



**USAID**  
DEL PUEBLO DE LOS ESTADOS  
UNIDOS DE AMÉRICA

# USAID'S EXPORT PROMOTION PROGRAM QUARTERLY REPORT: OCTOBER 2007 TO DECEMBER 2007

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# Table of Contents

**Executive Summary** 3

**Project Overview** 6

**Activities and Results**

- Result #1: Increased domestic and export sales of \$35 Million generated by at least 350 SMEs of the total 500 SMEs assisted in the Program. 9
- Result #2: 7,100 new jobs created by assisted SMEs as a result of domestic and export sales generated by the Program. 18
- Result #3: A total of 1,500 businessmen, GOES officials and private sector professionals trained in business and export management areas. 19
- Result #4: Institutional capacity transferred to EXPORTA, the Ministry of Economy, and at least five private sector organizations to provide sustainable export development services to SMEs. 21
- Result #5: No less than five collaborative projects implemented with local private sector organizations for export development services in support of at least 200 SMEs. 24
- Result #6: No less than three alliances implemented with local or international private sector organizations, foundations, or donors through cost-sharing programs or leverage funding to implement export projects in El Salvador. 27

**ANNEX 1: List of Second Quarter Program Activities** 28

**ANNEX 2: Table of Results Generated in Phase 2** 31

**ANNEX 3: Success Stories** 33

# Executive Summary

The Program is reporting contract deliverables as of December 31, 2007 in six result areas. During this quarter, the Program has supported various initiatives through activities in all three main operational areas by enhancing competitiveness, developing new products and markets and strengthening institutional capacity of governmental and private organizations. The six results, as stipulated in the contract, often overlap in the three operational areas. Therefore, for simplicity, this report will focus on the achievements and results based on the six contract result deliverables.

The Program’s expected results and current status (April 1, 2006 to December 31, 2007) can be summarized as follows:

	<u>Total SMEs Assisted</u>	<u>Total SMEs Generating Domestic and Export Sales</u>	<u>Increased Total Domestic Sales / Exports</u>	<u>Total Jobs Created</u>	<u>Number of Beneficiaries Trained</u>
Contract Goals - End of Program:	500	350	\$35,000,000	7,100	1,500
Year 1 and 2 Targets:	490	365	\$22,000,000	3,565	1,000
As of Dec. 31, 2007:	832	246	\$33,097,364	2,259	1,281

The Program is able to report \$33,097,364 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 832, of which 297 SMEs have received technical assistance, and 622 SMEs have received assistance through the training component.<sup>1</sup> The total amount of SMEs that have generated domestic and export sales is 246, of which 155 SMEs have increased exports by \$20,293,799 and 172 have increased domestic sales by \$12,803,565.<sup>2</sup>

The training component of the Program continued its workshops during this quarter and has had consistent and full attendance. 1,077 businesspersons, representing 622 SMEs, have been trained thus far (the remaining 204 people trained are composed of GOES officials and private sector professionals). \$11,785,329 in domestic sales and exports increased can be attributed to firms trained under the Program. For more information, please refer to Result #3. In addition, 1,081 direct new jobs have been created from April 1, 2006 to December 31, 2007, resulting in 2,259 total new jobs created. For more information please refer to Result #2.

A finding of this quarter, similar to the previous quarter, is the significant increase in permanent new jobs, specifically in Production but reflective in all job categories. 100 new permanent and 179 new temporary jobs in production were created in this quarter alone. Although job creation has been slow, this quarter the same consistent increase in Production jobs continues as it has through out the life of the Program. This coincides with the amount of sales increased by sector. Although Food Products

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

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

increased sales by \$2.1 million, the biggest market sector in increased sales is once again Manufacturing, sector which increased sales by approximately \$3.3 million, surpassing Food Products in Phase Two. However, once again, the Services sector had a big quarter, with sales increased by \$2.8 million maintaining the third highest grossing sector assisted by the Program and increasing this sector's total sales by 65% this quarter. In addition, the sector that has the largest number of SMEs selling domestically and exporting is Services with 94, while Manufacturing and Food Products have 52 and 60, respectively. The continued increase of new SMEs in the Services sector indicates the fulfillment of a Program goal to promote Services in order to differentiate the exportable offer of El Salvador and expand goods offered by El Salvador.

Also interesting this quarter is the large increase in sales by the Agricultural Products sector. This quarter the Agricultural Products SMEs sold \$886,130, a significant increase compared to the \$1.38 million this sector has sold since April 2006. In addition, the sector of Specialty Coffees, composed of only five SMEs, had a banner quarter, with total sales increased by \$427,973 compared to \$16,200 it had sold since April 2006. The success in this sector is reflective of the Program's aim of placing a higher added value in order to differentiate El Salvador's goods and services, focusing on quality not quantity.

Women continue to have a strong presence in SME beneficiaries. Although 37% of the SMEs had female decision makers, 74% had women on their board of directors. Therefore, even though in the daily operations of the SMEs female participation is more limited, their overall presence in the existence of the SMEs is significant. Also, more than 50% of jobs created in SMEs are held by women, a trend consistent throughout Phase Two of the Program.

Although the food and medical sectors have been a major focus of the activities of the Program, this quarter various initiatives were completed that focused on other sectors, always within the vision of the Program to differentiate Salvadoran products with quality. Principally, the Design component organized the Contempo Furniture and Home Accessories Contest funded by the Program. The final exhibition and judging took place in November 2007. This is the first contest of its kind in El Salvador. The top five winning prototypes will be sent, with all expenses paid, to exhibit at the International Contemporary Furniture Show in the U.S. in May 2008. Here they will receive a significant amount of exposure, something completely new to these designers and we expect this will boost Salvadoran design services abroad. Also, in keeping with the promotion of design services, while exhibiting at the Brand Licensing Europe Show in London, the Salvadoran Ambassador asked for the exhibition to remain in London in the Embassy for several months in a private exhibition, again new and unique exposure for Salvadoran talent.

Another initiative that took place in November was the first Salvadoran Book Fair in Los Angeles, California, also organized by the Program and the consultant Mauricio Ruano. This event is also the first of its kind in the Southern California Region. Over 1,000 people visited this fair and approximately \$20,000 was sold. For the E-Commerce initiative, a manager was hired to begin implementing the project and negotiations with Amazon.com began to use this internet site as the vehicle to sell Salvadoran products. Also, a firm was hired to conduct a feasibility study for the quasi-equity fund, study that will be conducted in the next quarter.

Funding for the above initiatives and others continued through the Grants Program if the Export Promotion and Innovation Fund. The total amount awarded is \$953,960 with \$680,984 currently disbursed, representing 2,004 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 January 2008 to obtain the information and data for this report. All 832 SMEs thus far assisted in Phase 2 of the Program (April 2006 to December 2007) were contacted and 86% responded.*

# Project Overview

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

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

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

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- 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**

- 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**

- 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 engineering and other professional services
- Development of an indirect supply chain export market
- 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**

- 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 warehousing and distribution for household and consumer items
- 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 \$33,097,364 with \$20,293,799 in exports and \$12,803.565 in domestic sales. Once again, as with the previous quarters, the majority of exports/sales are attributed to Phase 1 beneficiaries, \$18,060,015 or 55% of the total exports/sales. In addition, 45 SMEs exported and sold domestically this quarter, bringing the total to 246 SMEs exporting or selling domestically.

As with the previous quarter and consistent with the findings throughout the year, the market sectors of food products and manufacturing dominated exports this period. However, once again Services made a strong showing in this quarter. These services include software development, business consultants and design services. In addition, Agricultural Products and Specialty Coffees had a significant increase in total sales this quarter, consistent with the overall trend of the quarter of high domestic sales and exports. Please refer to Annex 2 for more information on SMEs exporting by market sector.

## **Activities Executed**

The following activities were executed by the Program during the quarter in relation to compliance with Result #1. In summary, The Program participated in four fairs, four commercial missions, one meeting, one conference and organized one contest for a total of 11 activities.

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

- **Brand Licensing Europe 2007, London, England** – Program Deputy Director Gerardo Tablas and Program Executive Emma Schonenberg attended this fair where seven portfolios of Salvadoran designers were exhibited aimed at developing licensing opportunities for designs and artworks. Significant interest was displayed for the Salvadoran exportable offer and 15 European, mainly British and Italian, contacts were made. In addition, the Salvadoran Ambassador visited the stand and suggested that the portfolios be left at the Embassy in London for an exhibition.



*El Salvador Stand at the Brand Licensing Expo*

- ***The Latino Book and Family Festival, Los Angeles, CA*** – Program executive Claudia Sampera accompanied short-term consultant Mauricio Ruano to this fair to identify business opportunities, distributors and key people in the Spanish book industry, in order to further prepare for the Feria del Libro Salvadoreño, which was held in November.
- ***Commercial Mission to Salt Lake City, Utah*** – Program executive Claudia Sampera traveled to Salt Lake City, Utah to meet with Latin supermarket Rancho Market. This company has two supermarkets and will open a third shortly. Ms. Sampera met with the representative of this supermarket and she expressed interest in the Salvadoran products. Currently, an inbound buyer mission is being organized for this supermarket chain as well as its distributor called Amazonas; both companies would visit El Salvador at the same time. Ms. Sampera also attended a seminar entitled "Dietary Supplement Labeling" while she was in Utah.
- ***Feria del Libro Salvadoreño, Los Angeles, CA*** – Approximately 1,210 people assisted the first Salvadoran Book Fair where Salvadoran writers and publishing houses exhibited their books. In addition to sales, the event also had discussion groups (roundtables), poetry readings, a photography exhibition, and book signings. 24 contacts were made with US-based book distributors and approximately \$5,500 was sold during the event to the public and another \$16,950 was sold to the Libreria Azteca, La Curacao and other distributors. An additional \$20,000 in books was also sent in consignment and is projected to be sold in during the months of November and December 2007.
- ***Commercial Mission to San Francisco, CA*** – Program executive Camila Flores accompanied four SMEs from the Food sector on this Commercial Mission to San Francisco in conjunction with EXPORTA. Although concrete negotiations did not take place, various important contacts were made that are expected to produce sales in the future.
- ***Expocomida Latina 2007, New York, NY***– Program Deputy Director Gerardo Tablas and Program consultant Isabel Muyschondt accompanied six SMEs who exhibited at this fair.
- ***Contempo Furniture and Home Accessories Contest***– Although initiated in the previous quarter, this contest come to a close at the end of November where the 20 prototypes of the selected participants were exhibited for two days at a hotel in San Salvador. A panel of judges, including two international judges, selected the top five winners. These five prototypes will be exhibited at a stand, at the International Contemporary Furniture Show in New York City in May 2008.
- ***Meeting with Zamorano University, Honduras***– Program Deputy Director Mario Caceres visited the Zamorano University to discuss the Training Component workshops for the upcoming year (April 2008-March 2009).
- ***International Medical Tourism Conference, Washington DC*** – Program Deputy Director Gerardo Tablas and Exportsalud board members attended this conference in Washington DC. At this conference, Gerardo Tablas gave a presentation, along with Margarita de Escobar, Vice-Minister of Salvadorans Living Abroad, about the advantages of El Salvador as a medical tourism destination.



Contempo Contest Exhibition

- **Commercial Mission to Miami, FL and Los Angeles, CA** – Program Director Phil Rourk and Deputy Director Mario Caceres traveled to Miami to meet with Starbucks Coffee representatives to finalize the exhibition and placement of Salvadoran artwork in about 30 stores in Florida. They also met with other artwork distributors, dealers and galleries with two members of the artwork trading company, Exprocultura to further promote Salvadoran artwork. In addition, Mr. Rourk had meetings with glass container suppliers in Miami.
- **Commercial Mission to New York, NY** – Program Director Phil Rourk and Program consultant Isabel Muysshondt traveled to New York City to meet representatives of the International Contemporary Furniture Fair (ICFF) to finalize details for the participation of the Contempo contest winners. They also met with Gourmet Magazine and Spring Designs in relation to the Cocina Maya initiative. Gourmet Magazine would like to publish something about Cocina Maya when the time is right and Spring Designs would like rework the branding of Cocina Maya in order to have the optimum impact. They will send a proposal in the upcoming weeks.



*Contempo Furniture Contest Winners – 1<sup>st</sup> thru 5<sup>th</sup> place respectively. Program Design Specialist Emma Schonenberg designed these postcards with a brief biography of each designer for the meeting with the ICFF representatives.*

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

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

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

- Cocina Maya has been a focal point of the Program's efforts during this year. The preliminary samples of the food products were sent out at the end of June 2007 to Whole Foods for testing and order placement. The food products sent were: Hibiscus Vinaigrette, Jocote Plum Vinaigrette, Sour Guava Vinaigrette, Jocote Plum Mixer, Banana and Pineapple Topping, Chile Contento and Pipian

Antipasto. Whole Foods requested several changes, which include prolongation of shelf life and suggestive uses in 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 the Program is waiting on the results of these second set of samples. In addition, pricing and order placement was determined. The first order will be shipped in January 2008.



- After meeting in September 2007 in Washington DC with Sandra Darville, Head of the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) to discuss the quasi –equity fund, Phil Rourk met with her once again in San Salvador in October 2007. A meeting was held with Ms. Darville and Susana Garcia-Robles, who was also in El Salvador to conduct a micro-financing seminar, as well as with representatives from USAID, BMI and FUSADES. At this meeting it was agreed that a consultant must be hired to conduct a feasibility study. This consultant will be Shorebank International, a US based company that has experience in these types of investment funds. The study will be conducted next quarter.
- During the last quarter, the E-Commerce initiative began with the visit of the consultant Fulvio Carbonaro to conduct a study and develop the mechanism for the implementation of this project. The study was completed and an E-commerce manager was hired to begin to execute this activity. Also, during this quarter it was determined that the most viable mechanism to execute the e-commerce store is through Amazon.com. There will be two options which include the specific web store linked to Amazon.com and the products will be available within Amazon.com infrastructure. In both cases, Amazon.com will provide the logistical support (fulfillment, delivery and payment collection) for this activity.
- External consultants Mauricio Ruano and Beatriz de Zacapa continued their consultancy services to identify business opportunities and market development. Mauricio Ruano is focusing on the Los Angeles and Southern California areas where he has been instrumental in promoting Salvadoran design services. This consultant organized the Salvadoran Book Fair to be held in Los Angeles at a book store called Libreria Azteca. (For more information see Result #1). Beatriz de Zacapa is focusing on the European market and organized and accompanied Program Director Phil Rourk on commercial mission to Spain in May 2007. Due to serious health issues of the consultant Jesus Albizu, activities in Spain did not advance as expected. However, he has completely recovered and a new agreement was signed with him in December to continue fostering joint venture alliances with Spanish companies. This consultant will represent the Program in Spain and the agreement signed with his company AVU gives him the authorization to act on our behalf and sign collaborative agreements between the Program and Spanish institutions. This will allow us access to the institutions or associations member base and facilitate analysis of the companies whose profiles fit the Program’s objectives. The Program will then organize inbound buyer missions / joint venture missions for the next quarter.

## ***Mentoring Program***

The development of a Mentoring Program began during the last quarter. 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.

During the last quarter, universities, consultants and businesspeople who will participate in this project were selected. The universities selected are Universidad Tecnologica de El Salvador (UTEC) and ISEADE-FEPADE.

Of the 27 companies which have agreed to participate in this program, ten have had a diagnosis completed, three by UTEC and seven by FEPADE, including five mentors. In total, nine businesspeople have accepted to work as mentors. Currently, the ten companies are executing the recommendations cited in the diagnosis.

In March 2008, it is expected that an additional 16 companies will be assisted by UTEC and will be considered as credit points for completion of the Master's degree.

## ***Design Program***

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

- Maderas y Metales (Torogoz), based on input received from the first collection of tiles developed by Interior Designer Ivette Chacón, Maderas y Metales will be developing a second collection of metal tiles to be shown at Covering Show in Chicago 2008.
- Wise Marketing who hired a design consultant for its Wombee brand to develop his original website and characters for mobile contents and whom was helped in-house developing its logos and has applied to various Fast Tracks, has sold a total \$319,464 of mobile contents.

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

- *Shuchil* - organic aromatherapy concept and packaging was also developed for the Taipei Food Show, where it obtained an order for \$4,500 for Taiwan for September and is currently working on shipping two more orders: one for the Taiwanese market for \$7,000 and the other for the German market for \$8,000.
- *Cultivar S.A. de C.V.* – Specialized in lime salt and lime seasoning produced with organic limes approached the Program to ask for help for its original labeling. This company was preparing to participate in Expo Comida Latina and needed a makeover of its label which was used for local business. It also needed a new image that would fit into the more gourmet part of the industry.

- *Arte Comasagua* – a contact was made in Surtex 2007 for this company to develop a box line made out of pressed flowers. The potential customer was the US-based company SBC Global, which specializes in greetings cards. Unfortunately, Arte Comasagua did not follow up on pricing or box samples for this customer.
- *Cruise Creative* – the Program is in the process of organizing an inbound buyer mission for artwork licensing. The selected artwork buyer is Mrs. Suzanne Cruise, president of Cruise Creative, to visit El Salvador in December. This company is a licensing agent and the Program considers Mrs. Cruise’s experience in the industry and contacts will benefit Salvadoran artists who are looking into exporting their work. Due to surgeries undergone by Mrs. Cruise, this inbound buyer mission was moved up to the first months of 2008.
- *Brand Licensing Europe 2007* – Program executives attended this fair in London, England in October where eight design and artwork companies exhibited their portfolios. 27 contacts were made and the exhibitors are following up on them. Companies range from toys, tissue paper, publishing, TV and video games. Due to the response of European companies made in this show, Exporta will be working alongside Program executives to evaluate the possibility of exhibiting at the same show in New York.
- *Contempo Furniture and Home Accessories Contest* – The contest entered its final phase (building, exhibition and judging of prototypes) in November 2007. 20 companies were to officially participate and manufacture their prototypes to complete this phase. D’Lama retired the very last minute, leaving 19 participants running for the grand prize. A panel of local and international judges selected the top 5 winners. The Program is working on preparing the 5 winners to participate in ICFE 2008. The grand prizes for 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> places, participation at ICFE 2008 with all expenses paid. One member of each company will be able to travel to the show. The 4<sup>th</sup> and 5<sup>th</sup> places will participate only with their collections.
- The Program is following up on the possibility of hiring consultant *Simón Varela* to promote Salvadoran designers in the United States in markets such as publishing, graphic design in the corporate field and the music industry (CD covers and booklets).
- *Cocina Maya* - corporate image and labeling was completed. The next step is to develop a website for this brand so that Whole Foods customers can access Cocina Maya’s concept and recipes.

### **Trading Companies**

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

- *Paax Muul* - William Jablonsky, of Adagio Distributors, visited El Salvador in February 2007 and met with the Paax Muul guitar makers. As a result of his visit, he has placed an order of 56 guitars for approximately \$30,000 to be filled during the year. So far, 20 guitars have been exported and 21 are in production. Also, at his suggestion, the guitars makers have been relocated from individual

workshops to a large warehouse in Nejapa. As a result of this move, better quality control and more efficient production is expected for this industry. In addition, each guitar maker was approved a personal credit by the Worker's Bank (Banco de los Trabajadores) for the purpose of buying materials for the guitars that are currently in construction. The guitars are also being offered by the Spanish company El Flamenco Vive on its website [www.flamencovive.es](http://www.flamencovive.es). The Barrios Mangore model has a retail price of 1,799 euros (\$2,446 approximately) on this website.

- **Natural Union Brands** – The financial issues that hindered progress during the last quarters took a step in a positive direction in this quarter. It received a grant from COEXPORT for \$20,000 in order to continue implementing its export plan. The Program will continue the relationship with this trading company, monitoring progress and accomplishments as well as providing consultancy and technical support when necessary.
- **DECOEXPORTA** – A commercial mission to the “Riviera Maya” in Cancun, Mexico took place during the last quarter. As a result of this, the group is currently working on an entry strategy for the Mexican market. In addition, the members of the trading company are currently analyzing the possibility of expanding membership in order to increase the variety of products offered. In the next quarter, another commercial mission to Cancun is planned to continue developing this business opportunity.
- **CI-SOFT** – This software group is currently installing a specialized software program for a Nicaraguan university. This deal is worth approximately \$16,000 but this amount could reach \$30,000 depending on the satisfaction of the client with the initial installation.
- **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. They were involved in projects for the Brazilian company Nina Simona (John Henry for Perry Ellis) but that business opportunity did not materialize. However, samples have been sent to consultant David Tufts and we are waiting for feedback.
- **Latin Food Distributors** – This quarter this food trading company has exported another container for \$30,000 bringing the total amount of containers since the creation of the company to five, for a total amount exported of \$150,000. In the next quarter, the group is planning a commercial mission to New York and New Jersey to continue fostering business relationships there.
- **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 this quarter, a commercial mission took place to Miami where the negotiation for placement of artwork in Starbucks stores was furthered. A representative from Starbucks will visit El Salvador next quarter to finalize this deal. In addition, artwork is currently being prepared to be sent to various exhibitions at the North Miami Gallery, America's Collection Gallery and the Pan American Art Projects Gallery. Also, the company had prepared promotion material in CDs to have a better visual presentation of the products.
- **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 was also developed for this company; DVDs were produced of the musical groups including

a sample of their work as well as interviews. As a result of these DVDs, several negotiations are taking place to hire the groups for a presentation in May 2008. The musical groups La Maquina, Espiritu Libre, Los Tacuazines, Los Cocodrilos, Josse Lora y Marito Rivera have produced 40,000 CDs for sale in the US. During the months of November and December several groups participate in the Teleton national tour. Also, a formal offer was presented by the theatre company “La Bocha Teatro” to give 10 presentations in Central America, Panama and Colombia. Lastly, the company is organizing a theatre festival to take place in El Salvador where several theatre companies from Central and South American will participate.

- **Asociación Exportadora de Producto Cultural (EXPROCULTURA)** – this visual arts trading company focuses on artwork and sculptures, lithographs, photos, and engravings. This company is now a legally created company and they are working on several administrative and financial issues such as balance sheets, auditing, and bank accounts. In November, the first Salvadoran Book Fair or “Feria del Libro Salvadoreño” took place in Los Angeles where approximately \$22,000 was sold.

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

USAID’s Export Promotion Program is able to report the provision of technical assistance-training-guidance support through Fast Track and FOEX co-financing funds to 1,389 Salvadoran beneficiaries from April 1, 2006 to December 31, 2007. This is summarized as follows:

<u>Initiative</u>	<u>Total Awarded</u>	<u>Total Disbursed</u>	<u>Total Amount of Initiatives</u>	<u>Total Beneficiaries (1) (2)</u>	<u>Average per Beneficiary</u>
Technical Assistance:	\$785,334	\$512,358	355	220	\$3,570
Training Assistance:	\$168,626	\$168,626	1,649	1,162	\$145
Total:	\$953,960	\$680,984	2,004		

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

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

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

<u>Mechanism</u>	<u>Total Awarded</u>	<u>Total Disbursed</u>	<u>Total Amount of Initiatives</u>	<u>Total Beneficiaries (3)</u>	<u>Average per Beneficiary</u>
Fast Track:	\$597,045	\$472,841	321	198	\$3,015
Standard:	\$188,289	\$39,517	15	11	\$17,117
Total:	\$785,334	\$512,358	336		

(3) Three beneficiaries of FOEX is also a Program beneficiary

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

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

It is important to note that there are various technical assistances or initiatives that are not co-financed through Fast Track or FOEX. Export initiatives such as consultant hiring, market studies, trading company legalizations, additional training workshops etc. account for 18 additional assistances for a total of 373.

## **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 1,081 direct new jobs and consequently 2,259 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 December 31, 2007 are as follows:

<u>Category</u>	<u>Direct New Jobs</u>	<u>Indirect New Jobs</u>	<u>New Jobs<sup>3</sup></u>
Production:	838	838	1,676
Administration:	146	146	292
Middle Management:	67	134	201
Upper Management:	30	60	90
Total:	1,081	1,178	<b>2,259</b>

The creation of new direct jobs increases spending in the economy, which in turn creates indirect jobs by consuming goods and services. Therefore, the 1,081 new direct jobs result in 2,259 total jobs.

In the canvas conducted in January 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 equate to one permanent job. Therefore, the total number of jobs created is 1,607, however applying the definition of the indicator, 1,072 direct new jobs are created as indicated above, in accordance with said definition. The number below indicates the complete tally of jobs created.

<u>Category</u>	<u>Permanent Jobs</u>	<u>Temporary Jobs</u>	<u>Total Jobs<sup>4</sup></u>
Production:	668	679	1,347
Administration:	142	15	157
Middle Management:	64	9	73
Upper Management:	30	0	30
Total:	904	703	1,607
Females:	831		
Males:	776		
	1,607		

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

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

## **RESULT #3:**

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

The second year of the training component, which began in April 2007 and will run through March 2008, was designed, coordinated, negotiated and programmed during early 2007. For this year, it includes 18 courses in six different areas. Five of these areas apply to all economic sectors in general. These included: Innovation workshops, focusing on the importance of innovation in a company; Design and Evaluation of Business Plans workshops, a three-day comprehensive course of how to build a business plan; Packaging and Preservation workshops, aimed at identifying the best packaging for products therefore increasing its shelf life; Food Safety II, aimed at promoting food processing and packaging cleanliness; Market Research, how to conduct and use market research; and Development of New Products workshops, to be held in Zamorano University in Honduras. The Program expects to train during the second year at least 500 individuals who will come from the public and private sector.

This quarter, from October to December 2007, there were 248 instances of participation (total number of attendees in each course) in the following areas:

<u>Workshop</u>	<u>Dates</u>	<u>Number of Participants</u>
Innovation Workshop	October 12	73
Preservation and Packaging	October 24 – 26, December 5 -7	62
New Product Development	October 29 – November 2, November 21 - 23	53
Food Safety	November 7 – 9	36
Total:		<hr/> 224

In addition to these workshops, the training component is implementing half-day conferences ranging in topics from Nutritional Labeling, Introduction to the Export Process, Waste Water Management, Excellence in Food Services, Dairy Product Processing, Food Process Control, Strategic Planning, and Entrepreneurship. This quarter, only one conference was given and the total number of attendees to this conference was 24, detailed below:

<u>Conference</u>	<u>Dates</u>	<u>Number of Participants</u>
Export Logistics	November 26	24
Total:		<hr/> 24

This brings the total number of instances of participation for this quarter in both workshops and conferences to 248. As of December 31, 2007, there have been 1,864 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 1,077 individual businesspeople who have received training representing 622 SMEs. The rest of the attendees of the workshops are composed of GOES officials (37) and private

sector professionals (167) for a total of 1,281 individual participants. A participant breakdown by gender is indicated below:

<i>Category</i>	<i>No. of People</i>	<i>Gender (Female / Male)</i>
Businesspersons:	1,077	516 / 561
GOES Officials:	37	22 / 15
Private Sector Professionals:	167	88 / 79
Total:	1,281	626 / 655

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

## **RESULT #4:**

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

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

Meetings were held to design and develop new activities for the upcoming year. The first will be a showcase where SME agricultural producers will join with large exporters to promote more efficient supply-chain management. This event will take place from February 22 through March 2 in San Salvador at the International Fair Convention Center. The Program will provide financial assistance for this exhibition. The second activity will be the financing of a FDA-requirements training for a COEXPORT executive. This course is specifically oriented at high and low acidic products and will take place in New Mexico in March 2008.

#### **EXPORTA (GOES Export Promotion Agency)**

As part of the joint implementation of trade shows and missions, the Program was able to provide support to EXPORTA in the organization of one trade show, the Expocomida Latina Show in New York City, NY and one commercial mission to San Francisco. (For more information about this fair and commercial mission, please refer to Result #1). Throughout the year there has been the conscience effort by Program executives to assist EXPORTA representatives with all aspects of fair participation, thus helping ensure the success of these trade events. In the next quarter, more fairs and commercial missions will be jointly implemented with EXPORTA.

#### *Counterpart Contribution*

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

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

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

During May 2007, the Program obtained USAID's approval for the "Grant Manuals for Export Promotion Projects". The process entailed the editing and resubmission of the latest version of the manuals to include USAID's final observations and comments. These manuals present the policies and

procedures to co-finance the export initiatives of qualified beneficiaries of the Export Promotion and Innovation Funds, through cost reimbursement grants.

Until the approval of the manuals, supporting export initiatives was done through a preliminary version of the policies and procedures for the Export Promotion and Innovation 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 for the implementation of the Export Promotion and Innovation Funds. In this capacity, FONDEPRO will review SMEs' proposals, monitor their activities and serve as the link between the Program and the beneficiaries, in order to channel up to \$ 1.25 million dollars out of the \$ 2.5 million dollars in the Export Promotion and Innovation Funds being executed by the Program.

During the quarter the Program has also continued supporting FONDEPRO with several institutional strengthening activities in order to increase the efficiency of this government institution promoting exports. Strengthening activities during the quarter supported by the Program included: operating consultancies by the Universidad Centroamericana Jose Simeon Cañas (UCA) Graduate Students and support for holding evaluation committee meetings.

#### *Counterpart Contribution*

FOEX (FONDEPRO) has and will use its resources in supporting the Program to channel the Export Promotion and Innovation Fund. The resources they will provide for this initiative will be in kind and include among others office space, personnel effort, equipment, and office supplies. In order to formalize this counterpart contribution they need to present a plan according to and in compliance with the Treasury Ministry's directive for counterpart contribution from governmental entities. Since September 2007, FOEX has been working in preparing the document for final approval by the Treasury Ministry. This process has included meetings with Treasury Ministry officials in which members of the Program staff have participated as well as obtaining information from the Administration Unit of Inter-institutional Cooperation (UACI) at the Ministry of Economy in order to complete the information of the report. FOEX officials have assured the Program that they will have a draft for discussion with USAID and the Treasury Ministry by the end of March 2008. In a preliminary report presented by FOEX with respect to counterpart contribution this amount was estimated in around \$ 610,000 for the duration of the Program.

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

This quarter, 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 and are currently waiting for the assessment and report from Shorebank International consultants about the Fund's feasibility.

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

## **RESULT #5:**

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

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

ASI has proposed the organization of a follow-up program to the project executed during the former USAID-EXPRO. Under this new scheme, a mechanism will be created in order to link big exporters with small and mid-size Salvadoran suppliers. This will allow SMEs to become indirect exporters while preparing them to become exporters. ASI will impart this project with, principally, the Ministry of Economy and other institutions such as the Salvadoran Chamber of Commerce, EXPORTA and the BMI (Banco Multisectorial de Inversiones or Multi-sector Investment Bank).

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

The cooperation agreement between the Program and the Cámara de Comercio for the organization of the 4th version of an export strengthening project, AFIS, was signed during the second quarter. The ten SMEs selected for the program were officially approved and the consultants were hired to train these SMEs in the AFIS methodology. Training and the creation of an export plan were completed during this quarter. The 10 SMEs that completed this project will be given priority for technical assistances and for the implementation of their export plans. Also, discussions began to develop a new activity to include their members in a product design and innovation project aimed at improving product design, packaging, etc.

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

During the implementation of the export plan during the last 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 is being planned for the next quarter where 15 members of the National Electrical Contractors Association (NECA) will visit El Salvador to meet with CIEMEC to potentially close some business deals. They also want to visit a project where CIEMEC is currently installing in order to analyze the quality of the work.

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

Nine professionals in the design and architect sector have formally agreed through a document prepared by the legal firm Romero Pineda & Associates to form part of the new board of directors for this Salvadoran design association. However, one member retired due to work issues. The eight active members have been meeting for the last couple of months with Jorge Méndez from the law firm RP&A and José Alfonso Laínez, an outside consultant, to determine the rules that will govern the association as

well as the specific benefits for members. They are currently in the process of hiring an accountant to legalize and present all documentation to the Ministry de Government.

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

There are now three respected North American based companies that offer El Salvador as a medical tourism destination: Planet Hospital, Med Solutions and Med Retreat. In addition, five more American patients visited El Salvador and a new executive director, Ana Zelaya, was hired. Advertisement continued in the TACA on-board magazine Explore in all three months of this quarter.

However, the most notable activity this quarter was the participation of Exportsalud and the Program's Deputy Director Gerardo Tablas at the International Medical Tourism Conference in Washington DC in December 2007. At this conference, Gerardo Tablas gave a presentation, along with Margarita de Escobar, Vice-Minister of Salvadoran Living Abroad, about the advantages of El Salvador as a medical tourism destination.

### **EXSOURCE GROUP (Software Development Cluster)**

In July 2007, an event was held for the Software Development Cluster (Exsource Group), in order to promote and strengthen this group aimed at becoming a "Software Factory". In addition to media coverage, the event was attended by the Minister of Economy and other governmental officials as well as members of this sector. Under this associative scheme, cluster members would pool their production capability in order to become a more attractive option for potential customers abroad.

In addition to the Software Factory, as a result of the commercial mission to Spain in May 2007, a joint venture alliance is being investigated between Exsource Group and the European Software Institute (ESI) to establish a software institute in El Salvador. They are also planning to attend the fair India Soft, which will take place during March 20-21, 2008 in Hyderabad, India.

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

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

### **Salvadoran Export Chamber of Translation and Interpretation Services**

The consultant Mauricio Castro was hired to develop the Chamber's export plan, which was completed in September. As part of the Chamber's organizational training, it participated in the Central American Travel Showcase held in San Salvador from October 24-28, 2007. It has been decided that instead of a chamber, the group would like to form a trading company, in order to accelerate sales. Once this trading company has been established, they will proceed to form a chamber. As a result of this decision, the cooperative agreement with the Program has to be changed and will be signed during the next quarter.

They will continue working with the consultant Mauricio Castro as well the legal consultant to advance the legalization process.

## **RESULT #6:**

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

#### **The Pan-American University of Agriculture Zamorano**

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

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

#### **INSAFORP (Salvadoran Institute for Professional Development)**

A cost sharing agreement was reached with INSAFORP to support the training component for the duration of the Program. They will support this initiative by contributing \$125 (\$110.62 plus IVA) per person per course throughout the three years of the Program. For the first year, the total contribution is \$119,250; for the second year a contribution of approximately \$96,250 is expected. The total amount of the agreement for the three years of the Phase Two is \$187,500; however, during this quarter this amount was increased by \$125,000. Due the success of the training component, INSAFORP has agreed to finance training for 1,000 more people, brining the total amount of the cost-sharing agreement to \$312,500.

#### **FUNDACIÓN MARÍA ESCALÓN DE NÚÑEZ**

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

# ANNEX 1 – List of Sixth Quarter Program Activities

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

DATE	ACTIVITY	DESCRIPTION	RESULT #1	RESULT #2	RESULT #3	RESULT #4	RESULT #5	RESULT #6
Oct	Commercial Mission	Commercial Mission to Salt Lake City, UT*	<b>X</b>					
Nov	Commercial Mission	Commercial Mission to San Francisco, CA*	<b>X</b>					
Dec	Commercial Mission	Commercial Mission to Miami, FL and Los Angeles, CA*	<b>X</b>					
Dec	Commercial Mission	Commercial Mission to New York, NY*	<b>X</b>					
Nov	Event	Contempo Furniture and Home Accessories Contest*	<b>X</b>	X	X		X	
Dec	Event	International Medical Tourism Conference*	<b>X</b>	X	X		X	
Oct	Fair	Brand Licensing Europe*	<b>X</b>	X	X			
Oct	Fair	Latino Book and Family Festival*	<b>X</b>	X	X			
Nov	Fair	Feria del Libro Salvadoreno*	<b>X</b>	X	X			
Nov	Fair	Expocomida Latin 2007*	<b>X</b>	X	X			
Nov	Meeting	Zamorano University* - to discuss Training workshops for 2008-2009	X	X	<b>X</b>			
Oct	Technical Assistance	American Teleservices Asociations - Digitex, S.A. de C.V.	<b>X</b>	X	X			
Oct	Technical Assistance	Brand Licensing Europe 2007 - Espacios Digitales, S.A. de C.V., Mauricio Ponce, Rafael Enrique Arce, Maura Cecilia Mendoza, Renata Huete, Ana Cristina Pineda, Attica, S.A de C.V.	<b>X</b>	X	X			
Oct	Technical Assistance	Central American Travel Market 2007 - Proinse, S.A. de C.V., Eva Tours, S.A. de	<b>X</b>	X	X			
Oct	Technical Assistance	Nutritional and Shelf-Life Analysis - Olga Miranda de Vilanova	<b>X</b>	X	X			
Oct	Technical Assistance	Childrens ENK Show 2007 - Petunia, S.A. de C.V.	<b>X</b>	X	X			

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

Oct	Technical Assistance	Giftionary Taiwan 2007 - Pan San Antonio, Suchil, S.A. de C.V., Palacio, S.A. de C.V., Proinca, S.A. de C.V., Expronav, S.A. de C.V., Agroindustrias Moreno, S.A. de C.V.	X	X	X			
Oct	Technical Assistance	Commerical Mission to Costa Rica - G. Premper, S.A. de C.V.	X	X	X			
Nov	Technical Assistance	Expo Comida Latina 2007 - Tropix, S.A. de C.V., Grupo GRV, S.A. de C.V., Crio Inversiones, S.A. de C.V., G y G Factible, S.A. de C.V., Atlacatl Foods, S.A. de C.V.	X	X	X			
Nov	Technical Assistance	Contempo Furnitre and Home Accessories Contest - Fuentes Clara, S.A.de C.V., Bettina Foradori, Jose Roberto Paredes, Lourdes Lama de Salazar, Claudia Elizabeth Viera, Jose Roberto Lopez, Abaco, S.A. de C.V, Eugenio Menjivar, Victor Mendez, Abitar, S.A. de C.V., Lourdes Mena, Silvia de Castillo, Eduardo Guirola, Interaco, S.A. de C.V.	X	X	X			
Nov	Technical Assistance	Nutritional Analysis - Olga Miranda de Vilanova	X	X	X			
Nov	Technical Assistance	Commercial Mission to New York and Boston - Alimentos Etnicos Centroamericanos, S.A. de C.V.	X	X	X			
Nov	Technical Assistance	Promotional Material - Dr. Aristides Velasquez	X	X	X			
Nov	Technical Assistance	Promotional Material - Dr. Douglas Larreinaga	X	X	X			
Nov	Technical Assistance	Development of Web Page - Moreno Menendez	X	X	X			
Nov	Technical Assistance	Nutricional Analysis - Agrononi, S.A. de C.V.	X	X	X			
Nov	Technical Assistance	Promotional Material (Advertisement) - Solumed, S.A. de C.V., Odontomed, S.A. de C.V., D.M. Supplies, S.A. de C.V., Clidesa, S.A.de C.V., Hospital Cader, S.A. de C.V., Pastrana, S.A. de C.V.	X	X	X			
Nov	Technical Assistance	Organic Certification - Multiprofesionales, S.A. de C.V.	X	X	X			
Nov	Technical Assistance	Commerical Mission to Honduras - Congelados Krisppy's, S.A. de C.V.	X	X	X			
Nov	Technical Assistance	Feria del Libro Salvadoreno - Materiales Educativos, Museo de la Palabra, Julio Cesar Zelada, Noely de Molina, Ediciones y Servicios Educativos, Edgar Orellana Studio, Ernesto Buitrago, Multilibros, S.A. de C.V.	X	X	X			

Nov	Technical Assistance	Commerical Mission to San Francisco - Comebien, S.A. de C.V., Miguel Ponce Palacios, Asaprot, S.A. de C.V., Inversiones Eiffel, S.A. de C.V., Wolsh, S.A. de C.V.	X	X	X			
Nov	Technical Assistance	Commercial Mission to Los Angeles - Dr. Douglas Larreinaga	X	X	X			
Dec	Technical Assistance	Development of Operatiing Software - Dr. Alfonso Medrano	X	X	X			
Dec	Technical Assistance	Promotional Material - Soluciones, S.A. de C.V.	X	X	X			
Dec	Technical Assistance	Design of 2008 Collection - Madymet, S.A. de C.V.	X	X	X			
Dec	Technical Assistance	Organic Certification - Las Marias 93, S.A. de C.V.	X	X	X			
Dec	Technical Assistance	Consultancy - Latin Food Distributors, S.A. de C.V.	X	X	X			
Dec	Technical Assistance	Winter Fancy Food Show - Sal Inc, S.A. de C.V, Sal y Pimienta, S.A.de C.V.	X	X	X			
Oct	Training	Innovation Workshop	X	X	X			
Oct	Training	Preservation and Packaging	X	X	X			
Oct	Training	New Product Development	X	X	X			
Nov	Training	Food Safety	X	X	X			
Nov	Training	Design and Evaluation of Export Business Plans Workshop	X	X	X			
Nov	Training	Export Logistics	X	X	X			
Dec	Training	Preservation and Packaging	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 December 31, 2007						
EXPORTS						
	Accumulative Sept 2007		October - December 2007		Accumulative December 2007	
SMEs in Data Base	718		114		832	SMES
Percentage Collected	84%		88%		86%	
Total Exports	\$13,922,841		\$6,370,958		\$20,293,799	155
Total Domestic Sales	\$9,331,634		\$3,471,931		\$12,803,565	172
<b>TOTAL</b>	<b>\$23,254,475</b>		<b>\$9,842,889</b>		<b>\$33,097,364</b>	
Technical Assistance Sales	\$15,775,009		\$5,537,026		\$21,312,035	
Training Component Sales	\$7,479,466		\$4,305,863		\$11,785,329	
SMEs Generating Exports and Sales	201		45		246	
% Generating Exports and Sales	28%		39%		30%	
Average Amount Exports and Sales	\$115,855		\$218,731		\$134,542	
Phase 1 SMEs	139	19%	4	4%	143	17%
Phase 2 SMEs	579	81%	110	96%	689	83%
	<b>Sales</b>	<b>SME %</b>	<b>Sales</b>	<b>SME %</b>	<b>Sales</b>	<b>SME %</b>
Phase 1 SMEs	\$13,158,372	74 / 57%	\$4,901,643	19 / 50%	\$18,060,015	93 / 55%
Phase 2 SMEs	\$10,096,103	127 / 43%	\$4,941,246	26 / 50%	\$15,037,349	153 / 45%
<b>SMEs and Sales by Sector</b>	<b># of SMEs*</b>	<b>Sales</b>	<b># of SMEs*</b>	<b>Sales</b>	<b># of SMEs</b>	<b>Sales</b>
Food Products	48	\$7,533,897	12	\$2,122,735	60	\$9,656,632
Manufacturing	48	\$7,124,254	4	\$3,293,902	52	\$10,418,156
Services	77	\$4,229,415	17	\$2,779,400	94	\$7,008,815
Pharmaceutical Products	10	\$1,399,879	1	\$300,370	11	\$1,700,249
Agricultural Products	13	\$1,379,462	1	\$886,130	14	\$2,265,592
Natural and Organic Products	3	\$1,571,368	0	\$32,379	3	\$1,603,747
Specialty Coffees	2	\$16,200	3	\$427,973	5	\$444,173
<b>TOTAL</b>	<b>201</b>	<b>\$23,254,475</b>	<b>38</b>	<b>\$9,842,889</b>	<b>239</b>	<b>\$33,097,364</b>
<i>* This number refers only to SMEs that have not previously been beneficiaries</i>						
<b>ASSISTANCES</b>						
<b>Training Component</b>	<b>People</b>	<b>SMEs</b>	<b>People</b>	<b>SMEs</b>	<b>People</b>	<b>SMEs</b>
Businessmen	929	543	148	79	1077	622
GOES Officials	37		0		37	
Private Sector Professionals	165		2		167	
<b>TOTAL</b>	<b>1131</b>	<b>543</b>	<b>150</b>	<b>79</b>	<b>1281</b>	<b>622</b>
	<b># of Assis.</b>	<b>SMEs</b>	<b># of Assis.</b>	<b>SMEs</b>	<b># of Assis.</b>	<b>SMEs</b>
<b>Technical Assistances</b>	<b>341</b>	<b>253</b>	<b>32</b>	<b>44</b>	<b>373</b>	<b>297</b>

<b>EMPLOYMENT GENERATED</b>						
<b>Direct New Jobs</b>	<b>Jobs</b>		<b>Jobs</b>	<b>%</b>	<b>Jobs</b>	<b>%</b>
Employment Generated	1269		338		<b>1607</b>	
Permanent	739	58%	165	49%	904	56%
Temporary	530	42%	173	51%	703	44%
Women	663	52%	168	50%	831	52%
Men	606	48%	170	50%	776	48%
<b>New Job Category - Permanent</b>	739		165		904	
Production	556	75%	112	68%	668	74%
Administration	101	14%	41	25%	142	16%
Middle Management	55	7%	9	5%	64	7%
Upper Management	27	4%	3	2%	30	3%
<b>New Job Category - Temporary</b>	530		173		703	
Production	512	97%	167	97%	679	97%
Administration	12	2%	3	2%	15	2%
Middle Management	6	1%	3	2%	9	1%
Upper Management	0	0%	0	0%	0	0%
<b>OTHER INFORMATION</b>						
<b>SMEs by Market Sector</b>						
Never Exported	491	68%	63	55%	554	67%
Central American	103	14%	15	13%	118	14%
Other	124	17%	36	32%	160	19%
<b>TOTAL</b>	<b>718</b>	<b>100%</b>	<b>114</b>	<b>100%</b>	<b>832</b>	<b>100%</b>
<b>Distribution of Sales by SME size through December 31, 2007</b>						
	<b>Total SMEs</b>		<b>Total SMEs with Sales</b>		<b>Total Sales</b>	
Less than 5 employees	384		74 / 19%		\$4,005,666	
5 to 25 employees	319		114 / 36%		\$10,204,669	
26 to 50 employees	61		32 / 52%		\$6,801,709	
More than 50 employees	68		26 / 38%		\$12,085,320	
<b>TOTAL</b>	<b>832</b>		<b>246 / 30%</b>		<b>\$33,097,364</b>	
<b>Female Presence in Board of Directors</b>						
Less than 5 employees	270 / 384		70%			
5 to 25 employees	252 / 319		79%			
26 to 50 employees	50 / 61		82%			
More than 50 employees	47 / 68		69%			
<b>TOTAL</b>	<b>619 / 832</b>		<b>74%</b>			
<b>Female Decision Makers</b>	307 / 832		37%			

# ANNEX 3 – Success Stories

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



**USAID**  
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**EL SALVADOR**

## SUCCESS STORY

### Salvadoran exports “sound” abroad

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



Photograph: USAID's Export Promotion Program

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

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

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

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

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

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



## SUCCESS STORY

# Salvadoran Medical Services Sold Abroad

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



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

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

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

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

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

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

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



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## SUCCESS STORY

# Visualizing a 3D future for Design Services

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

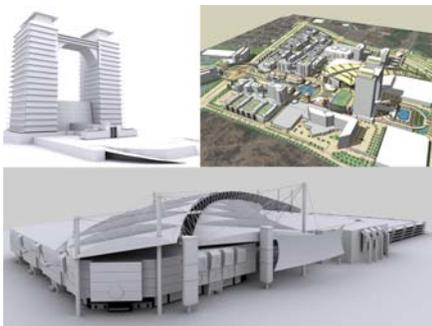


Photo: Espacios Digitales

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

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

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

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

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

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