• Cleaner production	1

Source: Self-development from FONDEPRO's data

- **There is a high degree of satisfaction among companies regarding the services they received.** The results of the opinion polls executed in August 2012 show that 85% of the beneficiaries are very satisfied with the quality of the service they received and 79% stated the same degree of satisfaction with the technical services. However, when breaking down the services, only 49% of the entrepreneurs said they were satisfied with the services received during the follow-up and reimbursement phases. The agility in granting co-financing continues to be an area of opportunity for improvement since only 69% of the companies stated they were satisfied in this respect.
- **The credibility of FONDEPRO has improved as an instrument of competitive development support for the SMEs.** Of the companies surveyed, 85% said that FONDEPRO is an institution that generates trust and 75% stated that the institution has personnel with a high degree of professionalism.

#### **B.2.4 Outlook for 2013**

In 2013 the Program will continue to support FONDEPRO in strengthening their strategic areas, in order to consolidate the changes that have already initiated and achieve an effective implementation of the new processes. In this sense, the efforts will focus on:

- a. Defining and implementing the new evaluation and selection criteria of the business initiatives that request co-financing from FONDEPRO. This implies the development of a specialized consultant that will define such criteria, as well as providing training on their application to all of the involved parties.
- b. Design and implementation of the Monitoring and Impact Measurement System, which implies the systematization of an instructions manual for its application; also, the development of a technological platform to automate the capturing and measurement process of the impact and management indicators included in the system.

In addition to the aforementioned activities, the Program could continue to support FONDEPRO in its promotion and outreach activities to the private sector and in coordinating efforts with public and private institutions to achieve greater inter-institutional coordination in benefit of the SMEs.

### **B.3 Strengthening PROESA's capacities to provide export support services for the SMEs**

#### **B.3.1 Context**

The Program offers support to PROESA, the Export and Investment Promotion Agency of El Salvador with the purpose of strengthening its institutional structure, promoting greater bonds with the private sector and providing the services demanded by the

exporting SMEs. The Program therefore, contributes to the objectives of the Partnership for Growth agreement signed between El Salvador and the United States and in particular with the Objective 6 that looks to “Overcome low productivity through the transformation of the production factor of the tradable sector through the implementation of strategies to improve innovation, quality and internationalization”.

PROESA is an entity supervised by the Technical Secretariat of the Presidency is composed of three departments: the Investments Directorate, the Exports Directorate and the Public – Private Partnership Directorate. The Program works especially with the Exports Directorate on its support to SMEs; it has also however, supported the Public-Private Partnership Directorate with some very specific assistance within the framework of Partnership for Growth.

The Program began operations in October 2011 and contacted PROESA’s now former Executive Director, Mrs. Carolina Avalos and with the Exports Director, Mr. Giovanni Berti, almost immediately. However, in December 2011 Mrs. Avalos left for another government entity and Mr. Berti was appointed acting Executive Director; he continues to work in the same position. In January 2012, the Program defined its work plan for FY2012 together with the acting Director and his management team. Later on, in April of this year, the management team was faced with another change, when the Manager of Trade Promotion was substituted.

The beginning of the Program not only coincided with the institutional changes in PROESA, but also with the signing of an Agreement of Understanding between PROESA and CONAMYPE that would allow PROESA to decentralize its services in the interior of the country. The Program agreed to support this effort, which also constitutes a better practice of the SBDC specialized in foreign trade in the United States, which offer this type of service to the general SBDC.

During the planning phase of the Program and in order to promote the Program’s work plan with PROESA, and also to respond to the needs of the private sector, the Program collected opinions from the exporting SMEs that were being assisted by PROESA.

#### Strengthening the institutional capacity of PROESA



#### **Giovanni Berti, Executive Director a.i. - PROESA**

*“The support received by the Program has influenced the Agency positively in two ways: First, it has allowed the technical team of the exports unit of PROESA to learn about the best practices applied by the SBDC specialized in International Trade of UTSA and how these practices can be incorporated to the regular work of the Agency and in relation to the work to be conducted with the CDMYPE. And second, it has contributed to improve our management introducing improvements in our Information management system, particularly in relation to client follow up, reporting and monitoring and capturing and impact.”*

**Source: Report of the work between PROESA and USAID SME Development Program, prepared by PROESA**

### **Activities and achievements reached during FY 2012**

During the first year of the Program, it focused on the following strategic work efforts:

- Strengthening the institutional capacity of PROESA to deliver quality services to the SMEs through training and consultancy by UTSA so that PROESA can adopt best practices of a SBDC specialized in International Trade,
- Supporting the organization of events and fairs, facilitating the coordination with private sector organizations such as COEXPORT.
- Support for the Step by Step Export Program, which allowed 77 Salvadoran companies to prepare to export to different destinations,
- Decentralize PROESA's services for the DCMYPES that are in the interior of the country, by adopting the United States' work model of a general SBDC with a SBDC specialized in international trade,
- Support to the Public Private Partnership Directorate, especially for human resource training

Below is a detail of the main activities of this line of work:

**i. Strengthening the institutional capacity of PROESA to deliver quality services to the SMEs**

**Technical training for advisors and managers from PROESA, given by UTSA to promote the adoption of best practices in client segmentation and management.** The Program identified UTSA as a strategic partner to delivery training to PROESA due to its specialization in foreign trade as well as its great success within the SBDC network in the United States. Additionally it has been working for over two years in El Salvador with CONAMYPE and its network of CDMYPES. A two-phased training course was organized between March and April 2012 to facilitate the adoption of this methodology and best practices for PROESA's management.

Between March 7th and 9th, the University of Texas in San Antonio executed the first technical training module for PROESA with the purpose of transferring the best practices from the SBDC model. For the most part, this module addressed the general structure of an International Trade Center, the services for each segment of businesses, the segmentation techniques and customer service, and follow-up on the procedures of the advisors. PROESA's technical team expressed great satisfaction in their surveys after the course; they saw several similarities in the nature of the work of the advisors in both institutions, facilitating the identification of opportunities to transfer new techniques and processes for PROESA's procedures.

This training was complemented with a second module which was took place between the 11th and 13th of April. The main objective of this module was to create institutional capacity in PROESA, to develop a strategic and an operational plan to continue improving is operations. Analysis of weaknesses and strengths were developed during this module and processes of attracting clients and follow-up with clients were reviewed. Seven advisors from PROESA, two market intelligence advisors and two fairs and trade promotion advisors participated in the course; also, the exporter development and trade promotion managers were present. The managers of CONAMYPE participated during

the first module and parts of the second module, to learn about PROESA's operations and how the CDMYPE could start to refer clients who have export potential.

**Study trip to the International Trade Center at the University of Texas in San Antonio.** To conclude the mentioned training phase, the Program financed a study trip for the Director of PROESA and the Manager of Exporter Development who, accompanied by authorities from CONAMYPE and the Program's Deputy Director, visited the facilities of the specialized SBDC in Foreign Trade at the UTSA between April 30th and May 4th, to learn first-hand about their work methodology. This visit allowed them to internalize the experience of a specialized SBDC. They learned more about its processes, the profile of their advisors, and different tools used in the provision of high value services for the entrepreneurs.

**Transfer of best practices to the departments of PROESA's Exports Directorate.** After the conclusion of the second training module in April 2012, officers from UTSA held individual sessions with the departments of Exporters Development, Trade Promotion and Market Intelligence, with the purpose of analyzing the current situation of their processes. As a result of these meetings and previous exchanges, UTSA prepared a report for PROESA that included specific suggestions on adjustments that the institution can make to improve the work distribution and monitoring results, since these were the areas of improvement that were identified during the assessment. Additionally, UTSA prepared reports for PROESA that included examples of job profiles for the business advisors, examples of a strategic map for the accomplishment of results and examples of all of its base and impact information capture. The outcomes of this consultancy will serve PROESA as a best practices reference and on how they can be adopted in the short and medium term.

**Adoption of a monitoring and evaluation system following the best practices of an SBDC specialized in foreign trade.**

In July 2012, the Program presented a proposal to PROESA in order for the institution to adopt a monitoring and evaluation mechanism that would allow it to capture base line information when an intervention begins and then again later, to measure the impact on exports increase resulting from the assistance that had been delivered. Until now, PROESA was only capturing the amounts negotiated from trade missions. In September 2012, PROESA informed the Program that after receiving the proposal, it had developed its own version and would be using it to measure results twice-yearly.

**Beginning of improvements of PROESA's IT system and the development of a monitoring and evaluations module.** A consultancy financed by the Program began in August 2012; it aimed to improve the computerized customer follow-up system for the Exports Directorate at PROESA, known as SIGGE. The system users are de business advisors at PROESA, the acting Executive Director and the trade promotion, and market intelligence managers. The system, whose improvements are to be completed by FY2013, is expected to deliver administration reports and measure time invested by the advisors in the companies that they assist, in a more efficient manner. The consultancy includes the development of a monitoring and evaluation module within the SIGGE IT system; this will help advisors capture the economic impact of the companies that they are assisting.

Previously, the system only allowed for follow-up on the activities that business advisors had programmed with the companies, without being able to capture the increase in exports that were generated by them. This module will be included during the first quarter of FY2013.



***Participation of Salvadoran products in international fairs.***

In coordination with its strategic partners The Program has promoted the participation of SMEs in international fairs where companies and entrepreneurs had the opportunity to showcase their products and were exposed to many networking opportunities to generate new business and clients. To date, 17 companies have participated in four international fairs:

1. BioFach (15 to 18 February, Nuremberg, Germany), the most important fair for organic products;
2. Expo Comida Latina (12 to 14 August, Anaheim, California), an event that gathers buyer and suppliers of Hispanic food and beverage sector of the United States, Central and South America
3. New World Crafts (12 and 13 September, Antigua Guatemala), which provides a platform for marketing the handicrafts sector including gifts and decoration items, and,
4. SIAL, Paris (17 to 21 October, Paris, France), which is the world's largest trade fair for food and beverages.

The support given to these companies has included organizing business meetings and market prospecting work where they have been advised by our strategic partners. Currently activities are conducted to monitor and assist the Companies with the Internationalization that initiated with these participations.

**Workshop for the introduction of the Buyer Led Approach concept for PROESA technicians.** On January 13th, the Program held an introductory workshop of the “Buyer Led Approach” concept for the PROESA business advisors, with the purpose of promoting the practice of always keeping the market or buyer demands in mind when assisting companies,. The workshop was imparted by Jim Riordan, author of the book We do know how: A buyer led approach to creating jobs for the poor, which details a methodology for interventions and assistance by donors and economic promotion agencies that responds to the demands of the market. Seven advisors from the exporter development department and the manager of PROESA assisted the training. As a result, PROESA’s advisors were able to exchange experiences and learn from Jim Riordan about the market led assistance concepts more in-depth. The Program will continue to work on exploring this focus with PROESA in order to help them to be more effective in the scope of their results.

ii. **Organization of events and fairs**

**The Program promoted the participation of four Salvadoran SMEs in BIOFACH, the organic products industry's most important international fair.** Considering the potential that this sector has to export to Europe, the Program joined PROESA's and COEXPORT's efforts to have four SMEs participate at the largest organic products international fair in Nuremberg, Germany from the 13th to the 16th of February. The SMEs had the opportunity to solidify more than \$250,000 of sales to European buyers.

**Promotion of the participation of Salvadoran SMEs in Expo Comida Latina, the largest Hispanic products fair on the west coast of the United States.** From August 12 to 14, the Program supported PROESA so that four SME producers from the agroindustry sector and one consultant from COEXPORT, who represented six additional SMEs, could present their products at Expo Comida Latina in Anaheim, California. The results were \$1.3 million in negotiated sales and the results are being monitored by PROESA. The companies established more than 52 business contacts during the fair; which constitutes a solid base of commercial contacts to be able to sell to in that country. The fair had not been included in PROESA's Fairs and Trade Missions plan for this year so therefore the support from the Program was critical for PROESA's participation in the event.

Collaboration between PROESA and the private sector association, COEXPORT, was promoted during both fairs. This was done to join efforts and have a more solid participation by the country. The impact of this participation will be followed-up closely by the Program, since most of the results will be obtained during FY2013.

**Conference "Trade Opportunities with Peru, Ecuador, Chile and Colombia".** Within the framework of the promotion of the Step by Step Export program, which this year focused on Chile and Ecuador as export destinations, PROESA together with COEXPORT agreed to organize an event to share business opportunities in Peru, Ecuador, Chile and Colombia. The purpose was to promote a commercial exchange between Salvadoran companies and companies from the previously mentioned countries to assess their interest in the Step by Step Exports program. The event took place on April 26 with the participation of 46 companies. The ambassadors from each of the countries were present as exhibitors of the trade opportunities in those markets. Several companies were invited to participate in the Step by Step Export program for South America after this event.

**The Program is a key support in the activities of Export Promotion**

*"Trade promotion activities -such as fairs, trade mission or buyer-missions are actions that can be envisioned can be supported by USAID, taking into account that these are events that allow companies to establish contacts with potential clients, and thereafter, PROESA and the program can support them with the necessary actions to materialize the opportunities identified in these events."*

**Source: Report of the work between PROESA and USAID SME Development Program, prepared by PROESA**

### **iii. Support for the Step by Step Export program 2012**

Among the most important activities of PROESA is the implementation of the second version of the "Step by Step Export" program, which consists of the delivery of information and accompaniment for exporting SMEs or SMEs with exporting potential.

PROESA defined four markets this year: Nicaragua and Honduras, markets for which it is expected that the participating SME have little or no exporting experience and Ecuador and Chile, potential markets that are less familiar for the Salvadoran business community and for which it is expected participating companies will have greater exporting experience.

This program is built of four phases: 1) The prospecting phase when market research is conducted by sector in each of the selected countries; 2) the company preparation phase, when companies receive training in the export field for each of the markets and companies are given the results of the market research 3) Preparing the business plans, which serves the companies to have a road map to entering a new market and finally 4) they organize trade missions for each market so that the companies can approach the pre-identified market opportunities during the prospecting phase and close the sale.

The Program contributed to all phases of this edition of Step by Step Exporting: It financed the market research in South America and hired national and international consultants to present the training modules to the companies; it also supported the preparation of the business plans and the organization of the trade mission to Chile.

This initiative began in April 2012 and launched with the promotion of the fact that this had been co-financed by the Program in order to publicize the efforts and attract a greater number of qualified SMEs to participate. During the launching event, approximately 124 SMEs attended, 80 of which were selected to enter. Later, to strengthen the prior invitation to join, the Program supported PROESA and COEXPORT during an event to publicize trade opportunities in some countries of South America -Chile, Ecuador, Peru and Colombia- on April 26th with the participation of 46 companies and in May, the Program also helped to organize a breakfast meeting to discuss the results of market studies for Ecuador and Chile, where the Chilean consultant presented a videoconference demonstrating key findings in that market.

By July, 77 goods and services companies finished their training phase having obtained market information for their sector, having received training on how to approach business and exportation to that country, as well as the opportunity to complete a trade mission. Of these 77 companies, 22% were micro, 45% small, 18% medium and 14% large.

The following table was provided by PROESA, and shows the distribution of the companies that have incorporated into the program, organized by target markets, grouping Honduras and Nicaragua as regional markets and Chile and Ecuador as South American markets. The companies are also classified by their size (amount of sales) and exporting experience.



Inauguration of the Exporting step by Step Program.

## Companies participating in the Step by Step Exporting Program from PROESA

These companies received support between August and September in the preparation of their export plans that would serve as a guide during their trade missions.

The first trade mission left in September for Santiago, Chile with the participation of the Salvaplastic and Co-industrias Gigantes companies. The trade missions to Ecuador, Nicaragua and Honduras were programmed for October and November 2012.

Classification	Regional			Nicaragua and Honduras	South America		Ecuador and Chile	Total	%
	Food and agribusiness	Vaious manufacturing	Services		Food and agribusiness	Vaious manufacturing			
<b>Incorporated business</b>	9	18	27	54	12	11	23	77	100%
Micro business sales<=\$100,000	3	1	11	15	2	0	2	17	22%
Small business Sales between \$100,000 and \$1 million	4	14	13	31	3	1	4	35	45%
Medium Business Sales between \$1 and \$7 millions	1	2	3	6	2	6	8	14	18%
Large business Sales>\$7 millions	1	1	0	2	5	4	9	11	14%
Non exporters	4	10	15	29	1	0	1	30	39%
Exporters	5	8	12	25	11	11	22	47	61%

Below is a description of three groups of companies and the type of technical assistance that they received under the Step by Step Exporting program:

*Group 1: Goods producing companies with little exporting experience.* As a result of the April 24th invitation, thirty (30) companies were recruited to be prepared to export to Nicaragua and Honduras; most of the companies were from the food and beverage sector. The program arranged for the hiring of consultants to give the preparatory courses on exporting to Honduras and Nicaragua and to assist during the preparation of the export plans. The preparation course was 68 hours and was given between the 7th of June and the 26th of July.

*Group 2: Service producing companies.* Twenty eight (28) SMEs were recruited for this group resulting after the April 24th invitation. Sectors that were represented included companies involved in architectural designs and computerized animation. The Program managed the hiring process of a Peruvian consultant, Mr. David Edery who has vast experience in the promotion of services for export purposes, to give the course and provide individualized feedback sessions. This course was executed between the 2nd and 7th July and the Program later assisted in the preparation of export plans with the help of a consultant.

*Group 3: Goods producing companies with exporting experience.* After having carried out several promotion efforts, such as the program launch and the business meeting breakfast to present the market studies, 27 companies registered to participate in the Program, including companies with vast exporting experience and growth potential. Of these 27 companies, 12 decided to explore both of the markets, seven only in Chile and eight only in Ecuador.

The Program took the necessary steps to hire the consultants Andrés Ribadeneira from Ecuador and Andrés Vicens from Chile, to offer support to the companies; they each conducted market research in their countries, assisting PROESA during a prospecting and prepared and gave the instruction course. Both consultants traveled to El Salvador for the training as well as to meet with the companies individually and give them feedback about their products. The preparation course to export to Ecuador was held between the 9th and 14th of July and the course focused on Chile took place between the 16th and 21st of July. These companies were later assisted for the preparation of their export plans for these markets.

The Program hopes that Step by Step Exporting program will generate important outcomes in 2013 as it represents one of the most important and comprehensive initiatives of PROESA. According to the Agency, the incremental sales during 2013 could be around approximately \$5 million dollars.

**iv. Decentralizing PROESA's services in order for the SMEs in the interior of the country can have access to its services.**

The Program is supporting the inter-institutional cooperation agreement between PROESA and CONAMYPE; the purpose of which is to allow companies with exporting potential in the interior of the country access to PROESA's services through the CDMYPE and they can therefore be prepared to export. Since its beginning, the Program identified the SBDC from UTSA specialized in International Trade as a strategic partner to develop this relationship as UTSA delivers its services to the general SBDC's in Texas and this model could be replicated in El Salvador due to their similarities.

In January, the Program supported a meeting between the directors from PROESA, CONAMYPE, ASBDC and UTSA in order to speak in greater length about the initiative; later, it supported the execution of a training program by PROESA for CONAMYPE and its CDMYPE network on criteria for selection of companies with exporting potential. During the training, which was held in a hotel in San Salvador from the 16th to the 18th of April and 8th and 9th May, PROESA shared its work methodology and trained the CDMYPE advisors regarding the criteria they must evaluate to identify the SME's that have exporting potential. They also presented training modules on basic export issues and the willingness for operational cooperation between PROESA and CONAMYPE. The training constitutes the basis for inter-institutional cooperation. It will help the directors and advisors from CDMYPE know which type of company they can refer to PROESA.

Joint work manual and interconnection of the IT systems of PROESA and CONAMYPE. A joint work manual between CONAMYPE and PROESA was prepared, with the purpose of facilitating the assistance to companies by CDMYPE in different areas of the country so that they can be referred to PROESA quickly and consistently, and so that the relationship can mimic the relationship that exists in the United States between the SBDCs specialized in International Trade and general SBDCs. This manual was revised and endorsed by UTSA. Additionally, in order for the process of referring companies be

fast and to share historic information automatically, the Program hired the Outstanding company in August 2012 which, aside from making comprehensive improvements to the PROESA system, will connect the IT systems at both entities. It is expected that by the first quarter of the FY2013 PROESA will already be connected to the CONAMYPE system, allowing the ten existing CDMYPE to refer companies automatically to PROESA.

#### **v. Support to the Management of the Public Private Partnership**

Having identified the Public Private Partnership law and its institutionalism as a priority within the Partnership for Growth agreement the Program contributed in the following manner:

**Training the APP Management Officials of PROESA.** The Program facilitated the participation of officials from the APP Management in specialized training courses so that upon the entry into force of the APP Law, PROESA would already have its personnel trained to face this responsibility as a project manager. The World Bank Institute, CABEI and the IFC organized a Training Program on Public Private Partnerships for Central America to be held between 2012 and 2013. The Program financed the participation of three members from the APP Management during the III module “Fiscal Risk Management” which took place between the 23rd and 27th of July at the headquarters of CABEI in Tegucigalpa, Honduras. There are two other modules that will be presented during FY2013, and the Program will also give its support at that time.

**Study Tour in Costa Rica, to participate during the Risk Management Forum on Infrastructure and visit to concessions works under the PPP schemes.** Officials from different GOES institutions participated – with the support from the Program – on a study tour in Costa Rica between the 26th and 28th of June. Officials participated in the Forum for Risk Management in Infrastructure organized by the AmCham of that country; they also visited and met with high level officials regarding concession works under the public private partnership schemes such as the international airport, APM Terminals, and Puerto Caldera. The Director and Financial Manager of the APP unit from PROESA, the Legal Advisor from the Technical Secretariat of the Presidency, the Technician in Concessions from CEPA and the General Manager of the El Salvador Airport all participated in this trip.

#### **B.3.3. Main achievements**

The following are the key achievements resulting from the work done with the Exports Division from PROESA:

- Seventy seven (77) Salvadoran companies were trained under the Step by Step Exporting program – 30 of them had no exporting experience – to prepare them to export to four new markets.

- The companies that have received support from the Program and from PROESA have generated \$162,000 in sales as a result of participation in BIOFACH 2012. It is expected that in 2013, sales will increase substantially. .
- Institutional capacity was further enhanced by the training program provided by UTSA; the managers and business advisors from the Exports and Market Intelligence Departments from PROESA were trained in best practices of an SBDC specialized in International Trade. This certified course helped to strengthen the skills of PROESA's personnel.
- A results-oriented culture has been promoted at the PROESA Exports Department, due to the adoption of a monitoring and evaluation system that was proposed by the Program. This will help to capture the economic impact that is generated by the assistance offered to companies. This focus will be enhanced when a new impact capturing module is integrated into the computerized customer follow-up system (SIGGE) at the end of 2012.
- The Program is also supporting the services decentralization process from PROESA by training personnel from the CDMYPE and from CONAMYPE; it is also assisting through the interconnection of the IT systems of PROESA and CONAMYPE.

#### **B.3.4 Work perspectives with PROESA during year 2013**

PROESA has been able to access to more resources coming from FANTEL, a trust fund form the GOES. This will help to finance more activities favoring the exporting SMEs within the next three years. Some of the additional activities that will be carried out using these new resources include an international buyer's mission in November 2012 in coordination with COEXPORT, which will also receive support from the Program.

On the other hand, Step by Step Exporting 2012 will conclude in November, when all of the missions to the different selected destinations have been carried out. The sales perspectives for this group of companies in the short term are five million dollars and the Program is following up on the opportunities to continue offering support to these companies.

It is expected that the accompaniment for PROESA in the Step by Step Exporting 2013 will continue and it is also expected that the joint organization of direct trade promotion activities such as the buyer's mission that will take place in November, will acquire greater relevance. Also, by request from PROESA, the Program will support at least three additional trade promotion events that PROESA has already included in its exhibitions plan for 2013, to complement the efforts from the Agency in offering market options abroad for the Salvadoran SMEs.

## **C. COLLABORATION WITH ASSOCIATIONS, ORGANIZATIONS AND GROUPS OF COMPANIES THAT FAVOR THE DEVELOPMENT OF THE SMEs**

### **C.1 Context**

The Program under this component, will establish alliances with private sector organizations that offer assistance to SMEs that are grouped under a common objective; these organizations will be strengthened, the SMEs will increase their sales and by receiving support as a group will be able to take advantage of economies of scale. The activities executed in this manner contribute towards goal 6.3 of Partnership for Growth, which consists in increasing the internationalization of Salvadoran companies through guided processes and mentoring.

Because the Program understands that the development of the SMEs must be based on a more market oriented focus, the Program will establish alliances with leading companies that have the capacity to impact the sales of the SMEs, with organizations that are helping the SMEs to fulfill the market demands, and with groups of companies that are in search of a common objective that allows them to have better access to markets.

During this first year of operations, the Program established a dialogue with associations that represent the Salvadoran industry, with NGOs, with entrepreneurial development service providers, cooperating agencies that promote the development of the SMEs and leading companies with opportunities suppliers to learn about the activities or programs in favor of the development of the SME that are already being implemented. These approaches allowed the program to identify possible partners and areas of opportunity to complement efforts.

Some of the associations that were visited, included the Asociación de Industriales de El Salvador (ASI), the Asociación Salvadoreña de la Industria del Plástico (ASIPLASTIC), Asociación Nacional de la Empresa Privada (ANEP), Cámara Salvadoreña de la Industria Informática y de la Comunicación (CASATIC), the software cluster ExsourceGroup, COEXPORT, and the Cámara de Comercio e Industria de El Salvador (CCIES). After interviews with these organizations, the Program noted that many are focused on lobbying for their sector and their focus on training is on government programs; however, early on in the process COEXPORT and CCIES were identified as allies that can bring great potential to the Program.

On one hand, COEXPORT presented a series of opportunities to complement efforts, becoming the first strategic partner of the Program back in February; later on, in June the Program also formed an alliance with CCIES, specifically hiring the services of its executing unit of the Suppliers Development Program.

The Program visited leading companies such as ADOC, Specialty Products, Wal-Mart, Super Selectos, Calvo, Exporsal, Telefónica, Holcim, 3M, Grupo Aristos, among others to gauge the companies' interest in investing in the development of the SMEs with which

they are linked as suppliers or in distribution. This group showed less openness mainly because the companies are cautious regarding this type of investment considering the current weak dynamism of the country's economy. Despite these efforts, the Program was able to sign two important MOUs back in July: one with Grupo Calleja, aimed at promoting the growth of El Salvador Produce – an agricultural products marketing entity, and the other with Wal-Mart, to develop SMEs in their distribution chain. The Program has also advanced in its meetings to reach an agreement with ADOC, a leading shoe producing company.

The Program has also held meetings with NGOs, entrepreneurial development service providers such as SwissContact, Fundes, Fundemas, and Voces Vitales El Salvador, to learn more about the types of services they offer the SMEs. Of these organizations, Voces Vitales El Salvador was the first to be defined as an ally last May through an MOU to complement the efforts with the Exporters Development Program that it has been promoting since 2011.

Finally, other meetings were held with cooperating agencies such as IDB, GIZ, ONUDI, CBI and UNDP, to investigate their development programs with the SMEs and identify complementary efforts to leverage the resources and optimize results; the Program achieved excellent coordination with IDB and UNDP through the programs implemented by COEXPORT and CCIES.

From the above, the Program defined its work with the private sector in three different strategic segments: 1) Organizations of the private sector such as COEXPORT and CCIES, 2) Groups of SMEs, and 3) Leading companies. It is key to keep constant and open dialogue with these segments during the life of the Program, to identify initiatives led by the market, where the Program could serve as the catalyzer for an increase in sales of the Salvadoran SMEs.

## **C.2 Activities with the Corporación de Exportadores de El Salvador (COEXPORT)**

COEXPORT is the Exporters Association of El Salvador and was established in 1985. Currently it has 360 members, of which more than half are SMEs. From the beginning the Program established a close relationship with this private sector association because its mission - to promote Salvadoran exports - is aligned with the objectives of this Program. The perseverance and effectiveness of COEXPORT's services have allowed it to build a solid and credible reputation among exporting SMEs. Consequently, in February 2012 COEXPORT was the first entity to sign an MOU with the Program and the second to sign a subcontract, in September of the same year.

Below is a summary of the main results of our work with COEXPORT, by type of activity:

## FAIRS AND TRADE MISSIONS

- **Biofach, organic products. Nuremberg, Germany. February 16-18.**

The Salvadoran SMEs that sell organic products have identified a high export potential to Europe and in the last few years have received the support from COEXPORT to get closer to this market. In 2012, COEXPORT, with resources from AL INVEST, organized together with PROESA the participation of four Salvadoran SMEs at the largest organic products fair that is held yearly in Germany. This activity is also an example of the Program's support for collaboration between COEXPORT and PROESA.

The fair took place in Nuremberg from the 16th to the 18th of February and the participating companies were EXPRONAV, Hacienda Los Nacimientos, Productos Shuchil and Agroindustrias Moreno. COEXPORT helped prepare the participating companies through workshops and organic certifications. To complement these efforts, the Program hired a consultant that led the activities to get closer to trade opportunities and trends, such as the visit to points of sales and the organization of business agendas, in order to optimize results and concrete sales. For its part, PROESA gave support with the organization of the event and financing part of the decorations.

As a result of this event the participating companies generated \$262,000 in sales, and are projecting another \$300,000 for the coming year.

In order to strengthen the sustainability of commercial relations with European buyers of organic products the Program also gave support for the organic certification of a group of companies – including some that participated in this fair - to facilitate their access to this market. Because these activities complement each other, it is expected that results will continue improving in the coming years.

- **EXPO Comida Latina, ethnic food products. Anaheim, California. August 12-14.**

The demand for food products for the Hispanic communities in the United States, especially for the Salvadoran community, continues to be attractive for the Salvadoran businessman. Although many SMEs have been able to position themselves quite successfully, it is important for them to consolidate their exports, as there is a greater number of competitors trying to gain access to the U.S. market. With support from the Program, PROESA and COEXPORT promoted the opportunity to exhibit at EXPO Comida Latina and ten SMEs exhibited their products and made more than 52

COEXPORT and Program support  
to participate in BIOFACH 2012



**Matilde de Palomo, SUCHIL.**

*“With support from the USAID SME Development Program, I participated in the BioFach Fair 2012 in Nuremberg, Germany. It was a great opportunity to be part of the most important fair of organic products, where we were learned about worldwide trends and buyer requirements in areas such as packaging of products. It helped me to learn about the demands of these markets and what I must do to make my company more competitive to grow my exports to this market.”*

commercial contacts. Four of these companies (Tropix, SOLFI, FACEMA and Productos Típicos Centroamericanos) participated with a direct representative and six more through a COEXPORT consultant who exhibited their products. Participants obtained an initial \$80,000 in sales and reported having negotiated a total amount of \$1.3 million..

- **New World Craft, handicrafts, Antigua Guatemala. September 12-13.**

The handicrafts and decorations sector has a great potential to generate rural employment especially among women. This is a sector that requires a lot of support, considering the level of competition worldwide; it is very important to focus the interventions on activities that allow companies to reach out to their buyers and know what their requirements and trends are, in order to adjust and innovate their product lines. Therefore, in order to promote qualitative and quantitative improvement of the companies that belong to this sector, the Program together with COEXPORT co-financed the participation of nine handicraft and home decoration product companies at New World Craft, the most important handicraft fair in Central America, with the presence of more than 100 international buyers. The Salvadoran companies that exhibited their products at that fair were MOJE, ACOPROARTE, QUMBO, Hacienda Los Nacimientos, and Sol Azul. Some of the newer participating companies obtained excellent results, such as getting approved to be on the list of suppliers to companies such as National Geographic/NOVICA, as well as European companies with an international scope. The projected results for this intervention are calculated at more than \$700,000 for 2013, and we expect to continue our support through COEXPORT for these companies to adjust their products to the demand and introduce innovative designs in their collections.

#### *Preparing the Companies for Export*

### **Forty four Salvadoran companies were trained to improve their participation in the European market.**

The Program co-sponsored two seminars together with COEXPORT and AL INVEST focused on aspects of presentation, quality and packaging to sell to the European Union. The seminars were imparted by Mr. Max Wehrle, a German consultant who talked about

#### **Qumbo participated at New World Craft, handicrafts, Antigua Guatemala**



#### **Lourdes Mena, QUMBO's owner**

*"Being part of this event was meaningful in that it not only allowed us to have more exposure to the international market but we were able to close two sales and began conversations with 3 new clients for whom we are already developing products. In addition we also established contacts with 23 international buyers with a potential for business development in the near future.*

*With support from the USAID SME Development Program, we had the opportunity to present our products at the show in a very professional manner since the design of the space was of very good quality and practicality. At the same time, there was a very good representation of all the products in El Salvador since the entire area was unified, projecting a good image as a country."*

product packaging trends, particularly with food and agricultural products that are exported to Europe. The first seminar was held on February 22<sup>nd</sup> and was aimed at supporting the PYME Alianza Exportadora consortium, made up of 15 companies.

Alianza Exportadora was created after a certification course on exports financed by COEXPORT in 2011; the object of the course was to prepare companies to export to the European Union. This group has already made its first export and is preparing for a second shipment and currently the companies are adjusting their packaging. The second seminar, which was open to more companies, was held on February 29<sup>th</sup> with the participation of 29 companies. This seminar covered topics such as general market information, opportunities, trends and the importance of design and adjusting products to the interests of the target market in the European Union. The companies that participated in the training course and that are interested in introducing their products into the European market received feedback regarding the type of packaging and presentation that the buyers in those countries expect and the type of market penetration strategy that they could use.

**Dissemination of commercial opportunities in South America among companies with export potential.**

The Program supported the initiative from PROESA and COEXPORT to hold the conference “Commercial Opportunities with Peru, Ecuador, Chile and Colombia”. The purpose of this conference – which took place on April 26<sup>th</sup> - was to inform and promote commercial opportunities considering that El Salvador has Free Trade Agreements with Chile and Ecuador and upcoming negotiations with Peru and Colombia. A total of 46 companies participated in this event, which presented commercial profiles for each country, highlighting products with high export potential, technical aspects regarding access to markets and rules of origin, logistics and experiences by Salvadoran business people who already have commercial relations with Peru, Ecuador, Chile and Colombia. During the conference PROESA and COEXPORT exchanged opinions and perspectives with the participants regarding these markets; this will help them adjust their promotion and technical assistance services according to the exporters’ demands. As a result of this activity PROESA and COEXPORT were able to measure the demand from the private sector to explore these markets.



Entrepreneurs attended the business opportunities in South America event.

**Dissemination among Salvadoran entrepreneurs of the requirements of the new U.S. Food Safety Modernization Act.** At the beginning of 2012 a law was approved in the United States that gives the Food and Drug Administration (FDA) new powers to increase inspections at food manufacturing plants. The purpose is to increase compliance with food safety standards and therefore improve prevention and reduce risks. In order to inform about the changes in the law, COEXPORT, AMCHAM and FDA – with the support of the Program – organized a conference called “Food Safety Modernization Act: New Requirements for Export to the USA”, which took place on May 13. The purpose of

this event was to create awareness within the private sector regarding the need to take actions in order to comply with the new standards and technical requirements established by the FDA.

Lisa López, Director of the Regional Office for Latin America at the FDA presented the general aspects of the Food Safety Modernization Act to 120 representatives from the private sector, with emphasis on the safety and security requirements. The Salvadoran food and beverages sector was among the five with the greatest growth during 2011. Despite its high growth potential and importance as an exporting industry, one of the main challenges faced by the SMEs in the food and beverage sector continues to be the lack of compliance with all of the safety requirements and the labels required by the export markets. Therefore, the Program is strengthening its support in these areas through entities such as COEXPORT and also expects to work with PROINNOVA (FUSADES) in the area of technical and innovation services.

**Support for the organic certification of nine food exporting SMEs.** The Program joined hands with COEXPORT to hire Biolatina, a leading certifying company for agroprocesses to prepare nine Salvadoran SMEs to obtain organic certification. The participating companies were three exporters (Hacienda los Nacimientos, Agroindustrias Cultivar and EXPRONAV), one indirect exporter (Industrias Innovadoras), a potential exporter (Finca Don Chimino) and four organic input suppliers from EXPRONAV (Cooperativa el Joval, Cooperativa el Rico, Finca el Gavilán, and Finca Brisas de Cosme). This organic certification, is recognized in the U.S and the European Union and allow producers to enter specialized market niches. In order to obtain this certification the following activities were developed with the nine SMEs: Informational sessions about the processes, training sessions on how to manage the crops and inspections by representatives of the certifying company to each SME. At the end of the process, the certifying body released a report that determined whether the crops were meeting the requirements. All nine SMEs were able to obtain an organic certification that will open new markets for them. Among other things, this certification allows them to participate in international fairs, such as Biofach 2013, where each product, process and commercialization process requires an organic certification.

**Promoting commercial ties between agro industrial SMEs and ethnic products distributors in the United States.** A closer relation between SME producers of ethnic products and U.S. distributors is key to reaching the expat market. That is why the Program collaborated with COEXPORT in organizing meetings with 11 suppliers for the All Foods Company, a distributor of food and beverages in the ethnic segment, based in the State of New York. This meeting took place in May 2012. The purpose of this activity was to introduce new SME suppliers to AllFoods, as this company had already expressed an interest in expanding their base of local suppliers. The company was very pleased with the variety and quality of the products that were presented and is currently evaluating the

<i>Support Activities agribusiness through COEXPORT</i>
<ul style="list-style-type: none"><li>• 4 SMSs participated in Biofach 2012 - Organic Food Companies</li><li>• Organic certification for 9 SMEs</li><li>• Display of 10 SMEs Products at Expo Comida Latina</li><li>• Exploration of business opportunities and technical requirements study in 5 U.S. cities</li></ul>

products from the companies that it met with. AllFoods expressed that it has the capacity to buy at least one container full of new products per month as long as it can identify the ideal suppliers.

**Market Study of the technical requirements and commercial opportunities for agro-food products in Miami, New York, Los Angeles, Washington and Atlanta.** As part of the efforts to bring Salvadoran SMEs that produce ethnic foods closer to market opportunities and as a complement to the participation in Expocomida Latina, the Program agreed to support study of technical requirements and market opportunities for 25 products in the US market. The study is being co-financed by COEXPORT through its AgroCafta Program. The market research process began last July and the results are expected for December 2012. The objective of the study is to identify potential buyers, gather buyer's requirements regarding certain products, determine the feasibility to introduce new products and the distribution and logistics needed to reach the market, and present commercialization strategies, among other recommendations, to allow Salvadoran SMEs successfully sell food products in the chosen cities. The consultant hired to carry this market study helped in the selection of the SMEs prepared to enter the U.S. market and participated of the Expocomida Latina international fair. This study will allow SMEs to identify specific commercial opportunities to start exporting or further penetrate the U.S. market.

### **C.2.3 Activities with the Cámara de Comercio e Industria de El Salvador (CCIES).**

The CCIES is the oldest association in El Salvador; it was established in 1915. The Program considered it an important strategic partner because of the programs it has to assist SMEs, especially the Suppliers Development Program and the Sectorial Nucleus Program.

The Suppliers Development Program (*Programa de Desarrollo de Proveedores, or PDP*) was founded as an agreement between MINEC and UNDP in 2008. The methodology was originally developed by UNDP Mexico and has been adjusted for El Salvador, where it has already worked with 14 productive chains. The Program identified the opportunity to work on this initiative because its methodology is also demand-driven; it requires a leading company to choose up to ten SMEs among its strategic suppliers in order to enter into a six-phased improvement process, which is implemented in approximately 10 months. The Program also valued the fact that the PDP requires the participants to contribute financially, which creates an important commitment on the part of the participating SMEs and leading companies. As a first step the PDP makes a diagnosis of the SMEs and their relation with the leading company; this helps them to interact and identify improvement areas, design improvement plans to become more effective producers and finally, it helps them to implement the plans. The application of the PDP methodology has had an impact on the



The President of the CCIES, Luis Cardenal and Jules Lampell COP of the SME DEVELOPMENT PROGRAM signed the cooperation agreement in the presence of the Deputy Minister of Trade and Industry, José Francisco Lazo Marín and Bilateral Program Manager USAID Economic Growth, Carlos Arce.

assisted SMEs, increasing their potential between 30 and 60% after the intervention. With this initiative the Program expects to promote an increase in sales of approximately \$3 million, optimizing results by leveraging resources with other donors such as UNDP and IDB.

A subcontract was signed in June with the CCIES which allows the Program to assign the PDP to help develop specific supply chains. The Program participates by financing the management and application of the methodology or with specialized technical assistance in chains that have concluded their initial training. The current subcontract is for one year and will allow the Program to promote at least four value chains and reach close to 50 SMEs.

A high sales potential has been identified among SME suppliers in the dairy sector, where demand increases year by year and is not being adequately served. Therefore, in October work using the PDP methodology will begin in two dairy products chains, led respectively by AGROSANIA and Los Quesos de Oriente. It is expected that work on these two value chains will result in new sales of up to one million dollars in two years. There are other value chains being considered in the tourism and metal-mechanics sectors.

The Program collaborated with the CCIES in other activities, such as the *Third Regional Meeting of Micro, Small and Medium Enterprises*, which took place on June 27<sup>th</sup>. This event gathered more than 100 micro, small and medium enterprises from the Central American region, especially from El Salvador, with the purpose of interacting to identify business opportunities and receive training on business topics. This was also a chance for the Program to talk about its objectives and to identify new opportunities to assist SME development, for example, through the CCIES' Sectorial Nucleus Program.

The *First International Meeting of Suppliers Development Programs* also received support from the Program; this took place on July 18th and included the participation of Deputy Assistant Secretary of Commerce for the Western Hemisphere, Mr. Walter Bastian. The agenda covered successful experiences in Chile, Costa Rica, Mexico, Africa, Peru, Bolivia and El Salvador; there were conferences about the commitment by leading companies with the development of their suppliers and best practices in supplier development programs for different countries. A community of knowledge was created as a result of this event to strengthen these types of programs internationally.



Jim Riordan made a presentation on the Buyer Led Approach to private sector leaders.

The CCIES, through its PDP division, will be a key ally in the execution of the Program during FY2013. We also hope to reach an agreement to support the CCIES' Sectorial

Nucleus Program, which seeks to promote the development of groups of companies within specific sectors.

#### **C.4 Activities with other private sector organizations**

With the purpose of promoting the objectives of the Program among private sector organizations, we organized a workshop in January to introduce the *Buyer Led Approach*, imparted by Jim Riordan, consultant and author of the book “We Do Know How: A Buyer Led Approach to Creating Jobs for the Poor”, which promotes sustainable interventions that generate economic impact. The Salvadoran business sector, organizations from the non-governmental private sector and business associations such as the CCIES, COEXPORT, the Association of Pharmaceutical Laboratories of El Salvador (ALFA), the Asociación Salvadoreña de la Industria del Plástico (ASIPLASTIC), FUNDES, FUNDEMAS, Voces Vitales, and SwissContact were present during this event. It also was attended by representatives of government offices that support the private sector, such as FONDEPRO and the Productive Chain and Economic Intelligence Departments of MINEC. The Program was able to obtain information from organizations from the private sector that have projects for the development of SMEs, with which we can complement and join efforts; it also was able to speak to representatives of the business associations, some of which were interested in getting more details on the topics presented during the conference and support the internationalization of their member companies.

As a result of this effort, the Asociación de Laboratorios Farmacéuticos (ALFA) invited the Program to present its objectives and the market-led approach before its members, which are important exporters in El Salvador. As part of its efforts to bring public sector service providers closer to SMEs, the Program invited PROESA to the event so that it could present its Step by Step Exporters Initiative and invite companies from this sector to participate in it. FONDEPRO was also invited to promote its financing lines in support of the productive sector. Twenty executives and owners from different Salvadoran companies from the pharmaceutical sector participated in the event.

Another organization with which the Program was able to establish an alliance through an MOU was Voces Vitales El Salvador, an NGO that promotes economic empowerment in women. This organization has been working since 2011 to offer SMEs led by women an Export Development Program that has proved to be of very high impact for the participating business women. *Voces Vitales El Salvador* has the support of the US Department of State, the US Embassy, COEXPORT, PROESA and CONAMYPE, and the Program values the efficiency with which it is able to link public and private



Leah Coto, representing the U.S. Embassy, in the opening ceremony of the second module of the Vital Voices Export El Salvador.

entrepreneurial service providers with female entrepreneurs from all over the country. A collaborative relationship was formalized in May, allowing the Program to support the dissemination of training modules that are open to the public under the Voces Vitales Export Development Program. The first module covered basic aspects to motivate business women to export and it was held in San Salvador, Santa Ana and San Miguel on June 11, 12 and 13, respectively. The second module was held in August in the same cities and promoted all of the services that GOES offers the SMEs. A third and last module – designed and promoted with help from the Program - will be held in November, when the phase of technical assistance of the Exporters Development Program begins.

In summary, during 2012 *Voces Vitales* benefited 319 companies that participated in the first two modules of the Exports Development Program, and currently (September 2012) the Program is working closely with this organization to attract a group of 40 qualified business women to benefit from the technical assistance phase that will begin in October 2012.

The Program also collaborated with FUNDEMÁS, an NGO known for its work related to social corporate responsibility association in El Salvador, in the organization of the Regional Social Responsibility Forum “Convertirse”, which this year had a special focus on sustainable development and value chains. The event took place on June 7th and 8th and the Program had the opportunity to promote its work and to identify other organizations and lead firms that are interested in developing the SMEs of El Salvador.

### **C.5 Alliances with groups of SMEs and leading companies**

The Program approached groups of organized SMEs to support their efforts and increase sales and jobs. While doing so, it discovered that the associative efforts among Salvadoran SMEs are very weak and that a more efficient way of reaching a significant number of these businesses is through organizations that offer them services, such as COEXPORT and CCIES. However, the Program was able to identify a few associative

efforts between groups of SMEs that were supported recently by the MCC Productive Development Project of FOMILENIO, which concluded in 2012.

The Program identified MOJE and ACOPROARTE, SMEs that received support from PDP FOMILENIO during the past 22 months to strengthen their associative structure and improve their marketing skills in the local and international markets. Together, these two companies represent more than 200 micro workshops in the northern part of the country and as a group they have achieved sales of approximately 250 thousand dollars. They are currently exporting to the United States, Austria and Italy and have established long term relations with local clients such as department stores. The Program signed an MOU with them in May 2012 and they were then able to integrate into the group of companies that were supported by COEXPORT to participate in the New World Craft in Guatemala. We will continue to support this effort during FY2013 with product design assistance and follow up of customer relations (CRM).

The Program also identified the opportunity to continue supporting the associative effort of El Salvador Produce, a vegetable marketing company that was created under the FOMILENIO framework and which groups 41 cooperatives from northern El Salvador. In July 2012 an MOU was signed with this group and with Grupo Calleja (Super Selectos) in order to help introduce good practices and safety in El Salvador Produce's food processing plant. Beginning in October 2012 the Program will support certification of the plant and its personnel in good manufacturing practices and HACCP, which will allow them to access more markets. During FY2013 the Program expects to support El Salvador Produce in the development of greater added value products to sell to Grupo Calleja, operators of the Super Selectos supermarkets. In this way the Program will seek to contribute to the efforts undertaken by FOMILENIO and the GDA that USAID implemented with Grupo Calleja in benefit of agribusiness associations in the north of the country. It is expected that this assistance will generate approximately one million dollars in incremental sales for El Salvador Produce.

As part of its efforts to find lead firms interested in developing their SME suppliers the Program held meetings with companies such as ADOC, Specialty Products, Wal-Mart, Super Selectos, Calvo, Exporsal, Telefónica, Holcim, 3M and Grupo Aristos. A first outcome of these meetings was the MOU signed with Wal-Mart during the month of July. The purpose of this initiative is to strengthen the skills of SME suppliers for this supermarket chain and to increase their sales potential through the Wal-Mart stores in El Salvador, Central America and Mexico. The Program and Wal-Mart have agreed on a training and technical assistance mode for the SME suppliers tailored to suit their needs and for which it will work in three phases: 1) Diagnosis of the bottle necks that Wal-Mart has identified in the supplying SMEs, 2) Training for the SMEs to overcome the constraining factors that limit their sales to Wal-Mart, and 3) Specialized technical assistance to implement improvement plans. Consultant Luis Pedro Vásquez was hired during the first phase, which will conclude in October 2012, as he has very good knowledge regarding the administrative, operations and logistic processes of Wal-Mart.

On the other hand, there has been progress in preparing an MOU with Industrias ADOC to develop SME shoe suppliers, beginning with the transfer of technology to improve the

technical skills. Traditionally ADOC has manufactured or has imported the shoes that they sell in the region; however, to free up space in their plant for products with greater value-added, they are considering starting a development process with local suppliers to outsource the production of basic models that have high volumes of sales regionally and have a stable demand.

Additionally, in order to facilitate the identification of organized SME groups and encourage the creation of groups in search of common objectives, the Program launched a public invitation in June to identify SME initiatives that have potential incremental sales. Announcements were published in the major newspapers inviting companies, consultants, NGOs and associations to present business initiatives that would contribute to increase SME development and sales. As a result of these publications 30 initiatives were received, of which the following five were selected because of their potential to generate incremental sales for the participating groups of SMEs:

Asociación de Productores Agropecuarios de Nueva Concepción (APANC) (Farmers Association from Nueva Concepción).

“Increased Production and Sale of Concentrate for Dairy Cattle in the Department of Chalatenango.”

PROSERQUI S.A. de C.V. (Agroindustrial Cultivar)

“Establishment of a quality assurance system and improvement of the production, accounting and export processes to penetrate the European market”

Asociación de Ciudadanos Impulsadores del Desarrollo Social (ACIDES) (Association of Citizens Promoting Social Development)

“Sustainable marketing of dried and smoked fish for the Asociación Cooperativa El Pargo de R.L. and the Cooperativa El Búfalo de R.L. and the Federación de Cooperativas Pesqueras from the Department of La Paz (FECOOPAZ).”

Consorcio RA Solutions SA de CV.

Incoming Nautical Tourism; Sail Ships Rally

11 participating companies (restaurants, hotels and other nautical stores in the area of La Paz)

Asociación de Promotores y Desarrolladores Turísticos Costero Marinos; PROMAR (Association of Coastal Marine Tourist Promoters and Developers)

Development of commercial skills for the fishing and shrimp producing SMEs from San Luis Talpa, Jiquilisco and Conchagua. This project is being coordinated together with the MAREA USAID Project.

The Program expects to support the execution of these initiatives in 2013 and to continue identifying initiatives for grouped SMEs that are looking for market opportunities to sell more in the local and foreign markets.

## **C.6 Main achievements**

During its first year of operations the Program built successful alliances with some of the most important private sector organizations in El Salvador that support SME development. Among the most important achievements of the year are the following:

- Partnerships were created with COEXPORT and CCIES; these are organizations that have a high representation of SMEs among their members. It was possible to position the Program among exporting SMEs and among companies in the interior of the country. These alliances prospered and these institutions have been subcontracted by the Program to expand the impact of their operations and strengthen them as entrepreneurial development service providers.
- Joint work and the signing of an MOU with COEXPORT allowed us to co-finance eight initiatives to link SMEs to business opportunities, of which we can mention the participation in international fairs such as BIOFACH, Expo Comida Latina and New World Craft, where the participating companies closed incremental short term sales for approximately 340 thousand dollars.
- By subcontracting with CCIES in June and with COEXPORT in September the Program will be able to strengthen these organizations as service providers and will also be able to serve more exporting SMEs or SMEs that participate in the value chain of leading companies.
- An MOU was signed with *Voces Vitales El Salvador*, which helped promote their activities within the framework of the Exporters Development Program and paved the way for the participation of 40 qualified companies during the technical assistance phase of this program.
- The Program signed an MOU with Wal-Mart to develop a group of its SME suppliers, and participated in another MOU with MCC-FOMILENIO and Grupo Calleja to help improve the vegetable processing plant of El Salvador Produce.
- The Program followed up on another important initiative of MCC-FOMILENIO, by supporting two lead handicraft companies, MOJE and ACOPROARTE.

In all, a total of 518 companies, most of them from the food and beverage sectors, received assistance within the framework of alliances with the private sector; 472 of these participated in seminars and 46 received technical assistance and support to participate in fairs. To date incremental sales have been generated in the amount of \$348,805 resulting from the Program's cooperation within the framework of alliances with the private sector.

## **C.7 Perspectives for 2013**

The work with CCIES and its Providers Development Program constitutes a promising alliance under which we expect that by the end of the first quarter 2013 activities will

have started with three or four value chains that will benefit approximately 50 SMEs, notwithstanding new value chains that may be incorporated in the near future.

We also expect to achieve important results with COEXPORT as a result of the support provided to take advantage of market opportunities for companies in the food and beverage sector, including the study on Technical and Market Requirements to market 23 products in the United States. This initiative will be followed up by technical assistance so that the producing companies can take advantage of the market opportunities that have been identified. Similarly, the Program will help prepare them to participate in business fairs such as the Food, Agri Trade and Expo Comida Latina, which are excellent platforms to bring them closer to the market.

We will continue working with COEXPORT in support of exporting SMEs facilitating their approach to business opportunities with the participation in fairs and trade missions abroad, or inviting international buyers to come to the country. A trade mission of buyers is scheduled for November 2012 where, together with COEXPORT and PROESA, we will organize a business get-together between the international buyers and approximately 50 Salvadoran SMEs. Among the fairs that have been prospected for 2013 is BIOFACH, which will include a greater number of companies and once again will have the support of PROESA. We shall also seek to support SME participation at fairs with greater technological and innovation content, counting on PROINNOVA as a strategic partner to develop these types of sectors.

As part of its gender-focused activities the Program will continue to strengthen *Voces Vitales El Salvador* as a reference for women-owned companies that seek to grow their business and export. As part of this effort the Program will offer specialized technical assistance to approximately 40 companies that will have graduated from Voces' Exporters Development Program and will support them in establishing a national organization. It is also expected that an agreement will be signed with Exporsal, a leading company in the production of home articles which buys from approximately 200 women in the interior of the country.

It is expected that in 2013 the alliances that were established in 2012 with institutions such as PROINNOVA, ADOC and FUNDEMÁS will start up operations, as will some of the initiatives presented by groups of SMEs after the invitation for proposals launched by the Program last June.

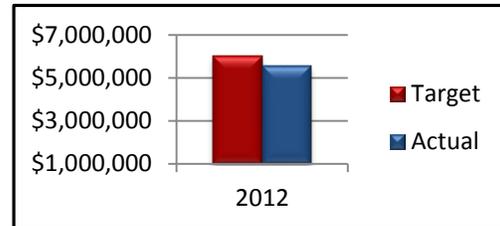
In general, the Program will continue to be in permanent contact with other relevant stakeholders such as NGOs, universities and cooperating agencies and will continue to look for opportunities to complement its efforts. The Program will also continue to promote cooperation among private sector organizations (NGOs, service providers and academia) in order to improve the coordination and delivery of quality business services in favor of SMEs.

# ANNEX A. MONITORING AND EVALUATION PROGRESS REPORT FROM OCTOBER 1ST, 2011 TO SEPTEMBER 30TH, 2012

## 1. Increased annual sales (export and domestic) of assisted SMEs

**Definition:** Incremental sales (domestic and exports) generated by CDMYPEs, Government of El Salvador entities, PSOs and SME groups directly assisted.

**Unit:** USD



**Data Source:** Government of El Salvador counterparts, PSOs and SME groups directly assisted

Target: \$6,000,000

Actual: \$5,526,112

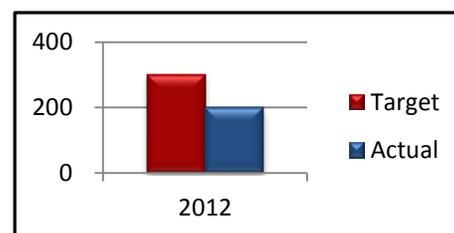
Note: Results include preliminar and partial outcomes from CDMYPE and FONDEPRO

Most of the initiatives supported by the program during 2012 will bear fruit in FY 2013. The majority of results achieved during 2012 came mainly from the support and cooperation between the Program and our partners FONDEPRO's supporting SMEs program, CDMYPEs and COEXPORT.

## 2. New jobs created by small and medium enterprises (SMEs) assisted under USAID programs

**Definition:** Number of full-time equivalent jobs generated in SMEs receiving assistance from the CDMYPEs, Government of El Salvador entities, PSOs and SME groups directly assisted

**Unit:** Number of new jobs



**Data Source:** Government of El Salvador counterparts, PSOs and SME groups directly assisted

Target: 300

Actual: 199

Note: Results include preliminar and partial outcomes from CDMYPE and FONDEPRO

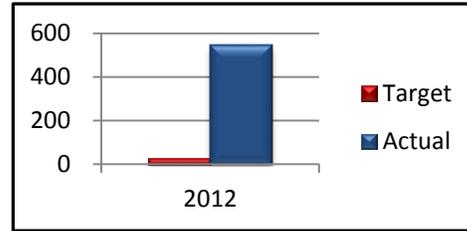
Most of the jobs generated came from SMEs assisted by FONDEPRO (74%). It is important to highlight that 45% of the new jobs were for women.

## 3. Number of firms receiving capacity building assistance to export

**Definition:** Number firms that have received assistance or training in export. This indicator cuts across all Program components.

**Unit:** Number of firms

**Data Source:** Government of El Salvador counterparts, PSOs and SME groups directly assisted



Target: 30  
Actual: 547

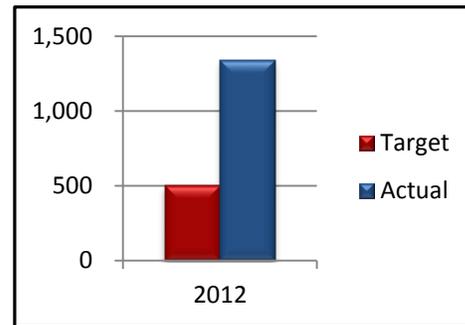
There was more demand, than initially forecasted, regarding export-related training on the part of SMEs and our partner institutions. This led to results much higher than originally projected.

#### **4. Number of participants in U.S. government supported trade and investment capacity building training**

**Definition:** Number of people participating in Programs sponsored trade and investment capacity training events, including representatives from PSOs and government officials completing training in business and export management topics. This indicator cuts across all Program components

**Unit:** Number of participations

**Data Source:** Participants attending to event and sign attendance lists



Target: 500  
Actual: 1,340

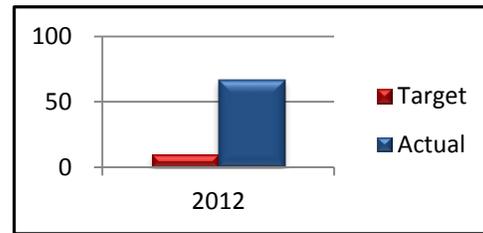
During the year there was a lot of effort placed in the area of training, with a total of 32 courses supported by the program. Out of the 1,340 trained people, 70% belong to private sector, 13% to public sector and the rest to other institutions and NGOs. Almost 60% of the participants were women.

## **5. Number of trained capacity building service providers**

**Definition:** Number of advisors, consultants and other capacity building service providers completing training events.

**Unit:** Number of capacity building service providers

**Data Source:** Participants attending to event and sign attendance lists



Target: 10

Actual: 67

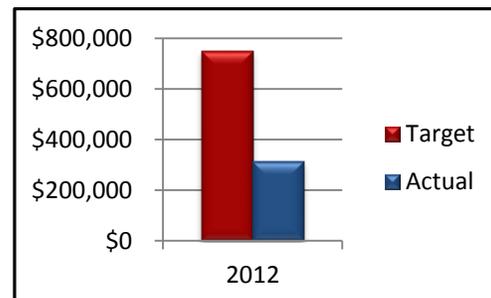
The intensive work in trainings provided to the local counterparts that make available development services, such as CDMYPEs and PROESA, generated significant results in creating a stronger base of trained capacity building service providers. Of those trained, 79% work for CDMYPE.

## **6. Amount leveraged to support SMEs, SME groups and networks**

**Definition:** Dollar amount (cash or in-kind) leveraged from key project actors and stakeholders (PSOs, lead firms, NGOs, other donors etc.) supporting SME groups and networks to increase sales..

**Unit:** USD

**Data Source:** Program, partners and counterparts that sign MOU and agreements



Target: \$750,000

Actual: \$313,212.42

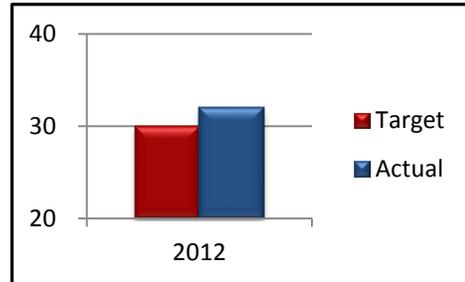
67% of leveraged funds come from SMEs development private institutions and 33% from private sector companies

**7. Number of U.S. government supported training events on topics related to investment capacity building and improving trade**

**Definition:** Number of training events carried out with Program support related to investment capacity building and improving trade.

**Unit:** Number of events

**Data Source:** Program, partners and counterparts that organize events



Target: 30

Actual: 32

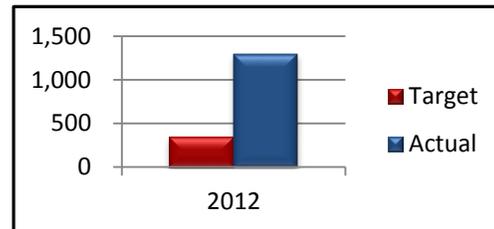
Out of 32 events, 18 were targeted to SMEs and 14 to strengthen SMEs development institutions, such as CONAMYPE and PROESA.

**8. Number of firms receiving technical assistance and training from CDMYPEs**

**Definition:** Number of firms accessing services provided by the CDMYPEs

**Unit:** Number of firms

**Data Source:** CONAMYPE; CDMYPEs



Target: 350

Actual: 1,296

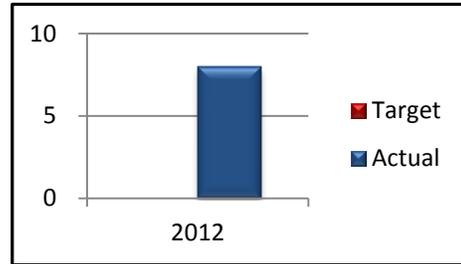
The actions geared towards strengthening the CDMYPE's network, have contributed to streamline and make more efficient their internal processes allowing them to increase the number of beneficiaries they assist.

**9. Number of PSO working with the Program, to support SME groups**

**Definition:** Number of PSOs working with SMEs in networks (e.g., forming clusters, trade companies, or value chains) taking advantage of trade opportunities in global markets.

**Unit:** Number of PSOs

**Data Source:** Program, partners and counterparts that sign MOU and agreements



Target: 0  
Actual: 8

Although during FY2012 there were no projections to formalize any agreements with PSO, the initial efforts to build partnerships with SME development organizations allowed the Program to establish formal agreements with 8 organizations: COEXPORT, El Salvador Produce, CCIE, Callejas, Vital Voices, WalMart, Moje y Acoproarte.

## ANNEX B: TRAINING EVENTS

Training events carried out from November 2011 to September 2012, and total number of participants by gender

Event	Date	Gender		Total	Coments
		Men	Women		
Strengthening CDMYPE network, creating a Results Culture	April 17 to 18	21	32	53	
Technical training in Best Practices of an International trade center, for PROESA (2 <sup>nd</sup> module)	April 11 to 13	6	11	17	
Launch of Exportar Paso a Paso Program	April 24			0	Advertising in newspaper
Conference on Trade opportunities with Perú, Ecuador, Chile and Colombia.	April 26	46	29	75	
Seminar on Tools to identify SMEs with high potential for international trade, module 1	May 8 to 9	14	32	46	
Seminar on Tools to identify SMEs with high potential for international trade, module 2	May 15 to 17	14	32	46	
FDA new requirements for USA export Nuevos Requerimientos FDA para exportar a USA	May 23	73	60	133	
Workshop on Evaluation of CDMYPE's network key processes	May 31	5	7	12	
Exportar Paso a Paso Program	June 7	23	6	29	
Export Program - Un Camino hacia la prosperidad. Module 1, San Salvador	June 11	24	156	180	
Export Program - Un Camino hacia la prosperidad. Module 1, Santa Ana	June 12	9	36	45	
Export Program - Un Camino hacia la prosperidad. Module 1, San Miguel	June 13	5	44	49	
Exportar Paso a Paso Program	June 7	17	8	25	Sponsorship
Vital Voices' Export program	June 11 to 13	40	215	255	Sponsorship
Exportar Paso a Paso Program	June 28	21	7	28	Sponsorship
Exportar Paso a Paso Nicaragua and Honduras	June 21	17	4	21	Sponsorship
Exportar Paso a Paso for services	July 2	21	10	31	Sponsorship

Event	Date	Gender		Total	Coments
		Men	Women		
Exportar Paso a Paso Nicaragua and Honduras	July 5	20	6	26	Sponsorship
Exportar Paso a Paso – Logistics and packing to export to Ecuador.	July 9	15	8	23	Sponsorship
Exportar Paso a Paso Nicaragua and Honduras	July 13	19	6	25	Sponsorship
Exportar Paso a Paso – Logistics and packing to export to Chile.	July 16	17	4	21	Sponsorship
Exportar Paso a Paso Nicaragua and Honduras	July 19	17	7	24	Sponsorship
Exportar Paso a Paso Nicaragua and Honduras	July 26	17	8	25	Sponsorship
Program and PDP-CCIES MOU signing	July 25			0	Sponsorship
Vital Voices' Export program	August 15	32	207	239	Sponsorship
Workshop: Principles and mechanisms to collect and measure Impact Indicators for CDMYPE Network	August 29	27	25	52	Sponsorship
<b>TOTAL</b>		<b>520</b>	<b>960</b>	<b>1480</b>	

## ANNEX C: LIST OF DELIVERABLES BY TASK ORDER, ASBDC'S SUB CONTRACT AND OTHER CONSULTANCY

Quarter	Task Order	Deliverable No.	Name of deliverable	Status	
I	1	01	Rapid Assessment of CDMYPES	Approved	
		02	Written inputs and recommendations about ASBDC's contribution towards the Project's First year work plan.	Approved	
II	2	01	Workshop material and delivery of a full-day seminar: "Introducing the Association of Small Business Development Centers Model and the Accreditation Process"	Approved	
		02	Workshop material and delivery of a seminar to PROESA on the experience of the San Antonio SBDC- International Trade and how it can be replicated in El Salvador	Approved	
		03	Two PowerPoint Presentations on SBDC best practices	Approved	
		04	PowerPoint Presentation on the role of the SBDCS in natural disaster management	Approved	
		05	Report on present conditions of CDMYPES and next steps in ASBDC assistance to strengthen the CDMYPE Network	Approved	
		06	Directory of ASBDC consultants for future consultancies	Approved	
		07	Report of the Associate Director of SBDC Mississippi of the visit to 2 CDMYPES	Approved	
		08	Report by the Director of the SBDC in San Antonio about the workshop with PROESA.	Approved	
	3	02	March 2012 training for PROESA: Module I, II and III	Approved	
		03	Key Aspects of Successful SBDC-ITC Operations	Approved	
		04	Report on results from the March 2012 planning sessions with PROESA	Approved	
	Consultancy	1	Conceptual design to develop a specialized center on government procurement	Approved	
	III	4	1	April 2012 - Training - Modules 4-5	Approved
		4	2	Report on the results of the strategic planning session with PROESA on April 2012	Approved
4		3	3-day workshop with CONAMYPE's management team and CDMYPE's directors and consultants	Approved	
4		4	Report results of the workshop with CONAMYPE's management team and CDMYPE's directors and consultants	Approved	
5		1	Conduct Study Tour meetings	Approved	
Consultancy		1	Update and develop curriculum and training materials for Module II - Selection of Export Markets	Approved	
Consultancy		2	Development of Module II - Selection of Export Markets	Approved	

Quarter	Task Order	Deliverable No.	Name of deliverable	Status
	Consultancy	1	Work agenda for PROESA advisor about business opportunities in Ecuador	Approved
	Consultancy	2	Report on market research in Ecuador for PROESA	Approved
	Consultancy	1	Report on market research in Chile for PROESA	Approved
	Consultancy	1	A report detailing the business contacts identified during BIOFACH2012 and concrete business opportunities	Approved
	6	1	Field visit to nine CDMYPEs	Approved
	6	2	Presentation for CONAMYPE Senior Staff – CDMYPE visit	Approved
	6	3	Workshop with CONAMYPE Staff – CDMYPE visit	Approved
IV	Consultancy	3*	Update and develop curriculum and training materials for Module III – Product modification for export markets	Approved
	Consultancy	4*	Development of Module III - Product modification for export markets	Approved
	Consultancy	5*	Update and develop curriculum and training materials for Module IV – Logistics and distribution in new markets	Approved
	Consultancy	6*	Development of Module IV - Logistics and distribution in new markets	Approved
	Consultancy	3*	Training and coaching for SMEs on product adequacy for Ecuador's market	Approved
	Consultancy	2*	Training and coaching for SMEs on product adequacy for Chile's market	Approved
	Consultancy	1*	Update and develop curriculum and training materials for PROESA's course – SME preparation for IT and animation services niche in Honduras y Nicaragua	Approved
	Consultancy	2*	PROESA's course – SME preparation for IT and animation services niche in Honduras y Nicaragua	Approved
	Consultancy	3*	Reporte resumen con recomendaciones sobre servicios de IT y animación en Honduras y Nicaragua	Approved
	Consultancy	1*	Development of 26 export plans for Honduras and Nicaragua for Exportar Paso a Paso Program	Approved
	Consultancy	1*	Work plan – SGI and SIGGE intercommunications and improvements	Approved

**Note:** Deliverables marked with an asterisk (\*) are included in CD attached to printed report.