

QUARTERLY REPORT

October - December 2012

USAID Cooperative Agreement 520-A-00004
1/31/2013



Rural Value Chains Project

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1. Introduction

The Rural Value Chains Project (RVCP) is being implemented by a Consortium¹ represented by ANACAFE under USAID Cooperative Agreement 520-A-12-00004. The Project is a strategic approach to address two complex and very closely related issues (with an additional layer of complexity): poverty and hunger. Although the relationship between both is very close, research shows that the link between increased income and improved nutrition is not always directly proportional. As a result, the solution to these complex issues calls for systemic approaches integrated to address individual behavior, organizational structures and community issues. To that end, the RVCP designed an implementation strategy that will progressively assess structures and models of participation and organizational commitment in such a way as to promote “deep behavioral modification.” The model will be promoted, adjusted and validated through organizations in the 18 participating municipalities that have been designated by USAID and by the Government of Guatemala (GoG) as high priority areas. The objective will be to position the strategy as a long-term effective solution that can be replicated in other regions in which the consortium has a (current or future) presence.

ANACAFE recently closed out a successful USAID-funded project for small-scale coffee producers and will leverage that experience. However, this new endeavor differs significantly in that it:

- Expands the conceptual coverage (from just coffee to include horticulture and handicrafts) with a strategic approach (working as a consortium) that places ANACAFE as the lead organization to liaison with USAID;
- Results will allow the consortium organizations to increase their knowledge base, expertise and promote sustainable advocacy for rural development;
- Implementation contributes to ANACAFE corporate responsibility and that of the consortium while underscoring the need for strategic institutional strengthening as required to effectively reach targets, and
- Calls for establishing a specific and separate implementation unit (UIP in Spanish) to operate within ANACAFE’s operational and organizational structure.

¹ The Consortium is integrated by ANACAFE, as the main partner front USAID, the *Confederación de Cooperativas Confederación Guatemalteca de Federaciones Cooperativas, Responsabilidad Limitada*, CONFECOOP (through the *Federación de Cooperativas Agrícolas de Productores de Café de Guatemala, Responsabilidad Limitada*, FEDECOCAGUA, R. L., the *Federación de Cooperativas Agrícolas de Guatemala, Responsabilidad Limitada*, FEDECOAG, R. L. and the *Federación Integral de Cooperativas de Producción Artesanal, Responsabilidad Limitada*, ARTEXCO, R. L.), the *Fundación de la Caficultura para el Desarrollo Rural*, FUNCAFÉ, and FUNDASISTEMAS.

As such, the UIP is responsible for coordinating and facilitating the conditions required for the Consortium to meet Project objectives. The objectives are based upon the conceptual results framework in two areas:

- (1) Direct results produced from the lineal effect of technical assistance and support to producers and their organizations (i.e. sales, increased production, improved quality, food safety, increased income, environmental protection, health and nutrition), and
- (2) Comprehensive results, that is to say that individual, organizational and community behavioral changes are conducive to comprehensive rural development (the key Project objective).

As mentioned earlier, the combination and effective complementarities of results in both areas will contribute to long-term sustainability and to replication in other areas of the country.

The following aspects are important to ensure that the UIP fulfills its duties effectively and efficiently.

- **insertion:** i.e. dovetail with the routine operations of implementing organizations, especially ANACAFE, as well as with the work plans of Consortium organizations,
- firmly **anchored** in identifying and effectively implementing activities that are useful to the implementing organizations. As a result, the UIP will strengthen its leadership role within the Consortium to advocate for the **corporate implementation** of the Project. Each phase will be implemented gradually, overlapping with the previous phase throughout the life of the RVCP.

Within this framework, the UIP designed and coordinated a participatory process to draft the first RVCP work plan for the period from October 1, 2012 through September 30, 2013. In compliance with the terms of the Cooperative Agreement with USAID, the Project is expected to submit quarterly reports on current results, modifications and scheduled activities for the upcoming period.

To that end, this report is submitted to cover the first RVCP implementation period from October through December 2012. The text in the following sections describes how RVCP staff set up the consortium structure in an effort to coordinate and harmonize operations through the UIP. The team focused attention on providing orientation and guidance on each partner's operational standards and policies in preparation for future field activities. The team considered this an important first step for efficient organization of future endeavors. The conceptual achievements this quarter will bear fruit when future structures and implementation efforts are undertaken in a consistent and effective manner.

2. Activities and Progress toward Results

2.1 General

Drafting the RVCP Year One Annual Work Plan (AWP) to cover October 1, 2012 through September 30, 2013 presented a key challenge in laying the foundation for the participation of each individual organization within the Consortium toward a common strategic objective, as well as to lay the foundation upon which to consolidate the partner organizations of local producers. As a result, the latter will transition from a fragmented approach to one of a systemic and sustainable effort to strengthen entrepreneurship and improve competitiveness within each of their respective value chains.

To that end, the UIP undertook implementation activities during the first quarter covered by the Work Plan to start-up the Project and ensure that the conditions were in place for an efficient and effective launch of field activities. The following section provides details on the activities.

i. Establish Project Implementation Teams

- The UIP was set up to include key personnel: COP, a specialist in rural development and an M&E specialist. The team also includes an administration and finance officer and a technical field coordinator. An ANACAFE staff professional was assigned as a counterpart contribution with responsibility for environmental issues.
- ANACAFE created specific technical teams to provide technical assistance on building entrepreneurial capacity within coffee-producer groups.
- FUNCAFE created a specific technical team to initiate educational and food and nutritional security activities.
- FUNDASISTEMAS, FEDECOCAGUA, FEDECOAG and ARTEXCO completed their personnel recruitment and selection processes in preparation for hiring the technical staff specifically for the Project as soon as USAID funds are available. Until then, their regular staff was available to participate in the UIP-organized orientation and guidance activities to develop instruments and input for the Environmental Mitigation Plan and provide data for RVCP baselines. Their personnel also oversaw some of the preparations for field activities.

ii. Establish and Validate the RVCP Implementation Model to Ensure Efficiency and Effectiveness of Technical/Entrepreneurial Assistance and Administrative and Financial Processes

- The UIP drafted the RVCP Operations Manual and submitted it to the technical staff from the Consortium organizations in early November 2012. The Manual is currently pending approval by ANACAFE prior to being reviewed with the Project technical teams.
- The UIP began drafting the RVCP Financial Administration Manual in compliance with USAID regulations. Once the document has been approved, UIP will organize training sessions for all the individuals responsible for administration and financial duties within the Consortium organizations.
- To ensure implementation feasibility, the UIP:
 - organized visits to some of the producer-organizations from the coffee value chains in San Marcos and Huehuetenango. The Project joined forces with ANACAFE and FEDECOCAGUA technical staff to organize and conduct the field visits;
 - met with management and technical personnel from Consortium organizations, and
 - has a strategy in place to expedite Project implementation.

iii. Establish Inter-institutional Coordination and Cooperation Mechanisms

- The agreement between ANACAFE and FUNCAFE was drafted, negotiated and signed by the end of November, 2012;
- The agreement between ANACAFE and FUNDASISTEMAS was drafted, negotiated and signed by the end of November, 2012, and
- The agreement between ANACAFE and CONFECOOP (representing FEDECOCAGUA, FEDECOAG and ARTEXCO) was drafted, negotiated and approved by all parties prior to signing the agreement scheduled for January 31, 2013.

The above-mentioned agreements were the product of compliance with Section A.9 of USAID Cooperative Agreement 520-A-12-00004, as approved in writing by the USAID Regional Contracting Officer on November 28, 2012.

- A Letter of Understanding between RVCP and the USAID Local Governance Project describing coordinated activities in those municipalities in San Marcos selected by both Projects will be signed toward the end of January, 2013.
- In coordination with ANACAFE and FUNCAFE technical staff, the UIP initiated negotiations with local government authorities in San Miguel Ixtahuacán, San Marcos to sign a technical cooperation agreement stipulating RVCP coordination and cooperation. The draft agreement has been completed for the mayor's review, approval and signature.

iv. Design, Review and Set Baseline Data for RVCP-selected Groups

- The technical team used an instrument designed by the UIP and validated by technicians from the consortium organizations to determine the base line for the local producer groups selected by RVCP. Toward the end of November 2012, the technical personnel from ANACAFE, FEDECOCAGUA, FEDECOAG and ARTEXCO had assumed their commitments to apply the instrument in each of their respective producer groups participating in the project.
- FUNCAFE coordinated efforts with UIP to design the instrument that established the base line for families supported by the Project in regard to food and nutritional security. By the end of November 2012, technicians from the remaining consortium organizations had reviewed the instrument. As a result, the Project began the process to contract consulting services to design and select the sample, gather and process data.
- The UIP worked closely with technical staff from ANACAFE, FEDECOCAGUA, FEDECOAG and ARTEXCO to prepare the basic information required by the USAID Measure and Evaluation Project to set the baseline that will later allow USAID to assess the impact of the Feed the Future Initiative.

v. Complete the Project Performance Monitoring Plan

The UIP developed this Plan for USAID approval and is prepared to make any modifications as necessary, i.e. setting the indicator targets for the Feed the Future Initiative.

vi. Establish the Response Mechanisms for Financing Requirements (credit) as needed by RVCP Target Groups (appropriate amounts and conditions)

In order to support compliance with this component, the UIP pushed forward to contract consulting services as follows:

- Identify the business models for RVCP-selected producer groups, including financing requirements and debt capacity (describe demand for credit);
- Analyze credit options available on the market (describe demand for credit), and
- Design a strategy to ensure RVCP-partner local producer groups have access to credit options best suited to their business models.

vii. Significant Progress on Comprehensive Community Engagement with City Councils and Development Councils in at least Four Municipalities (foundation for cooperation agreements, regional investment plans and municipal policies)

The UIP developed a Global *Strategy for RCVP Engagement with Local Governments and Development Councils* to be reviewed with consortium organization technical staff prior to

their commitments to implement the strategy as part of their areas of expertise. To that end, the UIP will provide training, support and assistance.

Upon implementing the strategy, producer organizations will be prepared to:

(a) identify opportunities found within their local governments and development councils to benefit from central government programs being implemented to address food and nutritional security, and

(b) leverage financial resources to invest in infrastructure in support of rural development.

viii. Build Web Site and RVCP IT On-line Network System

ANACAFE provided the lead for the UIP to begin the process of contracting a consultant to design an IT system for financial and operational control of the RVCP M&E component. The product will deliver cash flow data and results provided by implementing organizations. The first aspect of the system is to develop the implementation criteria and framework that supplies and maintains information useful to all parties.

ix. Design and Launch a Gender and Youth Integration Strategy for Business Development and Management

In following the guidelines RVCP designed for this component according to the USAID/ANACAFE Cooperative Agreement, the UIP proceeded to contract a consultant to develop a diagnostic assessment on gender and design the Project gender consideration strategy, as follows:

- Aspects in which RVCP expected results will have a differentiated effect on women and men;
- Project impact to address the lack of gender equality within producer organizations and families;
- Policy, legal and/or socio-cultural limitations for men and women to benefit equally from RVCP results and the design elements that are required to address or compensate for those restrictions;
- Validate gender disaggregation for indicator targets contained in the RVCP M&E Plan, and
- Determine whether Project-supported activities could have distinct environmental impacts for men versus women, and, if so, suggest effective and sustainable approaches to minimize any difference.

x. Design and Implement the Project Environmental Mitigation Plan

The Project used the services of an external consultant and input from the technical experts from Consortium organizations to begin drafting the RVCP Environmental Mitigation Plan. UIP staff required consultations with the Environmental Projects Specialist in the USAID Economic Development Office and will continue to do so as necessary.

The process also included a training activity for Consortium organizational personnel on drafting the assessment and work plans for the safe use of pesticides (PERSUAP) as well as the work plan on the safe use of pesticides (SUAP).

xi. Design and Implement Project Communication Strategies (three approaches: toward members of the Consortium, toward producer groups and toward the general public)

- The UIP completed the Terms of Reference required to draft the **Project Communications Plan** as required to (a) disseminate Project activities and (b) contribute to awareness raising

- among the general population and key stakeholders on issues pertaining to health and nutritional and food security.
- In a parallel effort, the UIP drafted the Terms of Reference to select and contract a Project Communications Specialist to oversee implementation and all aspects of the **Communications Plan** in compliance with USAID regulations.

2.2 Components

The following section summarizes progress by implementation component over the course of the reporting period as it pertains to coffee, horticulture and handicraft productive chains. Given the fact that most of the efforts this quarter went into project start-up activities, organizing implementation and structural aspects in preparation for moving forward on work plan activities, RVCP field work this period was limited to coffee chains and cross-cutting issues. This is due to the fact that any specific activities with the co-op foundations that will implement RVCP among coffee, horticulture and handicraft value chains must necessarily await the signing of a sub-contract for joint implementation with the Guatemalan Confederation of Cooperative Federations (*Confederación Guatemalteca de Federaciones de Cooperativas* –CONFECOOP in Spanish). The parties reached agreement on the subcontract toward the end of the reporting period and the Project expects to sign the agreement early next quarter.

The following section describes each of the technical components and includes descriptions of the activities planned for the upcoming quarter.

i. Component 1: Improved Competitiveness along the Value Chain

This component is based on improvements to entrepreneurial competitiveness within the coffee producer, horticulture and handicraft value chains. Assistance is designed to improve performance within the chains and to ensure that the chains operate in such a way as to be more equitable and ensure that the benefits of more productive trade reach the small producers/entrepreneurs. As a general rule, competitiveness among associations comprised of small-scale entrepreneurs is constrained by limitations directly related to the size of their operations. Any opportunities to overcome the obstacles and improve competitiveness are directly proportional to increasing the scale of the operations through more efficient association –precisely the approach used by the RVCP.

Given the environmental restrictions stipulated in the Agreement and given the initial period required to draft and officially submit the Environmental Mitigation Plan, RVCP field activities have focused primarily on what falls entirely outside that category. In other words, the Project has limited itself to providing technical assistance, training, workshops and other activities with no environmental impact whatsoever.

Activities implemented solely by ANACAFE and restricted as described above were designed to increase yields, adopt best agricultural and management practices, address post-harvest handling, processing and employment generation. Upon implementing said activities RVCP partner organizations increased their yields and revenues while improving their management practices which also leads to employment generation.

The following list comprises activities undertaken this period solely by ANACAFE in the coffee productive chain.

- The Project completed 20 diagnostic assessments on general organizational strengthening aspects such as accounting, fiscal operations, financial and accounting management, strategic organizational planning (SWOT analysis) and the evaluation of current organizational structures. As a result, Project staff provided support to draft 20 work plans that will rely on technical assistance to improve management, accounting and financial aspects using an entrepreneurial development approach to improve competitiveness.
- RVCP technicians provided assistance to 12 coffee producer organizations to close out their 2012 fiscal year operations, as well as to comply with recently-enacted tax regulations.
- The Project provided assistance on management issues to a number of organizations to improve their internal procedures, as well as to affect their initial contacts and coffee sales negotiations. This also provided an opportunity to provide assistance in complying with requirements imposed by the Superintendent for Tax Administration (SAT in Spanish), resulting in considerable savings by avoiding fines and late fees (around GTQ34,134.00). The assistance also led to better market prices on the specialty coffee markets for a total of 3,000 bags that garnered a GTQ300 price differential for every 100lb. bag of parchment beans.
- RVCP also provided technical assistance to four coffee producer associations in post-harvest handling, as well as in maintaining and repairing depulping equipment, processing using manually-operated coffee mills and managing coffee by-products. A total of 43 coffee producers benefitted from the assistance.

In regard to the horticultural value chain, the Project moved forward to work with the Guatemala Federation of Agricultural Cooperatives to identify the producer groups selected to participate in RVCP.

ii. Component 2: Broadening Participation in the Value Chains

The FY2013 Work Plan describes a series of actions to improve participation or broaden the participation of small producers and communities in the value chains. The intervention is designed to address the following: (a) the lack of technological and information capability; (b) very limited access to scarce investment capital; (c) unsatisfactory access; (d) lack of productive infrastructure, and (e) weakness in sustainability and improved organizational performance. The following section describes Project activities from this quarter to address these issues.

The Project Implementation Unit wrote the terms of reference for the following consulting services.

- Describe the business models best-suited to the needs of the RVCP producer groups, include financing requirements and debt capacity (describe credit demand).
- Analyze credit options available on the local market (describe credit supply).
- Design a strategy for local RVCP partner organizations to access credit under conditions appropriate to their business model.
- Propose innovative financing mechanisms.

The consultancy will be performed as part of the scope for the subcontract with Wingert Consulting and is expected to be completed during the third quarter in FY2013.

The consultancy contributes to achieving results in the area of access to financing.

- Working closely with technical staff from ANACAFE and FUNCAFE, the UIP initiated negotiations with local government authorities in San Miguel Ixtahuacán, in the province of San Marcos, to sign a technical cooperation agreement for RVCP implementation. A draft version of the agreement was prepared and submitted to the mayor for review and approval. The agreement will increase the number of producers and communities participating in the value chains and will also proportionately increase the number of families benefitting from improved health and nutrition. The municipal government will assign funds for the activities and undertake additional activities to increase Project coverage. The activity will contribute to achieving results in leveraging funds for local investment and increasing the participation of producer groups by engaging with their local governments.
- The UIP moved forward on the consulting contract to produce a gender analysis which would then become the basis for the RVCP gender strategy. The consulting contract is listed as one of the activities under Wingert Consulting subcontract and is expected to be completed by the third quarter of FY2013.
- Similarly, the ANACAFE Technical Implementation Team scheduled training activities on gender considerations for four producer organizations in San Marcos and Huehuetenango. The training was designed as an introductory course on basic concepts and the importance of empowering women and promoting their participation in local development. These training workshops contribute to achieving results under the component to integrate women and youth in the development and management of producer organizations.
- Over the course of the reporting period FUNCAFE completed the process to promote highschool scholarships in coffee growing techniques (*Bachillerato en Caficultura*). Technical staff organized meetings among coffee cooperatives and associations to promote the studies program and describe the results and scope of the scholarships. As a result, the Project received 25 applications from a total of nine coffee producer organizations. The next step is to review the applications and select the 15 scholarship recipients to begin their studies in January 2013. This activity contributes to achieving results in the area of specialized technical knowledge and education in coffee and horticulture for youth in the RVCP area of influence, and will also have a positive impact on vulnerable groups.
- As one of the components of the planning workshops that the UIP organized in collaboration with the technical teams, FUNDASISTEMAS organized training activities to introduce basic concepts on the entrepreneurial development model. The activity contributes to results and greater participation of producer organizations in value chains.

iii. Component 3: Improved Agricultural Productivity

The RVCP Work Plan clearly states that increased economic income among small producers will necessarily require improvements in production and productivity. Nonetheless, it will also call for increased value added and better access to markets. Each of these factors are contingent upon aspects of entrepreneurial management, access to financial resources and the use of technology. To that end, improved skills among small producers to select and apply

the technology best suited to their purposes and requirements requires technical assistance, yet the assistance will gradually diminish as the producers acquire the necessary expertise.

To that end, the framework for this RVCP component includes activities designed to improve productivity in the coffee and horticulture value chains, as well as on adapting to climate change. The activities are designed to be part of the RVCP general management approach to meet targets on training producers and personnel in the following areas: operations, quality control, processing, plantation renovation, vegetable production using open field irrigation and greenhouse production, implementing best agricultural practices for soil conservation, etc.

As a result of the circumstances described earlier, and in following the guidelines for implementing partners in the use of the Environmental Mitigation Plan (*Guía para los Socios Implementadores en el uso del Plan de Mitigación de Impactos Ambientales - USAID LAC (EMP – Annex D to the Cooperative Agreement)*), only ANACAFE worked during the first implementation quarter to carry out activities under this component. Since the no-risk activities known as discrete activities do not require an environmental mitigation plan, ANACAFE focused primarily on these until the EMP is completed. The following section describes progress to date.

▪ **Huehuetenango:**

- Visits to three associations of producer groups, one cooperative and three friendship and labor groups (Grupos de Amistad y Trabajo –GAT in Spanish) located in the municipalities of Unión Cantinil, Todos Santos, La Libertad and Barillas. The Project provided technical assistance on best agricultural practices (soil conservation, nurseries and seedlings, agronomic management of the coffee plantation). The activities contributed significantly to the results sought in renewing coffee plantations.
- Organize a training course on soil conservation designed for producers from the *Asociación Integral de Caficultores Rancho Viejo* in San Antonio Huista. The training contributes to the result on using coffee plants as soil coverage in fragile areas.
- Field visits to producers from the Esquipulas Cooperative in La Libertad, as well as from the *Asociación Integral de Caficultores Rancho Viejo* in San Antonio Huista. The purpose of the visits was to provide technical assistance to improve operations in individual, hand-operated coffee mills. The activities contribute to results pertaining to updating wet mills to comply with standards for efficient water use and waste water management as a means to adapt to climate change.
- Hold three workshops on maintenance and repair of machinery for coffee pulp removal designed for producers from the Esquipulas Cooperative in La Libertad, for producers from the *Asociación Integral de Caficultores Rancho Viejo* in San Antonio Huista and for the *Flor del Café* Coffee Growers Association in Unión Cantinil. The activities are designed to achieve results in restructuring wet mills to comply with standards for efficient water use and waste water management as a means to adapt to climate change.

▪ **San Marcos:**

- Field visits to provide technical assistance on productive tissue culture, seed selection, nurseries and seedlings and renewal of coffee plantations for coffee producers from

the GATs in La Lima, La Peña and Siete Platos in San Miguel Ixtahuacán. The activities contribute to the result seeking renewed coffee plantations.

- Field visits to provide technical assistance on developing nurseries and seedlings and/or managing productive tissue for the coffee producer groups listed below.
 - *Cooperativa Integral Agrícola Nuevo Porvenir*, Nuevo Progreso
 - *Cooperativa Integral Agrícola Nuevo Edén*, Nuevo Progreso
 - *Empresa Campesina Asociativa Nueva Escocia*, Nuevo Progreso
 - *Asociación Campesina Unidos para la Paz y el Desarrollo Comunitario (ACUPDIC)*, Nuevo Progreso
 - *Empresa Campesina Asociativa Emanuel*, Nuevo Progreso

These activities contribute to results on renewed coffee plantations.

- Work with producers from the organizations listed below to develop/update agricultural diagnostics and review plots for the use of tissue management and grafted seedlings.
 - *Cooperativa Integral Agrícola Nuevo Porvenir*, Nuevo Progreso
 - *Cooperativa Integral Agrícola Nuevo Edén*, Nuevo Progreso
 - *Empresa Campesina Asociativa Nueva Escocia*, Nuevo Progreso
 - *Asociación Campesina Unidos para la Paz y el Desarrollo Comunitario (ACUPDIC)*, Nuevo Progreso
 - *Empresa Campesina Asociativa Emanuel*, Nuevo Progreso
 - *Cooperativa Integral Agrícola La Igualdad, R. L.*, San Pablo
 - *Asociación Civil de Pequeños Agricultores, Flor del Café*, Sibinal
 - *Cooperativa Integral Agrícola Entre Ríos, R. L.*, Tajumulco
 - *Asociación de Pequeños Productores de Café Liberación (APECAFEL)*, Tajumulco
 - *Asociación de Pequeños Caficultores Orgánicos Mayas Mames (APECAFORM)*, Centro I, Tajumulco
 - *Asociación de Pequeños Caficultores Orgánicos Mayas Mames (APECAFORM)* Centro II, Tajumulco
 - *Asociación de Pequeños Caficultores Comunidades Unidas (ACIPACU)*, Tajumulco
 - *Asociación Media Cuesta*, Tajumulco
 - *Asociación de Desarrollo Integral Buenos Aires (ADIBA)*, San Pablo
 - *Asociación Nuevos Horizontes*, San Pablo

These activities contribute to results on renewed coffee plantations.

- Carry out the productive diagnostics prior to supervising and delivering incentives to those areas applying soil conservation measures to producers in the GATs in La Lima, La Peña and 7 Platos in San Miguel Ixtahuacán. These activities contribute to the result seeking coffee plantation coverage in areas of fragile soil structure.
- Work with the following organizations to provide technical assistance for post-harvest coffee management (wet milling, quality control, maintenance of hand-operated depulping machinery, maintenance of mechanical and static dryers, etc.).
 - *Cooperativa Integral Agrícola Nuevo Porvenir*, Nuevo Progreso
 - *Cooperativa Integral Agrícola Nuevo Edén*, Nuevo Progreso
 - *Empresa Campesina Asociativa Nueva Escocia*, Nuevo Progreso

- *Asociación Campesina Unidos para la Paz y el Desarrollo Comunitario (ACUPDIC),* Nuevo Progreso
- *Empresa Campesina Asociativa Emanuel,* Nuevo Progreso
- *Cooperativa Integral Agrícola La Igualdad, R. L.,* San Pablo.
- *Asociación Civil de Pequeños Agricultores, Flor del Café,* Sibinal
- *Cooperativa Integral Agrícola Entre Ríos, R. L.,* Tajumulco
- *Asociación de Pequeños Productores de Café Liberación (APECAFEL),* Tajumulco
- *Asociación de Pequeños Caficultores Orgánicos Mayas Mames (APECAFORM),* Centro I, Tajumulco
- *Asociación de Pequeños Caficultores Orgánicos Mayas Mames (APECAFORM)* Centro II, Tajumulco.
- *Asociación de Pequeños Caficultores Comunidades Unidas (ACIPACU),* d Tajumulco
- *Asociación Media Cuesta,* Tajumulco
- *Asociación de Desarrollo Integral Buenos Aires (ADIBA),* San Pablo

This RVCP technical assistance contributes to the result on upgrading wet mills to comply with water efficiency standards and waste water management in adapting to climate change.

- Organize training events (courses, workshops) on subjects including planning, seed selection, nursery management, credit management, quality in wet mill processing, soil conservation, etc. The training is designed for producers from the groups listed below.
 - *Cooperativa Integral Agrícola Nuevo Porvenir,* Nuevo Progreso
 - *Cooperativa Integral Agrícola Nuevo Edén,* Nuevo Progreso
 - *Empresa Campesina Asociativa Nueva Escocia,* Nuevo Progreso
 - *Asociación Campesina Unidos para la Paz y el Desarrollo Comunitario (ACUPDIC),* Nuevo Progreso
 - *Cooperativa Integral Agrícola Entre Ríos, R. L.,* Tajumulco
 - *Asociación de Pequeños Caficultores Orgánicos Mayas Mames (APECAFORM),* Centro I, Tajumulco
 - *Asociación de Pequeños Caficultores Orgánicos Mayas Mames (APECAFORM)* Centro II, Tajumulco
 - *Asociación de Pequeños Caficultores Comunidades Unidas (ACIPACU),* Tajumulco
 - *Asociación Media Cuesta,* Tajumulco
 - *Asociación de Desarrollo Integral Buenos Aires (ADIBA),* San Pablo
 - *Asociación Nuevos Horizontes,* San Pablo, San Marcos
 - *Grupo de Amistad y Trabajo de La Lima,* San Miguel Ixtahuacán
 - *Grupo de Amistad y Trabajo de La Peña,* San Miguel Ixtahuacán
 - *Grupo de Amistad y Trabajo de 7 Platos,* San Miguel Ixtahuacán

The training activities contribute to attaining results for increased coverage of coffee plantations in areas with fragile soil structures and on upgrading wet mills to comply with water efficiency standards and waste water management in adapting to climate change.

iv. *Component 4. This component was eliminated from the original proposal and is not included in the RVCP/ACFF Consortium activities. This paragraph is included however to maintain consistency in the numbering.*

v. **Componente 5: Increase Food Production and Improve Food Use**

The Project approach is based on the concept that efforts to reduce malnutrition rates must go beyond increasing producers' income and beyond increased food production to also include behavioral changes and modified nutritional habits. Project activities will address each of these aspects.

To that end, and despite the fact that food scarcity is likely attributable to reduced purchasing power among the target population as the greatest obstacle to improved nutrition, the Project technical team is aware that consumption of more nutritious foods will not happen of its own accord. This is true even in communities with an abundant variety of low-cost food supplies. As a result, the Project infers that there is a lack of information regarding the need to consume a variety of foods and an understanding of the nutritional contributions of each. The RVCP approach addresses this situation.

In addition to requiring an increase in the production of food supplies and improvements in eating habits, RVCP considers that the overall health of an individual plays an important role in the relationship between food intake and nutrition. Within the RVCP target area, socio-economic and environmental conditions have a very significant impact on the population's overall health and on the ability to absorb and retain nutrients. As a result, the Project will also work very closely with specialized organizations from both the public and private sector to design activities that address basic health practices.

In keeping with this concept, FUNCAFE first quarter implementation activities included a number of interventions designed to lay the groundwork for future actions under Component 5. As described in the previous paragraph, the activities are designed to assist the families of the members of the coffee producer partner organizations to increase their production of foods and improve their use. The activities are listed below.

- Set up the technical team: FUNCAFE completed the process to recruit, select and hire a project coordinator, two horticulture advisors (San Marcos and Huehuetenango), one technical specialist on food and nutritional security (San Marcos) and one education specialist (Huehuetenango). The Project designed an orientation process on technical and administrative issues to ensure appropriate implementation of field activities.
- Surveillance of the RVCP target area and identification of local partners. The team planned a series of field visits to communities to assess the conditions and design activities to address food and nutritional security. The Project offered a scholarship program on coffee production and horticulture (*Bachillerato en Caficultura y Hortalizas*) to students about entering high-school. The field visits also included meetings with community leaders (boards of directors and legal representatives from the producer associations). The meetings provided an opportunity to identify the partner organizations listed below.
 - GAT groups in Siete Platos, La Lima, La Peña and Legual, encompassing 14 communities in the municipality of San Miguel Ixtahuacán, San Marcos;

- The *Nuestro Futuro* co-operative covering eight communities in the municipality of La Democracia, Huehuetenango, and
- The San José El Obrero co-operative covering nine communities in the municipality of La Libertad, Huehuetenango.
- Identify potential alliances: in order to assess the level of interest among communities to coordinate and cooperate with the Project, RVCP technical personnel organized meetings with representatives and authorities from programs and projects currently working on education and on food and nutritional security in the municipalities of *San Miguel Ixtahuacán*, La Democracia y La Libertad.
- Participate in the Expo San Miguel 2012 Food Fair as a means to raise awareness about the Project among members of the communities in San Miguel Ixtahuacán, San Marcos.
- Promote the scholarship program on coffee production among the members of one municipality in Huehuetenango (La Libertad) and four in San Marcos (San Miguel Ixtahuacán, San Pablo, Tajumulco and Nuevo Progreso). As a result, the Project received a total of 25 applications prior to selecting the final 15 candidates that will begin the program in January 2013.

vi. Component 6: Improvements to the Handicrafts Value Chain

This Component on improvements to the handicraft value chain calls for increased production volumes and improved quality in the traditional textile sectors. It also calls for identifying and establishing commercial ties to more profitable and demanding market sectors, as well as for exploring other product marketing opportunities such as those for ceramics, woodworking, metalworking and glass blowing. These are all activities in which women participation could increase while also diversifying income opportunities for small producers.

Improvements to the handicrafts value chain will also enable the federation to expand services to those producers not currently members of federated cooperatives. This can be accomplished by promoting the establishment of new cooperatives (or other type of simpler association), increasing the membership of existing co-operatives or bringing additional co-operatives or handicraft-producer organizations into the federation.

Over the course of Year 1 of RVCP implementation activities for this Component, the Project plans to provide technical assistance, financial-administrative assistance, accounting and production training for small handicraft-producer organizations to: (a) strengthen their technical/productive expertise; (b) open new domestic or international market opportunities; (c) increase their income, and (d) increase the total number of members in handicraft associations.

Nevertheless, activities this quarter were restricted due to the obstacles mentioned earlier in this report regarding field activities. Progress under this component was limited to identifying and confirming the selected handicraft-producer groups. The Project leveraged those efforts, however, to also assess the significant potential that lies among individual artisans. With RVCP support through ARTEXCO, these individuals can readily form new groups or become members of existing groups as a means to substantially increase their commercial, operational and financial efficiency.

2.3 Coordination, Cooperation and Exchange Mechanisms with other Institutions Working on Feed the Future (FtF)

Given the strategic nature and the RVCP approach for sustainability and replication, the Project calls for establishing working alliances to coordinate, cooperate and exchange information and experiences with other projects and institutions, particularly with those working in the same geographical area or on the Feed the Future Initiative. To that end, the Project established ties with projects and organizations that have a direct impact or assistance role as described below.

- **RVCP/AGEXPORT:** Project staff met several times with Iván Buitrón, Project Director, to coordinate information exchanges on methodologies and experiences, possible market opportunities for producers and scheduling of upcoming joint training activities in areas of common interest (Regulation 216, climate change, gender considerations, M&E, etc.) The meetings also provided opportunities to seek out other areas of common interest. RVCP is very interested in leveraging the potential and advantages of cooperating with this project seeing as both projects are working in different geographical areas. This allows for useful information exchanges, as well as for the application of implementation and trade mechanisms. RVCP has yet to define the needs required to draft a letter of understanding pending the initiation of field activities. Nonetheless, problems such as coffee rust can be approached through an integrated approach as can the means and mechanisms to improve food safety and horticultural management for export markets. Since ARTEXCO has a significant presence in municipalities in Quetzaltenango, other areas of cooperation include the handicraft value chain.
- **Save the Children and CRS:** Project staff met with CRS and Save the Children to exchange information on their monitoring and evaluation systems. In both cases, RVCP has opted to draft information exchange agreements in the near future to ensure project support.

Similarly, FUNCAFE has reached out to URC and Save the Children to seek greater coordination in health and nutrition. Given that FUNCAFE has resource limitations regarding the number of families that can be brought into the Project, it will work with the other two organizations to design complimentary activities that will cover nutritional supplements, medication to treat parasites and promoting breastfeeding.

- **SESAN:** Another key area for cooperation is for RVCP to tie in with activities being undertaken by the Government of Guatemala (GoG) specific to food and nutritional security. To that end, the Project will coordinate with the GoG Zero Hunger Pact (*Hambre Cero*). The Pact prioritizes 166 municipalities throughout the country in which the Government coordinates, promotes and directly implements activities to fight malnutrition. Organizations such as FAO, together with the Ministry of Agriculture (MAGA in Spanish) and other local actors, have planned implementation activities under a number of projects in 43 of the 166 priority municipalities. The efforts involve various international donor organizations, civil society and private companies by means of a multi-institutional pact toward zero hunger. The Pact includes institutional strengthening efforts for the Secretariat for Food and Nutritional Security (*Secretaría de Seguridad Alimentaria y Nutricional* –SESAN in Spanish) established as the government agency responsible for activities to follow up on the Pact. In close coordination with ANACAFE upper management, RVCP has built consensus around a draft agreement to be signed with SESAN to facilitate coordination and information exchange in regard to food and nutritional security.

- **USAID Local Governance Project:** Over the course of the reporting period, LGP and RVCP teams met to exchange information. RVCP clearly needs to follow its mandate to cooperate, strengthen ties and leverage resources provided by the central government through municipal governments and community and municipal development councils (COCODEs and COMUDEs, respectively, in Spanish). To further that effort, the Project worked this quarter to complete an agreement and draft a letter of understanding with LGP to coordinate activities of joint interest in San Marcos. The projects plan to sign the LOU in early February 2013.

Annexes:

1. Indicator Report
2. TRAINET Certification. There were no training activities carried out during the first quarter of RVCP implementation that fit the criteria to report on TRAINET (16 or more hours).
3. Federal Financial Form (SF-425)