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USAID'S EXPORT PROMOTION PROGRAM QUARTERLY REPORT: APRIL 2007 TO JUNE 2007

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Table of Contents

Executive Summary	3
Project Overview	6
Activities and Results	
Result #1: Increased domestic and export sales of \$35 Million generated by at least 350 SMEs of the total 500 SMEs assisted in the Program.	9
Result #2: 7,100 new jobs created by assisted SMEs as a result of domestic and export sales generated by the Program.	19
Result #3: A total of 1,500 businessmen, GOES officials and private sector professionals trained in business and export management areas.	20
Result #4: Institutional capacity transferred to EXPORTA, the Ministry of Economy, and at least five private sector organizations to provide sustainable export development services to SMEs.	22
Result #5: No less than five collaborative projects implemented with local private sector organizations for export development services in support of at least 200 SMEs.	24
Result #6: No less than three alliances implemented with local or international private sector organizations, foundations, or donors through cost-sharing programs or leverage funding to implement export projects in El Salvador.	27
ANNEX 1: List of Second Quarter Program Activities	28
ANNEX 2: Table of Results Generated in Phase 2	31
ANNEX 3: Success Stories	33

Executive Summary

The Program is reporting contract deliverables as of June 30, 2007 in six result areas. During this quarter, the Program has supported various initiatives through activities in all three main operational areas by enhancing competitiveness, developing new products and markets and strengthening institutional capacity of governmental and private organizations. The six results, as stipulated in the contract, often overlap in the three operational areas. Therefore, for simplicity, this report will focus on the achievements and results based on the six contract result deliverables.

The Program's expected results and current status (April 1, 2006 to June 30, 2007) can be summarized as follows:

	<u>Total SMEs Assisted</u>	<u>Total SMEs Generating Domestic and Export Sales</u>	<u>Total Domestic Sales / Exports</u>	<u>Total Jobs Created</u>	<u>Number of Beneficiaries Trained</u>
Contract Goals - End of Program:	500	350	\$35,000,000	7,100	1,500
Year 1 and 2 Targets:	490	365	\$22,000,000	3,565	1,000
As of June 30, 2007:	612	157	15,969,082	1,851	845

The Program is able to report \$15,969,082 in increased domestic sales and exports by SMEs beneficiaries as a result of direct technical assistance and the training component combined. The total amount of SMEs assisted is to date is 612, of which 219 SMEs have received technical assistance, and 466 SMEs have received assistance through the training component.¹ The total amount of SMEs that have generated domestic and export sales is 157, of which 94 SMEs have exported a total amount of \$10,413,082 and 109 have sold to the local market for a total amount of \$5,556,000.²

The training component of the Program continued its workshops during this quarter and has had consistent and full attendance. 725 businesspersons, representing 466 SMEs, have been trained thus far (the remaining 120 people trained are composed of GOES officials and private sector professionals). \$5,563,193 in domestic sales and exports can be attributed to firms trained under the Program. For more information, please refer to Result #3. In addition, 897 direct new jobs have been created from April 1, 2006 to June 30, 2007. For more information please refer to Result #2.

A finding of this quarter is the significant increase in new jobs, specifically in production. 85% of the new jobs created are in the production or manual labor category. This coincides with the amount of increased sales by sector for this quarter. Food Products increased sales by \$1.4 million while those SMEs in the Manufacturing sector increased sales by \$1.1 million, an increase of almost 50% when compared to the total amount sold in the other four quarters of Phase 2 of the Program. However, the market sector that had the biggest increases in presence and sales this quarter is the Services sector, virtually matching sales this quarter with those of the entire life of the Program thus far. In addition, 20

¹ Various SMEs have received both technical and training assistance.

² Various SMEs have exported and have sold domestically.

new Services SMEs were Program beneficiaries this quarter, indicating a positive fulfillment of a Program goal to promote Services in order to differentiate the exportable offer and expand goods offered by El Salvador. Also interesting this quarter are the increased sales by the Natural and Organic Products sector. This sector more than doubled its exports from the previous four quarters. This is due to successful showings at the Biofach Fair, attended in the last quarter, where \$956,000 were negotiated as well as the All Things Organic Fair, held this quarter in May, where approximately \$850,000 were negotiated. Again, the success in this sector is reflective of the Program's aim of placing a higher added value in order to differentiate El Salvador goods and services, focusing on quality not quantity.

Women continue to have a strong presence in SME beneficiaries. This quarter a new indicator was collected in reference to female presence in decision making roles in SMEs. Additionally, another indicator was collected specifying not just female presence on board of directors as presented in other Quarterly reports, but also their presence by company size. Although 39% of the SMEs had female decision makers, 71% had women on their board of directors. Therefore, even though in the daily operations of the SMEs female participation is more limited, their overall presence in the existence of the SMEs is viable.

Food products dominated export and domestic sales this quarter, in all likelihood in direct correlation to the amount of fairs attended and supported this quarter. Manufacturing and Services products are second and third respectively, with the largest increase and number of SMEs exporting in the Services sector, indicating a high participation of new SMEs on this type of sale.

In this quarter, various initiatives were conducted to increase competitiveness and development of new markets for the food and medical services sectors. In the food sector, one of the most important achievements was the sending of the initial Cocina Maya product samples to Whole Foods in June. These products will be on the shelves of Whole Food Stores in California sometime in the next quarter. In the medical services sector, a significant achievement was the placement of El Salvador as a medical tourism destination on three international medical tourism company websites. El Salvador is now being offered as a medical destination for the companies Med Retreat, Med Solutions and Planet Hospital.

El Salvador designers had a positive quarter with various designers exporting logo services to U.S. companies. Steps to establish a new export chamber were taken this quarter as well as the mentoring program, which will begin sometime in the next quarter. The official separation the Arts and Cultural Products and Services into three distinct trading companies also took place during this quarter and they have begun their independent legalization and commercialization processes.

Funding for the above initiatives and others continued through the same Fast Track and Standard Mechanism as in Phase 1. The total amount awarded is \$577,259 with \$404,367 currently disbursed. For more information please refer to Result #1.

It is interesting to note that 78% of the SMEs assisted to date are beneficiaries of Phase 2 of the Program indicating that new SMEs are entering the Program every year even as Phase 1 beneficiaries continue to use in the services offered by the Program (66% of SMEs exporting are Phase 1 beneficiaries). However, there has been an increase of assistance throughout the first year of Phase 2 of beneficiaries

that have never exported, resulting in a greater and more diverse pool of companies (68% of the SMEs assisted have never exported).

A more detailed description of the activities executed and achievements of the Program during the quarter are presented in the following sections under the appropriate result area. These are grouped under the Program's expected results to which they most relate. Annex 1 illustrates the activities executed this quarter and Annex 2 is a summary of all the data recollected by the indicator canvass that was conducted (see note). In addition, this document includes a section of activities executed in relation to the administrative and financial areas.

NOTE: A canvass was conducted of all the SMEs assisted by the Program in July 2007 to obtain the information and data for this report. All 612 SMEs thus far assisted in Phase 2 of the Program (April 2006 to June 2007) were contacted and 82% responded.

Project Overview

USAID's Export Promotion Program (hereafter referred to as The Program) aims at continuing the work of the previous USAID/EXPRO project by further developing and increasing El Salvador's export capabilities of the small and medium enterprises (SMEs). For practical purposes we will hereafter refer to the USAID/EXPRO program as the first phase (July 2003 – March 2006) and to the current USAID's Export Promotion Program (April 2006 – June 2009) implementation period as the second phase of the project. In the first phase of the Program, approximately \$40 million were exported by Salvadoran Micro, Small and Medium Enterprises (MSMEs) and 1,500 beneficiaries received training and other services. In the second phase of the Program, the objectives are categorized into the following results:

- Increased domestic and export sales of \$35 million generated by at least 350 SMEs of the total 500 SMEs (Small and Medium Enterprises) assisted in the Program.
- 7,100 new jobs created by assisted SMEs as a result of domestic and export sales generated by the Program.
- A total of 1,500 businessmen, Government of El Salvador (GOES) officials and private sector professionals trained in business and export management areas.
- Institutional capacity transferred to the GOES Export Promotion Agency (EXPORTA), the Ministry of Economy, and at least five private sector organizations to provide sustainable export development services to SMEs.
- No less than five collaborative projects implemented with local private sector organizations for export development services in support of at least 200 SMEs.
- No less than three alliances implemented with local or international private sector organizations, foundations or donors through cost-sharing programs or leverage funding to implement export projects in El Salvador.

In addition, the Program can be viewed as operating in three main areas:

- Enhancing the competitiveness of Salvadoran firms
- Assisting to develop new products and markets
- Institutional development and strengthening to foster continuity

The Program will conduct any number of activities throughout the term of the project that may be categorized under one, two or all three operating areas. These activities were developed in the first phase of the Program and will be continued with greater or lesser intensity, as well as new activities, in the second phase. The Program will achieve the above stipulated results through these main areas by participating in the following activities:

Competitiveness Enhancement

- Training
- Direct technical assistance, including new product design and marketing, export development planning and export management.
- Organization of export trading companies
- Organization of specialized support organizations
- SME mentoring program
- Contract manufacturing services for SMEs

New Product and Market Development

- Participation in international fairs and commercial missions
- Organization of inbound buyer missions
- Development of new software products and markets
- Development of medical and dental services exports
- Development of export markets for commercial design services
- Development of specialty food and food service export products and markets
- Development of high-technology exports
- Development of exports of engineering and other professional services
- Development of exports of high-quality handicrafts, including musical instruments
- Development of E-Commerce facilities for handicrafts and specialty items
- Development of warehousing and distribution for household and consumer items
- Development of an indirect supply chain export market
- Development of international joint ventures, including Spain, Italy and selected South American countries.
- Development of marketing private label manufacturing services to corporate headquarters of large retailers and manufactures
- Development and distribution of Salvadoran retail brands
- Development of relevant and responsive sources of finance for investments in plant expansions, technology, product and market development.

Institutional Development/Strengthening

- Joint implementation with selected institutions (e.g. trade fairs with EXPORTA, [GOES agency for promotion of exports], co-financing with FOEX, [Export Fund of the Ministry of Economy])
- Special joint ventures projects with private sector associations
- Development and support for new service organizations (e.g. ADIES, [Design Association of El Salvador], EXPORTSALUD, [Salvadoran Chamber for Medical Export Services] export trading companies)
- Training (institutional staff and independent consultants)
- Preparation and dissemination of research and information products
- Branding and communication for USAID's Export Promotion Program

The Program will achieve the results through these activities to make export promotion objectives and initiatives of SMEs and private and governmental institutions more effective. The Program will seek to strengthen and foster innovation, improve product development, production, export logistics and marketing so SMEs can successfully expand in markets already established, access to new markets and establish new business relationships to insure continued profitability.

Activities and Results

RESULT #1:

INCREASED DOMESTIC AND EXPORT SALES OF \$35 MILLION GENERATED BY AT LEAST 350 SMES OF THE TOTAL 500 SMES ASSISTED IN THE PROGRAM

The total amount of increased domestic and export sales to date are \$15,969,082 with \$10,413,081 as a result of exports and \$5,556,000 as a result of domestic sales. Once again, as with the previous quarters, the majority of exports/sales are attributed to Phase 1 beneficiaries, \$10,518,161 or 66% of the total exports/sales. In addition, in the previous quarters a total of 120 SMEs had exported and sold domestically where as in this quarter, 100 SMEs exported and sold domestically. Although some companies are the same throughout the quarters in total for the year, 120 SMEs exported and sold locally.

As with the previous quarter and consistent with the findings throughout the year, the market sectors of food products and manufacturing dominated exports this period. However, Services made a strong showing in this quarter. These services include software development, business consultants and design services. Please refer to Annex 2 for more information on SMEs exporting by market sector.

Activities Executed

The following activities were executed by the Program during the quarter in relation to compliance with Result #1. In summary, the Program participated in six commercial missions, five fairs, four inbound buyer missions, two joint ventures missions as well as two conferences and one business roundtable for a total of 20 activities.

Fairs, Commercial Missions, Inbound Buyer Missions and Joint Venture Missions attended by Program Executives

- ***Family Food Distributors - Inbound Buyer Mission*** – A showcase was held for company representative Patricia Castaneda-Méndez featuring 20 SMEs from the food sector.
- ***Envases Centroamerica 2007 Fair, San José, Costa Rica*** – Program executive Claudia Sampera attended this fair and conference where topics presented included Plastic Packaging, Heat Shrink Labels, Packaging Microbiology, Corrugated Board, Innovation in Packaging, Adhesives, and Logistics and Storage. Approximately 8,000 visitors attended this fair over a three day period. Participation in this fair was in prelude to the commercial mission to Miami to buy the containers for the Cocina Maya food products.
- ***Medical Tourism Conference, Santo Domingo, Dominican Republic*** – Program Deputy Director Gerardo Tablas met with Patrick Marsek of Med Retreat (medical tourism company that has visited

El Salvador) to solidify the relationship between this company and Exportsalud. Previously, Patrick Marsek had been vague about the status of El Salvador as a destination for his company, but after meeting at the conference, he agreed to come to El Salvador at the end of June to train the hospitals and doctors that he wants to work with. Also at this conference, Mr. Tablas met with the Joint Commission International, body that certifies hospitals and doctors as “US Certified”. Preliminary contact has been made in order to begin the process of certification for Exportsalud members.

- **International Medical Tourism Conference, Las Vegas, NV** – Mr. Tablas met with Sparrow Mahoney of Medical Tourism.Com, one of the largest medical tourism companies in the world, and has confirmed that this company will visit El Salvador in the next quarter. Also, Mr. Tablas was invited to speak about Exportsalud at the next International Medical Tourism Conference, to be held in Washington DC in December 2007. Apparently, there does not seem to exist any other export chamber of medical services in the world and the organizers of the event were very impressed with this idea and would like Exportsalud to give a presentation about the Chamber.
- **Commercial Mission to Miami, FL** – Program Director Phil Rourk and Program executive Claudia Sampera participated in a commercial mission to Miami in order to search for and purchase packaging materials for the Cocina Maya food products.
- **Business Roundtable with Los Angeles-based companies, San Salvador, ES** – Program Deputy Director Federico Aguilar attended this roundtable to identify and develop business opportunities.
- **FMI Show, Chicago IL** – In addition to identifying new business opportunities, Program executive Claudia Sampera met with two previous contacts, Kehe Foods and EMD Sales Inc., to confirm their participation in inbound missions, which will be scheduled for the next quarter.
- **All Things Organic Show, Chicago, IL** – Program executive Camila Flores accompanied five SMEs to this fair: Shuchil (beauty aids), Agroindustrias Moreno (honey), Expronav (sesame seeds), Aprainores (cashew nuts) and Proexsal (various). Approximately \$850,000 were negotiated at this fair.
- **Commercial Mission to Spain** – Program director Phil Rourk and Program consultant Beatriz de Zacapa visited several regions of Spain to solidify previous business contacts and identify new business opportunities. Highlights of this trip were:
 - European Software Institute – a strategy will be developed to establish a Software Institute in El Salvador.
 - Medical Services – contact with a chain of ophthalmology clinics who would like to establish a clinic in El Salvador through Exportsalud.
 - Commercial Mission to Nicaragua – Approximately 100 Spanish companies will visit Nicaragua in November 2007 and after meeting with the organizers of this mission, an effort will be made to further that mission to encompass El Salvador as well.



El Salvador stand at All Things Organic Fair

- A network of Spanish consultants will be established headed by AVU (Jesus Albizu) for inverse missions and other business opportunities. (These consultants will be paid for by the Program).
- ***Surtex Show, New York, NY*** – Program executive Emma Schonenberg attend this fair where five contacts were made with licensing agents. One specifically gives how-to seminars to artists that want to exhibit their products and helps prepare them for branding expos. This contact is being considered to give a seminar in El Salvador in the future. In addition, two contacts were made to promote the Artecomasagua pressed flowers greeting cards and another to make packaging with the pressed flowers
- ***International Contemporary Furniture Show, New York, NY*** – Program executive Emma Schonenberg attended this fair where international designers exhibited high-end furniture pieces. Main conclusions were that local products are not ready for this market and that many companies have their own in-house designers and are not looking for outside talent. Although Salvadoran products are not yet ready for this market, technical assistance could be provided by the Program in order to access it. However, one contact was made with a leather goods manufacturer and he may be interested in working with Fibresa, a local company that specializes in recycled leather. Overall the trends deduced at this show were: 1) big, unique, one-of kind pieces and 2) recycled and organic shapes.
- ***Commercial Mission to Washington DC and New York City*** – Program executive Vicente Rivas accompanied Monica Lopez, commercial director of Latin Food Distributors, on this commercial mission where they met with Bayshore Distributors to resolve a pending payment issue and negotiated the export of 2-3 containers for June-July 2007. They also met with other clients (Richard Brandts, EDEN, Bestway, La Villa Food and Falcon) to offer the trading company's products. All were interested and further follow-up will be conducted in the upcoming weeks. In addition, they visited various supermarket chains, took pictures of the Salvadoran products in exhibition, gathered pricing information and bought other products to analyze market conditions.
- ***Nina Simoni- Joint Venture Mission*** – Representatives from this Brazilian show company visited El Salvador for the second time, having narrowed down the SMEs they want to work with. They discussed, in the presence of a local lawyer, the terms and conditions for the manufacturing of men's footwear (John Henry for Perry Ellis) to be exported to Mexico. In addition, Nina Simoni defined the upgrades that the SMEs need to implement in order for the Program to provide technical assistance to comply with the standards set forth by the company. Although Nina Simoni is still considering El Salvador as an alternative, it is undefined at the moment when production in El Salvador will begin. Currently Nina Simoni has begun to produce the shoes in Mexico since the factories there have more experience.
- ***Commercial Mission to Honduras (Zamorano)*** – Program Director Phil Rourk and Program Deputy Director Mario Cáceres traveled to the Pan-American University to 1) review results of Year 1 of the training component, 2) review and plan for Year Two, and 3) review progress of Cocina Maya food products.

- **Roberto Preza – Inbound Buyer Mission** – Roberto Preza, the founder of the Salvadoran Independence Festival (Festival Salvadoreñísimo) in the U.S., visited in El Salvador to audition musical groups for participation in this festival. These groups are members of the Scenic Arts Trading Company. 23 groups auditioned, of which he chose and hired six to perform in the U.S. throughout the year: Yemayá (piano duet and violin), Adhesivo (ska, rock and reggae), Frigüey (ska, rock and reggae), Orquesta Platinum (all genres), Piscola (rock and pop), and Formula Norteña (rancheras, tropical, salsa and cumbia). He will be returning to El Salvador sometime next quarter for more auditions.



Product Showcase for Ayudita, Inc.

- **Ayudita, Inc., - Inbound Buyer Mission** – A showcase was held for company representative Luis Delgadillo featuring 14 SMEs from the food sector.
- **Commercial Mission to Washington DC** – Program Director Phil Rourk met with Salvadoran Ambassador to the U.S. René León and Roberto Preza, the founder of the Salvadoran Independence Festival in the U.S. who had previously visited El Salvador to audition musical groups for the festivals he promotes in the U.S. Ambassador León was very receptive to the idea of bringing Salvadoran musical groups to the U.S. as well as the concept behind the three Arts and Cultural Services and Products Trading Company. In addition, he offered to help by promoting the trading companies to his contacts in the White House, with Emilio Esteban, Don Francisco from Sábado Gigante, and Sony Music. He also had several meetings were held with media outlets to promote the musical groups. Most notably:
 - El Zol FM 99.1 – Pedro Piaggi. This disk jockey has offered to promote the Salvadoran musicians, making himself available when possible at their events.
 - Washington Hispanic – This Latin-based newspaper covers the Washington DC, Virginia and Maryland regional areas and has a circulation of approximately 75,000 units.
 - Univision – Ernesto Clavijo – News Director – This contact was also very enthusiastic about the musical groups and will also make himself available to cover and promote their events.

In addition, he had a meeting with Sandra Darville, Head of Unit Multilateral Investment Fund of the Inter American Development Bank, to discuss the quasi-equity fund project. She is interested in the project and wants to see a proposal as soon as possible. He also had a meeting with Mark Silverman and Ellen Leddy, Director of Central American Affairs, both from USAID Washington. At this meeting, Phil Rourk updated them on Program activities and accomplishments, with a special mention and emphasis on the cultural trading companies. They expressed interests in all events related the trading companies and would like to be kept informed of any activities.

- **Polinor Centro – Joint Venture Mission** – Asdrubal Quintero, President of Polinor Centro, a South American company specializing in water clarification processes and manufacture of Polychloride, a water clarifying component for human consumption, visited El Salvador for possibly three endeavors: 1) open an engineering service office to service Central America and the Caribbean, 2)

establish a plant to produce water clarifying components, 3) establish a factory to produce Polychloride.

- **Med Retreat – Inbound Buyer Mission** – Patrick Marsek of Med Retreat once again visited El Salvador and trained the eye and plastic surgery groups that he intends to work with; he expects to send the first patients for these medical specialties in the next quarter. He is currently in the process of choosing the dental clinics that he will promote in his company.
- **Commercial Mission to Guatemala** – Program executive Claudia Sampera traveled to Guatemala to search for additional options for bottles and packaging for the Cocina Maya food products.

Follow up to the contacts made during these events was undertaken during this quarter, consisting in telephone calls between SMEs and potential clients and preparation and mailing of samples to potential clients. Any exports or sales as a result of these fairs will be reported in the following quarterly report.

Enhancing SME Competitiveness and New Product and Market Development – Activities Executed and Results Achieved

The following are activities executed to enhance SMEs competitiveness, product and market development. Included in this section are the activities realized by the design component and the trading companies established by the Program, as well as various other achievements due to the Program's efforts.

- Cocina Maya has been a focal point of the Program's efforts during this year. The preliminary samples of the food products were sent out at the end of June to Whole Foods for testing and order placement. The food products sent are: Hibiscus Vinaigrette, Jocote Plum Vinaigrette, Sour Guava Vinaigrette, Jocote Plum Mixer, Banana and Pineapple Topping, Chile Contento and Pipian Antipasto. The Program is waiting on the results of the testing of the samples. In all likelihood, Whole Foods will have suggestions for improvements, from product appearance to the information available on the label. In addition, prices have to be negotiated once their quality requirements are met. Shipment of initial products should be exported in the next quarter.
- The quasi-equity fund initiative took another step forward this quarter during the commercial mission undertaken by Program Director Phil Rourk to Washington DC. As mentioned earlier, he met with Sandra Darville, Head of Unit Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB). She expressed interest in the project and wants to see a proposal as soon as possible. In the next quarter, meetings will be held with local representatives of both the IDB and the MIF to further promote this initiative.
- Program Director Phil Rourk and Carlos Arce (CTO USAID El Salvador) attended a meeting with Wal-Mart representatives in Guatemala during the last quarter. At this meeting, two major issues were discussed: (1) how to provide assistance to SMEs that sell locally to Wal-Mart owned supermarkets (La Despensa de Don Juan and Hiper Paiz) to export those products to other Wal-Mart owned supermarkets in Central America and (2) the Program will work in conjunction with Wal-Mart to place "showcases" of Central American products in Wal-Mart stores in the U.S. After discussing the matter, Wal-Mart, in conjunction, with the Program, has decided to hold a showcase in El Salvador for all Central American buyers of its stores sometime during the next quarter. The

idea of showcases in the U.S. is still a possibility, although negotiations for these events are slow and no date has been determined.

- An agreement was reached, during this quarter, with Mario Molina of Intradeca, S.A. de C.V. specifying how the e-commerce virtual store would be organized and when it will be functional. The store will run on a consignment basis and profit sharing scheme with the suppliers. The first shipment of goods to the warehouse in Miami is scheduled for mid-September and the website is scheduled to be operational by the end of September.
- External consultants Mauricio Ruano and Beatriz de Zacapa continued their consultancy services to identify business opportunities and market development. Mauricio Ruano is focusing on the Los Angeles and Southern California areas where he has been instrumental in promoting Salvadoran design services. Beatriz de Zacapa is focusing on the European market and organized and accompanied Program Director Phil Rourk on commercial mission to Spain.
- The development of a Mentoring Program was begun during this quarter. The purpose of this project is to provide export support to Small Enterprises (SE) which will involve university professors, Masters in Business Administration (MBA) students and mentors with successful business experience. These people will join the USAID's Export Promotion Program during a determined amount of time in order to resolve concrete issues that will allow SMEs to improve their exports. Meetings with the universities, consultants and businesspeople were held in order to select those that will participate in this project. An action plan and chronogram of activities was presented. This project is currently ready to be implemented in the upcoming quarter and is expected to be carried out over a period of five months.

Design Program

The Program's design component has been working to further promote design and innovation in Salvadoran SMEs during this past year. In September 2006, eight design specialists were approved by USAID as design consultants to be hired by various SMEs. Their specialties vary from graphic designers, web and mobile contents, to architects specialized in furniture designs.

From these projects approved by the Program, two have been carried out successfully. For Maderas y Metales (Torogoz), a collection of metal tiles (wall jewelry) was produced. The project, designed by an interior designer co-financed by the Program, consists of five smaller collections (57 pieces total). The collections were taken to the "Coverings" Fair held in Chicago this past quarter. The participation of Maderas y Metales proved fruitful as the orders started with selling samples kits to tile wholesalers. 25 kits were sold at \$1,000 a piece and the company has already received orders totaling \$47,000 including the \$25,000 worth of kits sold at the fair. After receiving input of the 450 visitors they had at Coverings, this quarter starts off for Maderas y Metales applying for additional technical assistance to develop another collection of metal tiles.

Another company that went through with design technical assistance is Wise Marketing for its Wombee brand. Wise Marketing sells mobile contents like ring tones, wallpapers, games, etc. Mr. Alvaro Guatemala was hired as the design team leader and developed Wombee's website and radio DJ

characters. Along with other fast tracks Wise Marketing has applied to, this SME has exported approximately \$176,000.

Consultant Mauricio Ruano has been searching for potential clients in Los Angeles, CA for Salvadoran designers. He has successfully obtained four projects; four of them have been developed by graphic designer Edwin Ruano where he designed logotypes for restaurants “Con Sabor” and “José Pollo” and a project for a used car dealer called “Santa Monica”. The fourth project is in its approval stage, where architect Julio Yanes is quoting to develop architectonic animation of a housing project in Los Angeles.



In house design has been developing for SMEs emergency packaging design for the participation in food fairs. Mayan Sea Salt packaging concept and packaging was developed for Mayprod and for Hibiscus Syrup for Agroindustrias Moreno for participation in the Winter Fancy Food. Shuchil’s organic aromatherapy concept and packaging was also developed for the Taipei Food Show. All had packaging, business cards and flyers designed. Because of the high approval of these product designs at the respective fairs, reflected in the high amount of orders placed, this proved to be a valuable exercise and experience to demonstrate how important good design behind a good product is.

Cocina Maya’s corporate image and labeling is almost complete. Samples of the products with their labeling are at Whole Foods Inc. and are currently being evaluated.

Trading Companies

One of the Program’s activities to enhance competitiveness and expand into new markets is the development of trading companies. These trading companies allow for the consolidation and facilitation of exports of any number of Salvadoran products in order to successfully introduce them into international markets. The Program has established nine companies to date and it is expected that additional trading companies will be created throughout the life of the Program. The following is an update on the status of this initiative:

- ***Paax Muul*** - William Jablonsky, of Adagio Distributors, visited El Salvador the previous quarter and met with the Paax Muul guitar makers. As a result of his visit, he has placed an order of 56 guitars for approximately \$30,000. This order will be filled during the year. So far, 15 guitars have been exported and five more are programmed for August 2007. Also, at his suggestion, the guitars makers have been relocated from individual workshops to a large warehouse in Nejapa. As a result of this move, better quality control and more efficient production is expected for this industry. In addition, the guitar makers received Entrepreneur vouchers (certificates for additional training) given by the two Salvadoran institutions, the Salvadoran Foundation for Integral Support (FUSAI) and the Competitiveness Promotion Foundation for Micro and Small Businesses (Centromype), to further promote and improve their business.
- ***Natural Union Brands*** – This organic product trading company completed a new business plan during this quarter. Financial issues continue to be a challenge for the advancement of this trading company. The kiosks opened in local shopping centers have generated approximately \$3,000

monthly but this is still not enough to increase sales. The trading company members are currently looking for new financing alternatives.

- **DECOEXPORTA** – This furniture and decorative articles trading company has begun to implement its work plan during the later part of the quarter. They are planning to focus their export strategy on the “Rivera Maya” in Cancun, Mexico. A commercial mission to this area will take place at the end of July; currently samples, brochures, and catalogs are being prepared for this trip.
- **CI-SOFT** – This software trading company has had to suspend the installation of a quality control software program in a clothing factory in Haiti, for internal reasons of the client. The company will go to Honduras during the next quarter to meet with the head office of this client to define the status of this project and when or if it will be reinstated. Although a deal was reached with a Nicaraguan university to install specialized software, negotiations for this project are still on going. The Nicaraguan university will visit El Salvador in the next quarter to evaluate the company that will install the software. This project will bring in revenue of approximately \$30,000.
- **MAKI** – This footwear trading company has decided to seek business opportunities individually, not as a group, due to differences in production quality within the companies. Inbound buyers have mentioned the differences of the quality between companies, so they prefer to work with specific companies, not the trading company per se or at least until weak members improve their quality. However, they are involved in projects for the Brazilian company Nina Simoni (John Henry for Perry Ellis) and with the consultant David Tufts (samples have been sent).
- **Latin Food Distributors** – After the commercial mission undertaken by Program executive Vicente Rivas and Commercial Director Monica Lopez, various logistic and payment problems were resolved. In addition, new orders were placed by the companies visited and it is expected that this order amounts to at least one container a month of approximately \$30,000 per container. In mid-June, there was a change in the position of the commercial director of the company. The new commercial director is named Walter Mata.
- **Audio Visual Products and Cultural Industry** – This trading company focuses on production and sale of videos, cinema, TV programs, documentaries, as well as cultural research and services (e.g. art workshops, tours, etc.). Currently, this company is in the process of legalization; it will be set up as an association and the members have selected, within themselves, someone to temporarily be in charge of the legalization process. In addition, this company is in the process of initiating sales and contacting potential clients and agents to commercialize its products.
- **Scenic Arts Trading Company** – This trading company focuses on dance, theatre, performing arts, music, soloists, bands, orchestras etc. Currently, this company is in the process of legalization; it will be set up as an association and the members have selected, within themselves, someone to temporarily be in charge of the legalization process. This quarter, an Inbound Buyer mission was held for Roberto Preza, the



A band auditioning for Roberto Preza

founder of the Salvadoran Independence Festival (Festival Salvadoreñísimo) in the U.S. to audition musical groups for participation in this festival.

- **Visual Arts Trading Company** - This trading company focuses on artwork and sculptures, lithographs, photos, and engravings. Currently, this company is in the process of legalization; it will be set up as an association and the members have selected, within themselves, someone to temporarily be in charge of the legalization process. In addition, this company is in the process of initiating sales and contacting potential clients and agents to commercialize its products.

Export Promotion and Innovation Funds –Fast Track and FOEX (Export Promotion Funds of the Ministry of Economy)

USAID’s Export Promotion Program is able to report the provision of technical assistance-training-guidance support through Fast Track and FOEX co-financing funds to 942 Salvadoran beneficiaries from April 1, 2006 to June 30, 2007. This is summarized as follows:

<i>Initiative</i>	<i>Total Awarded</i>	<i>Total Disbursed</i>	<i>Total Amount of Initiatives</i>	<i>Total Beneficiaries (1) (2)</i>
Technical Assistance:	\$445,463	\$272,571	162	111
Training Assistance:	\$131,796	\$131,796	1,171	861
Total:	\$577,259	\$404,367	1,333	

(1) Includes SMEs, students, consultants and GOES officials

(2) Some technical assistance beneficiaries are also training component beneficiaries

Technical assistance initiatives supported through the Export Promotion and Innovation Funds can be further subdivided into those funds co-financed through Fast Track or through the Standard mechanism (Small Grants). Both Fast Track and the Standard Mechanism can be used by the Program and FOEX.

<i>Mechanism</i>	<i>Total Awarded</i>	<i>Total Disbursed</i>	<i>Total Amount of Initiatives</i>	<i>Total Beneficiaries (3)</i>
Fast Track:	\$370,481	\$260,221	156	107
Standard:	\$74,982	\$12,350	6	5
Total:	\$445,463	\$272,571	162	

(3) One beneficiary of FOEX is also a Program beneficiary

In the first table, the total amount of beneficiaries in the training assistance initiative is composed of businesspeople, government officials and private sector professionals. The beneficiaries of technical assistance are SMEs. This also applies for second table, which is a breakdown of the co-financing mechanism applied.

In the case of training assistance, the co-financing agreement with INSAFORP will reimburse the Program with \$125, or \$110.25 without the IVA, per participant. The amounts awarded and disbursed will then be dully adjusted.

It is important to note that there are various technical assistances or initiatives that are not co-financed through Fast Track or FOEX. Export initiatives such as consultant hiring, market studies trading company legalizations, additional training workshops etc. account for 122 additional assistances for a total of 284.

RESULT #2:

7,100 NEW JOBS CREATED BY ASSISTED SMES AS A RESULT OF DOMESTIC AND EXPORT SALES GENERATED BY THE PROGRAM

A total of 897 direct new jobs and consequently 1,851 cumulative new jobs have been created as a result of the Program's assistance since the beginning of Phase 2. The categories of these employments and the totals, as well as by gender, as of June 30, 2007 are the following:

<u>Category</u>	<u>Direct New Jobs</u>	<u>Indirect New Jobs</u>	<u>New Jobs³</u>
Production:	762	762	1524
Administration:	78	78	156
Middle Management:	39	78	117
Upper Management:	18	36	54
Total:	897	954	1,851
Females:	476		
Males:	421		
Total:	897		

The creation of new direct jobs increases spending in the economy, which in turn creates indirect jobs by consuming goods and services. Therefore, the 897 new direct jobs result in 1,851 total jobs.

³ To derive the number for total new jobs, a multiplier of two (2) was applied to the number of direct new jobs under the categories of Production, Manual Labor and Administration. To derive the total new jobs for Middle and Upper Management, a multiplier of three (3) was used.

RESULT #3:

A TOTAL OF 1,500 BUSINESSMEN, GOVERNMENT OF EL SALVADOR (GOES) OFFICIALS AND PRIVATE SECTOR PROFESSIONALS TRAINED IN BUSINESS AND EXPORT MANAGEMENT AREAS

The second year of the training program, which began in July 2006 and will run through March 2009, was designed, coordinated, negotiated and programmed during the early 2007. For this year, it includes 18 courses in six different areas. Five of these areas apply to all economic sectors in general. These included: Innovation workshops, focusing on the importance of innovation in a company; Design and Evaluation of Business Plans workshops, a three-day comprehensive course of how to build a business plan; Packaging and Preservation workshops, aimed at identifying the best packaging for products therefore increasing its shelf life; Food Safety II, aimed at promotion food processing and packaging cleanliness; Market Research, how to conduct and use market research; and Development of New Products workshops, to be held in Zamorano University in Honduras. The Program expects to train during the second year at least 500 individuals who will come from the public and private sector.

This quarter, from April - June 2007, there were 254 instances of participation (total number of attendees in each course) in the following areas:

<i>Workshop</i>	<i>Dates</i>	<i>Number of Participants</i>
Innovation Workshop:	May 18	129
Design and Evaluation of Business Plans:	May 30 – June 1	45
Market Research:	June 27 - 29	80
Total:		<hr/> 254

In addition to these workshops, the training component is implementing half-day conferences ranging in topics from Nutritional Labeling, Introduction to the Export Process, Waste Water Management, Excellence in Food Services, Dairy Product Processing, Food Process Control, Strategic Planning, and Entrepreneurship. This quarter, from April to June 2007, the total number of attendees to the conferences was 100 detailed below:

<i>Conference</i>	<i>Dates</i>	<i>Number of Participants</i>
Nutritional Labeling:	May 22	39
Introduction to the Export Process:	June 26	61
Total:		<hr/> 100

This brings the total number of instances of participation for this quarter in both workshops and conferences to 354. As of June 30, 2007, there have been 1,265 total instances of participation in the training component, although a number of individuals have received training in various courses. Therefore, there are a total of 725 individual businesspeople who have received training representing 466 SMEs. The rest of the attendees of the workshops are composed of GOES officials (36) and private

sector professionals (84) for a total of 845 individual participants. A participant breakdown by gender is indicated below:

<i>Category</i>	<i>No. of People</i>	<i>Gender (Female / Male)</i>
Businesspersons:	725	339 / 386
GOES Officials:	36	21 / 15
Private Sector Professionals:	84	51 / 33
Total:	845	411 / 434

In addition, the training program has been instrumental in procuring cost-sharing and economic alliances with several institutions for the financing of the workshops. For more information about these agreements please refer to Result #6.

RESULT #4:

INSTITUTIONAL CAPACITY TRANSFERRED TO THE GOES EXPORT PROMOTION AGENCY (EXPORTA), THE MINISTRY OF ECONOMY, AND AT LEAST FIVE PRIVATE SECTOR ORGANIZATIONS TO PROVIDE SUSTAINABLE EXPORT DEVELOPMENT SERVICES TO SMES.

EXPORTA (GOES Export Promotion Agency)

As part of the joint implementation of trade shows and missions, the Program was able to provide support to EXPORTA in the participation of one trade show, specifically the All Things Organic Show in Chicago, Illinois. (For more information about these fairs, please refer to Result #1). Throughout the year there has been the conscience effort by Program executives to assist EXPORTA representatives with all aspects of fair participation, thus further developing and improving their capabilities during these types of events. In the next quarter, more fairs and commercial missions will be jointly implemented with EXPORTA.

FONDEPRO (Formerly known as Ministry of Economy's Export Development Fund - FOEX)

In October 2006, FOEX changed its name to FONDEPRO (Fondo de Desarrollo Productivo – Productive Development Fund), in accordance with the Salvadoran presidential economic plan for the country. This fund will not only continue supporting exports, but will also support initiatives such as improvement of technologies, quality, innovation, and strengthening competitiveness, among others.

During this quarter, the Program obtained USAID's approval for the "Grant Manuals for Export Promotion Projects". The process entailed the editing and resubmission of the latest version of the manuals to include USAID's final observations and comments. These manuals present the policies and procedures to co-finance the export initiatives of qualified beneficiaries of the Export Promotion and Innovation Funds, through cost reimbursement grants.

Until the approval of the manuals, supporting export initiatives was done through a preliminary version of the policies and procedures for the Export Promotion and Innovation Funds temporarily approved by USAID. This was done with the purpose of not losing momentum gained by SMEs under the Phase 1 of the Program.

At the end of 2006, the Program prepared a draft Memorandum of Understanding (MOU) which establishes the resources, responsibilities and actions to be taken by the Program and FONDEPRO for the implementation of the Export Promotion and Innovation Funds. In this capacity, FONDEPRO will review SMEs' proposals, monitor their activities and serve as the link between the Program and the beneficiaries. The draft MOU includes a section on institutional strengthening of FOEX by the Program.

The MOU has been reviewed and approved although not signed because of some differences in the institutional strengthening section. It is expected that the MOU will officially signed and the strengthening of FONDEPRO by the Program will initiate according to the schedule included in the MOU in the next quarter.

The Program is also working towards the transfer of institutional capacity to several private sector organizations. These are: ADIES (Salvadoran Design Association), ASI (Salvadoran Association of Industry), Camara de Comercio e Industria (Chamber of Commerce and Industry), Consortium of Electromechanical Engineering (CIEMEC), Salvadoran Export Chamber of Translation and Interpretation Services, EXPORTSALUD, Exsource Group (Software Development Cluster), FUSADES and the nine trading companies, all created with the help of the Program. For information about these private sector organizations, please refer to Result #5; for more information about the trading companies, please refer to Result #1.

RESULT #5:

NO LESS THAN FIVE COLLABORATIVE PROJECTS IMPLEMENTED WITH LOCAL PRIVATE SECTOR ORGANIZATIONS FOR EXPORT DEVELOPMENT SERVICES IN SUPPORT OF AT LEAST 200 SMES

ADIES (Design Association of El Salvador)

Administrative issues that arose in the last quarter were begun to be resolved during this quarter. A new Board of Directors is about to be formally approved as well as a name change for the association. The Program and a temporary Board of Directors is working with qualified professionals in the marketing and legal fields (outside the design sector) to further solidify the new association, which will most likely be called "Asociación CRISOL de Diseño de El Salvador" or CRISOL for short. In the next quarter, the new association will be legally registered and will then renew efforts to promote design in and of El Salvador.

Asociación Salvadoreña de Industriales (ASI – Salvadoran Association of Industry)

ASI has proposed the organization of a follow-up program to the Project executed during the former USAID-EXPRO. Under this new scheme, a mechanism will be created in order to link big exporters with small and mid-size Salvadoran suppliers. This will allow SMEs to become indirect exporters while preparing them to become exporters. Only preliminary talks have taken place between the two organizations and it is expected that a collaborative agreement will be signed sometime in 2007.

Cámara de Comercio e Industria de El Salvador (Salvadoran Chamber of Commerce)

The cooperation agreement between the Program and the Cámara de Comercio for the organization of the 4th version of an export strengthening project, AFIS, was signed during the second quarter. The 10 SMEs selected for the program were officially approved and the consultants were hired to train these SMEs in the AFIS methodology. Training, which is expected to last four to five months, began two quarters ago and continued during this quarter; the second and final phase of the program (creation of an export plan) is currently under way and should be completed during the next quarter.

Consortium of Electromechanical Engineering (CIEMEC)

The members of CIEMEC returned from their trip to the NECA (National Electrical Contractors Association) Fair in Boston, MA with an export plan that is currently being implemented, focusing on technology requirements as well as an offshore sales strategy for BPOs (Business Process Optimization). During the implementation of the export plan during this quarter, a need arose to organize a commercial mission to the United States to meet with potential customers and contractors. This is planned for the next quarter with the destination to be Washington DC.

Salvadoran Export Chamber of Translation and Interpretation Services

A preliminary meeting was held during this quarter where 10 local leading translation companies and individuals were presented with the idea of an export chamber. The proposal was highly accepted and the conclusion was reached that a consultant should be hired to organize the chamber and develop a business plan. The consultant Mauricio Castro was hired to execute this initiative and began work in June. He should complete his consultancy during the next quarter, at the end of September.

EXPORTSALUD (Salvadoran Export Chamber of Medical Services)

In addition to the medical tourism conferences attended by Program Deputy Director Gerardo Tables mentioned in Result #1, in June of this quarter, the medical tourism company, Med Retreat, visited El Salvador and its representative, Patrick Marsek met once again with the doctors (eye and plastic surgery groups) that he intends to work with to train them in the methodology of his company. Med Retreat has qualified El Salvador as a medical tourism destination and expects to begin sending patients in the next quarter. With this company, there are now three respected North American based companies that offer El Salvador as a medical tourism destination: Planet Hospital, Med Solutions and Med Retreat.

In addition, various meetings were held with local hotels and the Salvadoran airline TACA to promote Exportsalud to their clients. The hotels Radisson, Sheraton, Hilton, Intercontinental and Suites La Palma, have accepted to promote Exportsalud to their clients; principally through brochures but also by listing and recommending Exportsalud as their medical services provider to their guests. Also an agreement was reached with TACA to give preferential rates to Exportsalud patients traveling from the United States and Canada as well as free tickets to Exportsalud members traveling to the U.S for promotional purposes. TACA has also signed an additional agreement with Planet Hospital directly for preferential rates and it is expected that Med Retreat and Med Solutions will follow suit shortly.

Exportsalud also advertised in the TACA on-board magazine, Explora.

EXSOURCE GROUP (Software Development Cluster)

In July, an event was held for the Software Development Cluster (Exsource Group), in order to promote and strengthen this group aimed at becoming a “Software Factory”. In addition to media coverage, the event was attended by the Minister of Economy and other governmental officials as well as members of this sector. Under this associative scheme, cluster members would pool their production capability in order to become a more attractive option for potential customers abroad.

In addition to the Software Factory, as a result of the commercial mission to Spain in May 2007, a joint venture alliance is being investigated between Exsource Group and the European Software Institute (ESI) to establish a software institute in El Salvador.

FUSADES (Salvadoran Foundation for Economic and Social Development)

An additional alliance between FUSADES and the European Software Institute is also being discussed in relation to FUSADES' Eurocentro, which fosters business between European and Latin American companies.

RESULT #6:

NO LESS THEN THREE ALLIANCES IMPLEMENTED WITH LOCAL OR INTERNATIONAL PRIVATE SECTOR ORGANIZATIONS, FOUNDATIONS OR DONORS THROUGH COST-SHARING PROGRAMS OR LEVERAGE FUNDING TO IMPLEMENT EXPORT PROJECTS IN EL SALVADOR

The Pan-American University of Agriculture Zamorano

Two economic alliances, jointly developed by the two institutions, have been forged between the Program and Zamorano University, based in Honduras. In the first, Zamorano agreed to support the training program by covering 15% of the total costs of the courses to be implemented from July 2006 to March 2007. This translates to a contribution of \$21,447 for the training of Salvadoran SMEs. For the second year of the Program, April 2007 to March 2008, this same agreement was renewed, totaling \$18,530.

The second agreement allows for a discount of 11% of the total cost for the any SME that requires a laboratory analysis of their food products. Analysis at the Zamorano's Food Analysis Laboratory, LAAZ, includes a detail report on nutritional facts as required by the Nutritional Labeling and Education Act (NLEA) and those required by the Food and Drug Administration (FDA) as well as trans fat content, shelf life analysis and improvement, and various other physical and chemical analysis.

INSAFORP (Salvadoran Institute for Professional Development)

A cost sharing agreement was reached with INSAFORP to support the training component for the duration of the Program. They will support this initiative by contributing \$125 (\$110.62 plus IVA) per person per course throughout the three years of the Program. For the first year, the total contribution is \$119,250; for the second year a contribution of approximately \$96,250 is expected.

FUNDACIÓN MARÍA ESCALÓN DE NÚÑEZ

The Foundation (Fundación) has agreed to give the training program a discount of \$8.50 per person for food and beverages as well as daily sum of \$200 for goods and services to be paid in kind for each course to be held at their installations. The estimated amount this contribution translated to \$23,815 for the first year of the training program and \$22,850 for the second year.

ANNEX 1 – List of Fifth Quarter Program Activities

The following table lists the activities and technical assistances through Fast Track supported by the Program and their respective classification in regards to the results stipulated in the Program summary (the result to which each activity relates the most is highlight in bold):

DATE	ACTIVITY	DESCRIPTION	RESULT #1	RESULT #2	RESULT #3	RESULT #4	RESULT #5
May	Commercial Mission	Commercial Mission to Miami, FL* - Cocina Maya	X				
May	Commercial Mission	Commercial Mission to Spain*	X				X
May	Commercial Mission	Commercial Mission to Washington DC and New York - Latin Foods Distributors*	X				
May	Commercial Mission	Commercial Mission to Honduras (Zamorano) - Training Program and Cocina Maya*	X				X
Jun	Commercial Mission	Commercial Mission to Washington DC*	X				X
Jun	Commercial Mission	Commercial Mission to Guatemala - Cocina Maya*	X				
Apr	Event	Medical Tourism Conference, Dominican Republic (Exportsalud)*	X	X	X		
May	Event	International Medical Tourism Conference, Las Vegas, NV (Exportsalud)*	X	X	X		
May	Event	Business Roundtable with US Companies	X	X	X		
May	Event	Nina Simone Meeting	X	X	X		
Apr	Fair	Envases Centroamerica 2007, San Jose, Costa Rica*	X	X	X		
May	Fair	FMI Show, Chicago, IL*	X	X	X		
May	Fair	All Things Organic Show, Chicago, IL*	X	X	X		
May	Fair	Surtex Show, New York, NY*	X	X	X		
May	Fair	International Contemporary Show, New York, NY*	X	X	X		
Apr	Inverse Mission	Family Food Distributors	X	X	X		
Jun	Inverse Mission	Roberto Preza (Art and Culture Trading Company)	X	X	X		
Jun	Inverse Mission	Ayudita, Inc.	X	X	X		

* - Fairs and Commercial Missions that Program executives have attended

DATE	ACTIVITY	DESCRIPTION	RESULT #1	RESULT #2	RESULT #3	RESULT #4	RESULT #5
Jun	Inverse Mission	Med Retreat, (Exportsalud)	X	X	X		
May	Joint Venture Mission	Polinor Centro	X	X	X		
Apr	Technical Assistance	Mexico Showcase and Travel Expo 2007 - Eva Tours, S.A de C.V.	X	X	X		
Apr	Technical Assistance	2nd Salvadorans Abroad Fair 2007, Washington DC - Telecam 140, S.A. de C.V.	X	X	X		
Apr	Technical Assistance	Commercial Mission to Los Angeles, CA - Dorgueria Hermel, S.A. de C.V.	X	X	X		
Apr	Technical Assistance	All Things Organic Show, Chicago, IL - Suchil, S.A de C.V., Expronav, S.A. de C.V., Agroindustrias Moreno, S.A .de C.V., Proexal, S.A. de C.V., Aprainores, S.A .de C.V.	X	X	X		
Apr	Technical Assistance	Development of New Web Page - Lyca, S.A. de C.V.	X	X	X		
Apr	Technical Assistance	Material World 2007, Miami, FL - Krystal Systems, S.A de C.V., Boa Computer Systems, S.A de C.V.	X	X	X		
Apr	Technical Assistance	NRA Fair 2007, Chicago, IL - Systec, S.A. de C.V.	X	X	X		
Apr	Technical Assistance	Atlanta Spring Immediate Delivery 2007, Atlanta, GA - Petunia, S.A .de C.V.	X	X	X		
May	Technical Assistance	2nd Salvadorans Abroad Fair 2007, Washington DC - Hospital Cader, Clidesa, S.A. de C.V, Servicios Integrals Medicos, S.A. de C.V., Doctors Espinoza, Moreno and Choto.	X	X	X		
May	Technical Assistance	Nutricional Laboratory Analysis - Palestinos Bakery & Catering	X	X	X		
May	Technical Assistance	Commerical Mission to Nicaragua - Calderon Ruiz Ingenieros	X	X	X		
May	Technical Assistance	Commerical Mission to Washington DC and Miami - Quinbe, S.A. de C.V.	X	X	X		
Jun	Technical Assistance	Commerical Mission to Belgium and Spain, Training course in Milan, Italy - Asocio, S.A. de C.V.	X	X	X		
Jun	Technical Assistance	Nutricional Laboratory Analysis - Pamen, S.A. de C.V.	X	X	X		
Jun	Technical Assistance	Seminar in Germany and Holland - Teneria El Bufalo, S.A. de C.V.	X	X	X		
Jun	Technical Assistance	Design Services (Product Labels) - C.Q. Inversiones, S.A. de C.V.	X	X	X		
Jun	Technical Assistance	Taipei Food Show 2007, Taipei, Taiwain - Suchil, S.A .de C.V, Expronov, S.A .de C.V, Proserquisa, S.A. de C.V., Inversiones Innovadoras, S.A. de C.V., Vela Terra, S.A. de C.V., Mayprod, S.A. de C.V.	X	X	X		

DATE	ACTIVITY	DESCRIPTION	RESULT #1	RESULT #2	RESULT #3	RESULT #4	RESULT #5
May	Training	Innovation Workshop	X	X	X		
May	Training	Nutricional Labels Conference	X	X	X		
May	Training	Design and Evaluation of Export Business Plans Workshop	X	X	X		
Jun	Training	Introduction to the Export Process Conference	X	X	X		
Jun	Training	Investigation of Markets	X	X	X		

ANNEX 2 – Table of Results Generated in Phase 2

The follow table is a summary of the information gathered in the survey executed in this quarter of Phase 2 beneficiaries.

USAID's Export Promotion Program Results						
Results Generated Between April 1, 2006 to June 30, 2007						
EXPORTS						
	Accumulative March 2007		April - June 2007		Accumulative June 2007	
SMEs in Data Base	445		167		612	SMES
Percentage Collected	84%		80%		82%	
Total Exports	\$7,498,557		\$2,914,525		\$10,413,082	94
Total Domestic Sales	\$3,313,662		\$2,242,338		\$5,556,000	109
TOTAL	\$10,812,219		\$5,156,863		\$15,969,082	
Technical Assistance Sales	\$6,915,601		\$3,490,288		\$10,405,889	
Training Component Sales	\$3,896,618		\$1,666,575		\$5,563,193	
SMEs Generating Exports and Sales	120		100		157	
% Generating Exports and Sales	27%		60%		26%	
Average Amount Exports and Sales	\$90,102		\$51,569		\$101,714	
Phase 1 SMEs	117	26%	16	10%	133	26%
Phase 2 SMEs	328	74%	151	90%	479	78%
	Exports	SME %	Exports	SME %	Exports	SME %
Phase 1 SMEs	\$8,056,778	60 / 75%	\$2,461,383	47 / 48%	\$10,518,161	65 / 66%
Phase 2 SMEs	\$2,755,442	60 / 25%	\$2,695,479	53 / 52%	\$5,450,921	92 / 34%
SMEs and Sales by Sector	# of SMEs*	Sales	# of SMEs*	Sales	# of SMEs	Sales
Food Products	33	\$4,449,075	7	\$1,439,119	40	\$5,888,194
Manufacturing	27	\$2,926,895	7	\$1,136,334	34	\$4,063,229
Services	42	\$1,706,028	20	\$1,251,045	62	\$2,957,073
Pharmaceutical Products	5	\$608,221	1	\$460,036	6	\$1,068,257
Agricultural Products	8	\$661,195	2	\$391,552	10	\$1,052,747
Natural and Organic Products	3	\$450,461	0	\$478,922	3	\$929,383
Specialty Coffees	2	\$10,342	0	\$0	2	\$10,342
TOTAL	120	\$10,812,217	37	\$5,157,008	157	\$15,969,225
<i>* This number refers only to SMEs that have not previously been beneficiaries</i>						
ASSISTANCES						
Training Component	People	SMEs	People	SMEs	People	SMEs
Businessmen	502	335	223	131	725	466
GOES Officials	27		9		36	
Private Sector Professionals	77		7		84	
TOTAL	606	335	239	131	845	466
	# of Assis.	SMEs	# of Assis.	SMEs	# of Assis.	SMEs
Technical Assistances	261	166	23	21	284	219

EMPLOYMENT GENERATED						
Direct New Jobs	Jobs	%	Jobs	%	Jobs	%
Employment Generated	585		312		897	
Permanent	351	60%	162	52%	513	57%
Temporary	234	40%	150	48%	384	43%
Women	310	53%	166	53%	476	53%
Men	275	47%	146	47%	421	47%
New Job Category						
Production	514	88%	248	79%	762	85%
Adminstration	48	8%	30	10%	78	9%
Middle Management	14	2%	25	8%	39	4%
Upper Management	9	2%	9	3%	18	2%
OTHER INFORMATION						
SMEs by Market Sector						
Never Exported	294	66%	121	72%	415	68%
Central American	81	18%	15	9%	96	16%
Other	70	16%	31	19%	101	17%
TOTAL	445	100%	167	100%	612	100%
Distribution of Sales by SME Size through June 2007						
	Total SMEs		Total SMEs with Sales		Total Sales	
Less than 5 employees	264		45		\$1,417,598	
5 to 25 employees	240		78		\$4,775,804	
26 to 50 employees	54		18		\$3,468,144	
More than 50 employees	54		16		\$6,307,678	
TOTAL	612		157		\$15,969,224	
Female Presence in Board of Directors						
Less than 5 employees	186 / 264		70%			
5 to 25 employees	175 / 240		73%			
26 to 50 employees	41 / 54		76%			
More than 50 employees	33 / 54		62%			
TOTAL	435 / 612		71%			

ANNEX 3 – Success Stories

- **PAAX MUUL GUITARS**
- **SOLUMED, S.A. DE C.V.**



USAID
FROM THE AMERICAN PEOPLE

EL SALVADOR

SUCCESS STORY

Salvadoran exports “sound” abroad

Guitar artisans work to consolidate the Paax Muul brand and trading company. USAID support has been fundamental in accomplishing this goal.



Photograph: USAID's Export Promotion Program

Artisan Juan Antonio Piche, of Ayutuxtepeque, creates hand-made guitars, a craft he learned from his grandfather and father. With USAID's support, workshops like his, generally located in rural areas of El Salvador, have had the opportunity to grow and prosper, improving these artisans' quality of life.

The USAID's Export Promotion Program supports an artisan cooperative to export its guitars. Through the formation of trading companies, USAID provides assistance and guidance to facilitate the consolidation of groups of people that would otherwise not have the resources to improve their businesses.

USAID Contractor
www.usaidexpro.org

In March 2006, the USAID's Export Promotion Program helped in the creation of a cooperative in El Salvador that manufactures a new line of guitars branded “Paax Muul”, which in the Mayan language means “Music of the Volcanoes”. The cooperative is made up of eight workshops and 12 artisans who dedicate their time and effort to produce high-quality, hand-made guitars. USAID provides technical assistance to the guitar artisans so they can improve their production processes and quality control standards to further facilitate access to specialized market segments in the United States. The Program aims at improving the quality of life of the artisans, who often live in vulnerable economic and social conditions.

Before this project, Salvadoran guitar exports were practically non-existent. However, since the creation of the cooperative until December 2006, 52 guitars have been exported to the United States. These initial sales have demonstrated the strong market potential for larger shipments, especially in key markets such as New York, Washington DC, Los Angeles and Miami. Continued development of sales in these cities through local distributors, music schools and universities is projected for 2007 as well as the expanding sales points to include West Virginia, North Carolina and Georgia. The artisans expect to reach their goal of at least 100 guitars exported throughout the year, selling each guitar with a retail price between one and two thousand dollars.

The Salvadoran guitars Paax Muul have had significant acceptance in the United States. William Jablonsky of Adagio Distributors states that these guitars are “the best hand-made guitars in the world”. Jablonsky adds that the Paax Muul guitars have everything that the American industry wants and needs; high quality at reasonable prices for the consumer.

The brand and trading company Paax Muul is a culmination of the vision and efforts of the artisans and the USAID's Export Promotion Program. The cooperative continues to surpass expectations everyday and with the cooperation of USAID it is developing a solid foundation for a better tomorrow.



SUCCESS STORY

Salvadoran Medical Services Sold Abroad

USAID supports Solumed S.A. de C.V. to offer medical services in El Salvador to patients in the United States and abroad.



Photo: Solumed, S.A. de C.V.

A patient receives an eye treatment by Solumed doctors. The potential for growth in the export of medical services from El Salvador, exemplified by the immediate success of companies such as Solumed, indicates a healthy future.

USAID through its Export Promotion Program provides assistance to consolidate and unify doctors and dentists to export their services. Although the export market sector is still relatively small, the professional medical services sector in El Salvador will expand their horizons to include a variety of patients from all over the world, attracted to El Salvador to tour and learn about the country and its people.

Mr. and Mrs. Wisehart may have found excellent medical services in their hometown in Arizona, but when they heard about the Salvadoran company Solumed S.A. de C.V. they preferred to try their medical services for an eye surgery and an annual check up. The Wiseharts went to the Central American nation in March of 2007, with an invitation by the Export Chamber of Medical Services (EXPORTSALUD). The couple not only received medical services but also had the opportunity to tour around El Salvador.

USAID's Export Promotion Program has been instrumental in the process of creating Solumed. The Program provided Solumed with a four-month consultancy to develop a business plan and assistance for their participation in fairs, conferences and commercial missions to promote medical services in El Salvador. In just six months of operations, Solumed has exported approximately \$30,000 and has plans for future exports of \$160,000 by 2009. In addition, in the next two years Solumed plans to expand their services by offering a total of 30 specialties and constructing a state-of-the-art building where all member doctors will have their offices.

In 2004, USAID conducted a study of the viability of exporting medical services from El Salvador. The study analyzed the geographical composition of patients receiving care in numerous offices and clinics, and it was determined that approximately 20 percent of patients were foreign or Salvadorans living abroad. As a result, a two-prong action plan was defined: one, focusing on the creation of an export chamber of medical services and two, the creation of associative groups, based on specialty and/or multidisciplinary. From these initiatives, the medical services group Solumed was created in October 2005 and went on to be part of EXPORTSALUD.

Solumed was officially constituted as a medical services company in December 2006 with 24 doctors in 13 specialties. The company offers a consolidated entity where a patient, local or foreign, can receive treatment from one group of doctors, services varying from eye surgery to general health issues.