

ECUADOR LOCAL BUSINESS DEVELOPMENT PROGRAM (PRODEL)

Cooperative Agreement #518-A-00-08-00002-00
Fiscal Year 2008 3rd Quarter Report



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DISCLAIMER

In the case of discrepancies between weekly updates and the PRODEL Quarterly Progress Report, the PRODEL Quarterly Progress Report will take precedence as the official report of the Associate Award.

ACRONYM LIST

AACRI	Río Intag Small Coffee Producers Association
AED	Academy for Educational Development
AAPPSME	Agro-artisan Association of Producers of Dry Medicinal Plants of Ecuador
APROCA	Atacames Cacao Producers Association
CAF	Andean Development Corporation
CFN	National Financial Corporation
COFINA	National Fine Chocolates
CORPEI	Corporation for the Promotion of Exports and Investments
CTO USAID	USAID Project Manager
DCA	Development Credit Authority
ECOLAC	The Technical University of Loja Dairy Factory
EPF	Enterprise Partnership Fund
FAPECAFES	Regional Federation of Associations of Small Ecological Coffee Growers of the South
FAO	Food and Agriculture Organization
FDE	Enterprise Development Fund
FECONIC	Federation of Black Communities and Organizations of Imbabura and Carchi
FIELD Support	Financial Integration, Economic Leveraging, Broad Based Dissemination and Support
FLO	Fairtrade Labelling Organizations International
GOE	Government of Ecuador
IFC	International Finance Corporation
LWA	Leader with Associates
IOM	International Organization for Migration
M&E	Monitoring and Evaluation
ME&R	Monitoring, Evaluation and Reporting System
MYPE	Medium and Small Enterprises
PRODEL	Local Business Development Program
PRODESS	The Sacha Development Program
SIGGLO	Local Governments Information and Managing System
USAID	United States Agency for International Development
UNORCACT	Union of Rural Organizations of Chuquiribamba, Chantaco, Taquil, and Gualal
UTPL	The Technical University of Loja

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PROGRAM OVERVIEW

Background

In 2005, USAID awarded the Academy for Educational Development (AED) the Financial Integration, Economic Leveraging, Broad-Based Dissemination and Support (FIELD-Support) Leader with Associates (LWA) project, Cooperative Agreement No. EEM-A-00-06-00001-00. The objective of the FIELD-Support is to improve the financial security of poor households and businesses by strengthening financial and business support systems and providing poor populations access to those systems.

FIELD-Support has four main project objectives:

- To strengthen the economic status and security of poor households;
- To promote economic growth that benefits poorer households and communities;
- To develop inclusive financial systems;
- To contribute to an enabling environment within which micro-center can develop and thrive. AED is currently working with its partner organizations and USAID to develop a work plan of pilot initiatives.

Under the FIELD-Support LWA, USAID/Ecuador issued a 22-month Cooperative Agreement for the Local Business Development program, or Programa de Desarrollo de Empresas Locales (PRODEL) as it is known locally in Ecuador. PRODEL is managed by the prime recipient AED and administered in the field by lead implementing partner ACDI/VOCA. CARE joins ACDI/VOCA to assist with the on the ground implementation efforts in Ecuador. The effective date of this Associate Agreement is November 30, 2007 and the estimated completion date is September 30, 2009. The total estimated award amount for the Associate Agreement for this period is \$6,296,285.

PRODEL is a key component of the Government of Ecuador's (GOE's) Plan Ecuador whose overall goal is to foster peace, development, citizen security, territorial integrity and a greater quality of life for all inhabitants of the northern border region of the country. This goal is supported by USAID/Ecuador and other donors.

Program Description

PRODEL's objective is to increase income and employment for families along the northern and southern border areas by supporting the expansion of private enterprises that will rapidly generate income and employment, and by strengthening local private producer groups associations. PRODEL provides demand-driven assistance packages (technical assistance, targeted training and small grants) to stimulate and facilitate increased investments in strategically-selected agribusiness and non-agricultural anchor firms and their networks of suppliers and ancillary firms with a commitment to the growth of their businesses and the potential to generate significant increases in income and employment. PRODEL interventions will ensure growth and employment generation through local business development that will continue beyond the life of the

PRODEL program. By increasing skills, alleviating constraints, promoting a business friendly enabling environment and linking firms into markets, PRODEL creates the foundation for growth.

To achieve the above objectives, PRODEL has created the Enterprise Partnership Fund (EPF), which provides technical and co-financing assistance tailored to the specific needs of each anchor firm using local service providers to the extent possible to ensure program sustainability. The assistance packages include a combination of market development, financing, accounting, management assistance and skills training depending on the challenges faced. PRODEL collaborates with existing financial institutions and directly brokers financing arrangements between banks, finance companies, and microfinance institutions on the one hand and participating anchor firms and members of their value chain on the other.

During the course of PRODEL, at least 20 anchor firms will receive business development assistance within approximately ten municipalities. PRODEL will assist the business community to identify and analyze policy-related constraints and to constructively contribute to municipal-level planning and decision-making (through collaboration with other USAID projects) to improve the local business climate.

Areas of Implementation

PRODEL will be implemented through six important areas:

- **Municipal Strengthening:** The PRODEL team recognizes that successful, equitable economic growth requires the development of competitive enterprises supported by effective local governments that instill trust in local institutions, both formal (laws, rules) and informal norms and conventions. The PRODEL team investigates coordination with programs such as MYPE Competitiva based in Peru along with the International Finance Corporation (IFC) of the World Bank Group to analyze ways to improve municipal responsiveness to businesses, and establishes and promotes advocacy on behalf of the private sector for improved business environments through periodic workshops conducted by PRODEL technical staff. The municipality selection process for the PRODEL program involves the development of a selection matrix that includes pre-determined criteria and a transparent scoring system.
- **Working with Anchor Firms:** PRODEL provides demand-driven assistance packages (technical assistance, financing and targeted training) to stimulate and facilitate increased investments in strategically-selected agribusiness and non-agricultural anchor firms. Through the Enterprise Partnership Fund (EPF), PRODEL strengthens anchor firms by helping them address their business needs and constraints. Technical assistance is provided to the anchor firms in the areas of marketing, business management, leadership, finance, accounting, administration, business plan development and implementation, production and quality improvement, packaging and sales promotion, and international standards and certifications procedures. Through discussions with USAID, related donor-funded projects, chambers of commerce and business associations, industries within which potential

anchor firms are known to operate are identified, and a selection matrix is developed to include a transparent scoring system.

- **Upgrading the Vertical and Horizontal Linkages:** PRODEL intervenes at key nodes and links within an anchor firm's business system that make up the anchor firm's network of economic relations, to address constraints to that firm's ability to grow. PRODEL focuses on farming as a business, transfer of appropriate technologies, best practices and better business standards, strengthening market linkages, embedded services, association development, and promoting strategic public-private partnerships;
- **Pulling in Local Service Providers:** The delivery of services is carried out using PRODEL local business development specialists and through contracting with local service providers;
- **Strengthening Local Business Environment:** PRODEL works with local municipalities and the private sector to improve the local business environment;
- **Integrating Cross-Cutting Themes:** PRODEL targets women for inclusion in the program, makes environmental considerations an integral part of the design and execution of program interventions, and trains participating anchor firms and companies managing end markets to promote socially responsible practices.

Monitoring and Evaluation

The Monitoring, Evaluation and Reporting (ME&R) System focuses on the six key indicators established in the technical proposal and named in the PRODEL annual work plan. At the request of USAID, the indicator designed to measure increase in sales will be used as a proxy to calculate the increase in participating household incomes for the program. In addition to the indicators below, the ME&R system also monitors changes in the municipalities and anchor firms that partner with the PRODEL program. The partner municipalities are monitored using the Local Government Information and Management (SIGGLO) system, which measures the efficiency of the local governmental administrative and financial processes in the PRODEL region of influence.

The purpose of monitoring the municipalities is to learn of their participation and involvement in the general PRODEL strategy to create a favorable environment within the municipality for business development. The anchor firms will be monitored using standard financial indicators, including measures of liquidity, debt, profitability, management, assets and reinvestment. The purpose of monitoring the anchor firms is to determine the financial situation of the business with the understanding that they will guarantee the future sustainability of the value chain. In the upcoming quarter, PRODEL will continue to refine its ME&R plan, including working with additional anchor firms to determine baselines, agree on specific targets, link those targets and strategies to reach them, and prepare performance indicators according to the nature of each business.

Table 1: Key Progress Indicators and Targets

Indicators	FY 08	FY 09	TOTAL
No. of families receiving PRODEL assistance	4,000	4,000	8,000
Hectares of licit crops established or improved with PRODEL assistance	2,000	2,000	4,000
No. of new full-time equivalent jobs created by PRODEL activities	2,000	2,000	4,000
No. of small and medium enterprises (anchor firms) assisted by the PRODEL program	12	8	20
No. of municipalities assisted and that have contributed to improve the business environment	6	4	10
Percent increase in value of aggregate sales by anchor (US\$)	25%	25%	50%

EXECUTIVE SUMMARY

This report covers the results achieved and activities undertaken during the third quarter of FY 2008 (April 1–June 30, 2008). The main achievements during this quarter included a strong focus on qualifying the first ten selected anchor firms for PRODEL and constructing their business plans, and preparing the applications and budgets for the Enterprise Partnership Fund for the program.

- During the 3rd quarter of FY 2008 the PRODEL team completed the selection process for ten anchor firms to participate in the program.
- Once the ten anchor firms were identified the PRODEL technical team worked with the firms to develop business plans.
- PRODEL monitoring, evaluation & reporting (ME&R) system specialist gathered the baseline data on the anchor firms that will be used in the ME&R system and established quarterly and cumulative targets.
- Ten anchor firms prepared grant applications totaling \$1,657,931 USD. These were brought before a PRODEL grants technical review committee meeting on June 30, 2008.
- The 12 municipalities identified for direct participation in the PRODEL program were visited by their respective PRODEL Local Business Advisors and a letter of interest was requested from each corresponding mayor.
- Grants Specialist prepared the terms of reference for the regional municipal scorecard program MYPE Competitiva to visit Ecuador and performed a needs analysis for PRODEL participating municipalities.
- PRODEL team members have continued the assessment process for the ten additional firms to reach the overall goal of 20. To date, a total of 25 firms have been assessed throughout the four regions being covered by the program.
- The grants review committee met early in the 4th Quarter to review the grant applications for the Enterprise Partnership Fund. As such, there are no results to report for these core indicators this quarter. The following table will be included and updated in subsequent quarterly reports.

Table 2: Progress to Date

Indicators (considering the first 10 anchor firms)	Baseline as of July 2008	Anticipated Results from the first 10 Anchor Firms
No. of families receiving PRODEL assistance	*2,247	*6,057
Hectares of licit crops established or improved with PRODEL assistance	*2,404	*4,000
No. of new full-time equivalent jobs created by PRODEL activities	*1,704	*4,000
No. of small and medium enterprises (anchor firms) assisted by the PRODEL program	0	10
No. of municipalities assisted and that have contributed to improve the business environment	0	12
Percent increase in value of aggregate sales by anchor (US\$)	0	50%

*These figures come from a baseline analysis conducted by the PRODEL team gathered from the first 10 anchor firms selected for the program during workshops conducted with representatives from the anchor firms and their producers.

1.0 MUNICIPALITY STRENGTHENING

Municipal support provided through PRODEL aims to strengthen the local business environment through the selected municipalities. Each municipality is conceived of as a cantonal territory and not as a governmental entity. Workshops and meetings are being coordinated among municipalities and the organized private sector to achieve this program goal.

1.1 Achievements during the Quarter

The identification and selection process for the anchor firms informed the determination of the first twelve municipalities for participation in PRODEL. The selection was based on the location of the majority of the producers and suppliers for each participating anchor firm as well as, in some cases, where the actual anchor firm is located. PRODEL will have a direct impact on these municipalities in the improvement of services provided to the private sector.

The PRODEL team made initial contacts with representatives from each of the selected municipalities in order to explain the details and scope of the program. The municipalities have indicated their openness to supporting the Program's activities.

The selected municipalities are:

1. Tulcán - Northern Border, Andean Highlands Region
2. Mira – Northern Border, Highlands Region
3. Cotacachi - Northern Border, Highlands Region
4. Lago Agrio - Northern Border, Amazon Region
5. Putumayo - Northern Border, Amazon Region
6. Joya de los Sachas - Northern Border, Amazon Region
7. Eloy Alfaro - Northern Border, Coastal Region
8. Río Verde - Northern Border, Coastal Region
9. Atacames - Northern Border, Coastal Region
10. Loja - Southern Border, Highlands Region
11. Chaguarpampa - Southern Border, Highlands Region
12. Quilanga - Southern Border, Highlands Region

1.2 Challenges Encountered and Actions Taken

Due to the fact that the distribution of suppliers working with the anchor firms is not restricted only to the municipality in which that anchor firm is located, many municipalities will be impacted by the program to varying degrees. To identify and

measure the program’s impact, municipalities have been divided into two categories: 1) those where the impact of the program is direct, that is where the majority of the anchor firm producers and suppliers are located, and 2) those where the impact will be indirect, where a lesser number of anchor firm producers and suppliers are located but will still benefit from the program. Though the program may impact both, the program’s municipal strengthening activities will be targeted exclusively toward those municipalities in which PRODEL will generate a direct impact.

The municipalities that will participate indirectly are projected to receive economic development benefits as a result of the implementation of PRODEL, whereby new jobs will be created and producer incomes will increase within these jurisdictions.

Table 3: Distribution of Municipalities

	Anchor Firms	Municipalities	
		Direct Impact	Indirect Impact
COFFEE			
1	GALLETTI	Mira, Quilanga	
2	VELEZ	Chaguarpamba	Olmedo and Palta
3	AACRI	Cotacachi	--
4	SOL DE ORIENTE	Lago Agrio and Putumayo	Cuyabeno, Shushufindi, Cascales, Joya de los Sachas and Gonzalo Pizarro
CACAO			
5	APROCA	Río Verde	Atacames and Muisne
6	ECUATORIANA DE CHOCOLATES	Eloy Alfaro	Yantzaza and El Pangui
7	SKS	Atacames	Quininde
8	AROMA AMAZÓNICO	Lago Agrio y Joya de los Sachas	Cuyabeno, Shushufindi, Cascales and Gonzalo Pizarro
DAIRY			
9	MONDEL	Tulcán and Mira	--
HERBS			
10	AAPPSME	Loja	--

1.3 Activities Planned for Next Quarter

- The PRODEL team will make field visits to selected municipalities to identify potential synergies to enhance the local business environment through workshops and trainings that will improve the municipal office efficiency offered to the private sector.
- Identify four municipalities to which the team of specialists from the MYPE Competitiva Project can provide municipal consulting services and perform an analysis of the municipality based on the International Finance Corporation Municipal Scorecard methodology.

- Coordinate working meetings among the first ten anchor firms and their corresponding municipal representatives, and the PRODEL technical team to define potential areas of support through program activities.

2.0 DEVELOPMENT OF ANCHOR FIRMS

During the 3rd quarter of FY 2008, PRODEL team members completed the assessment and approval process for ten anchor firms (see Table 2 below). They were selected based on their potential to contribute to increased employment and incomes for beneficiaries residing in the northern and southern border regions of Ecuador. Immediately upon approval by USAID, PRODEL team members began working with the anchor firms to construct business plans. In addition, work began to identify the next ten anchor firms to complete the overall PRODEL goal of twenty.

Table 4: Selected Anchor Firms

	COMPANY	LOCATION	PRODUCT
Northern coast			
1	APROCA-APROCAR	Río Verde municipality	Cacao
2	Ecuadoriana de Chocolates	Eloy Alfaro municipality	Cacao
Northern highlands			
3	AACRI	Cotacachi municipality	High-altitude coffee
4	MONDEL	Tulcán municipality	Dairy products
5	Café Galletti	Mira/Quilanga municipalities	Toasted and milled coffee
Northern Amazon			
6	Aroma Amazónico	Lago Agrio/Joya de los Sachas municipalities	Cacao
7	Piladora Sol de Oriente	Lago Agrio /Putumayo municipalities	Robusta coffee
South			
8	Café Velez	Chaguarpamba municipality	Toasted and milled coffee
9	SKS	Atacames municipality	Cacao
10	AAPPSME-CETCA*	Loja municipality	Aromatic Herbs-Horchatas

2.1 Achievements during the Quarter

A. Development of Business Plans for Selected Anchor Firms

PRODEL team members worked with the selected anchor firms to develop business plans. The process to construct the business plans provided the information necessary to prepare the proposals for each anchor firm's Enterprise Partnership Fund project. Each firm hosted PRODEL technical team members at company locations to help prepare business plans in coordination with representatives from the anchor firms, their producers and suppliers. PRODEL team members helped value chain representatives analyze administrative, strategic competitiveness, marketing and financial aspects of their business. The business plans not only help determine the areas of PRODEL intervention to strengthen their competitiveness in the marketplace but can be used by the anchor firms and their suppliers to apply for much needed credit products.

Simultaneous to business plan development, PRODEL team members worked with the anchor firms to prepare the grant applications for the Enterprise Partnership Fund. The grants review committee met early in the 4th Quarter to review the applications.

During the business plan preparation process, one organization, PRODESS, was reconsidered as a lead anchor firm due to internal business weaknesses that became apparent during workshops with representatives from the firm. As a result, the PRODEL team began the search for a more appropriate anchor firm that has the potential to team with PRODESS to benefit cacao producers in the northern Amazon region of Ecuador.

B. Identification of Additional PRODEL Anchor Firms

While moving forward with the first selected anchor firms, the PRODEL team has begun pre-selection of additional anchor firms to complete the program goal of 20 anchor firms. A description of all organizations assessed to date, with their location and products, appears in the table below. The asterisk indicates that the firm has been approved.

Table 5: Potential Anchor Firms Assessed

	ORGANIZATION	LOCATION	PRODUCT
Nothern Coast			
1	APROCA*	Atacames-Río Verde municipalities	Cacao
2	SKS*	Atacames municipality	Cacao
3	Ecuadoriana de Chocolates*	Eloy Alfaro municipality	Cacao
Northern Highlands			
4	UYAMA FARMS	Mira municipality	Avocado and derivatives
5	Asociación de criadores de cabras del Norte <i>(Association of goat raisers of the north)</i>	Urcuquí, Mira municipalities	Dairy, Goat milk and derivatives Capers, uvillas
6	Asociación de productores de Tuna del Norte (FECONIC) <i>(Association of Prickly Pear producers of the North)</i>	Urcuquí, Mira municipalities	Tuna (prickly pear fruit) and derivatives
7	AACRI*	Cotacachi municipality	High-altitude coffee
8	COPCAVIC	Mira, Urcuquí municipalities	Beans
9	MONDEL*	Tulcán/Mira municipalities	Dairy products
10	INAGROFA	Carchi – Imbabura Provinces/Mira municipality	Quínua
Northern Amazon			
11	Piladora Sol de Oriente*	Lago Agrio /Putumayo municipalities	Robusta coffee
12	Aroma Amazónico*	Lago Agrio/Joya de los Sachas municipalities	Cacao
13	Asociación San Carlos/PRODESS	Joya de los Sachas municipality	Cacao
14	Cofina	Joya de los Sachas	Cacao
15	INAEXPO	Lago Agrio	Fruit pulp
South			
16	Aso Guabo	El Guabo, Arenillas municipalities	Organic banana, orito
17	Tourism Puyango	Puyango municipality	Tourism, Puyango petrified forest
18	Café Velez*	Chaguarpamba municipality	Toasted and milled coffee
19	Café Galletti*	Mira/Quilanga municipalities	Toasted and milled coffee
20	Comprolacsa	Loja/Yanzaza municipality	Dairy products
21	UNORCACH	Loja municipality	Medicinal and other Herbs
22	AAPPSME-CETCA*	Loja municipality	Aromatic Herbs-Horchatas
23	Escoffee	Guayaquil/ Loja/Olmedo	Coffee
25	Ecolac	Loja	Dairy

C. Financial Services

2.1 Achievements during the Quarter

During the third quarter of FY 2008, the activities carried out in the area of financial services were focused primarily in two key areas: preparing financial baselines for the pre-selected anchor firms and developing business plans for each.

In order to prepare the financial baseline, the team used a tool that helps capture the firms' financial situation and the evolution of their financial statements over the past three years (2005-2007). As a part of the business plans, the PRODEL team also assisted the firms in preparing financial projections.

2.2 Challenges Encountered and Actions Taken

The PRODEL technical team has identified a potential impediment for value chain growth in the area of reliable certified and high-quality plant material, particularly for robusta coffee and cacao. Difficulties exist in finding certain germplasm and often the material that the farmer acquires is not reliable. Future cacao and coffee productivity depends on a solution to this bottleneck since there is not enough certified, high-quality material for planting. To work toward a solution to this potential barrier to sustained economic growth, the team is currently exploring options for a pilot project to propagate growing tissues in local laboratories.

2.3 Activities Planned for Next Quarter

The following anchor firm and producer association activities are planned for the 4th quarter of 2008:

- Select remaining ten anchor firms to achieve the program goal of 20 firms receiving assistance.
- Work with selected anchor firms to implement their business plans.
- Support the design, production and implementation of business plans with remaining ten selected firms.
- Design an interactive map of the area of PRODEL influence and its impact on the targeted regions of the country.
- Identify in coordination with participating anchor firms, and contract Ecuadorian service providers for technical assistance to program beneficiaries.
- Explore opportunities to leverage PRODEL program funds through entities such as National Financial Corporation (CFN) and Andean Development Corporation (CAF).
- Meet with USAID personnel and explore credit options that take advantage of the DCA loan guarantee fund in Ecuador.

3.0 STRENGTHEN HORIZONTAL AND VERTICAL LINKAGES

3.1 Achievements during the Quarter

During the process to construct business plans for the program, the PRODEL team identified the need to strengthen the horizontal and vertical linkages for all ten participating anchor firms and their suppliers. Specific examples of these linkages include:

- Facilitating increased levels of contact between the CETCA tea producing company and the AAPPSME herbal medicine and Horchata company of Loja so as to strengthen an already existing linkage;
- Strengthening linkages between the PRODESS/San Carlos Producer's Association and the Cofina cacao company to evaluate ways to strengthen the cacao value chain between these two entities;
- Promoting linkages between Ecuatoriana de Chocolates Cacao Company and indigenous producer groups in the Esmeraldas and Zamora Chinchipe Provinces that have great appeal to its consumers in Germany;
- Exploring options to strengthen the coffee value chain between Tamia Muyo, a coffee producers association located in the Orellana Province of the Ecuadorian Amazon Region and Escoffee which represents a potential anchor firm for the program;
- The PRODEL team has also worked to form horizontal linkages between Coffee anchor firms, Café Galletti, Café Vélez, and Café Río Intag coordinating complementary niches in the marketplace. For example, Café Vélez will focus on gourmet coffees for specialty markets, on the other hand, Café Galletti will place more emphasis on meeting coffee quotas for more massive consumer coffee markets like Supermaxi. Café Río Intag works more in the fair trade, tourist and organic coffee sectors.

3.2 Activities Planned for Next Quarter

- Identify additional ways to foster vertical and horizontal linkages in the value chains supported by the program for example, fostering connections between producers, the anchor firms and domestic and international markets. In addition, PRODEL will explore new distribution channels for coffee and cacao products to increase sales at both the producer and anchor firm levels.
- Link producers and anchor firms with credit institutions that offer viable alternatives for access to working capital. The PRODEL team has initiated contact with CFN of Ecuador to discuss possibilities for credit to participating anchor firms. PRODEL's counterpart in the government, Plan Ecuador, has offered to facilitate this process with CFN.
- Conduct trainings that will strengthen linkages between anchor firms and producers/supplier groups that will ultimately benefit all of the stakeholders throughout the selected value chains.

4.0 PULLING IN LOCAL SERVICES PROVIDERS

4.1 Achievements during the Quarter

Once the PRODEL team completed the business plans in coordination with the ten participating anchor firms and the applications were prepared for the Enterprise Partnership Fund, PRODEL began the search for potential suppliers of goods and services that will provide required technical assistance or goods to anchor firms and their beneficiaries.

Independent suppliers are currently being identified to undertake targeted technical assistance activities, provide equipment and construct infrastructure with funds from the Enterprise Partnership Fund. The most appropriate suppliers of goods and services will be identified based on a competitive process of qualification and selection as stipulated in CFR 226.43. To identify these suppliers, the program has done the following activities during the quarter:

- An announcement to attract potential suppliers in the coffee, cacao, dairy, herbs and fruits value chains was published in the local newspaper on June 23, 2008. PRODEL called for offers from interested parties with expertise in the areas of technical assistance, specialized advisory services (finance and agribusiness), computer equipment, agricultural tools, agricultural inputs, construction materials, design, communication and website development.
- A database of suppliers for each subsector has been created and a file of companies and individuals interested in providing their services during the implementation phase has been generated.

4.2 Activities Planned for Next Quarter

In order to begin field activities as quickly as possible, priority will be first given to contracting suppliers to provide technical assistance. The contracting and hiring processes will include the following steps:

- Prepare terms of reference based on the requirements for each activity or proposed item.
- Select a short list of qualified suppliers for each proposed item or activity.
- Generate price quotes for goods or services required
- Select suppliers based on their technical capacity, experience, quality and cost.
- Review and approve contracts.

5.0 PROVIDING MUNICIPAL SERVICES TO BUSINESSES

5.1 Achievements during the Quarter

During the quarter PRODEL team members met with representatives from each of the 12 municipalities directly targeted by PRODEL to discuss the goals and objectives of the program.

Part of the PRODEL mandate is to work with municipal offices to improve the services they provide to the private sector. At the suggestion of the USAID Mission in Quito, PRODEL has contacted members of the MYPE Competitiva project headquartered in Peru to work with PRODEL municipalities to identify ways to improve their efficiency. Based on the International Finance Corporation's Municipal Scorecard Program, the MYPE Competitiva project trains municipal staff members in best practices for municipal services and management processes. These processes include greater efficiency in inspection of businesses, clear information, precise procedures and good service to clients. During this quarter, the PRODEL team finalized a terms of reference for a team of MYPE Competitiva consultants to visit Ecuador. This team will provide municipal consulting services and perform an analysis of PRODEL municipalities based on the International Finance Corporation Municipal Scorecard methodology during the 4th quarter of FY 2008.

5.2 Activities Planned for Next Quarter

- Consultants from USAID/Peru's MYPE Competitiva Program will provide technical assistance to four municipalities, using the "Municipal Scorecard" tool, to identify areas of action needed to improve public administration.
- The PRODEL team has identified potential synergies between its municipality strengthening component and SIGGLO System that is being implemented by CARE. The SIGGLO System is a computer-based station located in the municipal office that serves as a single point of contact for private sector clients. Based on the recommendations from MYPE Competitiva consultants, PRODEL will explore potential collaboration with the existing SIGGLO systems or implement new systems in additional municipalities.

6.0 MONITORING AND EVALUATION

6.1 Introduction

During this quarter, the PRODEL team prepared the baseline for the program and the anchor firms and outlined quarterly goals for the period of July 2008 to September 2009.

6.2 Achievements during the Quarter

- Completion of the baseline for ten selected anchor firms.
- Preparation of the PRODEL Quarterly Targets from July 2008 to September 2009 for each of the ten selected anchor firms.
- Based on key indicators gathered during this quarter, the following cumulative goals have been established for the PRODEL Program.
 - The ten anchor firms selected for PRODEL to date will contribute 75% of the final target for the indicator “number of families attended” (6,057 of the 8,000 planned). The cacao and coffee sectors supply the greatest numbers to this indicator.
 - The ten anchor firms selected for PRODEL to date are projecting that they will contribute at least 100% of the final target for the indicator “Number of new and improved hectares” (4,000 of 4,000 planned). The cacao sector will contribute the most to this indicator.
 - The ten anchor firms selected for PRODEL to date will contribute at least 100% of the final target for the indicator “number of full-time equivalent employees” (4,000 of the 4,000 planned). The jobs are directly related to the number of hectares and the cacao value chain contributes most to this indicator.
 - An average increase of more than 50% has been projected for the “increase in company sales” indicator for the ten anchor firms selected for PRODEL to date.
- An indicator for the “number of hectares certified” has been included in the PRODEL Monitoring, Evaluation and Reporting Plan and a cumulative goal of 3,000 hectares for the ten anchor firms was established. This certification includes Rainforest Alliance and FLO organic certifications.

Table 6: Cumulative Anchor Firm Projections (consolidated for first ten firms)

Indicator	Baseline	Anchor Firm Projections	Contractual Targets	% of expected contribution of 1 st ten firms to target
Number of families assisted	1,985	6,057	8,000	75%
Men	1,565	-	-	-
Women	258	-	-	-
Indigenous people	767	-	-	-
Afro-Ecuadorians	65	-	-	-
Mestizos	1,001	-	-	-
Disabled	0	--	-	-
Number of new and improved hectares	2,204	10,305	4,000	100%
Improved Hectares	2,204	8,900		
New Hectares	0	1,405		
Certified Hectares (RA, Org. FLO)	2,181	5,176		
Number of Full-Time Equivalent employees	1,480	6,205	4,000	100%
Increase in sales of Anchor Firm (\$)	4,176,323	7,547,500	50%	100%

- CARE Information & Technology expert trained PRODEL staff members in the use of the Sharepoint software program that will allow for increased levels of electronic coordination between team members through the sharing of files and documents online.

6.3 Challenges Encountered and Actions Taken

- Anchor firms that function as an association of farmers and producers have provided detailed membership information. However, the relationship of for-profit private companies with their partners is limited to delivery and payment statistics. The PRODEL technical agents hired in the field through the Enterprise Partnership Fund will register information related to the indicators required for the program.
- Until technical assistance is provided through the EPF to support anchor firm supplier groups, it may be difficult to gather the necessary supplier information for the ME&R. This is due to the fact that to date, neither the anchor firms nor the PRODEL program have the technical staff necessary to gather this information. In an effort to overcome this difficulty, the PRODEL ME&R specialist will maintain direct contact with members of the planned technical assistance training team hired through EPF grants and sub-contracts to collect information from producers and participating anchor firms. This will facilitate the necessary dialogue and stimulate

the various actors to provide the required information on a timely basis. Sharepoint, a software tool for sharing information between the PRODEL office in Quito and field staff will be implemented to further ensure an effective information flow for the program.

6.4 Activities Planned for Next Quarter

- Introduce Sharepoint software system for all PRODEL staff and field personnel to track M&ER data and share program information.
- Collect key program management indicators that will allow for effective anchor firm and PRODEL program progress tracking.
- Select one individual within each anchor firm to record information. A training workshop will be held the first week of September 2008 for the users of the ME&R System with participating firms.
- Field visits will be made to verify and validate information being reported.

7.0 SUB-CONTRACTS AND GRANTS

7.1 Achievements during the Quarter

During the 3rd quarter of FY 2008, the program achieved the following:

- After a review process, the Sub-contracts and Grants Manual was approved by USAID.
- Through an intense process of negotiation and consultations, PRODEL obtained approval from the Internal Revenue Service to channel resources and assets to private sector entities in Ecuador, a necessary element of the PRODEL program.
- The Enterprise Partnership Fund applications were completed by the participating anchor firms. A meeting of the Grants Review Committee was held on July 7, 2008 to review all grant applications. As an outcome of this meeting, observations were made to the 10 applications to which the PRODEL team responded, resulting in a concurrence for the 10 grants by the USAID CTO for the program.

7.2 Challenges Encountered and Actions Taken

- Some of the information required for the Enterprise Partnership Fund applications was considered by the anchor firms to be classified information. PRODEL was able to gain access to the information by signing a confidentiality agreement with these firms.

7.3 Planned activities for the next quarter

During the 4th quarter of FY 2008, the program will prioritize the following activities:

- Make field visits to new anchor firms that are selected during the 4th quarter to facilitate the process of completing the required application forms for the Enterprise Partnership Fund.
- Hold Grants Review Committee meeting to review the EPF applications for new anchor firms.
- Follow-up visits will be made to the ten existing anchor firms in an effort to support initial activities financed by the Enterprise Partnership Fund.
- Sign subcontracts with Farmer Field School technical assistance, marketing and business strengthening providers.

8.0 MANAGEMENT

8.1 Achievements during the Quarter

- With approval of USAID, ACDI/VOCA hired Esteban Becerra as its Business Specialist.
- Plan Ecuador Director, Juan Martinez took the place of Monica Donoso as Plan Ecuador's representative on the USAID Technical Coordination Committee.
- A legal consultation regarding the granting of equipment and goods directly to participating for-profit private sector anchor firms on behalf of the PRODEL team resulted in a favorable ruling on behalf of the Ecuadorian IRS. As a result, PRODEL can recover the VAT charged on these goods and equipment donated to for-profit firms, which is a requirement by USAID for the program.

8.2 Challenges Encountered and Alternatives Employed

- CARE decided not to renew the contract for its Local Business Advisor in the southern part of Ecuador. A previously interviewed candidate with strong marketing skills has already been contacted and has accepted the position through CARE.

8.3 Planned activities for the next quarter

- Hire local business specialist for the southern region of Ecuador.
- Conduct a workshop with CARE to more fully define its role in the implementation of PRODEL.

ANNEX 1. ANCHOR FIRM PROFILE

AAPPSME: AN ECUADORIAN HORCHATA COMPANY

The Agro-artisan Association of Producers of Dry Medicinal Plants of Ecuador (AAPPSME) includes 40 partners and 130 raw material suppliers (small producers of medicinal plants and produce) from the parishes of Chuquiribamba, Chantaco, Taquil and Gualiel of the Loja canton in southern Ecuador.

This small community-based enterprise is engaged in creating products derived from medicinal plants. They use 28 species of plants to produce Horchata, a traditional local drink, of which 26 are grown on the farms of AAPPSME members and two are gathered in the forest.

Initiated by a group of women from the Union of Rural Organizations of Chuquiribamba, Chantaco, Taquil, and Gualiel (UNORCAHT) through the Agro-forestry Farming Project financed by FAO, AAPPSME production is based on ancestral knowledge of the women in the area.

The small horchata business was recognized legally on July 6, 2001 as AAPPSME, with a ministerial accord granted by the Ecuadorian Ministry of Competitiveness & Industry and began to operate as an independent microenterprise. Since its inception, AAPPSME has received support from organizations such as the National University of Loja, the Microenterprise Development Agency, the Corporation for the Promotion of Exports and Investments (CORPEI), EcoCiencia, the Provincial Council of Loja and the Catamayo-Chira Project.

This small business sells “Traditional Loja Horchata” herbal tea in local, national and international markets. In addition, it has forged a strategic alliance with the Ecuadorian Tea Company with whom it sells jointly its Horchata product (boxes with tea bags and envelopes) in the principal national supermarket chains like Supermaxi and Mi Comisariato. This alliance has allowed it to increase sales and marketing channels for its product at the national level.





Currently, the company produces and sells a quarter million 31-gram bags per year of Horchata in dehydrated leaves, in the local, national, and international market. Compared to its first year of production—roughly 56,307 bags/year (1,745,517 kg)—AAPPSME’s production has grown 4.5 times to date.

AAPPSME members are highly skilled and have built a small business that generates significant amounts of equity. They have achieved this through organized administrative and management procedures and an efficient accounting system that makes it possible to produce and analyze financial reports. In addition,

the company obtains its raw material from organic producers certified by the German certifier, Bio Control Systems that guarantees a supply of a high quality product known for its therapeutic properties.

In the future, the company hopes to reach long-term sustainability and, with the help of the PRODEL technical team, has already developed a business plan that identifies critical areas in which to invest its resources and efforts as a counterpart to the USAID funded PRODEL Enterprise Partnership Fund. Broadly, AAPPSME is seeking to improve innovation in the production and commercialization of dried aromatic herbs. In addition, AAPPSME is in the process of developing new products such as Horchata infusion drinks, gourmet products and a “Horchata-mobile” that is expected to leverage increased sales and incomes for the organization. This will help the organization grow from 170 to 300 members during the lifetime of the PRODEL program.

ANNEX 2. PRODEL FINANCIAL BASELINE TOOL


The PRODEL financial baseline tool has been developed using linked excel spreadsheets that permit data entry and its analysis through the calculation of previously determined indicators.

The following represent the various excel screens that comprise this tool:

Initial Entry Screen:



Anchor Firm General Information format:


Programa de
Desarrollo
de Empresas Locales

PROGRAMA DE DESARROLLO DE EMPRESAS LOCALES

NOMBRE DE LA EMPRESA	_____	
RUC	_____	
PROVINCIA	_____	CANTÓN _____
DIRECCIÓN	_____	
TELÉFONO	_____	FAX _____
CORREO ELECTRÓNICO	_____	
NOMBRE PRESIDENTE	_____	
NOMBRE GERENTE	_____	
NOMBRE GERENTE/JEFE DE NEGOCIOS	_____	
NÚMERO DE EMPLEADOS A TIEMPO COMPLETO	_____	
NÚMERO DE EMPLEADOS TERCERIZADOS	_____	
PRINCIPALES PRODUCTOS QUE VENDE	_____	_____
	_____	_____
	_____	_____
VOLUMEN DE VENTAS (EN TONELADAS) A DICIEMBRE 2007 DE LOS PRINCIPALES PRODUCTOS	_____	_____
	_____	_____
	_____	_____
CAPACIDAD INSTALADA	_____	

CAPACIDAD UTILIZADA/OCUPADA	_____	

TOTAL ACTIVOS A DICIEMBRE 2007	_____	
TOTAL PASIVOS A DICIEMBRE 2007	_____	
TOTAL PATRIMONIO A DICIEMBRE 2007	_____	
TOTAL VENTAS A DICIEMBRE 2007	_____	
TOTAL GASTOS OPERATIVOS A DICIEMBRE 2007	_____	
UTILIDAD A DICIEMBRE 2007	_____	



Commercial Partners Entry Sheet:



SOCIOS COMERCIALES VARONES DE EMPRESAS ANCLA

NOMBRE DE LA EMPRESA ANCLA

PROVINCIA CANTÓN

PERIODO DE REPORTE: DESDE HASTA

TIENE CERTIFICACIÓN LA EMPRESA? TIPO DE CERTIFICACIÓN

ENTIDAD QUE EMITIÓ LA CERTIFICACIÓN

FECHA DE EMISIÓN DE LA CERTIFICACIÓN

No.	NOMBRE (INGRESE SOLO PROVEEDORES VARONES)	CÉDULA DE IDENTIDAD	EDAD	GRUPO ÉTNICO	NÚMERO MIEMBROS EN SU FAMILIA	EXTENSIÓN DEL CULTIVO (HECTÁREAS)	PRODUCTO CERTIFICADO		PRODUCTO	VENTAS DICIEMBRE 2005		VENTAS DICIEMBRE 2006		VENTAS SEPTIEMBRE 2007	
							SI	NO		VOLÚMEN ENTREGADO (TONELADAS)	VALOR (US\$)	VOLÚMEN ENTREGADO (TONELADAS)	VALOR (US\$)	VOLÚMEN ENTREGADO (TONELADAS)	VALOR (US\$)
1															
245															
246															
247															
248															
249															
250															
TOTAL															



Basic Financial Statement Information Entry Sheet:



BALANCE GENERAL Y ESTADO DE RESULTADOS

BALANCE GENERAL AL :	Dic-05	Dic-06	Dic-07
CAJA			
BANCOS			
CUENTAS POR COBRAR			
INVENTARIO	-	-	-
MATERIA PRIMA			
PRODUCTOS EN PROCESO			
PRODUCTOS TERMINADOS			
OTROS			
TOTAL ACTIVO CORRIENTE	-	-	-
ACTIVO FIJO NETO			
OTROS ACTIVOS			
TOTAL ACTIVO	-	-	-
<hr/>			
CUENTAS POR PAGAR PROVEEDORES			
CRÉDITOS CON IFIS CORTO PLAZO			
CRÉDITOS CORTO PLAZO			
IMPUESTOS POR PAGAR			
OTROS PASIVOS CORTO PLAZO			
PASIVO CORRIENTE	-	-	-
CRÉDITOS LARGO PLAZO			
OTROS PASIVOS			
TOTAL PASIVOS	-	-	-
CAPITAL SOCIAL			
DONACIONES			
RESULTADOS			
TOTAL PATRIMONIO	-	-	-
TOTAL PASIVO + PATRIMONIO	-	-	-

COMPROBACIÓN BALANCE ACTIVO = PASIVO + PATRIMONIO			
---	--	--	--

ESTADO DE RESULTADOS	Dic-05	Dic-06	Dic-07
VENTAS	-	-	-
CONTADO			
CREDITO			
DEVOLUCIONES EN VENTAS			
COSTO VENTAS	-	-	-
MATERIA PRIMA			
MANO DE OBRA DIRECTA			
COSTOS INDIRECTOS DE FABRICACIÓN			
MARGEN BRUTO	-	-	-
GASTOS OPERATIVOS	-	-	-
REMUNERACIONES PERSONAL			
SERVICIOS BÁSICOS			
TRANSPORTE			
SEGUROS			
HONORARIOS			
ARRIENDOS			
PUBLICIDAD			
DEPRECIACIÓN			
AMORTIZACIÓN			
MOVILIZACIÓN			
MANTENIMIENTO			
GASTOS FINANCIEROS			
OTROS			
OTROS INGRESOS			
OTROS EGRESOS			
UTILIDAD OPERATIVA	-	-	-

COMPRAS DE MATERIA PRIMA	-	-	-
CONTADO			
CREDITO			



Market Information Entry Sheet:



INGRESO INFORMACIÓN VENTAS Y COSTOS POR PRODUCTO

		Dic-05	Dic-06	Dic-07
VENTAS ANUALES CONSOLIDADO		-	-	-
VENTAS ANUALES PRODUCTO 1 EN US\$	0			
VENTAS ANUALES PRODUCTO 2 EN US\$	0			
VENTAS ANUALES PRODUCTO 3 EN US\$	0			
VENTAS ANUALES PRODUCTO 4 EN US\$	0			
VENTAS ANUALES PRODUCTO 5 EN US\$	0			
VENTAS ANUALES PRODUCTO 6 EN US\$	0			
SUMATORIA VENTAS POR PRODUCTO		-	-	-
VENTAS ANUALES PRODUCTO 1 EN TONELADAS				
VENTAS ANUALES PRODUCTO 2 EN TONELADAS	0			
VENTAS ANUALES PRODUCTO 3 EN TONELADAS	0			
VENTAS ANUALES PRODUCTO 4 EN TONELADAS	0			
VENTAS ANUALES PRODUCTO 5 EN TONELADAS	0			
VENTAS ANUALES PRODUCTO 6 EN TONELADAS	0			
COSTO MATERIA PRIMA ANUAL PRODUCTO 1 EN US\$				
COSTO MATERIA PRIMA ANUAL PRODUCTO 2 EN US\$	0			
COSTO MATERIA PRIMA ANUAL PRODUCTO 3 EN US\$	0			
COSTO MATERIA PRIMA ANUAL PRODUCTO 4 EN US\$	0			
COSTO MATERIA PRIMA ANUAL PRODUCTO 5 EN US\$	0			
COSTO MATERIA PRIMA ANUAL PRODUCTO 6 EN US\$	0			
COSTOS DIRECTOS ANUALES PRODUCTO 1 EN US\$				
COSTOS DIRECTOS ANUALES PRODUCTO 2 EN US\$	0			
COSTOS DIRECTOS ANUALES PRODUCTO 3 EN US\$	0			
COSTOS DIRECTOS ANUALES PRODUCTO 4 EN US\$	0			
COSTOS DIRECTOS ANUALES PRODUCTO 5 EN US\$	0			
COSTOS DIRECTOS ANUALES PRODUCTO 6 EN US\$	0			
		Dic-05	Dic-06	Dic-07
NÚMERO DE PROVEEDORES VARONES				
NÚMERO DE PROVEEDORES MUJERES				
NÚMERO DE ACUERDOS COMERCIALES				



Financial Indicators:



INDICADORES FINANCIEROS EMPRESAS ANCLA

TIPO DE INDICADOR	NOMBRE INDICADOR	FORMULA	Dic-05	Dic-06	Dic-07
LIQUIDEZ	PRUEBA ACIDA	\bullet [(Caja + bancos) / Pasivo corriente]	#DIV/0!	#DIV/0!	#DIV/0!
	RAZÓN CORRIENTE	\bullet Activo corriente / Pasivo corriente	#DIV/0!	#DIV/0!	#DIV/0!
ENDEUDAMIENTO	APALANCAMIENTO	\bullet Pasivo / Patrimonio	#DIV/0!	#DIV/0!	#DIV/0!
	ENDEUDAMIENTO CON RELACION AL ACTIVO	\bullet Pasivo / Activo	#DIV/0!	#DIV/0!	#DIV/0!
RENTABILIDAD	MARGEN COMERCIAL	\bullet Margen bruto / Ventas	#DIV/0!	#DIV/0!	#DIV/0!
	ROE	\bullet Utilidad / Patrimonio promedio	#DIV/0!	#DIV/0!	#DIV/0!
	ROA	\bullet Utilidad / Activo promedio	#DIV/0!	#DIV/0!	#DIV/0!
GESTIÓN	EFICIENCIA OPERACIONAL	\bullet Gastos operativos / Ventas	#DIV/0!	#DIV/0!	#DIV/0!
	ROTACIÓN INVENTARIO	\bullet Costo ventas / Inventario promedio	#DIV/0!	#DIV/0!	#DIV/0!
	ROTACIÓN CUENTAS POR PAGAR	Compras crédito / Cuentas por pagar promedio	#DIV/0!	#DIV/0!	#DIV/0!
	ROTACIÓN CUENTAS POR COBRAR	Ventas crédito / Cuentas por cobrar promedio	#DIV/0!	#DIV/0!	#DIV/0!
	PERIODO MEDIO DE PAGO	[(Cuentas por pagar promedio / Compras crédito)	#DIV/0!	#DIV/0!	#DIV/0!
	PERIODO MEDIO DE COBRO	[(Cuentas por cobrar promedio / Ventas a crédito)	#DIV/0!	#DIV/0!	#DIV/0!
ESTRUCTURA DE ACTIVOS Y PASIVOS	ACTIVOS CORRIENTES	Activo corriente / Total activo	#DIV/0!	#DIV/0!	#DIV/0!
	ACTIVO FIJO	Activo fijo / Total activo	#DIV/0!	#DIV/0!	#DIV/0!
	PASIVO CORRIENTE	Pasivo corriente / Total activo	#DIV/0!	#DIV/0!	#DIV/0!
	PASIVO LARGO PLAZO	Pasivo largo plazo / Total Activo	#DIV/0!	#DIV/0!	#DIV/0!
REINVERSIÓN	INCREMENTO PATRIMONIAL	Variación patrimonio / Variación activo		#DIV/0!	#DIV/0!
	INCREMENTO CAPITAL SOCIAL	Variación capital social / Variación activo		#DIV/0!	#DIV/0!



Market Indicators:

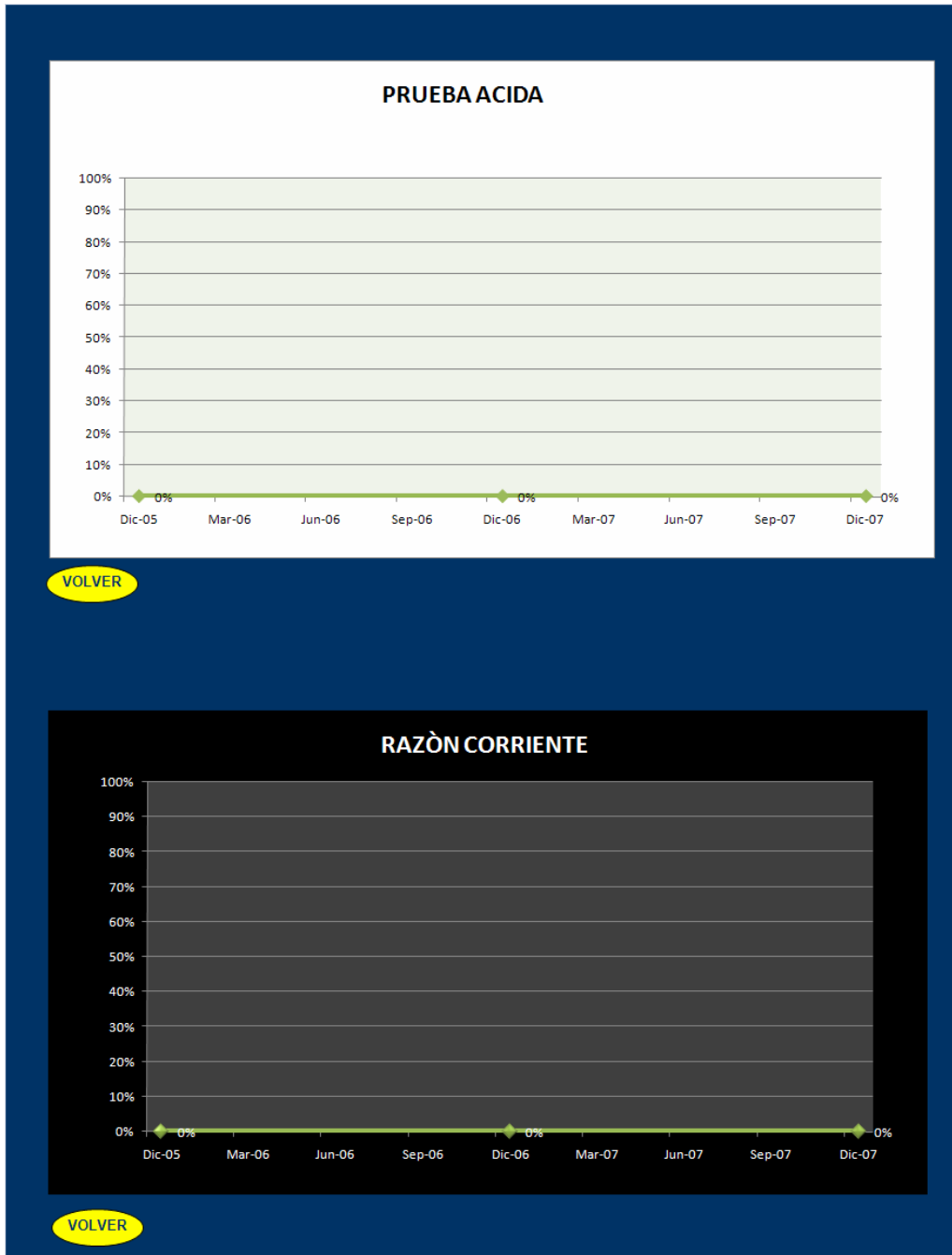


INDICADORES DE MERCADO Y RENTABILIDAD POR PRODUCTO

TIPO DE INDICADOR	NOMBRE INDICADOR	FORMULA	Dic-05	Dic-06	Dic-07	
VENTAS	INCREMENTO DE VENTAS ANUALES		#DIV/0!	#DIV/0!	#DIV/0!	
	INCREMENTO EN VENTAS ANUALES PRODUCTO 1 EN US\$	0		#DIV/0!	#DIV/0!	
	INCREMENTO EN VENTAS ANUALES PRODUCTO 2 EN US\$	0		#DIV/0!	#DIV/0!	
	INCREMENTO EN VENTAS ANUALES PRODUCTO 3 EN US\$	0		#DIV/0!	#DIV/0!	
	INCREMENTO EN VENTAS ANUALES PRODUCTO 4 EN US\$	0		#DIV/0!	#DIV/0!	
	INCREMENTO EN VENTAS ANUALES PRODUCTO 5 EN US\$	0		#DIV/0!	#DIV/0!	
	INCREMENTO EN VENTAS ANUALES PRODUCTO 6 EN US\$	0		#DIV/0!	#DIV/0!	
	INCREMENTO VENTAS ANUALES PROVEEDORES VARONES		(AÑO t - AÑO t-1) / AÑO t-1	#DIV/0!	#DIV/0!	
	INCREMENTO VENTAS ANUALES PROVEEDORES MUJERES			#DIV/0!	#DIV/0!	
	INCREMENTO EN VENTAS ANUALES PRODUCTO 1 EN TONELADAS	0		#DIV/0!	#DIV/0!	
	INCREMENTO EN VENTAS ANUALES PRODUCTO 2 EN TONELADAS	0		#DIV/0!	#DIV/0!	
	INCREMENTO EN VENTAS ANUALES PRODUCTO 3 EN TONELADAS	0		#DIV/0!	#DIV/0!	
	INCREMENTO EN VENTAS ANUALES PRODUCTO 4 EN TONELADAS	0		#DIV/0!	#DIV/0!	
	INCREMENTO EN VENTAS ANUALES PRODUCTO 5 EN TONELADAS	0		#DIV/0!	#DIV/0!	
INCREMENTO EN VENTAS ANUALES PRODUCTO 6 EN TONELADAS	0		#DIV/0!	#DIV/0!		
SOCIOS COMERCIALES	INCREMENTO PROVEEDORES VARONES			#DIV/0!	#DIV/0!	
	INCREMENTO PROVEEDORES MUJERES			#DIV/0!	#DIV/0!	
	NÚMERO DE ACUERDOS COMERCIALES - ACUMULADO			#DIV/0!	#DIV/0!	
MARGEN BRUTO	MARGEN COMERCIAL PRODUCTO 1		#DIV/0!	#DIV/0!	#DIV/0!	
	MARGEN COMERCIAL PRODUCTO 2		#DIV/0!	#DIV/0!	#DIV/0!	
	MARGEN COMERCIAL PRODUCTO 3		(VENTAS - COSTO MATERIA PRIMA - COSTOS DIRECTOS) / VENTAS	#DIV/0!	#DIV/0!	#DIV/0!
	MARGEN COMERCIAL PRODUCTO 4			#DIV/0!	#DIV/0!	#DIV/0!
	MARGEN COMERCIAL PRODUCTO 5			#DIV/0!	#DIV/0!	#DIV/0!
	MARGEN COMERCIAL PRODUCTO 6			#DIV/0!	#DIV/0!	#DIV/0!



Financial Indicator Graphs:



ANNEX 3. ANALYSIS OF PROJECT EXPENSES BY GEOGRAPHICAL AREA

PROVINCE	Imbabura	Carchi	Esmeraldas	Orellana	Napo	Sucumbíos	El Oro	Loja	Zamora Chinchipe
Expenses by Province	\$25,659	\$25,337	\$23,629	\$26,085	\$17,499	\$26,085	\$22,637	\$32,390	\$17,499
ZONE	SIERRA NORTE		ESMERALDAS	AMAZONIA			SOUTH		
Expenses by Zone	\$50,996		\$23,629	\$69,669			\$72,526		
TOTAL									216,820