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USAID'S EXPORT PROMOTION PROGRAM QUARTERLY REPORT: JULY 2008 TO SEPTEMBER 2008

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Executive Summary

The Program is reporting contract deliverables as of September 30, 2008 in six result areas. During this quarter, the Program has supported various initiatives through activities in all three main operational areas by enhancing competitiveness, developing new products and markets and strengthening institutional capacity of governmental and private organizations. The six results, as stipulated in the contract, often overlap in the three operational areas. Therefore, for simplicity, this report will focus on the achievements and results based on the six contract result deliverables.

The Program’s expected results and current status (April 1, 2006 to September 30, 2008) can be summarized as follows:

	<u>Total SMEs Assisted</u>	<u>Total SMEs Generating Domestic and Export Sales</u>	<u>Increased Total Domestic Sales / Exports</u>	<u>Total Jobs Created</u>	<u>Number of Beneficiaries Trained</u>
Contract Goals - End of Program:	500	350	\$35,000,000	7,100	1,500
As of September 30, 2008:	1,054	354	\$59,383,683	3,809	1,788

The Program is able to report \$59,383,683 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 1,054, of which 371 SMEs have received technical assistance, and 771 SMEs have received assistance through the training component.¹ The total amount of SMEs that have generated domestic and export sales is 354, of which 231 SMEs have increased exports by \$35,809,045 and 264 have increased domestic sales by \$23,574,638.²

The training component of the Program continued its workshops during this quarter and has had consistent and full attendance. 1,547 businesspersons, representing 771 SMEs, have been trained thus far (the remaining 241 people trained are composed of GOES officials and private sector professionals). \$19,344,910 in increased domestic sales and exports can be attributed to firms trained by the Program. For more information, please refer to Result #3. In addition, 1,818 direct new jobs have been created from April 1, 2006 to September 30, 2008, resulting in 3,809 total new jobs created. For more information please refer to Result #2.

A finding of this quarter is the continuing increase in Upper and Middle Management jobs. Last quarter, 24 temporary and 14 permanent jobs in these categories was tallied resulting in 38 new jobs. This quarter, the trend continues with an increase of 28 temporary and 9 permanent jobs, for a total of 37.

¹ Various SMEs have received both technical and training assistance.

² Various SMEs have exported and have sold domestically.

Also interesting this quarter is that although Food Products and Manufacturing continue to have strong increased sales, the Services sector had another successful quarter, increasing sales by \$3.5 million, \$1 million more than the previous quarter and continues to have the largest amount of SMEs with 155. 14 of these SMEs are classified as never having increased sales previously. On the other hand, Food Products has only one new SME and Manufacturing reported eight new SMEs. 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. Although 37% of the SMEs had female decision makers, an increase of 1% from the last quarter, 75% had women on their board of directors, also denoting an increase of 4% from last quarter. 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, although in this quarter men outnumbered women 186 to 119, representing 61% of new jobs created during July and September 2008.

Several significant activities and developments took place during this quarter. The first and most important was the launching of the second Contemporary Furniture and Home Accessories Contest, Contempo 2008. 56 designers presented drawings of their products for phase one and 18 were chosen to continue on to phase two and exhibit their prototypes in November 2008. These designs will then be judged by five national and international judges with the prize being participation in the International Contemporary Furniture Fair (ICFF) in May 2009. In addition, during this quarter the Program continued development of key initiatives such as Cocina Maya, E-Commerce and the Mentoring Program. Cocina Maya is developing in-store demonstrations on the products in Whole Foods Supermarkets; E-Commerce continued preparations for shipment of products that will be featured on the Amazon.com and Cuscatrading.com web stores; and the Mentoring Program continued analysis of various companies. All of these activities will take place in the next quarter, marked by the conclusion of the Mentoring Program.

Funding for the above initiatives and others continued through the Grants Program of the Export Promotion and Innovation Fund. The total amount awarded thus far is \$1,881,568 with \$1,283,051 currently disbursed, representing 2,906 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 October 2008 to obtain the information and data for this report. All 1,054 SMEs thus far assisted in Phase Two of the Program (April 2006 to March 2009) were contacted and 84% responded.

Project Overview

USAID's Export Promotion Program (hereafter referred to as the Program) aims at continuing the work of the previous USAID/EXPRO project by further developing and increasing El Salvador's export capabilities of the small and medium enterprises (SMEs). For practical purposes we will hereafter refer to the USAID/EXPRO program as the first phase (July 2003 – March 2006) and to the current USAID's Export Promotion Program (April 2006 – June 2009) implementation period as the second phase of the project. In the first phase of the Program, approximately \$46 million were exported by Salvadoran Micro, Small and Medium Enterprises (MSMEs) and 1,500 beneficiaries received training and other services. In the second phase of the Program, the objectives are categorized into the following results:

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

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

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

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

ENTERPRISE STRENGTHENING (Mario Cáceres)

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

EXTERNAL COLLABORATIONS AND PROMOTION (Gerardo Tablas)

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

TECHNICAL AND COMMERCIAL ASSISTANCE AND COMPETITIVENESS (Federico Aguilar)

- Direct technical assistance, including new product design and marketing, export development planning and export management
- Contract manufacturing services for SMEs
- Organization of inbound buyer missions
- Development of export markets for commercial design services
- Development of specialty food and food service export products and markets
- Development of high-technology exports
- Development of exports of high-quality handicrafts, including musical instruments
- Development of international joint ventures, including Spain, Italy and selected South American countries
- Development of marketing private label manufacturing services to corporate headquarters of large retailers and manufactures
- Development and distribution of Salvadoran retail brands
- Development of relevant and responsive sources of finance for investments in plant expansions, technology, product and market development.

The Program will achieve the results through these activities to make export promotion objectives and initiatives of SMEs and private and governmental institutions more effective. The Program will seek to strengthen and foster innovation, improve product development, production, export logistics and

marketing so SMEs can successfully expand in markets already established, access to new markets and establish new business relationships to insure continued profitability.

Activities and Results

RESULT #1:

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

The total amount of increased domestic and export sales to date are \$59,383,683 with \$35,809,045 in exports and \$23,574,638 in domestic sales. Similar to the previous quarter, the total exports and sales are now split evenly between Phase 1 and Phase 2 beneficiaries. This tendency changed during the last quarter where throughout the life of the Program up until June 2008, the majority of exports/sales were attributed to Phase 1 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 354 SMEs exporting or selling domestically.

As with the previous quarter and consistent with the findings throughout the year, the market sectors of Food Products and Manufacturing dominated exports this period. However, once again Services made a strong showing in this quarter. This sector alone had total sales of \$3,570,587 (\$1 million more than in the previous quarter) and accounts for 155 of the 354 SMEs exporting or selling locally. The activities of the Services sector include medical services, software development, business consultants and design services. It is interesting to note that 43% of the SMEs which have sold domestically and/or have exported belong to the Services sector, denoting a continued emphasis on promoting El Salvador as a service center. In addition, Pharmaceutical Products had an impressive showing, with total increased sales reaching \$1,004,352, making this the second consecutive quarter where this sector has increased sales by more than \$1 million. 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 two fairs, two commercial missions and one conference for a total of five activities.

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

- ***Commercial Mission to Washington DC***– Program executive Claudia Sampera visited various Shoppers Food Warehouse stores in the Washington DC area to conduct a market study of the available Latin ethnic food in order to best identify the products that will be offered from El Salvador to this supermarket chain.

- ***Guitar Foundation of America International Convention and Competition, San Francisco, CA***– Program Deputy Director Federico Aguilar participated in this fair to exhibit the Paax Muul Guitars. At this fair he met with several possible clients and distributors and sold a Barrios Mangore model guitar for \$1,500. Many visitors to the stand were quite impressed with quality of these guitars and expressed interest in future business. The goal of the Program in attending these types of events is to create a network of music graduate students and professors that will buy the Paax Muul guitars at a discount and in exchange they will promote these guitars for sale through Amazon.com. This is the second fair this year with this goal in mind; the first took place at the University of Miami in Florida in June and this one in San Francisco.
- ***World Medical Tourism and Global Health Congress, San Francisco, CA***– From September 9-12, 2008, Program Deputy Director Gerardo Tablas and three members of Exportsalud attended the World Medical Tourism and Global Health Congress. 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. In addition, contact was made with the company Trent Accreditation to visit El Salvador to accredit various clinics that are members of Exportsalud. This visit will take place in the next quarter.
- ***Commercial Mission to Los Angeles, CA***– Program executives Claudia Sampera and Isabel Muyshondt visited several Whole Food Market stores and met personally with the grocery and marketing manager of each store. The grocery manager is in charge of the day to day movements of the products in the store. The marketing manager is in charge of in-store demos and samplings. It is expected that by establishing personal relationships with these people it will help the sales of the Cocina Maya brand food products. They also took five samples of the next product line for Cocina Maya, snack foods. Another trip is being planned in late October where Phil Rourk and Olga Miranda will conduct several in-store demos and samplings.
- ***100% Design, London England*** – Program executive Emma Schonenberg accompanied designer Eugenio Menjivar to this fair. Eugenio Menjivar was an exhibitor in May 2008 at the International Contemporary Furniture Fair (ICFF) and was invited personally to participate at this fair by Karin Beates-Phillips, director of the British European Design Group. Ms. Schonenberg also took the portfolio of the other ICFF exhibitors to this fair.



Eugenio Menjivar's Exhibit at the fair "100% Design".

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.

During the last quarter, 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. Next quarter a mass emailing promotional campaign will take place as well as several in-store demonstrations.

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).

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. It is expected that efforts will be retaken in early 2009.

E-Commerce

After much analysis and market investigation, it was determined that the most viable mechanism to execute the e-commerce store is through Amazon.com. There are two options which include the specific web store linked to Amazon.com called Cucastrading.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 30 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 \$4,000 of their own money towards this initiative and they have applied to the Program for additional funds. The products were initially set to be shipped to the Amazon.com warehouse in September 2008 but due to shipping logistical issues; they will be sent in early October 2008 and will be available on the website (both Amazon.com and the e-store CuscaTrading.com) at the end of October 2008.



Mentoring Program

The purpose of this project is to provide export support to Small and Medium Enterprises which will involve mentors with successful business experience, university professors and Masters in Business Administration (MBA) students. These people will join the USAID's Export Promotion Program during a determined amount of time in order to resolve concrete issues that will allow SMEs to improve their exports.

The universities selected to conduct this project are Universidad Tecnologica de El Salvador (UTEC), ISEADE-FEPADE and the National University. 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, ten have had a diagnosis completed, three by UTEC and seven by ISEADE-FEPADE. In total, nine businesspeople have accepted to work as mentors. The ten companies have executed the recommendations cited in the diagnosis. During the last quarter, 18 companies are having diagnosis completed; three by ISEADE-FEPADE, five by the National University and seven by UTEC. By November 2008, the final document outlining the diagnosis and recommendations will be presented to the companies. These 18 companies will then have finished the mentoring process and implement the systematization of the process individually.

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. 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. Total sales thus far of the Design Component are \$2,358,253.

- *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: \$160,000.
- *Website design for 4.5 Productions* – 4.5 Production, a company in New York hired GUAZA to design their webpage.
Export services: \$3,825.
- *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 advise 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 just beginning to promote its product with this new packaging.
- *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. 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.
Total sales to date: \$500.
- *Cultivar, S.A. de C.V.* - Specializing in lime salt and lime seasoning produced with organic limes, this company approached the Program for help 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 is being negotiated with Whole Foods.
Total sales to date: \$24,157.
- *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: \$5,260
- *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.
Sales to date with new packaging: \$32,000.

- 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 not so costly. Mayprod will soon exhibit in an international trade fair this year.
- 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 contents, principally ring tones. The company was also supported in-house by developing WOMBEE brand focused on a young audience. The company has applied to various Fast Tracks 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: \$1,004,345.**

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: \$160,942.**
- 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 shelflife 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: \$197,986.

- 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 8 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: \$143,029.

Other projects for the Design and Innovation Component include:

- CONTEMPO 2008 – First and second phases – Two Program executives, Isabel Muyschondt and Emma Schonenberg, similar to last year, have been organizing 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 for the second edition of the Furniture and Home Accessories Contest Contempo 2008. 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 will be supported by the co-financing of their prototypes for the third and final phase. Another difference in this year’s contest is that the Program is involving local government and the private sector so that once the Program ends, these sectors will have the ability to continue the contest. It was imperative for this year’s contest that the judging panel had 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 Alhadef, President of the furniture and home accessories stores “The Future Perfect” will compliment 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
- 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 the expansion of this line. In June, Whole Foods placed a second purchase order. Various promotional materials have been developed inhouse. **Total sales to date: \$68,209.**
 - 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.
 - 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: Comet Entertainment, Inc.
 - 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 10year contract for world distribution of her program. For Mrs. Miranda, Comet will invest approximately \$500,000 promoting her prpgram 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.

- *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.
 - *Exhibition Pre-ICFF 2008* - Bergdorf Goodman (the renown 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 Mobiliario 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 has agreed to be part of the judging panel for CONTEMPO 2008. Royalty projection is of around \$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, 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. **Sales to date: \$1,500.**

- “Why Design” (Event) - 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 around December 08- January 09.

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 Suprema LLC (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. In November 2008, the website www.paaxmuul.com will be ready and customers will be able to place orders directly on this site. In addition, the guitars will also be offered by Amazon.com and Cuscatrading.com (E-commerce project).
- **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 this quarter but due to the heavy hurricane season they were unable to come to El Salvador. They have postponed this visit until the end of the year or the beginning of next year.
- **CI-SOFT** – The Program will continue the relationship with this trading company, monitoring progress and accomplishments as well as providing consultancy and technical support when necessary.
- **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. Last quarter 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 has decided to produce an oxford and sandal type shoe with the company Fenix and a sneaker type shoe with the company Industrias Caricia. In the last quarter, samples were being constructed and a purchase order was to be issued. Also in the last quarter, 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, nothing has been finalized nor conclusively defined with either project.

- ***Latin Food Distributors*** – This quarter this food trading company has exported one more container totaling \$40,000 bringing the total amount of containers since the creation of the company to nine, for a total amount exported of \$300,000. 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. The paintings are currently in Miami but have not been placed in the stores. Starbucks has a new manager in charge of the project and she wants to renegotiate the agreement. In August 2008, a new gallery was inaugurated in Miami dedicated exclusively to the sale of Salvadoran artists. The trading company sent 25 pieces of artwork with a total value of \$30,000 to be exhibited at this gallery. Thus far, two paintings have been sold for a total of \$1,600.
- ***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. In addition, in August 2008 a member EXPORT ARTE, Rocio Caceres, was hired to give a concert in Miami, FL, activity which generated \$3,500 in exports.
- ***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 this quarter, the trading company prepared approximately \$1,000 worth of books that were shipped to Amazon.com warehouses. Also, the members have begun preparations for the II Feria del Libro in Los Angeles, CA and the I Feria

del Libro in Washington DC, which will take place in October and November 2008, respectively. In addition, they have hired a commercial director named Juan Mariano Olazabal.

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 September 30, 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:	\$1,524,599	\$965,446	587	326	\$4,677
Training Assistance:	\$233,219	\$233,219	2,319	1,763	\$132
Subtotal	\$1,757,818	\$1,198,665			
G&A (7.04%)*	\$123,750	\$84,386			
Total:	\$1,881,568	\$1,283,051	2,906		

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

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

*Fee incurred for administration of funds

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

<i>Institution</i>	<i>Total Awarded</i>	<i>Total Disbursed</i>	<i>Total Amount of Initiatives</i>	<i>Total Beneficiaries</i>	<i>Average per Beneficiary</i>
Program:	\$973,988	\$789,297	492	276	\$3,529
FONDEPRO:	\$550,611	\$176,149	95	65	\$8,471
Total:	\$1,524,599	\$965,446	587		

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 288 additional assistances for a total of 875 technical assistances distributed in 528 activities to date.

RESULT #2:

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

A total of 1,818 direct new jobs and consequently 3,809 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 September 30, 2008 are as follows:

<u>Category</u>	<u>Direct New Jobs</u>	<u>Indirect New Jobs</u>	<u>New Jobs³</u>
Production:	1,413	1,413	2,826
Administration:	232	232	464
Middle Management:	117	234	351
Upper Management:	56	112	168
Total:	1,818	1,991	3,809

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, the 1,818 new direct jobs result in 3,809 total jobs.

In the canvas conducted in October 2008, indicators were collected on the duration of the jobs, in effect separating permanent from temporary jobs. According to the description of the performance indicator of direct permanent and temporary jobs created by SMEs, four temporary jobs are equal to one permanent job. Therefore, the total number of jobs created is 2,942, however applying the definition of the indicator, 1,818 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:	1,059	1,414	2,473
Administration:	218	53	271
Middle Management:	112	21	133
Upper Management:	53	12	65
Total:	1,442	1,500	2,942
Females:	1,567		
Males:	1,375		
	2,942		

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 will run through March 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. The Program expects to train during the second year at least 610 individuals who will come from the public and private sector.

This quarter, from July to September 2008, there were 233 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>
Marketing and Sales	July 9-11	41
Export Management	July 23-25, Sept. 3-5	76
Market Investigation	August 20-22	42
Finance for Non-Financiers	August 23-29	24
Packaging for Exports	Sept. 10-12	25
Development of New Products	Sept. 29- Oct. 4	25
Total:		<hr/> 233

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 was 17, detailed below:

<i>Conference</i>	<i>Dates</i>	<i>Number of Participants</i>
New Market Tendencies	August 26	17
Total:		<hr/> 17

This brings the total number of instances of participation for this quarter in both workshops and conferences to 250. As of September 30, 2008, there have been 2,618 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 1,547 individual businesspeople who have received training representing 771 SMEs. The rest of the attendees of the workshops are composed of GOES officials (60) and private sector professionals (181) for a total of 1,788 individual participants. A participant breakdown by gender is indicated below:

<i>Category</i>	<i>No. of People</i>	<i>Gender (Female / Male)</i>
Businesspersons:	1,547	754/ 793
GOES Officials:	60	39 / 21
Private Sector Professionals:	181	95/ 86
Total:	<hr/> 1,788	888/ 900

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)

Last quarter, 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.

EXPORTA (GOES Export Promotion Agency)

This quarter, the Program did not jointly implement any trade shows or commercial missions with EXPORTA. However, 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 the next quarter, more fairs and commercial missions will be jointly implemented with EXPORTA, including SIAL Paris and Expo Comida Latina. In addition, discussions have begun to define what trade show and/or commercial missions will be supported next year.

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 need to present a plan according to and in compliance with the Treasury Ministry's directive for counterpart contribution from governmental entities. FONDEPRO has concluded the final draft of this document for final approval by the Treasury Ministry. This process has included meetings with Treasury Ministry officials in which members of the Program staff have participated as well as obtaining information from the Administration Unit of Inter-institutional Cooperation (UACI) at the Ministry of Economy in order to complete the information of the report. It is expected that during the next quarter this final draft will be approved, including the total counterpart contribution amount of \$609,648 for the duration of the Program.

FUSADES (Salvadoran Foundation for Economic and Social Development)

FUSADES and the Program held several 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 that cannot commit any funds this year. They will reevaluate their position in 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 has been established.

Consortium of Electromechanical Engineering (CIEMEC)

During the implementation of the export plan during a previous quarter, a need arose to organize a commercial mission to the United States to meet with potential customers and contractors. This commercial mission took place in August 2007. As a result of the commercial mission, an inbound buyer mission was planned and 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. They have yet to present any plan.

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. In addition, contact was made with the company Trent Accreditation to visit El Salvador to accredit various clinics that are members of Exportsalud. This visit will take place in the next quarter. To promote this new initiative of accreditation, a new cooperative agreement was signed between the Program and Exportsalud that has a strong accreditation component. Gerardo Tablas has begun to make contacts with accreditation agencies to visit El Salvador.

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

The consultant Mauricio Castro was hired to develop this group's export plan, which was completed in September 2007. He has been rehired to now implement this work plan. A decision was reached 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 was also completed during the last quarter; the legal name of the company is Sociedad TI Hub, S.A. de C.V. The company is currently working on developing a corporate image and website. They have also elected a new board of directors whose president is Mariana Hernandez. The group is currently preparing for participation in the Central American Travel Showcase which will be 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.

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
July	Commercial Mission	Commercial Mission to Washington DC*	X					
July	Technical Assistance	Commercial Mission to Cancun 2008 - Artesanos de Rev, S.A. de C.V.	X	X	X			
July	Technical Assistance	Development of Web Page - Creaciones Peniel, S.A. de C.V.	X	X	X			
July	Technical Assistance	Commercial Mission to Dominican Republic - Eurolatina, S.A. de C.V.	X	X	X			
July	Technical Assistance	Nutritional Tables - Naturales, S.A. de C.V.	X	X	X			
July	Technical Assistance	Market Study - Avitours, S.A. de C.V.	X	X	X			
July	Technical Assistance	E-Commerce Activity - Jhosse Lora, Palacio, S.A. de C.V., Healthco Products, S.A. de C.V., Rowin, S.A. de C.V.	X	X	X			
July	Technical Assistance	Good Manufacturing Practices - Delights, S.A. de C.V.	X	X	X			
July	Technical Assistance	Penetrating the Honduran Market - Cosisa, S.A. de C.V.	X	X	X			
July	Technical Assistance	Explore Trade Fair 2008 - Maderas y Metales, S.A. de C.V.	X	X	X			
July	Technical Assistance	Premier Kids Trade Fair - Petunia, S.A. de C.V.	X	X	X			
July	Technical Assistance	Penetrating the Dominican Republic Market - Soperquimia, S.A. de C.V.	X	X	X			
July	Technical Assistance	Commercial Mission to USA - Pubmerc, S.A. de C.V.	X	X	X			
July	Technical Assistance	Adoption BPM - Fucrisan, S.A. de C.V.	X	X	X			
July	Technical Assistance	Label Design and Nutritional Analysis - Tacuba Organico, S.A. de C.V.	X	X	X			
July	Technical Assistance	Commercial Mission to Honduras 2008 - Pavos, S.A. de C.V., Mallo, S.A. de C.V., Rivera Galvez, S.A. de C.V., Enmitem, S.A. de C.V.	X	X	X			
July	Training	Marketing and Sales	X	X	X			

* - Fairs and Commercial Missions that Program executives have attended

July	Training	Export Management	X	X	X			
Aug	Fair	Guitar Foundation of America International Convention and Competition*	X	X	X			
Sept	Fair	100% Design*	X	X	X			
Aug	Technical Assistance	Osh Kosh Air Show 2008 - Pulsar, S.A. de C.V., Aviaton, S.A. de C.V.	X	X	X			
Aug	Technical Assistance	Export Plan - Alfonso Rivas Carrillo	X	X	X			
Aug	Technical Assistance	Fire & Security Trade Fair - General Security, S.A. de C.V.	X	X	X			
Aug	Technical Assistance	E-Commerce Activity - Vitrales, S.A. de C.V., Alma de Anil, S.A. de C.V.	X	X	X			
Aug	Technical Assistance	SIAL Paris 2008 - Healthco, S.A. de C.V.	X	X	X			
Aug	Technical Assistance	Web Page, Label and Packaging Design - Alma de Anil, S. A. de C.V.	X	X	X			
Aug	Technical Assistance	Commercial Mission to New York and Washington DC - Juan Pablo Lemus	X	X	X			
Aug	Technical Assistance	Promotional Material - Terpis, S.A. de C.V.	X	X	X			
Aug	Technical Assistance	Expocomida Latina 2008 - Pan de Cada Dia , S.A. de C.V.	X	X	X			
Aug	Technical Assistance	Web Page Design - Radio El Mundo, S.A. de C.V.	X	X	X			
Aug	Technical Assistance	New Plant Assembly - Acopanela, S.A. de C.V.	X	X	X			
Aug	Technical Assistance	Commercial Mission to Dominican Republic 2008 - Eco Bambu, S.A. de C.V., Artesanias	X	X	X			
Aug	Technical Assistance	Expoconstruye Honduras 2008 - Tecnologia Campos, S.A. de C.V.	X	X	X			
Aug	Technical Assistance	Export International Market - Exsource Group, S.A. de C.V.	X	X	X			
Aug	Technical Assistance	Atlanta Apparel Amerismart 2008 - Petunia, S.A. de C.V.	X	X	X			
Aug	Technical Assistance	Internationalization Plan - Expo Sevicios, S.A. de C.V.	X	X	X			
Aug	Training	Market Investigation	X	X	X			
Aug	Training	Finance for Non-Financiers	X	X	X			
Aug	Training	New Market Trends	X	X	X			
Aug	Training	Trading Company Facilitators	X	X	X			
Sept	Commercial Mission	Commercial Mission to Los Angeles, CA*	X					
Sept	Event	World Medical Tourism and Global Health Congress*	X				X	
Sept	Fair	100% Design*	X	X	X			

* - Fairs and Commercial Missions that Program executives have attended

Aug	Technical Assistance	Internationalization Plan - Expo Sevicios, S.A. de C.V.	X	X	X			
Aug	Training	Market Investigation	X	X	X			
Aug	Training	Finance for Non-Financiers	X	X	X			
Aug	Training	New Market Trends	X	X	X			
Aug	Training	Trading Company Facilitators	X	X	X			
Sept	Commercial Mission	Commercial Mission to Los Angeles, CA*	X					
Sept	Event	World Medical Tourism and Global Health Congress*	X				X	
Sept	Fair	100% Design*	X	X	X			
Sept	Technical Assistance	Spoga Fair 2008 - Exporsal, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Commercial Mission to New York and North Carolina - Termoexport, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Trade Show Tourism Fair 2008 - Destino Maya, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	E-Commerce Activity - Dora Alicia Palma, Exporsal, S.A. de C.V., Suchil, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	World Medical Tourism and Global Health Congress - D.M. Supplies, S.A. de C.V., Roman Zaldivar Molina, Exportsalud	X	X	X			
Sept	Technical Assistance	Latinpharma 2008 - Quimex, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Commercial Mission to Guatemala and Honduras 2008 - Monte Sinai, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Commercial Mission to Uruguay and Argentina - Industrias Pichinte, S.A. de	X	X	X			
Sept	Technical Assistance	Expocomida Latina 2008 - Acopaj, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Taipei Plastic Fair and Commercial Mission to Asia - Termoexport, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Commercial Mission to USA - Komunicare, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Small Grant - RCM, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Small Grant - Estudios Internacionales, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Small Grant Consultancy Study - Avitours, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	New Plant Assembly - Acopanela, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Latinpharma 2008 - J.A. Apaticio, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	La Cumbre Fair 2008 - Eva Tours, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Trade Show Tourism Fair 2008 -Inter Tours, S.A. de C.V.	X	X	X			

Sept	Technical Assistance	Latin Pro Surf Tournament 2008 - Avitours, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Penetration the Honduran Market - Rivera Galvez, S.A. de C.V.	X	X	X			
Sept	Technical Assistance	Position the Hotel Among Selected Target Market - Inmuebles y Valores Reyes, S.A.	X	X	X			
Sept	Training	Export Management	X	X	X			
Sept	Training	Export Packaging	X	X	X			
Sept	Training	New Product Development	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 September 30, 2008						
EXPORTS						
	Accumulative June 2008		July - Sept 2008		Accumulative Sept 2008	
SMEs in Data Base	986		68		1054	SMEs
Percentage Collected	91%		92%		84%	
Total Exports	\$30,224,914		\$5,584,131		\$35,809,045	231
Total Domestic Sales	\$20,559,243		\$3,015,395		\$23,574,638	264
TOTAL	\$50,784,157		\$8,599,526		\$59,383,683	
Technical Assistance Sales	\$33,256,831		\$6,781,942		\$40,038,773	222
Training Component Sales	\$17,527,326		\$1,817,584		\$19,344,910	249
SMEs Generating Exports and Sales	331		23		354	
% Generating Exports and Sales	34%		34%		34%	
Average Amount Exports and Sales	\$153,426		\$373,892		\$164,751	
Phase 1 SMEs	148	15%	5	7%	153	15%
Phase 2 SMEs	838	85%	63	93%	901	85%
	Sales	SME %	Sales	SME %	Sales	SME %
Phase 1 SMEs	\$25,424,442	99 / 50%	\$4,566,481	6 / 53%	\$29,990,923	105 / 50%
Phase 2 SMEs	\$25,379,715	232 / 50%	\$4,033,345	17 / 47%	\$29,392,760	249 / 50%
SMEs and Sales by Sector	# of SMEs*	Sales	# of SMEs*	Sales	# of SMEs	Sales
Food Products	77	\$14,970,802	1	\$1,989,163	78	\$16,959,965
Manufacturing	72	\$14,395,523	8	\$1,643,360	80	\$16,038,883
Services	141	\$11,884,542	14	\$3,570,587	155	\$15,455,129
Pharmaceutical Products	15	\$3,263,352	0	\$1,004,352	15	\$4,267,704
Agricultural Products	18	\$3,035,001	0	\$267,472	18	\$3,302,473
Natural and Organic Products	3	\$2,772,536	0	\$17,180	3	\$2,789,716
Specialty Coffees	5	\$462,403	0	\$107,411	5	\$569,814
TOTAL	331	\$50,784,159	23	\$8,599,525	354	\$59,383,684
<i>* This number refers only to SMEs that have not previously been beneficiaries</i>						
ASSISTANCES						
Training Component	People	SMEs	People	SMEs	People	SMEs
Businessmen	1387	724	160	47	1547	771
GOES Officials	38		22		60	
Private Sector Professionals	178		3		181	
TOTAL	1603	724	185	47	1788	771
	# of Acti. / # of Assis.	SMEs	# of Acti. / # of Assis.	SMEs	# of Acti. / # of Assis.	SMEs
Technical Assistances	477 / 801	349	51 / 74	22	528 / 875	371

EMPLOYMENT GENERATED						
	Direct Jobs	Indirect Jobs	Direct Jobs	Indirect Jobs	Direct Jobs	Indirect Jobs
Total New Jobs	1644	1787	174	204	1818	1991
Production	1297	1297	116	116	1413	1413
Administration	204	204	28	28	232	232
Middle Management	98	196	19	38	117	234
Upper Management	45	90	11	22	56	112
Direct New Jobs						
Employment Generated	2637		305		2942	
Permanent	1312	50%	128	42%	1440	49%
Temporary	1325	50%	177	58%	1502	51%
Women	1448	55%	119	39%	1567	53%
Men	1189	45%	186	61%	1375	47%
New Job Category - Permanent						
	1312		130		1442	
Production	981	75%	78	60%	1059	73%
Administration	194	15%	24	18%	218	15%
Middle Management	94	7%	18	14%	112	8%
Upper Management	43	3%	10	8%	53	4%
New Job Category - Temporary						
	1325		175		1500	
Production	1262	95%	152	87%	1414	94%
Administration	39	3%	14	8%	53	4%
Middle Management	17	1%	4	2%	21	1%
Upper Management	7	1%	5	3%	12	1%
OTHER INFORMATION						
SMEs by Market Sector						
Never Exported	670	68%	44	65%	714	68%
Central American	135	14%	5	7%	140	13%
Other	181	18%	19	28%	200	19%
TOTAL	986	100%	68		1054	
Distribution of Sales by SME size through September 30, 2008						
	Total SMEs		Total SMEs with Sales		Total Sales	
Less than 5 employees	453		112 / 25%		\$7,609,517	
5 to 25 employees	444		174 / 39%		\$19,392,823	
26 to 50 employees	77		35 / 45%		\$11,179,270	
More than 50 employees	80		33 / 41%		\$21,202,072	
TOTAL	1054		354 / 34%		\$59,383,682	
Female Presence in Board of Directors						
Less than 5 employees	325 / 453		72%			
5 to 25 employees	342 / 444		77%			
26 to 50 employees	63 / 77		82%			
More than 50 employees	57 / 80		71%			
TOTAL	787 / 1054		75%			
Female Decision Makers	387 / 1054		37%			

ANNEX 3 – Success Stories

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



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 companies in the United States.



Photo: Espacios Digitales

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

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

USAID Contractor
www.usaidexpro.org

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

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

Espacios Digitales exported its first three-dimensional design in 2005 to Guatemala and has since increase sales by approximately \$40,000 in design services, including graphic design and architectural blueprints, principally to the United States. In addition, Espacios Digitales has grown from only one person in 1997 to employing seven people in 2007. Its CEO Julio Yanes credits the USAID's Export Promotion Program with "opening his eyes and helping him realize the worldwide business opportunities available".

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



USAID
FROM THE AMERICAN PEOPLE

EL SALVADOR

SUCCESS STORY

Salvadoran exports “heard” abroad

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



Photo: USAID Export Promotion Program

Artisan Juan Antonio Piche, of Ayutuxtepque, 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 the opportunity to grow and prosper.

The USAID 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.

U.S. Agency for International Development
www.usaid.gov

In March 2006, USAID Export Promotion Program helped in the creation of a cooperative in El Salvador that manufactures a new line of guitars called “Paax Muul,” which, in the Mayan language, means “music of the volcanoes.” The cooperative is made-up of eight workshops and twelve artisans who 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 markets in the United States. The program’s aim is to improve the artisans’ quality of life, which often live in vulnerable economic and social conditions.

Before this project, Salvadoran guitar exports were practically non-existent. However, through December 2008, the cooperative has exported 105 guitars to the United States. These initial sales demonstrate the strong market potential for larger shipments, especially in key markets such as New York, Washington, D.C., Los Angeles and Miami. For 2009, the program will continue sales development in these cities through local distributors, music schools and universities, as well as expand sales around the world to countries such as Spain, Argentina and Australia. Also the guitars are available through Amazon.com, the Programs e-commerce project Cuscatrading.com and the Paax Muul website. The artisans expect to reach their goal of at least 50 guitars exported throughout the year, selling each guitar with a retail price between one and two thousand dollars.

Paax Muul guitars have significant acceptance in the United States. William Jablonsky, of Adagio Distributors, believes that these guitars are “the best hand-made guitars in the world.” Jablonsky adds that Paax Muul guitars have everything that the American industry wants and needs, including high quality at reasonable prices.

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



SUCCESS STORY

Salvadoran Medical Services Sold Abroad

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



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

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

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

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

USAID's Export Promotion Program has been instrumental in the process of creating Solumed. The Program provided Solumed with a four-month consultancy to develop a business plan and assistance for their participation in fairs, conferences and commercial missions to promote medical services in El Salvador. In just six months of operations, Solumed has 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.