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USAID SME
DEVELOPMENT PROGRAM

SECOND ANNUAL REPORT: OCTOBER 2012 - SEPTEMBER 2013

USAID SME DEVELOPMENT PROGRAM

January 2014

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ACRONYMS

ASBDC	America's Small Business Development Center Network
BCIE	Central American Bank of Economic Integration
CDMYPE	Micro and Small Enterprise Development Center
CONAMYPE	National Commission for Micro and Small Enterprise
FDA	Food and Drug Administration
FONDEPRO	Productive Development Fund
GOES	Government of El Salvador
IDB	Inter-American Development Bank
ILO	International Labor Organization
MINEC	Ministry of the Economy
MOU	Memorandum of Understanding
MSE	Micro and Small Enterprise
NGO	Nongovernmental Organization
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
SBDC	Small Business Development Center
SME	Small and Medium Business
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

The USAID Program for SME development (“the Program” hereinafter) is a US \$9.6 million initiative over four years whose objective is to assist the micro, small, and medium enterprises (SME) of El Salvador in gaining better access to business development services, increasing their productivity and competitiveness, and broadening their operations in local and export markets. The Program started operations on October 3, 2011.

To achieve its commitments, the Program has two main focus areas: helping the Government of El Salvador (GOES) to improve the assistance it offers for SME development, and strengthening the capacity of organizations in the private sector to support SME growth and development. Through these interventions the Program also contributes to compliance with some of the pledges that the Governments of El Salvador and the United States made as part of the Partnership for Growth, particularly those related to resolving the low productivity of tradable goods.

The Program has three components. The first of these is dedicated to supporting the National Commission for Micro and Small Enterprise (CONAMYPE) in its initiative to create a network of Micro and Small Enterprise Development Centers (CDMYPE) throughout the country. The second is to strengthen other governmental institutions that promote SME development, particularly the Productive Development Fund (FONDEPRO) of the Ministry of the Economy (MINEC) and the Export and Investment Promotion Agency of El Salvador (PROESA). The third seeks to assist private organizations in carrying out initiatives to promote SME development.

This document summarizes the activities completed during the 2013 fiscal year in each of the Program’s three components, as well as the main results achieved to date. These include more than \$24 million in additional sales, more than 3,000 jobs created, and more than 900 businesses receiving export assistance.

Indicator	Total FY 2013
1. Additional Sales (export and domestic) of the SMEs assisted	\$24,380,567
Domestic	\$16,415,962
Export	\$7,964,605
2. New jobs created by SMEs assisted by USAID programs	3,038
Male	1,568
Female	1,470
3. Amounts leveraged to support SMEs and SME groups and networks	\$5,041,882
4. Number of businesses receiving assistance in building export capacity	935

5. Number of training events supported by the USG in areas related to building commercial capacity	131
6. Number of participants in trainings to build commercial capacity supported by the USG	3,047
Male	1,449
Female	1,598
7. Number of consultants trained in the development of business capacities	128
8. Number of firms receiving technical assistance and training from CDMYPEs	3,798
9. Number of PSOs working with the Program to support SME groups	27

Assistance to Small and Medium Enterprise Development Centers (CDMYPE)

The CDMYPE network has grown, evolving from five pilot centers established in 2010 to 11 in 2013. In addition to providing training, business advisory services, technical assistance, and inter-institutional links, the centers have added specialized business advisory services in the areas of information technology and communication, financial advisory and linkages, and advisors for female entrepreneurship.

The Program is supporting CONAMYPE to develop the CDMYPEs with help from America's Small Business Development Center Network (ASBDC), which brings together more than 1,000 SME Development Centers in the United States.

Important successes were achieved in the following areas during FY2013:

- Design of a methodology for self-evaluation and continuous improvement of the Centers that includes evaluation criteria and standards based on the Malcolm Baldrige Model of Performance Excellence
- Self-evaluations and improvement plans for all 11 CDMYPEs
- Design of legal alternatives to provide more certainty and continuity in the Centers' operations
- Strengthening the computer infrastructure of CONAMYPE and the CDMYPEs
- Improvements to the Information Management System (SGI) and interconnection with PROESA
- Training of 10 advisors in female entrepreneurship
- Training the 14 CDMYPE Network financial advisors and linking them with financial institutions
- Launch of the electronic trade portal SBDCGlobal.com, which will permit clients from the different CDMYPEs to contact each other to buy and sell products
- CDMYPE participation in a Department of State Small Business Network of the Americas initiative to create sister SME Business Centers across the hemisphere

The consolidation of the CDMYPE model is generating important achievements in terms of the number of businesses assisted and the economic impact of this assistance. In FY2013 the CDMYPE network provided 12,867 services to 3,081 clients, all micro and small businesses and entrepreneurs, which generated more than \$6 million in new sales

and more than 1,800 jobs. The network provided female entrepreneurship advisory services and its financial advisors helped SMEs obtain almost \$900,000 in loans in the period from May to August¹.

Support to the Productive Development Fund (FONDEPRO)

FONDEPRO is an entity of the Ministry of the Economy that awards non-reimbursable co-financing to MSMEs in order to strengthen their competitiveness and generate economic impact. In FY2013 the Program gave FONDEPRO technical assistance to improve its capacity to provide services that are high quality and efficient.

One of the main advances in that area was the definition and standardization of evaluation criteria to judge applications for co-financing from the private sector. The lack of standardized criteria in the past had made the approval process complex, long, and opaque, earning recurrent complaints from the business sector. The international consultancy hired to resolve this problem produced Evaluation Guides to permit the objective and transparent analysis and weighing of financial and technical criteria and the promotion of the projects presented. In parallel, the Program also supported the re-engineering of FONDEPRO processes through a consultancy intended to generate changes in organizational culture to achieve a greater degree of openness and collaboration among Fund personnel.

FONDEPRO's results were traditionally measured based on performance indicators, like the number of clients assisted, amounts invested, and projects approved. The Program proposed the development of tools to capture and measure the impact of Fund financing on the beneficiary businesses and on the local and national economy. Thanks to the efforts undertaken in this area, the institution began capturing the impact of the business initiatives implemented during 2012, with very promising results. For example, at the end of September 2013, the impact reported by businesses assisted by FONDEPRO already amounted to more than \$13.8 million, of which 58.5% were sales in the local market (\$8,105,623) and 41.5% were exports (\$5,757,537). With the co-financing provided by FONDEPRO, these companies have been able to break into 34 new markets in 29 different countries, and they have created 524 new jobs.

Finally, the Program assisted the institution in designing two new co-financing tools: one to encourage territorial development and the other to promote the development of supplier chains.

Support to the Export and Investment Promotion Agency of El Salvador (PROESA)

During FY2013, the Program primarily assisted PROESA in four areas: 1) the Exportar Paso a Paso program to prepare businesses to begin exporting, 2) participation of Salvadoran businesses in two international trade fairs in the United States, 3)

¹ Both the female entrepreneurship advisors and the access to finance advisors began operating in May 2013. See *Informe CrecES MIPYME CONAMYPE-CDMYPE*, mayo-agosto 2013, Gerencia de Servicios Empresariales, CONAMYPE.

improvement to the client registration and follow-up system, and 4) launch of the online commerce platform SBDCGlobal.com.

In the first area, 84 Salvadoran businesses were given market information that allowed them to make export plans to penetrate the markets of Guatemala, Nicaragua, and Honduras. After trade missions to those countries, as of the writing of this report, PROESA reported that these firms have negotiated \$4.3 million in sales. In the second area, the Program supported the participation of seven companies in the international trade shows *Expocomida Latina* and *Biofach Americas*. The businesses that participated in Expocomida Latina reported sales of \$450,000.

With respect to the client registration and follow-up system, the Program financed the development of a monitoring and evaluation module to permit the capture of the institution's economic impact. Additionally, to support the decentralization of PROESA's services, the Program financed the linking of PROESA's client follow-up system with that of CONAMYPE, allowing both institutions to refer clients to each other. Furthermore, within the framework of inserting El Salvador into the Small Business Network of the Americas, the Program paid for training for PROESA personnel so that the institution, as well as CONAMYPE, could use the business linkage platform SBDCGlobal.com. The platform will allow companies that work with PROESA and/or with CDMYPEs to make trade links with SMEs that have been assisted by the SBDCs in the United States and in other countries.

Assistance to Private Sector Organizations

The Program is collaborating closely with the private sector in three strategic areas: 1) organizations that represent groups of businesses, like COEXPORT, the Chamber of Commerce and Industry, and Voces Vitales, 2) groups of SMEs willing to work together to increase their competitiveness, and 3) lead firms interested in developing their suppliers.

Through its alliance with COEXPORT, the Program provided 60 instances of specialized technical assistance to a total of 28 SMEs in the areas of pharmaceutical products, food, and drink. Food exporters were also given information about FDA requirements to export to the United States, and groups of beekeepers were trained on technical improvements for honey production. A total of 50 businesses attended trade shows in France, Germany, Mexico, Nicaragua, and Guatemala, generating more than \$279,000 of sales in sectors like food, footwear, and organic products this year. Alongside COEXPORT, the Program also supported a business roundtable that connected 58 SMEs with buyers in Europe and the United States, and sponsored the first award in El Salvador for the "Female Exporter of the Year."

The Program's other important institutional partner in this area is the Chamber of Commerce and Industry in El Salvador (CCIES), with whom the Program is helping finance the Supplier Development Program (PDP) that the CCIES is implementing with resources from the UNDP and the IDB. Through the PDP, the Program supported two lead firms in the dairy industry, Agrosania and Los Quesos del Oriente, and 21 of their

supplier businesses. This support has allowed the ranchers to improve the health of their livestock, reduce operation costs, and increase milk production and quality. To date, both chains report sales increases of more than \$1.4 million and increases in milk production of up to 100%. The Program is also working with two other driver firms: Geolac in the dairy sector and TUDO in the transport sector.

In cooperation with Voces Vitales El Salvador—an organization that promotes women’s leadership and economic empowerment—the Program supported the implementation of an Export Development Program that provided technical assistance and business advisory services to 20 female business owners with export potential in making business plans. In addition, the Program and AmCham supported a trade mission to Guatemala City that allowed 11 companies in the areas of logistics, software, food, and packaging to garner sales worth approximately \$57,000.

An innovative area of work for the Program was that of design, a sector in which El Salvador boasts talent of an international stature. Through an MOU with the Salvadoran Association of Designers (CROMA), the Program supported the participation of 13 design firms in the exposition Wanted Design in New York from May 18-20. The participation of the Salvadoran delegation earned media coverage from *The New York Times*, *The Los Angeles Times*, and *The Wall Street Journal*, and has generated \$62,000 in sales to date. In cooperation with the Museum of Art in San Salvador, the Program also sponsored the biennial design competition CONTEMPO 2013, created to strengthen the innovation of Salvadoran designers with export potential. 62 proposals were received for the competition and 27 were selected as finalists (10 for surfaces and 17 for furniture). These finalists built prototypes that were exhibited in the museum.

Through an alliance with Bpeace—a program of entrepreneurial volunteers from the United States—the Program provided business advisory assistance to four companies in the areas of food, services, and leather goods. One other business was assisted by a Dutch retiree in collaboration with *Sabios y Expertos*, another volunteer program that in this case is operated by AFP CONFIA.

One of the most memorable activities of the year was the launch in August of a high-quality crafts collection by retail lead firm Simán. The campaign was called “ARTEC.A.: Product of Central American Talent”, and included not only El Salvador, but the other Central American countries where Simán operates. In cooperation with its partner CONAMYPE, the Program helped Simán identify and train 50 artisans with the potential to participate in this initiative, of which 25 managed to close deals with the retailer after intense preparation. As a result of this effort, at the writing of this report, the artisans had already made sales worth \$280,000.

The Program supported other groups of artisans through Exporsal and Qumbo, two companies that export household products and accessories to the United States and Europe. The Program helped Exporsal design a new summer collection, which allowed it to increase sales by \$187,000, while Qumbo received support to attend the exposition Dwell on Design in Los Angeles, which resulted in an invitation to participate in the Emmy Awards Red Carpet Gift Lounge.

Through an alliance with Tropical View, a company with clients in Europe, Asia, Australia, and the United States, the Program supported the development of a supply chain in the specialty coffee sector. This initiative benefited 95 coffee producers that were trained in SCAA norms. Of the 95 producers, 56 scored high enough in quality to be considered excellent specialty coffees and have so far agreed on sales of \$100,139 and created 85 new jobs. The Program also assisted the Association of Agricultural Producers of Nueva Concepción (APANC), made up of 50 members who received specialized technical assistance to develop four formulas of livestock concentrate, in accordance with market requirements. This has resulted in a sales increase of \$54,000 in one month, with projections for sales of more than \$700,000 next year.

A. TECHNICAL ACTIVITIES BY COMPONENT

A.1 Assistance to the Government of El Salvador in consolidating a System of Micro and Small Enterprise Development Centers (CDMYPE)

CONAMYPE is the branch of the Ministry of the Economy responsible for promoting and coordinating the implementation of public policies to develop micro and small businesses. It is also one of the Program's main counterparts.

In the two years of the Program's operation, assistance to CONAMYPE has focused on consolidating the CDMYPE model, the primary means of channeling business development services to micro and small businesses. The CDMYPEs have operated in El Salvador since 2010, when CONAMYPE decided to adopt the SBDC model from the United States, selecting it among other successful models for service to MSEs. One of the main characteristics of this model is that it is based on a public-private-academic alliance. CONAMYPE settled on the SBDC model after it established an alliance with institutions of higher education, NGOs, and municipal associations, who now run the 11 CDMYPEs that operate in the country.

The CDMYPE network has grown each year, evolving from five centers during the pilot phase in 2010 to 11 in 2013. The newest CDMYPE opened its doors in March 2013 in the state of Usulután, and is operated by the Gerardo Barrios University. In addition to offering training, business advisory, technical assistance, and inter-institutional links, the centers have added new specialized advisory services in the areas of information technology and communication, financial advisory and linkages, and advisors for female entrepreneurship. The last two areas are part of CrecES MIPYME, a program to promote productive investment that the Government of El Salvador has supported since May 2013.

To encourage the development of the CDMYPEs, the Program has gained the support of the ASBDC in the United States, which has provided assistance through specialized consultants and informative materials, whether directly or through the SBDCs that make up the network. The Program has also financed CONAMYPE and CDMYPE study visits to an SBDC and to the Annual ASBDC Conference in the United States, which this year was held in Orlando, from September 9-12.

The main assistance that the Program has offered during FY2013 includes the following:

- Continued improvement in the process to support MSEs based on the experiences and good practices developed by the ASBDC. This has included the development of self-diagnostics and improvement plans for each CDMYPE.
- Improving CONAMYPE and CDMYPE computer equipment and systems to better the processes for capturing client information and the services that they offer.

- Support staff training, especially for CDMYPE directors and advisors in business, technology, access to financing, and female entrepreneurship.

Finally, it is fitting to mention El Salvador's outstanding participation in the cross-hemisphere expansion of the SBDC model through President Obama's Small Business Network of the Americas initiative.

A.1.1. Advances in building a Program of Continuous Improvement and Accreditation System for the CDMYPEs

- a) ***Transfer of ASBDC Best Practices for the accreditation system.*** On April 29-30 the Program organized a workshop to transfer ASBDC best practices in the accreditation system given by Carmen Martí, Executive Director of the Puerto Rico SBDCs and a member of the ASBDC Accreditation Committee. 12 CDMYPE representatives participated in the event, along with four technical specialists and three directors from CONAMYPE, a representative from CENPROMYPE, and three members of the local consulting business hired to support this effort.

ASBDC Best Practices Workshop

12 representatives of the CDMYPE Network and 4 technical specialists from CONAMYPE learned the best practices developed by the ASBDC accreditation program for their possible application in El Salvador.

During the workshop, Ms. Martí expanded upon each of the seven standards of the ASBDC Accreditation Program, which are based on the Malcolm Baldrige Model of Performance Excellence. These standards are: Leadership and Organizational Structure, Strategic Planning, Focus on Clients and Partners, System of Metrics and Performance, Human Resources, Services to Clients, and Performance Results (Indicators of Impact). Ms. Martí also explained the process for an SBDC to obtain accreditation, illustrating it with her experience in many processes of this type and highlighting the best practices identified. Furthermore, she discussed the structure of the Accreditation Committee and its relationship with the ASBDC and the Small Business Association (SBA). This training was the starting point for the consultancy to design the CDMYPE Improvement Program and Accreditation System.

- b) ***Consultancy for the Design of a CDMYPE Improvement Program and Accreditation System.*** This assistance began in May with the intent of defining guidelines for the Centers to be able to make continuous improvements and eventually become accredited, as well as defining the norms that will regulate this process. To do that, the best practices for the ASBDC accreditation system and that of the AMCDPE in Mexico were used as a reference point. The activities to undertake include a pilot test in each of the CDMYPEs that have completed a self-evaluation and an improvement plan, and then each Center will receive feedback from the ASBDC. To date this approach has achieved the following results:
- The Consultative Committee was installed on June 18 to act as a counterpart to the consultant in the definition, revision, and approval of the criteria and standards

of accreditation, as well as in the improvement plans. This committee is made up of 10 members, seven of whom are the directors of the CDMYPEs operated by the Dr. José Matías Delgado University, the Francisco Gavidia University, FADEMYPE, PROCOMES-FIECA-ALFALIT, ADEL Morazán, and the Cayaguanca Association, along with two representatives from CONAMYPE and one from the Program.

- On September 4 the Consultative Committee approved the document “CDMYPE Standards and Evaluation Criteria,” as well as the “Guide to Self-Evaluation.” Both documents served as the basis for the self-evaluations completed that month.
- On September 5, a workshop was held for CDMYPE directors and advisors on how to complete the guide to self-evaluation. In total, 25 people received the training and had the opportunity to practice using the tool.
- Between September 6-30 each CDMYPE completed a self-evaluation using the approved guide and made an improvement plan. ASBDC experts will revise both results in November in order to provide feedback on the tools and processes designed.



Consultative Committee for the CDMYPE accreditation process.

A.1.2 Proposal for “market linkages” as a new CDMYPE Network service. The Program helped CONAMYPE with a consultancy to assist CDMYPEs in identifying potential buyers for their SME clients. Mauricio Moscoso, a Peruvian expert in the operation of business centers for MSEs in Peru, undertook the consultancy, which took place from September 24 to October 5 and from November 26-December 14, 2012. The consultant brought together operations representatives from the 10 CDMYPEs and at least two beneficiary businesses from each one. Additionally, interviews were conducted with private companies and government institutions that were identified as potential buyers. With the information he obtained, Mr. Moscoso developed a proposal for “market linkages” and provided recommendations to help the CDMYPEs increase the impact of the services they currently provide to MSEs. Although CONAMYPE has not explicitly incorporated market linkages into the CDMYPE operation manuals, the CDMYPEs have already adopted some of the consultant’s recommendations, like the organization of trade fairs and holding meetings with potential buyers.

A.1.3 Legal alternatives that may contribute to CDMYPE sustainability. Between July 2012 and January 2013 the Program, by way of a consultancy, undertook a study to identify the different legal alternatives that could eliminate the uncertainty and periods of inoperability that the CDMYPEs face at the start of each fiscal year as a result of not having valid agreements with CONAMYPE, since the agreements expire at the end of each calendar year. As the situation stands currently, the CDMYPEs must wait for a new agreement to be signed in order to restart their operations the following year. This process takes between one and three months, which is problematic for the operating institutions and center personnel.

The consultancy did a diagnosis of the legal-administrative framework of the CDMYPEs and devised four proposals for CONAMYPE: 1) accelerate the annual performance evaluation process for the CDMYPEs and their team of advisors in order to have the necessary time to process the budget for the following year; 2) elevate the executive decree that created CONAMYPE to the status of Law of the Republic in order to obtain legal status and autonomy and the right to appear in the Law of the General Budget of the Nation; 3) restructure the agreements with the CDMYPE operators in such a way that the financial aspect is regulated annually through an addendum to the agreements while the remaining activities (the center's creation, its operation, and the use of the CDMYPE brand) are regulated via agreements whose validity is not limited to the fiscal year; or 4) create a trusteeship or other short- or long-term financing mechanism that will permit the financing of the CDMYPEs without having to depend on the government budget.

The feasibility evaluation undertaken by CONAMYPE in cooperation with the CDMYPEs indicated that the third proposal—signing multi-year contracts related to the operation and use of the brand and annual contracts for the budget—was most viable. However, the budget of CONAMYPE was included in the Budgetary Law of September 2012, and the law included the agreements with the CDMYPE operators since the first days of January 2013. This eliminated the inoperative time that the centers experienced in the previous two years.

A.1.4 Incorporation into the SBDC Global platform. SBDC Global is a virtual tool developed by the University of Texas in San Antonio (UTSA) that allows the promotion of products and services by the MSME users of the SBDCs in the United States, Mexico, Colombia, and now El Salvador. During

FY2013 the Program supported the introduction of this tool in the country through PROESA and CONAMYPE, institutions that share the role of platform administrators. The former manages the promotion of companies to external markets and the latter administers promotion to local markets. As part of this process, experts from UTSA gave four training workshops—two in San Salvador, one in Santa Ana, and one in San Miguel—from February 11-14. The objective of these workshops was to train PROESA, CONAMYPE, and CDMYPE personnel on the function and administration of the tool.

El Salvador joins SBDC Global

El Salvador became part of the virtual platform SBDC Global, which will allow CDMYPE beneficiary firms to establish business relationships with companies assisted by SBDCs from the United States, Mexico, and Colombia, and among the CDMYPEs nationally.

The official launch and incorporation of El Salvador into the SBDCGlobal.com platform occurred on September 4. The event was presided over by the US Ambassador to El Salvador, Mari Carmen Aponte; the Technical Secretary of the Office of the President and President of PROESA, Alexander Segovia; the Minister of the Economy and President of CONAMYPE, José Armando Flores, and the Associate Vice President for Economic Development at UTSA, Robert McKinley. Over the course of this activity, CONAMYPE, PROESA, and UTSA signed a Letter of Understanding supporting the free functioning of SBDCGlobal.com in El Salvador in order to benefit MSMEs.



The Ambassador of the United States to El Salvador, Mari Carmen Aponte, attended the platform's launch event. September 4, 2013

This support is part of the Small Business Network of the Americas (SBNA), an ongoing effort by President Obama which attempts to increase the participation of the continent's small businesses in international trade. El Salvador was the first country in the region to adopt the model and its successes have inspired other Central American and Caribbean countries to do the same.

A.1.5 Computer equipment assistance to CONAMYPE and the CDMYPE Network. To strengthen and modernize the computer infrastructure of CONAMYPE and the CDMYPE Network, on May 3 the Program delivered computer equipment consisting of 30 laptops, five desktops, a server, and 29 licenses for Microsoft Office. This equipment is being used to improve registration, customer service, advisory services, and training that the CDMYPEs provide to MSEs, as well as to capture and measure the impact generated by its interventions in a more effective way.



Michelle Jennings, Director of the USAID Office of Economic Growth in El Salvador, delivers computers to CONAMYPE and the CDMYPE Network. May 3, 2013

A.1.6 Implementation of improvements to the Information Management System (SGI). The SGI is the software used by the CDMYPE network and by CONAMYPE to administer the services provided to MSEs and measure the impact that these services generate. The Program provided assistance over the course of FY2013 with two consultancies to develop changes and improvements to this system. The first consultancy, which began in August 2012 and concluded in May 2013, incorporated a new module into the SGI to register and measure the economic impact generated by the services that the centers provide. Additionally, the consultancy improved the module to generate reports and created an inter-connection mechanism between the CONAMYPE and

PROESA systems so that both organizations can exchange information on potential clients who require the services that each one provides. The second consultancy, which is still in progress, began in August and will develop two new modules for the SGI: one to monitor compliance with the goals set out in the agreements that CONAMYPE signs every year with the operating institutions, and the second to administer and control the budget assigned to each CDMYPE.

Patricia Canales, Director of the CDMYPE at the University of Sonsonate

“Participating in the Annual ASBDC Conference resulted in a change of my vision of the work that we do from the CDMYPEs. I think that, without a doubt, replicating the best practices that we learned from the ASBDC will help us very much day by day to improve the quality of the services that we provide to our beneficiaries. The challenge for us as directors is now to put this learning into practice and motivate our teams to innovate and improve the administration of our services to micro and small businesses

A.1.7 Participation by CONAMYPE and the CDMYPEs in the 33rd Annual ASBDC Conference. For the second consecutive year the Program supported the participation of a delegation of representatives from CONAMYPE and the CDMYPE network in the conference, which took place in Orlando, Florida from September 9-12. This event is a meeting point for representatives of more than 1,000 SBDCs in the United States.

The delegation—which was made up of two people from CONAMYPE and six representatives of the CDMYPEs from Sonsonate, Santa Ana, Usulután, La Unión, and the Cayaguanca Association—had the opportunity to learn ASBDC best practices and participate in high-level seminars about topics like management tools to assist SMEs, training techniques, and ways to measure economic impact.

A.1.8 Participation in the Department of State initiative to create SME support centers across the hemisphere. The representatives from CONAMYPE and the CDMYPEs who participated in the 33rd Annual ASBDC Conference were also invited to take part in a one-day workshop organized by the Department of State to twin SBDCs with similar centers in different countries in Latin America and the Caribbean as part of the SBNA. During the workshop, which took place on September 11 in Orlando, the four CDMYPE directors met with partner SBDCs in Tampa, Florida; Long Beach, California; Camarillo, California, and Kingston, New York, establishing the basis for a future exchange of information and trade opportunities.



Rafael Ortiz, CONAMYPE Manager of Business Services, discussing the CDMYPE model in El Salvador. May 21, 2013

A.1.9 Training for Advisors in Female Entrepreneurship and Finance. On May 21-22 the Program supported a training of technical staff who had newly joined the CDMYPEs to provide advisory services in finance and female entrepreneurship. These new services are part of the CrecES MIPYME program that the central government is promoting and operating, taking advantage of the national coverage of the CDMYPEs. 10 advisors in female entrepreneurship and 14 financial advisors participated in the training² To date, 530 advisory services have been provided in female entrepreneurship and more than 392 businesses have received assistance in financial advisory. Among the latter, 26 companies have been referred to BANDESAL to obtain financing and another 366 to other financial institutions (credit unions and commercial banks). 87 credit applications have already been approved, for a total amount of \$881,469.

- Between May and August 2013 the CDMYPEs have:
- Provided 530 advisory services in female entrepreneurship
 - Helped SMEs obtain credit worth \$881,469

A.1.10 Training and linking CDMYPE network financial advisors to financial institutions.

The Program supported the organization of an event at which four private banking institutions presented information on the different lines of financing they have available for SMEs to the CDMYPE network advisors. The participating institutions were Banco Davivienda, Integral, Banco Agrícola and Banco de América Central. Also at the event, advisors were trained on the importance of achieving effective coordination between business development services and financing institutions in order to provide more comprehensive service to center beneficiaries. The training occurred on September 2 and 109 people participated, among them CDMYPE representatives (directors and advisors) and technical personnel from CONAMYPE. The event also allowed the advisors to establish a line of contact with these institutions in order to direct financing requests from clients to financial advisory services at CrecES MIPYME.

A.1.11 First Forum on the Successes and Challenges of the CDMYPE Model in El Salvador. With the presence of the Minister of the Economy, José Armando Flores; the Sub-director of the USAID Office of Economic Growth, Thomas McAndrews; the Associate Vice President for Economic Development at UTSA, Robert McKinley, and the Director of CONAMYPE, Ileana Rogel, the First Forum on the Successes and Challenges of the CDMYPE Model in El Salvador occurred on October 9, 2012. More than 150 representatives of government institutions, cooperation agencies, and private sector organizations that work for MSE development attended.

Numbers from the CDMYPEs in two years of operations:

- 3200 beneficiary companies with more than 8,500 business advisory sessions and 1,100 instances of technical assistance

² The CDMYPE operated by the José Matías Delgado University was not part of the CrecES MIPYME initiative in 2013.

The main successes achieved in the two years since the CDMYPE model began operating in El Salvador were presented at the event, along with four success stories of companies that have used CDMYPE services and significantly improved their business administration and increased their sales volumes and job creation. These companies are: Calzado J&B (production and commercialization of footwear), Fuente Clara, S.A de C.V (disinfectants and chemical air-fresheners), Asociación Cooperativa de Mujeres Dinámicas Rompiendo Esquemas (production of artisanal wines), and Keke by Kathya Carranza (aromatherapy and natural cosmetics). All of the business owners discussed their experience and expressed their gratitude for the CDMYPE advisory services and support that have contributed to the development of their companies.

A.1.12 Fourth National MSE Meeting. For the second consecutive year, the Program sponsored this event, which CONAMYPE organized. The event, which this year was called “Linkages and Businesses”, brought together more than 2,000 business owners from all over the country. The activity took place on September 25, 2013 at the Centro Internacional de Ferias y Convenciones (CIFCO) in San Salvador. The event, which is held annually, is an important space for MSEs to access new business opportunities, participate in conferences on topics of interest, and access the services that the CONAMYPE and CDMYPE business service counter provides.



During the Fourth National MSE Meeting, CDMYPE advisors provided advice to the business owners interested in their services.

The Program’s support included sponsorship of the CDMYPE stand where the centers offered *in situ* advise to more than 250 business owners who attended the event. In addition, with the support of the Attorney General’s Office, the National Civil Police, and representatives of the U.S. Department of Justice, the Program sponsored a talk on *Prevention and Security for MSEs*, where more than 100 MSEs learned about how to prevent and respond to extortions, one of the obstacles that can impede business growth. At CONAMYPE’s request, next year the Program is planning to replicate this experience in other areas where the CDMYPEs operate.

Main results achieved in FY2013

Between October 2012 and September 2013 the CDMYPE network assisted 3,081 clients, all of them micro and small businesses and entrepreneurs.

**Clients Assisted by CDMYPEs
October 2012 - September 2013**

CDMYPE	Clients Assisted	%
COMPAS La Unión/ADEL La Unión*	184	6%
ADEL Morazán	243	8%
Cayaguanca Association	226	7%

FADEMYPE	306	10%
PROCOMES/FIECA/AL-FALIT Consortium	282	9%
Catholic Univ. of El Salvador/ Ilobasco	339	11%
Catholic Univ. of El Salvador/ Santa Ana	300	10%
Univ. of Sonsonate	309	10%
Dr. José Matías Delgado Univ.	398	13%
Francisco Gavidia Univ.	279	9%
Gerardo Barrios Univ.	215	7%
Total	3,081	100%

CDMYPEs that assisted the greatest number of clients during the year were the ones operated by the Dr. José Matías Delgado University (13%), the Catholic University of El Salvador –Ilobasco Campus (11%), and the University of Sonsonate (10%).

The CDMYPE network provided a total of 12,867 services, of which nearly 90% were different areas of advisory (business, finance, female entrepreneurship, and TIC); 6.8% were linkages; 2.2% technical assistance, and 1.2% training. The CDMYPE that provided the greatest number of services to clients was the one operated by the Catholic University of El Salvador – Santa Ana campus (18%), followed by the one operated by the same university on its Ilobasco campus (16%), as shown in the following table:

**Services Provided by CDMYPEs
October 2012 - September 2013**

CDMYPE	Counseling*	Technical assistance	Training	Linkages	Total services
COMPAS La Unión/ADEL La Unión*	736	24	15	44	819
ADEL Morazán	572	37	21	65	695
Cayaguanca Association	517	35	14	30	596
FADEMYPE	1,055	22	13	125	1,215
PROCOMES/FIECA/AL-FALIT Consortium	987	21	24	110	1,142
Catholic Univ. of El Salvador/ Ilobasco	1,897	27	15	84	2,023
Catholic Univ. of El Salvador/ Santa Ana	2,214	23	16	53	2,306
Univ. of Sonsonate	1,038	34	9	130	1,211
Dr. José Matías Delgado Univ.	964	26	7	47	1,044
Francisco Gavidia Univ.	976	14	14	61	1,065
Gerardo Barrios Univ.	600	21	10	120	751
Total	11,556	284	158	869	12,867

Source: SGI – CONAMYPE, October 10, 2013

*The CDMYPE COMPAS La Unión operated until December 2012. Beginning in March 2013 the CDMYPE administered by the Agency of Local Development in La Unión (ADEL La Unión) began operations.

** Includes all types of advisory services: business, finance, TIC, and female entrepreneurship.

Economic impact numbers:

Sales:

In 2013 CDMYPEs reported that their clients generated \$6,004,166 in new sales as a result of the assistance they received, of which 98% were domestic sales (\$5.8 million) and 2.4% were exports (\$144,500). The three CDMYPEs that reported the highest volume of sales by their beneficiaries were the ones operated by Dr. José Matías Delgado University (25.98%), Francisco Gavidia University (15.48%), and University of Sonsonate (15.06%), as shown below:

**Sales generated by CDMYPE beneficiary companies
October 2012 – September 2013**

CDMYPE	National Sale	Export Sale	Total Sale	% Participation
COMPAS La Unión/ADEL La Unión	\$212,596	\$0	\$212,596	3.63%
ADEL Morazán	\$660,051	\$1,000	\$661,051	11.26%
Cayaguanca Association	\$264,424	\$0	\$264,424	4.51%
FADEMYPE	\$110,512	\$0	\$110,512	1.89%
PROCOMES/FIECA/ALFALIT Consortium	\$86,413	\$0	\$86,413	1.47%
Catholic Univ. of El Salvador/ Ilobasco	\$549,854	\$0	\$549,854	9.38%
Catholic Univ. of El Salvador/ Santa Ana	\$659,814	\$0	\$659,814	11.26%
Dr. José Matías Univ.	\$1522,090	\$10,240	\$1532,330	25.98%
Francisco Gavidia Univ.	\$907,178	\$109,276	\$1016,454	15.48%
Univ. of Sonsonate	\$882,358	\$24,000	\$906,358	15.06%
Gerardo Barrios Univ.	\$4,359	\$0	\$4,359	0.07%
TOTAL	\$5,859,650	\$144,516	\$6,004,166	100%

Source: SGI – CONAMYPE, November 4, 2013

Jobs:

A total of 1,862 jobs were created during this period, of which 1,160 are permanent (62%) and 702 are temporary (38%), as shown below:

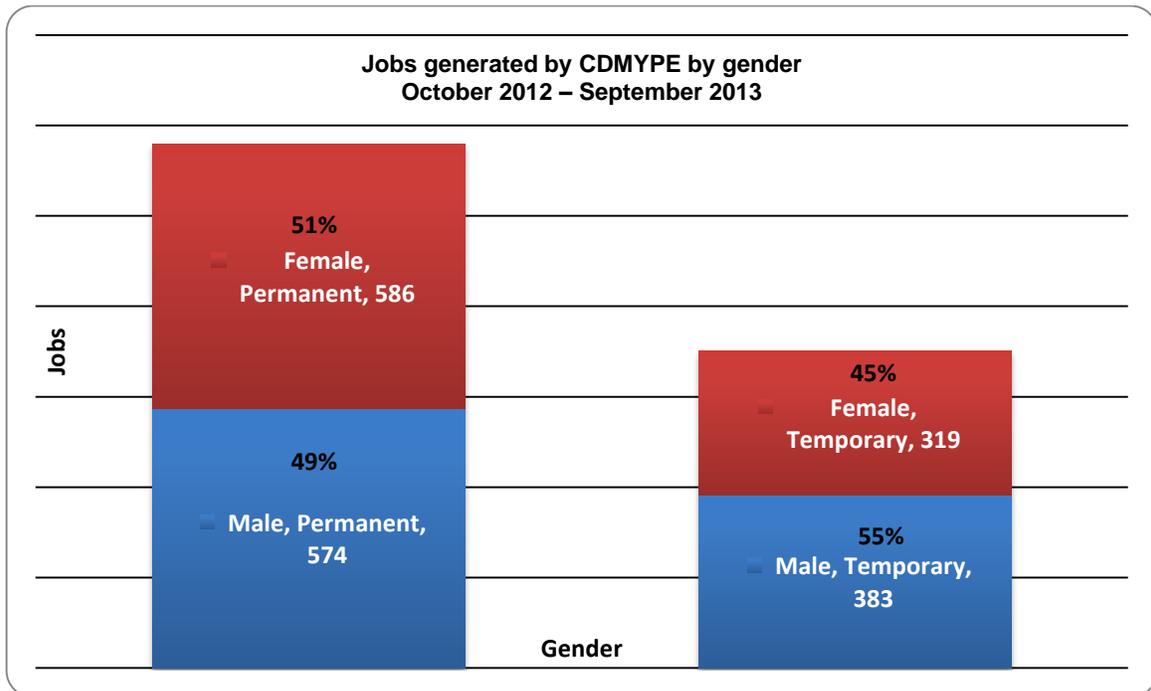
**Jobs created by CDMYPE beneficiary businesses
October 2012 – September 2013**

CDMYPE	Permanent Jobs		Temporary Jobs		Total Jobs
	Men	Women	Men	Women	
COMPAS/ADEL La Unión	24	38	6	6	74
ADEL Morazán	24	51	68	26	169
Cayaguanca Association	46	32	0	8	86
FADEMYPE	22	25	14	18	79
PROCOMES/FIECA/ALFALIT Consortium	59	102	48	21	230
Catholic Univ. of El Salvador/ Ilobasco	50	61	36	76	223
Catholic Univ. of El Salvador/ Santa Ana	22	32	69	73	196
Univ. of Sonsonate	99	91	47	25	262
Dr. José Matías Delgado Univ.	193	70	68	27	358

Francisco Gavidia Univ.	33	69	27	39	168
Gerardo Barrios Univ.	2	15	0	0	17
TOTAL	574	586	383	319	1,862

Source: SGI – CONAMYPE, November 4, 2013

It is important to highlight that 51% of the permanent positions are held by women, along with 45% of the temporary jobs, as shown in the graph below:



A.2 Collaboration with the Government of El Salvador to strengthen the support mechanisms for SME development.

A.2.1 Assistance to the Productive Development Fund (FONDEPRO)

FONDEPRO is the entity within the Ministry of the Economy that grants non-reimbursable co-financing to MSMEs to improve their competitiveness and generate economic impact. Since 2012, the Program has given technical assistance to FONDEPRO in order to improve the organization's capacity to provide high-quality and efficient services. In February 2013 Ricardo Moncada was named FONDEPRO's new Director and he continued to carry out improvements and simplification of internal processes and to the organizational culture, with Program support. The Fund's capacity to measure the impact of the co-financing it grants to SMEs was also increased. Finally, the Program also supported the design and implementation of new co-financing tools to allow more companies to have access to FONDEPRO resources.

The institution faced challenges during the year, the most important of which was the 40% reduction in the resources approved for 2013. Of the \$3 million budget originally approved for the year, FONDEPRO only received \$1.8 million to co-finance business initiatives. In this context, the Fund redefined its investment strategy to one based on the

competitive selection of projects with the greatest potential to generate impact. A total of \$500,000 was directed to projects under this strategy in 2013.

A.2.1.1 Definition of Criteria and Standards of Evaluation for business initiatives that apply for co-financing. The lack of standardized criteria in the past had made the approval process complex, long, and opaque, earning recurrent complaints from the business sector. For this reason, the Program assisted FONDEPRO with an international consultancy to define and standardize the evaluation guidelines for the initiatives presented by MSMEs.

This consultancy began in October 2012 with a process of inquiries to institution personnel, external consultants, and businesses to understand their perspectives on the process to award co-financing. The recommendations were used as inputs to define the new evaluation criteria. The preliminary evaluation guides were designed later for each of the six lines of co-financing that FONDEPRO has available. The guides combined financial and technical criteria and criteria to promote competitiveness, and also defined evaluation guidelines for each of the criteria individually. In March, the Fund’s technical team along with members of the Executive Council and the evaluation committees approved these guides. Based on this approval, in May the evaluation guides were finalized and their respective matrices were adjusted for the weights assigned to each criterion.

Also in May, two training sessions took place for the technical and management personnel of FONDEPRO as well as for members of the Executive Council and the evaluation committees who are responsible for evaluating and selecting the business initiatives that receive co-financing. A total of 19 people were trained at these events and business initiatives in the process of analysis were evaluated. This allowed for the demonstration of the effectiveness of the new tool for objective decision-making through aligning the evaluation results undertaken individually by the people responsible for the process. Subsequently, the Executive Council endorsed the use of the tool while waiting for official approval from the Council.

Matriz de Evaluación de Proyecto Según Perfil de Importancia de Inicio

1. Calidad y Productividad

FACTOR ES EMPRESA	PESO (1-10)	VALOR (1-5)	TOTAL P.V.
▶ CAPACIDAD FINANCIERA (FINANZAS SANDEAD)	6,0		0,0
▶ NIVEL DE EQUIPAMIENTO /INSTALACIONES	4,0		0,0
▶ INSTRUCTORIA EMPRESA	5,0		0,0
▶ ESTRATEGIA EMPRESA	10,0		0,0
EQUIPO HUMANO			
▶ ACTITUD EMPRESARIAL	5,0		0,0
▶ RESPONSIABILIDAD DIRECTIVA	5,0		0,0
▶ CAPACIDAD TECNOLÓGICA	5,0		0,0
▶ NIVEL DE EQUIPO HUMANO (DIRECTIVO) (EXP. COMUNITA, FORANCL)	4,0		0,0
▶ CAPACIDAD ASIMILACIÓN CAMBIO	3,0		0,0
PROYECTO			
▶ FACTIBILIDAD TÉCNICA	8,0		0,0
▶ MÉRITO DIFERENCIAL	5,0		0,0
▶ APALANCAMIENTO SOBRE RENTABILIDAD	3,0		0,0
▶ COHERENCIA PROYECTO/EMPRESA	6,0		0,0
▶ POSIBILIDAD CUMPLIR ASESORACIÓN PROYECTO	4,0		0,0
▶ INCIDEN EN LÍNEA APOYO	4,0		0,0
▶ DETERMINO FACTORES CRÍTICOS NECESARIOS	3,0		0,0
IMPACTO SOCIAL			
▶ ATRACTIVO SECTOR	8,0		0,0
▶ GENERACIÓN EMPLEO	3,0		0,0
▶ IMPACTO SOBRE BIENIO	4,0		0,0
▶ IMPACTO SOCIAL COMUNIDAD (GÉNERO, MINORÍAS, DESCENTR)	4,0		0,0
TOTAL (DEBE SER = 100)	100,0		0,0
		PUNTAJÓN DISCRECIONAL (0-20)	+
		CALCULO TOTAL	0,0
	VALOR MEDICIÓN =	$\frac{CT - 100}{4}$	→

Example of the project evaluation matrix

The consultancy concluded in July with the creation of a summary document directed at the business community publicizing the new evaluation criteria, as well as a proposal for an informational booklet to train external consultants who advise companies in drafting and submitting their initiatives to the Fund. The institution's technical staff is currently adjusting the way that businesses apply for co-financing based on the new evaluation criteria. The tool is expected to be institutionalized in December 2013 and introduced to the business community in January 2014.

"...International technical assistance to redefine the evaluation criteria for business initiatives that apply for co-financing... We are convinced that this is going to revolutionize the operation of FONDEPRO and will permit it to improve its response times for our beneficiary companies."

Ricardo Moncada, Director of FONDEPRO

A.2.1.2. Consolidation of the improvements in organizational culture and team integration. In order to support the process reengineering that FONDEPRO carried out in 2012 to offer more efficient services to its beneficiaries, the Program provided assistance through a consultancy to make the organizational culture more open and collaborative. The consultancy began in September 2012 and was carried out in different phases, which included coaching sessions and team-building activities like integration workshops and focus groups.

The process began with a diagnosis that identified opportunities for improvement in employee relations, including conflict-resolution, leadership, and streamlining decision-making. Commitments from team leaders that are necessary to make progress with these changes were also defined. At the request of FONDEPRO, the Program broadened the scope of the consultancy and designed a new accompaniment plan for each of the members of the Fund's management and leadership team (Executive Director, Assistant Director, Project Manager and area coordinators). The plan was implemented between February and June. The consultant generated a series of recommendations and management committed to implement these recommendations in order to make the Fund a more efficient institution with working conditions that ensure the retention of talent. Recommendations that are being carried out include collegiate meetings, process analysis, integration workshops and recreational activities.

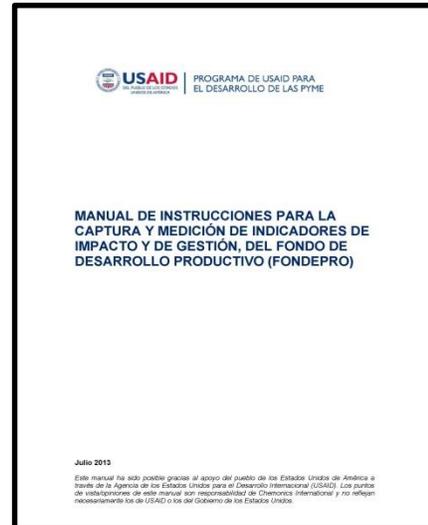


Members of the FONDEPRO team in one of the integration activities organized by the leadership team. July 2013

A.2.1.3. Development of the Fund's capacity to measure impact. FONDEPRO's results were traditionally measured using performance indicators like the number of clients assisted, amounts invested, and projects approved. The Program instead made a proposal to FONDEPRO to develop tools to capture and measure the impact of its financing on the beneficiary businesses and on the local and national economy.

As a result, at the end of 2012 the Program began working on the definition and prioritization of the indicators for FONDEPRO to begin measuring, and in February the Program completed an Instruction Manual to Capture and Measure Impact. The document contains a broad definition of 18 indicators of impact and management that are of interest to FONDEPRO, as well as a description of the methodology and tools to use to undertake the measurements. In March the Fund did a pilot test, and in June it began to capture the impact of business initiatives carried out in 2012. By the end of September 2013, the impact reported by the companies assisted by FONDEPRO amounted to more than \$13.8 million.

As a result of this intervention, FONDEPRO has institutionalized the measurement of impact, designating a specific person for the activity and including a requirement to provide impact information in its agreements with other companies. In addition, the Fund's decision-makers now have objective information to select the proposals that receive co-financing based on these proposals' potential to impact the economy. MINEC authorities have expressed satisfaction with the strategic information being generated, since it allows them to demonstrate the effectiveness of FONDEPRO as a tool to promote economic development.



Cover page of FONDEPRO's Manual to Measure Impact, designed by the Program

A.2.1.4 Creation of new co-financing tools. With the objective of facilitating access to FONDEPRO resources for a greater number of companies, the Program supported the creation of two new co-financing tools intended to promote territorial development and promote the development of supplier chains:

- **Non-reimbursable co-financing to promote territorial development.** In October 2012 the Program, together with the German Agency for Technical Cooperation (GIZ), financed an international consultancy to design a new tool to finance MSME projects that contribute to dynamize less developed regions of the country. The consultant recommended that FONDEPRO select regions with high development potential for a pilot test using the new tool. He also recommended the reform of some of the Fund's operational mechanisms to facilitate access to financial resources for the companies that work in priority areas.

With this proposal as a starting point, the Ministry of the Economy designed the basis for the competition for non-reimbursable co-financing to support productive projects in the coastal marine area in the states of La Libertad, La Paz, and Usulután. In June MINEC launched the first competition in Usulután to support productive projects that promote development in the Bay of Jiquilisco. The CDMYPE operated by the Gerardo Barrios University promoted the competition and supported some of its beneficiaries in submitting projects. 27 initiatives participated in the competition, of which five were awarded FONDEPRO resources for a total of \$300,000. The winning projects seek to construct and equip three storage centers for agricultural cooperatives, improve the production and sale of farmed shrimp, and improve a cashew nut factory belonging to a women’s business cooperative. The investment in these projects is projected to generate sales of more than \$2 million and approximately 870 direct jobs.



Armando Flores, Minister of the Economy, signing an Agreement of Cooperation with the UNDP to adopt the PDP Program. Photo courtesy of MINEC.

At the end of 2013 FONDEPRO will launch the second competition for territorial development in the micro-region of Los Nonualcos.

- **Non-reimbursable financing for supplier development.** Since August the Program has supported the Ministry of the Economy with the consultancy “Methodology to Operate Funding Competitions as a Co-Financing Tool for Supplier Development.” This initiative is part of the institutionalization process of the UNDP Program for Supplier Development, which the Ministry of the Economy is implementing on the basis of FONDEPRO’s processes for non-reimbursable financing. This consultancy will finish next quarter and the first funding competition is expected to launch at the beginning of 2014.

A.2.1.5 Automating the process to award FONDEPRO co-financing. FONDEPRO

currently uses software that permits it to manage only 25% of its awarding of funds automatically. Consequently, many of the control mechanisms are manual, requiring reprocessing and affecting the efficiency of the service provided to beneficiaries. For this reason, since July the Program has assisted the Fund in developing a System to Manage Business Initiatives, which will automate the Fund’s operations from the promotion phase to assessment, project formulation, and monitoring and evaluation of impact. 78% of the design phase has been finished, so the actual creation of the system will occur during the first quarter of FY2014.



Example of the screens designed for FONDEPRO’s new system.

A.2.1.6 Participation in the Conference “The Franchise: model for 21st century commerce.” Through its line of co-financing for market development, the Fund has co-financing available to diagnose “franchisability” and to provide accompaniment in implementing a franchise system. To advance the use of this line of support, at the request of FONDEPRO the Program financed the participation of six representatives of the institution to equip them with the tools to identify and assess businesses seeking franchise assistance. The methodology to create franchises was discussed at the conference and included the following variables: conceptualization of the business model, analysis of financial viability, legal framework, creating operations manuals, marketing systems, legal deed for a franchise, and organization proposal of the corporation as a franchised company. This conference, organized by the Chamber of Commerce and Industry in El Salvador, was held on September 12 and was presented by the renowned specialist Juan Manuel Callástegui.

Main results obtained by FONDEPRO in FY2013

During FY2013 FONDEPRO approved a total of \$2,346,684 in co-financing to MSMEs. These resources went to 161 initiatives that benefited 139 companies, 43% of them medium, 39% of them small, and 18% micro.

The distribution of these funds was as follows: 52% for innovation and technology, 13% for market development, 12.8% for regional development, 10% for seed capital, 6.7% for clean production, and 5% for quality and productivity. The funds were used to adopt new technology, for market research, to participate in trade fairs and missions, and to implement innovation, among other activities that encourage business competitiveness.

In terms of the economic sectors assisted, 31.2% of the initiatives belong to the manufacturing sector, 17.3% to the agro-industrial sector, 10.2% to advanced services, 9.5% to food and drink, 9.4% to metalworking, 7.9% to textile and dressmaking, and the remaining 14.5% to other sectors (IT, pharmaceuticals, services, tourism, and others).

The businesses were disbursed \$2,230,884 during FY2013.

Sales:

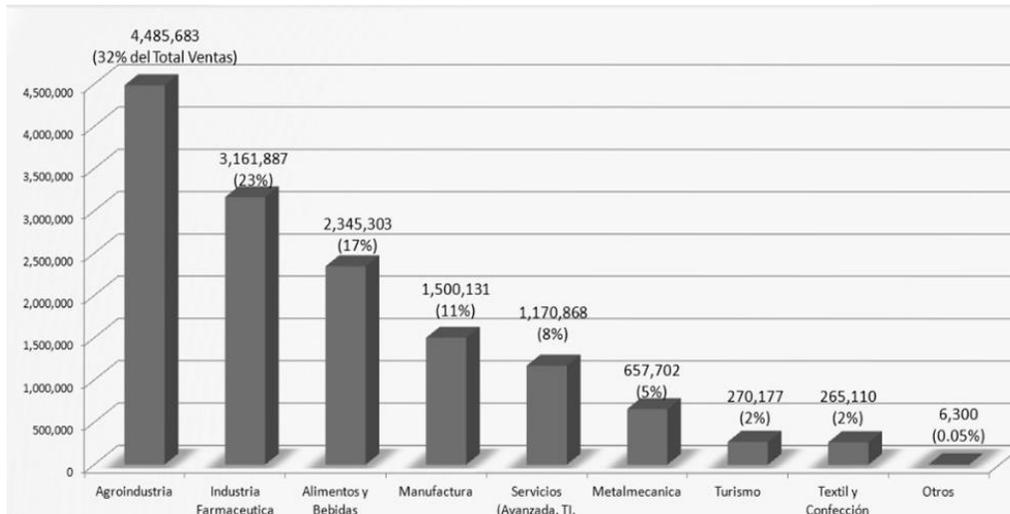
FONDEPRO results for FY2013

Indicator	Oct 12 – Sep 13
Amounts invested	\$2,346,684
Per business area	
• Innovation and Technology	\$1,221,569
• Market Development	\$ 308,552
• Territorial Development	\$ 299,552
• Dynamic Entrepreneurship	\$243,000
• Cleaner Production	\$ 156,542
• Quality and Productivity	\$ 117,469
Number of initiatives approved	161
Per business area	
• Innovation and Technology	45
• Market Development	97
• Territorial Development	5
• Dynamic Entrepreneurship	2
• Cleaner Production	7
• Quality and Productivity	5
Number of companies assisted	139
Amounts disbursed	\$2,230,884

Source: FONDEPRO.

In 2013 FONDEPRO reported that the co-financing they granted resulted in sales of \$13,863,161.26, of which 58.5% were domestic sales (\$8,105,623) and 41.5% were exports (\$5,757,537). Thanks to this co-financing, beneficiary businesses have been able to break into 34 new markets in 29 different countries.

Sales Generated by Economic Sector



Jobs:

Companies assisted report that they have created 524 jobs as a result of the implementation of co-financed projects. Of these positions, 285 are permanent (54%) and 239 are temporary (46%). 40% of the positions are held by women.

A.2.2. Strengthening the capacity of PROESA to provide export support services to SMEs

The Program assisted the Export Office of PROESA to strengthen its capacity to provide export support services for SMEs. Program activities focused on the following strategic areas:

- Support for the Exportar Paso a Paso initiative
- Assistance in the preparation of SMEs to participate in international trade fairs and missions
- Improvements to the registration and client follow-up system, SIGGE
- Linkage of the PROESA client follow-up system with that of CONAMYPE
- Adoption of the online trade platform, SBDC Global
- Support for some activities and training in the Public-Private Partnership Office, in the framework of the bilateral PFG agreement

Achievements in FY2013 include the participation of 84 SMEs in the Exportar Paso a Paso program. These companies were able to develop solid business plans and have so far reported sales of \$4,355,025. The seven SMEs that participated in the Biofach America and ExpoComida Latina trade shows reported \$603,000 in new sales. Technical

assistance allowed improvements to the client follow-up system (SIGGE) and the incorporation of a module for monitoring and evaluation.

A.2.2.1 Support for the Exportar Paso a Paso 2013 program. The main assistance to PROESA this year was in the implementation of the third edition of the Exportar Paso a Paso (EPAP) program, which the Program supported for the second time.

84 SME participants in the Exportar Paso a Paso program were given assistance in creating business plans

EPAP consists of four phases: 1) market research, during which PROESA conducts market sector research in each of the selected countries; 2) instruction, which is the phase in which companies are prepared through training modules on exporting to each of the markets; 3) creation of business plans, which serve as road maps for the companies wishing to penetrate a new market, and 4) trade missions to each market in order to meet directly with potential buyers. This year PROESA redesigned EPAP by gearing it towards companies with little or no export experience. Halfway through the year they launched a different program called Exportar Más for businesses with some export experience. In the case of EPAP, Guatemala, Nicaragua, and Honduras were selected since they are considered natural markets for businesses beginning to export.



The Director of USAID, Kirk Dahlgren, the Technical Secretary of the Presidency, and the Minister of the Economy at the launching of EPAP, April 4, 2013

EPAP was launched on April 16 with the presence of Armando Flores, Minister of the Economy; Alexander Segovia, Technical Secretary of the Office of the President; Giovanni Berti, Executive Director of PROESA, and Kirk Dahlgren, Director of USAID in El Salvador. More than 120 interested business owners attended the event, from which 91 companies were identified to begin the training program starting on May 9th. 84 successfully completed the training sessions and participated in a closing event on July 4th.

The Program's most substantial contribution began in May, when six consultants were assigned to assist the 84 SME participants with business plans corresponding with the target markets of their choice. This process concluded in August. Thanks to this assistance, the companies succeeded in preparing their strategy and other logistical issues required to negotiate more effectively with potential buyers during the trade missions. 25 businesses participated in the first mission, which was to Nicaragua on August 26th. The week of September 2-6, 27 companies visited Tegucigalpa and San Pedro Sula, in Honduras. The final trade mission – to Guatemala – will take place in October 2013.

Agroindustrias Polita participated in the ExpoComida Latina exposition for the first time in 2013 and made sales of \$100,000. As a result of this increase, the company has doubled its personnel and is looking for new export opportunities.

As a first result of the trips to Honduras and Nicaragua PROESA reports new sales of \$4,355,025. At least three new Salvadoran companies are exporting to Nicaragua and two others have increased their exports in markets where they already had a presence.

A.2.2.2. Participation in trade shows. The Program assisted PROESA in organizing the participation of Salvadoran SMEs in four trade shows in the United States: 1) Fancy Food Show (May, New York); 2) FIME (August, Miami) to promote medical industry products; 3) Biofach America (September, Baltimore), an exposition specializing in organic products; and 4) ExpoComida Latina (August, Los Angeles), the most important exposition to promote ethnic food in the United States. In the case of the first two events—Fancy Food Show and FIME—despite a broad call for participants, the minimum number of businesses required was not met. In May and June the calls for participants to Biofach America and ExpoComida Latina were successful and the participation of eight companies was confirmed.

Four companies participated in ExpoComida Latina, held from August 18-21, after which they reported 52 business contacts and \$45,000 in sales agreements. Among the participants was Agroindustrias Polita, a small company assisted by the José Matías Delgado University CDMYPE, which was able to exhibit its products at an international exposition for the first time. The director of the CDMYPE accompanied and advised the company during the event and Agroindustrias Polita was one of the first to close sales. At the writing of this report the company had already sent cargo to the United States and had reported sales of \$100,000.

Similarly, the Program provided support so that four SMEs - Los Nacimientos, Expronav, Productos Naturales Shuchil, and Proinca - could participate in Biofach America, from September 26-28. At the event, the SMEs had the opportunity to negotiate initial sales with international buyers for more than \$153,000. One important opportunity that came up at this exposition is that buyers from Whole Foods expressed interest in Salvadoran products from Shuchil, which exports organic beauty products.



Business owners and government representatives cutting the tape at the El Salvador stand at ExpoComida Latina in Los Angeles. August 20, 2013

A.2.2.3 Strengthening the institutional capacity of PROESA. Through improvements to its client follow-up system, SIGGE, the Program presented a proposal to PROESA in July to allow it to document the impact of increases in exports as a result of the assistance it provides to businesses. In August the Program began providing assistance in making these improvements to PROESA's client follow-up system with the following objectives:

- 1) Create a new monitoring module to allow the institution to capture and record the impact generated by the services it provides to businesses.
- 2) Strengthen the current system of administration reports, including the option to personalize the reports, minimizing the time it takes to generate them and improving their appearance.

3) Improve the user experience to promote greater system use, for example, by permitting the users to send emails to all clients and record the costs of service to each company.

PROESA export managers and advisors, as well as the Executive Director, approved the improvements made during the third quarter of FY2013. At the writing of this report the tool was being subjected to small final adjustments covered under the subcontractor's guarantee.

A.2.2.4 Interconnection of PROESA's and CONAMYPE's client follow-up systems.

The Program is supporting a cooperation agreement between PROESA and CONAMYPE which is meant to enable businesses with export potential in the interior of the country to access PROESA's services via the CDMYPEs.

To reach that objective, the Program financed the development of an interface system between both institutions. At the time of this writing both systems have been linked and can exchange client profiles. Thus, if an MSE receiving assistance from a CDMYPE has export potential, it can refer it to PROESA. Likewise, PROESA can refer a company to a CDMYPE in order to strengthen its competitiveness.

A.2.2.5 Adoption of the SBDC Global online platform, which allows Salvadoran SMEs to connect with more than 750,000 SBDC clients in the United States and Mexico.

In the framework of our strategic partnership with ASBDC in the United States, the Program has been collaborating with the UTSA SBDC, which specializes in international commerce. The Program supported the transfer of best practices from this SBDC to PROESA, as well as the training PROESA gave CDMYPE advisors on basic export topics, on criteria to identify SMEs with export potential, and on operational collaboration between PROESA and CONAMYPE.



PROESA employees were trained in the operation and administration of the SBDCGlobal.com system. February 2013

As a part of the process of cooperation between institutions, this year the Program offered comprehensive support for the adoption of SBDCGlobal.com, which will allow both PROESA and the CDMYPEs to make this online trading tool available to their users. SBDC Global is an online platform administered by the International Trade Center at UTSA that permits SMEs to buy and sell products with other SMEs benefiting from the more than 1,000 SBDCs in the United States, Mexico, and other countries where the SBDC model is being introduced.

In January, PROESA, CONAMYPE, and UTSA agreed to the conditions for implementing the platform in El Salvador, and in February, the Program provided support for two members of UTSA's staff to visit El Salvador. UTSA staff members held four training sessions for nine members of the technical and administrative teams of PROESA

and CONAMYPE, so they can serve as country administrators for SBDC Global. They also trained advisors from both institutions to enable them to provide effective assistance to the SMEs that will access the system. The trainings occurred in San Salvador, Santa Ana, and San Miguel from February 11-14. In addition, 66 people from the technical teams of both institutions and CDMYPE advisors throughout the country also received training and will be responsible for promoting the tool's use within the institutions.

The public launch of the platform for the private sector occurred on September 4th with the signing of an agreement by PROESA, CONAMYPE and UTSA that established the basis for a long-term relationship that will allow Salvadoran companies to integrate more with SMEs throughout the hemisphere, in the spirit of the Small Business Network of the Americas.

A.2.2.6 Assistance to the Public-Private Partnership Unit.

Since FY2012 the Program has facilitated the participation of PPP Unit staff in specialized training courses on this topic, so that once the PPP Law comes into effect PROESA will have the capacity to meet its obligation as the manager of these projects. With Program support, in FY2013 two PROESA employees finished the Central America Training Program in Public-Private Partnerships organized by the World Bank Institute, with support from the Central American Bank for Economic Integration (BCIE) and the International Finance Corporation (IFC). The fourth module was held in Tegucigalpa from November 5-9 and focused on the regulatory aspects of PPP contracts. The fifth and last module was held from May 6-10 and discussed drawing up PPP contracts.



International experts share their PPP experience with members of the Legislative Assembly. March 11, 2013

On March 11-12, the Program joined forces with FUSADES, the World Bank, and the Legislative Assembly for a seminar on the experiences of other countries that had already implemented PPP schemes. 58 people attended, most of whom were legislators and members of the Legislative Assembly's Commission on Finance and the Economy, representatives of the most important unions in the private sector, the Embassy of the United States, IDB, BCIE, PROESA, Technical Secretariats, and the Ministry of Finance and Public Works. The Program finance the participation of three international experts: Eric Luis Rubio Barthell (Mexico), Marcelo Pérez (Uruguay), and Hugo Morote (Perú), who shared their experiences and best practices in the implementation of PPPs with attendees. They also explained the importance and the content of the law in order to respond to the concerns and doubts of those present, and made recommendations. Attendees were able to broaden their knowledge and resolve their doubts about this new idea for investment.

The PPP Law was approved in June 2013, but it does not name PROESA as the governing body for PPP initiatives. The team that completed the training with Program

support remains a part of the PPP Agency, however, and there is an initiative to reform the law so as to include PROESA in the PPP process.

Main accomplishments

Among the main accomplishments achieved with the PROESA Office of Export Promotion are the following:

- Strengthening PROESA’s institutional capacity and its integration with CONAMYPE through the adoption of the business linkages platform SBDCGlobal.com
- 84 Salvadoran companies—the majority of which had little or no export experience—were prepared to export to three new Central American markets under the Exportar Paso a Paso program.
- The companies that received assistance from the Program and PROESA reported sales of \$450,000 at ExpoComida Latina 2013. It is hoped that these sales will increase substantially in 2013. The data from Biofach 2013 is still pending.
- The Office of Export Promotion has committed to using the monitoring and evaluation system that the Program proposed, which will allow it to capture the economic impact that its assistance to companies generates. The Program’s support was reinforced with the creation of a module to capture impact that is integrated into PROESA’s client follow-up computer system (SIGGE), which was submitted in the last quarter of FY2013.
- The Program supported the process of decentralizing PROESA services through connecting its computer and client follow-up systems with those of CONAMYPE.

Main Results Achieved: Trade Mission And Fairs

Type of event	Number of events	Number of companies	Amounts negotiated in USD	Contacts
Trade fairs	2	8	603,000	197
Trade missions	2	48	4,355,025	384
Total	4	56	4,958,025	581

*Source: PROESA

Below are the details of each event:

No.	Name of event	Country	Dates	Sector	# of participating businesses	Amounts negotiated
1	Trade mission	Nicaragua	August 26-29	Multi-sector	24	\$ 3,041,000
2	Trade mission	Honduras	September 2-6	Multi-sector	24	\$ 1,314,025
3	ExpoComida Latina, Los Angeles	USA	August 18-20	Food and drink	4	\$ 450,000

4	Biofach América, Baltimore	USA	September 26–28	Agroindustry (organic)	4	\$ 153,000
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*Source: PROESA

Among the successes of the Salvadoran companies that participated in the Exportar Paso a Paso program's trade missions to Nicaragua and Honduras are that 12 companies made sales:

- Nine exporting companies reported immediate sales in Honduras for a total of \$43,825
- Three exporting companies reported immediate sales in Nicaragua for a total of \$153,000

A.3 Support to business associations and other private sector organizations to strengthen SME networks for the growth of exports

On the basis of the market-lead focus promoted by the Program, successful alliances have been established with lead firms with the capacity to impact SME sales, with organizations that are helping SMEs to comply with market demands, and with business associations that are seeking both to increase sales and to contribute to the construction of a more favorable environment for these companies in El Salvador. The activities undertaken in this area contribute to goal 6.3 of the Partnership for Growth, which consists of increasing the export capabilities of Salvadoran companies through guidance and mentorship. In its second year of operations the Program continued working closely with private sector representatives, NGOs, business development service providers, and lead firms interested in supplier development. This allowed the Program to establish a total of 27 new alliances.

The Program has separated its work with the private sector into three strategic areas: 1) private sector organizations like COEXPORT and CCIES, 2) Groups of SMEs, and 3) lead firms. Maintaining an open dialogue with all three areas is key to identify market-driven initiatives in which the Program can serve as a catalyst to increase sales for Salvadoran SMEs.

A.3.1 Collaboration with private sector organizations (COEXPORT, CCIES, Voces Vitales, AmCham, CROMA, Bpeace, Sabios y Expertos, PROINNOVA, and FUNDEMAS)

COEXPORT

In February 2012 the Program signed an MOU with COEXPORT through which an important alliance was established for the dissemination of business opportunities, the development of technical assistance for SME exporters, workshops on compliance with export requirements, meetings with buyers, and participation in international expositions. Through this alliance, during FY2013 the Program assisted 28 SMEs with technical assistance, provided training to more than 75 SMEs, and supported the participation of 50 SMEs in international trade fairs.

In the last quarter of FY2013 our collaboration with COEXPORT expanded to include some institutional strengthening activities.

Trade fairs and missions

The participation in trade fairs was very dynamic during FY2013, generating positive results. 50 companies received assistance to attend seven international exhibitions (Sial in France, Biofach in Germany, Alimentaria in Mexico, Expoapoen in Nicaragua, and Agritrade, Expocalzado and New World Crafts in Guatemala), allowing these agroindustrial, footwear, and other sector companies to access international markets and generate more than \$279,000 in additional sales to date. Over the course of the year the Program worked with COEXPORT in planning for these exhibitions so that the participating companies would be more prepared and arrive with a predetermined schedule for meetings with potential buyers.

During FY2013, the Program supported the participation of SMEs in 7 international expositions.

- ***Sial, food and drink exhibition in Paris, France, October 21-25.*** The SMEs that received assistance to participate were Vape (honey derivative products), Urrutia's Coffee (specialty coffees), Joya de Cerén, (select bottled honey), and Expressas (coffee cookies). Sales reported to date amount to \$123,700.
- ***Biofach, organic products exhibition in Nuremburg, Germany, February 13-16.*** With each passing year, the global demand for organic products grows, especially in Europe and the United States. In cooperation with COEXPORT, the Program supported the participation of five Salvadoran SMEs in this exhibition, which is the most important for the promotion and sale of organic products worldwide, and which COEXPORT has promoted since 2009. The companies that participated were: Expronav, with products like sesame seeds; Agroindustrias Moreno, with organic food and drink; Cooperativa Sincuyo, with organic coffee; Productos Naturales Shuchil, with organic personal care products, and Hacienda Los Nacimientos, with food and organic indigo. Biofach 2012 resulted in sales of \$389,000 and the companies that participated in Biofach 2013 have reported sales of more than \$73,000 to date.



Stand of the companies that participated in Agritrade. Guatemala, March 14-15, 2013

- ***Agritrade, multi-sector exposition in Antigua, Guatemala, March 14-15.*** Agritrade is considered to be the most important Central American event for the promotion of food and drinks in the agricultural sector. The companies that had the opportunity to participate in this important exhibition were: Agroindustrias Palomo, with infusions of organic herbs; Mochi with drinks; Crio Inversiones, with various frozen foods, and Chef Home Foods, with gourmet jams. The Program also supported the participation of two companies from the agroindustrial sector: Protecno, with irrigation pumps, and Beminsal, which makes sacks for grains and other agricultural products. To date, the companies that participated have reported \$26,000 in sales and it is hoped that this figure will grow to \$100,000.



Salvadoran products on display at Alimentaria in Mexico, June 4-6, 2013.

- ***Alimentaria Mexico, food and drink exposition, June 4-6.*** Four companies participated in this exhibition: Grupo Tropix, which makes a variety of food products and also represented other companies like Sabores Cosco with mixes of fruit for drink concentrate; Santa Eduvigis, with bakery products, and Laboratorio Fuenteclara, which sells cleaning products for processing plants and supermarkets. As a result of this effort, the SMEs were able to establish business contacts with 14 companies with which they had business meetings. The companies that participated in Alimentaria 2013 project additional sales of more than \$70,000 over the course of the year.
- ***Expocalzado, footwear exhibition in Guatemala, August 13-15.*** The Program supported the participation of five Salvadoran companies in this exposition, which is the most important for footwear in Central America. The participants were: Grupo GW, Garbal, Jamcalza, Ricarfelli, and Coco Canela. The products that received the best reception were the industrial boots from Grupo GW and the women's footwear from Jamcalza and Coco Canela. Each company had the opportunity to hold at least three business meetings, previously scheduled by COEXPORT, with potential international clients. To date, despite the short amount of time since the event, the participating companies have achieved sales of \$43,000. In addition, as a result of the exposition, Coco Canela signed an agreement to give distribution rights for its products to the Guatemalan company KS Store Blue Fashion, which sells its products online.
- ***New World Craft, crafts fair in Guatemala, September 24-25.*** The crafts and decorative products sector generates many jobs and requires significant assistance, considering the level of global competition. To help SMEs understand new design trends and market demands, the Program joined forces with COEXPORT, as it did in 2012, to support the participation of Salvadoran companies in this exhibition, which is one of the most important in Central America and among bulk buyers in the United States, Europe, Mexico and South America. Nine companies participated in New World Crafts 2012 and have thus far generated sales of \$31,000. Given the demand

by new businesses to participate, this year the Program broadened its support to 20 SMEs, which have made sales of \$13,000 to date, and more than 50 business contacts who are interested in purchasing. The Program will continue assisting this sector to improve its products and its negotiations with potential buyers, and to ensure its effective participation in the exhibition next year.

- ***Expoopen, multi-sector trade fair in Nicaragua, September 27-28.*** Includes food and drink, organic, technology, crafts, and services sectors. The Program supported the participation of five companies: Salvacosol, with coal from vegetable sources; Tribus Raíces Cuscatlán and Acompandres de R.L., with food; Pixel Graf, with printing services, and Aclusa, with diverse manufacturing.

Preparing companies to export

- ***Technical assistance to SMEs in food, drink and pharmaceutical products.*** Taking as a starting point the study that COEXPORT did in 2012 that determined that SMEs in El Salvador had problems with hygiene, good manufacturing practices, labeling, and packaging that impeded their ability to export, the Program supported 13 companies with specialized technical assistance between October and February to overcome these deficiencies and improve their opportunities to sell internationally in markets in which they already had potential buyers.

Then, between April and August, the Program assisted 11 companies from the same group and eight additional companies identified by COEXPORT, in the development of business diagnostics and gap analysis. These studies served for the creation of improvement plans for each company. Additionally, the Program supported the provision of technical assistance to 10 SMEs to implement their improvement plans. This occurred between July and September and centered on issues like good manufacturing practices, labeling, and traceability. In sum, during FY2013 the Program implemented a total of 60 instances of specialized technical assistance for 28 SMEs in the areas of pharmaceutical products, food, and drinks.

- ***Training and assistance in complying with FDA technical requirements.*** Continuing the activities undertaken in FY2012, the Program collaborated with COEXPORT and the USAID Farmer to Farmer Program to provide training and technical assistance to companies in the food and drink sector on the regulations and requirements of the new Food Safety Modernization Act (FSMA) in the United States.

Trainings were held from April 15-27, May 20-30, and June 3-17, and covered hazard analysis and critical control points (HACCP), best practices in agriculture, and traceability. The initiative provided training for technical personnel in companies, specialized



Expert sharing the new regulations and requirements of the FSMA law. May 2013

consultants, and technical government employees in areas related to food and beverages.

98 representatives of businesses and sector agencies also participated in the seminars, and the initiative brought together close to 15 consultants who were trained to do diagnoses in factories and provide assistance in process documentation. The training was the result of visits that the consultants made to a selected group of at least 20 processing factories of SME beneficiaries.

- ***Specialized training for beekeepers.***

Owing to its potential to drive economic development for many SMEs on a national level, since 2012 the Program has supported activities in the honey-producing sector. As part of this effort, in October and November the Program assisted in the development of two stages of a Beekeeping Diploma given by the Regional International Organization for Plant Protection and Animal Health (OIRSA in Spanish). The diploma included 17 days of training, technical assistance, and practical experience, and a total of 52 business owners benefited from the initiative. As a result of the activity, the companies that the Program assisted have reported sales of more than \$141,000. It is hoped that the participating businesses, and especially the national exporters, succeed in finalizing additional business deals and increasing their sales over the course of FY2014.



Photo from the inauguration of the Central American Congress on Beekeeping. May 22, 2013

Together with COEXPORT and the honey value chain, the Program supported the 10th Central American and Caribbean Congress on Beekeeping, whose main objective was to strengthen the sector's regional integration and educate participants on new techniques and best practices in beekeeping to help to increase their productivity and optimize their cost structure. More than 200 people from Central America attended the event, which took place from May 22-24 at the Decameron Resort in El Salvador. The Program supported the attendance of 33 Salvadoran business owners. Salvadoran and international experts spoke about topics in beekeeping at the conference to bring the knowledge of the participants up to date and exchange experiences.

- ***Export to Sweden workshop.*** The Program assisted COEXPORT in holding a seminar on exporting to Sweden on May 27. 19 representatives of companies in food, textiles, packaging, and coffee attended to learn about the opportunities that Sweden offers for Salvadoran products. The seminar was given by experts from Open Trade Gate who also discussed the requirements and assistance available for exporting to the European Union and Sweden.

Other activities with COEXPORT

- **58 SMEs participated in an international business roundtable.** This activity, a joint initiative by COEXPORT and PROESA, took place on November 28 at the El Salvador International Fair. The event brought together 58 Salvadoran companies—mainly in the areas of food, drinks, and crafts—and companies from Italy, the United States, and Guatemala, to which the Salvadoran companies were also able to offer their products. According to COEXPORT, 350 meetings were held between Salvadoran SMEs and buyers, and have thus far generated more than \$180,000 in sales. It is hoped that these sales will increase over the course of FY2014, as companies prepare to comply with buyers' technical requirements. Given the success of this initiative, additional sector roundtables are being considered for FY2014.
- **Female Exporter of the Year award.** In order to recognize the work and effort of businesswomen, on December 6 the Program assisted COEXPORT in granting the Female Exporter of the Year award at the annual export awards. The prize was presented by Mari Carmen Aponte, the American ambassador to El Salvador, who imparted a message about the important role that women play in the economy. The winner of this award was María Elisa de Valiente from the company Vape, which exports the highest quality honey and whose sales and dynamism stand out among national businesses. The Program hopes to continue identifying and recognizing the achievements of enterprising women over the course of FY2014.

- At the International Exposition of El Salvadoran 58 SMEs participated in a business roundtable and have since made sales of more than \$180,000 to date.
- For the first time, an award was given to the Female Exporter of the Year at COEXPORT's annual export award ceremony.



Elisa de Valiente, General Manager of VAPE, was awarded the prize for Female Exporter of the Year. December 6, 2013

El Salvador Chamber of Commerce and Industry (CCIES)

Beginning in June 2012, CCIES became one of the Program's main strategic partners, when the Program agreed to help finance the Supplier Development Program (PDP), which CCIES has implemented with additional resources from UNDP and IDB. PDP shares the Program's objectives in the sense that PDP also functions based on market demands. The way PDP works is that a driver firm selects up to 10 SMEs from their strategic suppliers to begin an improvement process that consists of six phases that are implemented over the course of approximately 10 months. The PDP methodology requires all participants to contribute financially, which creates an important commitment on the part of the SMEs. During implementation, certified consultants undertake a diagnosis of the SMEs and their relationship with the driver firm, assist them in their interactions to identify areas for improvement, design improvement plans for the SMEs to be more effective suppliers, and help them to implement the plans. The application of the

PDP methodology has had an important impact on the sales of the SMEs that received assistance, which have grown by between 11 and 30 per cent.

Through PDP, the Program assisted three driver firms in the areas of dairy products and approximately 34 SMEs in their supply chains. The Program also provided support to a public passenger transport business seeking to break into tourism.

- ***Agrosania and Los Quesos de Oriente value chains***

Due to the high demand for dairy products in the country and the limited capacity to meet it with high quality products, the Program worked with CCIES to support the supply chains of two leading businesses in dairy products: Agrosania (with 12 SME suppliers) and Los Quesos de Oriente (with 9 SME suppliers). Business diagnostics were completed for all 21 of these companies to identify deficiencies and opportunities for improvement, and later support them with specialized technical assistance.

With the implementation of the PDP methodology, Agrosania and Los Quesos de Oriente have reported an increase in sales of more than \$1.4 million and the production of milk is up more than 100%

The results obtained to date are important. The farmers now comply with good practices in milking, have improved the reproductive and general health of their livestock, reduced operational costs, increased milk production despite the low summer season, and improved the milk quality. An example of the benefits achieved is the case of Las Margaritas, which has increased its milk production by 66%. Likewise, Agrícolas Karen has increased its production from 280 bottles of milk daily to 480. For the most part, the suppliers that have participated in the initiative report increases in production and savings in production costs of more than 50%. The improvement in product quality and the increase in sales will permit the business owners to invest more in their companies and create more jobs.



Image of Los Quesos de Oriente factory.

The support provided to the two chains of suppliers finished in October 2013. To date, both chains report increased sales of more than \$1.4 million and an increase of up to 100% in milk production. It is expected that sales will continue increasing in the coming few months.

- ***GEOLAC***

Starting in August, the Program has assisted a third leading firm in the area of dairy products. GEOLAC is made up of 11 members and a network of 55 suppliers of fluid milk and other products. Through PDP, the Program will support the development of 12 of its main suppliers through a program of specialized technical assistance. This program will help these companies improve their operations and the quality of their products, as well as to increase their production and sales.

- **TUDO**

The Program, through CCIES, also provided assistance to Transportes Unidos de Occidente (TUDO) and its supply chain. TUDO is a medium business based in Santa Ana, with 10 years of experience in public transport. It has identified the growing demand for local tourist transport in the states of Santa Ana, Sonsonate, Ahuachapán, and San Salvador, its main markets. The company decided to enter this segment of the tourism industry, offering a new line of services. Since March, the Program has helped TUDO and three of its strategic suppliers to implement this initiative through PDP. The company has received assistance in a market feasibility study and a business plan, which have enabled it to identify its target market and create six competitive products for tourists.

To date, TUDO has purchased 10 buses for \$1.4 million, which will be in service starting in January 2014. In addition, the company has begun looking for a coordinator for its tourism department who will begin working in December 2013. TUDO will be reporting its sales results at the beginning of January next year and expectations for its 2014 sales are high.

Voces Vitales El Salvador

Voces Vitales El Salvador, created in 2008, is the local chapter of the international organization Vital Voices Global Partnership, with headquarters in the United States, which works to encourage women's leadership and economic empowerment. In 2012, with the support of the State Department, Voces Vitales organized the Program for Export Development, with which the Program made a strategic alliance in May 2012. The Program for Export Development that Voces Vitales implemented had two phases. The first included seven workshops open to the public in San Salvador, Santa Ana, and San Miguel, whose purpose was to educate female business owners about export opportunities and bring them into closer contact with existing public and private support institutions. The Program provided comprehensive assistance in the design, recruitment of business owners, and the dissemination of activities. The second phase began in November 2012 and the Program's contribution centered on hiring two consultants to provide technical assistance to 20 of the 39 business owners identified as having export potential. Each of the 20 received business advisory services and support in creating a business plan. In recognition of the effort invested, the Program organized a closing event on February 6, 2013 that was attended by the United States Ambassador, Mari Carmen Aponte. During the event, the business owners had the opportunity to exhibit their products and network with other SME support institutions that the Program invited, like Bpeace, the IDB, and COEXPORT.



The US Ambassador to El Salvador, Mari Carmen Aponte, alongside the 39 women who finished the Voces Vitales export training program.

As a result of this intervention, various business owners presented their business plans to financial institutions to obtain loans and finance their expansion. Others successfully

registered their products and received barcodes, modified their pricing strategy, and made investments. In August 2013 the Program renewed its alliance with Voces Vitales through an agreement framework that contains three main activities to be undertaken in FY2014: 1) strengthen the organization through a consultancy to improve the design of the Businesswomen’s Network in El Salvador and to incorporate a system to monitor and measure impact; 2) subcontract the organization of two training modules of 16 hours in San Miguel, Santa Ana, and San Salvador to strengthen SMEs led by women in areas where Voces Vitales has identified the greatest weaknesses, like finances, sales techniques, and customer service; and 3) design a mechanism of specialized technical assistance for female business owners that have participated in previous Voces Vitales business strengthening programs.

Ena Margarita de Díaz, Owner of Multi Service Merliot

“What Voces Vitales has done is to motivate me. They told me, ‘You’ve hardly opened a window and there’s a door,’ which gave me the certainty that I have to keep going. I had never really thought about exporting...here they gave us the techniques and the steps to follow to be able to export.”

AmCham

In May the Program signed an alliance with the American Chamber of Commerce in El Salvador (AmCham) to support a trade mission to Guatemala City to participate in the Business Future of the Americas conference, the annual meeting of the American Chambers of Commerce of Latin America. The purpose of the meeting, which was held on June 10-11, was to promote business between Latin American countries in order to stimulate intra-regional commerce. The Program supported the participation of 11 SMEs interested in increasing their business potential in Guatemala and other Latin American countries. As a result of its participation, AmCham helped the companies to schedule 98 meetings in Guatemala and generated two immediate business deals between the participating firms. The SME participants on this trade mission—mainly in the areas of logistics, software, food, and packaging—have made additional sales of \$57,000 to date as a result of the business contacts established during this activity.

Salvadoran Association of Designers (CROMA)

CROMA is the association that brings together SMEs dedicated to the design and production of surfaces, furniture, lights, accessories, and other products to which value can be added through innovation in design. The Program signed an MOU with this association during the second quarter of 2013, which has enabled the development of the following initiatives:

1. **Participation of 13 design firms in the Wanted Design trade fair in New York from May 18-20.** The participation of these companies in the exhibition generated significant publicity around design made in El Salvador, earning coverage in newspapers like *The New York Times* and *The Los Angeles Times*. *The Wall Street Journal* visited San Salvador in June to write a story on the Salvadoran SMEs that participated in the exposition, which was published in October (see online.wsj.com/news/articles/SB10001424052702304213904579093640376990768).

During the exposition, the companies made 200 new contacts in business and media. In addition to the Program's support, the SMEs also received assistance from furniture publishing house Bernhardt Design, headquartered in North Carolina, which has supported Salvadoran furniture design for five years. As follow-up to their participation in the exposition, and in response to the positive reception that their products received among important retailers, like stores specialized in design, The Carrot Concept (the virtual store that is associated with the designers who received assistance) selected a line of products that was launched on September 25 as its first collection on FAB.com. To date this initiative has brought in \$62,000 in sales, which could increase to more than \$300,000.



Part of The Carrot Concept's exhibition at the Wanted Design fair. May 2013

2. **Organization of the biennial design competition CONTEMPO 2013.** CONTEMPO is a design competition that began in 2007 with the support of USAID El Salvador, intended to strengthen the innovation and business opportunities of Salvadoran designers with the capacity to export products and services to markets that value design, quality, and contemporary trends, without putting aside functionality. The competition was launched in March and the Program supported the training of 61 people interested in entering in April. In the same month, 62 proposals were received for the competition and 27 were selected as finalists (10 in the category of surfaces and 17 in furniture). These finalists then built prototypes that were put on display in the Museum of Art (MARTE) in August.

Qualified judges will evaluate these prototypes in October, based on the quality of the design and the potential demand in international markets. The Program will support the visit of two international judges and will pay for three winners in Surfaces and three winners in Furniture, Lights, and Accessories to attend international expositions. The competing businesses are expected to make at least \$80,000 in sales between 2013 and 2015 as a result of this exhibition.



CONTEMPO winners in the furniture category with the international judges. Oct. 2013

Bpeace and Sabios y Expertos

The Program is working with two organizations that support SMEs with technical assistance provided by volunteer experts from different countries:

1. In April 2013 the Program signed an alliance with Bpeace, a nonprofit organization based in the United States that provides technical assistance to SMEs in post-conflict countries or in areas with high levels of violence through volunteer members of working age with experience in different industries. Bpeace was established in El Salvador in 2012 with the goal of identifying SMEs with high growth potential, preferably led by women, to be the beneficiaries of their technical assistance. Bpeace then provides specialized advisory services for two years in order to create more jobs in the country. The agreement established between the Program and Bpeace consists of co-financing the stay of the volunteers that come to help Salvadoran SMEs selected to receive assistance. In that way, during 2013 the Program supported four companies in alliance with Bpeace: Krisspys, which operates a chain of restaurants throughout the country, to introduce best practices in operations; Santa Croce, a small firm that manufactures leather bags, received support from two consultants to develop a line for export; Seviaalca, a medium business that makes highway signs, was assisted by an expert in lean manufacturing techniques; and Helados Cremosa received support in revising the costs of its new line of premium products.
2. In May the Program consolidated a partnership with AFP CONFIA to support its Sabios y Expertos program by paying the travel allowances of foreign experts that come to El Salvador as part of this initiative. Sabios y Expertos works with retiree programs from European countries—specifically Holland, Germany, Switzerland, Italy, and France—to help Salvadoran SMEs introduce improvements into their products and processes. The program seeks sustainability in the impact of its interventions, partnering the international expert with a local one from its base of retirees to support the company in following up on the recommendations as part of the technical assistance. This program enables Salvadoran SMEs to gain access to specialized technical assistance to overcome different types of obstacles to growth and generate more sales and jobs. The Program supported the first visit in June 2013, during which a logistics expert from a Dutch retiree program, PUM, spent two weeks helping ALDESA, a small company that provides services in logistics, to help it to innovate in the services it currently offers. A bread-making expert is expected to visit in October to assist the business Ernestina Castro (Panadería Santa Eduvigis) in incorporating new recipes and to train the production team on new machinery. In total, during the next quarter the Program is expected to support the visits of three experts to El Salvador who will come to assist SMEs selected by the Sabios y Expertos program.

Activities with other organizations from the private sector

In partnership with FUSADES/PROInnova, the Program provided technical assistance to an associative group of female producers of artisanal sweets from the Isla del Espíritu

Santo in Usulután, to enable them to provide artisanal sweets to the gourmet department of Almacenes Simán. CONAMYPE identified the group, which is made up of six women between the ages of 25 and 55 with little education who came together to produce artisanal sweets two and a half years ago. To assist the women in overcoming the product quality issues that would limit their sales potential to Simán, the Program sought the assistance of PROInnova, which has a program specifically designed to support factory improvements for female SME producers of foods and drinks, and to overcome quality problems. At the time of writing, the Program had obtained the report on the necessary adjustments to the factory in order to improve production, obtain operation permits, and access formal markets.

In FY2013, the Program collaborated again with FUNDEMAS, an association that is a role model for social responsibility in El Salvador, in holding National Corporate Responsibility Week from June 8-13. The aim of the event was to disseminate trends and practices in corporate social responsibility (CSR) to encourage El Salvador’s business class to adopt responsible business practices, build networks, and create plans to manage their operations in a way that encourages the sustainable development of El Salvador. This year’s event had a special focus on sustainable development and value chains. The Program had space to publicize the work it has carried out to date, which has allowed for the identification of other organizations and leading firms interested in the development of SMEs in El Salvador.



Program’s stand.at National CSR Week

A.3.2 Alliances with SME groups and leading firms (Simán, Exporsal, Qumbo, Tropical View, TROPIX, mobile technology companies, Walmart, APANC, and RAVEZ)

Alliance with Almacenes Simán to promote the production and sale of quality crafts

In April the Program consolidated an alliance with the Salvadoran company Almacenes Simán, the largest department store in Central America, which was seeking to launch a collection of crafts from each Central American country in its 12 stores in the region in August. The collection, called “ARTEC.A.: Product of Central American Talent,” intended to transform crafts made in El Salvador and in other countries in the region to appeal to the tastes of consumers looking mainly for household decoration and personal items. In support of this initiative, the Program, in partnership with CONAMYPE, organized a private showing in March in which 46 Salvadoran artisans participated, and also identified more providers among its other partners. The Program then hired a consultant who specializes in the design and sale of artisanal products to

- Almacenes Simán
- 25 artisans, the majority referred by CDMYPEs, made sales of more than \$280,000 with Almacenes Simán under the ARTEC.A. initiative
 - Of these artisans, five are no longer part of the informal economy, three are now doing formal accounting, and 18 have become new exporters. All have acquired solid trade knowledge

advise the artisans from April until June. From this group of approximately 50 artisans identified, 25 succeeded in making sales to Simán in six of the store's departments (Women, Children, Men, Toys, Accessories, and Household). As a result of this effort, \$280,000 of sales have been made at the writing of this report. In total, Simán issued 89 purchase orders to the 25 artisans distributed in the following way: 26 purchase orders for the stores in El Salvador and 63 for the remaining stores in Central America. Only three artisans were not able to export their products, primarily due to Simán consumer tastes elsewhere in Central America.

The initiative was launched on August 15 at a public event at Simán Gran Vía, with the presence of the director of USAID in El Salvador. The Program's work was recognized at the event, and a slideshow that the Program created was presented to narrate the experience of the partnership, including artisan testimonials.



During August and September, the 12 Simán stores in the region made space available for products in the ARTECA collection.

For this initiative to succeed, Simán provided advice on product adjustments to suit the taste of consumers throughout Central America, advanced payments, was flexible with its internal procurement processes, made premium space available in all of its stores to display these products, and helped make banking services accessible to the artisans. The Program complemented Simán's contributions through identifying SMEs in the crafts sector with the potential to achieve the design and quality required by Simán; supporting the formalization and exporter registration of the artisans; technical assistance in product design, pricing, and development, and supervision of delivery times and product quality. In addition to the Program's strategic support, CONAMYPE helped with the call for artisans and assisted with follow-up in the countryside. Thanks to the Program's intervention, products made by Salvadoran SMEs represent 60% of the total products on display at the different Simán stores in Central America.

At the end of ARTECA's special sale period, of the 25 Salvadoran SMEs that made sales as part of the collection, 13 were selected to be permanent Simán suppliers. All of the companies will continue receiving Program assistance to link them to other lead firms. The initiative had important positive externalities, like encouraging improvement in the quality of products made in an artisanal way and setting a high-visibility precedent of how a large company can work effectively with local SMEs. In addition, of the 25 firms that made sales, five became formal businesses, three began doing formal accounting, and 18 became new exporters. They also acquired solid knowledge of bringing products to market, including how to negotiate with large companies, an understanding of the margins of commercial chains, and the ability to calculate bulk costs, among others.

Promotion of groups of artisans through Exporsal and Qumbo

Exporsal is a medium Salvadoran company that produces products for the home and garden and subcontracts approximately 200 artisans to make the different parts of its products, which are then exported fully assembled to the United States and Europe. Exporsal works with nine groups of workshops in cities and towns traditionally involved in the production of crafts, like San Sebastián, La Palma, and Santo Domingo de Guzmán. In April the Program began supporting this company and its suppliers through hiring an American designer who advised on the formulation of a new product collection for summer 2014, which includes innovative, handmade products made from recycled materials in order to strengthen and increase their market in Europe and sales in the United States. Likewise, the Program assisted the company in finding new suppliers with techniques that could be applied to their products, like the use of fabric dyes made with natural leaves. In addition, the Program strengthened the presence of Exporsal in expositions, supporting its participation in SPOGA FAGA, which took place in Cologne, Germany from September 8-10, all with the goal of increasing sales and creating more work for the groups of artisans. As a result of this activity, Exporsal has reported sales increases of \$187,000 for its summer 2014 collection.

Exporsal

- The new summer 2014 collection was created with advisory services from an American designer
- Exporsal participated in the Spoga Faga exposition, where it made sales of \$187,000

In May the Program made an alliance with **Qumbo**, which manufactures and sells accessories and household goods made by artisans, the majority of whom are from rural communities like El Palmeral, Olocuilta, and Santiago Texacuangos. The company designs its products, trains artisans in their manufacture, does follow-up for quality control, and accompanies people throughout the production process. Qumbo had received assistance previously to attend New World Craft 2012 and was one of the companies that connected with Simán. As a driver firm, the Program supported its participation in the exposition Dwell on Design, which occurred from June 21-24 in Los Angeles. Dwell on Design is the most important trade fair focused on design in the west coast of the United States and Qumbo products were received very positively. Due to its participation in this activity, the company earned an invitation to participate in the Emmy Awards Red Carpet Gifting Lounge on September 21, making it the first Salvadoran company to exhibit at this level. With Program assistance, Qumbo attended this event and succeeded in positioning itself with more than 100 television celebrities who were given samples of its artisan products made in El Salvador. As a result of this participation and thanks to the positive reception from the public and critics alike, Qumbo was invited to participate in the Oscars Gifting Lounge, where it is hoped that its products will be covered by important fashion publications in the United States, increasing its sales in the short term. At the writing of this report, Qumbo has grown from a micro to a small business, increasing its sales and the sales of the artisans to more than \$147,000, and it has begun formally selling its products in the United States.



Joe Mantegna from the series Criminal Minds receiving crafts from Qumbo. September 21, 2013

Establishing a production chain in the specialty coffee sector

In February the Program established an alliance with Tropical View, a company that sells specialty coffee, that was interested in increasing the volume of honey and natural coffees that it purchases from El Salvador. Its model is to invest in microbatches of coffee, with personalized marketing for each producer, processed where they are grown using environmentally friendly methods. In this way, Tropical View has secured the preference of clients in Europe, Asia, Australia, and the United States for specialty Salvadoran coffee. To support this initiative, the Program subcontracted people from the consulting firm Ninety Plus Development, which specializes in training coffee-producing SMEs in becoming producers of specialty coffee, to train a group of 95 producers in the processing required for their coffees to reach a score high enough to be considered specialty coffee. These producers were selected by the driver firm and are located in Chalatenango, Santa Ana, San Miguel, and Morazán.

- 95 coffee producers were trained in SCAA norms
- Of 135 batches tested, 60% obtained scores of over 85 points, the benchmark for being considered specialty coffee
- Specialty Salvadoran coffee was promoted at the SCAA and SCAE expositions
- 56 business people achieved a score high enough to be considered excellent specialty coffees and have made sales of \$100,139 and created 85 new jobs

In April and May, Ninety Plus Development held trainings on making African beds and processing coffee in them, verification of harvest quality, training in calibration and use of pulpers, moisture gauges and refractometers, as well as tasting techniques. As a result, the 95 producers presented 135 batches of coffee for evaluation, of which 91 were honey and 44 were natural. 60% earned scores higher than 85 points, sufficient to be classified as excellent specialty coffees, 37% earned between 80 and 84.99 points, which makes them traditional coffee for export (very good, according to SCAA protocol), and only 3% earned fewer than 80 points, which indicates that they are coffees of inferior quality, usually as a result of problems in the drying process.

To complement the transformation of the producers and with the goal that specialty Salvadoran coffee be well-received and recognized by international clients, the Program supported the participation of Tropical View in the specialized trade fairs SCAA and SCAE. SCAA, which took place at the Boston Convention and Exhibition Center in Boston, Massachusetts from April 10-14, is the most important specialty coffee exposition in the United States. During the fair, visitors had the opportunity to taste 59 batches from Salvadoran producers and 229 quintals of specialty coffee were sold. Representatives of the beneficiary producers Finca El Cedro, Finca La Montañita, and Finca Los Pinos attended the event.



Coffee-growers learned about tasting techniques.

From June 26-28 Tropical View promoted specialty Salvadoran coffee at the SCAE World of Coffee exhibition, the most important coffee event of the year in Europe, which

brings together the people who make up the “coffee chain”: producers, importers, roasters, machinery makers, and baristas. The event took place in Nice, France. 24 batches of specialty Salvadoran coffee were tasted in a demonstration area called The Village. Tropical View’s participation in this event enabled Salvadoran products to gain exposure in new markets, and for the representatives to monitor the trends in the Europe and initiate business relationships with new companies in the sector. In September the Program had the opportunity to meet one of the final clients in the chain, an English micro-roaster named Union Roasters, who visited El Salvador to make sure that the producers of the coffee he selected received fair prices and that the descriptions of the growing areas matched what appears on the coffee’s labels and descriptions.

As a result of these activities, at the writing of this report 56 micro and small business have achieved a sufficient score to be considered excellent specialty coffees. These companies have made sales of \$100,139 and have created 85 new jobs.

Tropix

Tropix is a medium Salvadoran business that produces and sells ethnic foods and similar products. The company is a driver for different SMEs, since it provides international markets to other, generally smaller firms with export potential, enabling Tropix to offer a wider variety of products to its clients and make its costs more competitive by consolidating cargo. In 2013, Tropix identified the opportunity to attend the multi-sector EXPOCOMER trade shows, one of the most important in the region, which took place in Panama from April 17-20. Tropix attended this show with Program support, exhibiting its own products and those of another six companies, giving them the opportunity to begin penetrating the Panamanian and regional market. As a result of its participation, Tropix and the businesses represented have made sales of \$16,000 to date. In the first quarter of FY2014, the Program expects to finalize a partnership with Tropix that will permit it to support the development of the SMEs that export through the company in a comprehensive way.

Assistance to firms in mobile technology

The Program’s first foray into this area was its support for the MobileS Contest, organized by PROInnova/FUSADES. The competition, launched in June 2012, received more than 100 projects and was intended to motivate young entrepreneurs to present ideas for applications for smart phones. To reinforce this goal, PROInnova organized trainings in which young people had the opportunity to improve their abilities. On November 16, 2012, in the presence of authorities from PROInnova, FUSADES, GIZ, and other organizations, an awards ceremony was held at which the Program presented the first place prize—technical assistance worth \$2,500—for the team that created the mobile application Guanapolio.



Representatives of USAID, the Program, FUSADES, and the company Kadevjo, during the event.

Another activity in the area of mobile technology was supporting an event on March 12 that was part of the international platform First Tuesday, in cooperation with PROInnova, GIZ, the IDB, and other PSOs. More than 100 people participated in the event, which was called Getting Started in the Mobile Technology Market. Tim Delhaues, the founder of the First Tuesday platform for the Americas, gave a talk. The company Kadevjo, made up of the first place winners of the MobilES Contest, also launched at the event. Kadevjo is expected to redeem the training it was awarded in FY2014.

In parallel to these activities, the Program began a process to link companies in mobile technology and mobile banking. Thanks to these efforts, in 2013 the firms iMoves and Estudio Eximius finalized four contracts with local businesses; prior to this, Estudio Eximius sold 100% of its products in external markets like Australia, Europe, and the Middle East. In addition, the Program connected MIDO, an SME specializing in the development of mobile banking solutions, with the USAID Program to Improve Access to Financial Services. At an event organized by the latter on January 17, MIDO shared its experience in mobile banking in other countries and explained the services it offers, thereby spreading the word that there are Salvadoran companies with the capacity to provide mobile financing solutions to the market. At the writing of this report, MIDO has signed a contract with the micro-financer ENLACE and is in negotiations with others. To date these companies have reported sales increases of \$54,000.

Support to develop suppliers of the supermarket chain Walmart

Since 2012, the Program has worked with Walmart to strengthen the competencies of its SME suppliers and increase their sales potential in Walmart's stores in El Salvador, the rest of Central America, and Mexico. In FY2013 the Program continued providing assistance through trainings and seminars on topics related to trading systems and Walmart's technical requirements for the 35 SMEs that make up the program A Helping Hand for Growth, which Walmart launched in 2012. The Program has provided support in three phases: 1) diagnostic of the bottle necks that Walmart identified in the SME suppliers, 2) training to help the SMEs overcome the obstacles that limit their sales, and 3) delivery of specialized technical assistance to implement improvement plans. 35 SMEs benefited from the first phase and 24 from the second phase. 20 SMEs are expected to participate in the third phase, during which they will receive technical assistance to overcome roadblocks that obstruct their ability to increase their sales on a local and regional level.



Representatives of USAID and Walmart with some of the beneficiary businesses.

Assistance to the Association of Agricultural Producers of Nueva Concepción (APANC)

As a result of the June 2012 public call by the Program for productive initiatives it could support, the Program identified groups of SMEs with common goals that it could help in

increasing their sales. APANC, in the municipality of Nueva Concepción, Chalatenango, which produces concentrate for livestock and is made up of 50 members, was one of the first groups selected. APANC signed a cost-share agreement for technical assistance with the Program in February 2013. To date the group has received specialized technical assistance in creating a market feasibility study and developing four new formulas for concentrate according to market requirements. With the implementation of these changes, APANC has already reported an increase in sales of more than \$54,000 in just one month, which permits them to project sales of over \$700,000 during the next year. The Program has also helped APANC identify new markets in the east and west of the country, and now people that used to make their own concentrate are purchasing the APANC brand, which is helping the group be more profitable. In October, a specialist will be developing a business plan to define a sales strategy to position APANC's brand of concentrate.

Supply chain in the footwear sector

In May the Program received a proposal from FUNDES to improve the supply chain of the medium business RAVEZ, S.A. de C.V., a retailer that operates seven footwear stores called Only Shoes in different cities of El Salvador. RAVEZ employs 30 people, invoices \$1.4 million in sales, and more than 50% of their supply comes from 22 national footwear makers, most of which are located in Santa Ana. Of this group of local suppliers there are approximately 10 that RAVEZ would like to strengthen. These 10 provide the greatest number of styles, but they are unable to produce the quantity required for RAVEZ to be able to expand its chain of stores. The Program approved the operation and will be subcontracting FUNDES to implement three initiatives to strengthen the chain: 1) business development of at least nine of RAVEZ's strategic suppliers in order to help those suppliers increase their sales to the company; 2) improve the management of RAVEZ's purchases so it can adapt to the production capacity of its suppliers, and 3) support RAVEZ in an expansion plan that will result in substantial sales increases for all participants in the supply chain.

At the end of September the nine companies that will participate in the business development program were confirmed, and an evaluation was done of RAVEZ's business model, supplier management system, and procurement management system. During the first quarter of FY2014 the companies will obtain improvement plans and will receive training in entrepreneurial skills, business areas, and technical strengthening. The technical training will be given by CIATEC, a Mexican organization specializing in working with the leather footwear sector. In the second and third quarters, CIATEC will provide consulting services in support of the implementation of improvements both to RAVEZ's suppliers and to RAVEZ itself.

Main accomplishments

During its second year of operations, the Program successfully consolidated partnerships with private sector organizations that support SMEs. With this, the Program has constructed a platform that will permit the generation of important results, such as the basis for the Program to contribute to improving business development services in El

Salvador and to incorporate mechanisms that allow lead firms to purchase more from SMEs. The following stand out among the Program's main accomplishments:

- As a result of training given to 9 SMEs to help them comply with the requirements for Biolatina certification during the first quarter of FY2013, the companies have all obtained certification and have reported sales of more than \$276,000.
- The companies that participated in the business roundtable organized by COEXPORT and PROESA in 2012 have reported sales of \$180,000.
- The SMEs that participated in the Beekeeping Diploma program have increased their sales by more than \$141,000.
- The SMEs that have received assistance from COEXPORT and that participated in international trade shows have reported sales of more than \$279,000 to date.
- 21 SME suppliers for lead firms Agrosania and Los Quesos de Oriente in the dairy sector received assistance from PDP. The driver firms have reported sales increases of more than \$1.4 million.
- The assistance to APANC and 52 of its partners has facilitated the creation of four concentrate formulas, which have increased sales by \$54,000.
- Activities to connect the Salvadoran diaspora are being created to drive local projects that are educational and productive.
- Alliances with two volunteer programs that support SMEs—Bpeace and Sabios y Expertos—have been finalized.
- Alliances have been made with lead firms Simán, EXPORSAL, and Qumbo to develop SMEs in the crafts sector. These partnerships have the capacity to generate substantial increases in sales by attending the demand of sectors of the population with high purchasing power, both nationally and internationally.
- Work with CROMA allowed the Program to support the growth of SMEs in the design sector by facilitating the participation of 13 companies in the prestigious international exposition Wanted Design, and through promoting the biennial design competition CONTEMPO, which is an incubator for new companies in the sector and the only competition of its type in the region.
- Through FUNDES the Program will be able to strengthen at least eight SME producers of artisanal footwear.
- 39 companies were strengthened in alliance with Voces Vitales El Salvador to enable them to increase their local and international sales. A framework agreement was signed with Voces Vitales that will allow the organization to continue improving its capture of economic impact, implement a subcontract that will provide business coaching to 40 companies, and provide technical assistance to companies that are members of the recently created Businesswomen's Network.

Within the framework of partnerships with the private sector, a total of 368 companies received assistance, the majority of which are in the food and beverages sector. To date these companies have generated sales increases of \$4.2 million as a result of their cooperation with the Program.

B.PROGRAM'S CONTRIBUTIONS IN GENDER AND IN SCIENCE, TECHNOLOGY AND INNOVATION

B.1 Gender

Given the importance and the potential of women as entrepreneurs and workers in MSMEs, the Program is developing activities both in the public and private sectors to help women overcome the challenges they face in their surroundings and to perform their jobs effectively in a business environment. At the same time, the Program is monitoring the impact of its initiatives on gender-related indicators.

In the private sector, the Program has established a partnership with Voces Vitales El Salvador to provide services to a greater number of female business owners through an institution devoted entirely to women. One of the primary objectives of the Program's support is to strengthen the organization so it can be sustainable in time. With the government, the Program has assisted CONAMYPE in training advisors in female entrepreneurship, who will then provide business development services to women in 10 CDMYPEs.

Below is a summary of the main activities undertaken with our partners:

In FY2013, the Program provided comprehensive support for the second year of Voces Vitales' exporter development program, which they began in 2011 with funding from the *Pathways to Prosperity of the Americas* initiative. Voces Vitales El Salvador is the Salvadoran branch of Vital Voices Global Partnership, which focuses on economic empowerment for women.

This program began in FY2012 with workshops open to the public in San Salvador, Santa Ana, and San Miguel in order to make female business owners more conscious of

opportunities to expand their export capacity. The Program assisted in the first phase of promotion and in recruiting qualified business owners for the second phase, which started in November 2012. This second phase consisted of helping 40 business owners to make business plans, for which two consultants were contracted. In February a symbolic graduation ceremony was held to recognize the efforts invested in this phase. As a result



Ana María Ojeda, Owner of the printing company Promotions. She formed part of the group of women who participated in the Exporting 2013 program through Voces Vitales with Program support.

"In my company I tended to do things empirically, but after going through the Voces Vitales program, I realized that many things had to change, and they helped me to focus and to have clearer goals and visions...[A]nd at the same time I realized that my product was more valuable than what I had thought, both locally and internationally. Without the support from these organizations, despite having had ideas and the desire to grow, everything seemed out of my reach. USAID and Voces Vitales played a fundamental role in my development and in that of my company, giving me a new outlook to achieve my objectives."

of this intervention, several business owners used their business plans to access credit, others successfully registered their products and obtained barcodes, some modified their strategy to establish prices, and other chose to invest. Due to the high impact of the Voces Vitales El Salvador activity in relation to the segment of female business owners, the Program renewed its partnership with the organization in August 2013, offering business owners who are members of Voces Vitales' Network of Women in Business to gain



Vanessa Mazorra, owner of Sol Azul, designs and makes clothing dyed with indigo and forms part of the artisans in the ARTEC.A. collection, a project spurred by the Program with Almacenes Simán, which has helped 30 Salvadoran artisans develop export capabilities.

"I used to be able to produce 500 pieces per month and now instead of 500 we're making 2,700 or more. I feel very motivated and excited because this is growth on a national and international scale. Among the benefits that the USAID Program has afforded me, is being able to see my business grow rapidly, increasing sales, increasing the level of productivity, and increasing the number of jobs in my company."

access to specialized technical assistance. The Program will also strengthen the organization in terms of its monitoring of economic impact and the adoption of best practices. Likewise, a subcontract will be signed at the beginning of FY2014 to implement a program to strengthen women-owned businesses.

Also in FY2013 the Program assisted CONAMYPE in training technical personnel who became part of CDMYPE to provide advisory services in female entrepreneurship. This service was created with the purpose of promoting companies led

by women on a national scale. 10 advisors in female entrepreneurship participated in the training.

By the end of FY2013, the Program had trained a total of 3,047 people, of which 52% were women, and generated 1,478 new jobs for women, which is 48% of the total reported. In addition, 99 companies led by women have benefited from Program support during the two years of the Program's operation, not counting public limited companies in which many women are members or hold leadership positions.

In its two years of operations the Program has observed that female business owners have longer decision-making processes and request more Program support in making business decisions that

could represent a change of direction for their companies.

This may be the result of different causes, including their greater



Mirna de Macay, General Manager of Agroindustrias Lácteas Los Quesos de Oriente S.A. de C.V, which was one of the companies that received assistance through the Supplier Development Program.

"We had a good experience participating in PDP. We've succeeded in consolidating relationships with our suppliers, improved the quality of the products using the quality management system, improved organizational culture and leadership, complied with the norms of industrial security and occupational hygiene, and have increased milk production. The most important of these achievements is that we now have a better understanding of the current state of our company, which allows us to take strategic and viable decisions for the organization. This program has allowed us to go beyond our company and work more closely with our suppliers, who are also growing themselves."

aversion to risk, a lack of experience because they have less exposure to the business world, or even self-esteem issues. The Program has also observed that female business owners are more willing to cooperate with each other and that the group is more quickly able to settle business ventures and negotiations. A demonstration of this is the Alliance of Female Business Owners and Entrepreneurs (AMEES), which was formed from the first group of female business owners who benefited from Voces Vitales' export development program. The group became a formal organization in 2013 and decided to invest in opening a store, which will begin operations at the beginning of FY2014.

B.2 Science, technology, and innovation

During its second year of operations, the Program launched activities intended to strengthen public sector institutions in the areas of information technology and communication. To that end, the Program has supported the strengthening of infrastructure and has developed the capacity of personnel in CONAMYPE and its CDMYPE network, PROESA, and FONDEPRO. The Program also encouraged innovation and technology transfer through partnerships with private sector organizations, companies, cooperatives and associations.

Public Sector

The Program has supported information technology in two areas: infrastructure and training.

The technological structure of CONAMYPE and the CDMYPE network became stronger through the Program's donation of software and hardware (30 laptops, 5 desktops, a server, and 29 licenses for Microsoft Office). This donation improved the efficiency of processes to capture client information and the services that the institutions provide, and the development of new modules to track impact has improved the information management system and the generation of reports on the centers' operations. El Salvador became part of the SBDC platform, a tool that will permit companies that are PROESA and CDMYPE clients to connect with more than 750,000 other companies using SBDC services in the United States, Mexico, and Colombia. To improve personnel capacity, the people in charge of CONAMYPE, CDMYPE, and PROESA were trained in the administration of the SBDC portal.

A new module was incorporated into CONAMYPE's information management system to record and measure the economic impact generated by the services that the centers offer and to create a mechanism to connect the CONAMYPE and PROESA systems. This connection will allow both organizations to exchange information about potential clients that may require the services that each organization provides. As a result of this effort, the CDMYPEs have incorporated new support mechanisms to respond to the necessities of micro and small companies, bringing together new specialized advisory services in information technology.

Under development are modules to manage the budget that CONAMYPE authorizes for the CDMYPEs and to monitor compliance with goals established in the agreements with the institutions that operate the Centers.

In the case of PROESA, improvements are being made to its information system, including the development of a new module for monitoring and for better administrative reports to support timely and well-informed decision-making.

As part of the assistance that the Program provides to FONDEPRO, a consultancy began to automate the processes involved in awarding funds, including measuring impact. Since July, the Program has supported the development of a system to manage business initiatives that will automate the operation of the fund starting from the promotion phase and including training, project formulation and evaluation, and monitoring and impact evaluation. The design phase is over and implementation will start during the first quarter of FY2014.

Private Sector

The Program has likewise strengthened innovation and technology transfer in companies in different sectors in alliance with private sector organizations.

COEXPORT

Companies with export potential have received assistance to attend international expositions and understand the competition and the market as a mechanism to stimulate and access knowledge from the perspective of technology transfer, as well as to hire experts in specific areas that allow for improvement of productive processes that are considered mechanisms for technology transfer. The Program has also helped train companies on FDA technical requirements, allowing these businesses to access technological information.

Bpeace and Sabios y Expertos

The Program has assisted Salvadoran SMEs to introduce improvements to their products and processes through the acquisition and adaptation of technology that experts provided.

Tropical View

The Program has supported processes for producers to convert to making specialty coffees. This has involved making improvements in production processes through the adoption of processing technologies required for coffee to reach the necessary score to be considered specialty coffee.

FUSADES

The program supported the mobileS Contest in order to motivate enterprising young people to present ideas for smart phone applications. The Program presented the award for first place. Another activity that the Program supported in alliance with PROInnova, GIZ, the IDB, and other private sector organizations was the event “Starting a Business in the Mobile Technology Market” within the First Tuesday platform, which is an international meeting point to promote entrepreneurship.

Simán

The Program provided assistance by hiring a designer that advised on a new collection for summer 2014, including innovative handmade products using recycled materials. The Program also helped Simán find new suppliers with techniques that could be applied to their products, like the use of fabric dyes from natural leaves.

Salvadoran Association of Designers (CROMA)

In the framework of supporting innovation for SMEs dedicated to design and the production of surfaces, furniture, and other products that can add value through innovation, the Program gave assistance to three design companies to participate in the Wanted Design trade fair in New York. The Program also supported the CONTEMPO 2013 competition, whose goal was to strengthen innovation and commercialization of Salvadoran designers with export capacity.

ANNEXES

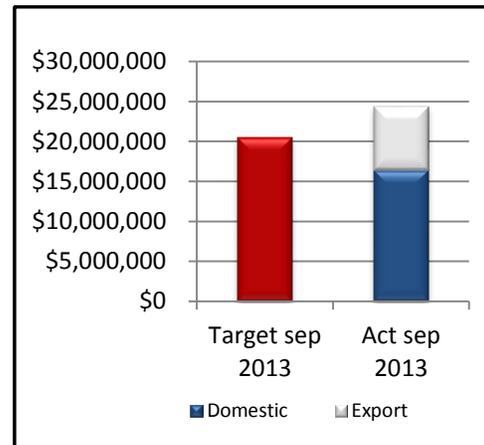
ANNEX A: ADVANCES IN KEY INDICATORS AS OF SEPTEMBER 30, 2013

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

Definition: Increased sales (domestic and export) generated by CDMYPE, agencies of the Government of El Salvador, private sector organizations (PSOs), and groups of companies receiving direct assistance.

Unit: USD

Source: Counterparts from the Government of El Salvador, PSOs, and groups of companies that received direct assistance



Target for September 2013: \$20,526,112
Actual as of September 2013: \$24,380,567

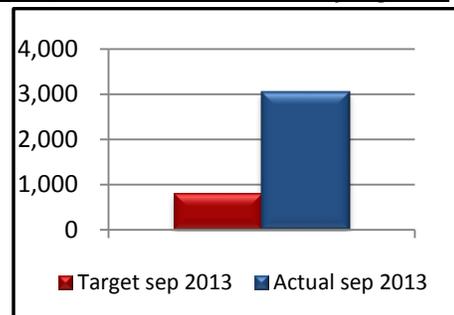
57% of the results come from companies assisted by FONDEPRO, 25% are from CDMYPE beneficiaries, and the remaining 18% are from other initiatives. Export sales increased to \$7,964,000.

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

Definition: Number of jobs generated by SMEs that received assistance from CDMYPE, agencies of the Government of El Salvador, PSOs, and groups of companies receiving direct assistance.

Unit: Number of new jobs

Source: Counterparts from the Government of El Salvador, PSOs, and groups of companies that received direct assistance.



Target for September 2013: 799
Actual as of September 2013: 3,038

Most of the job creation occurred in companies that received assistance from CDMYPEs (61%). The jobs were distributed by gender in the following way:

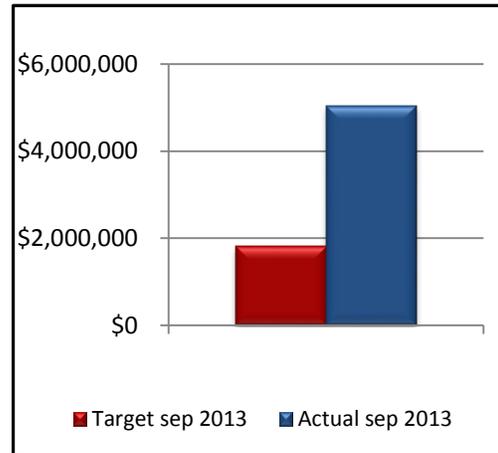
Gender	Number of jobs	Percentage
Male	1,568	52%
Female	1,470	48%

3. Amounts leveraged to support SMEs, SME groups and networks

Definition: Amount in dollars (cash or in kind) leveraged from participants in the Program’s initiatives and interested parties (PSOs, leading firms, NGOs, other donors, SMEs themselves, etc.) to support SME groups and networks to increase their sales. This corresponds to investments and amounts committed through MOUs that may still be in the process of implementation.

Unit: USD

Source: Program, partners, and counterparts that sign and/or participate in Memoranda of understanding and agreements.



Target for September 2013: \$1,813,212
Actual as of September 2013: \$5,041,882

83% of the amounts invested come from companies that participate in our initiatives; the remaining 17% come from NGOs that support SME development.

Below are the details of the investments by counterparts:

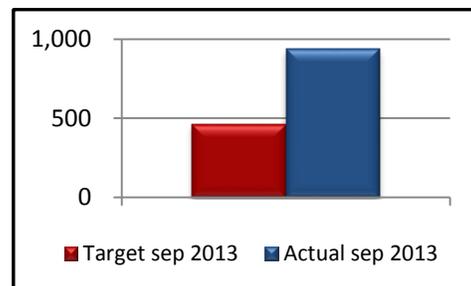
Counterpart	Investment
Private	\$4,167,793.89
ONG	\$874,088.18
Total	\$5,041,882.07

4. Number of firms receiving capacity building assistance to export

Definition: Number of businesses that have received assistance or training in exporting. This indicator cuts across all components.

Unit: Number of businesses

Source: Counterparts from the Government of El Salvador, PSO, and groups of companies that received direct assistance



Target for September 2013: 462
Actual as of September 2013: 935

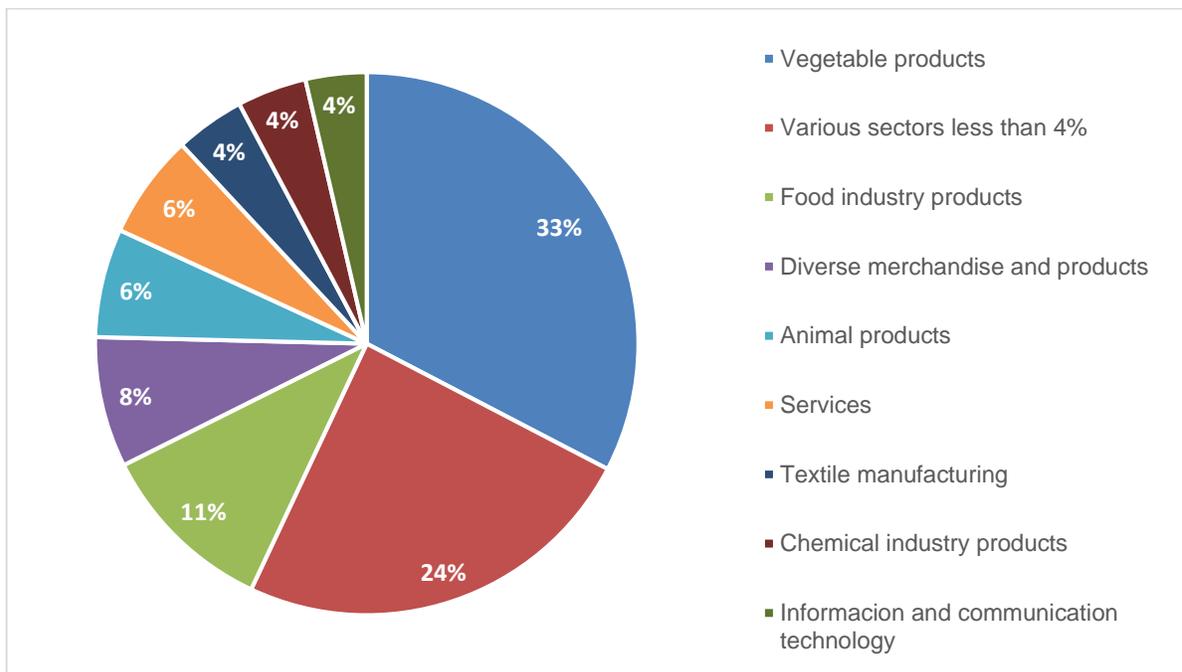
This year the Program supported SME assistance to trade fairs such as Expocalzado, ExpoComida Latina, Expoapen, New World Craft, and Biofach, as well as trade missions from the program Exportar Paso a Paso. These initiatives increased the number of businesses receiving technical assistance for export to 935, of which 549 received just training and 386 received technical assistance.

Type of support	Number of companies
Technical assistance	386
Training only	549

The companies that received technical assistance are distributed in the following way in terms of the gender of their owner:

Gender	Number of companies
Male	150
Female	99
Anonymous	50
No data	87

Of the companies that received technical assistance, 33% were in the produce sector (coffee, fruits, vegetables, etc.). In general, the companies were distributed in the following way:

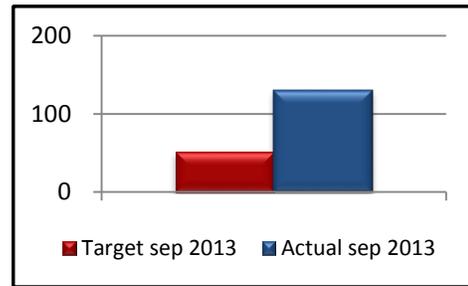


5. Number of U.S. government supported training events on topics related to trade capacity building

Definition: Number of training events that occurred with Program support related to trade capacity building.

Unit: Number of events

Source: Program, partners, and counterparts that organize the events



Target for September 2013: 52
Actual as of September 2013: 131

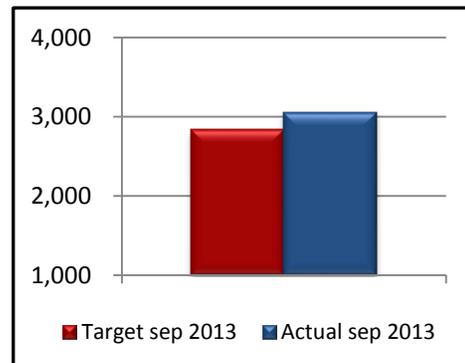
Of the 131 events held, 103 were specifically directed at SMEs and 28 were intended to strengthen small business development institutions like CONAMYPE, FONDEPRO and PROESA.

6. Number of participants in U.S. government supported trade capacity building trainings

Definition: Number of people who participated in trainings for building trade capacity sponsored by the Program, including representatives of the PSO and government officials that complete training in topics related to business administration and exports. This indicator cuts across all components of the project.

Unit: Number of participants

Source: Participants that attended the event and signed the attendance list



Target for September 2013: 2,840
Actual as of September 2013: 3,047

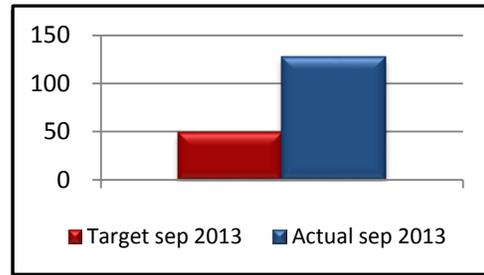
70% of the participants were part of the private sector, 18% were from NGOs and small business development institutions, and 12% were from the public sector. 52% of the participants were women.

7. Number of consultants trained in the development of business capacity

Definition: Number of advisors, consultants, and other providers of business capacity development services that have completed training events

Unit: Number of consultants

Source: Participants that attended the event and signed the attendance list



Target for September 2013: 49
Actual as of September 2013: 128

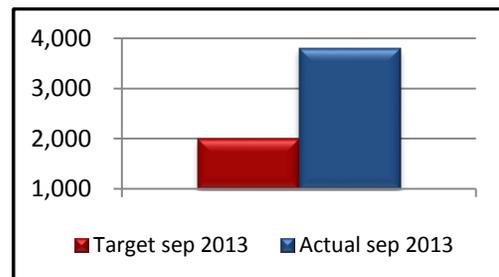
Because of the intense work undertaken by counterparts like CDMYPE and PROESA that provide development services, 128 consultants were trained in the development of business capacity. 73% of the consultants work for CDMYPEs.

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

Definition: Number of firms and entrepreneurs that access services provided by CDMYPEs

Unit: Number of firms

Source: CONAMYPE; CDMYPEs



Target for September 2013: 1,996
Actual as of September 2013: 3,798

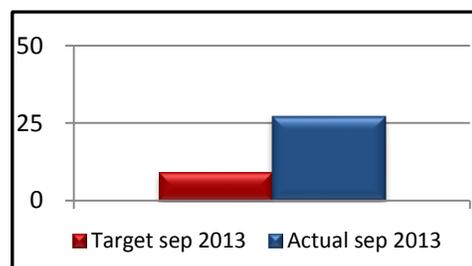
The plan to strengthen the CDMYPE network has helped to make the network's internal processes more efficient, which has enabled the coverage of the model to expand.

9. Number of PSOs working with the Program to support SME groups

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

Unit: Number of PSOs

Source: Program, partners, and counterparts that sign memoranda of understanding and agreements



Target for September 2013: 9
Actual as of September 2013: 27

The successful effort to build relationships with SME development organizations has allowed for the establishment of 27 agreements with companies and organizations to date:

COEXPORT, Agrosania, Tropix, CCIES, FUNDES, PROInnova/FUSADES, Voces Vitales, Walmart, Los Quesos de Oriente, Asociación Moje, Acoproarte El Renacer, Qumbo, Callejas, El Salvador Produce, Cadena de la Miel de El Salvador, CROMA, Tropical View, APANC, Bpeace, Exporsal, TUDO, Simán, AmCham, AFP CONFIA, RAVEZ, Aspescu, and FUPEC

Other results

- I. CDMYPEs assisted and accredited. The Program originally intended to assist 17 CDMYPEs, but there are currently only 11 in operation.
- II. Number of companies certified: Current employees of El Salvador Produce have been certified in HACCP, as have four companies in the Program for Organic Certification run by the US Department of Agriculture..
- III. SBDC Global was launched on September 4. PROESA, CONAMYPE and UTSA administer the system, which will promote MSE business opportunities in the region

ANNEX B: TRAINING EVENTS

Event	Date	Gender		Total participants
		Male	Female	
Beekeeping Diploma	October 26, 2012	23	2	25
Beekeeping Diploma	November 3, 2012	21	1	22
Public-Private Association Formation for Central America	November 5, 2012	2	0	2
Voces Vitales Export Program	November 8, 2012	15	136	151
Voces Vitales Workshop on Strengthening SMEs and the Program for Export Development	November 13, 2012	0	39	39
Beekeeping Diploma	November 16, 2012	25	3	28
Voces Vitales Workshop on Strengthening SMEs and the Program for Export Development	November 20, 2012	1	29	30
Beekeeping Diploma	November 23, 2012	24	3	27
Voces Vitales Workshop on Strengthening SMEs and the Program for Export Development	November 27, 2012	0	37	37
SBDC Global Training	February 11, 2013	4	5	9
SBDC Training for Center Administrators and CDMYPE and PROESA Advisors for the central zone	February 12, 2013	22	26	48
SBDC Training for Center Administrators and CDMYPE and PROESA Advisors for the eastern zone	February 13, 2013	3	5	8
SBDC Training for Center Administrators and CDMYPE and PROESA Advisors for the western zone	February 14, 2013	7	6	13
Best SME Sales Practices in Walmart	February 20-21, 2013	31	27	58
Opportunities and Challenges in the Law of Public-Private Partnerships in El Salvador	March 11, 2013	43	15	58
Lighting and Accessories Workshop for the organization of the biennial design competition CONTEMPO 2013	March 16, 2013	13	18	31
Surfaces Workshop for the organization of the biennial design competition CONTEMPO 2013	March 16, 2013	5	11	16
Lighting and Accessories Workshop for the organization of the biennial design competition CONTEMPO 2013	March 23, 2013	10	25	35

Event	Date	Gender		Total participants
		Male	Female	
Making African beds for specialty coffee	March 25, 2013	13	7	20
Making African beds for specialty coffee	March 26, 2013	5	1	6
Making African beds for specialty coffee	March 27, 2013	13	5	18
Making African beds for specialty coffee	April 1, 2013	16	4	20
Making African beds for specialty coffee	April 3, 2013	2	1	3
Verification of harvest quality for specialty coffee	April 4-6, 2013	38	10	48
Tasting techniques for specialty coffee	April 10, 2013	14	4	18
Verification of harvest quality for specialty coffee	April 10, 2013	14	4	18
Making African beds for specialty coffee	April 11, 2013	3	1	4
Tasting techniques for specialty coffee	April 13, 2013	14	7	21
Making African beds for specialty coffee	April 15, 2013	2	1	3
Tasting techniques for specialty coffee	April 15, 2013	8	4	12
Making African beds for specialty coffee	April 16, 2013	6	4	10
Seminar Workshop on HACCP-Winrock	April 16, 2013	22	24	46
Tasting techniques for specialty coffee	April 16-17, 2013	14	5	19
Making African beds for specialty coffee	April 18, 2013	4	3	7
Tasting techniques for specialty coffee	April 18-19, 2013	12	4	16
Use and calibration of pulpers for specialty coffee	April 19, 2013	5	0	5
Processing specialty coffee in African beds	April 22, 2013	13	8	21
Verification of harvest quality for specialty coffee	April 22, 2013	6	1	7

Event	Date	Gender		Total participants
		Male	Female	
Processing specialty coffee in African beds	April 24, 26-27, 2013	24	8	32
Verification of harvest quality for specialty coffee	April 27, 2013	6	2	8
Best Practices in the ASBDC Accreditation System workshop	April 29-30, 2013	13	10	23
Processing specialty coffee in African beds	April 29, 2013	12	7	19
Verification of harvest quality for specialty coffee	April 29, 2013	2	3	5
Processing specialty coffee in African beds	April 30, 2013	3	2	5
Use of moisture gauges and refractometers for specialty coffee	May 3, 2013	12	6	18
Use and calibration of pulpers for specialty coffee	May 3, 2013	13	5	18
Use of moisture gauges and refractometers for specialty coffee	May 4, 2013	6	4	10
Use and calibration of pulpers for specialty coffee	May 4, 2013	6	4	10
Use of moisture gauges and refractometers for specialty coffee	May 6, 2013	11	4	15
Use and calibration of pulpers for specialty coffee	May 6, 2013	11	4	15
Use of moisture gauges and refractometers for specialty coffee	May 7, 2013	5	1	6
Use and calibration of pulpers for specialty coffee	May 7, 2013	5	1	6
Use of moisture gauges and refractometers for specialty coffee	May 8, 2013	3	2	5
Use and calibration of pulpers for specialty coffee	May 8, 2013	3	2	5
First regional public-private workshop on evaluating the impact of the proposed FSMA norm on exports to the United States	May 9, 2013	16	17	33
Use of moisture gauges and refractometers for specialty coffee	May 9, 2013	11	6	17
Use and calibration of pulpers for specialty coffee	May 9, 2013	11	6	17
Workshop on the Application of the New Evaluation Criteria for Initiatives that Apply for FONDEPRO Co-Financing	May 13-15, 2013	4	15	19

Event	Date	Gender		Total participants
		Male	Female	
Induction of the CDMYPE Financial and Female Entrepreneurship Advisors workshop	May 21-22, 2013	35	22	57
10th Central American and Caribbean Congress on Beekeeping	May 22-24, 2013	42	9	51
Exporting to Sweden	May 27, 2013	11	13	24
Comprehensive Management of Infestations-Winrock seminar workshop	May 28-29, 2013	39	6	45
Product Recall Seminar	June 4, 2013	10	10	20
Food Traceability: A Requirement of Clients and the Market	June 11-12, 2013	23	18	41
Training for the ArteC.A. Project for Simán employees	August 13, 2013	50	5	55
Training for the New World Craft 2013 Exposition	August 23, 2013	6	13	19
Financial and female entrepreneurship advisory for the CDMYPEs as part of the CrecES MIPYME Project	September 2, 2013	47	62	109
Training: Application of the Guide to Self-Evaluation and Making Improvement Plans – CDMYPE Network Accreditation System	September 5, 2013	12	13	25
The Franchise as the Commercial Model of the 21st Century	September 12, 2013	4	2	6
Total participants				1,697

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

Quarter	Task Order	No. deliverable	Name of deliverable	Status
I	Consultancy	3	Trade Mission to Chile	Approved
	Consultancy	4	Report on the results from the consultancy on trade opportunities in Chile for PROESA	Approved
	Consultancy	1	Development of 27 export plans for Honduras and Nicaragua for the Exportar Paso a Paso program	Approved
	Consultancy	2	Proposal: Improvements to the CONAMYPE System	Approved
	Consultancy	3	Proposal: Improvements to the PROESA System	Approved
	Consultancy	6	Proposal: Intercommunication Mechanism – SGI and SIGGE	Approved
	Consultancy	1	Diagnostic of the legal-administrative framework that governs the relations between CONAMYPE and the CDMYPEs and proposals for changes to effect greater sustainability	Approved
	Consultancy	2	Development of the legal-administrative alternative approved for product 1	Approved
	Consultancy	3	PowerPoint presentation proposal with the results of the tasks in the subcontract on Program review	Approved
	Consultancy	5	Document to conceptualize the Model of Services to Businesses reconciled with the new legal figure	Approved
	Consultancy	1	Diagnostic of relationships between employees and the perception of new processes in FONDEPRO	Approved
	Consultancy	2	Implementation of the process of cultural and organizational change in FONDEPRO	Approved
	Consultancy	1	Work plan – Standardization of the evaluation criteria for FONDEPRO initiatives	Approved
	Consultancy	2	Report on the inquiry process – Standardization of evaluation criteria for FONDEPRO initiatives	Approved
	Consultancy	1	Diagnostic document – Phase 1	Approved
	Consultancy	2	Proposal for CDMYPE intervention strategies to develop the supply of goods and services for MSEs in accordance with existing demands in the territories – Phase 1	Approved
	Consultancy	3	Conceptual design to incorporate a new service into the CDMYPE client services platform, “Identification and Linkages with Buyers,” including the design of tools for its implementation – Phase 2	Approved
	Consultancy	4	Results of visits to CDMYPE beneficiaries and to potential buyers – Phase 2	Approved
	Consultancy	1	Diagnostic report on bottlenecks that limit SME sales to Walmart	Approved

Quarter	Task Order	No. deliverable	Name of deliverable	Status
	Consultancy	2	Document containing SME selection criteria and the recruitment strategy – Walmart	Approved
	Consultancy	3	Training and technical assistance program for a group of 15-20 female SME suppliers, developed in close consultation with store managers and Walmart buyers	Approved
	Consultancy	4	Format to compile the baseline and quarterly follow-up information – Walmart	Approved
	Consultancy	1	Business inspection report for the Biolatina certification	Approved
	I	1	Proposal to develop a value chain – Agrosania	Approved
	I	2	MOU with all signatures – Agrosania suppliers	Approved
	I	3	Diagnostic of SME participants – Agrosania suppliers	Approved
	II	1	Proposal to develop a value chain – Los Quesos de Oriente	Approved
	II	2	MOU with all signatures – Los Quesos de Oriente suppliers	Approved
	II	3	Diagnostic of SME participants – Los Quesos de Oriente	Approved
	Consultancy	1	Report on participation in the ExpoComida Latina 2012 exposition	Approved
	1	1	Technical assistance proposals for each SME	Approved
	1	2	MOU with SME participants	Approved
	Consultancy	1	Work plan with methodology for creating a consultancy	Approved
	Consultancy	2	Final report containing a proposal for the operation of a new line of co-financing, design of a tool to promote territorial development, and a guide for inter-institutional coordination	Approved
	Consultancy	1	Submission of teaching and support material for 16 hours of training – Voces Vitales	Approved
II	Consultancy	3	Evaluation and submission of FONDEPRO processes	Approved
	Consultancy	4 ^a	Work plan – Phase 4: Process Sustainability; Coaching FONDEPRO leadership team.	Approved
	Consultancy	1	13 business plans, one for each company assigned – Voces Vitales Export Program	Approved
	I	4	Business and technique improvement plans – Agrosania suppliers	Approved
	II	4	Business and technique improvement plans – Los Quesos de Oriente suppliers	Approved
	II	5	Halfway point progress report for each SME participant – Los Quesos de Oriente suppliers	Approved
	III	1	Work Plan – TUDO	Approved
	III	2	Signed agreements – TUDO suppliers	Approved
	Consultancy	2	10 business plans, one for each company assigned – Voces Vitales	Approved
	VII	5	Lead a strategic meeting with CONAMYPE and PROESA representatives to establish the following	Approved

Quarter	Task Order	No. deliverable	Name of deliverable	Status
			steps and a report (in Word) of 2-3 pages describing the recommendations, action items, and agreements; a final list of participants should also be submitted	
	Consultancy	1	Submission of diagnostic tools	Approved
	Consultancy	2	Analysis of the self-diagnoses that SMEs selected by Walmart to participate in the workshop Best Practices for Selling to Walmart have undertaken	Approved
	Consultancy	3	List of at least 18 SMEs registered to participate in the diagnostic exercise and scheduling visits	Approved
III	Consultancy	4	Implement improvements to the CONAMYPE system	Approved
	Consultancy	5	Implement improvements to the PROESA system	Approved
	Consultancy	7	Implement the mechanism of computer inter-communication – SGI and SIGGE	Approved
	Consultancy	8	Source codes – interconnection and improvements to the SGI and SIGGE	Approved
	Consultancy	4b	Progress report – Phase 4: Process Sustainability; Coaching FONDEPRO leadership team.	Approved
	Consultancy	4c	Final report – Phase 4: Process Sustainability; Coaching FONDEPRO leadership team.	Approved
	Consultancy	3	Preliminary draft of the guide for evaluation criteria – FONDEPRO	Approved
	Consultancy	4	Training sessions on the standardization of FONDEPRO evaluation criteria and initiatives	Approved
	I	3	Final reports – assistance to COEXPORT on food and drinks	Approved
	Consultancy	4	Diagnostic reports and improvement plans by company	Approved
	Consultancy	5	Test for the submission of the final report to the companies	Approved
	Consultancy	6	Final report for the Program	Approved
	Consultancy	1	Training in creating African beds	Approved
	Consultancy	2	Training in processing coffee in African beds	Approved
	Consultancy	3	Training in calibration and use of pulpers	Approved
	Consultancy	4	Training in processing the verification of harvest quality	Approved
	Consultancy	5	Training in the use of moisture guages and the refractometer	Approved
	Consultancy	6	Training in cupping techniques	Approved
	Consultancy	7	Design of marketing posters for each producer	Approved
	Consultancy	8	Design of packaging tags for micro-batches of coffee for each producer	Approved
Consultancy	9	Quality classification of the batches presented by coffee-growers	Approved	

Quarter	Task Order	No. deliverable	Name of deliverable	Status
	II	1	MOUs with SME participants 1-19	Approved
	II	2	Business diagnostics with their respective improvement plans 1-19	Approved
	II	3	Gap analysis of the respective improvement plans 1-19	Approved
	Consultancy	1	Work plan and schedule of activities for market validation study	Approved
	Consultancy	2	Work plan and schedule of activities for the creation of concentrate formulas	Approved
	Consultancy	1	Analysis of the self-diagnoses that SMEs selected by Walmart to participate in the workshop Best Practices for Selling to Walmart have undertaken	Approved
	Consultancy	2	List of at least 6 SMEs registered to participate in the diagnostic exercise and scheduling visits	Approved
	Consultancy	3	Diagnostic reports and improvement plans by company	Approved
	Consultancy	1	Work plan	Approved
	Consultancy	2	Act establishing the consultative committee	Approved
IV	III	5*	Final report – TUDO	Approved
	Consultancy	5*	Guide to self-evaluation and improvement plans	Approved
	Consultancy	3*	Report evaluating the management system for RAVEZ suppliers	Approved
	Consultancy	4*	Report evaluating RAVEZ's purchasing system	Approved
	Consultancy	5*	Report on RAVEZ's current business model	Approved
	Consultancy	1*	Work plan – FONDEPRO competition methodology	Approved
	VI	1*	Call for Expoapen 2013 Exposition	Approved
	VI	2*	Recruitment meeting – Expoapen 2013 exposition	Approved
	VI	3*	Letters of commitment – Expoapen 2013 exposition	Approved
	VI	4*	Business dates – Expoapen 2013 exposition	Approved
	VI	5*	Payment for the exhibition floor and decoration Expoapen 2013 Exposition	Approved
	VI	6*	Training and advisory in business processes and sending samples – Expoapen 2013 Exposition	Approved
	VI	7*	Creation of promotional material – Expoapen 2013 Exposition	Approved
	VI	9*	Accompanying participants to the exposition and final – Expoapen Exposition	Approved
	Consultancy	1*	Work plan – concentrate business plan for APANC	Approved
	Consultancy	2*	Schedule of activities – concentrate business plan for APANC	Approved

ANNEX D. SUCCESS STORIES



SUCCESS STORY

Artisans sell their products through international

ARTEC.A. encouraged productivity and creativity among artisans, promoting healthy competition and lifting many out of anonymity.



Photo: Lorena Sánchez, USAID Program

The artisans that have become providers to Almacenes Simán are motivated to modernize in order to be able to produce enough to meet the number of orders they have and to present innovative products.

“For Simán, it is a duty and also an honor to contribute to the economic development of El Salvador and all the places where we have a presence. It is part of our corporate social responsibility.”
– Ricardo Simán, President of Almacenes Simán

The artisan sector is one of the most productive and emblematic of the country. Although there are more than 5,000 crafts companies, it is estimated that only 10% have received some type of training, and 80% of their sales are local. To improve the organizational and productive capacity of the SMEs in this sector, the USAID Program for SME Development, in alliance with Almacenes Simán, has created “ARTEC.A.,” a collection of products ranging from household decorations, toys and jewelry, to clothing designed with the latest fashion trends in mind.

The initiative brings together 30 Salvadoran artisans, the majority of whom have received assistance from Micro and Small Business Development Centers (CDMYPE) from all regions of the country and who, together with their families, have created products to be sold exclusively in the Almacenes Simán stores in Central America. “We want to demonstrate what can be done in El Salvador, but we don’t want the usual, the common products that are made in all parts of the country that we’re accustomed to seeing,” affirmed Ricardo Simán, President of Almacenes Simán. USAID has contributed to this initiative through offering technical assistance to guarantee sales, providing a broad range of advisory services in the development of novel product designs using fashionable colors and a mix of textures. Despite the innovation, the cultural identity that characterizes these crafts is fully intact and this has allowed the artisans to make sales of more than \$170,000. Before these purchases, the average income of the artisans was around \$1,150 per month.

ARTEC.A. aims to strengthen and improve the quality of life of the artisans, who themselves have improved their infrastructure to be able to store a greater number of products and produce more and in better conditions. Their businesses have grown stronger: five of them have left the informal economy, three have begun formal accounting, 18 have become new exporters, and more than 300 indirect jobs have been created. The assistance provided included counseling in packaging and labeling, so that the artisans could create images for their brand. In addition, the assistance in packaging also required advice on moving products to ensure that they would not be damaged. This knowledge has strengthened the business owners, who now understand the procedures and can meet similar requirements in the future.

The impact of this initiative has continued to produce positive results. In the first three weeks of its implementation, 40% of the products were sold, 60% of them just in El Salvador. Five artisans received orders to replenish their stocks and 13 were selected to be permanent suppliers for the chain of department stores.

The USAID SME Development Program will continue supporting this alliance, prioritizing the establishment of long-term commercial relations between the artisans and Almacenes Simán with the goal of continuing to encourage innovation and strengthen this sector, which already has significant demand both within the country and in international markets.



SUCCESS STORY

Opening markets with handmade accessories

USAID supports the search for new markets for artisanal Salvadoran products that incorporate novel designs without sacrificing cultural identity.



Photo: USAID Program

Lourdes Mena, lead designer at Qumbo, promotes sustainable development of rural artisans who are creating jobs and encouraging the revival and preservation of artisan techniques, increasing the value of these techniques and reinventing them with the use of new designs.

When it seems like artisan businesses are disappearing, Lourdes Mena has taken a big step towards preserving cultural identity in El Salvador by incorporating novel designs made by hand using traditional techniques—many on the brink of extinction—for accessories and household items sold in her own store, Qumbo. The products are limited edition pieces of 100% Salvadoran design. Production is fair trade and uses environmentally friendly processes, and the producers, who are all Salvadoran, are mostly at-risk women and young people

Qumbo subcontracts more than 50 artisans from 12 communities for the manufacture of its products, but it has struggled to expand its market and find opportunities to improve the quality of life of its suppliers. To confront these challenges, USAID has supported Qumbo's participation in specialized crafts exhibitions, including Dwell on Design 2013, an event known for its history of presenting new ideas in design, products, services, and trends. Dwell on Design is a key space for contemporary designers wishing to expand their markets and sales, and it marked a change in Qumbo's international stature. The products exhibited, mainly household textiles and accessories, were very well received, capturing more than \$34,000 in sales, as well as five new clients. One of the exhibition attendees was the organizer of the Gifting Lounge at the Emmy Awards and was looking for novel products to gift to the artists invited to the gala. Appreciating the design and the history behind the manufacture of the products at Qumbo, he invited the company to participate in this event, which is considered an important gateway for positioning new brands in the United States. Considering that this activity would generate significant promotion for Qumbo and bring better sales opportunities for its artisan suppliers, USAID provided support to Qumbo again, marking a new milestone for the brand. Qumbo's participation in the Emmy Gifting Lounge generated more than \$15,000 in sales, an actress from a famous series will use Qumbo products in a fashion show, the company has orders from celebrities who chose Qumbo products as gifts for their families, Qumbo products will be exhibited at a private party for celebrities, and the company has been invited to exhibit its products at the 2014 Oscars. Thanks to the growth that Qumbo has experienced with USAID support, the company has added five new communities to make its designs—and the majority of the artisans are women—plus its sales have increased by 15% and it has formally begun distributing its products in the United States.

In 2013, Qumbo also formed part of the artisans of ARTEC.A., an initiative between USAID and Almacenes Simán to support the acceleration of growth and opportunities for export within the sector. Qumbo has grown from a micro business to a small one thanks to the links that USAID has helped solidify. As a small lead firm with many opportunities, it is growing quickly and may become a medium sized business in the near future.



SUCCESS STORY

Generating new opportunities for coffee-growers

The growing demand for specialty coffees in the world, considered the highest quality, creates opportunities for countries like El Salvador to be able to penetrate and better position themselves in that market.



Foto: Chemonics International

Learning tasting techniques helped beneficiaries to identify the main defects in coffee, which typically occur as a result of poor post-harvest handling, and to overcome these obstacles to get high-quality products.

“I used to dry the coffee on the ground without checking the grain. Now we select the best and dry it in the African beds that we learned to make. It’s more work, but buyers are willing to pay for this coffee. I am selling everything I produce for export as specialty coffee so it can be enjoyed in other countries.”

– Candelario Gutiérrez, owner of the coffee plantation Los Amates In Santa Ana and a beneficiary of technical assistance.

Though Salvadoran coffee is considered to be of excellent quality in the international market, its export has decreased significantly in the last 5 years, with the exception of 2011. This situation has been aggravated by the rust outbreak, which debilitated production in many of the country’s coffee plantations. To confront this crisis, the sector has made efforts to add value to the product. One of these efforts is strengthening the export of specialty coffees, which enjoy higher international prices for having achieved a high score in quality due to adherence with strict norms established for coffee production.

Tropical View is an international seller that has purchased coffee in El Salvador since 2009 and has been very successful in positioning microbatches of specialty Salvadoran coffee from different growers in the European, U.S., Asian, and Australian markets at better and more stable prices than traditional coffee. This company is interested in increasing its purchases from El Salvador and has selected 95 producers with the potential to reach the quality the company requires to position them on an international level. USAID has joined forces with this company to train small-scale coffee-growers in order to improve their production techniques and allow them to access international markets.

Technical assistance from USAID introduced technology for the production and drying of Honey and Natural specialty coffees. The batches are evaluated based on the standards of the Specialty Coffee Association of America (SCAA), which establishes a universal numeric value based on scientific tests to determine coffee quality. Complying with these norms implied a change in behavior for the 95 producers who were trained, and who are now more aware of and concerned with each of the stages of coffee production in order to maintain excellent quality. Over the course of the process, the producers have learned to pick the coffee cherries when they are perfectly ripe and healthy and then dry or process them in African beds, which guarantee much more hygienic, uniform, and efficient drying that allows the grain to absorb the greatest amount of mucilage. Unlike traditional techniques, this one carries no risk of contamination, since it does not include processes that use water, like depulping, washing, and fermentation. In addition, by saving on fuel and electricity, this technique produces environmentally friendly coffee. The producers have also been trained in the use of manual pulpers, refractometers to evaluate the optimum level of maturity before harvesting the coffee, and tasting techniques. In this way, they have been able to establish indicators to evaluate the quality of the coffee.

In the 2012-2013 harvest, 60% of the producers trained achieved a specialty coffee rating for their microbatches. Out of a maximum of 100 points, these coffees received 85 or more in 11 areas: fragrance/aroma, acidity, body, taste, residual taste, balance, tasting score, cleanliness, sweetness, and uniformity. This initiative is helping to add value and revive one of the products traditionally exported from El Salvador. The producers of specialty coffee trained under the USAID program have sold their coffee with a markup, achieving more than \$100,000 in sales this year. Learning to process or dry specialty coffees is the right path for Salvadoran producers, especially the smallest ones, because it allows them to penetrate and position themselves competitively in international markets that appreciate the effort put into these coffees, which is reflected in their quality, distinct flavors, and unique characteristics.



SUCCESS STORY

Exporting nostalgia with Salvadoran products

USAID supports SMEs in building export capacity and promotes their participation in trade fairs to establish business contacts and understand market tendencies.



Photo: Courtesy of PROESA

Agroindustrias Polita strives to specialize in the production and export of nostalgic and ethnic foods and other processed foods with value added to distinguish them in the international market.

“The buyers tasted the products over and over again to make sure that the tastes and textures had not been lost in production. This process helps us by demonstrating our quality and generating confidence in our products.”

– Paola Martell, Production Manager of Agroindustria Polita

Agroindustrias Polita, a family business dedicated to selling spices and frozen and canned foods, began exporting successfully to the United States thanks to training from the Micro and Small Enterprise Development Center (CDMYPE) at the Dr. José Matías Delgado University and support from USAID and the Export and Investment Promotion Agency of El Salvador (PROESA) to participate in an international food trade exhibition. The Salvadoran companies producing nostalgic food continue to take advantage of existing opportunities to sell their products to the growing Hispanic market in the United States. According to information published on the website *feriasalimentarias.com*, Hispanic consumers currently make up 16% of the United States market and are projected to reach 30% by the year 2050. This segment represents close to \$1 billion in purchasing power in the United States and is one of the fastest growing in the country.

A treasure for fans of nostalgic products, Agroindustrias Polita went to the United States to showcase their products at ExpoComida Latina, the largest trade exhibition focused on the Hispanic food and beverage market. With a diverse offering of products made under strict quality and hygiene standards, the company has made \$240,000 in new sales. “Participating in this fair was a great experience because it was the first time we displayed our products for export. The products earned a positive reception from our Salvadoran brothers abroad and local distributors,” said Paola Martell, the company’s production manager.

The growth of this company has also resulted in the creation of more jobs. “Upon returning to El Salvador we had to make adjustments to the presentations of our products and increase our production. Before these sales we had between 15 and 20 employees and now we have 50. We are satisfied with the results and intend to make other visits to maintain our client base and expand into other states,” Paola stated.

Participation in international trade fairs is the ideal environment for small and medium businesses to exhibit their products in new markets and understand the tastes and preferences of potential consumers. It also allows them to learn about their competitors and their products, sales, and marketing trends.

Since 2011 USAID has worked alongside PROESA to help SMEs take advantage of the opportunities due to the liberalization of international commerce, and with CONAMYPE to strengthen SME competitiveness through the CDMYPEs. Agroindustrias Polita exemplifies the effectiveness of the combination of these institutions and represents a success story for both of them. Between 2012 and 2013, a total of 14 companies have participated in ExpoComida Latina and have made more than \$382,000 in sales. The experience of Agroindustrias Polita offers a clear vision of the enormous opportunities that are materializing, with the support of USAID, in the food and beverages sector, one of the most thriving areas of economic activity in the country.



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SUCCESS STORY

Expanding the products offered in order to access new

USAID made a public call for new initiatives to support. The Association of Agricultural Producers of Nueva Concepción (APANC) was selected to receive technical assistance to help increase its market.



Photo: Courtesy of APANC

APANC is receiving more production orders for feed. To maintain this pace, it will be creating new jobs in the short term.

"I had lost confidence in the quality that cattle feed factories offer, which is why I created my own formula, but now I buy from APANC because they offer high-quality products for livestock. I purchase \$55,000 annually and now this will be a part of the cooperative's sales."

— Juan Vicente Valle, member of the cooperative

The Association of Agricultural Producers of Nueva Concepción (APANC) has existed since 1999 and now has 50 members. Since 2012, the association has increased its commercial activity with the creation of a small factory for cattle feed, but it has faced challenges that have been difficult to overcome, primarily because of a lack of knowledge of the competition and a need for a guarantee of quality for its products. To transcend these obstacles, USAID has supported APANC with technical assistance to create cattle feed that meets the demands of the market, as well as a business plan to increase its sales.

As a starting point, interviews were conducted with area farmers to understand their preferences, as well as to determine areas for improvement in the products they used at the time. There were also visits to cattle feed factories to identify their geographic location, the products they offered, and some of the strategies they used to stay in the market, in order to determine the best practices in the cattle concentrate sector for APANC to adopt. Based on this analysis, one of the options to increase sales was to diversify and improve the quality of what it was offering. USAID assisted the cooperative members to accomplish this goal and helped them to create four new feed formulas to satisfy consumer demand.

The results of this strategy have been encouraging. Three months after their products went to market, APANC reported a 95% increase in sales and 10 new clients. Their national market share has increased from 1.25% to 3%. Ericka Rodríguez, who is in charge of billing, said, "In the last few months, I have seen an increase in invoices and orders. This has been occurring since USAID began assisting us. In addition, we now have products of higher quality and new clients. In the past, sales used to go up and down, but lately they have just gone up." As part of the marketing strategy, distribution points for the product are being identified and the members of the cooperative are considering advertising on local radio stations.

The feed factory is functioning at 33% of its capacity, but given the demand, it is expected to reach full capacity in 2014. "We began producing without understanding the market just because we saw everyone else doing it. Our formulas were low quality and high cost, which made our sales fall. We used to do everything without any analysis, but now with the accompaniment of USAID we have more knowledge. We have improved our quality without increasing prices and our sales have gone up," explained Jaime Medina, a member and Manager of APANC.

The members know that they still have challenges to face, but they recognize that the support and technical assistance from USAID has helped them to optimize the costs of production, improve the quality of their products, and diversify what they are selling. APANC has identified new markets in the east and west of the country and they are willing to confront any challenge that the Salvadoran market presents for their products, which they are sure can be delivered at the right time with the required quality and level of nutrition.



SUCCESS STORY

Developing tools to measure impact

USAID assists FONDEPRO with training and the development of tools to offer more efficient services with greater impact



Photo: Courtesy of FONDEPRO

Since March 2013, the institution's reports have included a section on monitoring impact, which they have begun to capture thanks to technical assistance from USAID.

"The USAID Program has been very helpful to us. In this process, we discovered that to capture and measure the impact of our work, we had to resolve other issues: improvement to the organizational culture and the creation of a standardized model. The Program assisted us in confronting all of these new challenges, which we would not have been able to do alone in such a short time."
– Ricardo Moncada, Director of FONDEPRO

One of the main conditions for productive sector development is access to financing to promote investment in profitable and productive initiatives. In El Salvador, the Productive Development Fund (FONDEPRO) supports micro, small, and medium enterprises with non-reimbursable co-financing to strengthen these businesses' competitiveness and generate economic impact.

FONDEPRO's results were traditionally measured based on process indicators such as the number of clients attended, amounts invested, and projects approved. After 10 years, however, this information was insufficient to demonstrate the appropriate use of resources and the organization was confronted with the need to quantify the economic impact of its interventions, especially in the areas of sales, exports, and savings. For this reason, in 2012 FONDEPRO began updating its processes to make them more efficient and to improve its institutional image.

With the support of the USAID Program for SME Development, FONDEPRO has devised a methodology that institutionalizes the capture and measurement of the Fund's contribution to the Salvadoran economy. To achieve this, the USAID technical team and FONDEPRO undertook an exhaustive revision of similar experiences in other countries and designed indicators that effectively reflect the economic impact of the Fund's activities.

In total, participants agreed on 18 process and performance indicators, among them increased sales, exports, and the creation of jobs. Each one is defined in an M&E Instruction Manual which includes the methodology and tools to carry out the measurements. The application of this tool enabled the calculation of the impact of the Fund's investments. Before, when the Fund justified the co-financing it had awarded, it was only able to point to elements that were difficult to measure (e.g. "it will increase commitment," "it will increase buyers' satisfaction," etc.). With the new indicators, however, decision-makers have tools to identify the best proposals presented, presenting a clear rationale for the funds and justifying their judgment through defined criteria and, above all, impact.

The institutional adjustments that were made to operationalize the Manual have included designating a person to perform the tasks necessary to manage monitoring and impact, gather information, and structure the results that each of the beneficiary businesses report. Following a pilot test, the Fund was able to report the effects produced among the beneficiary businesses since March 2013 as a result of the services offered to enhance their competitiveness.

The institution has improved its image through the generation of reports that include economic impact. New donors have expressed their confidence in these results, which has allowed FONDEPRO to access additional funding to benefit MSMEs.



SUCCESS STORY

Walmart offers a “Helping Hand for Growth” to local SMEs

USAID supports SMEs to establish long-term business relations with leading firms, increasing their sales and sources of work and improving their competitiveness and productivity



Business owners are assessed based on best practices for offering samples of their products as well as their ability to design attractive packaging, among other criteria.

“A Helping Hand for Growth offers real opportunities to small businesses with the will and potential to grow that just need to be assisted and accompanied to change the conditions that impede their growth.”

– Claudia de Ibañez, Manager of Corporate Affairs at Walmart in Mexico and Central America

Small and medium enterprises (SME) make up more than 90% of businesses in the majority of the world’s countries. They are the driving force for a large number of innovations and contribute to the growth of the national economy through job creation, investment, and exports. Despite their economic importance and the possibilities they offer to encourage competition, these businesses often do not know how to appropriately take advantage of their potential.

To assist these businesses in adapting what they sell to market needs and identifying opportunities for growth, since 2012 USAID has supported the “Helping Hand for Growth” program driven by Walmart in Mexico and Central America. Since its inception, the program has benefited more than 100 micro, small, and medium Salvadoran companies. It consists of identifying areas of opportunity for SME suppliers and then, with the help of experts, developing assessments and improvement plans to strengthen the areas in need, thereby helping these businesses to become Walmart’s best suppliers.

Raquel Saade de Franco, Sales Manager for INCALSA, one of the companies that has benefited from this program, said that, “Through the Helping Hand for Growth program, we have become suppliers for men’s undergarments, baby clothing, and maternity wear. Thanks to this initiative, driven by Walmart and supported by USAID, we have received training to improve our relationship with Walmart, allowing us to improve our short-term sales. This directly contributes to our ability to maintain 80 jobs, mostly held by women, since they make up 80% of our company’s personnel.”

The Helping Hand for Growth program, which just celebrated its fourth anniversary, has facilitated the development of processes to optimize quality and the logistics of delivery and distribution for the products sold in Walmart stores. To continue supporting SMEs, Walmart is considering expanding the program to include the creation of a Service Consortium that would provide sales strategy, a registry of suppliers, advisory services for legal compliance, and the registry of brands. The Consortium would also assist with product design, packaging, logos and labels, IT, financial structuring, consolidation of cargo, and delivery to Walmart, among others. This assistance is expected to increase SME suppliers’ sales to Walmart by 25%, gradually meeting the demand in a chain of stores that attends to 5 million customers in the six countries where it operates: Costa Rica, El Salvador, Guatemala, Honduras, Mexico, and Nicaragua.

A Helping Hand for Growth has become a platform for generating new business and job opportunities for SMEs, and has promoted increases in productivity and competitiveness and the expansion of SME operations in local and export markets. By supporting this initiative, USAID is contributing to meeting one of the goals of the “Partnership for Growth,” a joint effort by the governments of El Salvador and the United States to combat the primary obstacles that impede economic growth in El Salvador.



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SUCCESS STORY

Developing suppliers with Los Quesos de Oriente

The PDP is a program implemented by the Chamber of Commerce and Industry in El Salvador. Since 2012 it has received assistance from the USAID Program for SME Development.



Photo: Courtesy of Los Quesos de Oriente

The PDP methodology offers companies a strategic vision of their business and orients them toward the optimization of the use of available resources to increase the capacities of each component of the chain, which allows them to make better decisions, thereby making them more efficient.

“With the introduction of the PDP model for our suppliers, they have attracted 58 new clients and increase sales by 38%. We have reduced costs by 10%, and we have hired 15 new people. Our mentality has changed and we are committed to continued improvement. Our relationship with our suppliers has also become stronger.”

—Mirna de Macay, General Manager of Los Quesos de Oriente

Los Quesos de Oriente is a leading firm in the dairy market. Nonetheless, it has struggled to increase its productivity and cover its fixed costs. Despite having previously received training, the benefits were not evident and its dependency on its suppliers' inputs did not allow it to grow in a sustainable way. Today the General Manager of the company, Mirna de Macay, affirms that its participation in the USAID-supported Supply Development Program (PDP) has enabled it to achieve important results, including increased sales, reduced costs, investment in machinery, and obtain new clients.

As a lead firm, Los Quesos de Oriente selected nine of its suppliers to participate in the Supplier Development Activity, a program through which the development of small businesses is optimized within the production chain with the support of certified professionals. Each supplier was diagnosed to identify the areas that required attention and represented opportunities for improvement. With respect to livestock SMEs, obstacles included the deficient administration of resources, bad nutrition for the cows, inappropriate milking processes, and a lack of veterinary assistance. Among the service SMEs, the problems were related to issues of administration, quality, production, costs, accounting, operations, planning, and logistics.

The technical assistance included the creation of improvement plans for each business, several of which are already being successfully implemented. For example, Bryan Hernández, Manager of Sales at MC Representaciones, a family-run micro enterprise with 13 years of experience in the distribution of various inputs for the dairy industry, said: “We had to make drastic decisions, but it was worth it. We stopped working out of our garage and today we have an office, which allows us to have better administrative control. Each person has a clear and defined role. Although we were afraid at the beginning, today we are thankful for the program and for the people who made it possible. The implementation of the recommendations has enabled us to increase our sales by 40% and grow at a time when we were operating with losses. Now we have 47 new clients, we have created four new jobs, we have a website, and we have 17 new items on our product list.”

The PDP methodology includes the implementation of actions that guarantee the sustainability of the intervention. Results are being analyzed and a proposal to replicate the process is underway. Ms. Macay is leading the important task of restructuring the business to facilitate these changes. The employees are also involved and are receiving training on the new procedures and processes. Los Quesos de Oriente and its suppliers are a model in the country because of the results they have achieved. This is a demonstration of the impact that technical assistance in the construction of productive chains can achieve. This model allows driver firms to have better trained and more efficient small and medium supplier companies that can respond to larger companies efficiently and in this way increase their participation in the local market.



SUCCESS STORY

Creating a commercial opportunity out of natural

A USAID program is offering assistance to SMEs so they can increase their sales, create new jobs, and help make the economy more dynamic.



Photo: Lorena Sánchez

Participation in trade fairs is an excellent way to identify new customers. CDMYPEs provide advisory services, trainings, technical assistance, and necessary connections for SMEs to perform better and increase their competitiveness in these exhibitions and in the market in general.

“They believed in me in the CDMYPE. They assisted me in registering my brand, in the design of a corporate image, and even in the sanitary registration of my initial products. They have also given me the opportunity to participate in trade fairs.”
– Kathya Carranza, Owner of Keke. *Relajación Natural by Kathya Carranza*

Kathya Carranza had worked in media for more than 14 years when she decided to start a business. In 2008 she entered the market with a new product, a therapeutic pillow that quickly gained acceptance in a market that had been neglected. After a couple of months her clients began to demand soaps and relaxing oils, which incentivized Kathya to quickly begin investigating and creating new products. She took her first courses online, but the soaps did not come out well. It was because of this challenge that in 2010 she asked for help at the Micro and Small Enterprise Development Center (CDMYPE) operated by the Francisco Gavidia University. Thanks to her initiative, a chemical advisor helped her adjust her formulas for soaps.

The CDMYPE also assisted Kathya with a diagnosis of her company to identify the areas that she needed to strengthen, in addition to a market analysis. The CDMYPE proposed a training plan to Kathya that included ways to improve her performance and sales, the development of new products, and techniques to make manufacture and the acquisition of primary materials more efficient. They also helped her in the development of her brand and in devising a strategy to position herself in the market.

Kathya has now developed her brand “Keke. Relajación Natural by Kathya Carranza” and her line of artisanal cosmetics has more than 80 products, from natural glycerin soap, body splash, wrinkle-reducing cream, aromatherapy oils, masks, mineral salts, therapeutic products and shampoo, to seasonal products and the therapeutic pillow with which she started. Her products have a new commercial image and she has made attractive labels for each one. Keke has a sales point located in a mall in El Salvador. Her growth has also resulted in the creation of jobs: she currently has five permanent employees and more than 30 people who do catalog sales, an innovative way of reaching more clients.

These changes were accompanied by new equipment to make her production more efficient. In the future, Kathya plans to expand her business and export. She is now seeking distributors like salons, spas and hotels.

Keke is one of more than 3,000 companies that benefited from CDMYPE services between 2010 and 2012. The CDMYPEs are a result of a public-private-academic partnership in which the National Commission for Micro and Small Enterprise (CONAMYPE), several universities, local governments, and NGOs participate. The consolidation of this model, taken and adapted from the methodology used by the Small Business Development Centers in the United States, has the support and cooperation of USAID and is implemented by its Program for SME Development. It is part of the goals established in the Partnership for Growth that the governments of El Salvador and the United States signed in 2011 to help El Salvador overcome obstacles to growth.



SUCCESS STORY

Simple changes, impactful results

USAID is supporting the promotion of economic opportunities for SMEs, together with CONAMYPE and the CDMYPE Network



Photo: "Lácteos El Maná"

Lácteos El Maná makes its products using quality standards while adhering to Ministry of Health norms. Its personnel has been trained to maintain the quality of their products and contribute to the expansion of their market.

After the counseling and training received with the support of the Adel Morazán CDMYPE, Lácteos El Maná organized its work into divisions: production, marketing and sales, and personnel. This has allowed them to achieve a better division of labor and make the changes they have implemented sustainable.

The Micro and Small Enterprise Development Centers (CDMYPE) have been in operation in El Salvador since 2010 through public-private-academic partnership in which the National Commission for Micro and Small Enterprise (CONAMYPE), several universities, local governments, and NGOs participate. Together these organizations bring business development services, counseling, technical assistance, training, linkages between partners, and follow-up to micro and small businesses.

By 2012, the 11 CDMYPEs in the country had assisted more than 3,000 companies and provided more than 8,500 counseling services and 1,137 instances of technical assistance. One of the beneficiary business owners is Immer Adín Reyes, owner of Lácteos El Maná, in Morazán. A short time after opening his first store, Immer began receiving positive feedback from his clients. This motivated him to expand his business, but he faced many problems since he did not have strong administration and marketing skills, among others. To overcome these difficulties he asked for assistance from the ADEL Morazán CDMYPE. After a diagnostic assessment of his company, a specialist in product pricing informed him of the steps he had to take to organize his company and control the costs of production. Implementing these suggestions allowed him to improve decision-making and identify the processes that generated profits and losses.

The CDMYPE assistance also included the design of a commercial image for his company, which permitted him to make banners for his point of sales, flyers, product labels, business cards, invoices, brochures, and signs to position himself in the market. This was complemented by a marketing plan that detailed the activities that he should undertake to make his product more accessible to new buyers.

Further, Immer was not aware of Information and Communication Technologies and their use to improve business competitiveness, so the CDMYPE trained him in this area. Now Immer uses email to make business contacts, he created a website for his company, and it has a presence on social networking sites. He learned to use Excel, which has allowed him to control his costs and earnings.

The assistance from CDMYPE ADEL Morazán has been decisive in the growth of Lácteos El Maná, which has since diversified and now offers new products, generating more sales. To respond to increasing demand, Immer has hired new employees, offers delivery service, and has opened two new branches in hopes of continued growth in the medium term.

The USAID Program for SME Development is supporting the consolidation of the CDMYPE model. The Program has partnered with America's Small Business Development Center (ASBDC) in the United States, which provides expert consultants in the management of business centers and transfers best practices and tools to strengthen the competencies of the CDMYPEs and increase their capacity to generate economic impact.