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# USAID'S EXPORT PROMOTION PROGRAM QUARTERLY REPORT: JANUARY 2007 TO MARCH 2007

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# Executive Summary

The Program is reporting contract deliverables as of March 31, 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 expected results and current status (April 1, 2006 to March 31, 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 Targets:	165	115	\$10,000,000	1,065	500
As of March 31:	445	120	\$10,821,219	1193	606

The Program is able to report \$10,821,219 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 445, of which 166 SMEs have received technical assistance, and 335 SMEs have received assistance through the training component.<sup>1</sup> The total amount of SMEs that have generated an increase in domestic and export sales is 120, of which 78 SMEs have exported a total amount of \$7,498,557 and 68 have sold to the local market for a total amount of \$3,313,662.<sup>2</sup>

The training component of the Program continued their workshops during this quarter and has had consistent and full attendance. 502 businesspersons, representing 335 SMEs, have been trained thus far (the remaining 104 people trained are composed of GOES officials and private sector professionals). An increase of \$3,896,618 in domestic sales and exports can be attributed to firms trained under the Program. For more information, please refer to Result #3. In addition, 585 direct new jobs have been created from April 1, 2006 to March 31, 2007. For more information please refer to Result #2.

It is interesting to note that 74% of the SMEs assisted to date are beneficiaries of Phase 1 of the Program indicating that assistance to these companies is continuing and indicates a continued satisfaction in the services offered by the Program. 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.

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<sup>1</sup> Various SMEs have received both technical and training assistance.

<sup>2</sup> Various SMEs have exported and have sold domestically.

A finding of this quarter is the decrease of the presence of women in assisted SMEs. However, the majority of assisted SMEs are owned by women, 105 SMEs of 152 (or 69%). In addition, 133 of 248 (or 53%) of new jobs went to women. Overall, however, the presence of women in dominant in ownership, employment generated and training received.

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 pharmaceutical products are second and thirds respectively, although the Services sector had a majority of SMEs exporting, indicating a higher participation of new SMEs on this type of export.

In this quarter, various initiatives were conducted to increase competitiveness and development of new markets for the food sector and medical services sector. In the food sector, one of the most important achievements, due to the direct visit to Whole Foods Inc. in January to promote the Mayan Cuisine initiative, was the determination of the logo and selection of the products to be exported under the “Cocina Maya” label. These products will be on the shelves of Whole Food Stores in California by July 2007. In the medical services sector, a significant achievement was the visit of the first American patients for Exportsalud. The Arts and Cultural Products and Services had an important quarter in as far as promotion and visibility by supplying the art work of 24 Salvadoran artists for an event hosted by the Salvadoran Consul General in Miami, Florida. Also, four musicians, members of the trading company, participated in the “Teleton” (Telethon) held in Los Angeles, California.

Funding for the above initiatives and others continued through the same Fast Track and Standard Mechanism as in Phase 1. The total amount awarded thus far is \$524,116 with \$372,650 currently disbursed. For more information please refer to Result #1.

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 April 2007 to obtain the information and data for this report. All 445 SMEs thus far assisted in Phase 2 of the Program (April 2006 to March 2007) were contacted and 84% 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 \$10,812,219 with \$7,498,557 as a result of exports and \$3,313,662 as a result of domestic sales. Once again, as with the previous quarters, the majority of exports/sales are attributed to Phase 1 beneficiaries, \$8,056,778 or 75% of the total exports/sales. In addition, in the previous quarters a total of 71 SMEs had exported where as in this quarter, 80 SMEs exported. Although some companies are the same throughout the quarters in total for the year, 120 SMEs exported and sold locally, surpassing the expected goal of 115.

As with the previous quarter and consistent with the findings throughout the year, the market sectors of food products and manufacturing dominated exports this quarter. However, Services made a strong showing in this last quarter. Although the majority of SMEs assisted by the Program are owned by women, the majority of exports this quarter for women are from the Services sector, consistent with the development of this sector as a growing export market. These services include software development, business consultants and design services. The dominant presence of women as Program beneficiaries also coincides with new jobs created; the majority once again going to women in this quarter and throughout the year. 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.

### ***Fairs, Commercial Missions and Inbound Buyer Missions attended by Program Executives***

- ***David Tufts - Inbound Buyer Mission*** – The footwear consultant David Tuft visited El Salvador and met with five shoe manufacturers in Santa Ana as well as two leather workshops in order to evaluate possible export niches. Identification of business opportunities were undertaken with this consultant during the quarter and samples of the products will be sent during the next.
- ***Sources LA Fair, Los Angeles, CA*** – Deputy Director Federico Aguilar and Program executive Camila Flores attended this fair, where they made four strong contacts, two of which agreed to come El Salvador on inbound buyer missions for gifts, home décor and handicraft sectors some time in the next quarter.
- ***Winter Fancy Food Show, San Francisco, CA*** – Program executives Camila Flores and Claudia Sampera attended and accompanied four SMEs exhibiting at this fair: Wollants (low calorie, low fat

cookies), Ferelis (meringues), Pasteleria Florence (various dessert products) and Mayprod (Mayan Sea Salt). Approximately \$120,000 was negotiated at this fair.

- **Commercial Mission to Los Angeles, CA** – Program director Phil Rourk and Deputy Director Federico Aguilar accomplished much during this trip, most notably a meeting with Whole Foods Inc, where the supermarket chain agreed to sell various food products of the Mayan Cuisine (Cocina Maya) initiative. At this meeting, the brand logo was also decided and a commitment was made, by the Program, to have the first products exported by July 2007. In addition to this meeting, another company, La Curacao, placed an order of approximately \$25,000 in products that include books, CDs, furniture, hammocks, painted guitars, figurines, indigo dye clothing and purses. Also with this company, talks began to develop an e-commerce virtual store with Salvadoran products. This project will be defined in the next quarter. Also during this commercial mission, two Paax Muul guitars were sold at whole prices of \$1,800, and six members (two singers and four musicians) of the Arts and Cultural Services and Products Trading Company participated in the “Teleton” (Telethon) held in Los Angeles. Liborios Market, a Latin-American products bases supermarket, with stores in Los Angeles, Las Vegas and Washington DC, has agreed to come to El Salvador in the next quarter for a food products showcase.
- **International Merchandising Group – Inbound Buyer Mission** – An inbound buyer showcase was held for Emilio Dacaret, representative of International Merchandising Group, with the participation of 16 companies, focusing on food and beauty products. He took several samples of the products offered and the trading company Latin Food Distributors confirmed a meeting with him in Miami, during this past quarter. Negotiations involving products from the trading company are still underway to define the quantity of products to be exported.
- **L&J General International Group – Inbound Buyer Mission** – Anthony Aguirre visited El Salvador to participate in a product showcase of various sectors for his US-based company specializing in Latin and ethnic foods.
- **MedSolution – Inbound Buyer Mission** – Alan Flowers from the Canadian medical tourism company, MedSolution, visited El Salvador and met with various doctors and visited various clinics and hospitals. On February 9<sup>th</sup>, he held an informative conference entitled “Canadian Medical Tourism: Opportunities for El Salvador” where various members of Exportsalud and others attended. Currently, Mr. Flowers in evaluating the hospital and doctors that suit his company best.
- **Commercial Mission to Miami, FL**– Deputy Director Mario Caceres and Gustavo Herodier, a consultant, attended an event in Miami, FL hosted by the Salvadoran Consul General of El Salvador. This event marked the inauguration of an art show featuring 68 paintings by 24 Salvadoran artists. The art galleries, who represent the artists, are members of the Cultural Products and Services Trading Company.
- **Ambiente Fair, Frankfurt, Germany** – Program executive Emma Schonenberg attended the Ambiente Fair, specializing in design and held in Frankfurt, Germany in collaboration with ATA (Aid to Artisans), also known as the USAID’s Artisan Development Program, to promote Salvadoran handicrafts, design services and research market trends.



Ambiente Fair Exhibition Stand

- **Biofach Fair, Nuremberg, Germany** – Program executives Camila Flores and Claudia Sampera attended the natural and organic products fair where five companies exhibited their products: Shuchil (organic beauty aids), Ucapobrex (organic coffee), El Espino (organic coffee), Expronav (organic sesame seeds) and Hacienda Los Nacimientos (organic indigo). In total, approximately \$956,000 was negotiated at this fair.
- **Adagio Distributors – Inbound Buyer Mission** - William Jablonsky, representative of Adagio Distributors, visited El Salvador and met with the Paax Muul artisans and visited the workshops. He placed an order of 56 guitars, worth approximately \$30,000, to be completed between April 30, 2007 and March 31, 2008.
- **Commercial Mission to Honduras, (Zamorano)** – Program Director Phil Rourk and Deputy Director Federico Aguilar went to the Zamorano University to discuss the food product recipe production for the Cocina Maya initiative. The Zamorano Laboratories are developing the recipes of the various food products as well as providing the nutritional content.
- **Theo & Hugh – Inbound Buyer Mission** –Todd Recht, representative of the American company Theo & Hugh, visited El Salvador looking for handicrafts and home décor articles. A showcase was held exhibiting these types of products on February 27 at the Fundación Maria Escalon de Nuñez.



*Product Showcase for Theo & Hugh*

- **Expocomer, Panama City, Panama** –Program executive Vicente Rivas attended this fair where eight companies exhibited their products at the El Salvador stand, six of which received co-financing funds from the Program. The SMEs that attended the fair were: Teneria El Bufalo (leather) Famensal (food packaging machinery), PubMerc (publicity and stand services), Lica (beauty products), Sarti (metal mechanics), and Corporacion W (consultancy services for payment and debt collection). Approximately \$150,000 was negotiated at this fair by companies and distributors based in Central and South America and the Caribbean.
- **Commercial Mission to Costa Rica** –Program executive Camila Flores accompanied Vera de Barrientos, general manager of Exportsalud, on a commercial mission to Costa Rica. During their stay, they visited three hospitals (La Catolica, La Bibilica and CIMA) to investigate: (1) Costa Rica’s management practices in the international insurance area (e.g. Medicare), (2) management of third party liability (malpractice), (3) international hospital certifications procedures, and (4) Costa Rica’s medical tourism infrastructure.
- **SIAL Fair, Montreal, Canada** –Deputy Director Gerardo Tablas accompanied four companies to the SIAL Food Fair in Montreal, Canada. The companies that exhibited their products were Samaritana (various ethnic foods), G&G Factible (red, black and white beans), Industrias Racor (tamales and various ethnic foods) and Alimentos Etnicos Centroamericanos (various ethnic foods). In total, these companies negotiated the sale of approximately \$270,000 in 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 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. As mentioned earlier, a meeting was held with Whole Foods executives to determine the logo and the products to be exported and sold in the supermarket's stores. The recipes are currently in production and meetings have been held with several mass production food companies to manufacture and bottle the products. In the next quarter, the material and packaging will be defined for an expected export date of July 2007.



A GIFT FROM THE GODS

*Logo for the Cocina Maya products*

- Representatives from the Brazilian shoe company Nina Simone met with Program representatives during this quarter. They are looking to develop a joint venture endeavor with shoe manufacturers from Santa Ana in order to export shoes worldwide. As with all joint venture endeavors, this is a long term project that is expected to produce more concrete results in the upcoming year.
- Program Director Phil Rourke had two preliminary meetings with representatives of the Inter-American Development Bank (IDB) and the Multilateral Investment Fund (MIF) in Washington DC to seek their support of venture capital for Salvadoran exporters. This again is a long term project and follow up will be given through out the upcoming year.
- Program Director Phil Rourke and Carlos Arce (CTO USAID El Salvador) attended a meeting with Wal-Mart representatives in Guatemala during this 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. The Program has agreed to lead the effort to provide a conceptual proposal which will be presented in the next quarter.

### ***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 design. The Program has identified so far eight companies interested in using the design consultants to start developing collections

of products for the international market. In this quarter, two of these companies, Wombee and Torogoz, completed the design consultant service and are very pleased with the results.

The design program was instrumental in the development of the brand image for “Cocina Maya” (Mayan Cuisine). This project is being promoted by the Program, in conjunction with Whole Foods Inc., who has agreed to promote the Mayan Cuisine initiative by distributing specialty products and sauces under the “Cocina Maya” label in their stores.



*Ceramic tile designed for Torogoz.*

In addition, the design program has also been involved in the packaging re-design of various SMEs products, as well as initiated contacts with licensing agents in the United States in order to license and legalize artwork and such of Salvadoran artists.

### ***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 seven companies to date and is in the process of forming a Salvadoran cultural products and services trading company. It is expected that other trading companies will be created throughout the life of the Program. The following is an update on the status of the trading companies:

- ***Paax Muul*** - William Jablonsky, of Adagio Distributors, visited El Salvador this 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. Also, at his suggestion, the guitar 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 program.
- ***Natural Union Brands*** – This organic product trading company is currently having financial limitations in order to implement its export plan. As a result, the members have decided to open up kiosks in local shopping centers to increase sales and funding.
- ***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 “Riviera Maya” in Cancun, Mexico. In the next quarter they will visit this area in order to investigate market conditions and meet with potential clients.
- ***CI-SOFT*** – This software trading company is currently installing a quality control software program in a clothing factory in Haiti. Although a deal was reached with a Nicaraguan university to install specialized software, negotiations for this project are still on going. However, the trading company has sold \$35,000, due to the Program’s assistance to local universities.
- ***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. As mentioned earlier, a Brazilian company came to El Salvador on an inbound buyer mission and the project is expected to be developed and manufactured by specific members of the trading company.

- **Latin Food Distributors** – This processed foods trading company exported a container of red beans in January 2007 of approximately \$28,000. The company expects to continue solidifying a client base and finding business opportunities in an upcoming commercial mission to New York and Washington DC where Program executive Vicente Rivas will accompany the commercial director.
- **Art and Culture Trading Company** – This art and cultural products and services trading company presented a market study conducted by Gustavo Herodier in the previous quarter to the members of the trading company in January 2007. The members were very pleased with the findings and currently the activities calendar to be implemented in the later half of 2007 is being planned with the contacts made during the commercial mission, which took place in the last quarter. In addition, a conclusion was reached that due to the complexities of the distribution and marketing channels and the vast products offered by the trading company, it will be subdivided into three more focused companies. They are:
  - **Visual Arts Trading Company** - artwork and sculptures, lithographs, photos, engravings
  - **Scenic Arts** – dance, theatre, performing arts, music, soloists, bands, orchestras etc.
  - **Audio Visual Products and Cultural Industry** – production and sale of videos, cinema, TV programs, documentaries, as well as cultural research and services (e.g. Art workshops, Tours, etc.).

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

The 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 453 Salvadoran beneficiaries from April 1, 2006 to March 31, 2007. This is summarized as follows:

<u>Initiative</u>	<u>Total Awarded</u>	<u>Total Disbursed</u>	<u>Total Amount of Initiatives</u>	<u>Total Beneficiaries (1) (2)</u>
Technical Assistance:	\$353,107	\$201,641	126	89
Training Assistance:	\$171,009	\$171,009	835	392
Total:	\$524,116	\$372,650	961	

- (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.

<u>Mechanism</u>	<u>Total Awarded</u>	<u>Total Disbursed</u>	<u>Total Amount of Initiatives</u>	<u>Total Beneficiaries (3)</u>
Fast Track:	\$302,220	\$198,708	122	86
Standard:	\$50,887	\$2,933	4	4
Total:	\$353,107	\$201,641	126	

- (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 fully adjusted. INSAFORP is expected to reimburse the Program with approximately \$105,532 for the training initiatives as of March 31, 2007.

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 135 additional assistances for a total of 261.

## **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 585 direct new jobs and consequently 1,193 cumulative new jobs have been created as a result of the Program's assistance since the beginning of Phase 2. The categories of these employment and the totals, as well as by gender, as of March 31, 2007 are as following:

<u>Category</u>	<u>Direct New Jobs</u>	<u>Indirect New Jobs</u>	<u>New Jobs<sup>3</sup></u>
Production:	333	333	666
Manual Labor:	181	181	362
Administration:	48	48	96
Middle Management:	14	28	42
Upper Management:	9	18	27
Total:	585	608	1,193
Females:	310		
Males:	275		
Total:	585		

The creation of new direct jobs increases spending in the economy, which in turn creates indirect jobs by consuming goods and services. Therefore, the 585 new direct jobs result in 1,193 total jobs.

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<sup>3</sup> 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 training program, which began in July 2006 and will run through March 2009, was designed, coordinated, negotiated and programmed during the first quarter. It includes 18 courses in 5 different areas. Four of these areas apply to all economic sectors in general. These include: 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; and Development of New Products workshops, to be held in Zamorano University in Honduras. The Program expected to train during the first year 500 individuals (790 instances of participation) who will come from the public and private sector.

This quarter, from January - March 2007, there were 184 instances of participation (total number of attendees in each course) in the following areas:

<u>Workshop</u>	<u>Dates</u>	<u>Number of Participants</u>
Design and Evaluation of Export Business Plans:	Jan. 31, Feb. 1-2; Feb. 28, Mar. 1-2; Mar. 28-30	113
Food Safety II:	Mar. 14-16	46
New Product Development	Feb. 12-16	25
Total:		184

As of March 31, 2007, there have been 911 total instances of participation in the training workshops, although a number of individuals have received training in various courses. Therefore, there are a total of 502 individual businesspeople who have received training representing 335 SMEs. The rest of the attendees of the workshops are composed of GOES officials (27) and private sector professionals (77) for a total of 606 individual participants. A participant breakdown by gender is indicated below:

<u>Category</u>	<u>No. of People</u>	<u>Gender (Female / Male)</u>
Businesspersons:	502	232 / 270
GOES Officials:	27	14 / 13
Private Sector Professionals:	77	47 / 30
Total:	606	293 / 313

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 supported EXPORTA in the participation of several trade shows and commercial missions this quarter, specifically: Winter Fancy Food Show in San Francisco, Biofach Trade Show in Germany, SIAL Trade Show in Canada, and ExpoComer in Panama. (For more information about these fairs, please refer to Result #1). Throughout the year at these fairs, there has been an on-going 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.

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

In October of this year, 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 the quarter, the Program has continued developing the “Grant Manuals for Export Promotion Projects”. The process has entailed the editing of the submitted manuals to include USAID’s 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. Nathan’s home office has supported the Program in this effort, which is expected to obtain final approval from USAID during the upcoming quarter.

Also during the last quarter, 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 FONDEPRO by the Program.

The MOU has been reviewed and approved although not signed because of delay in the approval of the grant manuals. It is expected that during the next quarter the MOU will be officially signed and the strengthening of FONDEPRO by the Program will initiate according to the schedule included in the MOU.

The Program is also working towards the transfer of institutional capacity to several private sector organizations. These are EXPORTSALUD, Exsource Group (Software Development Cluster), ADIES (Salvadoran Design Association) and the Consortium of Electromechanical Engineering (CIEMEC) and the seven trading companies, all created with the help of the Program. For information about EXPORTSALUD, Exsource Group, ADIES and CIEMEC, 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**

#### **EXPORTSALUD (Salvadoran Export Chamber of Medical Services)**

This quarter, another medical tourism company, MedSolutions, visited El Salvador and its representative, Alan Flowers, gave an informative conference on “Canadian Medical Tourism: Opportunities for El Salvador” for the doctors and members of EXPORTSALUD. In addition, the first patients, a couple from Arizona, visited El Salvador to receive medical treatment. These patients were recommended El Salvador by Planet Hospital, a medical tourism company that had visited El Salvador earlier in the year.



*First Patients of EXPORTSALUD*

Although exports have not been high, EXPORTSALUD has had an important year in the development of this market sector. Three medical tourism companies visited El Salvador and will visit again to finalize and train the doctors and dentist that will work with them. (Plant Hospital already has El Salvador as a destination for the company). Also, the web portal was finalized, an important marketing tool, a new more pro-active Board of Directors has elected, and a new commercial director was hired to implement EXPORTSALUD’s work/export plan.

#### **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 program 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. Only preliminary talks have taken place between the two organizations and although progress has been slow, it is expected that a collaborative agreement will be signed sometime in 2007.

#### **ADIES (Design Association of El Salvador)**

ADIES had various important initiatives and accomplishments this year, most notably the execution of the Design Innovation Summit 2007 and winning the “Arroba de Oro” (Gold Ampersand) for best homepage design. However, administrative issues have arisen this last quarter, for which the Program and the Board of Directors of ADIES are working to resolve.

## **FUSADES (Salvadoran Foundation for Economic and Social Development)**

In October 2006, two companies, New Edge Technologies and Intellysis, attended the SMAU Fair (43rd International Exhibition of Information & Communications Technology) in Milan, Italy. These companies received, in the second quarter, training in conjunction with FUSADES's export promotion program PRIDEX to evaluate, train, and support software companies to participate in the fair. Although collaboration advancement has been slow with this institution, more progress and concrete results are expected in the upcoming year.

## **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 hired to train the selected SMEs in the AFIS methodology. Training, which is expected to last four to five months, began during the last quarter; the second and final phase of the program (creation of an export plan) is currently under way.

## **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.

## **Consortium of Electromechanical Engineering (CIEMEC)**

In the previous quarter, members of CIEMEC attended the NECA (National Electrical Contractors Association) Fair in Boston, MA. An external consultant, Mario Castro, accompanied several members of this cluster to the fair in lieu of a Program executive. The participants described the fair as a very positive experience. They met with Russel Alessi, board member of NECA, who guided them through the fair, coordinated an opportunity to give a speech to the International Meeting, as well as facilitated meetings with contractors and suppliers and promoted El Salvador as a prosperous nation ready to be a strategic ally with firms that will be involved in future projects in the region. The members of CIEMEC returned from this trip with an export plan that is currently being implemented, focusing on technology requirements and necessities as well as an offshore sales strategy for BPOs (Business Process Optimization).

## **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 Fourth Quarter Program Activities

The following table lists the activities and technical assistance 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
Jan	Commercial Mission	Commercial Mission to Los Angeles*	<b>X</b>				X
Feb	Commercial Mission	Commercial Mission to Washington DC, Miami and Los Angeles - Cultural Products and Services Trading Company*	<b>X</b>				
Feb	Commercial Mission	Commercial Mission to Honduras - Zamorano University - Cocina Maya*	<b>X</b>				
Mar	Commercial Mission	Commercial Mission to Costa Rica - Exportsalud*	<b>X</b>				X
Feb	Event	Wal-Mart Meeting, Guatemala*	<b>X</b>				
Jan	Fair	Sources LA, Los Angeles, CA, USA*	<b>X</b>	X	X		
Jan	Fair	Winter Fancy Food, San Francisco, CA*	<b>X</b>	X	X		
Feb	Fair	Ambiente Fair, Frankfurt, Germany*	<b>X</b>	X	X		
Feb	Fair	Biofach Fair, Nuremberg, Germany*	<b>X</b>	X	X		
Mar	Fair	Expocomer, Panama City, Panama*	<b>X</b>	X	X		
Mar	Fair	SIAL, Montreal, Canada*	<b>X</b>	X	X		
Jan	Inverse Mission	David Tufts	<b>X</b>	X	X		
Jan	Inverse Mission	International Merchandising Group	<b>X</b>	X	X		
Feb	Inverse Mission	L&J General International Group	<b>X</b>	X	X		
Feb	Inverse Mission	MedSolutions, (Exportsalud)	<b>X</b>	X	X		
Feb	Inverse Mission	William Jablonsky (Paax Muul)	<b>X</b>	X	X		
Feb	Inverse Mission	Todd Recht	<b>X</b>	X	X		

\* - Fairs and Commercial Missions that Program executives have attended

Jan	Technical Assistance	Hiring of Consultant to Develop Export Plan - Comebien, S.A. de C.V.	X	X	X		
Jan	Technical Assistance	Sources LA, Los Angeles, CA, - Gem Corp, S.A. de C.V.	X	X	X		
Jan	Technical Assistance	Vina del Mar, Chile, - Aurora, S.A. de C.V.	X	X	X		
Jan	Technical Assistance	Design Services (new product line) - Maderas y Metales, S.A. de C.V.	X	X	X		
Jan	Technical Assistance	Winter Fancy Food, San Francisco, CA - Ferelis, S.A. de C.V., Mayprod, S.A. de C.V., Florence, S.A. de C.V., Wollants, S.A. de C.V.	X	X	X		
Feb	Technical Assistance	FOODEX, Japan - Ferelis S.A. de C.V (only samples sent)	X	X	X		
Feb	Technical Assistance	Paperwork, Germany - Espacios Digitales, S.A. de C.V.	X	X	X		
Feb	Technical Assistance	Ambiente, Germany - Espacios Digitales, S.A. de C.V. and Alejandro Ceramica, S.A. de C.V.	X	X	X		
Feb	Technical Assistance	FITUR, Spain - Network Travel, S.A. de C.V.	X	X	X		
Feb	Technical Assistance	Nutricional Laboratory Analysis - Jorge Giammattei	X	X	X		
Feb	Technical Assistance	Commercial Mission to Washington DC - Ferelis, S.A. de C.V.	X	X	X		
Feb	Technical Assistance	Hiring of Consultant to Develop Export Plan - CIMRO S.A. de C.V.	X	X	X		
Feb	Technical Assistance	Biofach Fair, Nuremberg, Germany - Suchil, S.A. de C.V., Ucaprobex, S.A. de C.V, El Espino, S.A. de C.V., Expronav, S.A. de C.V., Hacienda Los Nacimientos, S.A. de C.V.	X	X	X		
Feb	Technical Assistance	Commercial Mission to Nicaragua - CISOFT, S.A. de C.V., Soluciones, S.A. de C.V., Calderon Ruiz, S.A. de C.V.	X	X	X		
Feb	Technical Assistance	Hiring of Consultant to Develop Export Plan - Grupo Centro Panamerican de Ojos	X	X	X		
Mar	Technical Assistance	Brand Registration in the U.S. - G&G Factible, S.A. de C.V	X	X	X		
Mar	Technical Assistance	Hiring of Consultant to Develop Export Plan - Veterinaria Los Hereos, S.A. de C.V.	X	X	X		
Mar	Technical Assistance	Hiring of Consultant to Develop Export Plan - Memito y Nico (Lab. Polifarma, S.A. de C.V.)	X	X	X		
Mar	Technical Assistance	Commercial Mission to Los Angeles, CA - Indisa, S.A. de C.V.	X	X	X		
Mar	Technical Assistance	Training for Noni Management - Asociacion Agropecuaria de Noni	X	X	X		
Mar	Technical Assistance	BIT Tourism Fair - Network Travel, S.A. de C.V.	X	X	X		

Mar	Technical Assistance	Commercial Mission to Mexico - G. Premper, S.A. de C.V.	X	X	X		
Mar	Technical Assistance	World Aquaculture Society Conference, Texas - Til Tech Sur America, S.A. de C.V.	X	X	X		
Mar	Technical Assistance	Expocomer, Panama City, Panama - Talleres Sarti, S.A. de C.V., Corporacion W, S.A. de C.V., PubMerc, S.A. de C.V., Lyca, S.A. de C.V., Teneria El Bufalo, S.A. de C.V., Farmensal, S.A. de C.V.	X	X	X		
Mar	Technical Assistance	Organic Certification - M&G Asociados, S.A. de C.V.	X	X	X		
Mar	Technical Assistance	SIAL, Montreal, Canada - Samaritana, S.A. de C.V., G&G Factible, S.A. de C.V., Industrias Racor, S.A. de C.V., Alimentos Etnicos, S.A. de C.V.	X	X	X		
Mar	Technical Assistance	Mission Comerical a Costa Rica - Vera e Barrientos, EXPORTSALUD	X	X	X		
Mar	Technical Assistance	Commercial Mission a Honduras - Web Informatica, S.A. de C.V.	X	X	X		
Jan	Training	Design and Evaluation of Export Business Plans Workshop	X	X	X		
Feb	Training	New Product Development	X	X	X		
Feb	Training	Design and Evaluation of Export Business Plans Workshop	X	X	X		
Mar	Training	Food Safety II	X	X	X		
Mar	Training	Design and Evaluation of Export Business Plans Workshop	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.

<b>USAID's Export Promotion Program Results</b>						
<b>Results Generated Between April 1, 2006 to March 31, 2007</b>						
<b>EXPORTS</b>						
	<b>Accumulative Dec. 2006</b>		<b>January - March 2007</b>		<b>Accumulative March 2007</b>	
SMEs in Data Base	293		152		<b>445</b>	SMES
Percentage Collected	98%		84%		84%	
Total Exports	\$4,427,564		\$3,070,993		\$7,498,557	78
Total Domestic Sales	\$1,667,343		\$1,646,319		\$3,313,662	68
<b>TOTAL</b>	<b>\$6,094,907</b>		<b>\$4,717,312</b>		<b>\$10,812,219</b>	
Technical Assistance Sales	\$4,043,600		\$2,872,000		\$6,915,600	
Training Component Sales	\$2,051,306		\$1,845,312		\$3,896,618	
SMEs Generating Exports and Sales	71		80		120	
% Generating Exports and Sales	24%		53%		27%	
Average Amount Exports and Sales	\$85,844		\$58,966		\$90,102	
Phase 2 SMEs	110	38%	7	5%	117	26%
Phase 1 SMEs	183	62%	145	95%	327	74%
	<b>Exports</b>	<b>SME %</b>	<b>Exports</b>	<b>SME %</b>	<b>Exports</b>	<b>SME %</b>
Phase 2 SMEs	\$1,206,054	31 / 22%	\$1,549,388	52 / 67%	\$2,755,442	60 / 25%
Phase 1 SMEs	\$4,888,853	40 / 78%	\$3,167,925	68 / 33%	\$8,056,778	60 / 75%
<b>SMEs and Exports by Sector</b>	<b># of SMEs*</b>	<b>Exports</b>	<b># of SMEs*</b>	<b>Exports</b>	<b># of SMEs</b>	<b>Exports</b>
Food Products	72	\$2,656,190	18	\$1,941,387	90	\$4,597,577
Manufacturing	74	\$1,455,515	38	\$925,497	112	\$2,381,012
Pharmaceutical Products	13	\$1,144,151	0	\$180,559	13	\$1,324,710
Services	104	\$729,978	82	\$687,650	186	\$1,417,628
Natural and Organic Products	3	\$63,000	0	\$23,610	3	\$86,610
Agricultural Products	17	\$46,075	12	\$948,265	29	\$994,340
Specialty Coffees	10	\$0	2	\$10,342	12	\$10,342
<b>TOTAL</b>	<b>293</b>	<b>\$6,094,909</b>	<b>152</b>	<b>\$4,717,310</b>	<b>445</b>	<b>\$10,812,219</b>
<i>* This number refers only to SMEs that have not previously been beneficiaries</i>						
<b>ASSISTANCES</b>						
<b>Training Component</b>	<b>People</b>	<b>SMEs</b>	<b>People</b>	<b>SMEs</b>	<b>People</b>	<b>SMEs</b>
Businessmen	330	221	172	114	502	335
GOES Officials	19		8		27	
Private Sector Professionals	73		4		77	
<b>TOTAL</b>	<b>422</b>	<b>221</b>	<b>184</b>	<b>114</b>	<b>606</b>	<b>335</b>
	<b># of Assis.</b>	<b>SMEs</b>	<b># of Assis.</b>	<b>SMEs</b>	<b># of Assis.</b>	<b>SMEs</b>
<b>Technical Assisances</b>	146	98	115	68	261	166

<b>EMPLOYMENT GENERATED</b>						
<b>Direct New Jobs</b>	<b>Jobs</b>	<b>%</b>	<b>Jobs</b>	<b>%</b>	<b>Jobs</b>	<b>%</b>
Employment Generated	337		248		<b>585</b>	
Permanent	200	59%	151	61%	351	60%
Temporary	137	41%	97	39%	234	40%
Women	177	53%	133	54%	310	53%
Men	160	47%	115	46%	275	47%
<b>New Job Category</b>						
Production	194	58%	139	56%	333	57%
Manual Labor	96	28%	85	34%	181	31%
Adminstration	29	9%	19	8%	48	8%
Middle Management	12	4%	2	1%	14	2%
Upper Management	6	2%	3	1%	9	2%
<b>OTHER INFORMATION</b>						
<b>SMEs by Market Sector</b>						
Never Exported	150	51%	144	95%	294	66%
Central American	77	26%	4	3%	81	18%
Other	66	23%	4	3%	70	16%
<b>TOTAL</b>	<b>293</b>	<b>100%</b>	<b>152</b>	<b>100%</b>	<b>445</b>	<b>100%</b>
<b>Female Owners</b>	<b>SMEs</b>	<b>%</b>	<b>SMEs</b>	<b>%</b>	<b>SMEs</b>	<b>%</b>
Services	71	68%	57	70%	128	69%
Food Products	58	81%	15	83%	73	81%
Manufacturing	54	73%	22	58%	76	68%
Pharmaceutical Products	11	85%	1	0%	12	92%
Agricultural Products	13	76%	8	67%	21	72%
Specialty Coffees	9	90%	2	100%	11	92%
Natural and Organic Products	3	100%	0	0%	3	100%
<b>TOTAL</b>	<b>219</b>	<b>75%</b>	<b>105</b>	<b>69%</b>	<b>324</b>	<b>71%</b>

# ANNEX 3 – Success Stories

- **PAAX MUUL GUITARS**



**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](http://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.