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# USAID'S EXPORT PROMOTION PROGRAM QUARTERLY REPORT: JANUARY 2008 TO MARCH 2008

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# Executive Summary

The Program is reporting contract deliverables as of March 31, 2008 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 March 31, 2008) can be summarized as follows:

	<u>Total SMEs Assisted</u>	<u>Total SMEs Generating Domestic and Export Sales</u>	<u>Increased 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 Mar. 31, 2008:	896	284	\$40,187,606	2,738	1,416

The Program is able to report \$40,187,606 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 to date is 896, of which 313 SMEs have received technical assistance, and 670 SMEs have received assistance through the training component.<sup>1</sup> The total amount of SMEs that have generated domestic and export sales is 284, of which 173 SMEs have increased exports by \$24,536,104 and 239 have increased domestic sales by \$15,651,502.<sup>2</sup>

The training component of the Program continued its workshops during this quarter and has had consistent and full attendance. 1,209 businesspersons, representing 670 SMEs, have been trained thus far (the remaining 207 people trained are composed of GOES officials and private sector professionals). \$14,237,488 in increased domestic sales and exports can be attributed to firms trained by the Program. For more information, please refer to Result #3. In addition, 1,311 direct new jobs have been created from April 1, 2006 to March 31, 2008, resulting in 2,738 total new jobs created. For more information please refer to Result #2.

A finding of this quarter, similar to the previous quarter, is the significant increase in permanent new jobs, specifically in Production but reflective in all job categories. 147 new permanent and 151 new temporary jobs in production were created in this quarter alone. Most interesting in the new job front is the creation of seven new permanent jobs in Upper Management. In the previous seven quarters, a total of 30 Upper Management jobs were created, averaging four jobs per quarter. This quarter, however, this

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

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

increase almost doubled. Although job creation has been slow, this quarter the same consistent increase in Production jobs continues as it has through out the life of the Program. This coincides with the amount of sales increased by sector. Although Food Products and Manufacturing continue to have strong increased sales, the Services sector had an interesting quarter, increasing sales by \$2.3 million, significantly passing total sales of both Food and Manufacturing. In addition, the sector that has the largest number of SMEs selling domestically and exporting is Services with 117, while Manufacturing and Food Products have 62 and 68, respectively. The continued increase of new SMEs in the Services sector indicates the fulfillment of a Program goal to promote Services in order to differentiate and expand the exportable offer of El Salvador.

Also interesting this quarter is the large increase in sales by the Natural and Organic Products sector. This quarter this sector increased sales by \$996,284, a significant increase compared to the \$1.6 million this sector has sold since December 2007. This is mainly due to participation in the Biofach Fair in February, one of the worlds largest organic fairs, where a total of \$906,000 was negotiated. The success in this sector is reflective of the Program's aim of placing a higher added value in order to differentiate El Salvador's goods and services, focusing on quality not quantity.

Women continue to have a strong presence in SME beneficiaries. Although 37% 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 significant. Also, more than 50% of jobs created in SMEs are held by women, a trend consistent throughout Phase Two of the Program.

Three major negotiations and business opportunities were defined during this quarter with various major American chains and businesses. The most significant accomplishment of the quarter is by far the export of the Cocina Maya food products and subsequent placement in Whole Food stores. These products are now being offered exclusively in all the supermarket chain's California stores. The second business opportunity developed with a major American chain was the agreement reached to exhibit Salvadoran paintings in approximately 30 Starbucks Coffee stores in Florida. The third negotiation involves the E-commerce initiative. An US-based company was created and an account was opened with Amazon.com in order to sell products on this website.

Other significant developments include the visit of Shorebank International, company hired to conduct the feasibility study for the quasi-equity fund. Representatives visited El Salvador in January and met with several key players. The study will be completed in the next quarter; however preliminary findings indicate that the economic climate of El Salvador is favorable for this type of fund. Also, INSAFORP is has agreed to finance 1,000 more people in the training component. They are very pleased with the efforts and results of the workshops and seminars and will provide an additional \$125,000 to this end.

Funding for the above initiatives and others continued through the Grants Program of the Export Promotion and Innovation Fund. The total amount awarded thus far is \$1,251,188 with \$868,532 currently disbursed, representing 2,227 initiatives. 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 2008 to obtain the information and data for this report. All 896 SMEs thus far assisted in Phase 2 of the Program (April 2006 to March 2008) 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 \$46 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:

- Enterprise Strengthening
- External Collaborations and Promotion
- Technical and Commercial Assistance and Competitiveness

The Program will conduct any number of activities throughout the term of the project that may be categorized under an operating area. 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:

## **ENTERPRISE STRENGTHENING (Mario Cáceres)**

- Training
- Training (institutional staff and independent consultants)
- Organization of export trading companies
- SME mentoring program
- Development of E-Commerce facilities for handicrafts and specialty items
- Preparation and dissemination of research and information products
- Closeout Documentation

## **EXTERNAL COLLABORATIONS AND PROMOTION (Gerardo Tablas)**

- Participation in international fairs and commercial missions
- Development of new software products and markets
- Development of medical and dental services exports
- Development of exports of other professional services
- Joint implementation with selected institutions
- Special joint ventures projects with private sector associations
- Development and support for new service organizations
- Branding

## **TECHNICAL AND COMMERCIAL ASSISTANCE AND COMPETITIVENESS (Federico Aguilar)**

- Direct technical assistance, including new product design and marketing, export development planning and export management
- Contract manufacturing services for SMEs
- Organization of inbound buyer missions
- 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 high-quality handicrafts, including musical instruments
- 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.

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 \$40,187,606 with \$24,536,104 in exports and \$15,651,502 in domestic sales. Once again, as with the previous quarters, the majority of exports/sales are attributed to Phase 1 beneficiaries, \$21,250,342 or 53% of the total exports/sales. In addition, 40 new SMEs exported and sold domestically this quarter, bringing the total to 284 SMEs exporting or selling domestically.

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, once again Services made a strong showing in this quarter. These services include medical services, software development, business consultants and design services. It is interesting to note that 41% of the SMEs which have sold domestically and/or have exported belong to the Services sector, denoting a continued emphasis on promoting El Salvador as a service center. In addition, Natural and Organic Products had an impressive showing, with total increased sales reaching almost \$1 million this quarter alone. 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 with Result #1. In summary, the Program participated in four fairs, one commercial mission, one press conference and one event for a total of seven activities.

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

- ***33<sup>rd</sup> Winter Fancy Food Show, San Diego, CA*** – Program executive Camila Flores attended and accompanied six SMEs exhibiting at this fair. Approximately \$51,000 was negotiated at this fair by the following SMEs: Joya de Café, Sal, Inc., Florence, Olga, Palestinos Bakery and Monti Gourmet.
- ***Press Conference, San Salvador, ES*** – On January 17th, the Fairs and Commercial Missions calendar for 2008 was announced at a breakfast for 200 businesspeople at the Holiday Inn Hotel in San Salvador. This event was organized in collaboration with EXPORTA, Fondeprou and the



*El Salvador Stand at the 33<sup>rd</sup> Winter Fancy Food Fair.*

Salvadoran Chamber of Commerce. The Program will collaborate with Exporta on 15 fairs, two commercial missions and one inbound buyer mission for 2008.

- ***Inbound Consultancy, Shorebank International*** – The Shorebank International consultants for the quasi-equity fund initiative visited El Salvador during the first week of February and gave a primarily presentation of their findings on Friday, February 11<sup>th</sup>. During the week, they met with several potential investors and clients. Potential investors that they met with include: Roger Alfaro from the BMI, Guillermo Villacorta for IDB/FOMIN, Alvaro Guatemala from FUSADES, and Vicky de Mejia from Sociedad de Garantias Reciprocas. On the banking end, they met with Alfredo Otero from Chemonics, Claudio de Rosa, ex-director of ABANSA, and Ernesto Magaña from Banco Agrícola. In addition, they held meetings with 10 SMEs, Luis Medina, an attorney from Rusconi Valdez and Medina, as well as Luis Moran from Moran, Mendez – an accounting firm. The general finding during this week is that there is a large, unmet demand for quasi-equity investment. Despite the reluctance of SMEs to open ownership to outsiders, they agree that if the fund is controlled by trusted institutional investors (USAID, BMI, FUSADES, IDB) the companies are eager to participate. The final study was completed in March 2008 but the final presentation for the interested parties will not take place until April 2008.

- ***Supplier Fair for Wal-Mart, Guatemala*** – Program executive Claudia Sampera attended and accompanied seven SMEs exhibiting at this fair. Approximately \$70,000 was negotiated at this fair by the following SMEs: Olga, Crio Inversiones, Pan Arabe Joseph, Proesal, Pan San Antonio, Sweets, and Panaderia Monico.



*El Salvador Stand at the Biofach 2008 Fair.*

- ***Biofach 2008, Nuremberg, Germany*** – Program executive Camila Flores accompanied six SMEs who exhibited at this fair. A total of \$906,000 was negotiated by the SMEs at this fair: Expronav (\$700,000), Shuchil (\$41,000), Joya de Café (\$10,000), Tacuba Organico (\$80,000), Los Nacimientos (\$35,000) and Cultivar (\$40,000).
- ***Exhibition, Showroom, and Forum: Internationalizing Agroindustrial SMEs; Visualizing Opportunities and Challenges of CAFTA, San Salvador, ES*** - The Program supported this initiative organized by COEXPORT with a financial contribution. The purpose of this event was to unite the small agricultural producer with the large exporter to promote more efficient supply chain management. In addition, there were roundtables and various demonstrations.
- ***Commercial Mission to Washington DC*** - Program Director Phil Rourk visited Washington DC where he had several productive meetings:
  - He set in motion the requirements stipulated by Amazon.com for the E-commerce initiative. In order to sell items through Amazon.com, they require that the company be legally established in the US, as well as have a US bank account and credit card.
  - He met with Shorebank International to discuss the quasi-equity fund study. They should be ready to hand in a draft in at the end of March 2008.
  - He met with Roberto Preza and his partner; they have established an importing and distribution company in the US. An inbound buyer mission will be organized for them since they are looking to import and distribute mainly Latin food products.
  - He met with a new guitar distributor and left two guitars in consignment.

- Lastly, he met with Nathan officers to discuss budget redistribution.
- **Expocomer 2008, Panama** – Program executive Camila Flores accompanied eight SMEs exhibiting at this fair where \$255,000 was negotiated. The SMEs who participated were Torogoz, Exporsal, Alpha Garage Doors, Mayan Gift, Famensal, Industrias Pichinte, Sweets and Olga.

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.

- 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 and translation services. In the last quarter, this consultant organized the Salvadoran Book Fair held in Los Angeles at a book store called Libreria Azteca. He is currently working on the organization of the Second Salvadoran Book Fair, which will be held in October 2008 in Los Angeles but this time in one of La Curacao's stores. Beatriz de Zacapa is focusing on the European market and organized and accompanied Program Director Phil Rourk on commercial mission to Spain in May 2007. Due to serious health issues of the consultant Jesus Albizu, activities in Spain did not advance as expected. However, he has completely recovered and a new agreement was signed with him in December 2007 to continue fostering joint venture alliances with Spanish companies. This consultant will represent the Program in Spain and the agreement signed with his company AVU gives him the authorization to act on our behalf and sign collaborative agreements between the Program and Spanish institutions. This will allow us access to the institutions or associations member base and facilitate analysis of the companies whose profiles fit the Program's objectives. Because of this, an air-conditioning and heating company has been identified and a match as been made with a Salvadoran company. The parts would come from Spain but the product would be assembled in and exported from El Salvador. Follow up to this lead will be made in the next quarter.

### ***Cocina Maya***

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 2007 to Whole Foods for testing and order placement. The food products sent were: Hibiscus Vinaigrette, Jocote Plum Vinaigrette, Sour Guava Vinaigrette, Jocote Plum Mixer, Banana and Pineapple Topping, Chile Contento and Pipian Antipasto. Whole Foods requested several changes, which include prolongation of shelf life and suggestive uses on the labels. A new batch of samples, same as before but this time with three additional products, Cashew Apple Vinaigrette, Cashew Apple Drink Mixer and Sour Guava Drink Mixer, were sent and pricing and

order placement was determined. The first order was shipped in January 2008 for a total of \$25,000 consisting of vinaigrettes and drink mixers. The overall impression has been very positive and in March, Whole Foods placed a second identical order. Whole Foods launched an aggressive promotional campaign for Cocina Maya and they want to assure themselves enough supply. Currently, the Cocina Maya food products are on the shelves at the Whole Foods stores in California. Next quarter, Phil Rourk and the Cocina Maya members will visit Whole Foods representatives to 1) sample new products, 2) plan in-store demos, including recipes, and 3) discuss buying additional Cocina Maya products for the Whole Foods commissary, which supplies the delicatessen and prepared food departments in the stores.



*Cocina Maya stand at a Whole Foods*

### ***Quasi-Equity Fund***

After meeting in September 2007 in Washington DC with Sandra Darville, Head of the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) to discuss the quasi-equity fund, Phil Rourk met with her once again in San Salvador in October 2007. A meeting was held with Ms. Darville and Susana Garcia-Robles, who was also in El Salvador to conduct a micro-financing seminar, as well as with representatives from USAID, BMI and FUSADES. At this meeting it was agreed that a consultant must be hired to conduct a feasibility study. This consultant will be Shorebank International, a US based company that has experience in these types of investment funds. The Shorebank International consultants visited El Salvador to gather information and met with the pertinent parties in the beginning of February. At the end of their visit, they gave a preliminary findings presentation, whose overall message was a positive one. During the next few weeks, the final report will be completed and then presented to various institutions mentioned above, as well as other private sector organizations, who will hopefully agree to fund this initiative.

### ***E-Commerce***

During the last quarter, it was determined that the most viable mechanism to execute the e-commerce store is through Amazon.com. There are two options which include the specific web store linked to Amazon.com and the products can also be available within Amazon.com infrastructure. In both cases, Amazon.com will provide the logistical support (fulfillment, delivery and payment collection) for this activity. Amazon.com has certain requirements in order to open an account with them: 1) the company must be US based and 2) the company must have a checking account and a credit card. Both these requirements were fulfilled with the establishment of the Suprema LLC in the US. With this completed, the account was opened with Amazon.com. Currently, the Program is defining with 15 SMEs the products that will be sold as well as fine tuning these products to meet with Amazon requirements in areas such as packaging (products must be individually packed), pricing, etc.

### ***Mentoring Program***

The purpose of this project is to provide export support to Small and Medium Enterprises which will involve mentors with successful business experience, university professors and Masters in Business

Administration (MBA) students. 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.

The universities selected to conduct this project are Universidad Tecnologica de El Salvador (UTEC), ISEADE-FEPADE and the National University. This quarter, cooperative agreements were signed with the UTEC and ISEADE-FEPADE. Next quarter, the cooperative agreement between the Program and the National University will be signed.

Of the 27 companies which have agreed to participate in this program, ten have had a diagnosis completed, three by UTEC and seven by FEPADE, including five mentors during the last quarter. In total, nine businesspeople have accepted to work as mentors. The ten companies are executing the recommendations cited in the diagnosis. This quarter, 14 more companies are having diagnosis completed; six by UTEC, seven by ISEADE-FEPADE and one by the National University.



*Program Director Phil Rourke and ISEADE-FEPADE Director Joaquín Samayoa shake hands after the signing of the cooperative agreement.*

### ***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.

- Maderas y Metales (Torogoz), based on input received from the first collection of tiles developed by Interior Designer Ivette Chacón, this company will be developing a second collection of metal tiles to be shown at Covering Show 2008 in Chicago, IL. Prototypes are being worked at the moment in getting ready for the show.
- Wise Marketing hired a design consultant for its Wombee brand to develop its original website and characters for mobile contents and was helped by in-house developing its logos for its Wisemarketing and Wombee brand. This company has applied to various Fast Tracks, has sold locally \$206,010.50 and exported \$327,910.92 for a total of **\$533,921.42** to date of mobile contents. Wise Marketing is growing every day and again contacted the Program for a small design consultancy which consisted in developing the logotype for CRISTONOS, a new brand dedicated to selling religious mobile contents. The brand launched on March 1, 2008 in El Salvador, Guatemala, Honduras and Colombia. Since its launch, they have sold \$52,000 between the four countries in ring tones under this category. (Note: this amount is included in the total amount sold for this company.)

In house design has been instrumental for SMEs emergency packaging design for participation in food fairs:

- *Shuchil* - Organic aromatherapy concept and packaging was developed for the Taipei Food Show 2007, where it obtained an order for \$4,500 for Taiwan for September 2007 and is currently working on shipping two more orders. *Total exports to date: \$22,500.*

- *Cultivar S.A. de C.V.* – Specializing in lime salt and lime seasoning produced with organic limes, this company approached the Program for help for its original labeling. During the first quarter of 2008, this company was preparing to participate in Expo Comida Latina and needed a makeover of its label which was used for local business. It also needed a new image that would fit into a more gourmet sector of the industry. The company is now preparing to use this new packaging for local stores as well as for new trade shows. Cultivar S.A. de C.V. also contacted the Program to develop packaging and image for its new product that was exhibited at Biofach y Fruit Logistics, both fairs in Germany. The product: Organic Sliced Lime Tea and Organic Sliced Lime and Hibiscus Tea. In the Biofach show, Whole Foods showed interest in buying the product with simple modifications on the packaging (for example all information in English). The company will also participate with the same product/packaging at Food Taipei this year.

Other projects for the Design Component include:

- *Brand Licensing Europe 2007* – Program executives attended this fair in London, England in October 2007 where seven design and artwork companies exhibited their portfolios. Of the contacts made, there is one that has accepted to visit El Salvador on an Inbound Buyer Mission. Due to the positive response of European companies, Exporta is working alongside Program executives to participate at the International Licensing Expo to be held in June 2008 in New York.
- *Contempo Furniture and Home Accessories Contest – ICFE 2008* - This initiative entered its preparation phase for the International Contemporary Furniture Fair. During the last three months, the five winners have been working to polish their collections and define pricing.
- *Cocina Maya* - corporate image and labeling has been completed. The next step is to develop a website for this brand so that Whole Foods customers can access Cocina Maya's concept and recipes. Presentations and special flyers for its launch in Whole Foods will be prepared.

### **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* – This quarter, a quality control consultant named Luis Zamora was hired by the Program to develop a small manual defining the construction standards of the Paax Muul guitars. Having completed the manual, he is currently working with the luthiers to comply with this manual and the standards defined within. In addition, he will be giving a workshop to the luthiers in the next quarter specifically focusing on Intonation. Program Deputy Director Federico Aguilar will also give a course on "French Polishing", a type of finish for the guitars. Due to transportation issues, the Paax Muul members have moved out of the Nejapa warehouse where they were all working. Each member has returned to his own workshop; however there is no humidity control in all the individual workshops.

- ***Natural Union Brands*** – The financial issues that hindered progress during the last year took a step in a positive direction in the last quarter. The company received a grant from COEXPORT for \$20,000 in order to continue implementing its export plan. The Program will continue the relationship with this trading company, monitoring progress and accomplishments as well as providing consultancy and technical support when necessary.
- ***DECOEXPORTA*** – Due to administrative and personal issues, the company has decided to divide in two. With the Program’s support, a new company will be formed called Decomaya. In April 2008, this new company will go on a Commercial Mission to the “Rivera Maya” in Cancun, Mexico to continue developing business opportunities and follow up to last year’s trip.
- ***CI-SOFT*** – This software group has finished installing a specialized software program for a Nicaraguan university and also installed this same software in a university in Honduras.
- ***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 weaker members improve their quality. Currently, the Program is working with one company, FENIX, and through the consultant David Tuft, there are two possible business opportunities in the near future. Samples have been sent to two companies in the US that specialize in orthopedic shoes and dance shoes. The first project, and most promising, is the final phase of sample trials. If “fit trials” are approved, then FENIX will most likely start production in June. The product would be made with local leather, either from El Búfalo or the ADOC tanneries. The second project, also through FENIX, is promising, but it is too soon to tell. The US company, however, is pleased with the quality of the samples.
- ***Latin Food Distributors*** – This quarter this food trading company has exported another container of \$30,000 bringing the total amount of containers since the creation of the company to six, for a total amount exported of \$180,000. Also, the group went on a commercial mission to New York and New Jersey to continue fostering and solidifying business relationships with clients in that region. This company has in effect graduated and is applying to technical assistances, including this past commercial mission, through the co-financing funds.
- ***Asociación El Salvador Arte (ES ARTE)*** – this audio visual products and cultural industry 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.). In December, this company closed a business deal with Starbucks Coffee Company to sell Salvadoran art in their coffee shops. A collection of 100 art pieces was selected in March 2008. In April 2008, the first shipment containing 100 Salvadoran artists’ paintings will be sent to Miami, Florida. The paintings are expected to be for sale in 25 stores by May 2008.
- ***Asociación Exportadora de Artes Escénicas (EXPORT ARTE)*** – this scenic arts trading company focuses on dance, theatre, performing arts, music, soloists, bands, orchestras etc. Promotional material has been developed for this company; DVDs were produced of the musical groups including a sample of their work as well as interviews. As a result of these DVDs, several negotiations are taking place to hire the groups for a presentation in May 2008. The musical groups La Maquina, Espiritu Libre, Los Tacuazines, Los Cocodrilos, Jhosse Lora y Marito Rivera have produced 40,000 CDs for sale in the US. Also, members of the trading company have formed a company called EMUSAL, S.A de C.V., with the commercial brand “Mi País Music”, representing a total of nine

music groups. Eventually, it is expected that all members of the trading company will be represented by this new company.

- **Asociación Exportadora de Producto Cultural (EXPROCULTURA)** – this visual arts trading company focuses on artwork and sculptures, lithographs, photos, and engravings. This company is now a legally created company and they have been working on a product catalog, with the help of the consultant Rafael Cardenas. Also, the members have begun preparations for the II Feria del Libro in Los Angeles, CA and the I Feria del Libro in Washington DC, which will take place in October and November 2008, respectively.

### **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 FONDEPRO co-financing funds to 1,584 Salvadoran beneficiaries from April 1, 2006 to March 31, 2008. 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>	<i>Average per Beneficiary</i>
Technical Assistance:	\$1,020,639	\$663,150	425	262	\$3,896
Training Assistance:	\$148,258	\$148,258	1,802	1,315	\$113
Subtotal	\$1,168,897	\$811,409			
G&A (7.04%)*	\$82,290	\$57,123			
Total:	\$1,251,188	\$868,532	2,227		

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

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

\*Fee incurred for administration of funds

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 FONDEPRO.

<i>Institution</i>	<i>Total Awarded</i>	<i>Total Disbursed</i>	<i>Total Amount of Initiatives</i>	<i>Total Beneficiaries</i>	<i>Average per Beneficiary</i>
Program:	\$780,684	\$604,123	383	234	\$3,336
FONDEPRO:	\$239,955	\$59,027	42	35	\$6,856
Total:	\$1,20,639	\$663,150	425		

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 215 additional assistances for a total of 640 distributed in 415 activities to date.

## **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 1,311 direct new jobs and consequently 2,738 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 and duration of job (permanent and temporary), as of March 31, 2008 are as follows:

<u>Category</u>	<u>Direct New Jobs</u>	<u>Indirect New Jobs</u>	<u>New Jobs<sup>3</sup></u>
Production:	1,023	1,023	2,046
Administration:	172	172	344
Middle Management:	79	158	237
Upper Management:	37	74	111
Total:	1,311	1,427	<b>2,738</b>

The creation of new direct jobs increases spending in the economy, which in turn creates indirect jobs by consuming goods and services. Therefore, the 1,311 new direct jobs result in 2,738 total jobs.

In the canvas conducted in April 2008, indicators were collected on the duration of the jobs, in effect separating permanent from temporary jobs. According to the description of the performance indicator of direct permanent and temporary jobs created by SMEs, four temporary jobs are equal to one permanent job. Therefore, the total number of jobs created is 1,955, however applying the definition of the indicator, 1,311 direct new jobs are created as indicated above, in accordance with said definition. The number below indicates the complete tally of jobs created.

<u>Category</u>	<u>Permanent Jobs</u>	<u>Temporary Jobs</u>	<u>Total Jobs<sup>4</sup></u>
Production:	815	830	1,645
Administration:	167	20	187
Middle Management:	76	10	86
Upper Management:	37	0	37
Total:	1,095	860	1,955
Females:	1,033		
Males:	922		
	1,955		

<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 and Administration. To derive the total new jobs for Middle and Upper Management, a multiplier of three (3) was used.

<sup>4</sup>Total amount of direct new jobs created without applying the definition indicator of four temporary jobs equals one permanent job.

## **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 component, which began in April 2007 and will run through March 2008, was designed, coordinated, negotiated and programmed during 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 courses 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 promoting 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 January to March 2008, there were 162 instances of participation (total number of attendees in each course) in the following workshops:

<u>Workshop</u>	<u>Dates</u>	<u>Number of Participants</u>
Design and Evaluation of Business Plans	January 23-25, March 26-28	71
New Product Development	February 18-22	25
Food Safety	March 5-7	39
Preservation and Packaging	March 12-14	27
Total:		162

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, two conferences were given and the total number of attendees to these conferences was 55, detailed below:

<u>Conference</u>	<u>Dates</u>	<u>Number of Participants</u>
Export Logistics	February 5	27
Research and Market Access	February 19	28
Total:		55

This brings the total number of instances of participation for this quarter in both workshops and conferences to 217. As of March 31, 2008, there have been 2,081 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 1,209 individual businesspeople who have received training representing 670 SMEs. The rest of the attendees of the workshops are composed of GOES officials (37) and private

sector professionals (170) for a total of 1,416 individual participants. A participant breakdown by gender is indicated below:

<i>Category</i>	<i>No. of People</i>	<i>Gender (Female / Male)</i>
Businesspersons:	1,209	591 / 618
GOES Officials:	37	22 / 15
Private Sector Professionals:	170	90 / 80
Total:	1,416	703 / 713

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.**

#### **COEXPORT (Exporter's Cooperation of El Salvador)**

Meetings were held to design and develop new activities for the upcoming year. In this quarter, the Program supported a showcase where SME agricultural producers will join with large exporters to promote more efficient supply-chain management. This event will take place from February 22 through March 2 in San Salvador at the International Fair Convention Center. The Program provided financial assistance for this exhibition. A second activity that was to take place was the financing of a FDA-requirements training for a COEXPORT executive. This training did not take place, however, due to new USAID regulations that stipulate that approval for such assistance must be given three months prior to the event. COEXPORT will identify a new training course and reapply with the three month lead time. It is important to note that the Program is willing to support COEXPORT in any way it can; however COEXPORT has not presented projects or activities to support, despite the Program's insistence.

#### **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 organization of five trade shows: 33<sup>rd</sup> Winter Fancy Food Show, Biofach 2008, Fruit Logistica, Expoindustria, and Expocomer 2008. (For more information about these fairs, please refer to Result #1). Throughout the year there has been a concerted effort by Program executives to assist EXPORTA representatives with all aspects of fair participation, thus helping ensure the success of these trade events. In the next quarter, more fairs and commercial missions will be jointly implemented with EXPORTA.

##### *Counterpart Contribution*

The counterpart contribution of EXPORTA includes all resources provided by this institution in supporting the execution of initiatives to be carried out jointly with the Program. The most notable resource that is provided by EXPORTA is the payment of exhibition booth or space at jointly implemented trade fairs. This amount for the 2008-2009 trade show calendar is approximately \$80,000.

#### **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 May 2007, 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 Fund temporarily approved by USAID. This was done with the purpose of not losing momentum gained by SMEs under the Phase 1 of the Program.

Since the Manual approval by USAID, the Program has been working with FONDEPRO on the implementation of the Export Promotion and Innovation Fund. In this capacity, FONDEPRO has been reviewing SMEs' proposals, monitoring their activities and serving as the link between the Program and the beneficiaries, in order to channel a portion of the \$2.5 million dollars in the Export Promotion and Innovation Fund being executed by the Program.

During the quarter, the Program has also continued supporting FONDEPRO with several institutional strengthening activities in order to increase the efficiency of this government institution promoting exports. Strengthening activities during the quarter supported by the Program include: operating consultancies by the Universidad Centroamericana Jose Simeon Cañas (UCA) Graduate Students, support for executing field trips by FONDEPRO committee members to visit the production facilities of prospective flagship or emblematic projects, support with a consultant who participated as a speaker in the FONDEPRO sponsored Export Promotion Forum as well as supporting the evaluation committee meetings.

#### *Counterpart Contribution*

FONDEPRO has and will use its resources in supporting the Program to channel the Export Promotion and Innovation Fund. The resources they will provide for this initiative will be in kind and include among others office space, personnel effort, equipment, and office supplies. In order to formalize this counterpart contribution, they need to present a plan according to and in compliance with the Treasury Ministry's directive for counterpart contribution from governmental entities. Since September 2007, FONDEPRO has been working in preparing the document for final approval by the Treasury Ministry. This process has included meetings with Treasury Ministry officials in which members of the Program staff have participated as well as obtaining information from the Administration Unit of Inter-institutional Cooperation (UACI) at the Ministry of Economy in order to complete the information of the report. FONDEPRO officials have presented to the Treasury Ministry during the quarter a draft of the matrix in which the counterpart amount is detailed for revision. Once this matrix is revised, FONDEPRO will present to USAID and the Treasury Ministry a copy of the final draft, including the total counterpart contribution amount of \$609,648 for the duration of the Program.

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

FUSADES and the Program held several meetings to discuss FUSADES's involvement in the quasi-equity fund initiative. They are very interested in participating in this activity and are currently waiting for the assessment and report from Shorebank International consultants about the Fund's feasibility, which should be presented in the next quarter.

The Program is also working towards the transfer of institutional capacity to several private sector organizations. These are: Camara de Comercio e Industria (Chamber of Commerce and Industry), Consortium of Electromechanical Engineering (CIEMEC), CRISOL (Design Association of El Salvador CRISOL), Salvadoran Export Chamber of Translation and Interpretation Services, EXPORTSALUD, and 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**

#### **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 of Phase Two. The ten SMEs selected for the program were officially approved and the consultants were hired to train these SMEs in the AFIS methodology. Training and the creation of an export plan were completed during the last quarter. The 10 SMEs that completed this project will be given priority for technical assistances and for the implementation of their export plans. Also, discussions began to develop a new activity to include their members in a product design and innovation project aimed at improving product design, packaging, etc, but nothing concrete has been established.

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

During the implementation of the export plan during a previous quarter, a need arose to organize a commercial mission to the United States to meet with potential customers and contractors. This commercial mission took place in August 2007. As a result of the commercial mission, an inbound buyer mission was planned and during this quarter; 28 members of the National Electrical Contractors Association (NECA), mostly from the US, visited El Salvador to meet with CIEMEC to identify potential business opportunities. Although no business deals were formalized, there have been three leads from Honduras, New York and Indiana. Follow up to these leads will continue in the next quarter.

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

The eight active members have been meeting for the last couple of months with Jorge Méndez from the law firm Romero Pineda & Asociados and José Alfonso Laínez, an outside consultant, to determine the rules that will govern the association as well as the specific benefits for members. They are currently in the process of hiring an accountant to legalize and present all documentation to the Ministry of Government. However, due to financial constraints, the legalization process has been detained.

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

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, five more American patients have visited El Salvador. Advertisement continued in the TACA on-board magazine Explore in January and March of this quarter.

During this quarter, Exportsalud placed a kiosk at the El Salvador Airport with information and a medical directory of doctors and health care services in El Salvador. Presentations about the Chamber were held in San Miguel and Santa Ana, the second and third largest cities in El Salvador. Numerous

doctors and health care workers attended the presentations, which were well-received. Also during this quarter, preparations began (including two trips to Los Angeles to finalize details) for the Expoferia de Salud, or the “1<sup>st</sup> Health Fair for Salvadorans Living Abroad” which will be held April 12-13, 2008. This fair was aimed at Salvadoran and US-citizens living in the Los Angeles regional area. This fair was hosted by Exportsalud and the Ministry of Foreign Relations (Vice-Ministry for Salvadorans Living Abroad) of El Salvador.



*Exportsalud Kiosk at El Salvador National Airport.*

### **TI Hub (formerly known as the Salvadoran Export Chamber of Translation and Interpretation Services)**

The consultant Mauricio Castro was hired to develop this group’s export plan, which was completed in September 2007. As part of the organizational training, the group participated in the Central American Travel Showcase held in San Salvador from October 24-28, 2007. At this event, they decided that instead of a chamber, they would like to form a trading company instead, in order to accelerate sales. Once this trading company has been established, they will proceed to form a chamber. As a result of this decision, the cooperative agreement with the Program was changed and signed during this quarter. The legalization process was also completed during this quarter; the legal name of the company is Sociedad TI Hub, S.A. de C.V.

## **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 detailed 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 was \$119,250; for the second year a contribution of approximately \$96,250 is expected. The total amount of the agreement for the three years of the Phase Two is \$187,500; however, during this quarter this amount was increased by \$125,000. Due the success of the training component, INSAFORP has agreed to finance training for and additional 1,000 people, bringing the total amount of the cost-sharing agreement to \$312,500.

#### **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 Sixth Quarter Program Activities

The following table lists the activities and technical assistances supported by the Program and FONDEPRO 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	RESULT #6
Feb	Commercial Mission	Commercial Mission to Washington DC*	<b>X</b>					
Jan	Event	Press Conference - Announcement of Fairs and Commercial Missions 2008*				<b>X</b>		
Feb	Event	Exportsalud Presentation to San Miguel Area Health Care Workers and Doctors*	<b>X</b>	<b>X</b>	<b>X</b>		<b>X</b>	
Feb	Event	Exhibition, Showroom and Forum: Internationalizing Agroindustrial SMEs. Visualizing Opportunities and Challenges of Cafta					<b>X</b>	
Jan	Fair	33rd Winter Fancy Food Show*	<b>X</b>	<b>X</b>	<b>X</b>			
Feb	Fair	Supplier Fair for Wal-Mart*	<b>X</b>	<b>X</b>	<b>X</b>			
Feb	Fair	Biofach 2008*	<b>X</b>	<b>X</b>	<b>X</b>			
Mar	Fair	Expocomer 2008*	<b>X</b>	<b>X</b>	<b>X</b>			
Feb	Inbound Consultancy	Shorebank International - Quasi-Equity Fund	<b>X</b>	<b>X</b>	<b>X</b>			
Jan	Technical Assistance	Commercial Mission to Guatemala and Honduras - Alpha Doors, S.A. de C.V.	<b>X</b>	<b>X</b>	<b>X</b>			
Jan	Technical Assistance	Franchising Restaurant - RCM, S.A. de C.V.	<b>X</b>	<b>X</b>	<b>X</b>			
Jan	Technical Assistance	33rd Winter Fancy Food Show (Guided Visit) - Asesoría y Promociones, S.A. de C.V., Jeannete Cornejo Rivas, Jose Mauricio Alas Puente	<b>X</b>	<b>X</b>	<b>X</b>			
Jan	Technical Assistance	33 Winter Fancy Food Show - Agronomi, S.A. de C.V., Comebien, S.A.						
Jan	Technical Assistance	Logo Design and Promotional Material - Palacio, S.A. de C.V.	<b>X</b>	<b>X</b>	<b>X</b>			
Jan	Technical Assistance	Biofach 2008 - Rhina de Rehman, Proserquisa, S.A. de C.V., Jeannete Cornejo Rivas, Suchil, S.A. de C.V., Expronav, S.A. de C.V., Tacuba Organico, S.A. de C.V., Sal Inc., S.A. de C.V., Ovidio Moreno	<b>X</b>	<b>X</b>	<b>X</b>			

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

Jan	Technical Assistance	Fitur Fair 2008 - Network Travel, S.A. de C.V., Proinse, S.A. de C.V., Eva Tours, S.A. de C.V.	X	X	X			
Jan	Technical Assistance	FDA Registers - Cimro, S.A. de C.V.	X	X	X			
Jan	Technical Assistance	Promotional Material - Pharma, S.A de C.V.	X	X	X			
Jan	Technical Assistance	Feria Vivienda - Tecnologia Campos, S.A. de C.V.	X	X	X			
Jan	Technical Assistance	F Value Analysis - Inpronat, S.A. de C.V., Alimentos Etnicos, S.A. de C.V.	X	X	X			
Jan	Technical Assistance	Commercial Mission to Puerto Rico and Dominican Republic - Propladi, S.A. de C.V.	X	X	X			
Jan	Technical Assistance	Atlanta Apparel Market 2008 - Petunia, S.A. de C.V.	X	X	X			
Jan	Technical Assistance	Ambiente 2008 - Exporsal, S.A. de C.V.	X	X	X			
Jan	Technical Assistance	Website Development and Design - Competividad Empresarial, S.A. de C.V.	X	X	X			
Jan	Technical Assistance	Organic Certification - Jeannete Cornejo Rivas	X	X	X			
Feb	Technical Assistance	MIT Fair 2008 - Proinse, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Commercial Mission to USA - G. Premper, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Commercial Mission to the Caribbean - Gama Laboratories, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Expindustria 2008 - Disenos Systec, S.A. de C.V., Disol, S.A. de C.V., Artyco, S.A. de C.V., Espumar, S.A. de C.V., Hermel, S.A. de C.V., Maderas y Metales, S.A. de C.V., Martinez y Sapprisa, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	MIT Fair 2008 - Proinse, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Commercial Mission to Nicaragua - Hermel, S.A. de C.V., Krisppys, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Kids Show Rio Hotel Las Vegas 2008 - Petunia, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Alimentaria Espana 2008 - Palacio, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Expocomer 2008 - Famensal, S.A. de C.V., Artesanias El Rosal, S.A. de C.V., Exporsal, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	English Training - D.M. Supplies, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Advertisements (TACA Explore Magazine) - Dr. Barraza	X	X	X			
Feb	Technical Assistance	Commercial Mission to Houston - Alimentos Etnicos Centroamericanos, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	International Contemporary Furniture Fair - Hemisferios, S.A. de C.V.	X	X	X			

Mar	Technical Assistance	Export Project - Ionica, S.A. de C.V.	<b>X</b>	X	X			
Mar	Technical Assistance	Commercial Mission to Riviera Maya - Artesanos del Rey, S.A. de C.V.	<b>X</b>	X	X			
Mar	Technical Assistance	Study of Nicaraguan Market - Entertainment Group, S.A. de C.V.	<b>X</b>	X	X			
Mar	Technical Assistance	Advertisements (TACA Explore Magazine) - Dr. Douglas Larreinaga	<b>X</b>	X	X			
Mar	Technical Assistance	ENK Children's Club New York Show 2008 - Jacabi, S.A. de C.V., Petunia, S.A. de C.V.	<b>X</b>	X	X			
Mar	Technical Assistance	Commercial Mission to Honduras and Nicaragua - Alpha Doors, S.A. de C.V.	<b>X</b>	X	X			
Mar	Technical Assistance	Advertisements (TACA Explore Magazine) - Gastroenterologos Asociados, S.A. de C.V.	<b>X</b>	X	X			
Mar	Technical Assistance	Website Development and Design - Attica, S.A. de C.V.	<b>X</b>	X	X			
Mar	Technical Assistance	Reformulation and Standarization of Recipe Palestinos Bakery & Catering, S.A. de C.V.	<b>X</b>	X	X			
Mar	Technical Assistance	Supplier Fair for Wal-Mart - Pan Arabe Joseph	<b>X</b>	X	X			
Mar	Technical Assistance	FIDAE 2008 - Pulsar, S.A. de C.V.	<b>X</b>	X	X			
Mar	Technical Assistance	Licensing International Expo 2008 - Piedra, Papel o Tijera, S.A. de C.V.	<b>X</b>	X	X			
Jan	Training	Design and Evaluation of Export Business Plans Workshop	X	X	<b>X</b>			
Feb	Training	Export Logistics	X	X	<b>X</b>			
Feb	Training	New Product Development	X	X	<b>X</b>			
Feb	Training	Research and Market Access	X	X	<b>X</b>			
Mar	Training	Food Safety	X	X	<b>X</b>			
Mar	Training	Preservation and Packaging	X	X	<b>X</b>			
Mar	Training	Design and Evaluation of Export Business Plans Workshop	X	X	<b>X</b>			

# 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 March 31, 2008						
EXPORTS	Accumulative Dec 2007		January - March 2008		Accumulative March 2008	
SMEs in Data Base	832		64		896	SMEs
Percentage Collected	86%		82%		84%	
Total Exports	\$20,293,799		\$4,242,305		\$24,536,104	173
Total Domestic Sales	\$12,803,565		\$2,847,937		\$15,651,502	239
<b>TOTAL</b>	<b>\$33,097,364</b>		<b>\$7,090,242</b>		<b>\$40,187,606</b>	
Technical Assistance Sales	\$21,312,035		\$4,638,083		\$25,950,118	
Training Component Sales	\$11,785,329		\$2,452,159		\$14,237,488	
SMEs Generating Exports and Sales	244		40		284	
% Generating Exports and Sales	29%		63%		32%	
Average Amount Exports and Sales	\$135,645		\$177,256		\$141,505	
Phase 1 SMEs	143	17%	4	6%	147	16%
Phase 2 SMEs	689	83%	60	94%	749	84%
	<b>Sales</b>	<b>SME %</b>	<b>Sales</b>	<b>SME %</b>	<b>Sales</b>	<b>SME %</b>
Phase 1 SMEs	\$18,060,015	93 / 55%	\$3,190,327	4 / 45%	\$21,250,342	97 / 53%
Phase 2 SMEs	\$15,037,349	151 / 45%	\$3,899,765	36 / 55%	\$18,937,114	187 / 47%
<b>SMEs and Sales by Sector</b>	<b># of SMEs*</b>	<b>Sales</b>	<b># of SMEs*</b>	<b>Sales</b>	<b># of SMEs</b>	<b>Sales</b>
Food Products	61	\$9,656,632	7	\$1,799,492	68	\$11,456,124
Manufacturing	52	\$10,418,156	10	\$1,329,302	62	\$11,747,458
Services	97	\$7,008,815	20	\$2,357,642	117	\$9,366,457
Pharmaceutical Products	11	\$1,700,249	0	\$219,083	11	\$1,919,332
Agricultural Products	16	\$2,265,592	2	\$378,801	18	\$2,644,393
Natural and Organic Products	3	\$1,603,747	0	\$996,284	3	\$2,600,031
Specialty Coffees	4	\$444,173	1	\$9,640	5	\$453,813
<b>TOTAL</b>	<b>244</b>	<b>\$33,097,364</b>	<b>40</b>	<b>\$7,090,244</b>	<b>284</b>	<b>\$40,187,608</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	1077	622	132	48	1209	670
GOES Officials	37		0		37	
Private Sector Professionals	167		3		170	
<b>TOTAL</b>	<b>1281</b>	<b>622</b>	<b>135</b>		<b>1416</b>	<b>622</b>
	<b># of Acti. / # of Assis.</b>	<b>SMEs</b>	<b># of Acti. / # of Assis.</b>	<b>SMEs</b>	<b># of Acti. / # of Assis.</b>	<b>SMEs</b>
<b>Technical Assistances</b>	<b>373 / 563</b>	<b>297</b>	<b>42 / 77</b>	<b>16</b>	<b>415 / 640</b>	<b>313</b>

<b>EMPLOYMENT GENERATED</b>						
<b>Direct New Jobs</b>	<b>Jobs</b>		<b>Jobs</b>	<b>%</b>	<b>Jobs</b>	<b>%</b>
Employment Generated	1607		348		<b>1955</b>	
Permanent	904	56%	191	55%	1095	56%
Temporary	703	44%	157	45%	860	44%
Women	831	52%	202	58%	1033	53%
Men	776	48%	146	42%	922	47%
<b>New Job Category - Permanent</b>	904		191		1095	
Production	668	74%	147	77%	815	74%
Adminstration	142	16%	25	13%	167	15%
Middle Management	64	7%	12	6%	76	7%
Upper Management	30	3%	7	4%	37	3%
<b>New Job Category - Temporary</b>	703		157		860	
Production	679	97%	151	96%	830	97%
Adminstration	15	2%	5	3%	20	2%
Middle Management	9	1%	1	1%	10	1%
Upper Management	0	0%	0	0%	0	0%
<b>OTHER INFORMATION</b>						
<b>SMEs by Market Sector</b>						
Never Exported	554	67%	54	84%	608	68%
Central American	118	14%	8	13%	126	14%
Other	160	19%	2	3%	162	18%
<b>TOTAL</b>	<b>832</b>	<b>100%</b>	<b>64</b>	<b>100%</b>	<b>896</b>	<b>100%</b>
<b>Distribution of Sales by SME size through March 31, 2008</b>						
	<b>Total SMEs</b>		<b>Total SMEs with Sales</b>		<b>Total Sales</b>	
Less than 5 employees	404		86 / 21%		\$5,154,843	
5 to 25 employees	353		139 / 39%		\$12,900,569	
26 to 50 employees	65		32 / 49%		\$7,895,751	
More than 50 employees	74		27 / 32%		\$14,236,443	
<b>TOTAL</b>	<b>896</b>		<b>284 / 32%</b>		<b>\$40,187,606</b>	
<b>Female Presence in Board of Directors</b>						
Less than 5 employees	282 / 404		70%			
5 to 25 employees	259 / 353		73%			
26 to 50 employees	51 / 65		78%			
More than 50 employees	48 / 74		65%			
<b>TOTAL</b>	<b>640 / 896</b>		<b>71%</b>			
<b>Female Decision Makers</b>	329 / 896		37%			

# ANNEX 3 – Success Stories

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

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[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.



## 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.



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## SUCCESS STORY

# Visualizing a 3D future for Design Services

**USAID supports the Salvadoran company Espacios Digitales to export design and architectural services to companies in the United States.**

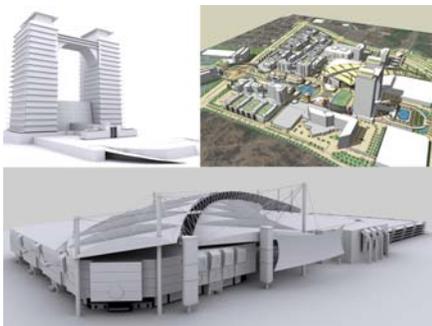


Photo: Espacios Digitales

*Exports of visual animation of architectural projects, like the one pictured above, is a design service with growing potential for the El Salvador market. International architecture firms seek new talent to develop and construct these animated presentations for their real estate clients.*

***The USAID's Export Promotion Program provides the tools needed to expose young designers to the export of design and architectural services. Although this is a small export market sector, the help of USAID, talented professional in this field can showcase their abilities and promote El Salvador as a design and innovation hotbed for international clients and projects.***

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Espacios Digitales, S.A. de C.V. (Digital Spaces) a small design and architecture firm was founded in San Salvador in 1997, with the vision of providing a link between graphic design and visual architecture. With the support and assistance of USAID, Espacios Digitales has grown from a one-man startup to a company sought after by international firms to produce digitally animated three-dimensional renditions of architectural projects.

In November 2003, Espacios Digitales was invited to join the USAID-supported Salvadoran Design Association. With the support from the Associations, Espacios Digitales began to attend international trade fairs. Beginning with the Graphic Design Fair in Berlin, Germany in October 2004, the company has subsequently attended various fairs in the United States and Europe, one of these fairs being the Siddgraph Fair 2006 held in Boston, MA. At this fair, a US-based architectural company hired Espacios Digitales to build a three-dimensional model of a shopping center in Boston. This project was successfully completed, and the same US-based company contracted their services to develop a three-dimensional rendition of a 63-story apartment building in New York City. At this year's Siddgraph Fair, the company closed a deal to develop the three-dimensional model of a project in Long Island, NY of eight buildings, consisting of a hotel and a stadium.

Espacios Digitales exported its first three-dimensional design in 2005 to Guatemala and has since exported approximately \$35,000 in design services, including graphic design and architectural blueprints, principally to the United States. In addition, Espacios Digitales has grown from only one person in 1997 to employing seven people in 2007. Its CEO Julio Yanes credits the USAID's Export Promotion Program with "opening his eyes and helping him realize the worldwide business opportunities available".

USAID, through its Export Promotion Program, aims to develop market sectors and identify niches of higher-added value where El Salvador can be competitive. The success of Espacios Digitales is an example of the fulfillment of this goal.