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FY 2012 Annual Report October 2011 – September 2012

Submitted: November 16, 2012

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Enterprise & Employment
FY 2012
Annual Report
October 2011 – September 2012

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I. Executive Summary

This report highlights activities carried out by CARANA Corporation (CARANA) in support of USAID/Nicaragua's Enterprise and Employment Program (E&E) during our third year of project implementation, fiscal year 2012 or FY12 (October 2011 to September 2012).

Despite budget and length-of-project uncertainty through much of this fiscal year, E&E exceeded all major program indicators. Highlights include:

SME and Value Chain Development

- For every one dollar invested by USAID, anchor firms invested \$4.20 (or over 400% cost sharing), once again far exceeding the Global Development Alliance goal of one to one matching.
- E&E helped generate over \$11.4 million in new sales and create nearly 2,000 new jobs (surpassing our FY12 goals in both benchmarks by approximately 164%). Through anchor firm alliances and our support for six business service providers, USAID benefitted over 1,500 SMEs.
- E&E facilitated over \$12.5 million in new credit to nearly 3,000 SMEs. Through our work with leading commercial banks, rural micro-lenders, anchor firms, and a credit bureau, E&E is generating transformational changes in how the Nicaraguan financial sector services and assists SMEs.
- We helped to significantly increase agricultural productivity and yields through our anchor firm alliances including:
 - Over 100% average increases in cassava production for Tecnoagro suppliers through the introduction of new seed varieties, including a 33% increase in cassava deemed export quality, thus increasing prices;
 - 40% increase in honey yields for farmers trained by SwissContact in partnership with Ingemann Honey;
 - 86% average increase in shrimp production by Serviconsa supplier cooperatives;
 - Exprosur suppliers in Ometepe increased yields by 12% and more importantly, increased by 50% the production of "export quality" plantains;
 - Over 20% increases in milk yields by cooperatives working with Eskimo.
- The Nicaraguan Association of Exporters and Producers (APEN) recognized USAID's valuable contribution through E&E in promoting exports for small agricultural producers during the last year through a special recognition presented to USAID Mission Director Art Brown at the September "ExpoApen."

CAFTA-DR Implementation and Policy Reform

- We concluded support to MARENA to improve water quality in priority areas of Lake Cocibolca (Lake Nicaragua), in partnership with the National Agriculture University (UNA). With E&E support, UNA conducted 502 business inspections to evaluate existing residual water management practices. MARENA's legal team processed environmental permits for 333 SMEs previously identified as lacking these permits. In addition, our team developed 296 environmental management plans aimed at reducing contamination of Lake Cocibolca and conducted 70 training events on environmental management.
- During FY12 we continued working with COSEP and other private sector entities in supporting an enabling environment more conducive to exports and SME growth by providing technical assistance and follow-up to the Export Promotion, Ports, Customs, and medical tourism laws and regulations.

Human Capital Development

- E&E concluded a partnership with the Fundacion Victoria (FV) to implement two workforce development programs in business administration, as well as industrial maintenance benefiting 100 at-risk youth. We also began work with FV on initiating a new career track for the food technology industry in FY13.
- E&E and SNV presented the results of our study analyzing employer demand for labor skill-sets in four sectors: agribusiness, light manufacturing, shoe and leather manufacturing, and tourism. COSEP assumed dialogue ownership with the government on study recommendations.
- With E&E support, CEI and UNICA implemented a postgraduate program in Export Management for 17 private and public sector professionals.

Outreach

- E&E continued generating significant understanding of USAID's contribution to equitable economic growth in Nicaragua through monthly bulletins, extensive press coverage (over 166 news articles covering a wide range of E&E activities or over three per week), and social media. At the end of the year, E&E's web page had been visited by over 93,000 people. We have over 1,650 friends and regular users on Facebook.

Finance and Management

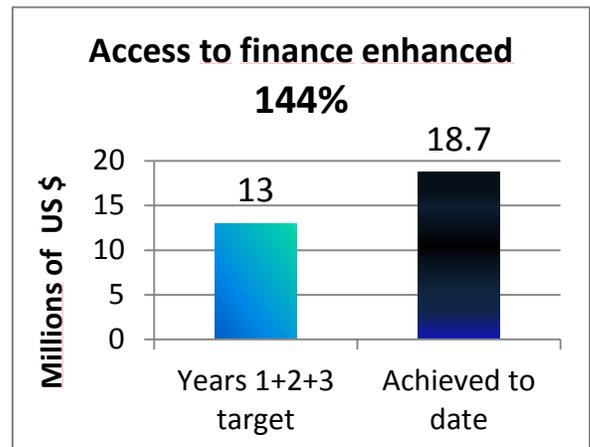
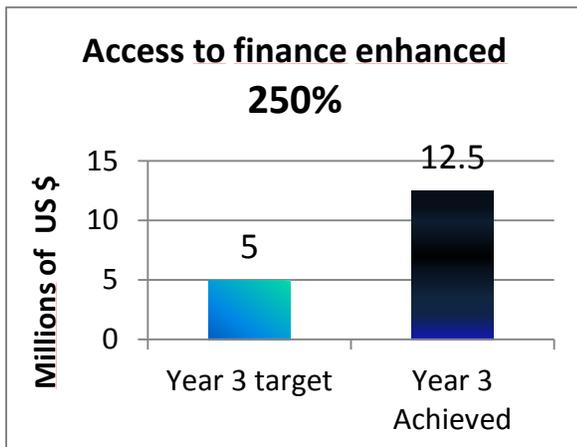
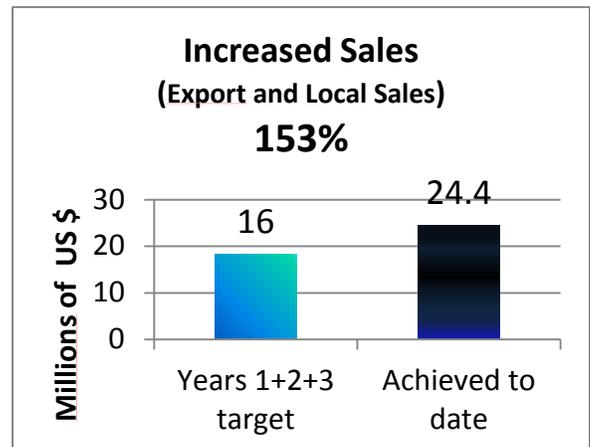
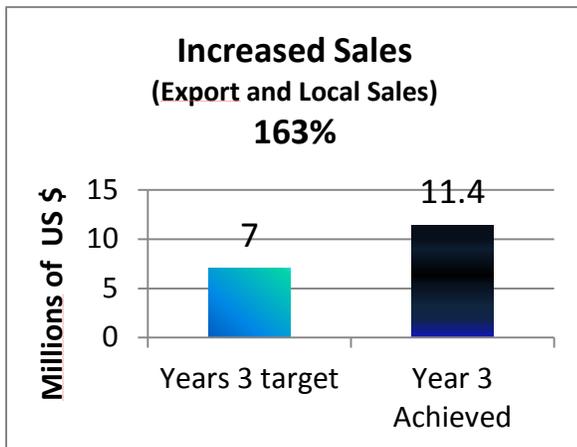
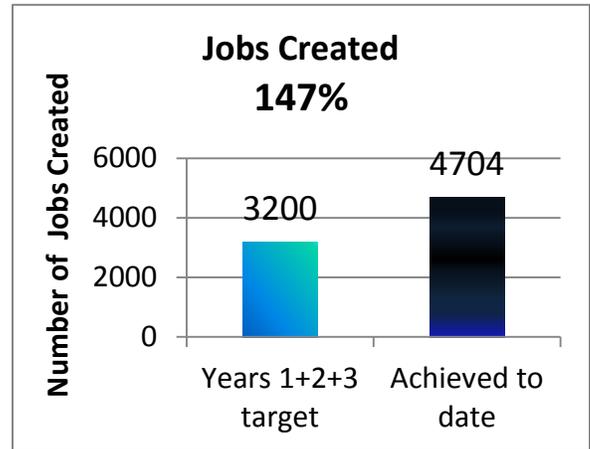
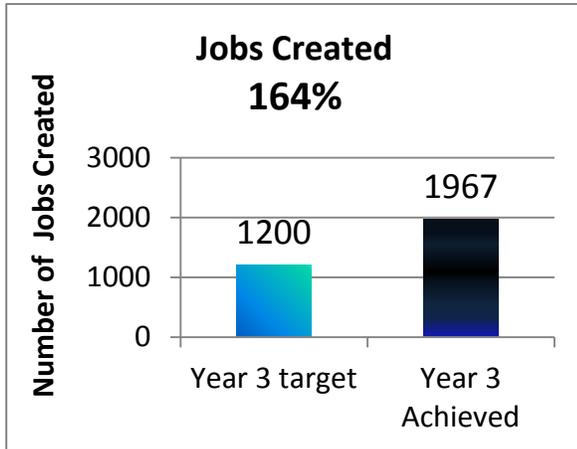
- E&E had FY12 accruals of \$3.3 million bringing cumulative expenses to \$9.1 million. With a pipeline of \$1.1 million as of September, 2012. With an additional \$1.1 million that USAID will make available in FY13Q1, E&E will have approximate expenditures of \$11.3 through August 16, 2013.

E&E PROGRAM INDICATORS

Primary Indicators

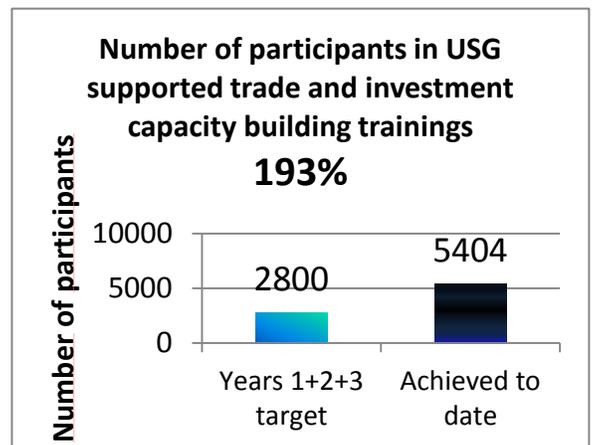
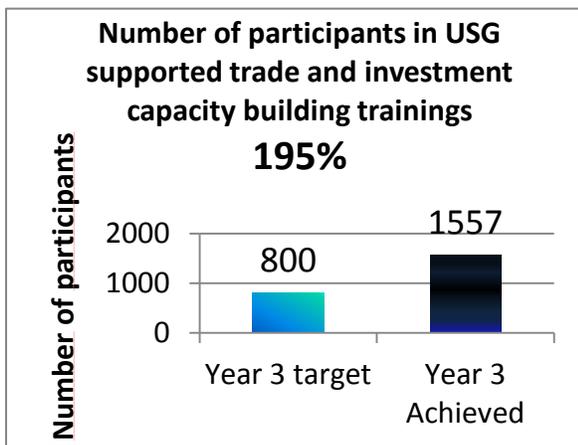
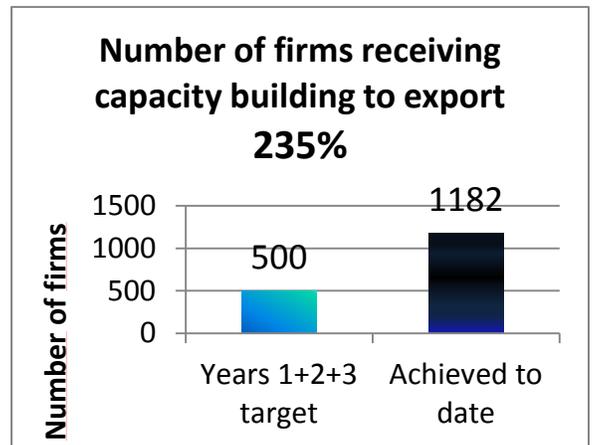
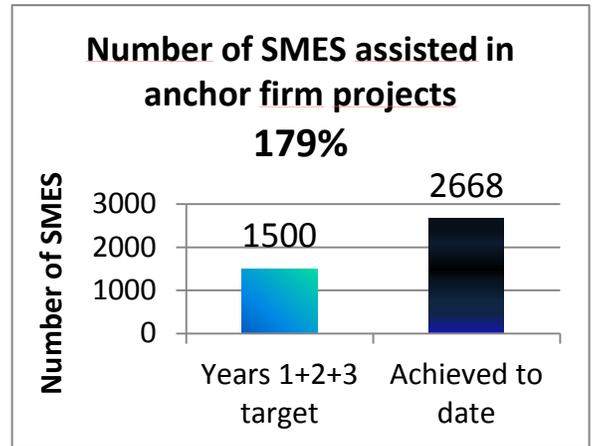
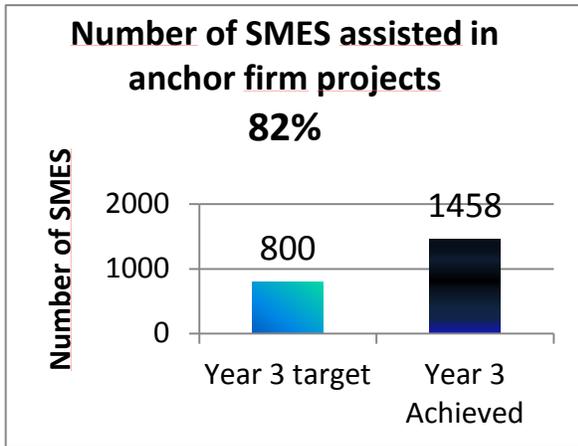
Year 3 results
(October 2011-September 2012)

Results to Date
(Year 1+ Year 2+ Year 3)



(October 2011-September 2012)

(Year 1+ Year 2+ Year 3)



II. Introduction: FY12 and Beyond

FY12 was a successful year for E&E. Despite budget and length-of-project uncertainty through much of this fiscal year, we operated without major program disruptions and exceeded all major program indicators or benchmarks.

Our success was partly the result of the momentum from our first two years, as alliances matured and investments began paying greater dividends. This was especially the case with anchor firm alliances, most notably Chiles de Nicaragua, Servicons, Expornica, Tecnoagro, and Eskimo.

In addition, a contributing factor to our success was the careful timing of anchor firm alliance completions, with small but carefully targeted and high impact extensions as budget clarity and resources permitted (e.g., the Chiles-Fabretto alliance, the FDL-Nitlapan program to provide credit and technical assistance to small farmers in north central Nicaragua). As we reduced our staff, we also judiciously aligned our management resources with the tasks at hand to ensure that we were focusing on those areas of greatest return. A primary reason for this success was also the day-to-day partnership that we have established with USAID and the flexibility in program operations that this partnership has permitted.

An important premise for E&E's work has been the need to generate long-term impact and sustainable, transformational change. With the passage of time, alliances and other E&E work need to be focused not just on short term indicators of jobs, sales, exports, and similar benchmarks – as important as these may be – but on changing mindsets and paradigms and the way that stakeholders across a value chain do business and work together. We are pleased that in addition to surpassing indicators, in E&E's third year we saw evidence that the program was generating these longer-term changes. We saw this in three important areas: (1) value chain associativity; (2) access to finance and SME lending; and, (3) labor force development and entrepreneurship promotion. In addition, we wish to highlight a fourth, important cross-cutting E&E issue: our efforts in enhancing the role of women in development.

Value Chain Associativity

E&E's true impact will be measured by how alliances that we have created and supported continue in the future, well after USAID's investment in E&E is completed. We do not expect that each alliance will necessarily be as dynamic as it is now (although we expect some to be even more so). There are also likely to be differences in how these alliances mature, with some more effective than others.

We see growing evidence that the relationships between anchor firm and small suppliers are bonding, with stakeholders clearly understanding that these relationships are win-win and need to continue. Examples include but are not limited to:

- The creation of the Association of the Small and Medium Aquaculture Producers (APEMAC) among Servicons suppliers to address issues related to productivity,

finance and administration, and overall relations with the anchor firm. The small cooperatives and SMEs have joined forces to hire financial and accounting support through voluntary levies. They are also working with Serviconsa on establishing a small charge on per kilo of shrimp sold to provide funding to maintain laboratory testing and quality control. APEMAC is also reaching out to other partners, such as the University of Central America (UCA) to assist in quality control and innovation, including the establishment of test ponds to experiment with feed mixes and other issues. These initiatives, supported by E&E but generated on their own, were unthinkable two years ago.

- Establishment of the Asociación Nacional de Cuero, Calzado, y Afines de Nicaragua (ANCUNIC), bringing together a large number of shoe and leather sector SMEs to dialogue with the government on policy issues, undertake joint procurement, and share experiences.
- Beyond encouragement by E&E, the willingness of Chiles de Nicaragua and other anchor firms in adopting corporate social responsibility (CSR) practices and their growing vision that these are not just a social initiative, but an inclusive business model which ensures greater social benefits *and* profitability.
- The key roles played by anchor firms in generating major yield and productivity increases. Study after study (including USAID/N's Agricultural Sector Assessment study) have identified low productivity and yields as one of the major problems effecting Nicaraguan agriculture and small farmers. Nearly all E&E alliances have successfully addressed this issue. Impact includes:
 - Over 100% average increases in cassava production for Tecnoagro suppliers through the introduction of new seed varieties, which will have a multiplier impact as seeds for new varieties become increasingly available after first year plantings;
 - 40% increase in honey yields for farmers trained by SwissContact in partnership with Ingemann Honey;
 - 86% average increase in shrimp production by Serviconsa suppliers;
 - 10% increase in yields for Expornica sesame suppliers, despite the impact of devastating rains;
 - Exprosur suppliers in Ometepe increased yields by 12% and more importantly, increased by 50% the production of "export quality" plantains;
 - Over 20% increases in milk yields by cooperatives working with Eskimo.

Much greater collaboration across value chains and significant productivity increases are visible in many other alliances including the shoe sector (Alex Shoes, Cuero, etc.), in La Colonia and its suppliers, as well as others. For example, several anchor firms are absorbing at least part of the technical assistance (TA) contracted by E&E to assist small producers (Chiles, Eskimo, Tecnoagro, Expornica).

Access to Finance and SME Lending

Generating increased access to finance has been an important value chain support activity in E&E's first three years. But it has evolved to a major component, in and of itself, and one where we believe USAID is having a significant sector-wide impact through E&E efforts. E&E is approaching \$20 million in generating new financing available for MSMEs. The establishment of an SME department within BAC – one of the leading commercial banks in Nicaragua – and helping them to develop the confidence to move aggressively into this segment was a major E&E accomplishment in FY12. In FY11, we had a similar achievement with another major bank, BDF, whose SME lending department has now become its most productive and service-oriented, according to a recent independent evaluation conducted by the bank. E&E's strategy of working with both commercial banks and micro-lenders and providing credit to both bank staff and clients is changing the way the banking system is approaching SME lending. Success generates greater success and these banks are now approaching us about developing new, innovative products such as crop insurance and wholesale lending by them to micro-lending institutions, which we will examine in FY13. In other words, we are seeing a critical mass of activities that are changing the way many stakeholders in the sector see themselves and how they want to operate – because it is attractive socially *and* because it is profitable. BAC officials have told us that while they were considering entering the SME segment, what they heard about E&E's alliance with BDF inspired them to take that approach and be more aggressive in their strategy. FAMA Financiera similarly tells us that the success they had seen with BAC made them reach out to us to help with training and begin lending to new clients. It is not an overnight process, but we believe that we are seeing transformational changes in these areas.

Human Capital Development

USAID is having an important impact on labor force development and entrepreneurship programs through the impact and recognition of the Fundación Victoria's at-risk youth labor force development program, as well as the Cisco-Thomas More University Entrepreneurship Center. Both are perceived as model programs in their respective areas. FV has engaged the government in discussions on how to make labor force development more effective. The government's labor force development institution, INATEC, is trying to draw lessons learned from its success.



Art Brown, USAID Mission Director, meets with students about to complete the Industrial Maintenance track. All had job offers after graduation

The Cisco-Thomas More University Entrepreneurial Center has been particularly successful in encouraging its participants to pursue their entrepreneurial dreams and

start their own businesses (see text box, page 39). Among similar programs, it is increasingly attracting young people who want to break out of employee molds. Over half of its participants start a new business within three months of graduation. The Center is identifying other sources of financing and should be sustainable by the time E&E concludes its work next year.

Across the activities described below for FY12, the increased focus on sustainability should be clear. As we enter FY13 and our last year, E&E will increasingly focus in this area. This includes not just anchor firm alliances, but the institutional strengthening of our BDS partners and other entities with whom we work. Indeed, a major thrust of our program in FY13 will be strengthening a local institution to continue much of the work that E&E has undertaken, especially in value chains and anchor firm alliances, in addition to access to finance.

Gender Focus

Promoting the role of women in development is an important cross-cutting E&E objective. We recognize the important and ever-growing role of women as agents of change and productivity in their communities. Where appropriate, we have specifically targeted women-owned enterprises or initiatives, to serve as models for others. In anchor firm alliances, we have likewise looked for opportunities to incorporate women-led SMEs into value chains. In fact, our experience has been that women leaders are often more open and are willing to learn and implement new and better practices learned from E&E trainings and interactions than their male counterparts. In training and related activities, we are constantly looking to increase the participation of women among our recipients and partners. For example, as highlighted below, nearly a third of APEN's export-related training recipients are now women. Finally, we are conscious that one must lead by example. In contracting short term technical assistance – TCN as well as local – E&E has made an effort to recruit female technical leaders where possible. In leading phytosanitary certifications, policy reform analysis, shoe industry competitiveness, access to credit, and many other initiatives, women technical experts partnering with E&E have often played leading roles.



Rosa Maria Herrera, a 66-year old cassava grower, increased her yields 100% with a new variety introduced by Tecnoagro, with E&E assistance. Because of the higher quality, she increased her income over 300%

Examples of program efforts led or incorporating women include:

- The women's shrimp cooperative, Lucrecia Lindo, where E&E efforts have assisted its 16 women members to reach profits of over \$300,000 in 2012 and escape from poverty to middle class incomes (see text box, page 24).
- Cooperativa La Bendición, where we have assisted a large group of women and four women-owned SMEs to more competitively manufacture uniforms, backpacks, and handicrafts.
- In the Chiles de Nicaragua value chain, where women producers such as Marjorie Siles are recognized as leaders and where the anchor firm made a specific effort to assist 90-member Tierra Nueva, a women-managed cooperative.
- Cassava producers such as Rosa Maria Herrera linked to the Tecnoagro value chain where her willingness to innovate and introduce new ideas has been instrumental to the program's success.
- The USAID grant to Grupo Raices benefitted numerous women's groups, including the women's ceramics artisans of Ducuale in Esteli and the women's pine-needle artisans of the Maria Fabretto cooperative in Madriz.
- Support by APEN's Export Training Office (OFEX) where with E&E support a third (54 out of 153) participants have been women – a percentage unheard of several years ago. A third of APEN's regional certification training participants have also been women.
- Labor force development by the Fundación Victoria where in the business administration track nearly a third are young women and entrepreneurial training by the Cisco-Thomas More Entrepreneurial Center, where 51% are women.
- Approximately 2,309 or 43% of participants in all E&E training programs have been women – a significant figure given male predominance in many economic activities.

E&E is proud of each woman who has enthusiastically accepted to participate in our efforts to change lives and act as promoters of the inclusion of more women in the productive chain.

In sum, throughout program implementation, E&E has placed special emphasis on catalyzing long-term, systematic changes that are the key to economic development, including a greater role for women in production and value chain activities. Some of these changes are already evident in our anchor firm alliances and other initiatives. In FY13, we will focus with even determination in these areas.

III. Progress by Activity

This report provides an overview of E&E's activities during FY12 and is structured along E&E's three principal areas of concentration: (1) Micro, Small and Medium Enterprise (MSME) Development and Value Chains; (2) Support for CAFTA-DR and Policy Reform; and (3) Human Capital Development. Progress against Performance Monitoring Plan (PMP) indicators is highlighted in Section IV. Annex I contains E&E's monthly newsletters for FY12Q4. Attachment II includes press coverage of E&E programs in the local media for the same period.

A. SME Development and Value Chains

E&E provides direct assistance to MSMEs through four principal means: (1) implementing anchor/value chain firm alliances; (2) enhancing the capacity of SMEs to access financing and investment capital; (3) strengthening the capabilities of business service providers; and (4) operations research. These activities complement and reinforce each other, creating synergies to more effectively assist SMEs.

A1. Anchor Firm Alliances [Task Order Activity A]

In FY12, E&E implemented 16 anchor firm alliances that generated more than \$11.4 in new sales and exports for a total of over \$24 million to date.¹ During the fiscal year we concluded assistance to four alliances, including Calzado Alex, VegyFrut, Casa Mántica/La Colonia and Ingemann. However, we continue providing guidance and coaching to most of these alliances to maximize USAID's investment. We also initiated one new alliance with Nicacentro, one of Nicaragua's largest dairy cooperatives, which is working in remote areas of north central Nicaragua. E&E was also asked by the private sector to take a lead role in a new program to revitalize Nicaragua's coffee industry.

A1a. Calzado Alex, S.A. – Shoes and leather goods

E&E continued support for Calzado Alex and its SME suppliers, even as we wind down this alliance. Although our partnership is concluding, the nature of the anchor firm approach is such that the alliance between Alex and its providers will continue well after E&E's work is completed. A result of USAID's support was the creation of Asociación Nacional de Cuero, Calzado y Afines de Nicaragua (ANCUNIC) generating significantly increased associativity between SMEs in the sector. During FY12:

- E&E helped Calzado Alex and its suppliers increase their sales by over \$479,430 (35% were exports to Costa Rica and Panama), and create 65 new jobs.
- E&E consultants Catalina Navia and Catalina Ruiz trained 27 ANCUNIC shoe and leather MSMEs to design shoes based on market segments, from concept to

¹ All figures are in U.S. dollars, unless otherwise stated.

material selection and costing, to construction of new shoe prototypes with clear specifications, allowing them to develop truly differentiated shoe styles instead of essentially copying existing models as is often the case in Nicaragua. Two trainees received more in-depth training, and as a result continued providing design and modeling (prototype development) assistance to other ANCUNIC members.



Delivery of participation certificates at closing act of Molding Workshop conducted by Colombian experts Catalina Ruiz and Catalina Navia

- We helped facilitate a six-month contract between SCA Footwear, a Brazilian firm and Nicaragua's largest shoe manufacturing company and Calzado Alex, for the manufacturing of hand-made components for 160,000 pairs of shoes, which Alex completed in June, generating over \$20,000 in sales and part-time jobs for 30 women during six months. Alex's success in servicing SCA Footwear led to another contract with TECSHOES Latinoamerica, another Nicaraguan-based shoe company for which Alex began sewing shoe components for 20,000 pairs in August.
- KUERO, an SME leather product manufacturer and ANCUNIC member, used the new product development training to develop a product lines and catalogue. E&E assistance also helped KUERO participate at the WWD MAGIC trade show in the U.S. where it reached out to potential customers using its new product catalogue.
- In July, we closed our grant with Calzado Alex after helping the firm import and install a new multi-knife leather cutting machine for Alex supplier Bismarck Oporta's "El Arte en Cuero." This machine, which Alex imported from California-based Artisan Sewing Supplies Inc. allowed El Arte en Cuero to more than triple their production capacity and improve the quality of their shoe products. In August and September, El Arte en Cuero BOP used its new equipment to increase its sales by \$ 4,475 (See text box on page 19).

A1b. Chiles de Nicaragua, S.A. (Chiles) – Tabasco pepper exports

In FY12, Chiles exported more than 1.6 million pounds of Tabasco pepper paste, approximately twice what they exported prior to partnering with E&E. Chiles plans to reach 4.5 million pounds in the next 8 months, making them McIlhenny Company's largest supplier in Latin America. Their rapid expansion creates opportunities for its 360 (and growing) network of suppliers. As their sourcing needs to grow, E&E is motivating Chiles to source an increasing amount from highly food insecure areas of northern Nicaragua as a means to improve economic opportunities and subsequent access to nutritious foods. Building on Chiles' alliances with FDL and other partners to provide loans and TA to small suppliers in northern Nicaragua, E&E focused this year on recruiting new Chiles' grower-suppliers in Las Segovias and Jalapa. Highlights in FY12:

EL GURU COOPERATIVE MEMBERS SEE A NEW FUTURE PRODUCING TABASCO PEPPER

Heliodoro (Helio) heads the “Cooperativa Agropecuaria de Producción El Gurú, R.L.” located on the Leon-Managua highway. Last March, Chiles de Nicaragua invited him and Jorge Luis Obando, a close friend from youth and also member of the cooperative, to a meeting with other potential producers to explore becoming Tabasco pepper growers.

As a result of this encounter, they entered into negotiations to secure a price of \$0.47/lb of Tabasco pepper and agreed on technical assistance plan, as well as other incentives offered by Chiles de Nicaragua. Heliodoro and Jorge partnered to plant 2 hectares of Tabasco pepper in El Gurú zone, “Comunidad del Sagrado Corazón de Jesús,” 15 miles from Leon. With the help of Chiles and E&E, they qualified for a \$8,000 credit loan from FDL. The harvest was in August, after a 50-day harvesting period. Despite being first comers as Tabasco growers, their yield of over 14,000 lb/ha generated a gross margin of \$5,200 after they pay their loan, leaving them with a healthy profit and capital to expand their next crop to four hectares.

For each, this is a new beginning. “This is a result that we have never had with any other crop, especially with a guaranteed price,” Helio says enthusiastically. Prior to growing Tabasco, he was a long time grower of maize and sorghum. A technician in agriculture administration at the Paulo Freire University in Matagalpa, he had been planting crops like maize and sorghum and other cash crop like sesame which provide low margins. In his last year, Helio took a particularly hard hit with maize, resulting in losses of \$800. He sometimes grew vegetable crops like plantains and cucumbers, but he states that “no other crop has improved my income better than Tabasco pepper. Especially important is counting on an attractive fixed price and buyer.”

Despite his humble origins, Jorge also has a university degree in business administration from the University of Commercial Sciences (UCC) in León, and has worked as a consultant for other producers. Now, however, he is going to become a full time producer himself. These close friends now hope to continue as partners and invite other members of EL GURU Cooperative to join their effort and become Tabasco growers.

- E&E helped Chiles export 37 containers of Tabasco pepper paste worth over \$1.6 million to the U.S. Sixty producers became new Chiles suppliers. Their expanded production helped create 374 new full time jobs during the year.
- E&E facilitated an MOU between Chiles and the Local Development Fund (FDL) under which FDL agreed to provide up to \$10,000 in loans (up to \$5,000 with no collateral other than the Chiles contract) to their small farmer suppliers.
- We brokered a Memorandum of Understanding (MOU) between Chiles and the Fabretto Foundation, which provides free school lunches to over 11,000 children in different parts of Nicaragua, including areas of Somoto, Ocotal, and La Sabana where food security is precarious. Through this alliance, parents whose children Fabretto feeds will plant Tabasco pepper for Chiles, increase their incomes and ability to buy food, and thus significantly enhance the nutritional impact of Fabretto's nutritional education programs. Under the MOU, Fabretto agreed to co-finance 50% of the cost associated with acquiring drip-irrigation systems for its producers. Chiles agreed to finance the rest through its grant from E&E. Chiles and Fabretto also agreed to co-finance TA from VIANSA, a local NGO. If production in the area reaches at least 500,000 lbs, Chiles will also build a collection center in the area.
- Chiles also opened a new front of MSME growers in Leon with ILOS Cooperative, in Boaco, and in Tisma due to a growing demand from its buyer McIlhenny. This increased by 20 new suppliers to which E&E was helping to provide TA.



Signing of agreement between Chiles de Nicaragua and Fabretto Foundation

A1c. Vegetales y Frutas Procesadas de Nicaragua (Vegyfrut or VF) – Ag exports

In April, E&E completed its assistance to Vegyfrut, a young, fast-growing company to export non-traditional agriculture products including mini-vegetables, seedless watermelon, and okra, while supporting it to strengthen and expand its formal market for pre-cut vegetables it sources from over 15 producers in northern Nicaragua. Through our alliance with Vegyfrut, which began on May 15, 2010, we helped this anchor firm and its small producer suppliers:

- Generate over \$650,000 in new sales (64% were exports to the U.S.). \$242,800 of these new sales took place in FY12.
- Create 162 jobs (35% in Mozonte and Macuelizo in Nueva Segovia). E&E helped create 42 of these new jobs in FY12.

- Develop a strategic business plan that will guide the firm through its fast growth.
- Participate in important trade shows, such the Produce Marketing Association (PMA) Fresh Summit, where they reached an agreement with Bagley Produce (which purchased two seedless watermelon harvests from VF), and the Agritrade Show in Guatemala, where they secured buyers for mini-vegetables and okra in the U.S.
- Implement Good Manufacturing Practices (GMPs) at their plant, which led to them obtaining a GMP certification from the Ministry of Health.

Today, VF is a dynamic young company facing the challenges always created by very fast growth. USAID's assistance has played a key role in helping the firm navigate through these hurdles in the future, including a long-term partnership to grow 42 ha of seedless watermelon for Bagley Produce beginning next season.

A1d. Eskimo, S.A. (Eskimo) – Milk production

In partnership with anchor firm Eskimo, E&E supports 220 dairy producers from the San José Cooperative (CASANJO) in San Jose Paiwitas, Matagalpa, and the Livestock Association of San Jose de los Remates (ASOGACA) in Boaco, which supplies milk to Eskimo. Progress in FY12 progress includes:

- E&E helped Eskimo suppliers from ASOGACA and CASANJO increase their sales by over \$1.2 million in comparison to the previous year, spurring investments in hygienic milking, double-milking, and the planting of improved pastures. These activities helped create 104 new jobs.
- Technical extensionists supported by E&E conducted 226 direct TA visits to help cooperative members improve the quality and productivity of their milk operations. E&E also developed a GMP manual for CASANJO's milk collection center, and began helping CASANJO staff implement GMP requirements. We completed our technical assistance to ASOGACA and CASANJO milk producers in April, though extensionists from both these organizations will continue stressing the importance of hygienic milking and proper nutrition to ensure quality and improve yields.



Milk chilling equipment co-financed to CASANJO by E&E through a small grant

- The milk chilling equipment purchased by CASANJO co-financed by E&E's grant through Eskimo arrived to Nicaragua in June, though the equipment was not able to clear customs until August. CASANJO has since installed the milk cooling equipment, which will

guarantee the quality of its milk, and will allow it to continue growing its milk sales.

- Eskimo's returns on the milk quality improvement investments under our alliance have motivated them to consider implementing similar efforts with other milk cooperatives. We tentatively agreed to support follow-up efforts with other cooperatives as long as they are situated in USAID's highly food insecure target areas of northern Nicaragua.

A1e. Casa Mántica (La Colonia) – Supermarket suppliers

We completed our support for 14 La Colonia SME suppliers. During the alliance with Casa Mántica, which began in June of 2010, we helped these suppliers increase their sales by more than \$830,000 and create 97 new jobs (37% were in north and central Nicaragua). Of total sales, \$416,200 took place during FY12. The industrial expansion in Corazon de Oro Bakery and El Secreto de Mama Chutney Factory generated 30 new jobs. Important results of the alliance include:

- E&E helped six SMEs introduce their products to La Colonia supermarkets, and another eight SMEs to expand their sales through La Colonia's *Economax* brand.
- We helped 12 SMEs launch 30 new or improved products.
- E&E assisted seven SMEs to implement Good Manufacturing Practices (GMP) and industrial safety practices.

As a result of our alliance, these 14 SMEs are better positioned to increase their sales to La Colonia suppliers as well as to other customers. Our TA to help them develop business plans and/or implement GMPs, complemented by grants to improve or expand their processing capacity is paying off. Not only are they benefiting from a better relationship with La Colonia, but five of the 14 MSMEs (Rodcen, Corazon de Oro, FUTEC Industrial, El Secreto de Mama and Rosqueñas) have begun exporting their products to regional and international markets.

A1f. Expros - Plantain exports

In FY11 E&E helped link Expros, a 33-member plantain cooperative in southern Nicaragua, to Del Monte of Costa Rica, which led to the signing of a \$5 million sales contract for high quality plantain. Expros's members received TA from Del Monte and E&E and by July 2011 had begun exporting export-quality plantain to Del Monte. As plantain quality has significantly improved as a result of these efforts, so has the premium the market is willing to pay for Rivas plantains (buyers in Miami are now willing to pay premiums of \$2-3 per box). Accordingly, EXPROS expanded its client base from Del Monte (which was not willing to pay a higher price) to other international and domestic buyers. Prices have fluctuated during the last year and EXPROS has

proved nimble at adapting to new market conditions and customer relations, something which it did not well prior to USAID's assistance. FY12 highlights include:

- E&E helped Exprosur increase their sales by nearly \$400,000 (29% were exports to the U.S. and Costa Rica). Exprosur's "second grade" plantain's quality exceeds that of what local market buyers consider "first grade" quality, allowing them to receive a price of \$0.13/finger (approximately 30% higher than the average price paid for first grade plantain in the local market).
- Twenty-two new Exprosur suppliers began bagging 103.6 hectares of plantain (a practice which significantly enhances quality), and investing in better production practices, leading to the creation of 35 new jobs in FY12. Since the start of the program, the alliance with Exprosur has generated 123 new, full time jobs.
- With E&E assistance Exprosur partnered with the Yamil Rios and Alejandro Alvarez Triguero cooperatives in Ometepe Island to buy their products and improve their quality. The partnership between them resulted in a 12% increase in yields and to increase by over 50% the plantains considered export quality. E&E and Exprosur continued training 32 Ometepe cooperative producers to improve their yields and quality by controlling for Black Sigatoka and bagging. At the same time, cooperative producers have learned better post-harvest practices to avoid fruit losses.



Training workshop imparted to plantain growers, members of Alejandro Alvarez Cooperative at Ometepe

A1g. Grupo Raices (GR) – Handicrafts

Grupo Raices represents nearly 200 Nicaraguan artisan SMEs. USAID provides GR with marketing and demand-based design support, as well as co-investment to purchase equipment to standardize quality or improve productivity. FY12 highlights include:

- E&E helped GR increase their sales by nearly \$500,000 as compared to last year, and created 45 new jobs. Sixty percent of their sales increase can be attributed to USAID's support of their participation at important international trade shows such the Escazú Expoventa in Costa Rica in October 2011, the Milano Artiggianno Fairtrade in December 2011, the FIA Fair Trade Show in Costa Rica in March 2012, and the Expoventas Show in the Dominican Republic in June 2012.

- USAID's grant of \$ 26,300 permitted GR to install new drying chambers for the women's ceramics artisans of Ducuale in the municipality of Condega, Esteli, the Anselmo Workshop in Mozonte, Nueva Segovia, and the women's pine-needle artisans of the Cooperative of Multiple Services Rafael Maria Fabretto in San Jose de Cusmapa, Madriz. The drying chambers will allow these artisans to continue manufacturing and selling high quality products during the rainy season, which currently impedes proper drying of these goods.

- Twelve GR-affiliated artisan groups developed 62 artisan lines, comprising over 200 new products. Direct beneficiaries included the Anselmo Workshop in



View of "Expoventa" an expo trade show held in Costa Rica in March 2012

Mozonte (Nueva Segovia), the stone artisans of Limay, the pottery artisans of San Juan de Oriente, Darling's Textile business in Masaya, Taller Cuevas in Nandasmo, balsam wood artisans on Solentiname Island, and Bordados Sacuanjoche in Masaya. Our technician placed special emphasis on helping these artisans design products that allow for higher profit margins than the products they currently produce and market.

- E&E-contracted TA to help GR develop and successfully launch a new website, www.grnicaragua.com, and a new product catalogue.

A1h. Tecnoagro – Cassava and tropical tuber exports

E&E is helping Tecnoagro's suppliers – nearly all small producers – to introduce new cassava varieties that will increase yields as much as 400% versus traditionally grown varieties, thus helping producers increase their profitability by more than \$1,100 per hectare. FY12 highlights include:

- An increase in exports of \$911,000. New labor demands associated with the 206 hectares of high-yielding variety cassava helped create 41 new jobs.
- A nearly doubling of yields for small farmers. Assisted producers reached yields of 330 hundredweight/ha, 92% higher than prior year using traditional varieties. Moreover, 42% of this production qualified as first grade (compared to 30% with traditional varieties), or export quality cassava, which earns approximately \$5 more per hundredweight than second grade cassava (sold in local markets) and \$7 more than third grade cassava (processed into cassava flour). Excluding those producers who were not able to receive financing and thus minimized application of fertilizer, the average was 377 hundredweight/ha, or 120% above the baseline yield of 170 hundredweight/ha. To ensure even greater productivity in the future, E&E helped Tecnoagro contract a reknown international cassava

expert, who trained Tecnoagro and 40 cassava producers from Leon and Chinandega on planting methods, fertilization, and plant disease prevention, identification, and treatment.

- E&E brokered an MOU between Tecnoagro and FDL to provide loans to cassava suppliers. Under the agreement, FDL provided up to \$10,000 in loans (up to \$2,400 with no need for collateral except for the sales contracts with Tecnoagro). By the end of the year, we had helped 20 producers obtain \$24,204 in financing from the FDL to plant 40 hectares.
- Tecnoagro made considerable progress in increasing value added production. E&E grant funds permitted the company to purchase equipment to produce cassava starch generating \$52,000 in new sales per month. The operation of this plant will allow Tecnoagro to pay producers \$1.78 more per hundredweight of second and third grade cassava than it can pay them for the product it uses to make flour, allowing its producers to benefit from an additional \$270 of sales per hectare.



Fernando Calle a cassava expert contracted by E&E delivering a workshop to Tecnoagro suppliers at El Tololar, Leon

A1i. Ingemann Food Nicaragua – Honey exports

E&E is concluding its alliance with Ingemann, Nicaragua's largest honey exporter, to provide technical assistance to hundreds of Ingemann's current and potential honey suppliers. In FY12:

- Ingemann used the honey moisture removal system E&E co-financed to purchase nearly 80,000 kgs. of exceedingly moist, previously un-exportable honey, resulting in the export of 3.5 containers worth over \$220,000.
- E&E partnered with Swisscontact to train 31 producer groups composed of 404 small-scale honey producers in Boaco, Chinandega, Esteli, Jinotega, Leon, Madriz, Matagalpa, and Nueva Segovia. Swisscontact completed training modules related to basic honey production management, bee health and nutrition, and honey quality management. Swisscontact also collected basic yield data from all 404 producers prior to their participation in these trainings, and then followed-up for several months to assess training impact. They concluded that producer yields increased by over 15 kg/hive (a 40% increase), resulting in an estimated \$213,000 increase in their sales.

BISMARCK OPORTA INCREASES PRODUCTIVITY IN HIS LEATHER WORKSHOP



Bismarck Oporta established his workshop, “El Arte en Cuero,” in Juigalpa, Chontales, back in the 90s, when he returned from his voluntary exile in Costa Rica. It was a way to make a living, but it was not easy. His shop was unable to comply with market orders for some time despite the high quality products, which included leather belts, purses, and wallets. He simply did not have the capacity to increase production volume to meet customer demand. Credit to expand for such a small business was difficult and expensive.

In September, 2010 E&E’s anchor firm alliance with Alex Shoes provided an opportunity. Bismarck also decided to modernize his 4-worker workshop with new equipment and train at least four more people to work with him. With an increase in working capital provided by Alex Shoes and new workers, he was able to increase production. Sales quickly increased. This past July, Alex facilitated machinery through a grant provided by E&E. With a new multi-blade leather cutting machine, Bismarck can now cut leather strips five times faster, permitting him to significantly increase production. After making proper adjustments, the multiple-knife cutter was providing a quality belt-strip. He now has a new layout in his shop and has hired four additional workers.

Bismarck reported that August and September were the best-selling months in the history of his business. Instead of cutting 85 strips of leather per day to manufacture belts, he was now cutting 500 strips in half a day (an increase in productivity exceeding 500%), manufacturing more than 2,000 belts per week, and selling \$4,500 more than last year’s figure of \$1,500, or nearly tripling his income.

Bismarck says the quality of the new belt “El Arte en Cuero” is producing is notable because now the cut is precise and accurate, before the cut could *chaflanearse* (not to be straight)”

A secondary, but not less important, effect of Bismarck’s new equipment is that in the past he had almost no time to manufacture products like bags and briefcases. Now, he has enough time available to make these products and offer them to market.

“I see a very different future now,” he adds with a smile reflecting deep satisfaction.

- Together with Swisscontact, E&E also co-financed a Tropical Apiculture Diploma course implemented by the National Autonomous University of Nicaragua in Leon. The six-month diploma course trained 24 farmers, including honey cooperative members and an FDL loan analyst (to give FDL a better understanding of the sector to increase loan efficiency) through six modules related to basic honey production management, bee health and nutrition, GMPs, and honey marketing, and business management. All 24 participants successfully completed diploma requirements and graduated on September 21, 2012. At the graduation ceremony, the National Honey Commission, which received support from E&E to legally establish a honey association, presented E&E with an award recognizing its support of Nicaragua's honey sector.

A1j. MAPINIIC-Simplemente Madera (SM) – Wooden furniture

Through its alliance with MAPINIIC-Simplemente Madera, E&E supports their small carpentry SME suppliers from which SM outsources furniture manufacturing. Through this effort, SM will at least double the number of SMEs from which it outsources, from five to no less than ten. SM projects that selected suppliers will receive \$3,000-\$5,000 in additional revenue per month, in several cases more than doubling their sales. The project helps SM suppliers in expanding production, improving business management, marketing, customer service, production efficiency, and quality control. FY2012 results include:



Training in wood finishing delivered to Simplemente Madera suppliers

- SM decided to change its business model and manufacture exclusively for export under a free trade zone regime. This will allow SM to benefit from fiscal benefits, but will prevent it from selling goods in Nicaragua that it manufactures at the free zone plant. As a result, it will depend on the SMEs we are supporting to produce all furniture and fixtures it currently produces and sells locally – worth over \$1 million per year.
- SM exported nearly \$184,750 worth of Big Green Egg wooden accessories E&E helped SM develop. SM sent the accessories to Big Green Egg (a popular barbecue set manufacturer in the U.S. and European markets) distributors in the U.S. Big Green Egg exports helped SM hire eight new employees.
- DAG, a consulting firm subcontracted by E&E, helped nine SME manufacturers complete their business plans. This included training in marketing and sales management, accounting, and financial management.
- E&E contracted a U.S.-based furniture finishing expert to help improve the quality of SM and its suppliers in this critical area. The expert made initial

recommendations and how to improve this critical step. We are planning on contracting the consultant again early in 2013 to conduct wood finishing training to SM and its SME suppliers.

A1k. Serviconsa – Shrimp exports

Through our alliance with SERVICONSA, an international shrimp production and export company, USAID is supporting 64 small shrimp producers that are part of four cooperatives and two small companies located in some of the poorest areas of Chinandega. USAID assistance is making it possible for these producers to significantly increase their yields and incomes. FY12 highlights include:

- Alliance-supported suppliers helped reach average yields of 836 kg/ha (an 86% increase over the baseline yield of 450 kg/ha and 9% over our target), generating \$1.7 million in new sales and 93 new jobs.
- SERVICONSA provided over \$1.39 million in financing to the 64 producers to cover their production costs.
- E&E brought together SERVICONSA and the IDB's Inter-American Investment Corporation (CII) to secure loans for both SERVICONSA and the producers. We then helped SERVICONSA complete the credit application which they will submit to the IDB in mid-November.
- The alliance-supported technical team conducted 153 direct TA visits and worked with producers to overcome negative effects from excess rains in October 2011, to better detect shrimp diseases, and to improve overall shrimp production management. E&E also contracted an accounting specialist to help develop and implement accounting systems for the cooperatives. The producers will continue this support with small contributions from each member.
- E&E contracted a legal counsel to help establish the Association of Small and Medium Aquaculture producers (APEMAC). The lawyer drafted their certificate of incorporation, advised members of their responsibilities for managing an association, and presented their legal documentation to the National Assembly which then legally approved the establishment of this association.



Technician undertaking microscope analysis of shrimps at Lucrecia Lindo cooperative. The microscope and other lab equipment was part of a USAID grant.

- USAID awarded a grant for the Lucrecia Lindo Cooperative to acquire equipment for APEMAC, including a communications tower (to allow for internet access) and radio equipment (walkie-talkies to allow for communication among shrimp producers). They also acquired solar panels to pump water and a digital microscope for the veterinary disease diagnostic laboratory we helped establish in January 2012.

A11. EXPORNICA – Sesame exports

Through our partnership with EXPORNICA, a Guatemalan sesame exporter, USAID is supporting over 800 producers with access to certified seed (which can improve yields by over 20%), financing, and technical assistance to increase yields and boost producers' profitability. FY12 results include:

- Nearly 500 producers received \$352,000 in direct financing from EXPORNICA to plant 1,540 hectares they would not have been able to plant without these loans.
- Despite losses due to heavy rains, the average yield for these producers was 11.9 hundredweight/ha (9% more than the baseline yield). Producers harvested 645 MT of sesame, worth \$993,000 in exports to Guatemala, resulting in 303 new jobs (annualized).
- We linked Expornica to the FDL, which agreed to provide loans to more than 700 producers. In May and June, E&E organized over 60 meetings with sesame producers to help secure financing. We facilitated \$78,400 in loans to 142 producers who planted 343 ha. As a result of these efforts, EXPORNICA convinced its Guatemalan parent company to provide \$250,000 in direct financing to 650 producers, which they used to plant 1,081 hectares.
- An E&E grant permitted EXPORNICA to acquire a transformer, enabling it to connect its seed cleaner to the public electricity grid. By being able to clean the seed before exporting, they will improve their competitiveness and be able to use savings to support their small farmer suppliers. The grant also financed the purchase eight digital scales. Most sesame intermediaries use make-shift scales which have been known to cheat producers by up to 16%. In order to improve transparency and instill greater trust, EXPORNICA purchased these digital scales, which they calibrate regularly, to ensure that their suppliers gain their trust.



Expornica small farmer suppliers harvesting sesame

A1m. Nicacentro – Linking isolated milk producers to formal, higher paying markets

In May, E&E launched a new alliance with NICACENTRO, Nicaragua's largest dairy cooperative, with more than 600 members in Matagalpa, RAAS and the RAAN. The alliance, which includes the participation of Parmalat, will help establish milk collection centers in food insecure areas of northern Nicaragua, helping to link small producers to formal markets, generating over \$2.5 million in new sales and create over 300 new jobs. FY12 highlights include:



Nicacentro small farmer supplier

- NICACENTRO began installing electricity at their Caño de Agua and San Pedro del Norte (RAAS) milk collection centers that we are supporting. Meanwhile, E&E began assisting NICACENTRO to obtain a \$65,000 loan to establish their new milk collection center in Lisawe (RAAN).
- USAID awarded a grant for \$40,707 to co-finance with NICACENTRO the cost of purchasing milk chilling and storage equipment for the two new milk collection centers in Lisawe and San Pedro del Norte.

A1n. Projects under consideration

In May, FUNIDES presented an ambitious plan to expand and revitalize coffee production in Nicaragua. It calls for over \$160 million in financing. Although the plan was well received, follow-up meetings between major coffee industry stakeholders and donors such as IDB did not yield much progress. The Nicaraguan Coffee Exporters Association (EXCAN) subsequently contacted E&E to see if we could help jump start the initiative. During a two month period, E&E met numerous times with FUNIDES, EXCAN, major coffee exporters, the IDB, all major commercial banks, and large and small producers to make the plan a reality.

E&E subsequently developed a concept paper that we shared with stakeholders, based on the creation of a coffee trust fund, capitalized by contributions from major exporters, the IDB, and the state-owned Banco Produzcamos. We began another round of extensive meetings, resulting in a consensus by late September and commitments by these organizations to contribute to the trust fund. This Nicaraguan Coffee Renovation Fund will be a key E&E activity in FY13.

Doña Jota Retires After a Dream Comes True



Her name is Buenaventura Urey, but everyone knows her as Doña Jota. Through the tough times that she and her fellow coop members have endured, she has set an example for others, balancing faith, persistence and leadership for the women producing shrimp in Puerto Morazán. As a child, she helped her parents, skipping school to work in agricultural fields. When she was 11, she began selling tortillas, made by her mother. Later came marriage, but early on became a single mother.

Near the end of the 1970s, she, along with another woman, asked to join a shrimp coop. Of course, their membership was immediately rejected. Women were not wanted as members. To everyone's surprise, she then decided to start a women-only cooperative. She recalls the first time the men saw them work and what they said: "Better to go wash your pots and care for your children and husbands, crazy women!"

But she persisted. "Between the coop members, we managed to borrow \$35,000, putting everything we owned as collateral. With that we built a 22-hectare pond for shrimp. It was makeshift and very crude. When we started working, we could not even eat three times a day. But we were able to fill the pond with seawater and produce 10 quintals of shrimp, with which we starting earning people's respect. With the passing of time, we grew in area, by 1998, we had 82 hectares, although the production was always low. For 12 years, we got by but earned little." Then it got worse. Hurricane Mitch arrived and destroyed everything. "We suffered and cried. But I never lost faith. I promised God that if the women's cooperative made it through this, it was enough from me, and I would retire. I just wanted the strength to get us through.," she says, her expression recalling those times.

In 2009 they spoke to Luis Lafuente, manager of Serviconsa, a large shrimp exporter who supported them along with other farms, because he needed their production to export. They began again. With the support of Serviconsa, her cooperative rebuilt 78 hectares of ponds, on a loan basis. This time, the ponds were well-built. They were on their way, but Serviconsa could not do more and they were concerned about managing more production. It was at this time that E&E saw the opportunity to formalize the alliance and take their work to the next level. E&E helped consolidate the alliance and, in coordination with Serviconsa, supported six coops with technical assistance, laboratory and communication equipment, quality control, and business practices. "We learned how to handle a large production structure, a more demanding technology -- they also trained us in accounting," Doña Jota adds proudly. This year, Doña Jota and many of her cooperative members will earn over \$10,000 *each* – that's *profits*, not sales. That's a break from poverty and unto a middle class income.

"Today, I have seen the change in my family. In two years, we cancelled 100% of our debts. Our children are studying. Today I have a nice savings. I helped each of my children acquire houses. Everyone has recognized our work. In these last three years, we have earned more than we earned in the 18 years prior." She has not forgotten her earlier promise. "I had a commitment to the Lord; now I'm going to retire and let others lead."

A2. Other Cross-Cutting and Value Chain Support

A2a. Facilitating Access to Credit for MSMEs

Enhancing access to finance is a priority which we are addressing through a comprehensive strategy involving assisting anchor firms and their suppliers obtain financing, helping local financial institutions to deliver credit more effectively to SMEs, and creating a better enabling environment for SME lending. In FY11, E&E worked closely with COSEP to pass several laws, including to reform the financial sector. Our initiatives to facilitate access to credit generated \$12.5 million in new loans to 2,837 MSME clients during FY12. They included:



Coffee producer from Pantasma received loan from FDL to start a new coffee plantation

- **Banco de Finanzas (BDF) SME Lending Support.** Our joint SME lending development alliance helped the bank expand its SME lending by over \$11.7 million during FY12. Of this amount, E&E conservatively attributes 40%, as a direct result of our assistance or \$4.7 million, supporting over 1,000 MSME clients.
 - **BDF SME Training.** E&E consultants trained the bank’s SME clients to better manage their loans and improve their financial management. E&E helped instruct 342 BDF SME clients to better manage their credit histories, analyze their financial statements, and create internal business controls.
 - **Improving Loan Analyses.** We helped BDF successfully implement an SME lending analysis tool, which the bank finished implementing in its Chinandega, Managua, and Masaya branches. This tool automatically creates cash flow statements, income statements, and balance sheets, along with debt and liquidity ratios, and information to gauge loan payment capacity. It generates a comprehensive risk analysis while reducing the time BDF takes to analyze an SME loan by approximately 50%, thus allowing BDF to evaluate more loans and expand their SME loan portfolio more quickly.
- **Central American Bank (BAC) SME Lending Support.** Traditionally a “blue chip” corporate finance bank, we helped BAC create an SME lending department and train its new staff as well as SME clients. This included helping BAC to develop an SME loan analysis methodology and loan management system, as well as an SME loan market penetration strategy. BAC estimates that the new unit will began lending at a rate of approximately \$2 million per month in the near future. Specifically in FY 12, E&E:

- Created an SME Lending Department. E&E TA helped BAC complete its SME loan analysis methodology and loan management system, including all relevant policies, regulations, and processes, which BAC's management then approved in July. BAC estimates it will be able to extend a minimum of 100 loans per month, and projects an average loan amount of \$15,000, which would result in a minimum of \$1.5 million in new SME lending each month. However, in September, BAC's new SME lending department loaned \$2.4 million to 141 MSME clients.

We also conducted two-day training for 20 SME department analysts from various branch offices, including Chinandega, Esteli, Granada, Managua, Masaya, and Matagalpa, most of which were reassigned from other departments. Through this training, participating analysts gained practical experience prospecting SME clients and collecting information from them to develop their loan applications.

- BAC SME client training. E&E and BAC worked together to develop a training program for its SME clients. As with our successful training program with BDF, BAC client training focused on improving their financial management for 201 MSMEs in Estelí, Masaya, and Matagalpa.



BAC credit analysts finish a training workshop on MSME credit analysis

Supporting Local Development Fund (FDL) in Las Segovias

As part of an initiative supporting USAID's food security strategy, we continued our partnerships with FDL and their technical assistance partner, Nitlapan, both Nicaraguan NGOs. The program provides technical assistance to small producers in north central Nicaragua, who in turn receive financing from FDL to produce plantains and other products (under their *Plantation Establishment* program – see textbox on page 28 as well as to purchase cattle for milk production (under their *My Dairy Cow* program). During FY12, FDL lent over \$3.2 million to 1,560 small producers and rural SMEs (48% of borrowers were female) in Jinotega, Matagalpa, and Las Segovias.

Credit Bureau Enhancement

In November 2011, USAID approved a grant for SINRIESGOS, a private credit bureau which provides credit risk assessment services to commercial banks and microfinance institutions. The purpose of the grant was to develop a new credit scoring tool to help SME lenders make better lending decisions. SINRIESGOS used the grant to contract EQUIFAX, a US consumer credit reporting agency, which successfully developed the

credit scoring tool and trained SINRIESGOS to market it. By June 2012, SINRIESGOS had successfully integrated the credit bureau scoring tool in their information system and approved the design of the credit report this new system will deliver to its mostly microfinance lender clients. In July, SINRIESGOS launched its promotional campaign and received significant interest from potential clients. Some of the more interested clients asked SINRIESGOS to tweak the parameters it uses to provide credit scores, in order to better fit their existing client data bases, which SINRIESGOS agreed to do. SINRIESGOS contracted a consultant to help them make these modifications, and expects to begin selling this credit scoring service by October.

A2b. Strengthening Value Chain Associativity

Nicaragua's National Assembly reviewed and approved legal documentation we submitted in FY11 to legally establish the National Honey Association, the Voces Vitales Association (a leading women's organization), and the Association of Small and Medium Aquaculture Producers (APEMAC). The decree from the National Assembly is still pending, but we expect progress after the municipal elections in November.

A2c. New Product Development Assistance to “La Bendicion” Cooperative

E&E worked with the National Polytechnic University (UPOLI) to provide TA to 20 backpack manufacturing SMEs in Nagarote and to diversify their product offerings. Our TA helped these SMEs develop 60 new products, mostly purses and handbags, which they will start selling by the 2012 Christmas season. Subsequently, we signed a new MOU with “La Bendicion” to co-finance \$11,170 to help the cooperative acquire equipment to produce more handbags and more than double their school uniform production capacity, from 5,500 uniforms to more than 12,500, resulting in a sales increase of over \$100,000 per year.



Members of “La Bendicion Cooperative” finishing silkscreening training course

A2c. Promoting Nicaraguan Coffee

E&E helped Nicaragua's Specialty Coffee Association (ACEN) hold its annual Cup of Excellence online auction in June. The Cup of Excellence is a yearly contest that selects and rewards the best specialty coffees of Nicaragua. Over 70 buyers from 20 countries purchased over \$424,540 of top-rated specialty coffees from 25 producers. The highest amount paid at the auction went to a Dipilto, Nueva Segovia – based producer who received \$2,240 per hundredweight. The average sales price for specialty coffee sold at the auction was \$748 per hundredweight. To put these prices in perspective, the price paid for “regular” coffee sold on the Chicago commodity exchange in June was \$155 per hundredweight.

A Loan for Felix Valdivia Changes his Future



Felix Pedro Valdivia, age 42, is originally from the Santa María De Pantasma region near Jinotega in north central Nicaragua. He is one of 1,700 producers who have benefited from more than \$3.5 million in loans, thanks to the partnership between the Local Development Fund (FDL), Nitlapan, and E&E, which ensures financing combined with technical assistance. These resources have had a major impact in improving the food security of small producers in northern Nicaragua.

In late 2011, Don Felix received financing from FDL to plant 1.4 hectares and establish 5,000 coffee trees of coffee of the *catimor* variety. He also received technical assistance from NITLAPAN. Like several lenders, the FDL lost millions of dollars as a result of “No Payment” movement, through which thousands of farmers refused to repay their loans to the financial entities who had lent them capital. As a result of its losses, the FDL was left with insufficient funds to provide technical assistance to potential borrowers, forcing them reduce their loans to the agriculture sector, and sharply decrease their lending in northern central Nicaragua, including Jinotega. In support of USAID’s food security strategy, which focuses on supporting producers in the highly food insecure areas of north central Nicaragua, E&E partnered with FDL and agreed to co-finance technical assistance required for making loans to producers like Don Felix.

Prior to accessing financing, the coffee crop was not doing well due to the lack of funding for the adequate post-harvest handling and also lack of know-how on how to grow coffee: “My land is suitable for coffee, but I lacked the means and knowledge for how to plant it, but with FDL support and the visits from the Nitlapan staff, who teaches us on the right way to handle the coffee crop, I was able to plant the first 1.4 hectares of coffee, and to work better with the coffee previously planted.”

As a result of the FDL loan and the technical assistance provided by Nitlapan, the economy of the Valdivia family has significantly improved. That’s reflected through a better coffee plantation and estimated coffee production for year 2012. For 2013, Don Felix will be producing an approximate 20 hundredweight per manzana, which means an increase in income for his family of \$ 2,792 – a significant amount in this part of Nicaragua.

According to Felix, “I am very happy with the support I got from FDL and USAID, since now I have a good coffee crop and the expected outcome for the next couple of years is good. I plan to buy more land to keep on increasing my coffee plantation. I tell my wife and elder son, that we will be tending carefully our crop, because it is our future; it is the only way by which we can improve our livelihood, since just growing corn or just beans, doesn’t pay much.”

A3. Improving Business Service Provider (BSPs) Capabilities [Task Order Activity B]

In FY12 we continued support for Nicaraguan business service providers to reach a broad number of SMEs and make their assistance more effective. E&E is also helping to create strong synergies between these organizations and anchor firm alliances

A3a. Asociación de Productores Exportadores de Nicaragua (APEN)

APEN is one of Nicaragua's leading BSPs. In FY12 we continued to support and enhancing service delivery in areas critical to its export promotion mission. FY12 highlights include:

- E&E helped APEN assist 10 exporters comply with certification requirements necessary for them to export (mostly Good Agriculture Practices or GAPs, Good Manufacturing Practices or GMPs, and HACCP). This involved conducting assessments of all 10 exporters, developing improvements plans, and then training their personnel to comply with certification requirements. Three of these companies subsequently received certifications, including La Barranca, Nicaragua's largest egg producer, which invested more than \$1 million to make changes required to obtain HACCP certification. The majority of the rest are still in the process of obtaining them.
- As a result of our success in the first "round" of certification support, we agreed to again help APEN in its assistance of nine exporters, to certify 10 facilities (farms or processing plants): PAC's oriental vegetable farm and its vegetable packing and processing facility in San Ramon, Matagalpa, the Jorge Salazar Cooperative's tropical tuber packing plant in El Tuma-La Dalia, Matagalpa, UPANIC's basic grain processing facility in Managua, Aceitera Real's white corn flour processing plant in Chinandega, Cacaotera La Campesina's plant in Matagalpa, Burke Agro in Carazo, Industrias Alimenticias Rodcen in Managua, Industrias Carphil in Carazo, and Kola Shaler. APEN signed MOUs with these companies assuring their commitment to make all necessary investments to achieve certification. So far, our consultants have completed assessments and action plans, and have begun training the personnel of these companies to meet certification requirements.
- APEN concluded regional certification trainings, which helped 317 SME representatives (32% female) understand requirements for obtaining Good



Workers of Cacaotera La Campesina SME that obtained GMP certification with E&E - APEN initiative

Agriculture Practice (GAPs), GLOBAL GAP, Hazard Analysis and Critical Control Points (HACCP), and GMP certifications.

- E&E provided TA to facilitate (HACCP certification for APEN's cold storage facilities at Managua's airport. The consultant presented manuals APEN can use to implement Sanitation Standard Operating Procedures (SSOPs), GMPs, and HACCP.
- The Export Training Office (OFEX) and E&E helped APEN launch and deliver 16 trainings benefiting 153 SME representatives (54 were female), on how to introduce their products to international markets, how to develop export marketing plans, developing sales strategies, business planning, e-commerce, customer service, innovation, market tendencies, the use of options and futures as tools to minimize coffee price risk, and the European coffee market.
- E&E helped APEN to launch its new Beef Traceability Promotion and Training Program, which aims to promote the implementation of traceability systems among beef producers. APEB delivered trainings to create an awareness for the need to establish these systems to 78 beef producers in Nueva Guinea, Chontales, and Camoapa.

A3b. Centro de Exportaciones e Inversiones (CEI)

CEI is Nicaragua's leading export promotion BSP and a key E&E partner. In FY12 we continued assisting CEI in making international trade fairs more effective. Highlights include:

- E&E helped CEI position Nicaragua as a fresh produce source for the U.S. market at the 2011 Produce Marketing Association's Fresh Summit (North America's most important fresh produce trade show) in Atlanta, by co-financing an attractive booth and the participation of seven Nicaraguan exporters promoting fresh okra, tropical tubers, beans, plantains, and Asian vegetables. More than 18,500 industry representatives from over 70 countries visited Summit. Participating Nicaraguan companies were able to expand their export sales by \$7.0 million to new relationships forged at this important trade show.



Nicaragua's Stand at PMA Fresh Summit 2011 held at Atlanta, Georgia

- E&E also helped CEI in its preparations for the 2012 PMA Fresh Summit to be held from October 26-28 in Anaheim, CA, including the reservation and

negotiating of the stand, since placement is important to visitor flow and ultimate success of the fair. We will be facilitating the participation of numerous firms and coops that may not be ready to sell at the show, but which have excellent potential and will benefit from seeing firsthand the strong international competition, packaging and value added product ideas, and make market contacts.

- We contracted a consultant to develop a guide for effective preparation for international trade shows successfully completed the guide, which CEI now uses to prepare for trade shows.

A3c. Unión Nicaragüense para la Responsabilidad Social Empresarial (uniRSE)

We successfully completed our alliance with uniRSE to help 69 firms improve their Corporate Social Responsibility (CSR) practices. All 69 SMEs received an analysis of their practices in four critical areas: human resource management, supplier relations, environmental practices, and community support. After receiving this analysis, uniRSE helped all 69 companies develop action plans for improving their CSR practices. In addition, it published a booklet describing CSR best practices featuring E&E-supported SMEs Chiles de Nicaragua and Oscaritex as models, which was distributed to firms interested in implementing better CSR practices at uniRSE's National CSR Forum. Over 125 SMEs participated at the event which E&E supported.



Dolores Cross, Secreto de Mama's owner and an E&E supported firm, explains to other SMEs the importance of RSE practices

A3d. Cámara Nacional de Turismo (CANATUR)

Tourism is one Nicaragua's fastest growing sectors. The National Tourism Chamber (CANATUR) is key to the industry, ensuring that the industry develops sustainably from a business, social, and environmental perspective. With E&E assistance, CANATUR now has 14 regional chapters in Catarina, Granada, Masaya, Chinandega, Ocotal, Rio San Juan, Ometepe, Leon, San Juan del Sur, Esteli, Matagalpa, Tola, Pearl Lagoon, and Corn Island, which represent 307 tourism SMEs including hotels and restaurants, tourism operators, transportation companies, and other related businesses. CANATUR FY12 highlights include:

- With E&E's support, CANATUR helped Gray Line Tours and the Nicaraguan Tourism Institute (INTUR) organize the 2012 International Surf Association (ISA) World Masters Surfing Championship from July 14-22 in Tola, Rivas. Over 300 foreign competitors and tourists, along with over 17,000 national visitors flooded Tola and San Juan del Sur, generating approximately \$350,000 in sales for local

hotels and restaurants. This market segment generates approximately \$300 million per annum in Costa Rica. As a result of the event's success, CANATUR will soon begin organizing a major Latin American Surfing Tournament, which it will hold in Chinandega in November. Given the higher quality of surfing beaches in Nicaragua, this Nicaragua can easily reach these levels over the mid-term and \$25-50 million over the next five years.



World's Surf Master Championship was organized at "Playa Gigante" on July 2012

- E&E helped CANATUR organize its Third National Chapter Representative Meeting, involving leadership from its 14 chapters across Nicaragua, where they discussed issues facing the tourism sector, including insufficient security in San Juan del Sur and Granada, the role of tourism enterprises in preventing child sexual exploitation, improving solid waste management, and competition from unregistered tourism businesses. We took advantage of this large congregation of CANATUR members to invite a representative from BDF to propose the tourism financial products they developed with E&E support. In November, CANATUR will follow up on this meeting by providing BDF with a list of members interested in obtaining loans, so that BDF can help these businesses develop loan applications.
- After E&E presented the results of its Medical Tourism Market study (described more fully in section A4b), CANATUR organized a Medical Tourism Commission, integrated by eight prominent physicians, three hospitals, six tourism leaders, a representative from the Nicaraguan Tourism Ministry (INTUR), and a representative from the Ministry of Health. Nicaragua's Minister of Tourism attended the first Commission meeting, and promised support for promoting Nicaragua's nascent medical tourism offerings.

The commission subsequently decided to create a medical tourism association. In an effort to support this nascent sector, E&E contracted a consultant who reached out to medical tourism associations in Colombia, Costa Rica, El Salvador, Guatemala, and the Dominican Republic to get their recommendations for creating a medical tourism association in Nicaragua. Meanwhile, the commission began developing the statutes and regulations for this association, and began the process of selecting a Board of Directors.

- In an effort to respond to a common complaint among tourists related to insufficient street signage, CANATUR's chapter in Chinandega secured private sector sponsorship and coordinated with the Municipality of Chinandega to install 60 street signs to help better direct tourists and the general populace to their

desired destinations. To date, CANATUR has helped install 90 street signs in Chinandega.

- We helped CANATUR hold the VII National Guegüense Awards for Excellence in Tourism, a yearly event aimed at motivating tourism businesses to improve the quality of their services.
- With E&E's support, CANATUR developed a new certification for Nicaraguan hotels, which combines elements from Canada's "Service Best" certification and Costa Rica's "Environmental Responsibility" certification. The Central American Office for Tourism Integration agreed to promote this certification among hotels in the region. E&E helped CANATUR define criteria for evaluating hotel compliance with this certification. CANATUR trained five people who then delivered training to 122 employees of the first group of five businesses selected to obtain the certification: Mundo Ventura, Mombotur/Café Las Flores, Selva Negra Hotel in Matagalpa, the Holiday Inn, and Mansion Teodolinda in Managua.
- E&E assisted CANATUR in holding nine training events benefiting 189 tourism sector SMEs in Esteli, Jinotega, Leon, Masaya, Managua, Matagalpa, Ocotal, and Ometepe Island, and Rio San Juan, to improve their negotiation skills and better participate in tourism fairs.

A4. Operations Research and Export Studies [Task Order Activity F]

E&E undertakes studies that support enhanced market intelligence or analyze sector competitiveness, with the objective of serving as the foundation for concrete actions that generate results. FY12 highlights:

A4a. Market Study for Medical Tourism in Nicaragua

In November, E&E presented the results of its medical tourism market study to over 40 tourism and medical sector representatives. The study found that Nicaragua currently receives about 1,980 medical tourism patients from overseas, who undergo approximately 3,000 medical procedures (mostly dentistry and plastic surgery-related) worth over \$4.4 million. This is the baseline, without a national plan to coordinate efforts (like investments in certifications, creation of insurance plans for foreign visitors, liability reform, and destination promotion) to increase medical tourism opportunities in Nicaragua. If Nicaragua continues as is, with a disjointed effort, the study projects a 5% annual growth in medical tourism sales, leading to revenues of approximately \$7.2 million, ten years from now. However, the study conservatively projects that if Nicaragua's medical tourism sector were to organize itself and launch a coordinated action plan to position Nicaragua as a worthy medical tourism destination, Nicaragua's annual medical tourism revenues could increase to over \$35 million in 10 years. Immediately following the presentation, CANATUR and audience members planned for a meeting to follow up on the study's recommendations, and subsequently started a commission described above in section A3d.

E&E supported CANATUR's efforts to lead the commission and by August 2012 contracted a specialist to develop a plan to create the Nicaraguan Association of Medical Tourism and to revise and recommend changes to the Law 306 that control the fiscal incentives to touristic new investments.

B. Support for CAFTA-DR and Improved Policy Environment [Task Order Activities C and D]

E&E continued supporting the Nicaraguan private sector in establishing a better business climate for equitable economic growth and SME development. Our success is the result of carefully identifying policy and regulatory constraints where there already exists some consensus, finding the right private sector partners, and making sure they lead and have a thorough ownership of the issues and vet issues thoroughly with the GON before taking to the Assembly. FY12 highlights include:

B1. Support for CAFTA-DR and Policy Reform

As per requests from COSEP and PROCOMPETENCIA, we developed a proposal for a national antitrust policy, based on a benchmarking analysis of antitrust policies in El Salvador, Costa Rica, Panama, and Mexico, as well as a revision of commercial, fiscal, and industrial policies in Nicaragua.

B2. CAFTA-DR Environmental Cooperation Agreement (ECA)

In July, E&E concluded its support for an important element of USAID's support for the ECA. We worked with the Ministry of Environment and Natural Resources (MARENA) to: 1) apply current environmental norms under domestic and industrial residual water regulations focusing on those industries and/or economic activities that dump residual water in Lake Cocibolca (Lake Nicaragua) and other sources of water; 2) accredit four environmental laboratories in Nicaragua; and 3) facilitate regional accreditation of the National Office of Accreditation (ONA). Highlights for these activities are as follows:

Lake Cocibolca (Lake Nicaragua) Residual Water Management: E&E-financed consultants completed 502 business inspections to evaluate existing residual water management practices affecting sub-basins that feed Basin 69 of Rio San Juan and Lake Cocibolca. MARENA's legal team processed environmental permits for 333 SMEs previously identified as lacking these permits through this initiative. In addition, we developed 296 environmental management plans aimed at reducing contamination of Lake Cocibolca, and conducted 70 training events on environmental management.

The Laboratory Accreditation Project and Regional Accreditation of the National Office for Accreditations. We continued waiting for the National Office of Accreditations (ONA) to extend environmental analysis accreditations to the CISTA-UNAN, CIDEA-UCA, CIRA-UNAN, and Bengochea laboratories. The laboratories are requesting financial assistance to pay for these accreditations. Meanwhile, we expect that the Interamerican Accreditation Cooperation (IAAC) in Mexico will award ONA with the ISO 17011 certification by December 2012.

E&E visited the “Los Limones” Ecological Park with MARENA representatives in September to begin planning and to define how the \$55,000 USAID pledged to this park will be utilized. MARENA submitted a proposal in late September which we reviewed. We are in discussions with MARENA and USAID to ensure the effectiveness of this activity.

B3. Support for COSEP’s Agenda and Policy Reform

- The National Assembly continued reviewing laws we have supported, such as the Ports Law and the Customs Law. The National Assembly began reviewing the Fiscal Law Reform, which they will vote on before considering the Export Product Promotion Law developed with support from E&E.
- At COSEP’s request, E&E consultants helped conceptualize and draft the Export Product Promotion Law, carefully validating its contents with the private and public sectors including MIFIC, the Treasury Department, the Central Bank, as well as other donors such as the World Bank and the IMF. In November, the consultants presented the final version of the law to the private sector. In December, each COSEP chamber sent their final feedback. E&E’s consultants then incorporated their feedback and COSEP submitted the proposal to Nicaragua’s Treasury Department for review in late January. The National Assembly will hold off on reviewing and voting on this law, and the Solid Waste Management Law, which includes a chapter developed with E&E assistance to provide incentives for the recycling industry, until after it votes on the Fiscal Law Reform.
- At the request of COSEP and EXCAN, E&E began taking the lead in implementing an initial phase of FUNIDES’s coffee sector rehabilitation program (see Section A1n above).

B4. Coastal Investment Legislation

We assisted CANATUR in translating the Coastal Investment Legislation guide we helped develop from Spanish to English, to help foreign investors better understand this important law.

C. Human Capital Development [Task Order Activity E]

In FY12 E&E implemented five initiatives to enhance the human potential of Nicaraguans. Progress includes:

C1. Workforce Development Program with the Victoria Foundation

- The 44 students studying *Business Administration* with E&E scholarships completed their studies, over 70% of them (nearly all that have concluded their courses) have already gained employment, while the rest are either completing their courses or search for jobs with support from the Victoria Foundation.

Meanwhile, the *Industrial Maintenance* students completed most of their course work. They began their final course module on technical innovation in July, at the Central American University (UCA).



MOU signing ceremony at Fundación Victoria with USAID country Director Arthur Brown and FV representatives.

- As a result of our successful alliance with the Victoria Foundation, we agreed to initiate a new program and another grant with a value of \$100,000 to support the Foundation in its endeavor to train at least 100 at-risk youth with a new vocational program in Food Technology. An extension of the MOU was signed in September with participation of USAID's new Country Director.

C2. Workforce Program with the Netherlands Development Organization (SNV)

In January, E&E and SNV presented the results of our study analyzing employer demand for labor skill-sets in four sectors: agribusiness, light manufacturing, shoe and leather manufacturing, and tourism. Among the more important findings and recommendations made by the study include:

- Employers face difficulties finding qualified employees for a number of positions.
- It identified 35 of the most sought-after skill-sets by employers.
- If the employers could currently find qualified candidates that could fill these 35 job profiles, they could hire approximately 5,400 new employees in the short term, and an additional 3,000 in the medium term.
- The private sector urgently needs for INATEC use their 2% of payroll contribution for workforce development more effectively.
- COSEP's labor and judicial commissions agreed to assume a leadership role in following up on the study's recommendations.

C3. Postgraduate Program in Export Management

CEI and UNICA implemented a postgraduate program in Export Management for 17 private and public sector professionals. In attendance at the graduation ceremonies were CEI's Director Roberto Brenes, CEI's leader of the board and MIFIC Minister, Orlando Solorzano, UNICA's rector Dr. Michelle Rivas de Molina, and Timothy O'Hare representing USAID.

C4. Consultant/Enterprise Assessment Training

E&E partnered with the Central American University (UCA) to train 30 SME consultants who completed the Business Assessment using Business Management System (BMS) software training. In addition to classroom coursework, these 30 consultants completed 28 business assessments for food processing and tourism businesses. The consultants using the software program and expertise they had acquired in the classroom, the consultants then had to prioritize obstacles to growth and create action plans with short and medium-term tasks for the SMEs. E&E also agreed to help UCA train 19 of its students to conduct business assessments using the Business Management Systems approach. On January-February 2012, these students performed business assessments for 19 tourism sector SME's affiliated to CANATUR.

C5. The CISCO Entrepreneur Institute at Thomas More University

In May, the CISCO Entrepreneur Institute completed its first year of operation having trained 112 entrepreneurs. A little over one half are women. In FY12, the Cisco Entrepreneur Institute delivered the *Growing a Business* and *Creating a Business* courses to 151 entrepreneurs.

By August 2012, E&E extended the contract with Thomas More up to December in order to ensure they could assign the remaining 33 scholarships to students who will start their courses by early October and finishing early December.

D. Support Activities and Programs

D1. Outreach [Task Order Activity G]

E&E continued to generate a high level of awareness among the press, stakeholders, and the general public of USAID's efforts to promote equitable growth in Nicaragua. In FY12, the national press (including *La Prensa*, *El Nuevo Diario*, *La Jornada*, *Bolsa de Noticias*, *El Economista*, *Estrategia y Negocios*, 100% Noticias, television channels 2, 7, 12, 14, 33, and Radio Marathana) published or aired a total of 115 news stories highlighting E&E's activities (more than two a week). These included:

- Press conference held by CEI and E&E to summarize 2011 PMA Fresh Summit
- Presentation of the Medical Tourism Marketing Study
- The shoe and leather product design training held for CANCUNIC members
- A major article on the Lucrecia Lindo Cooperative and the alliance with SERVICONSA, which *La Prensa* published in a full page story
- The MOU signing between FDL and Chiles, as well as FDL and Tecnoagro
- A story on USAID's impact through the E&E by *La Prensa*
- E&E's Anchor Firm Forum held on February 24
- A full page article on Chiles de Nicaragua published in *La Prensa*
- E&E's support of plantain producers through our alliance with Exprosur
- The MOU signed between Exprosur and Ometepe plantain cooperatives
- E&E's alliance with BAC to establish an SME lending department
- E&E's support of sesame producers in Leon and Chinandega

- The results of our alliance with Casa Mantica

E&E continues updating its web content on the project's website (over 82,136 visits to date), Facebook (over 1,599 friends and regular viewers), and YouTube accounts, which can be accessed at:

<http://www.nicaraguaempresayempleo.com/>
<https://www.facebook.com/EmpresasyEmpleoNicaragua>
<http://www.youtube.com/user/empresayempleo?feature=mhee>

D2. Small Grants [Task Order Activity H]

E&E's small grants component leverages funds for projects that merit investment to create employment, expand sales, and increase income of grantees. During FY12, E&E awarded ten grants with a value of \$345,620. These included:

- TECNOAGRO (\$36,480) to strengthen TECNOAGRO's value chain and increase cassava production with the introduction of new seed varieties and technical assistance.
- Cooperative of Artisan Fishers Lucrecia Lindo (\$35,002), for the procurement of communication equipment, computers and internet tower antenna, lab accessories and a boat motor for water-sampling for the implementation of a quality control program for shrimp, to increase production and incomes of 64 rural families.
- CASANJO (\$20,000) to co-finance the procurement of milk-cooling equipment to preserve milk quality.
- SWISSCONTACT (\$23,800), to co-finance training to 425 honey producers through field training and a *Tropical Apiculture Diploma* from UNAN-Leon University.
- Sin Riesgos (\$25,000) to co-finance a new credit-scoring system to be implemented for SMEs.

María Isabel Montoya and Xpressiones – The Heart of an Entrepreneur



María Isabel Montoya Duarte is a business administrator and has worked in various positions related to communications, media, events, and publicity. For some time she had been bitten by the entrepreneurship bug. Although she was not quite sure how to go about it or in what area, she's been determined not continue as an employee, but to start her own business.

In November, 2011, she saw an advertisement for Cisco-Thomas More Entrepreneurship Institute program, sparking her interest. Maybe this was the opportunity she had dreamed of. But scholarships did not cover 100% of fees (E&E requires each student invest in the course fee as part of our scholarship) and spoke with her husband about it. They agreed that it was not the right time to make a bold move. They had many expenses at that time and could not lose the contribution from her salary to the family income. Moreover, even if they had the money, her job did not permit her to take a course on Saturdays.

But reading about the course made her reflect and further increased her conviction that she wanted to be an independent entrepreneur to make the move and enter the program at some time, when it was possible. When she had the money, she asked her employer again for permission to take the course. When she was denied, she decided to take the days as vacation and enroll in the Institute.

Immediately she knew she had made the right decision. In the first course sessions, she recalls that she was asked to make a list of ideas that could be developed into a business. Her list had at least 20 items, but with the passing of time, she focused in on the idea of doing what she loved – “supporting small businesses in design, marketing, and public relations, with a new concept that adjusts to the demands of the market.”

When she finished the course, armed with new confidence in her abilities and skills, and most of all her determination, she quit her job and took on the task of starting a business out of her home in September. She is the heart of the company, with support from her husband, who is a graphic designer, and her eldest daughter who helps on some computer issues. Her first client has contracted her to launch a new restaurant in Camoapa. She is working hard on adding permanent clients, based on the quality and focus of her work. The jury is still out on her ultimate success. But entrepreneurs like her are the engine of Nicaragua's economy. She wants us to write about her success in before E&E's conclusion.

- Expornica (\$28,600) to support sesame producers with higher-yielding seed and the procurement of electronic scales and an electric transformer to implement a more transparent measurement in the procurement process.
- Grupo Raices (\$26,300) to support for procurement of small tools and equipment to equip 12 artisan workshops members of the group to increase their competitiveness.
- Chiles de Nicaragua (\$98,268), a follow-on award for the procurement of agricultural inputs such as small-scale irrigation equipment and technical assistance to expand the number of producers in the chili value chain and strengthening of institutional capacities of CDN.
- NICACENTRO (\$41,000) to expand dairy collection capacity at three collection centers for Atlantic region milk producers, to increase their incomes and link them to the formal industry market in the pacific region.
- Textile-apparel cooperative Creaciones La Bendicion (\$11,170), for the procurement of modern sewing machines for 4 workshop members, and technical assistance on serigraphy to increase their competitiveness.
- We began working on a new grant application for Victoria Foundation (\$100,000) to support the Foundation in its endeavor to train at least 100 at-risk youth with a new vocational program in Food Technology, which we will submit in early November 2012.