



USAID | **BANGLADESH**
FROM THE AMERICAN PEOPLE

PRICE

Poverty Reduction by Increasing the Competitiveness of Enterprises

2ND QUARTERLY REPORT, JUNE-AUGUST 2008

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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I. PURPOSE OF THE REPORT

The purpose of this report is to inform USAID of the progress of the Poverty Reduction by Increasing the Competitiveness of Enterprises (PRICE) project during the previous three-month quarter.

This report follows the structure of the previous quarterly report. Subsequent quarterlies will be significantly expanded to include a technical implementation table that mirrors the implementation chart submitted with the PRICE work plan, project highlights, success story vignettes, and results and impact summaries, as appropriate.

II. PROJECT OVERVIEW

PRICE is a five-year USAID economic growth project. The \$11 million contract was awarded to Chemonics International in February 2008, with mobilization beginning in March 2008. The key objectives are to facilitate the creation of \$200 million in sales, create 40,000 jobs, and mobilize \$4 million in investment.

The project will use three mechanisms to facilitate increased sales, jobs, and investment in aquaculture, horticulture, and leather products. On all three fronts, activities will be driven by market demand and will seek to share growth benefits with women, young adults, and small and medium enterprises (SMEs).

First, PRICE will facilitate sales transactions in the selected sectors through three Business Service Centers (BSCs). PRICE business advisors will identify clients facing specific constraints to sales transactions and facilitate solutions to realize sales. On a cost-share basis, the advisors will arrange for training and technical assistance, find buyers, organize SME suppliers, and source financing to create sales, jobs, and investment. Connector processing firms will often be the point-of-entry, but the advisors' work will lead them throughout the value chain.

Second, PRICE will implement strategic activities to promote growth throughout each value chain by improving the supply-side response to market demand. Strategic activities will target the main constraints to growth in sales, jobs and investment. For example, PRICE will train shrimp farmers in modern production practices to increase farm yields and will link processors to export markets. In horticulture, where post-harvest losses are nearly 30 percent, PRICE will support contract farming and improve post-harvest handling. In leather products, PRICE will train factory workers, link large manufacturers with SME suppliers, promote exports, and improving design.

Finally, PRICE will identify policy issues that are major constraints to sector growth. PRICE will work with the Policy Analysis, Monitoring, and Assessment (PAMA), the Bangladesh Investment Climate Fund, and other stakeholders to promote policy changes in support of sector growth.

III. ACTIVITIES

A. Mobilization

The project team has largely completed mobilization activities. Delays were either minor or agreed with USAID. Activities listed in the table on pages 5-6 are taken from the original mobilization plan in the Chemonics PRICE proposal and provide details on the status of tasks. The sections below highlight some key tasks.

A1. Recruitment

As reported in the previous quarter, local staff recruitment is on track, with minor delays. Three remaining positions are still under recruitment, including the equity integration manager (key personnel), the communications specialist, and a monitoring and evaluation (M&E) specialist to support the M&E manager. Difficulties in filling the first two positions are due largely to salary expectations. The M&E specialist was not being actively recruited until recently, as filling this position was not a pressing need.

Chemonics proposed, and USAID agreed, to add a one-year, long-term, expatriate operations manager (1) to enable the chief of party to spend the maximum time on technical issues during the critical first year of project operations and (2) to train operations staff, particularly the Strategic Competitiveness Fund (SCF) manager. The current Chemonics project management unit (PMU) manager who was to fill the operations manager position withdrew due to a personal issue. In his place, Chemonics proposed Gladys Villacorta, an experienced Chemonics home-office manager. USAID concurred, and Ms. Villacorta joined the project at the end of July 2008.

A2. Stakeholder Engagement and Work Planning

PRICE has engaged actual and potential stakeholders through (1) the sector analysis and recommendations task, (2) the follow-up gender analysis and sector environmental assessments completed in July 2008, and (3) structured stakeholder workshops for each sector to inform work planning.

Stakeholders included businesses, government agencies, sector associations, and various donors and donor projects. The stakeholder workshops, held on June 26 and August 4-6, 2008, provided the opportunity for public and private sector participants to provide valuable feedback and input into work plan activities.

Chemonics held a series of internal planning workshops on August 3, 7, and 9, 2008. The workshops were attended by the chief of party, the PRICE team, and the PRICE home-office director. They were facilitated by a work-planning specialist from the Chemonics home office.

Year 1 work plan activities were developed from outcomes achieved during the planning and stakeholder workshops. The draft work plan is complete and will be submitted concurrent with this quarterly report.

B. Technical Activities

B1. Gender Analysis and Environmental Management Plans

During this quarter, PRICE submitted to USAID its two next contract deliverables, a gender analysis and an environmental management plan for each of three sectors, namely, shrimp/aquaculture, horticulture, and leather. The purpose was to identify key issues in each sector that the project can address.

After completion of start-up activities and preparation of the gender and environmental assessments, the PRICE team met with numerous businesses across six value chains and developed a shortlist of firms that are viable candidates for direct sales facilitation work. This involves facilitating sales for firms that have ready buyers but are facing a specific constraint (capacity, quality, financing, etc.) that is preventing the sale. The team identified several prospects for direct sales facilitation work, including Jenny's (shoes), Apex (shoes), and Golden Harvest (fruit and vegetable processing).

B2. Aquaculture

Given that aquaculture has already been identified as a PRICE sector, the team initiated aquaculture interventions at both the sectorwide strategic activity level and at the direct sales facilitation level pending final approval of the work plan.

At the strategic activity level, PRICE developed and proposed a major initiative with the World Fish Center to improve farm management practices for both *bagda* (brackish water) shrimp and *galda* (freshwater) prawn. The subcontract was approved by USAID in August 2008, and implementation was expected to begin in September 2008. During the first year, PRICE expects to partner with four depot owners to train their extension facilitators (12 in number) to in turn train some 2,000 *bagda* and *galda* farmers in modern farming methods. This is expected to significantly increase farm yields. Low yields were previously identified as the principal sector growth constraint to sales and jobs creation.

At the sales facilitation level, the team signed a memorandum of understanding (MoU) with Peninsula Seafood to develop and deliver sales training for saleswomen in its retail sales outlets in local supermarkets on a cost-share basis. The training is being developed and is expected to be delivered in September.

IV. THE NEXT THREE MONTHS

With submission of the work plan and performance management plan, technical activities (subject to work plan approval) have been defined. Highlights of planned activities include the following:

- Aquaculture
 - Completion of sales training for BSC client Peninsula Seafood
 - Development and implementation of growth plans (i.e., MoUs) with BSC prospects
 - Launch of shrimp/prawn farm management initiative, including awareness building, depot owner selection, extension facilitator training, and farmer selection
 - Formal engagement of fish farm associations and cooperatives to improve input procurement, farm management practices, and group marketing
 - Development of awareness campaign on labor rights and practices in the shrimp/prawn sector
 - Post-larvae (PL) laboratory screening support

- Horticulture
 - Development and implementation of growth plans with BSC prospects
 - A fruits and vegetables value chain analysis to inform project activities
 - Partner selection for establishing contract farming systems
 - Partner selection for cold chain storage development
 - Consultant recruitment for BanglaGAP feasibility study

- Leather products
 - Development and implementation of growth plans with BSC prospects
 - Partner selected for sewing and stitching operator training; training commenced
 - Market research and foreign buyer identification for leather products
 - Awareness campaign for better rawhide flaying developed and launched
 - SME supplier needs survey commenced

V. MOBILIZATION CHALLENGES

No serious project mobilization challenges occurred during the start-up phase. Two minor challenges remain: (1) uncertainty over the ability of the chief of party to obtain a duty-free passbook, and hence, an HHE shipment delay, and (2) some recruitment delays that have already been noted. If Chemonics' best efforts do not result in the chief of party's obtaining a duty-free passbook by the time the HHE arrive, USAID has verbally agreed to allow the duty to be billable.

STATUS OF MOBILIZATION, AUGUST 31, 2008 (Adapted from Proposal Work Plan)

Task	Status	Details
Notify all subcontractors, chief of party, and Bangladesh staff of award; prepare employment contracts, subcontracts, and briefing materials; plan orientation workshop, travel, and accommodation for chief of party; secure temporary working space for chief of party	Completed	<ul style="list-style-type: none"> • All appropriate stakeholders notified of award • Employment contracts and subcontracts prepared • Orientation/launch workshop planned with USAID • Temporary accommodation and office space for chief of party arranged
Arrange travel, HHE shipping, visa, etc. for chief of party	Completed	Travel, visa, and HHE shipping (although delayed) arranged for chief of party
Hold chief of party orientation in Washington	Completed	Chief of party attended orientation in Washington during last week of February 2008
Field chief of party, project director, and project administrator	Completed	Chief of party, project director, and project administrator fielded at staggered times in February and March with significant overlap
Hire team leaders and other Bangladeshi staff	Nearly completed	<ul style="list-style-type: none"> • SME team leader approved and hired (key personnel: KP) • SCF manager approved and hired (KP) • Proposed equity integration team leader approved, but current employer raised salary; still recruiting (KP) • Three Dhaka business advisors hired • Khulna BSC office being finalized, with staff identified and trained • Chief accountant and two administrative staff hired • Buyer research officer hired • M&E manager hired • Operations manager (LT expatriate) approved and hired • Still recruiting for M&E and communications specialists
Hold initial orientation meetings with USAID	Completed	Two very productive orientation meetings in early March 2008 included the USAID technical and contracts teams, the PRICE chief of party, and the PMU director and manager.
Locate Dhaka office and conclude lease	Completed	PRICE has a very functional and well-located office in an apartment building in Banani.
Procure furniture, equipment, and computers	Completed	All necessary fixed assets have been procured, including computers, server, telephone switch, air conditioners, furniture, copier, etc. Additional computers will be added on an as-needed basis.

STATUS OF MOBILIZATION, AUGUST 31, 2008 (Cont'd)

Task	Status	Details
Draft initial work plan for discussion with USAID and activate in AID-Project	Completed	Final work plan expected to be completed in August, per the contract
Draft project performance monitoring plan (PMP)	Completed	Draft PRICE PMP completed and to be submitted shortly as part of work plan
Draft communication strategy	In progress	Per contract, to be completed by December 2008, but elements of the strategy already being implemented include business cards, stakeholder identification, etc.
Draft SCF operating manual, including BSC handbook	In progress	Examples from other projects under review; final version to be completed in the next quarter
Hold initial work-planning workshop with USAID, public and private sector stakeholders, and subcontractors	Completed	Year 1 work plan activities were developed following internal planning workshops in August 2008 and a series of one-day stakeholder workshops in June and August 2008.
Hold a formal launch followed by second vetting of work plan in breakout groups with USAID and stakeholders; update AID-Project	Planned	USAID and PRICE originally planned a formal project launch at the end of May 2008. This was postponed by mutual agreement to allow for (1) final selection of PRICE sectors and (2) the new U.S. Ambassador to get settled in his post. A revised date has yet to be established.
Publish draft Year 1 work plan from updated AID-Project	In progress	The draft year 1 work plan is complete will be published in AID-Project upon USAID approval.
Hold PRICE team-building exercise, including USAID, public and private sector stakeholders, and subcontractors	Completed	Done through the work planning and stakeholder workshops, as noted above.