



USAID
FROM THE AMERICAN PEOPLE

USAID'S EXPORT PROMOTION PROGRAM QUARTERLY REPORT: JANUARY 2009 TO MARCH 2009

San Salvador, El Salvador, June 1, 2009

This report is made possible by the support of the American people through the United States Agency for International Development (USAID). The contents of this report are the sole responsibility of Nathan Associates Inc. and do not necessarily reflect the views of USAID or the United States government.

Table of Contents

Executive Summary	3
Project Overview	5
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.	8
Result #2: 7,100 new jobs created by assisted SMEs as a result of domestic and export sales generated by the Program.	24
Result #3: A total of 1,500 businessmen, GOES officials and private sector professionals trained in business and export management areas.	26
Result #4: Institutional capacity transferred to EXPORTA, the Ministry of Economy, and at least five private sector organizations to provide sustainable export development services to SMEs.	28
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.	30
Result #6: No less than three alliances implemented with local or international private sector organizations, foundations, or donors through cost-sharing programs or leverage funding to implement export projects in El Salvador.	32
ANNEX 1: List of Second Quarter Program Activities	33
ANNEX 2: Table of Results Generated in Phase 2	36
ANNEX 3: Success Stories	38

Executive Summary

The Program is reporting contract deliverables as of March 31, 2009 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, 2009) 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
As of March 30, 2009:	1,181	396	\$77,580,385	4,689	2,070

The Program is able to report \$77,580,385 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 1,181, of which 445 SMEs have received technical assistance, and 921 SMEs have received assistance through the training component.¹ The total amount of SMEs that have generated domestic and export sales is 396, of which 265 SMEs have increased exports by \$46,252,722 and 294 have increased domestic sales by \$31,327,663.²

The training component of the Program continued its workshops during this quarter and has had consistent and full attendance. 1,827 businesspersons, representing 882 SMEs, have been trained thus far (the remaining 243 people trained are composed of GOES officials and private sector professionals). \$23,814,876 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, 2,240 direct new jobs have been created from April 1, 2006 to March 31, 2009, resulting in 4,689 total new jobs created. For more information please refer to Result #2.

An interesting finding this quarter is the continued increase of sales for the Services sector. Although Food Products continues to dominate with over \$3 million in increased sales this quarter, for the first time during the second phase of the Program, the Services sector has surpassed Manufacturing in total sales. The Services sector has now sold domestically and exported over \$20 million dollars, while Manufacturing has increased sales by over \$19 million. Together, these three sectors account for

¹ Various SMEs have received both technical and training assistance.

² Various SMEs have exported and have sold domestically.

approximately \$63.7 million of the \$77.5 tallied by the Program. In addition, 21 new SMEs from these three sectors reported increased sales for the first time, 11 alone for the Services sector. The continued increase of new SMEs in the Services sector indicates the fulfillment of a Program goal to promote Services in order to differentiate the exportable offer of El Salvador and expand goods offered by El Salvador.

Women continue to have a strong presence in SME beneficiaries. Similar to the last quarter, 37% of the SMEs had female decision makers and 75% 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, and in this quarter women outnumbered men 197 to 178, representing 53% of new jobs created during January and March 2009.

During this quarter, the Program's activities focused on closing out several initiatives in order to prepare the beneficiaries for the termination of the Program. The trading companies and other chambers such as Exportsalud have essentially "graduated" and are now working totally independent of the Program. The E-commerce and the Paax Muul guitar initiatives continue to receive direct support and will continue to do so until June 30, 2009. The training component will continue with three workshops in April and May, but will no longer impart any training courses in June. Program executives accompanied SMEs to three fairs during this quarter, but will no longer participate in any more fairs during April, May and June, with the exception of the International Contemporary Furniture Fair (ICFF) in May. Preparations continued for the Contempo winner's participation in ICFF, including development of promotion material, stand decoration and shipment of prototypes. In addition, co-financing activities continued during this quarter but will cease operations on May 15, 2009.

Funding for the initiatives continued through the Grants Program of the Export Promotion and Innovation Fund. The total amount awarded thus far is \$2,197,308 with \$1,748,456 currently disbursed, representing 3,625 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 2009 to obtain the information and data for this report. All 1,181 SMEs thus far assisted in Phase Two of the Program (April 2006 to March 2009) were contacted and 83% 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 \$77,580,385 with \$46,252,722 in exports and \$31,327,663 in domestic sales. Continuing the trend demonstrated until June 2008, Phase 2 beneficiaries (87%) now make up the majority of total exports and sales between Phase 1 and Phase 2 beneficiaries. Although the increased sales are evenly split, there is a higher amount of Phase 2 beneficiaries that represent the increased sales. In addition, 23 new SMEs exported and sold domestically this quarter, bringing the total to 396 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. Food services increased sales by \$3 million while Manufacturing increased sales by \$1.2 million compared to the last quarter. However, once again Services made a strong showing in this quarter with total increased sales of \$2.3 million and accounts for 174 of the 396 SMEs exporting or selling locally. This brings the total increased amount of sales for Food Products to over \$23 million and Manufacturing and Services both over \$19 million. The activities of the Services sector include medical services, software development, business consultants and design services. It is interesting to note that 44% 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. 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 three fairs for a total of three activities.

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

- ***Fruit Logistica, Berlin, Germany*** - Program executives Camila Flores accompanied three SMEs, Prodaes, Asociacion de Coyaguanca and Agroindustrias Cultivar, to this fair were approximately \$55,000 was negotiated.
- ***Wallmart Fair, Guatemala*** – Program executive Claudia Sampera accompanied 13 SMEs to this fair were \$195,000 was negotiated. The SMEs that attended were: Krisppy's, Mayprod, Pan San Antonio, Hermel, Palacio, Loofah Products, Florence, Monteco, Shuchil, La Canasta, Proesal, Agrononi and Proinca.

- **Expocomer Fair, Panama** – Program executive Camila Flores accompanied 13 SMEs to this fair where \$535,000 was negotiated. The SMEs that attended were: Exporsal, TBO Xperts, Ind. Monerva, Distribuidora Cuscatlan, Corporación Europea, Mayan Gift, Ekollection, Famensal, SvSoft, HealthCo, and Marujatz

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

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

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

Cocina Maya

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 included 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 2008, Whole Foods placed a second identical order. Whole Foods had launched an aggressive promotional campaign for Cocina Maya and they wanted to assure themselves enough supply. Currently, the Cocina Maya food products are on the shelves at the Whole Foods stores in California.

In April 2008, Phil Rourk and the Cocina Maya members visited Whole Foods representatives and 1) sampled new products, 2) planned in-store demos, including recipes, and 3) discussed buying additional Cocina Maya products for the Whole Foods commissary, which supplies the delicatessen and prepared food departments in the stores. The bulk orders were supposed to be placed in June 2008 but due to disagreements in presentation with the commissary director and chef, this project will no longer take place. However, the in-store food services divisions are still interested (food that is prepared directly in the store) and negotiations are still taking place. This quarter a mass email promotional campaign was launched and several in-store demonstrations took place. Over a two-month period, there were 67 demonstrations in 15 stores throughout the Los Angeles regional area. Comments by both Whole Foods employees and customers have been very positive.

This last quarter, Whole Foods asked the Program that the products be distributed through its distributor Tree of Life. The company no longer wants to accept orders directly to the stores. Whole Foods has also

asked to expand the product line to include items that have a higher turnover such as snack foods and beverages. Initial negotiations began with the Salvadoran companies Bon Appetit and Diana, who are both snack food specialists; however, negotiations have not been able to proceed as both companies are wary of embarking on new enterprises because of the general negative economic conditions. The project is now in suspense until distribution arrangements can be worked out and it remains for future implementation, which now depends on external funding, due to the termination of the Program.

LoNuestro

The second brand of food products called “LoNuestro” has been created by the Program. The Program has also developed the design of the packaging, presentation and legalized the brand registration in the United States. Phil Rourk presented this brand to the Shoppers Food Warehouse, a supermarket chain that has 64 stores the Washington DC, Virginia, Maryland and Delaware regional areas. The presentation and packaging was well received by the representatives of Shoppers. However, this company only buys directly from distributors. Talks have taken place with EMD Sales Distributors but an agreement on price has not been reached. Currently, the Program is looking for other distributors in order to proceed with this initiative. This brand, for the moment, is composed of six Salvadoran SMEs, including Latin Food Distributors (trading company created by the Program). Unfortunately, due to the conclusion of the Program, this project was unable to be given more effort and has been concluded.

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 was to 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 2008. At the end of their visit, they gave a preliminary findings presentation, whose overall message was a positive one.

Shorebank International presented the feasibility study to the Program during the last quarter. The recommendation is that El Salvador is a prime candidate for this type of fund and they recommend an initial amount of \$10 million. At the time, IDB-MIF had agreed to invest \$4 million and BMI had agreed to match this amount. The additional \$2 million would need to come from a private sector organization. Currently, the Program has presented this to FUSADES and although they are interested in participating, they cannot commit this year. The Program would like to get the Fund up and running as soon as possible. However, another alternative has presented itself. Dutch FMO is an organization that invests in quasi-equity funds and they are interested in this one. The only restriction is that they can invest a minimum of \$5 million of a \$20 million fund. Because of this, the Program has asked IDB-MIF to increase their investment to \$7.5 million, which they have agreed to, and the matching sum from BMI would bring the total amount of the fund to \$20 million. Currently, all the parties involved in this initiative, particularly IDB-MIF and BMI, continue to express interest and commitment. However, due

to the recent economic and financial events experienced worldwide, the project, for the time being is in suspense. In addition, all projects are on stand by pending the investiture of the new US government. Unfortunately, due to the conclusion of the Program, this project was unable to be given more effort and has been concluded.

E-Commerce

After much analysis and market investigation, it was determined that the most viable mechanism to execute the e-commerce store is through US-based electronic store Amazon.com. There are two options which include the specific web store linked to Amazon.com called Cuscatrading.com and the products can also be available within Amazon.com infrastructure. In both cases, Amazon.com will provide the logistical support (order 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 company Suprema LLC in the United States. With this completed, the account was opened with Amazon.com. The Program has identified 13 SMEs with 100 products that will be sold and have been adapted to meet with Amazon requirements in areas such as packaging (products must be individually packed), pricing, etc. Photographs have also been taken of the products for the Amazon.com website. The companies have provided \$5,000 of their own money towards this initiative and they have applied to the Program for additional funds. Last quarter, four containers of products were shipped to the Amazon.com warehouse and are currently available on both the Amazon.com website as well as the e-store Cuscatrading.com. In addition, a promotional campaign was launched locally through the website elsalvador.com (website of a local newspaper El Diario de Hoy). A Cuscatrading.com advertising banner was featured throughout out the website for one month and a mass emailing to all elsalvador.com users was also executed. Since December 2008, approximately \$8,000 has been sold and four more companies joined the group, increasing the products offered to 120. Currently, an accounting system is being developed in order to prepare the companies to be able to administrate the initiative by themselves when the Program concludes. Also, promotion is being prepared that will consist of ads in two US magazines, Martha Stewart Living and The Guitar Magazine, for a three month period of August, September and October 2009.

SALVADORAN TREASURES!

- Quality crafts.
- Naturally-dyed & hand-embroidered clothing.
- Specialty & organic coffee.
- Treats & unique gift ideas.

At Cuscatrading.com

and Amazon.com
- keyword: Cuscatrading

Cuscatrading.com Advertisement for Martha Stewart Living Magazine

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 joined the USAID’s Export Promotion Program during a determined amount of time in order to resolve concrete issues allowing 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. Last quarter, cooperative agreements were signed with the UTEC and ISEADE-FEPADE. This quarter, the cooperative agreement between the Program and the National University was signed.

Of the 28 companies which have agreed to participate in this program, all have had diagnosis completed; 13 by ISEADE-FEPADE, 10 by UTEC and five by the National University. In total, nine businesspeople accepted to work as mentors. In December 2008, the Mentoring Program officially concluded and was marked by a closing ceremony in which the consultant hired by the Program to execute the initiative, professors, mentors and students all presented their experiences. Overall, the mentoring initiative was well received and at this ceremony the three universities representatives each signed a letter of intent to continue the project in their respective MBA coursework.

Design and Innovation Component

The Program's design component has been working to further promote design and innovation in Salvadoran SMEs during this past year. Total sales thus far of the Design Component are \$3,302,073.

This quarter, the design component focused on closing projects, in-house designs and preparing for participation in the International Contemporary Furniture Fair 2009, to be held in May 2009.

In addition, Harry and Claudia Washington of Due Design, winners of the Contempo 2007 contest, will be featured in the April issue of Wallpaper Magazine. The article focuses on their work in El Salvador as well as with local furniture handcrafters, as well as the participation in the Salon del Mobiliario Fair in Milan.



The following is a recapitulation of the activities conducted by the Design Component during the second phase of the Program:

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, Maderas y Metales developed with Ms. Chacón a second collection of metal tiles exhibited in May at the Covering Show 2008 in Chicago, IL. This SME has also contacted the Program requesting support for developing new catalog. Maderas y Metales hired the photographer José Manuel Escobar and the graphic design firm Guaza to develop this project.
Total sales to date: \$185,367.
- *Guaza - Website design for 4.5 Productions* – 4.5 Production, a trend forecasting company in New York, hired the company Guaza to design and program their webpage.
Export services: \$3,825.
- *Espacios Digitales - Animation services* – Espacios was hired by a company in Boston to work on an architectonic animation for a shopping mall.
Export services: \$9,000.

In-house design and innovation processes advice have been instrumental for SMEs emergency packaging design for participation in international food fairs and those SMEs in needs of innovating production processes:

- *Palestinos Bakery* – This SME approached Program executives for redesign of the packaging for its antipasto line. It is has begun to promote its product with this new packaging.
Total sales to date: \$438.
- *Joya de Café, S.A. de C.V.* – This SME approached the Program for support in designing new packaging for its Coffee Oil product. Packaging needed a makeover for the company’s participation in the Fancy Food in June 2008 in New York. The product also needed label-logo that reflected the richness and sophistication of the coffee oil on the exterior of bottle, but most important, a label that could attract a sophisticated audience. (The original label was too confusing). Client is estimating an increase of sales of \$1,500 for the holidays and is in negotiations with a Peruvian customer who wants to purchase \$7,500 monthly. The SME is looking onto expanding their line to body care as a French customer is requesting it.
Total sales to date: \$4,200.
- *Cultivar, S.A. de CV.* - Specializing in lime salt and lime seasoning produced with organic limes; this company approached the Program for help with its original labeling for two product lines the company is planning to export. During the first quarter of 2008, this company was preparing to participate in Expo Comida Latina and needed label makeover for the Lime Salt and Lime Powder products. SME is still working on getting product with new image into the US market by participating in fairs. SME also needed a new image – packaging and promotional material designed that would fit into a high-end gourmet sector of the organic food industry. Cultivar S.A. de C.V. contacted the Program for this activity. Cultivar’s new product was exhibited at Biofach and Fruit Logistics, both fairs held in Germany and just came back from exhibiting at Food Taipei Show in Taiwan. The product is organic tea in two variations. Innovation is in the product itself by presenting tea in whole slices and whole petals versus minced herbs. This was Cultivar’s initiative. Packaging and promotional material was developed. 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 required language variations on packaging for the different markets it was to address: for Whole Foods Market: English; for Food Taipei Show, English and Mandarin. Final artwork was finished in May and Cultivar S.A. de C.V. sent final art to Whole

Foods market for approval. A purchase order was negotiated with Whole Foods and products are being sold in California stores.

Total sales to date: \$52,057.

- *Agroindustrias Moreno, S.A. de C.V.* - Labeling was designed for this SME's organic Hibiscus Syrup for the Fancy Food Show 2007. Sales have been slow, but the company is still participating in trade fairs with its new product and is looking into expanding under the same concept/label design in order to create a family of organic syrups.
Total sales to date: \$8,500
- *Shuchil, S.A. de C.V.* - Organic aromatherapy concept and packaging was developed for the Taipei Food Show 2007, where the company obtained a purchase order for Taiwan for September 2007. This company also needed promotional material and business cards designed according the new image. Shuchil has currently exported to Germany, Taiwan and the United States and is negotiating orders from abroad of around \$6,000. Shuchil will be participating in the German fair VIVANES for the first time and will be featured in the cosmetic section with her aromatherapy massage oils. This SME will also exhibit a new product of organic herbs for tea.
Sales to date with new packaging: \$41,585.
- *Mayprod, S.A. de C.V.* - In 2006, Mayprod came to the Program looking for support for a design makeover for a product: granulated salt. The brand: Mayan Sea Salt. The company has since expanded their product line into salt and different types of peppers and has recently contacted the Program to help modify the original packaging to one that is lower in costs to produce.
- *Wise Marketing* - Wise Marketing hired a design consultant for its Wombee brand to develop its original website and characters for mobile contents and was helped in-house developing logos for its Wise Marketing graphic image. Wise Marketing is a company that sells locally and internationally mobile content, principally ring tones. Also, focused on a young audience, the Program design specialist developed the WOMBEE brand for this SME. The company applied for Fast Track funding for travel support to visit potential customers. After seeing the potential in the religious niche, it approached the Program for a small design consultancy that consisted in developing the logotype for CRISTONOS, a new brand specialized in selling religious mobile contents. The brand launched on March 1, 2008 in El Salvador, Guatemala, Honduras and Colombia. Since its launch, the firm has sold \$262,000 between the four countries in ring tones under this category. Wise Marketing has plans to open markets in Bolivia, Paraguay and Ghana.
Total sales to date: \$1,338,371.
- *Ekollection* – SME specialized in designing and manufacturing accessories made out of coconut shell approached Program executive for design advice regarding their website. SME will start this project in January 2009. Even though the new website design has not been uploaded it will be few shortly at <http://ekollection.com/>.
- *Quinta Essenza* – This SME produces perfume fragrances using natural ingredients. The consultancy consisted of logo, business card and packaging design.

Innovation in production processes and raw materials

- *Eco Eco, S.A. de C.V.* - With the Program's support, Eco Eco was able to by-pass a long and arduous production process and improve the body the ceramics as well as the coloring in order to achieve a more consistent black color and clay quality in the collections. The difference between the old

process and this new one is that Eco Eco collections have a coloring that will not fade with exposure to sunlight or over time. This has influenced Eco Eco's customer to pay a more competitive price for its products.

Total sales to date: \$185,893.

- *Basic Glazes of Central America, S.A. de C.V.* – This company has focused on innovating raw materials and production processes, therefore increasing quality and lowering production costs. With a Program ceramic specialist's support, Basic Glazes has developed mass production of the product called Terra Sigilatta. The company has developed this product in seven colors, when many potters around the globe can only produce small quantities of just one color: white. This material also enables the artisans to cover and polish their ceramics by hand instead of using varnishing glazes. Manufacturing process of Terra Sigilatta is so inexpensive that it makes the finished product extremely competitive globally, to an extent that the raw material is being exported to Guatemala and Honduras. Ceramic finishes have also used Terra Sigilatta; for example: Acid etched ceramics, Sgraffito design ceramics, Sagger fired Ceramics, Carved out ceramics, Taos-pueblo ceramics, Smoked Mesoamerican type Ceramics, and Pit fired ceramics. A new clay formulation (called Plumbate - ancient Mayan clay formulation) was revived and re-designed in collaboration with Basic Glazes and a Program executive ceramic connoisseur using native raw materials (this is due to the lack of original raw material). Until now, Plumbate had not been able to be duplicated in modern times due to the lack of information. The use of this new formulation results in much stronger, high quality ceramic body and most important, does not increase finished product's end cost. Variations of cooking temperatures result in high quality ceramics, including stoneware.

Total sales to date: \$539,000.

- *Pahnas, S.A. de C.V.* – This company exports frozen native fruits and vegetables. In collaboration with a Program executive, this SME developed a treatment in which the oxidation process is slowed down resulting in a product that is able to keep its color and freshness longer. The firm applied the new formulation to prevent oxidation in: jocotes, cashews and loroco. In the case of loroco, with the new formulation, Pahnas was able to extend the shelf life of this product to 10 full days, when in the past, oxidation was almost immediate. The firm is working on the first orders using this new formulation.

Total sales to date: \$462,204.

- *Acopanela, S.A. de C.V.* - In the first phase, the Program assisted this SME by co-financing a trip to Colombia to attend the Panela Investigation Center. At the center, representatives of Acopanela learned how to process the Panela sugar and also acquired knowledge to produce Panela syrup, which has great demand in international markets. This is an innovative process that has never been accomplished in Central America. As a result, Acopanela has increased its production by 40 % and has also added eight new farmers to their cooperative. The price of Acopanela's "dulce de panela" increased from \$ 0.20 per lb. to \$ 0.45 per lb. and is sold in the US. Acopanela now has 25 farmers versus 17 members in its initial stage.

Total sales to date: \$375,153.

Other projects include:

- *E-commerce initiative "www.CuscaTrading.com"* – Logo for this project was developed in-house.
- *CONTEMPO 2008 – First and second phases* – Two Program executives, Isabel Muyschondt and Emma Schöenberg, similar to last year, organized this contest with the objective of having

designers work hand in hand with furniture manufacturers. This year 56 participants submitted their proposals for the first phase of the contest. The Program has emphasized and is a contest requirement that the designers associate themselves with manufacturing companies (and vice versa) – a lesson learned from last year’s Contempo. This part is a vital and important requirement so that the collections presented are viable for local and international sales. Out of the 56 proposals, 18 were selected and these designers developed prototypes, co-financed with Program funds, for the third and final phase. Another difference in this year’s contest is that the Program involved local government and the private sector institutions so that once the Program ends, these partners will have the capability to continue the contest. It was imperative for this year’s contest that the judging panel included two experts in the contemporary furniture industry. Jerry Helling, Creative Director and Vice President for the North Carolina based furniture company Bernhardt Design and David Alhadeff, President of the furniture and home accessories stores “The Future Perfect” complimented the local judging panel.

The 18 participants for CONTEMPO 2008 are:

- Jessica Chon – *Optica*: lamp collection
- Eugenio Menjivar – *Helicocarpus*: lamp collection
- Sandra Alvadrado – cardboard furniture collection
- ADI, Elcira Saca – bar furniture collection
- Marcelo Mejía – *Madetek*: outdoor furniture collection
- Carlos Garía & Carlos López: contemporary bench collection
- Ana María Iraheta – Natural fiber lamp collection
- GUAZA, Alvaro Guatemala & Hugo Zambrana: *Sapharie*: children’s furniture
- Roberto Platero: *MOB Z*: living room furniture
- Cincopatasalgato, José Roberto Paredes – *Milhojas*, contemporary furniture
- Ernesto Fiallos – Lamp collection made with designed fabrics
- Mario Sermeño – *TT20* contemporary living room furniture
- *ABITARE*, Alfredo Guillén – Upside-down chair, line inspired by the “Le Corbusier” chaise lounge
- David Paredes – *Neuleather*: furniture upholstered with repurposed tire material
- *Hemisferios*, Javier Cristiani – *ETC*, outdoor furniture collection
- Roberto Mena Duke – organic shaped home accessories
- Leonel Avilés y Asociados S.A de C.V, Edgar Avilés – *Permutaciones*, metal furniture
- *KIU*, Claudia Segovia & Jenny Menjivar – *Clavijas*, wood furniture line

On November 4th, the winners of the contest were announced at ceremony featuring the international and local judges, USAID and Program executives, as well as the two strategic partners for Contempo 2009, the Museum MARTE and the advertising agency DDB.

The CONTEMPO 2008 winners were:

- David Paredes – *Neuleather*: furniture upholstered with repurposed tire material
- *KIU*, Claudia Segovia & Jenny Menjivar – *Clavijas*, wood furniture line
- GUAZA, Alvaro Guatemala & Hugo Zambrana: *Sapharie*: children’s furniture

The CONTEMPO 2008 finalists:

- Jessica Chon – *Optica*: lamp collection
- Carlos Garía & Carlos López: contemporary bench collection
- *Hemisferios*, Javier Cristiani – *ETC*, outdoor furniture collection

Similar to last year, the winners and finalists will have their prototypes exhibited at the International Contemporary Furniture Fair (ICFF) in May 2009. The ICFF exhibitor participation approval panel has authorized the six members of the El Salvador booth to exhibit at the fair. In addition, one of the judges, Mr. David Alhadeff is negotiating with winners KIU in order to have the winning collection in his stores for sale before ICFF. And will also carry winner David Paredes' sofa. This year also featured the participation of six sponsors for the participation of the designers in ICFF. These sponsors have pledged the amount of \$18,000 to cover exhibition expenses. They are: Fundacion POMA, Fundacion Sigma, El Diario de Hoy, Dubrandt, Coralina and the Banco Multisectorial de Inversiones (BMI).

- *Cocina Maya* - With the Program's support, Cocina Maya brand was created after SMEs participated in 2006 in the contest Food Innovation. The contest was about developing new recipes using indigenous ingredients. Winners would be forming the products that would compose the Cocina Maya's products. Packaging was developed, from logo, label and image concept, to the final packaging hand in hand with the US retailer Whole Foods Inc. (The design SMEs involved were GuaZa and Piedra Papel o Tijera). Whole Foods selected the final design. The first Cocina Maya products were exported in January 2008. Program executive developed promotional material that was to be distributed among Whole Foods customers with the visit of members of Cocina Maya S.A. de C.V. and Program Director in June 2008. Whole Foods Market and Cocina Maya are currently working on expanding its product line. In June 2008, Whole Foods placed a second purchase order. Various promotional materials have been developed in-house.

Total sales to date: \$77,032.

- *Lo Nuestro* - Following in the steps of the Cocina Maya success, another similar project was conceived under the brand name LoNuestro. Taking into consideration consumer needs and with the support of Program staff members, this new initiative called for the development of packaging with a high-end look than regular nostalgic packaging, using "Salvadoran coloring". Product selection and packaging design is intended to convince Salvadoran and Latin consumers to buy a more gourmet-looking packaging. The decision to use a high-end looking package is in part because many suppliers tend to under estimate the end consumer. As a result, packaging in Latin stores is usually not very attractive. Typically, colors on Latin food packaging are very earthy. Color selection, packaging layout and photography format will make this line to pop-off supermarket shelves. Even with "not-so-patriotic" coloring, a second option will be presented in the same high-end consumer taste in order to reach other markets that are looking for ethnic food. This brand will be for the inclusive use of Shoppers Foods Warehouse, a supermarket chain in the Washington DC, Maryland and Virginia regional areas.
- *Inbound Buyer Mission – Comet Entertainment Inc.* - Comet Entertainment, Inc. a Spanish-Canadian company visited El Salvador in May 2008. This company produces movies and television series among other projects. SMEs visited during this mission were: GuaZa Design Studio, Espacios, d'Pixel Factory, Fundación María Escalón de Núñez, Maya Eventos, Estudios Double V, Piedra Papel o Tijera, Techno Vision, Illustrator Juan Carlos Grande, Virtual Grafix, Spanish Cinematographer living El Salvador Luis Valdivieso, Olga Miranda and Pamela Robin, Gregoire Igert and Serge Rosenweig.

Projects with Comet Entertainment:

- After negotiations Comet and Olga Miranda both signed a 10-year contract for world distribution of her program. For Mrs. Miranda, Comet will invest approximately \$500,000 promoting her program that will be launched in Cannes.

- This same proposal is being negotiated between Comet and MG Corporation; a company dedicated to a reality-type TV series showing El Salvador’s tourist sites. Their website is www.wxptv.com and they are currently doing the same project in Central America.
 - Series of 19 books will be published in 4 years. Comet is looking for illustrators and final artwork. Juan Carlos Grande is the candidate for the illustration part. This represents \$5,000 per book.
 - Web site design services. Contract signed by GUAZA with Comet Entertainment to redesign their webpage. **Service Exports: \$3,500.**
 - Licensing of characters with potential movie production. Designer would receive royalties in every industry where his/her characters appear.
 - *El Salvador Film Commission*: Film Commissions helps in all aspects of film production, from logistics, government permits, administrative issues, etc. (Program executives have received news that a mayor movie production company wants to work with Comet and El Salvador has been proposed as the film’s location. This project will generate approximately 300 jobs during film production for local suppliers including: film producers, food and medical services for a year). For this initiative, the Program will help gather information, from local production houses (also including animation and sound effect companies), negotiating with Salvadoran Government executives as well as different Ministries. This project and forming the Salvadoran Film Commission will not only generate local jobs, but also will help increase tourism for the country. Comet Entertainment has previously formed film commissions for New Orleans, Los Angeles and the Canary Islands.
- *Brand Licensing Europe 2007* - Program executives attended this show in London, England in October 2007. Seven SMEs exhibited their portfolios. Of the contacts made, there was one that accepted to visit El Salvador on an Inbound Buyer Mission from the Canadian company Comet Entertainment, Inc.
 - *Licensing International Expo* - In collaboration with Exporta, the Program took five design, digital animation and photography companies to exhibit at this fair. Out of the five participating companies, three gave continuity to their participation at the Brand Licensing Europe in 2007. This was significant because the organizing company of both London and New York is the same and many attendees from London attended the New York show. At the Licensing Fair in New York, d’Pixel Factory and GuaZa Design Studio spoke to Salvatore Oppedisano from 4Kids Entertainment. These SMEs will be contacted soon by Mr. Oppedisano for a possible venture into licensing the companies work. Also, Renata Vigna from Smart Marcas Brazil is ready to sign an exclusivity contract with GuaZa and Piedra Papel o Tijera. Exclusivity will be for Brazil in sectors such as apparel, paper goods, and toys.
 - *CONTEMPO 2007 – International Contemporary Furniture Fair* – In November 2007, an international panel of experts in home décor and trend forecasting chose the winning companies that would exhibit in the International Contemporary Furniture Fair (ICFF) in New York in May 2008. After the routine screening by ICFF experts, the Program was excited to find out the five winners were accepted to exhibit at ICFF.
 - *Hemisferios* – Architect Javier Cristiani participated in ICFF 2008 with the participating collection with which he received an honorific mention during CONTEMPO 2007. He has sold through contacts made at ICFF, approximately \$3,000 and in negotiations with the W Hotel in Hoboken, New Jersey he was hired to furnish all the room balconies. **Total sales to date: \$19,953.**

- *Exhibition Pre-ICFF 2008* - Bergdorf Goodman (the renowned NY department store), along with Bamford & Sons and Wallpaper magazine (a trendy design magazine) celebrated ICFF's 20th anniversary with a select showing of ICFF designers on the third floor of the flagship store. The exhibit will remain a month, as of May 15th. Pieces by two of the Salvadoran designers, Roberto Dumont's chairs and Jose Roberto Paredes' tables (cincopataalgato), were selected by the organizers to form part of this exhibit.
- *Cocktail in Honor of Salvadoran ICFF Exhibitors at the Salvadoran Consulate in NYC* - The Salvadoran Consul General, Lorena Sol de Pool, and the Honorary Consul and Cultural Attaché, Ana Vilma de Soler hosted a cocktail to further promote and celebrate the participation of Salvadoran designers in ICFF. H. E. Margarita Escobar, Vice Minister of Foreign Relations for Salvadorans Living Abroad, inaugurated the event. Invitees included respected figures from the New York arts and design community. The Consulate's objective was to convey El Salvador's fit within the international arts and design market, while allowing participating designers to network with key contacts in a casual environment. In her speech, the Vice Minister of Foreign Affairs for Salvadorans Living Abroad talked about each one of the designers' collections and thoroughly expressed her appreciation for USAID's Export Promotion Program support.
- *ICFF 2008* - Approximately 350 contacts were made at this event. Contacts included media and press outlets from Japan, South Africa, Central America, Mexico and the United States to renowned interior designers from international firms like Clodagh, well-established and renowned furniture company like Bernhardt Designs. Each designer is following up on contacts and is already working on initial orders.
- *Bernhardt Designs* - Bernhardt Designs, managed by President, Talent Scout and Creative Director Jerry Helling, was so impressed with Due Estudio's creations that he invited Due Estudio to the Neocon Fair in Chicago to meet the design team for a global design project. Mr. Helling will have an international group of designers (Due Estudio included) work on a collection that will be exhibited at the fair Salone del Mobilario in Milan, Italy 2009. Bernhardt design will manufacture each furniture piece elsewhere and will not only promote the designers in the Italian fair, but will as well pay each designer 3% royalties of sales from their designs. Due Estudio was assigned the most difficult piece of the collection. In addition, Wallpaper Magazine, considered one of the most important, international design magazines in the world, is working on an "avant preview" article for GLOBAL DESIGN 2009, featuring the designers, including Due Designs – and will carry the exclusive and highlight of Harry + Claudia Washington as the surprise factor for GLOBAL EDITION. Prototyping phase just finished. Mr. Helling agreed to be part of the judging panel for CONTEMPO 2008. Royalty projection is expected to be approximately \$40,000 on the initial year.
Sales to date: \$5,000 (royalty advance from Bernhardt Designs).
- *British European Design Group (BEDG)* - Karin-Beate Philips, creator, director and organizer of BEDG, and responsible for launching renowned designers like Tom Dixon, was introduced to Eugenio Menjivar. BEDG features designers from around the world and exhibits in high-end shows around the world. Mrs. Philips was so impressed with Eugenio Menjivar's work that she will give the designer free stand space and promotion for and at the 100% Design Fair 2008. This show is the equivalent of ICFF in London. This is an unprecedented event for a Salvadoran designer as BEDG works with hand-picked designers around the world and Mrs. Philips has decided to make a Salvadoran designer's collection the focal point of the BEDG exhibit. During 100% Design, organizer from Cologne fair invited Mr. Menjivar to participate at IMM COLOGNE in January 2009. **Sales to date: \$2,325.**

- *Second place José Roberto Paredes for cincopatasalgato* –Architect José Roberto Paredes has been, since Contempo 2007 and his participation in ICFE 2008, been contacted by Cookie Magazine. English photographer, Henry Bourne, from the magazine, visited Mr. Paredes’ and published an article in the January 2009 issue. This contact was made at ICFE. As well as Cookie Magazine, another design magazine called Dwell, with Mexican photographers, visited El Salvador and will publish an article on Mr. Paredes’ work in the April 2009 issue. The architect is negotiating an order with Spanish company Arquitecla and is working on samples that have been polished (in production) to be able to compete with other offer the customer had. Mr. Paredes is looking into exhibiting at ICFE this year as well. Also, this designer appeared on the cover of the interior design magazine “Dwell”. ***Local sales to date (after and because of Contempo 2007): \$750 plus press coverage in a three international magazines.***
- “Why Design” (Event) – Continuing the in-house meeting Program executive had with 21 SME’s (where they spoke about the importance of design and innovation), Program executives along with the Ministry of Foreign Affairs were planning an event around the topic “Why Design & Innovation?”. The event has been postponed due to the busy agenda of the Ministry. However, the event has been retaken entirely by Program executives and is planning it to be held beginning of 2009 but due the conclusion of the Program, this event will not take place.

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 14 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 nine of these trading companies. Exportsalud (Medical Services Chamber), TI Hub (Translations Services) and CIEMEC (Electromechanical Engineering) are updated in Result #5. The trading company Cocina Maya (Food Products) and Cuscatrading.com (E-Commerce) were updated previously in Result #1.

- ***Paax Muul*** –In March 2008, 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 has been working with the luthiers to comply with this manual and the standards defined within. In addition, he gave a workshop to the luthiers specifically focusing on Intonation. Program Deputy Director Federico Aguilar also gave 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 now humidity control in all the individual workshops. In addition, marketing for the Paax Muul guitars has been underway. The website www.paaxmuul.com is currently being constructed and customers will be able to place orders directly on this site. In addition, the guitars are also being offered by Amazon.com and Cuscatrading.com (E-commerce project) where to date, one guitar has been sold. This quarter, the guitar initiative continued to be supported by the Program and in May, Federico Aguilar will visit, while in New York City for ICFE, two stores, The Guitar Salon and Rudy’s Music Store in order to place guitars at these venues for sale purposes.

- **Natural Union Brands** – The Program will continue the relationship with this trading company, monitoring progress and accomplishments as well as providing consultancy and technical support when necessary.
- **DECOMAYAN**– Due to administrative and personal issues, Decoexporta is no longer a functioning company. With the Program’s support, members of Decoexporta decided to create a new trading company called Decomayan. In April 2008, this new company went on a Commercial Mission to the “Riviera Maya” in Cancun, Mexico to continue developing business opportunities and follow up to last year’s trip. They visited 10 buyers and researched the process of exporting their goods to Mexico. An inbound buyer mission was planned for November 2008 but due to the heavy hurricane season the buyers were unable to come to El Salvador. They have postponed this visit until the beginning of 2009. Thus far the inbound buyer mission has not taken place; however the company is exploring other sales avenues and will continue to apply for co-financing technical assistances.
- **CI-SOFT** – The members of this trading company were unable to work together and are in the process of closing. The Program monitored activities of the company but a consensus on how to continue was not reached, thus limiting the progress and development of this company.
- **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. In April 2008, representatives from the company Tru Gait visited El Salvador on a Joint Venture Mission. This contact has been made through the external consultant David Tufts who is specifically working on shoe manufacturing initiatives. As a result of this visit, Tru Gait had decided to produce an oxford and sandal type shoe with the company Fenix and a sneaker type shoe with the company Industrias Caricia. Negotiations with Fenix fell through because the parties involved could not agree on a price. However, the Program supported the Fenix in its application to the Dutch program called PUM which assigns expert consultants for two weeks to a specific company. Fenix will receive this two-week consultancy sometime in March or April 2009. In the last quarter, samples were being constructed and a purchase order was to be issued. Industrias Caricia, on the other hand, has sent 1,000 pairs as a trial run to Tru Gait. It is expected that Tru Gait will place two additional orders of 1,000 pairs each during the first semester of 2009, bringing the total amount exported to \$60,000 for the 3,000 pairs. Also in May 2008, the General Manager of the Spanish company Dreamy Feet, Cristobal Sanchez, came to El Salvador on another joint venture mission. During this mission he visited two companies: Calzado de America and once again, Industrias Caricia. However, negotiations have been fruitless and a deal is not expected to be finalized.
- **Latin Food Distributors** – This quarter this food trading company has exported one more container valued at \$39,000 bringing the total amount of containers since the creation of the company to ten, for total increased sales of \$384,000. This company has in effect graduated and is applying to technical assistances, including commercial missions, 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 2007, 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 was sent to Miami, Florida. Starbucks put in charge a new manager for this project and the two entities were unable to reach an agreement on the prices. The

paintings were then subsequently returned to El Salvador. This company was never legally formed and due to the conclusion of the Program, follow up and additional support was unable to be given.

- **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. 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. 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. In July 2008, the CDs were officially put on sale throughout the United States. EMUSAL, S.A. de C.V. has received training from the Program in order to carry out this initiative.
- **Asociación Exportadora de Producto Cultural (EXPROCULTURA)** – this visual arts trading company focuses on artwork and sculptures, lithographs, photos, and engravings. This company is now legally established and has been working on a product catalog, with the help of the consultant Rafael Cardenas. The trading company will enter the Program initiative of E-Commerce, where books will be sold on Amazon.com and Cuscatrading.com. In December 2008, the trading company prepared approximately \$1,000 worth of books that were shipped to Amazon.com warehouses. This quarter all the titles were uploaded and are now being offered on Amazon.com and Cuscatrading.com. The II Feria del Libro in Los Angeles did not take place, due to the general economic climate and all books that had been sent for this event were returned to El Salvador.

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 2,089 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:	\$1,780,886	\$1,361,556	747	391	\$4,555
Training Assistance:	\$271,095	\$271,905	2,878	2,070	\$131
Subtotal	\$2,052,791	\$1,633,461			
G&A (7.04%)*	\$144,517	\$114,996			
Total:	\$2,197,308	\$1,748,457	3,625		

(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 (1)</i>	<i>Average per Beneficiary</i>
Program:	\$1,075,947	\$958,647	590	297	\$3,623
FONDEPRO:	\$704,939	\$402,908	157	94	\$7,499
Total:	\$1,780,886	\$1,361,556	747		

(1) 17 technical assistance beneficiaries of FONDEPRO are also Program beneficiaries.

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 262 additional assistances for a total of 1,009 technical assistances distributed in 608 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 2,240 direct new jobs and consequently 4,689 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, 2009 are as follows:

<u>Category</u>	<u>Direct New Jobs</u>	<u>Indirect New Jobs</u>	<u>New Jobs³</u>
Production:	1,756	1,756	3,512
Administration:	275	275	550
Middle Management:	139	278	417
Upper Management:	70	140	210
Total:	2,240	2,449	4,689

The creation of new direct jobs increases spending in the economy which in turn generates other productive activities, creating other indirect jobs. For the purpose of this Program, we estimate that for every direct job created, one indirect job is also created for Production and Administration type jobs. In addition, for Middle and Upper Management direct jobs, we estimate that two indirect jobs are created. Therefore, for the 2,240 new direct jobs created, an additional 2,449 indirect jobs were created resulting in **4,689 total jobs**.

In the canvas conducted in April 2009, 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 3,799 (permanent and temporary); however applying the definition of the indicator, 2,240 direct new jobs are created as indicated above, in accordance with said definition. The number below indicates the complete tally of jobs created.

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

<i>Category</i>	<i>Permanent Jobs</i>	<i>Temporary Jobs</i>	<i>Total Jobs⁴</i>
Production:	1,260	1,985	3,245
Administration:	261	58	319
Middle Management:	133	22	155
Upper Management:	67	13	80
Total:	1,721	2,078	3,799
Females:	2,016		
Males:	1,783		
	3,799		

Note: The Program will not be fully meeting the target for employment creation. The shortfall may be attributed to various factors, including an increased tendency towards conservatism and fear regarding business prospects and the world economy due to the financial crisis currently in the United States. Also, while targets for Phase 2 were based on experience gained during Phase 1, in Phase 2 the program worked proportionately more with micro and small companies, which generally are slower to create new jobs than medium-sized companies that made up a larger proportion of companies served during Phase 1. In addition, it is usually the case in all economies that employment expansion lags behind sales, therefore an increase in employment should continue to be reflected later on after the Program has concluded. However, although the goal of 7,100 jobs will not be reached, the Program estimates that by June 2009, approximately 5,500 total new jobs will have been created due to Program efforts during Phase Two.

⁴Total 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 third year of the training component, which began in April 2008 and runs through May 2009, was designed, coordinated, negotiated and programmed during early 2008. For this year, it includes 14 courses in 11 different areas. 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 For Export workshops, aimed at identifying the best packaging for products therefore increasing its shelf life; Market Research, how to conduct and use market research; Food Safety Inspection and Internal Auditing, a workshop designed to technically strengthen food safety principles, train agro-industrial Salvadoran SMEs in food processing techniques and introduce them to internal controls and audits for food safety in their production plants; Export Logistics, train SMEs interested in export their products abroad in export logistics; Marketing and Sales, course designed to technically strengthen and train agro-industrial SMEs in the strategies to improve the marketing and sales processes; Export Management, aimed at technically strengthening agro- industrial Salvadoran SMEs in the principles, theory and export process of agricultural products in order to learn how to identify and develop competitive agricultural export business; Operations Management, workshop aimed at training entrepreneurs in the process of improving the company's operations and production management; Certifications, Norms and Systems of Quality Control, a course designed to strengthen knowledge of different controls, certifications and requirements for products; and Development of New Products workshops, to be held in Zamorano University in Honduras.

This quarter, from January to March 2009, there were 189 instances of participation (total number of attendees in each course) in the following areas:

<i>Workshop</i>	<i>Dates</i>	<i>Number of Participants</i>
Administration of Operations	January 28 - 30	40
Design and Evaluation of Business Plans	February 11 - 13	24
E-Commerce	February 26 – 27; March 26 - 27	102
New Product Development	March 9 -13	23
Total		<hr/> 189

In addition to these workshops, the training component is implementing half-day conferences ranging in topics from External Promotion and Sales, Quality Principals, New Market Trends, Export Business Administration, Production and Demand Administration, and SMEs and the Free Trade Agreements. This quarter, one conference was given and the total number of attendees to this conference is 50, detailed below:

<u>Conference</u>	<u>Dates</u>	<u>Number of Participants</u>
CAFTA and the SME	March 24	50
Total:		<hr/> 50

This brings the total number of instances of participation for this quarter in both workshops and conferences to 239. As of March 30, 2009, there have been 3,022 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 1,827 individual businesspeople who have received training representing 882 SMEs. The rest of the attendees of the workshops are composed of GOES officials (60) and private sector professionals (183) for a total of 2,070 individual participants. A participant breakdown by gender is indicated below:

<u>Category</u>	<u>No. of People</u>	<u>Gender (Female / Male)</u>
Businesspersons:	1,827	862/ 965
GOES Officials:	60	39 / 21
Private Sector Professionals:	183	95/ 88
Total:	<hr/> 2,070	996/ 1074

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)

In July 2008, Silvia Cuellar, Director of COEXPORT, met with Phil Rourke and the three Program Deputy Directors. She presented a plan for training workshops for SMEs that will be co-financed by the BMI. She requested additional financial assistance from the Program to carry out this project; however the amount requested was too large and the Program was unable to provide this amount. COEXPORT agreed to send a detailed plan with more information about possible assistances and projects. At this time, this information has not been sent despite continuing conversations between the Program and COEXPORT and it is unlikely that any further cooperation between the two institutions will take place since the Program will come to a conclusion in June 2009.

EXPORTA (GOES Export Promotion Agency)

Throughout the year there has been the conscience effort by Program executives to assist EXPORTA representatives with all aspects of fair participation, thus helping ensure the success of these trade events. In this quarter, two trade fairs were assisted with EXPORTA: Fruit Logistica (also in collaboration with the German Chamber of Commerce of El Salvador) and Expocomer.

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 Funds temporarily approved by USAID. This was done with the purpose of not losing momentum gained by SMEs under the Phase 1 of the Program.

Since the Manual approval by USAID, the Program has been working with FONDEPRO on the implementation of the Export Promotion and Innovation Funds. 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 Funds being executed by the Program.

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 presented a plan according to and in compliance with the Treasury Ministry's directive for counterpart contribution from governmental entities. 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. The Counterpart Contribution Plan was approved by the Treasury Ministry and USAID through an Implementation Letter signed by USAID. The plan includes 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 meeting to discuss FUSADES's involvement in the quasi-equity fund initiative. They are very interested in participating in this activity. They have received the feasibility study; however they cannot commit any funds this year. They will reevaluate their position before the end of 2009.

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), EXPORTSALUD, TI Hub, and the other 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 in December 2007. 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 was established. At this moment, it is unlikely that any further cooperation between the two institutions will come to fruition, since the Program will come to a conclusion in June 2009.

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 in March 2008, 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. In addition, the cooperative agreement between CIEMEC and the Program reached its conclusion. The Program has asked that CIEMEC present a work plan, which is a requisite in order to continue support to this organization. Due to organizational issues, CIEMEC has yet to present a plan. At this moment, it is unlikely that any further cooperation between the two institutions will come to fruition, since the Program will come to a conclusion in June 2009.

EXPORTSALUD (Salvadoran Export Chamber of Medical Services)

In September 2008, Program Deputy Director Gerardo Tablas and three Exportsalud members participated in the World Medical and Global Health Congress in San Francisco, CA. At this Congress, the Vice-Minister of Foreign Relations of El Salvador, spoke at one of the forums and the three Exportsalud members each spoke in different forums, making El Salvador the only country, of the 25 that participated, to appear in four forums. At this event, contact was made with the company Trent Accreditation to visit El Salvador to accredit various clinics that are members of Exportsalud. In addition to the UK-based Trent Accreditation, two more similar organizations were contacted: JCI, a Chicago based firm, and Accreditation Canada. Although all three organizations have expressed interest in visiting El Salvador, Accreditation Canada visited El Salvador in February 2009. Company president Alan Flowers gave a presentation of the services offered by Accreditation Canada and also visited several clinics and hospitals in order to better gauge the Exportsalud infrastructure.

Rene Marie Estephano, Executive Director of the Medical Tourism Association (based in the United States) also visited El Salvador during this quarter. She held a conference and met with various Exportsalud members to advise them of their accreditation options. In addition, six patients, all from the United States, received dentistry treatments (5) and one had plastic surgery.

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

The members of this group decided in 2007 to establish a trading company instead of a chamber. 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 in January 2008. The legalization process has been completed and a corporate image and website has been developed and implemented. The group has also elected a new board of directors whose president is Mariana Hernandez. TU Hub participated in the Central American Travel Showcase which was held in San Salvador in October 2008. The group has also presented the work plan for 2008-2009 and has been accepted by the Program. In this quarter, Kathleen Schwartz was hired on the Executive Director of TI Hub. She has been implementing the work plan whose emphasis has been to find clients.

The following is a summary of the projects implemented with private sector organizations:

<u>Organization</u>	<u>Project</u>	<u>Date</u>	<u>SMEs Beneficiaries</u>
Salvadoran Chamber of Commerce	AFIS Program	November 2006 – 2007	10
CIEMEC	NECA – Commercial Mission / Inbound Buyer Mission	August 2007 / March 2003	5
COEXPORT	Product Showcase and Business Roundtables	October 2006	25
Exportsalud	Various projects for organizational and export strengthening	April 2006 – March 2009	160
FUSADES	Support for Salvadoran Companies – Information Technologies	August - November 2006	15
TI Hub	Various projects for organizational and export strengthening	July 2007 – March 2009	7
TOTAL:			222

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. Similarly, for the third year of the Program, April 2008 to March 2009, the total amount of the agreement is \$23,369. This brings to the total contribution of Zamorano to \$63,346 during the life of the Program.

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 the contribution was \$102,000. For the third year \$91,250 is expected. It is important to note that the total amount of the agreement for the three years of the Phase Two was \$187,500; however, during the last 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, \$22,850 for the second year and \$40,933 for the third year, bringing the total contribution over the life of the Program to \$87,598.

ANNEX 1 – List of 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	Fair	Fruit Logistica*	X	X	X			
Feb	Fair	Wallmart Fair*	X	X	X			
Jan	Technical Assistance	California Gift Show - Sandra Cardona Sasso	X	X	X			
Jan	Technical Assistance	Expot Plan and Commercial Mission to USA - Pasteleria Ema Lily, S.A. de C.V.	X	X	X			
Jan	Technical Assistance	Sanitary Permits Guatemalan Market - Inversiones Innovadoras, S.A. de C.V.	X	X	X			
Jan	Technical Assistance	AmericaSmart Fair 2009 - Gladis Irene Quintanilla	X	X	X			
Jan	Technical Assistance	Fitur 2009 - Inversiones Turisticas Consolidadas, S.A. de C.V., Linea Ejecutiva, S.A. de C.V., Salvadoran Tours, S.A. de C.V.	X	X	X			
Jan	Technical Assistance	Export Plan - Gustavo Melgar	X	X	X			
Jan	Training	Adminstration of Operations	X	X	X			
Feb	Technical Assistance	Fruit Logistica - Jorge Zeleya Solorzano, Proserquisa, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Wallmart Fair - Loofah Prodcuts, Drogueria Hermel, S.A. de C.V., Comebien, S.A. de C.V., Congelados Krippy's, S.A. de C.V., Asequimaq, S.A. de C.V., Juan Pablo Lemus, Palacio, S.A. de C.V., Monteco, S.A. de C.V., Mayprod, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Promotional Material - Spika, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Management Consultancies - Ernesto Avendano, Augusto Magana, Boris Ferman, Carlos Ramos Hinds, Gerardo Robertoi Sosa, Ivan Solorzano, Julio Rodriguez, Mauricio Guerrero	X	X	X			

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

Fec	Technical Assistance	Vivanes Fair 2009 - Suchil, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Commercial Mission to USA - Alimentos Etnicos Centroamericanos, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Ecommerce Activity - Comebien, S.A. de C.V., Inversiones Innovadoras, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Ambientes 2009 - Exporsal, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Biofach 2009 - Rhina de Rehman, Proserquisa, S.A. de C.V., Expronav, S.A. de C.V., Proinca, S.A. de C.V.,	X	X	X			
Feb	Technical Assistance	Adventure Travel Expo & NY Travel Show 2009 - Exposervicios, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Vapor Technology for New Plant - Acopanela, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Commercial Mission to DR and Puerto Rico - Propladi, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Mission Commercial to Georgia, Colorado and Florida - Maderas y Metales, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Feria Indiasoft - SV Soft, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Technology Adoption Plan - Laboratorios Tecnoquimica, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Commercial Mission to Costa Rica - Empakando, S.A. de C.V., Drogueria Hermel, S.A. de C.V., Incalza, S.A. de C.V., Enmilen, S.A. de C.V.	X	X	X			
Feb	Technical Assistance	Bit Fair Milano 2009 - Avitours, S.A. de C.V., Valesolo, S.A. de C.V.	X	X	X			
Feb	Training	Certification, Norms and Quality Control	X	X	X			
Feb	Training	E-Commerce	X	X	X			
Mar	Technical Assistance	Expocomer 2009 - Distribuidora Cuscatlan, S.A. de C.V., Artesanias El Rosal, S.A. de C.V., Sandra Cardona, Creativos de Internet, S.A. de C.V., Corporacion Europa, S.A. de C.V.	X	X	X			
Mar	Technical Assistance	Consultancy - Sainsa, S.A. de C.V.	X	X	X			
Mar	Technical Assistance	Tourism Congress - Salvadoran Tours, S.A. de C.V., Mariscal, S.A. de C.V.	X	X	X			
Mar	Technical Assistance	ENK Children's Club - Jacabi, S.A. de C.V.	X	X	X			
Mar	Technical Assistance	Commercial Mission to Nicaragua - Productos Especiales Salvadoreños, S.A. de C.V.	X	X	X			
Mar	Technical Assistance	Commercial Mission to Peru - Transtools, S.A. de C.V.	X	X	X			

Mar	Technical Assistance	Exhibitor Fair - Exposervicios, S.A. de C.V.	X	X	X			
Mar	Technical Assistance	Consultancy - Productos Alimenticios Parma, S.A.de C.V.	X	X	X			
Mar	Technical Assistance	Commercial Mission to Spain and France - Marta Hernandez	X	X	X			
Mar	Technical Assistance	Commercial Mission to Colombia - Active Systems, S.A. de C.V.	X	X	X			
Mar	Technical Assistance	Commercial Mission to Guatemala - Rodrigo Reyes	X	X	X			
Mar	Training	New Prodcut Development	X	X	X			
Mar	Training	SMEs and CAFTA	X	X	X			

ANNEX 2 – Table of Results Generated in Phase 2

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

USAID's Export Promotion Program Results Results Generated Between April 1, 2006 to March 31, 2009						
EXPORTS						
	Accumulative Dec 2008		Jan - Mar 2009		Accumulative Mar 2009	
SMEs in Data Base	1112		69		1181	SMEs
Percentage Collected	87%		79%		83%	
Total Exports	\$41,385,265		\$4,867,457		\$46,252,722	265
Total Domestic Sales	\$28,313,555		\$3,014,108		\$31,327,663	294
TOTAL	\$69,698,820		\$7,881,565		\$77,580,385	
Technical Assistance Sales	\$48,035,348		\$5,730,161		\$53,765,509	254
Training Component Sales	\$21,663,472		\$2,151,404		\$23,814,876	260
New SMEs Generating Exports and Sales	373		23		396	
% Generating Exports and Sales	34%		33%		34%	
Average Amount Exports and Sales	\$186,860		\$342,677		\$195,910	
Phase 1 SMEs	155	14%	0	0%	155	13%
Phase 2 SMEs	957	86%	69	100%	1026	87%
	Sales	SME %	Sales	SME %	Sales	SME %
Phase 1 SMEs	\$33,772,874	105 / 48%	\$3,046,795	0 / 39%	\$36,819,669	105 / 47%
Phase 2 SMEs	\$35,925,946	268 / 52%	\$4,834,770	23 / 61%	\$40,760,716	291 / 53%
SMEs and Sales by Sector	# of SMEs*	Sales	# of SMEs*	Sales	# of SMEs	Sales
Food Products	83	\$20,594,384	6	\$3,033,146	89	\$23,627,530
Manufacturing	85	\$18,432,121	4	\$1,280,221	89	\$19,712,342
Services	163	\$18,108,134	11	\$2,292,448	174	\$20,400,582
Pharmaceutical Products	15	\$5,569,889	2	\$859,911	17	\$6,429,800
Agricultural Products	19	\$3,560,263	0	\$285,629	19	\$3,845,892
Natural and Organic Products	3	\$2,864,215	0	\$130,211	3	\$2,994,426
Specialty Coffees	5	\$569,814	0	\$0	5	\$569,814
TOTAL	373	\$69,698,820	23	\$7,881,566	396	\$77,580,386
<i>* This number refers only to SMEs that have not previously been beneficiaries</i>						
ASSISTANCES						
Training Component	People	SMEs	People	SMEs	People	SMEs
Businessmen	1661	813	166	69	1827	882
GOES Officials	60		0		60	
Private Sector Professionals	183		0		183	
TOTAL	1904	813	166	69	2070	882
	# of Acti. / # of Assis.	SMEs	# of Acti. / # of Assis.	SMEs	# of Acti. / # of Assis.	SMEs
Technical Assistances	571 / 935	387	37 / 74	21	608 / 1009	408

EMPLOYMENT GENERATED						
	Direct Jobs	Indirect Jobs	Direct Jobs	Indirect Jobs	Direct Jobs	Indirect Jobs
Total New Jobs	2052	2250	188	199	2240	2449
Production	1598	1598	158	158	1756	1756
Administration	256	256	19	19	275	275
Middle Management	134	268	5	10	139	278
Upper Management	64	128	6	12	70	140
Direct New Jobs						
Employment Generated	3424		375		3799	
Permanent	1595	47%	126	34%	1721	45%
Temporary	1829	53%	249	66%	2078	55%
Women	1819	53%	197	53%	2016	53%
Men	1605	47%	178	47%	1783	47%
New Job Category - Permanent						
	1595		126		1721	
Production	1164	73%	96	76%	1260	73%
Administration	242	15%	19	15%	261	15%
Middle Management	128	8%	5	4%	133	8%
Upper Management	61	4%	6	5%	67	4%
New Job Category - Temporary						
	1829		249		2078	
Production	1737	95%	248	100%	1985	96%
Administration	57	3%	1	0%	58	3%
Middle Management	22	1%	0	0%	22	1%
Upper Management	13	1%	0	0%	13	1%
OTHER INFORMATION						
SMEs by Market Sector						
Never Exported	760	68%	39	57%	799	68%
Central American	142	13%	8	12%	150	13%
Other	210	19%	22	32%	232	20%
TOTAL	1112	100%	69	100%	1181	100%
Distribution of Sales by SME size through March 31, 2009						
	Total SMEs		Total SMEs with Sales		Total Sales	
Less than 5 employees	507		119 / 23%		\$9,251,683	
5 to 25 employees	503		195 / 39%		\$24,949,022	
26 to 50 employees	88		41 / 47%		\$14,682,913	
More than 50 employees	83		41 / 49%		\$28,696,768	
TOTAL	1181		396 / 34%		\$77,580,386	
Female Presence in Board of Directors						
Less than 5 employees	358 / 507		71%			
5 to 25 employees	385 / 503		77%			
26 to 50 employees	72 / 88		82%			
More than 50 employees	61 / 83		73%			
TOTAL	876 / 1181		74%			
Female Decision Makers	431 / 1181		36%			

ANNEX 3 – Success Stories

- **BASIC GLAZES, S.A. DE C.V.**
- **ESPACIOS DIGITALES, S.A. DE C.V.**
- **FERELIS, S.A DE C.V.**
- **INTERNATIONAL CONTEMPORARY FURNITURE FAIR**
- **LATIN FOODS DISTRIBUITORS, S.A. DE C.V.**
- **PAAX MUUL GUITARS**
- **PAHNAS, S.A. DE C.V.**
- **SOLUMED, S.A. DE C.V.**



SUCCESS STORY

Traditional Pottery with a Modern Twist

USAID supports innovation applied to raw materials and production processes to highlight and promote a unique product.



Photo: USAID's Export Promotion Program

Although the pieces may look traditional, the innovative process used to make the pottery makes these pieces unique, beautiful and highly marketable.

By dedicating efforts to innovating raw materials and production processes, the USAID's Export Promotion Program is helping to increase the quality of products and lessen production costs, therefore increasing revenues. This added value enables a differentiation of Salvadoran products from those manufactured in other countries and gives Salvadoran companies a competitive edge.

Pottery making is a very traditional and ancient art that is just as popular today as it was in Mayan times. Cultures around the world use pottery for practical and decorative purposes, often hand made, but in today's modern world, techniques and process have been developed to simplify these production methods and make them, and the end-product, more cost effective.

To this end, the USAID's Export Promotion Program has been working on developing innovation technology and processes that can change the competitiveness of the ceramics industry. The Program and a local Salvadoran SME, called Basic Glazes of Central America, have collaborated to develop a reformulation of a Mayan technique of making pottery by adding to the process an ingredient called Tierra Sigiliata.

Tierra Sigiliata is added directly to raw clay. The fine particles are mixed into the clay allowing the piece to take on shine with no glaze and reduced temperature firing. This product comes in various colors and the raw clay takes on this color, thus creating a beautiful effect because the color comes from within the piece, as opposed to applied on the piece. The use of the new formulation results in much stronger, higher quality ceramic bodies and significantly reduces the finished product's end cost.

Basic Glazes credits the Program, not only with innovation of the raw material, but with the subsequent techniques developed to showcase the innovation; techniques such as carving, graffiti, acid -etched, among others.

Thomas Wagner, president of Basic Glazes, states "thanks to the support and recommendations of the USAID's Export Promotion Program we have developed the raw materials, proprietary techniques and design considerations that allow us to produce our pieces at a fraction of the cost traditionally associated with the process".

This is a patentable technology with very high market potential. In addition, it allows the pieces to be considered less "artisan" and more industrial. The industrial use of this technology, in commercial grade ceramics, is so competitive that it is more cost effective than ceramics made in China.



USAID
FROM THE AMERICAN PEOPLE

EL SALVADOR

SUCCESS STORY

Visualizing a 3D future for Design Services

USAID supports the Salvadoran company Espacios Digitales to export design and architectural services to U.S. companies.



Photo: Espacios Digitales

Exports of visual animation of architectural projects, like the one pictured above, are a design service with growing potential for El Salvador market. International architectural 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, USAID's support to talented professionals showcases their abilities and promotes El Salvador as a design and innovative hotbed for international clients and projects.

USAID Contractor
www.usaidexpro.org

Espacios Digitales, (Digital Spaces) is a small graphic design and architectural firm founded in San Salvador in 1997, with the vision of providing a link between graphic design and visual architecture. With USAID's support, Espacios Digitales has grown from a one-man startup to a company sought after by international firms to produce digitally animated three-dimensional (3D) renditions of architectural projects.

In November 2003, Espacios Digitales was invited to join the USAID-supported Salvadoran Design Association and attended international 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. Espacios Digitales exported its first 3D design to Guatemala in 2005 and has increased sales each year in design services, including graphic design and architectural blueprints, principally to the US.

During the Siddgraph Fair 2006, held in Boston, MA, a US-based architectural company hired Espacios Digitales to build a 3D model of a shopping center in Boston. The project was successfully completed, and the same US-based company contracted Espacios Digitales's services to develop a 3D rendition of a 63-story apartment building in New York City. At the 2007 Siddgraph Fair, the company closed a deal to develop the 3D model of a project in Long Island, NY, of eight buildings, consisting of a hotel and a stadium.

The Salvadoran company has grown from only one person in 1997 to employing seven people in 2007. It has since opened a branch in Canada and has expanded to include furniture, construction and multimedia design. CEO Julio Yanes credits the USAID's Export Promotion Program with "opening his eyes and helping him realize the worldwide business opportunities available".

Although the majority of Salvadoran exports are directed at food-related sectors, USAID is working to develop different 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.



USAID
FROM THE AMERICAN PEOPLE

EL SALVADOR

SUCCESS STORY

Design and Packaging for Success

USAID supports Salvadoran SMEs exports of higher added value goods around the world.



Photo: USAID's Export Promotion Program

The above image shows a page from a product catalog in Japan. By focusing on presentation, Ferelis was able to capture the attention of this buyer. This pleasing presentation will no doubt stand out among other products on the Japanese store shelf.

The Salvadoran company Ferelis is an example of how well-thought overall product presentation can significantly effect how well a product enters a market and has success there. The USAID's Export Promotion Program supports companies that focus on differentiating themselves with high quality and good presentation. These types of initiatives add value to a product in immeasurable ways.

USAID Contractor
www.usaidexpro.org

Ferelis is a small, family-owned company that produces home-made meringues, a type of cookie made from whipped egg whites and caster sugar. Ferelis started out with strong design in mind, not only of packaging but of the product as well. As the Ferelis website states “The success of our company has been the excellent quality of our products combined with the nostalgic image of our packaging. FERELIS prides itself in its attention to detail that shows from the design of our corrugated cases to the image of our points of sale. No detail is too small.”

The meringues that make up the Ferelis product line were originally created and baked in a home kitchen many years ago. They were made as readily as homemade cookies for the children of the house. One of the daughters of the matriarch of the family decided in 1997 to market and formally sell the meringues and created the company and brand “Ferelis”. Having had a background in design, the owner of Ferelis knew that a key to success of any product is the presentation and packaging of that product. She focused on designing a packaging that evokes old fashioned, home made goodness and set about promoting her product.

She first came to the USAID's Export Promotion Program in 2006 for technical assistance to exhibit at the Summer Fancy Food Fair. The program immediately saw the potential of the product and proceeded to promote the meringues to buyers such as Starbucks in the United States and other international markets including Hong Kong and Japan. The company was sold in 2007 and is now part of a larger, more established dessert and snack food company in El Salvador, which has expanded the export of the products to South America. The products can also be found on Amazon.com and can be bought through the Program's E-commerce initiative called Cuscatrading.com.

It is undeniable that presentation is important to the retail success of a product, allowing a product to stand out among the sea of competitors in the global marketplace. For the USAID's Export Promotion Program, the SME that encapsulates packaging and product success is the company Ferelis.



USAID
FROM THE AMERICAN PEOPLE

EL SALVADOR

SUCCESS STORY

Talented Designers Ready to Export

USAID supports Salvadoran designers in their first ever showing at the renowned International Contemporary Furniture Fair.



Photo: Shift Magazine Website

Contempo 2007 winners (left to right): Eugenio Menjivar, Alfredo Guillen, Roberto Dumont, Jose Roberto Paredes, Harry Washington and Claudia Vasquez.

By championing initiatives as unique and diverse as furniture design, the USAID's Export Promotion Program opens pathways to market sectors never before considered available to El Salvador. Developing design projects and linking them to local furniture makers and workshops helps to further establish El Salvador as the future for high-end design and manufacturing center.

USAID Contractor
www.usaidexpro.org

In May 2008, at the International Contemporary Furniture Fair (ICFF) in New York City, the design world got a glimpse of a hot, new alternative for furniture design: El Salvador!

The USAID's Export Promotion Program realized in 2007 that El Salvador had a viable export offer in this sector. After creating and organizing the Contempo Furniture and Home Accessories Contest in 2007, the Program witnessed first hand the pool of talented designers ready to market their products internationally. The winning designs from Contempo received a final polishing with input from experts in the field and were submitted and passed the ICFF screening process to exhibit at this world-class international fair. These designs included chairs, tables and lamps.

At ICFF, with help from program executives, the Salvadoran designs were noticed by highly regarded individuals in the U.S. and European design industries. Two leading international firms have chosen Salvadoran designers to develop furniture pieces for collections to be presented at other major international exhibits and to work on specific projects with them. Even Bergdorf Goodman, the famed high-end New York department store, chose pieces from two of the Salvadoran designers to be exhibited at their flagship store on Fifth Avenue.

In addition to benefiting the designers themselves, the program has identified that there is important job creation potential in the furniture industry of El Salvador, not only including design but manufacturing as well. Continuing initiatives are emphasizing the creation of linkage between designers, manufacturers and workshops in order to jointly market and fulfill orders for finished products.

Innovative design can open markets that are otherwise very difficult to penetrate. The differentiation of the Salvadoran design-intensive product will open the door for the creation of an export industry based on distinctive design, high quality and product development.



USAID
FROM THE AMERICAN PEOPLE

EL SALVADOR

SUCCESS STORY

Many Together are Stronger than One Alone

USAID supports the grouping of Salvadoran SMEs to facilitate and increase exports.



Photo: USAID's Export Promotion Program

The variety offered by the SMEs that make up the trading company allows for a greater inventory of goods and products offered. This makes the company more dynamic and facilitates product ordering.

It is the vision of the USAID's Export Promotion Program that by uniting Small and Medium companies they will become stronger and more competitive in the global marketplace. By creating a trading company, the Program hopes to increase and strengthen the exportable offer of the companies, lower transportation and raw material costs, distribute risk, and jointly hire specialized resources therefore benefiting the group as a whole.

USAID Contractor
www.usaidexpro.org

Small companies often lack the technical and financial resources to be able to enter a high risk export venture. Principally, there are two problems: 1) small shipment sizes resulting in higher transportation costs and 2) little financial resources to participate in fairs and prospect markets. When the USAID's Export Promotion Program began operations in 2003, the small and medium companies that were to be beneficiaries of the Program functioned as individuals and suffered the consequences of the problems mentioned above. As the Program progressed, the problems became more evident and limited the impact the Program was having promoting the products of these companies. A solution arose to unite 5-15 SMEs from the same sector and create trading companies.

Determining the right strategy and components for the creation of a trading company has been an interesting exercise, often with high and low points. With considerable efforts by Program executives, since 2003, 12 trading companies and chambers have been created to unite and strengthen market position of specific sectors of the El Salvador economy. Among these are trading companies for organic and natural products, home decor products, shoe manufacturing, software and IT services, and of course food products.

Latin Food Distributors is an example of a successful trading company; composed of 11 SMEs exporting ethnic foods such as beans, cheeses, pupusas and tamales. In all, approximately 30 products are offered by the trading company, which was formed in 2006. It has several clients in the US, mainly ethnic food supermarkets, and has sales totaling over \$345,000 in since its formation.

Last year, the company won El Salvador's highest export honor, given by the Cooperation of Exporters, as best associative exporting group. This year, Latin Foods and the Program are working jointly to develop their own brand, which would unite all the products under one common name, packaging and presentation. This brand will be for the exclusive use of one client, elevating the status of the products by focusing on the uniqueness of the brand.



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.



Photo: 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 artisan's 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.

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. Artisans produced the guitars in home workshops, without much quality control, and sold them locally for about \$30 a guitar. The USAID's Export Promotion Program was able to see the potential of these artisans and their product due to their quality craftsmanship. They just need some help with raw material costs, quality control and sales promotion. After numerous commercial missions and extensive market research, the program identified strong sales potential for hand-made classical guitars and formed a brand and trading company called “Paax Muul”.

Through December 2008, the trading company has exported 105 guitars to the United States. For 2009, the program will continue sales development in cities such as New York, Washington DC, Los Angeles and Miami, through local distributors, music schools and universities, as well as expand sales around the world to countries such as Spain, Argentina and Australia. These guitars are also available through Amazon.com, the Program's E-commerce initiative called Cuscatrading.com and the Paax Muul website. The artisans expect to reach their goal of at least 50 guitars exported through the year, selling each guitar with a retail price between one and two thousand dollars.

The Paax Muul brand and trading company 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 USAID assistance, it is developing a solid foundation for a better tomorrow.



SUCCESS STORY

Salvadoran Pupusas – the New Taco

USAID supports Salvadoran SMEs exports of ethnic foods to the United States.



Photo: USAID's Export Promotion Program

“We want the pupusa to be as well-known as the taco,” explains Rodolfo Papini as he describes the goal of Pahnas, the company he formed in August 2003 with his wife, Irma de Papini.

The USAID’s Export Promotion Program has guided companies such as Pahnas, S.A. de C.V. to be flexible and accommodating for their clients by manufacturing products under private labels. This service allows for the products of the Salvadoran SMEs to be distributed and sold in many different stores and permits the stores to have their exclusive brand on any given product.

If you ask anyone who knows about Salvadoran ethnic foods, the first word that comes to mind is “pupusas”. A pupusa is a type of tortilla that is filled with cheese, beans or pork and it is the most common food item available throughout the country. One can easily say that the pupusa for El Salvador is like the taco for Mexico. Considering the popularity of the taco, and Mexican cuisine in general in the United States, in 2003 a small company called Pahnas S.A. de C.V. decided to join this ethnic Hispanic food trend and export Salvadoran pupusas.

Motivated by the needs of two US distributors that needed a new supplier for Salvadoran pupusas, Rodolfo Papini, proprietor of Pahnas, proposed to his wife and brother-in-law that they launch into the frozen food business. They rented industrial equipment and hired 14 employees and on December 26, 2003 they prepared the first export order for a client in Washington DC. On January 21, 2004 a container full of private label pupusas began its journey to Washington DC. For this first order they redesigned the packaging and assured their product met with all FDA export requirements.

The success of this company has been due to their ability to maintain long-term business goals and attention to quality. Also, they are currently implementing HACCP food safety standards in the production plant. But above all else, the willingness to be flexible in private label manufacturing has allowed this company to grow at a rapid pace. Pahnas’ pupusas are packaged for their clients in Washington DC, Houston, Los Angeles, and Boston under many different private labels. This traditional Salvadoran meal can now be found in many well-known supermarkets such as Liborios, Fiesta, and Grant, among others. Pahnas has its own label “El Comalito” which is sold locally as well as exported.

“The support we received from the Program including our training, facilitating our participation in food shows, and providing us with business contacts as well as their active promotion of our product provided us with two more distributors,” explains Pahnas’ general manager, Irma de Papini. One of those distributors is Wal-Mart, to which they have exported since 2005.



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 increased sales by approximately \$58,000 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.