



## EVALUATION

# Mid-Term Evaluation of the USAID/Nicaragua Employment and Enterprise (E&E) Activity

March 28, 2012

This report was produced for review by the United States Agency for International Development (USAID). It was prepared by Mendez England and Associates.

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# Mid-Term Evaluation of the USAID/Nicaragua Enterprise and Employment (E&E) Activity

## Final Report

Prepared under RFTOP No. 524-11-020

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USAID/Nicaragua

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## ACRONYMS

ACORDAR	Alliance to Create Rural Business Opportunities through Agro-Enterprise Relationships
ADRA	Adventist Development and Relief Agency
AMCHAM	American Chamber of Commerce of Nicaragua
ANTUR	Nicaraguan Association of Inbound Tourism
APEMEPAN	Nicaraguan Association of Small and Medium Poultry Producers
APEN	Asociación de Productores Exportadores de Nicaragua
APLARI	Association of Rivas Plantain Growers
ASOGACA	Asociación de Ganaderos de Cerro Alegre
ASORENIC	National Recycling Association,
BAC	Banco de América Central
BCN	Banco Central de Nicaragua
BDF	Banco de Finanzas
BSPs	Business Service Providers
CACONIC	Cámara de Comercio de Nicaragua
CADIN	Cámara de Industria de Nicaragua
CAFTA-DR	Dominican Republic-Central America-United States Free Trade Agreement
CANATUR	Nicaragua Chamber of Tourism
CANCUNIC	Chamber for Leather and Footwear
CAPS	Potable Water and Sanitation Committees
CEI	Center for Exports and Investments
CETREX	Export Facilitation Office of CIFCO
CEGE	Business Management Center at the Universidad Centroamerica
CENAMI	Business and Technical Assistance Center for SMEs
CIFCO	Trade Facilitation Commission
CONIMIPYME	Nicaraguan Council of Micro, Small, and Medium Enterprises
CO	Certificate of Origin
COSEP	Superior Council for Private Enterprise
CSR	Corporate Social Responsibility
COP	Chief of Party
Cwt	Hundredweight (100 pounds)
DAP	Development Activity Program
DCA	Development Credit Authority
DGI	General Tax Office of Nicaragua
DGS/MAG-FOR	Seed Directorate of the Ministry of Agriculture, Livestock, and Forestry

E&E	Enterprise and Employment
ECA	Environmental Cooperation Agreement
EXCAN	Asociación de Exportadores de Café de Nicaragua
FTE	Full-time Equivalent
FUNIDES	Nicaraguan Foundation for Socio-Economic Development
GBTI II	Global Business Trade and Investment II
GDP	Gross Development Product
GAP	Good Agricultural Practices
GDP	Gross Development Product
GMP	Good Manufacturing Practices
GON	Government of Nicaragua
HAACP	Hazard Analysis Critical Control Point
HDN	Hidropónica de Nicaragua
HOPEN	Nicaraguan Small Hotels Association
IMF	International Monetary Fund
INTA	Instituto Nicaragüense de Tecnología Agropecuaria
IADB	Inter-American Development Bank
INATEC	National Technology Institute of Nicaragua
INDI	Nicaraguan Development Institute
INIDE	Instituto Nacional de Información de Desarrollo
INTUR	National Tourism Institute
IQC	Indefinite Quantity Contract
ISO	(International Organization for Standardization
FDL	Local Development Fund
LOP	Life of project
M&E	Monitoring and Evaluation
MARENA	Ministry of Environment and Natural Resources
MAGFOR	Ministry of Agriculture, Livestock, and Forestry
MIFIC	Ministerio de Fomento, Industria y Comercio
MOUs	Memoranda of understanding
MSMEs	Micro, Small, and Medium-scale Enterprises
MTI	Ministry of Transport and Infrastructure
Mz	Manzana (unit of land measure – 0.7 hectare)
NGO	Non-Government Organization
NFTZC	National Free Trade Zone Commission

OFEX	APEN Create its Export Office
ONA	National Office of Accreditation
PMA	Produce Marketing Association
PMP	Performance Monitoring Plan
PROCAFTA	Project to Support the Implementation of CAFTA-DR in Nicaragua
ProCompetencia	National Institute for the Promotion of Competition in Nicaragua
ProNicaragua	Government agency for the promotion of exports and investments in Nicaragua
SPS	Sanitary and phyto-sanitary (certificates)
UCA	Central American University
UNICA	The Catholic University of Nicaragua
UPOLI	Polytechnic University of Nicaragua
PROSEDE	INDE's Business Development Program
PYMEs	Pequeñas y Medianas Empresas (Small Medium Enterprises)
SMEs	Small- and medium-scale enterprises
SNV	Dutch Development Agency
TCB	Trade Capacity Building
TPL	Tariff Preference Level
UCA	Universidad Centroamerica
UCA SOPPEXCCA	Union de Cooperativas Agropeguarias de Jinotega
UNAN	Universidad Nacional Autónoma de Nicaragua
UNICA	Universidad Catolica de Nicaragua
UNIRSE	Union Nicaragüense para la Responsabilidad Social Empresarial
USAID	United States Agency for International Development
US	United States
USG	United States Government

## **EXECUTIVE SUMMARY**

The USAID/Nicaragua Enterprise and Employment (E&E) activity is an economic growth activity funded by USAID/Nicaragua through the mechanism of the Global Business Trade and Investment (GBTI II) Indefinite Quantity Contract (IQC). The activity is being implemented by CARANA Corporation (CARANA).

A mid-term evaluation of the activity was carried out from January 11 through February 29, 2012, by a three-person team contracted by Mendez England & Associates (ME&A). The purpose of the evaluation was to: 1) inform USAID/Nicaragua of E&E's contribution to enterprise development, trade capacity building and business climate, and business leadership development in Nicaragua; and 2) provide USAID with an informed basis on which to consider options for future economic growth assistance that would sponsor continued support for trade, investment, and employment. Furthermore, the evaluation's findings, recommendations, and conclusions were to provide USAID with an analytical foundation for the design of a follow-on activity that captures the lessons learned and documents the accomplishments of E&E.

The E&E evaluation had two main objectives:

1. Determine the impact of the E&E project on small medium enterprises (SMEs) and anchor firms in terms of employment, investment, local and export sales, the facilitation of credit, and the productivity of these firms as an indication of efficiency and competitiveness.
2. Determine the effectiveness of the project management team and its implementation strategy, along with the sustainability of value chain activities after the E&E project ends.

To conduct the E&E evaluation, the team traveled over 3,000 km, interviewed more than 100 individuals, and visited more than 65 enterprises, small businesses, farms, associations and cooperatives, government entities, non-governmental organizations and donor agencies. The team presented its partial findings to USAID/Nicaragua on January 30 and held an extensive de-briefing with CARANA staff on February 22.

During its final presentation, USAID/Nicaragua requested that the evaluation team analyze the possible impact of a reduction in the current authorized funding level of \$9,015,874 and a specified project ending date no later than March 31, 2013. The End Note to this report summarizes the team's recommended course of action under reduced funding.

The team collected data for this evaluation by using a number of methods. The conclusions and recommendations made based on the analysis of data collected are summarized below.

### **Conclusions:**

1. The E&E project model for SME and value chain development through anchor firms is highly effective.
2. The E&E selection process for anchor firms/products is key element in the success of the project.
3. The anchor firm – SME model can be easily adapted for food security in food insecure areas.

4. The FDL-Nitlapan model where small farmer credit is linked to technical assistance (TA) is an effective approach for providing micro-finance to small producers.
5. The E&E project has done a good job of leveraging relatively small investments through the business service providers for important results.
6. Labor force development, especially for mid-level technical skills, as well as SME entrepreneurship and management are key to Nicaragua's growth. Both these areas are neglected by the public sector; therefore the support provided by E&E project should be maintained.
7. E&E has demonstrated that the combination of analysis, consultation, public-private initiatives and coalition building can result in policy reforms.
8. E&E's coaching and support for SME participation in trade shows is an excellent marketing tool.
9. Although E&E was not designed to emphasize gender issues, it has made considerable efforts to incorporate female-led cooperatives and organizations in its value chain activities, including access to credit.
10. E&E's project communications and outreach programs have been extremely effective and have provided a highly favorable public image for the E&E project and for USAID.
11. The USAID Mission in Nicaragua has shown high flexibility and responsiveness to implementation changes requested by the contractor as project implementation has progressed.
12. E&E project has exceeded all but one of its primary indicator targets.

**Recommendations for the Remainder of the E&E Activity:**

1. Strengthen weaker anchor firms by: (a) institutional strengthening at the firm level; and (b) strengthening their relevant business association (where possible).
2. Consider the possibility of graduating the strongest, sustainable value chains in order to take on one or two new chains with extremely high impact.
3. Use the San Jose de los Remates Dairy Association as a model for dairy demonstration and producer training for its dairy value chains
4. Capitalize on the support provided by the USAID-funded ACORDAR project to link plantain producers to Exposur anchor firm in Rivas.
5. Provide technical assistance and training to the Nicaraguan commercial banks that will participate in the second USAID/Development Credit Authority (DCA) loan guarantee program.
6. Focus on implementing the proposed Export Products Promotion Law. The project should use the model for creating this law as a guide for formulating legislation for other policy issues.
7. Support the endowment of Fundación Victoria. Furthermore, E&E should focus on entrepreneurship training as a priority for project support.

8. Continue project support for business training, technical assistance and access to credit for women-led SMEs, cooperatives and other organizations that have alliances with E&E.
9. Carry on the excellent work to keep the project's clients and stakeholders as well as the Nicaraguan public informed about USAID's efforts in Nicaragua to enhance the development of SMEs, improve the SMEs enabling environment, and develop its human capital.
10. Provide business training, technical assistance and access to credit to women-led cooperatives such as the Lucrecia Lindo Cooperative in Chinandega and the Cooperative in San Jose de Cusmapa to ensure their continued sustainability.
11. Consider undertaking two or three case studies to gain more information on the E&E's impact on SMEs from its subprojects related to value chains and business services.

**Recommendation for a USAID-funded Post-E&E Activity:**

1. Expand the use of the E&E model as the basis for a food security initiative in the poorest, food insecure areas of the country. This would enable USAID to employ SME development through value chains as an effective tool to improve food security in these locations.

The new initiative would support traditional value chains for food crops such as grains, and cash crops such as coffee and dairy, led by anchor firms, as well as analyze new value chains as appropriate. It will also include a mother-child nutrition program. Under this scenario, in the event that no anchor firm was available for the targeted value chains (such as for grain crops), then it would be necessary to assist farmer based organizations such as marketing associations to fill this marketing role. The new initiative would use “farming as a business” model for farmer training, and would focus on business management training for other SMEs.

It should be possible for the present E&E project to quickly move toward a future food security model over its remaining life by increasing its focus on food insecure areas.

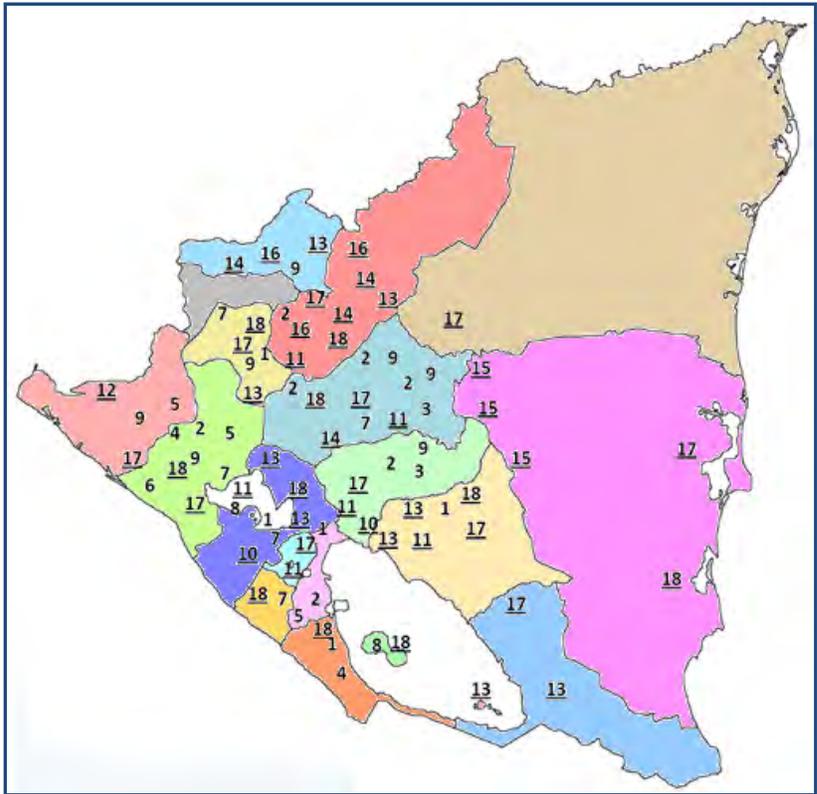
The evaluation team extends its heart-felt gratitude to the staff at USAID/Nicaragua and CARANA for their cooperation and assistance, and also to the many individuals who shared their time and insights into economic development in Nicaragua.

## 1.0 INTRODUCTION

This is a report on the mid-term evaluation of the USAID/Nicaragua E&E activity. E&E is an economic growth project funded by the Mission through the mechanism of the GBTI II IQC. With the recent expansion of its dairy initiative, the project is now being implemented in all 15 departments of the country (see map right, and map of interventions in Annex IX).

The task order for the activity was signed by USAID on September 16, 2009. USAID approved E&E as a two-year activity with two options for extension, each with duration of approximately one year. To date, USAID has exercised one of these option periods; therefore, the specified completion date for the activity is now September 16, 2012<sup>1</sup>. Should USAID exercise the second option, the activity completion date will be August 16, 2013.

The authorized level of funding for the four-year E&E project is \$11,396,342. The approved budget for the two-year base period was \$5,923,645; with the one-year extension until September 16, 2012, the present funding level for the activity is \$9,015,874.



Map of E&E Interventions in Nicaragua

Acting in response to internal changes in project funding availability, while the evaluation was underway, USAID/Nicaragua requested that the evaluation team analyze the possible impact of a reduction in the current authorized funding level of \$9,015,874 and a specified project ending date no later than March 31, 2013. Under this scenario, it was assumed that a maximum funding level of \$1.2 million would be available for the final thirteen months of project activity (March 1, 2012 – March 31, 2013). By adding the projected funding amount of \$1.2 million to \$7,675,000 - the estimated amount of cumulative expenditures through February 29, 2012 - the total amount of project funding under this scenario would be \$8,875,000. The End Note to this report summarizes the team's recommended course of action under this reduced funding.

The evaluation was conducted during the period January – February 2012 by a team of three consultants composed of an agribusiness specialist, a trade and policy specialist, and a project

<sup>1</sup> USAID/Nicaragua Request for Task Order Proposal (RFTOP) No. 524-11-020 E&E program Mid-Term Evaluation, August 10, 2011

management/ institutional specialist. The purpose of the evaluation was to: 1) inform USAID/Nicaragua of E&E's contribution to enterprise development, trade capacity building and business climate, and business leadership development in Nicaragua; and 2) provide USAID with an informed basis on which to consider options for future economic growth assistance that would sponsor continued support for trade, investment, and employment. Furthermore, the evaluation's findings, recommendations, and conclusions were to provide USAID with an analytical foundation for the design of a follow-on activity that captures the lessons learned and documents the accomplishments of E&E.

The evaluation had two main objectives:

1. Determine the impact of the E&E project on SMEs and anchor firms in terms of employment, investment, local and export sales, the facilitation of credit, and the productivity of these firms as an indication of efficiency and competitiveness. The impact on these parameters was determined by means of a quantitative analysis of data contained in the Performance Monitoring Plan (PMP) for the project, supplemented with interviews with project-supported firms.
2. Determine the effectiveness of the project management team and its implementation strategy, along with the sustainability of value chain activities after the E&E project ends. This objective was achieved by a qualitative analysis of information derived from project reports and interviews with E&E project management, project beneficiaries, relevant third parties, and USAID/Nicaragua.

Over the course of the evaluation, the team interviewed all thirteen<sup>2</sup> anchor firms and the six business development service providers that are affiliated with E&E, as well as numerous SMEs and small-scale agricultural producers within the different value chains that supply products to the anchor firms. The team also interviewed representatives of financial institutions, international donors, NGOs, government agencies, and diverse organizations including universities, business associations, and policy research institutes. The interviews with the SMEs were clustered around the following locations: 1) Managua; 2) Masaya, Granada, and Tipitapa; 3) Jinotega; 4) Leon and Chinandega; 5) Rivas and Omotepe Island; 6) Boaco and Matagalpa; 7) Estelí and Madriz; and 8) Nueva Segovia. A list of the people interviewed by the team and their contact information is shown in Annex VII to this report.

The evaluation team deeply appreciates the support that it received from the CARANA project implementation team in Managua, as well as from the Economic Growth team at the USAID/Nicaragua Economic Growth Office over the course of this evaluation.

## **2.0 BACKGROUND**

### **2.1 Nicaragua's Competitiveness**

Nicaragua is the largest country of Central America with a surface area of 130,370 square kilometers. It has a population of 5.89 million, a life expectancy at birth of 73 years, and a mortality rate per 1000 live births of 23 infants. In 2010, approximately 2.6 million people were employed of

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<sup>2</sup> The USAID evaluation SOW refers to fourteen anchor firms but one planned anchor firm project did not go forward, so the actual number of anchor firms is thirteen.

a total labor force of 3.9 million. Of them, 834,200 worked in agriculture, livestock and fishery; 413,000 in the manufacturing sector; and 1,344,400 worked in commerce and services.<sup>3</sup>

Nicaragua has a great potential to increase its agricultural and livestock production. However, for the past 20 years, total production in these subsectors has grown at a slow pace and productivity is low.

The global financial crisis had an impact on Nicaragua's macro indicators. After experiencing GDP growth rates of 3.6% in 2007 and 2.8% in 2008, the country's GDP contracted in 2009, resulting to a negative growth of 1.5%. However, GDP grew by 3% in 2010 and 4.5% in 2011 as the result of favorable government policies and improved international conditions<sup>4</sup>. Inflation reached an all-time low of 9% in 2009, followed by 8% in 2010 and 8.3% in 2011<sup>5</sup>. However, it is expected to increase in 2012.

According to the latest Global Competitiveness Report for 2011-2012 by the World Economic Forum, in terms of international competitiveness Nicaragua only meets 60% of the basic requirements, 35% on efficiency enhancers, and 5% on innovation and sophistication factors. Similarly, this report points out that the five most important problematic factors for doing business in Nicaragua are: a) inefficient government bureaucracy; b) policy instability; c) corruption; d) inadequate infrastructure; and e) access to financing. Other factors that impact the level of competitiveness are: inadequately educated workforce; onerous tax regulations; high energy prices; and slow customs processes.

In the short and medium run, the country faces many challenges. Nicaragua can expect to advance its reduction of poverty only through significantly faster economic growth. If the economic crises in the U.S. and the European Union deepen further, this will lead to lower commodity prices that, in turn, will negatively impact Nicaragua's rate of economic growth. Similarly, higher international petroleum prices will likely lead to external inflationary pressures.

## **2.2 CAFTA-DR**

On August 5, 2004, U.S. signed the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) with five Central American countries - Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua - and the Dominican Republic. The agreement was implemented on a rolling basis: El Salvador, Guatemala, Honduras, and Nicaragua entered into force in 2006, and the Dominican Republic in 2007. Costa Rica joined CAFTA-DR on January 1, 2009.

The purpose of the agreement is to create new economic opportunities within these countries by eliminating tariffs, opening markets, reducing barriers to services, and promoting transparency. Furthermore, the agreement facilitates trade and investment and promotes regional integration between the six countries.

Central America and the Dominican Republic represent the third largest U.S. export market in Latin America, behind Mexico and Brazil. U.S. exports to the CAFTA-DR countries were valued at \$19.5

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<sup>3</sup> The Instituto Nacional de Información de Desarrollo (INIDE), Nicaragua, *Encuesta de Hogares para la Medición del Empleo (julio de cada año= y encuesta continua de hogares, 2010*.

<sup>4</sup> Banco Central de Nicaragua (BCN)

<sup>5</sup> Banco Central de Nicaragua (BCN)

billion in 2009. Combined total two-way trade in 2009 between the U.S. and Central America and the Dominican Republic was \$37.9 billion.

Among the commitments made by the signatories to the Agreement are multi-year, phased-in reforms in such areas as market access, lowered tariffs, customs operations, intellectual property rights, elimination of non-tariff barriers, improvements in the business environment, decrease of anti-export biases, protection of the physical environment, and incorporation of international legal standards into the local legislation.

On August 15, 2008, the parties to the CAFTA-DR agreement made important changes to the treaty's textiles provisions, including changing the rules of origin to ensure that pocket fabric in apparel is sourced from the U.S. or another CAFTA-DR country. The parties also implemented a reciprocal textile input-sourcing rule with Mexico. Under this rule, Mexico will provide duty-free treatment on certain apparel goods produced in a Central American country or the Dominican Republic with U.S. input, and the U.S. will provide reciprocal duty-free treatment under the CAFTA-DR on certain apparel goods produced in one of the Central American countries or the Dominican Republic, with Mexican input. These changes intended to strengthen and integrate regional textile and apparel manufacturing and create new economic opportunities in the U.S. and in the region.

To foster trade and development in innovative new ways, CAFTA-DR includes a Trade Capacity Building Committee. Each country identifies its needs in a National Action Plan for Trade Capacity Building (TCB). The CAFTA-DR Committee on TCB recognizes the importance of promoting economic growth, reducing poverty, and adjusting to liberalized trade. This Committee ensures that TCB activities respond to needs identified by the CAFTA-DR countries in their National Action Plans. In turn, donors respond with ideas for projects.

### **2.3 Nicaragua-US Trade**

Nicaragua has benefitted significantly from CAFTA with respect to increased exports to the U.S. Imports into Nicaragua from the U.S. have also grown, but not as much as its exports. As shown by Table 1, Annex II, trade between Nicaragua and the U.S. is dominated by Nicaraguan exports of textiles, machinery, coffee, and beef. Nicaraguan imports from the U.S. are mostly machinery, cereals, electrical goods, fats and oils.

Table 2, Annex 2, shows the leading exports by sector from Nicaragua to all countries. Nicaragua's main exports in 2011 were cattle and related products: textiles, cigars and electronics from the "zonas francas," coffee, mining products (gold and silver), sugar and sugar products, as well as fish, shrimp and other aquaculture products.

Most Nicaraguan exporting companies are large businesses. Although SMEs are estimated to make up 80-85 % of all businesses and employment in Nicaragua, the 36 largest exporters accounted for about 66 % of the country's exports (by value) in 2011<sup>6</sup>.

### **2.4 Limiting Factors**

A World Bank Policy Research working paper<sup>7</sup> that analyzes data from 136 countries during the period 1960-2010, tested the hypothesis that the impact of trade openness on growth may be more

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<sup>6</sup> CADIN (Cámara de Industria de Nicaragua)

<sup>7</sup> World Bank, Policy Research working paper, Trade and economic growth: evidence on the role of complementarities for CAFTA-DR countries, Calderon, Cesar; Poggio, Virginia, 2010

effective after surpassing a "minimum threshold" level for specific areas closely related to economic development. This analysis shows that there is a robust causal relationship between trade and growth. In addition, the study indicates that, on average, increasing trade has benefited growth in CAFTA-DR countries. However, the lack of progress in structural reforms has not allowed these countries to maximize their potential benefits from trade. The study also points out that the growth benefits from trade are larger in countries with higher levels of education and innovation, deeper financial markets, a strong institutional framework, a developed infrastructure network, a high level of integration with world capital markets, and less stringent economic regulations.

It is against this background that USAID assistance aims at fostering equitable economic growth in Nicaragua. USAID's E&E project aims at supporting Nicaragua's response to challenges and opportunities in promoting a better environment for trading under the CAFTA-DR

### **3.0 ANALYSIS**

#### **3.1 Project Description**

The E&E project's general objective is poverty reduction achieved through equitable economic growth resulting from higher incomes and greater employment. Its specific objective is to enhance the competitiveness of SMEs, including agricultural SMEs and small-scale producers. The project works in three areas: a) SME Development and Value Chains, b) Support for CAFTA-DR and Improved Policy Environment; and c) Human Capital Development.

The project's implementation strategy is to reinforce the value chains for selected products sold in local as well as export markets, recognizing the key role that "anchor firms" play in these value chains as large buyers that obtain many of their products from project-supported SMEs. E&E reinforces the selected value chains by: 1) increasing the productivity and strengthening the quality assurance of SMEs that supply the anchor firms, thereby enhancing their competitiveness; 2) identifying promising investments in new products and processes that anchor firms can pursue in collaboration with SMEs to generate employment and move new and improved products into new markets; 3) helping to build trade capacity and an improved business climate to facilitate commerce, especially through the CAFTA-DR; and 4) supporting better business and technical skills development within the workforce upon which the value chains depend.

To support E&E's implementation activities, the CARANA team created a grants fund of approximately \$595,000 over the two-year base period of the project, with an additional amount of \$545,000 planned for the two-year extension period. This grants-under-contract mechanism assists anchor firms, SMEs and supporting organizations to develop innovative methods to enhance the efficiency of the value chain operations and reinforce other E&E initiatives.

Based on the E&E annual reports, the areas of intervention by the project are the following:

1. SME Development and Value Chains
  - a. Anchor firm projects
  - b. Enhancement of business service providers
  - c. SME finance
  
2. CAFTA-DR and Improving the Enabling Environment for SMEs
  - a. CAFTA-DR support
  - b. Policy reform

3. Human Capital Development
  - a. Leadership for Competitiveness
4. Supporting Activities
  - a. Studies and research
  - b. Grants
  - c. Outreach and communications

The targets established in the current PMP of the E&E project define the outputs that are expected by the end of the two-year extension period, on August 16, 2013. The most important targets are as follows:

1. A total of 3,700 new jobs created (PMP indicator 1)
2. Additional sales of \$19 million (\$6 million increased local sales and \$13 million in new export sales) (PMP indicators 2 and 3)
3. An amount of \$15 million in funds leveraged by SMEs (PMP indicator 4)
4. A total of 1,000 SMEs assisted in anchor firms projects (PMP indicator 12)
5. A total of 1,550 SMEs that access bank loans or private equity (PMP indicator 16)

## 3.2 Project Elements

### 3.2.1 SME Development and Value Chains

E&E provides direct assistance to SMEs through three principal activities, which include: 1) anchor firm /value chain projects; 2) enhancing the capacity of SMEs to access finance and investment capital; and 3) enhancing the capabilities of business services providers. These activities complement one another, creating synergies to more effectively assist SMEs.

E&E works with leading companies in their respective value chains (“anchor” firms) that outsource from a considerable number of producers and suppliers. The project supports business activities within the value chains in collaboration with the anchor firms, with their SME providers/members as its primary beneficiaries.

Since its inception, the project has supported thirteen different value chains led by anchor firms (see Table 1). Eight of them are in the agricultural sector, which reflects the importance of agriculture to the national economy as well as the participation of small enterprises in the agricultural sub-sector.

Table 1: E&E Project Support to Value Chains and Anchor Firms

No.	Value Chains	Anchor Firms	Location	Main contributions by E&E
1	Shoes; leather	Calzado Alex	Various departments	Attendance at trade fairs, sales events, product design
2	Tabasco pepper	Chiles de Nicaragua	Managua, Boaco, Matagalpa, Nueva Segovia	Develop out-grower program; expand small farmer supply base; encourage expansion
3	Fresh horticulture	Vegyfruit	Managua, Leon, Nueva Segovia	US market linkage; export sales

Table 1: E&E Project Support to Value Chains and Anchor Firms

No.	Value Chains	Anchor Firms	Location	Main contributions by E&E
4	Fresh milk	Eskimo	Boaco, Matagalpa	Equipment, training, and technical assistance to increase milk production and quality
5	Recycled waste	RENISA	Managua	Improved relationships with suppliers; increased supplies, legal framework
6	Supermarket items	Casa Mantica	Managua, Masaya	Support for better product quality, labeling, and production equipment
7	Handicrafts	Grupo Raices	Various departments	Attendance at trade fairs, sales events, product design
8	Fresh plantains	Exprosur	Rivas	Increase product supplies with out-growers; increased exports through improved production technology
9	Fresh root crops	Tecnoagro	Leon	Increased productivity with better plant varieties; support for outgrowers
10	Natural honey	Ingemann	Various departments	Increased honey production by distributing new hives; additional processing equipment
11	Sesame	Exponica	Chinandega	Increased sesame production from producer cooperatives and mid-size growers
12	Shrimp	Serviconsa	Chinandega	Expand product supply base through small farmers
13	Furniture; wood	Simplemente Madera	Managua, Masaya, Carazo	Outsource wood products to be manufactured by SMEs for greater supply flexibility

**Findings:** The E&E project provides a combination of targeted technical assistance and training designed specifically to help SMEs to improve their entrepreneurial, management, marketing and information technology skills. The assistance provided by E&E helps SMEs increase their production output and the quality of their products to better meet the requirements of the respective anchor firm. The objective of these interventions is to help the SMEs become reliable suppliers to the respective anchor firm, and for the anchor firms to provide an assured market for their SME suppliers.

The results of E&E's interventions in the value chains - in terms of job creation, increased sales, exports, productivity increases, and the number of SMEs assisted - are shown in Section IV of this report, E&E Project Accomplishments.

### 3.2.1.1 SME Credit Initiative

The SME credit initiative is an extremely important part of the E&E project's support to the anchor firms and their associated SMEs that operate in the different value chains. The project has worked directly with a number of financial institutions to improve the flow of credit for small- and medium-scale enterprises. As described in later sections of this report, the E&E project staff has supported

improvements in the legal framework for SME lending, and has provided training for key personnel and SME clients.

A summary of the E&E's work with financial institutions to increase SME credit is described as follows:

- **Support to the Local Development Fund (FDL) loan programs:** E&E partnered with a micro-credit NGO, the Local Development Fund (FDL), and its NGO partner for technical assistance, Nitlapan, to support credit initiatives at ten FDL branch offices in the Las Segovias region of northern Nicaragua (please refer to the text box below for a description of this program). E&E provides funding to support 75% of the cost of technical assistance delivered by Nitlapan to 370 small-scale producers who are FDL clients. FDL loans supported by the project are funding plantation establishment (primarily coffee), as well as the purchase of dairy cattle for milk production under FDL's "mi vaquita lechera" (my dairy cow) program that mostly impacts women producers. The cost per recipient for technical assistance provided by Nitlapan is \$120. Of this amount, the recipient pays \$30, and E&E pays \$90.
- **Assistance to SINRIESGOS:** E&E has assisted SINRIESGOS, a private firm that provides credit risk assessment services to commercial banks and microfinance institutions, to develop a new "credit scoring" tool to help SME lenders make better lending decisions. E&E provided matching funds in the amount of \$25,000 toward the cost of a \$75,000 credit analysis package purchased from the U.S. credit information company, Equifax.
- **Support to the Banco de Finanzas (BDF):** E&E assisted BDF to create its SME lending program. It assisted BDF in improving a technical analysis tool (software) that allows it to analyze more easily and quickly the financial status of an SME, and to determine whether or not it is creditworthy. As described in a later section of the report, E&E trained 578 BDF clients, or nearly half its SME portfolio, in cash flow management and inventory control. It also trained 30 BDF credit analysts in the analysis of SME financial statements. With E&E's support, the BDF is now in the process of developing two new financial products for SMEs, one for tourism and the other for agribusiness. As a result of these initiatives, BDF increased its lending portfolio by 30 % – from \$8.5 million to \$12 million. Today BDF is the leader in SME lending in Nicaragua, and sees the lending market segment for SMEs (i.e., loans that range from \$10, 000 - \$100,000) as a target for growth. The BDF's successful expansion into SME lending has led to increased competition among commercial banks for customers for SME lending.
- **Support to Banco de América Central (BAC):** This bank had a recent change of ownership and is now interested in expanding its coverage of SME loans. Within the coming months, the E&E project staff plans to provide technical support to BAC to help the bank establish a SME lending program, similar to its work with BDF. E&E would help the bank develop its strategy for SME lending, improve its skills in SME financial analysis, and create new financial products for this sector. The E&E project staff estimates that the potential SME loan portfolio carried by this bank exceeds \$50 million.
- **Support for USAID's Development Credit Authority (DCA) in Nicaragua:** USAID is analyzing the possibility of creating a new, follow-on DCA loan guarantee program for Nicaragua that could increase the availability of credit for SMEs. Once the new DCA

program has been established and is fully operational, E&E plans to support its implementation by participating banks by training their staff on how to apply the guarantee program to Nicaraguan SMEs.

#### FDL Micro-lending with Nitlapan Technical Assistance

The evaluation team visited the FDL branch offices at La Dalia (Magagalpa), Pantasma (Jinotega), and San Juan del Rio Coco (Madriz) to see firsthand FDL's micro-lending program carried out with the support of Nitlapan, its partner organization for technical assistance. These two NGOs were created during the 1990s as part of the Central American University (UCA) by the religious Order of Jesuits, and the Order continues to be highly influential in the affairs of both NGOs.

These branch offices provide micro-lending services primarily to small farmers whose business is the production of cash crops such as coffee, cattle, and some cacao; along with the production of food grains such as maize and beans.

Each FDL branch we visited is headed by a financial officer who is responsible for the commercial loan operations of that branch. The FDL staff is composed of 3-4 technical officers whose work is to analyze potential clients and make loan recommendations; monitor loan repayment and make field visits as necessary, and to maintain close working relationships with FDL clients. Each field office also contains 3-4 agricultural technicians who work with Nitlapan, who also report to the FDL branch manager. These technicians are responsible for providing technical assistance to FDL's business clients. FDL will not issue loans unless the client agrees to accept and to follow Nitlapan's recommendations for crop and animal production.

FDL provides production loans in amounts that follow general guidelines, yet are tailored to the specific needs of the individual client. For example, small loans up to US \$1,000 for the purchase of 1-2 dairy cows have a term of three years, while loans for the renovation of coffee plantations generally are limited to US \$1,000 per manzana, with a repayment period of two years. Production loans for relatively short-cycle grain crops such as beans have a term of around 4 months, and are limited to approximately US \$400 per manzana. Client selection criteria for the longer-term loans are rigorous: borrowers must be considered reliable with a good credit history; they must have successfully completed two loan cycles with FDL, and they must not have outstanding loans with other financial institutions. Interest rates range from 18% - 22% annually.

One popular FDL lending program in northern Nicaragua is known as "mi vacueta lechera", which provides three-year loans to largely female borrowers who use the funds to purchase a dairy cow for milk production. The milk provides nutritious food for the borrower's family, and excess milk production can be sold into the local market as an additional source of income. The Nitlapan technician helps the borrower to select the animal that is purchased, and helps to ensure the health and productivity of the animal over the repayment period.

A second program that is highly popular in northern Nicaragua is that for two-year loans for coffee expansion. This is best suited for coffee farmers who want to gradually renovate or expand their farms with new coffee plantings. Since coffee plants require around three years to begin producing, cash flow from existing coffee plantings, or from other crops is required to service the FDL loan.

The standard cost for technical assistance provided by Nitlapan is US \$120 per loan. Of this amount, the borrower must pay 25%, and the rest is provided by FDL.

The impact of the E&E project's activities on SME credit is shown in Table 2, next page. With the support of the E&E project, through December 31, 2011 a total of 2,295 SMEs operating in the different value chains and in the special FDL program carried out in Las Segovias have obtained loan financing in the amount of US \$9.8 million. The greatest amount of financing is being provided by a limited number of anchor firms to their SME suppliers. The BDF has provided credit amounting to US \$4.2 million to those SMEs that operate within the E&E-supported value chains.

FDL credit amounting to US \$1.2 million (see Table 2 below) in the Las Segovias region of Nicaragua has a substantial impact on agricultural production in one of Nicaragua’s poorest regions.

Table 2: SME Credit Facilitation As of December 31, 2011				
Credit Provider	Credit Amount (US \$000)	No. of Beneficiaries	Average Loan Amount (US \$)	Comments
FDL	\$1,200	736	\$1,630	Las Segovias region
BDF	\$4,200	699	\$5,116	National coverage
Anchor Firms	\$4,400	860	\$6,009	Serviconsa, Casa Mantica, Chiles, and Expornica
<b>Total</b>	<b>9,800</b>	<b>2,295</b>	<b>4,270</b>	

**Findings:** E&E has worked extensively to make it easier for small farmers and MSMEs to obtain production credit for their crops and production processes. The project has done a good job of helping to educate banks and SME borrowers alike to better understand the other party’s financial requirements. Its work has been fully assimilated into Nicaragua’s financial services sector. The most important source of credit for SMEs within the project-supported value chains is from the anchor firms themselves.

### 3.2.1.2 Business Service Providers

E&E has supported numerous activities carried out by its six business service providers (BSPs) including SME training, market visits, fairs, studies, educational programs, and support for Nicaragua’s tourism. In addition, the project has sponsored a special program with the Nicaraguan Council of Micro, Small, and Medium Enterprises (CONIMIPYME) to educate SMEs on the new SME law. This work is described as follows:

#### **APEN**

The Asociación de Productores Exportadores de Nicaragua (APEN) is a service organization that operates in support of Nicaragua’s exporters in all economic sectors. E&E is continuing the long-standing USAID support to APEN as part of its initiative to improve the capabilities of its collaborating business service providers. Following is a summary of its support to APEN:

- a. E&E provided technical assistance and funding to help APEN create its Export Office (OFEX) for export services. E&E also assisted OFEX to conduct 12 training programs for 246 individuals in export-related topics including food safety, product labeling, and export processes for U.S. markets. In addition, E&E awarded a matching grant to APEN to establish its Business and Training Center for Exporting SMEs within OFEX.
- b. E&E helped APEN to host a national workshop on certification for Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP), and Hazard Analysis Critical Control Point (HAACP), which was attended by 65 SMEs. It also provided technical assistance to train 20 SMEs on international certification practices.
- c. For the past two years, E&E has helped APEN organize its EXPOAPEN fair, Nicaragua’s most important trade show. This show is attended by international buyers from many countries.

- d. E&E supports APEN’s annual “Exporter of the Year” event with its awards for different export categories.

### **CADIN**

Nicaragua’s chamber of industries (CADIN) was founded in 1957<sup>8</sup>. In July 2010 it opened its Business and Technical Assistance Center for SMEs, known as CENAMI. E&E supported CENAMI in its very first activity, which strengthened 60 MSMEs in textiles, agro-industry, footwear, and bakery industries. The participants were led through a self-diagnosis that included surveys, focus groups, and interviews. The diagnoses identified their training needs, which were then provided by CENAMI with E&E support. The participants were also provided technical assistance to help them develop their business and financial plans for their companies. Eighty



Pantasia FDL Subdirector Maria Romero on client visit with assessment team to El Ventaron



Coffee expansion at Palacios coffee farm supported by La Dalia FDL

percent of the SME participants prepared their business plans, which they later began implementation. The 60 SME participants were also trained in trade fair participation, and in association development. The E&E project also helped 30

companies to develop their websites that are housed at the CENAMI Internet domain. As

part of this initiative, CENAMI helped design their respective web page, helped them create their respective corporate image, and provided them with a beginning set of business cards. CENAMI now offers those services to other SMEs for a small fee. The E&E project provided slightly more than US \$25,000 in technical assistance (TA), training, and training materials toward the total cost of US \$137,000 for this effort.

E&E’s support ended in September 2011. However, CENAMI is planning ongoing work to help the companies develop and strengthen their marketing and sales efforts, including on-line sales.

### **CEI**

The Center for Exports and Investments (CEI) is a key business development partner of E&E. CEI is a private, non-profit entity that supports SMEs and individual entrepreneurs to increase their competitiveness in international markets. E&E has provided financial support for several CEI activities:

- a. Participation in international trade fairs, e.g., the Produce Marketing Association (PMA) Fresh Fruit Fair in Orlando, Florida
- b. Sponsoring exporters’ participation in commercial missions, including Belize, where numerous exports contracts were signed
- c. Publication of various guide-books, including, “ABC del Exportador Nicaragua”
- d. Training interventions, including how to prepare for participation in trade fairs and how to maximize the use of trade fairs for business

<sup>8</sup> CADIN website [www.cadin.org.ni](http://www.cadin.org.ni)

- e. Assistance with initiation of the use of internet video conferencing
- f. Establishment of an eight-month postgraduate course with the Catholic University of Nicaragua (UNICA) in management of export promotion, with 17 graduates
- g. Organization of the annual “Encuentro de Exportadores”

### **INDE**

The Nicaraguan Development Institute (INDI) was founded in 1963. INDE has been active in the development of independent agricultural and business cooperatives. In 2005 INDE created the Technological Center for Business Development, which supports information and communications technology for private businesses. In 2010, E&E provided funds for technical assistance to help INDE design a search engine to establish a web-based registry of business delivery services consultants. This was a national database of business service providers located within INDE’s Business Development Program (PROSEDE). Despite its initial popularity (5,000 consultations within three months after opening), the database soon closed because INDE’s plans for external funding for maintaining the database did not materialize. As described in the later section of this report on Human Resource Development, the consultant database has been re-instituted at the Business Management Center (CEGE) at the Universidad Centroamérica (UCA) in Managua.

### **UNIRSE**

The Union Nicaragüense para la Responsabilidad Social Empresarial (UNIRSE) is a non-profit organization that promotes corporate social responsibility (CSR) as a new way of doing business UNIRSE has been operating since 2005. It enhances the understanding of CSR as a tool to improve the competitiveness of a company. It begins with a three-day orientation program that results in an action plan and an improvement plan for social responsibility. It helps companies conduct self-assessments, to compare their performance with other companies that have been evaluated, to develop action plans, and to institute good CSR practices. It believes that CSR is not philanthropy – it is a means for enhancing competitiveness and sustainability.

E&E entered into an alliance with UNIRSE to provide technical assistance to 20 anchor firms and 200 MSMEs participating in E&E sub-projects and help these companies adopt CSR practices. UNIRSE has developed CSR indicators to monitor the progress of the supported SMEs. Based on the experience gained during task implementation, the targeted number of anchor firms and SMEs was later reduced to seven anchor firms and 71 MSMEs.

### **CANATUR**

The Nicaragua Chamber of Tourism (CANATUR) is a non-profit organization founded in 1976, whose mission is to promote tourism development as one of the most important sub-sectors of Nicaragua's economy<sup>9</sup>. It brings together under one umbrella the broad range of businesses that serve the tourist industry, including travel agents, convention bureaus, tour operators, travel guides, hotels, restaurants, airlines, and automobile rental agencies. The E&E project has co-financed several of CANATUR's initiatives, for a total amount of \$140,000 or approximately half the cost of projects whose total cost is \$283,000.

- a. With E&E support, CANATUR has conceptualized, created, and established promotional material, including websites for 12 tourist destinations in Nicaragua. Each definition is

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<sup>9</sup> CANATUR website [www.canatur-nicaragua.org](http://www.canatur-nicaragua.org)

marketed as a “capítulo territorial.” Using the model developed with E&E, CANATUR recently created three additional destinations, for a total of 15 locations. Furthermore, each website has links to individual companies that provide tourism services within the respective location. As a result of E&E’S support, CANATUR’s membership increased by 183 tourism MSMEs. The E&E project also assisted CANATUR to develop its operational plans for each of the new locations.

- b. Supported by E&E, CANATUR has also worked to improve the laws that govern tourism in Nicaragua. These include the Ley General de Turismo, the Ley Costal, the tax laws covering tourism (Ley Fiscal), and the Ley 206 para Incentivos Turísticos. Details of the results of E&E’s work on the policies impacting the tourism industry are outlined in a following section of this report under “Policy Reform – Tourism law and the CANATUR agenda.”
- c. In 2010, CANATUR and E&E jointly sponsored a visit by six PYMEs from different tourist destinations in Nicaragua to the regional tourism fair in Guatemala. In 2011, the two organizations sponsored a similar group that attended the fair in Panama.
- d. A new, highly promising tourism product that CANATUR is developing for Nicaragua with the support of the E&E project is medical tourism. The project completed a comprehensive background/feasibility study on this topic in October 2011 that analyzed overall medical tourism demand, medical tourism niches that Nicaragua could exploit in the short to medium term, and Nicaragua’s potential to offer healthcare services internationally. CANATUR is now in the process of obtaining certification for the medical facilities and services that will participate in this program. This work is ongoing.
- e. With the support of E&E, in 2011 CANATUR hosted its third annual tourism fair, known as “Feritur” in Managua.

### **CONIMPYME**

The Nicaraguan Council of Micro, Small, and Medium Enterprises (CONIMPYME) is a national association that represents the interests of MSMEs within 13 different trade associations, including Grupo Raices, the Chamber for Leather and Footwear (CANCUNIC), and the Nicaraguan Association of Small and Medium Poultry Producers (APEMEPAN). It has 5,200 business members drawn from these different trade associations<sup>10</sup>. As described in the later section of this report on Policy Reform, E&E collaborated with CONIMPYME to conduct workshops in eight municipalities on the MSME Law. A total of 2,012 people attended the workshops, including 1,042 women. Table 3 summarizes the results of E&E activities that have been carried out with these organizations:

**Table 3: Results of Business Support Services**

Service Provider	No. of Participating Individuals	No. of Participating SMEs	Total Cost (US\$)	Contribution by E&E (US\$)
APEN	2,048	-	347,991	141,649
CADIN	-	60	132,545	19,624
CEI	-	60	262,641	103,352
INDE	0	0	2,400	2,400

<sup>10</sup> From CONIMPYME website [www.conimipyne.org.ni](http://www.conimipyne.org.ni)

Table 3: Results of Business Support Services

Service Provider	No. of Participating Individuals	No. of Participating SMEs	Total Cost (US\$)	Contribution by E&E (US\$)
UNIRSE	76	-	94,276	36,450
CANATUR	191	-	283,000	133,138
CONIMPYME	2,021	-	13,000	13,000
<b>Total</b>	<b>5,408</b>	<b>120</b>	<b>\$1,135,583</b>	<b>\$449,613</b>

**Findings:** As described by the preceding text and shown in the above table, the E&E project has supported a considerable number of activities that were led by its collaborating business service providers. Essentially, the project provided matching grants to these organizations to help them carry out programs for the benefit of their normal constituents. Many of these have been, in general, single events or services organized around a specific task. The E&E project intervention was normally limited to providing funds and, in some cases, technical services to help complete the activity carried out by the service provider. Naturally, the financial support helped the service provider to undertake additional programs and activities that otherwise would not have been possible.

The activities that were carried out by these business service providers were governed by memoranda of understanding (MOUs) between E&E and the respective service providers, and generally met the stated requirements in terms of the cost of the intervention and the number of people trained or otherwise assisted under each activity. However, under this approach a considerable number of widely diverse activities were carried out without a core strategy or a central theme, and without any particular benefit to the SMEs within the project-supported value chains. This somewhat scatter-shot approach provided little synergy between the different activities that were carried out, and in many cases provided little information on the final outcomes and the substantive benefits received by the participants (a notable exception is that the E&E project provides information on the amount of sales that resulted from SME visits to international trade fairs). The CARANA implementation team explained to the evaluators that at the beginning of the project, in response to a considerable pent-up demand for BSP services by their affiliated SMEs, and given the implementation team's desire for quick results, E&E initially supported a broad range of diverse initiatives. With little synergy between the individual activities, their impact was not as great as it otherwise might have been. However, in light of the experience gained at the outset, the project team has now consolidated its support to a limited number of high-impact programs that are presently being carried out by three BSPs:

1. CEI – Financial and technical assistance for trade shows and market linkages
2. APEN – Training on international certification of Nicaraguan exporters
3. CANATUR – Strengthening Nicaragua's tourism sector

The total cost of the business support programs facilitated by E&E through September 30, 2011, was \$1,135,583, of which E&E contributed \$449,613. This corresponds to a leverage ratio of 1 to 2.5.

### 3.2.2 Human Capital Development

Education and developing a more effective workforce are essential elements of a society's development. Improving education in Nicaragua, in the general sense, is beyond E&E's mandate. However, the program has invested in workforce development and other training initiatives that create a workforce better prepared to support competitive enterprises.

E&E's human capital development strategy is focused on: 1) SME business training; and 2) workforce development, including at-risk youth.

#### 3.2.2.1 Summary of Sub-Project Activities

##### **BDF/ProCredit**

Together with participating banks, Banco de Finanzas (BDF) and ProCredit, E&E designed two 16-hour courses for SME leaders on "Cash Control" and "Inventory Management". These courses assisted small business owners in their day-to-day operations. The initiative, in collaboration with the financial institutions, targeted current SME customers as course recipients. The courses have helped them implement better financial controls within their businesses, thus making them more attractive clients for future loans. These courses led to improved financial controls and had a substantial impact on facilitating BDF loans for SMEs, which is shown in the earlier Table 2 – SME Credit Facilitation.

##### **Fundación Victoria**

<p style="text-align: center;"><b>Fundación Victoria</b></p> <p style="text-align: center;"><b>Workforce Skills Development for Youth At Risk</b></p> <p>The Fundación Victoria began as a training center at the Cervecería Victoria to provide worker training as part of the company's transformation process of obtaining international certification for ISO, HAACP, and other standards. After the transformation was completed, the training center evolved into Fundación Victoria, which is now registered as an NGO, separate from the Victoria brewery. The Fundación Victoria now serves as a training center for young people in Managua who have insufficient financial resources to continue their studies after high school. The Fundación presently offers occupational training in three topics: Business Administration, Industrial Maintenance, and starting with the 2012 program, Industrial Electronics. Fundación Victoria is financially supported by the Victoria Brewery and by the E&amp;E project.</p> <p>The E&amp;E project has provided funding for 50 percent of the cost of training 100 students (50 students studying administration and 50 students studying industrial maintenance) over their entire 2011-2012 training cycle. The amount contributed by E&amp;E is US \$107,000. The project plans to sponsor additional students beginning in the 2013 training cycle.</p> <p>Students are selected based on a competitive process that considers their tested aptitude for the careers offered, their financial status (based on personal visits) and their personal interviews with Fundación staff. There is a heavy demand for the 100 student openings that are available each year. In 2011, there were 495 applicants for 100 positions; in 2012, thus far 314 young people have applied for these openings.</p> <p>Until now, all students have been from Managua. However, this year the Fundación is considering bringing 25 students from San Juan del Sur, and providing them a living allowance in addition to their scholarships. Fundación Victoria is also discussing a separate project with the Interamerican Development Bank to work with juvenile delinquents under a "re-insertion" program that would first socially condition these young people so they would be able to enter the occupational skills training program.</p> <p>Fundación Victoria is searching for ways to permanently fund this highly-successful and much-needed program via other foundations or by establishing an endowment fund.</p>
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E&E joined forces with Fundación Victoria to implement two workforce development programs in “Business Administration with an Emphasis on Marketing and Sales,” and “Industrial Maintenance,” benefiting 100 at-risk youth (see the box above). The first course module concluded with one of the highest retention rates Fundación Victoria has experienced since it began offering these two technical-vocational courses.



Fundación Victoria  
Computer Training Laboratory

The two-year, full-time courses are aimed at developing mid-level technical skills, and are focused on youth with no other options of higher education. Evidence of the effectiveness of the Fundación Victoria training is reflected in an average job placement rate for graduates that exceeds 80%<sup>11</sup>. The E&E project is providing two-year scholarships to 100 young people in the amount of 50 % of the cost of their respective study program; to date, no specific results are available for this class as they will graduate in mid-year 2012.

### **Cisco Institute/Thomas More University**

The objective of E&E’s alliance with Cisco Institute and Thomas More University is to promote entrepreneurship among SME leaders by using innovative teaching methods to improve their educational backgrounds. This alliance has created the Nicaragua Cisco Entrepreneurship Institute that offers a basic program of three training courses on how to create a business, how to make a business grow, and how to employ advanced technology to make a business grow faster. Each 50-hour course addresses a wide range of topics relating to creating a business, business growth, and the application of advanced technology in a business<sup>12</sup>.

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<sup>11</sup> Without the support of the Fundación Victoria training program the opportunities for mid-level professional employment by these young people would have been extremely limited. Consequently, without the Fundación Victoria training program their job placement rate for professional employment would have been, in effect, zero.

<sup>12</sup> The program developed by Cisco Institute is open to all SME applicants, but the selection process is quite rigorous. The applicants must comply with the following requirements:

- 1) The applicants are required to visit the Institute for a personal interview; to complete an application form, to provide two letters of recommendation, and to submit a letter explaining why they want to attend the SME entrepreneurship course. The candidates are evaluated and their profile developed based on the information obtained from the interview process;
- 2) Once past the interview process, the applicants must write a letter that describes the basic concept of the business they wish to develop;
- 3) The applicants are required to have Internet access and an e-mail account. If they are salaried, they must provide proof of earnings;
- 4) Recent university graduates must provide a copy of their university diploma and their grades.

Cisco Institute provides the E&E project with a copy of the paperwork for all candidates, as well as its recommendation for their acceptance (or not) into the program. The E&E project staff make the final determination of their acceptance into the program.

## **CEI-UNICA**

In collaboration with the Centro de Exportaciones e Inversiones (CEI) and the Catholic University (UNICA), E&E developed a six-month “Export Management” postgraduate course for 20 current E&E counterparts and grant/scholarship recipients that possess a bachelor’s degree or higher. Participating MSME producers and entrepreneurs have increased their business capabilities and the competitiveness of their enterprises by implementing concepts and best practices dealing with international business and trade, business administration, local commercial legislations, exporting policies and procedures, processes for increasing productivity levels and optimization of resources, and market niche identification, among others.

## **UCA**

The collaboration between E&E and Central American University’s Centro de Gestión Empresarial (UCA/CEGE) consisted of the development and delivery of a one-year training course called “Comprehensive Business Management Systems” for business consultants that specialize in providing services to SMEs. Forty consultants were trained on conducting business diagnostics. After the training, the consultants conducted business assessments of 36 SMEs from the tourism and agribusiness sectors, providing those businesses with a clear understanding of their shortfalls, and action plans for overcoming them. UCA/CEGE feels it is important that SME business consultants that have completed the CEGE training be perceived in the marketplace as highly valuable and, therefore, CEGE now “certifies” consultants that have completed the training. The duration of the certification is two years, and every two years thereafter the consultants must become re-certified by demonstrating they have carried out business diagnostics and developed business plans. Certified consultants are listed on CEGE’s website; this is reportedly the first consultant certification program in the country.

## **UPOLI**

“La Bendición” is a seven-member cooperative based in Nagarote whose small business members are largely dedicated to the manufacture of backpacks, bags, and purses, among other small items. To address the business management needs of the cooperative’s SME members, the E&E project established an alliance with the Polytechnic University (UPOLI) to train members of the cooperative. UPOLI developed a four-month training program for 20 people drawn from the cooperative in the following subjects: company identity and branding; computer use; process manufacturing and quality control; design; screen printing; business administration including accounting and costing; marketing; and association building.

## **SNV Workforce Demand Study**

E&E contracted the Dutch Development Agency (SNV) to undertake a study analyzing employer demand for employee skill sets in four sectors of the Nicaraguan economy: agribusiness; light manufacturing; shoe and leather manufacturing; and tourism. The study identified 35 of the most sought-after skill sets and job profiles by employers in these sectors. It also highlighted key policy constraints, including those related to the dissatisfaction over the ineffective use of the two percent payroll assessment on Nicaraguan companies by the Nicaragua National Technology Institute (INATEC). The E&E project and SNV presented the study’s findings to COSEP, which agreed to lead efforts to implement the study’s recommendations, including discussions with the Government of Nicaragua (GON) on the payroll contribution issue.

Among the highlights of the workforce demand study findings were: a) Nicaraguan manufacturers are struggling to fill technical positions; and b) if they could find qualified candidates within the

leading 35 skill sets, they would hire 5,400 new employees in the short term, and an additional 3,000 in the medium term. As a result of the study, E&E has obtained additional data to support the development and implementation of a demand-driven training and workforce development program geared to address the deficiencies in key areas of the Nicaraguan workforce.

### 3.2.2.2 Summary Data

Table 4 summarizes the results of E&E activities in human capital development:

Table 4: Human Capital Development					
Sub-project	Gender		Total No. of Participants	Total Cost (US \$)	E&E Investment (US \$)
	Male	Female			
BDF/ProCredit	347	261	608	\$63,680	\$34,880
Fundación Victoria	67	33	100	\$214,358	\$107,179
Cisco/Thomas More	43	36	79	\$34,674	\$23,616
CEI-UNICA	10	9	19	\$24,000	\$9,600
UCA	25	15	40	\$14,225	\$9,125
UPOLI	6	14	20	\$17,580	\$14,064
<b>Total</b>	<b>498</b>	<b>368</b>	<b>866</b>	<b>\$368,517.00</b>	<b>\$198,464.00</b>

### 3.2.2.3 Findings

Labor force strengthening, especially for the development of mid-level technical skills for young people and entrepreneurship among small business owners, is key to Nicaragua’s economic growth. The E&E project has supported both areas in highly effective, low-cost ways. The average cost per participant in the six E&E Human Capital Development activities is a mere \$426. The leveraged funds rate in the programs is 1:1.86.

The evaluation team feels strongly that additional resources need to be committed to the types of practical business and entrepreneurship training at the firm level that the E&E project has been supporting, and that Nicaraguan employers are seeking. In light of the shortage of skilled labor and the obvious market demands for trained employees, as outlined in the SNV workforce demand study, the evaluation team recommends that additional resources be used to provide scholarships for a second two-year program for youth training by Fundación Victoria. This activity provides youth who have little or no opportunity for secondary education with the opportunity to learn highly-marketable, mid-level technical skills in three areas: business administration; industrial maintenance; and starting with the 2012 program, industrial electronics. The evaluation team also believes that E&E could have a long-term impact by assisting the Foundation to secure permanent funding in the form of an endowment, and furthermore, to explore ways to expand the training program beyond Managua.

## 3.2.3 CAFTA-DR Support

### 3.2.3.1 Background

Under the CAFTA-DR agreement, Nicaragua is operating under its “Capacity Building and Best Use of Trade Agreements Plan of Action” published by the Ministerio de Fomento, Industria y

Comercio (MIFIC) in 2007. This plan addresses four major areas: 1) trade policy, mapping of the supportive institutions for implementation and key challenges for trade negotiations; 2) administration and implementation of trade agreements with an emphasis on CAFTA-DR; 3) the transition and best use of trade agreements, focusing on addressing vulnerable groups such as agricultural producers and SMEs as well as progress toward achieving improved competitiveness and a more favorable business environment; and 4) identification of strategies and specific guidelines for Nicaragua's Plan of Action.

Specific issues identified in Nicaragua's 2007 National Action Plan form the basis for the interventions to be undertaken by GON with, in some cases, support from donors. The areas targeted for reform are the following:

- Environmental law and natural resources management;
- Sanitary and phyto-sanitary systems
- Integrated quality systems
- Customs administration/rules of origin regime
- Market access to markets (tariff-rate quotas)
- Legislation for the promotion of competition
- Intellectual property rights
- Government procurement
- Labor legislation
- Financial services
- Communications

### **3.2.3.2 E&E Project**

USAID has supported Nicaragua's efforts to reform numerous legal, regulatory and operational constraints related to trade liberalization in order to help the country comply with its commitments under CAFTA-DR. The Support the Implementation of CAFTA-DR in Nicaragua (PROCAFTA) project funded by USAID from 2006 to 2009 and implemented by Financial Markets International, focused on both legal and commercial aspects of CAFTA-DR implementation.

E&E project has included follow-on activities after PROCAFTA to specifically address issues related to creating a better business environment for SMEs resulting in increased competitiveness, which will ultimately encourage greater participation by SMEs in export markets. In addition, E&E activities related to CAFTA-DR have included strengthening the Ministry of Environment and Natural Resources' (MARENA's) institutional capabilities, as well as supporting specific activities implemented by MARENA under Nicaragua's Environmental Cooperation Agreement.

E&E's interventions are aligned with Nicaragua's policy goals as described in the following section of the country's CAFTA-DR National Action Plan:

***“Increase of Competitiveness and Business Environment*** -- The competitiveness issue is creating increasing interest in the country, in view of the necessity to capture new markets and maintain position within them. Linkage between competitiveness and prices brings the necessity to additionally consider issues related to costs and profitability.”

### **3.2.3.3 E&E Program Summary**

E&E's policy work related to CAFTA-DR falls into three categories:

1. Complementary agenda (competition law, and laws that impact SMEs)
2. National Action Plan (Nicaragua's administration of CAFTA-DR)
3. Environmental Cooperation Agreement (implemented by MARENA)

The over-riding objective of E&E is to promote a modern legal framework to improve SME competitiveness leading to increased access to markets under CAFTA-DR. Because E&E in general is focused on strengthening enterprise competitiveness and the anchor firm-SME relationships in selected value chains, its work to support CAFTA-DR implementation in Nicaragua has been tied to SMEs in the following areas: a) access to finance; b) tourism; and c) market access (addressing bottlenecks and other barriers to commerce and trade). Under CAFTA-DR policy support, E&E's work thus far includes the following activities:

- Identification and communication of commitments/compliance under CAFTA
- Development of CAFTA-related SME finance and competition laws (the complementary agenda)
- MARENA – certification of environmental laboratories, including accreditation of the national certifying agency (ONA)
- Inclusion of the CAFTA agenda into COSEP's strategy
- Environmental auditing/monitoring begun of Lake Nicaragua (Cocibolca)<sup>13</sup>
- An analysis of how the vulnerable sectors of Nicaragua's economy can prepare to compete with imports when tariffs are finally eliminated

The results of these efforts can be summarized as follows:

- Support generated for development of CAFTA-related SME and competition laws
- Assessment and dissemination of information regarding Nicaragua's compliance with CAFTA-DR; initiation of public-private sector dialogue
- Study produced, with COSEP, of vulnerable sectors of the Nicaraguan economy
- MARENA – certification achieved of environmental laboratories, and progress toward ISO certification of the national laboratory
- MARENA -- environmental auditing/monitoring begun of Lake Nicaragua (Cocibolca)

### **Complementary agenda**

E&E activities are focused on assessment of and support for laws and regulations that impact SMEs and their competitiveness under CAFTA-DR. This work includes two main activities:

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<sup>13</sup> Monitoring Lake Nicaragua's waters was part of the commitment Nicaragua made in its Environmental Cooperation Agreement (ECA) under CAFTA. The ECA is part of the country's National Action Plan. In 2009, with the support of USAID project PROCAFTA, MARENA carried out an assessment of the residual waters that end at Lake Cocibolca. MARENA later requested E&E project assistance for the implementation of activities under Chapter 17 of the Environment Cooperation Agreement. E&E assistance to MARENA started with a project involving the application of environmental norms under Law 3395 for domestic and industrial residual water. It later expanded its focus to include industries and economic activities that dump residues into Lake Cocibolca. The E&E project contributed US\$175, 000 to this project and the funds are being administered by the National Agrarian University.

1. E&E supported the Nicaraguan Foundation for Socio-Economic Development (FUNIDES) to conduct two assessments, one of the country's current production incentives and benefits, and the second on the CAFTA-DR Complementary Agenda.
2. E&E assisted the National Institute for the Promotion of Competition in Nicaragua (PROCOMPETENCIA), the mixed private-public competition policy agency, to develop the national antitrust policy agenda. E&E provided two antitrust policy experts to lead this effort. The consultants reviewed antitrust policies in other Central American countries as well as Nicaragua's legal framework and obtained feedback from the public and private sectors, as the basis for formulating the antitrust policy.

### **National Action Plan -- assessment of Nicaragua's compliance under CAFTA-DR and support of a public-private dialogue**

The E&E project has worked to complete a number of initiatives to help Nicaragua obtain the maximum benefits from CAFTA-DR:

- E&E conducted an assessment of Nicaragua's administrative procedures for the management of CAFTA-DR with the objective of identifying which areas or commitments require most attention by government institutions. At the same time, with this study, the project was able to identify technical assistance needs within government institutions that are not in compliance with CAFTA-DR commitments, and to determine which methods should best be used to provide them with short-term technical assistance for corrective action.
- To help facilitate the Government of Nicaragua's (GON) compliance with CAFTA requirements, E&E conducted an assessment of Nicaragua's administrative procedures for managing the implementation of CAFTA-DR. This was presented to members of the Superior Council for Private Enterprise (COSEP) and GON officials. COSEP agreed to engage the public sector and work together to promote GON compliance in four major areas: 1) intellectual property; 2) customs management; 3) implementation of plant phyto-sanitary measures; and 4) improving market access. This study, which is the first analysis of Nicaragua's compliance with CAFTA-DR, clearly advises the private and public sectors of their shortcomings regarding compliance, and provides recommendations on how GON can fully take advantage of the Agreement's benefits.
- E&E assisted COSEP to complete a baseline of economic and social indicators that provide a greater understanding of how Nicaragua is taking advantage of CAFTA-DR, and to evaluate its progress. This work also helps Nicaragua's private sector better understand the impact of CAFTA-DR on the Nicaraguan economy.
- E&E supported a study by COSEP on how highly vulnerable sectors of the Nicaraguan economy (rice, poultry, sorghum, pork, dairy) are preparing to compete with U.S. imports when they lose trade preference under CAFTA-DR in coming years, and tariffs are eventually lifted. The results of the report were scheduled for presentation in February 2012.

### **3.2.3.4 Environmental Cooperation Agreement (ECA)**

E&E has been working with MARENA to support Nicaragua's commitments under the ECA. E&E is helping to: 1) apply current environmental norms under domestic and industrial residual water regulations focusing on those industries and/or economic activities that dump residual water in Lake Cocibolca (Lake Nicaragua) and other sources of water; 2) achieve international accreditation of

four environmental laboratories in Nicaragua; and 3) facilitate regional accreditation of the National Office of Accreditation (ONA), which falls under MIFIC.

### **Progress to date (12/31/2011)**

As of the end of calendar year 2011, E&E had reported the following progress in its support to the ECA:

- E&E-financed consultants completed 265 business inspections to evaluate existing residual water management practices
- Developed 88 environmental management plans for businesses which agree to implement them
- Conducted workshops to spread awareness and provide environmental education in 21 municipalities
- Helped three university testing laboratories (CISTA-UNAN, CIDEA-UCA, and CIRA-UNAN), and one private laboratory, Bengochea, apply for accreditation from the National Office for Accreditations (ONA)
- Supplied ONA with recommendations (that were subsequently adopted) to comply with ISO17011 certification

### **3.2.4 Policy Reform – Improving the SME Enabling Environment**

E&E activities under its policy reform initiative include the development and promotion of laws that increase access to finance for SMEs, support tourism, enhance competition, and increase exports. The project does this by supporting different public and private organizations to promote an agenda for policy reform that will benefit the private sector in general, and specifically SMEs.

The results of these efforts are as follows:

- Passage of laws related to finance, tourism, and water usage
- The development and implementation of a promotion campaign , in collaboration with CANATUR, of the “Coastal Investment Law”
- Helped strengthen the Nicaraguan Chamber of Commerce’s (CACONIC) new Arbitration and Mediation Center, which provided a new “express” product for SMEs development
- Supported the implementation of ProCompetencia’s competition policy
- Incorporated SME policy reforms into COSEP’s “Agenda 2011”;
- Assisted on improving operations at the Trade Facilitation Commission (CIFCO);
- Helped draft the “Export Products Promotion Law” (EXCAN/COSEP), and supported coalition-building to ensure its passage by the National Assembly.

### **Laws passed and regulations implemented**

In its policy reform work in general, E&E has played an important role in bringing private sector companies and associations together with public sector institutions in a constructive dialogue. The work has resulted in a number of important commercial laws being passed and regulations adopted. Among those are the following:

- Law of public sector administrative contracts
- Law on factoring
- Law on invoice exchange
- Law on franchising
- Law on microfinance associations

- Reforms and additions to the law on the promotion of competition
- Regulations related to the law public sector administrative contracts

In addition, E&E is currently working on a number of additional policy reform initiatives, which include the following:

- Law on financial leasing
- General customs law
- Law on ports
- Exports law
- General law on tourism
- Law on urban planning
- Law on recycling
- Coastal development law
- Regulations to implement the invoice exchange law
- Regulations for the law on factoring
- Regulations on franchising
- Regulations on the electronic signature law

### **Tourism Law and the CANATUR Agenda**

E&E has worked closely with the National Tourism Association (CANATUR) to develop a plan to promote awareness of the Coastal Investment Law, one of the most important laws impacting tourism investment.

Together with the National Tourism Institute (INTUR) and CANATUR, E&E held workshops in Tola, Granada, and on Corn Island to establish municipal coastal committees consisting of local government and private sector representatives. E&E project consultants helped prepare the “Guide to Coastal Law Enforcement” document to strengthen these efforts. The project also retained the services of COMUNICA, a communications consulting company, which began developing a radio and print media campaign on the importance of correctly applying the Coastal Investment Law to promote investment.

The E&E project supported CANATUR and the National Assembly’s Tourism Commission to generate changes in the General Tourism and Tourism Incentives Laws (Laws 495 and 306) that will result in increased and more effective investment in Nicaraguan tourism promotion. Finally, the project assisted the Nicaraguan Small Hotels Association (HOPEN) to ensure that small hotels and tour operators are not charged excessive, job-killing taxes.

### **CACONIC’s Arbitration and Mediation Center**

An E&E grant assisted CACONIC to partner with the Bogota Chamber of Commerce’s Arbitration and Conciliation Center to conduct an analysis of Nicaragua’s civil procedure code, make recommendations to strengthen the use of alternative dispute resolution methods, and develop new arbitration products for the MSME sector, including a new product called “Express.” The Arbitration and Conciliation Center consultants presented their results to CACONIC, Supreme Court justices, and the general public, after which CACONIC began implementing recommendations.

## **Competition Agenda and PROCOMPETENCIA**

- E&E provided additional support to PROCOMPETENCIA to provide assistance in four key activities: (1) conducting a study on the conditions that favored or hindered free competition in Nicaragua from 2009 through 2010; (2) conducting three workshops on competition advocacy aimed at raising awareness on the importance of competition; (3) creating a web site for the Institute; and (4) hosting the First National Forum on Competition.
- E&E provided technical assistance to review the technical and legal considerations of implementing the Microfinance Law. The law will regulate how microfinance companies register, are authorized to operate and function, and are supervised. E&E provided the same assistance to review the Customs Law, a port law, an urban planning law, and a beef sector promotion law.
- E&E conducted workshops in eight municipalities on the SME Law; nearly 2,012 people attended the workshops, out of which, 1,042 were women. The workshops were a joint collaboration between E&E and the Nicaraguan Council for the SMEs (CONIMIPYME).
- E&E, in collaboration with PROCOMPETENCIA, carried out workshops on competition advocacy in Granada, Estelí, and León. The workshops' objective was to raise awareness on the importance of competition, the application of the Competition Promotion Legislation (Law 601), and the benefits obtained from an environment that promotes free competition. Approximately 190 people attended the workshops, primarily economists and lawyers.

## **COSEP Reform Agenda**

E&E actively supports COSEP's "Agenda 2011" through research, support for consultants and drafting of legislation. Among pending legislation that is being developed are: General Customs Law; General Ports Law; General Urban Planning Law; Solid Waste Management Law; E&E drafted the chapter on financial and non-financial incentives to recycling, working with the national recycling association, ASORENIC.

In addition, E&E is working with COSEP on finalizing legislative and regulatory proposals that would increase access to finance for SMEs including: factoring, trust funds, financial leasing, invoice exchange, and electronic signature.

## **Trade Facilitation Commission (CIFCO)**

E&E assisted the Trade Facilitation Commission (CIFCO), which serves as a platform for the private sector, to present specific problems or barriers to commerce to all public entities involved, allowing members to identify problems or bottlenecks impeding imports and exports, and develop solutions for them. E&E assisted CIFCO through an assessment of how it could improve its deliberations. E&E contracted short-term consultants to develop import and export procedure guides for 20 goods and/or sectors (for the first time, all procedures and requirements imposed by every relevant actor are located in a single document). The consultants also helped CIFCO develop a proposal to expand the Export Facilitation Office (CETREX) so it also facilitates imports (instead of only facilitating exports).

## **Other Activities**

- The American Chamber of Commerce of Nicaragua (AMCHAM-Nicaragua) asked E&E for support to help strengthen AMCHAM's capacity to design and write project proposals and

improve how AMCHAM manages its committees. AMCHAM also asked E&E to help train them on the Public Procurement Act.

- The National Recycling Association (ASORENIC), led by E&E anchor firm RENISA, asked E&E for support to develop a law to provide incentives for the recycling industry. After extensive research on current legislations in Central America and Nicaragua, E&E contracted a consultant to incorporate a chapter within the existing solid waste management law proposal that provides fiscal incentives such as lowering import tariffs for recycling machinery, and non-fiscal incentives such as facilitating quicker permit processing.
- E&E supported the Young Environmentalists Association to obtain passage of the Potable Water and Sanitation Committees (CAPS) law, which impacts on the rights and responsibility of thousands of local water management communities, affecting hundreds of thousands of poor Nicaraguans.

### Coalition-building to influence public policy

At the request of representatives from over 14 private sector business chambers, led by EXCAN, the Association of Coffee Exporters of Nicaragua, E&E provided technical support to analyze and conceptualize an export product promotion law to cut red tape and provide economic incentives to boost export product competitiveness. E&E contracted an economist and tax law expert to review fiscal, regulatory, and bureaucratic constraints impeding export growth.

The consultants met extensively with stakeholders, including exporters, producers, representatives from the Ministry of Finance, Customs, and Commerce (MIFIC), several exporting chambers (coffee, beef, seafood, and sugar), and the Association of Producer-Exporters (APEN), among others, to obtain their feedback on what they would expect from an export law, and what incentives are viable. They also met and vetted constraints and possible recommendations with donor and government entities such as World Bank, the International Monetary Fund (IMF), PRONICARAGUA, the General Tax Office (DGI), and MIFIC to obtain their inputs.

COSEP expects to present the "Export Products Promotion Law" to the National Assembly early in 2012. Many private sector stakeholders believe this is the most important policy initiative to be addressed by Nicaraguans this year. In fact, COSEP has estimated that passage and implementation of this law will result in:

- Reduction of \$20 million in taxes on private sector investments
- Creation of 10,000 new jobs annually
- Increase of exports by 100,000 metric tons
- Savings accrued to exporters amounting to \$16 million per year due to simplified export procedures

The case provides a model for the process of changing public policy, even under difficult political conditions, by building coalitions and creating consensus among the private and public sector actors around a single policy initiative.

- E&E reached over 2,000 individuals nationwide (the majority of them women) on diffusion of the MSME Law and its importance for SMEs and microenterprises.
- In addition to efforts undertaken with MARENA, E&E conducted the first of three forums on good environmental practices in the bovine meat sector in Juigalpa, Chontales. Approximately 248 cattle producers/breeders attended the forum.
- E&E provided technical assistance to the Nicaraguan Association of Inbound Tourism (ANTUR) and CANATUR in analyzing and supporting reforms to the General Ground Transportation Law. ANTUR issued a legal opinion of the legislation that stated that tour operators should not pay any licenses or fees to MTI, and initiated a request to sign an

interagency agreement between MTI, INTUR, CANATUR and ANTUR that reflects fees allowable under the legislation, with INTUR being the exclusive government agency responsible for collecting fees. Approval of this interagency agreement would assist the tourism sector by avoiding double taxation on behalf of MTI.

#### **3.2.4.1 Findings**

Under its CAFTA-DR Support and Policy Reform activities, E&E has focused on enhancing the competitiveness of SMEs by developing and promoting policies that increase access to finance and to markets. E&E has done this by bringing together private enterprises and public institutions for constructive dialogue. In addition, E&E has shown that policy reforms in Nicaragua, even under challenging political conditions, can result from a combination of analysis, consultation, public-private initiatives, and coalition building (see the text box above).

The evaluation team believes that E&E's policy work should continue on the same path with emphasis on working with COSEP and FUNIDES, and focused on passage of the critically important "Export Products Promotion Law" in 2012.

#### **3.2.5 Operations Research and Export Studies**

The E&E project undertakes studies to support enhanced market intelligence and sector competitiveness, which provide a foundation for concrete follow-up actions that generate results.

The project has undertaken the following studies:

1. The *Benchmarking the Competitiveness of Nicaragua's Apparel Industry* study, undertaken with PRONICARAGUA and the National Free Trade Zone Commission (NFTZC), highlighted Nicaragua's competitive advantages over other countries, including China. The study paved the way for E&E's sponsorship of PRONICARAGUA at the *Magic* trade show (North America's most important annual textile trade show) in Las Vegas. It resulted in more than 115 business contacts, preliminary intentions to purchases of over \$40 million, and five interested investors scheduling visits.

The four most important companies now in discussions with PRONICARAGUA about sourcing from Nicaragua are the Bob Baker Company (interested in importing uniforms), Dickies, Standard Textile (interested in sourcing medical uniforms as early as March 2012), and Passport Brands (interested in sourcing sports shorts and golf shirts). In addition, several companies are now discussing potential investments in Nicaragua, including Narroflex, and Nara Trading (interested in manufacturing tuxedos in Nicaragua).

2. In collaboration with CANATUR, E&E conducted a medical tourism study with that will help a number of leading Nicaraguan medical facilities develop programs that could soon generate over \$5 million per annum in tourism revenue. The study led to the formation of a Medical Tourism Commission, composed of physicians, hospitals, and tourism leaders, as well as representatives from INTUR and the Ministry of Health.
3. In collaboration with RENISA (E&E's recycling anchor firm) and the Nicaraguan Recyclers Association (ASORENIC), E&E conducted a comparative study on laws that promote the recycling industry under CAFTA-DR in Nicaragua and other Latin American countries. Based on study findings, E&E decided to provide RENISA and ASORENIC with technical assistance

to draft and promote recycling legislation specifically for businesses. COSEP agreed to promote the passage of this legislation.

4. E&E supported USAID in its agricultural sector assessment, contracting economist Mario De Franco to synthesize findings from USAID-contracted studies and to make recommendations on developing a USAID agricultural strategy. The consultant reviewed these reports, met with FIDEG, who undertook the original analysis, provided feedback, and provided USAID and E&E with a detailed outline for developing the strategy.
5. With the Comisión Nacional de Zonas Francas, PRONICARGUA, and Duke University, E&E supported a study of Nicaragua's customs reforms initiatives, including rules of origin provisions. The study resulted in a renewed emphasis on Tariff Preference Level (TPL) negotiations that would adjust the quantity of textiles/apparel products permitted into the US market at preferred tariff levels under CAFTA-DR.

### **3.2.6 Small Grants Component**

The Small Grants Component of the E&E project is designed to leverage funds for sub-projects through matching grants that will have a positive impact in terms of generating employment, sales, and increasing income for the Nicaraguan SME sector. This component provides cross-cutting support to all E&E program activities. Selection of grant beneficiaries requires careful analysis by the project team as well as administrative, technical, and financial monitoring.

The procedures for beneficiary selection, grants award and management, accountability, and monitoring results are contained in a handbook, known as the E&E project Grants Manual, which was developed by the CARANA project implementation team and approved by USAID soon after E&E was initiated. The manual covers all stages of the grants award process, beginning with how a grant idea is approved and ending with an explanation of all the necessary steps to be taken when closing a grant award.

The amount of grant funds designated by USAID for the original, two-year E&E project was approximately \$595,000. An additional amount of \$545,000 was specified for the two-year extension option period. USAID also specified an additional, smaller fund to be used by the project as a quick-response mechanism for emergencies. This fund, known as the Crisis Modifier Fund, was initially established in the amount of \$100,000 over the base period, with an additional \$100,000 planned for the two-year extension option. However, this funding was re-programmed after the first few months of project implementation.

As shown by the Table 1, Annex VI, most of the matching grants have supported the anchor firms and their associated SMEs to implement productivity and quality improvements within the value chains. However, some grants have been channeled to business service providers to support their work with SMEs, and a few grants have funded economic studies and training interventions.

Through December 31, 2011, the E&E matching grants program has provided funding to 21 project beneficiaries in the amount of \$735,860. The recipients themselves provided additional funding amounting to \$962,517. The entire amount of resources generated was \$1,698,377. This provides a ratio of funds leveraged in the amount of 1:1.3.

### **3.2.7 Gender Issues**

It is well understood that when women have more access to and control over agricultural assets and decision-making, family outcomes in terms of food security and health are improved. As a result, it

is important to promote gender equality so that both men and women have equal opportunity to benefit from and contribute to economic, social, cultural, and political development.

If gender concerns are not integrated into a project design stage, it is unlikely that gender concerns will be included or addressed later on in the project cycle. This means that the people involved in the project programming process need to take in consideration: a) how the different roles, responsibilities, and status of women and men affect the work of the project; and b) how the expected project results will affect women and men differently. Addressing those questions takes into account not only the different roles of men and women, but also the relationship between and among men and women and the broader institutional and social structures that support them.

Although the E&E project was not designed to address gender concerns, it has contributed to women's development and their incorporation into the project value chains in different ways, as described by the following stories told by some of the people who were interviewed by the evaluation team.

### **Ana Maria Rodriguez, coffee and dairy farmer**

Ana Maria Rodriguez Benavides lives in Pantasma, Jinotega. She harvests three manzanas of coffee and recently planted three additional manzanas that will start producing in two years. She also owns two cows and uses the milk to make cheese for her family. She grew up on the farm of an agricultural engineer who provided technical assistance to coffee growers. There she learned how to plant, cultivate and harvest coffee. She has passed her knowledge and skills on to her children. She knows how expensive it is to take care of the plantation throughout the years but is convinced that if you do not invest in the crop,



Dairy cattle owned by Ana Maria Rodriguez and her family

the harvest will not be good. When one of her son-in-law hesitated to get a loan from the FDL, she told him: “Si quieres ganar, tienes que gastar.” (If you want to make a profit you have to invest). With E&E's support, Ana Maria got a loan from FDL under its “mi vaquita lechera” to buy two dairy cows, and also receives technical assistance from Nitlapan. Her husband owns livestock and grows coffee as well. When asked how they divide their profits, she responded that she invests it in their children and her husband invests it in their farm.

### **Lucrecia Lindo Shrimp Production Cooperative**

E&E has provided assistance to the 16 female shrimp producers who form the Lucrecia Lindo Cooperative in Estero Real, Chinandega. The cooperative members sell their shrimp to the anchor firm, SERVICONSA. This cooperative began in 1988 as an informal group of 36 female shrimp farmers, but over the years more than half its members have dropped out (often under pressure from their husbands) and today the group has 16 females. Its sixteen members have a collective farm of 79 hectares of shrimp ponds in three different farms. The members of the cooperative are extremely pleased with their accomplishments in shrimp production. After hurricane Mitch destroyed their farms in 1998, the anchor firm,



Lucrecia Lindo Shrimp Farm  
January 2012

SERVICONSA, financed the recovery of the cooperative by providing \$400,000 in credit. The company later provided the cooperative with financing for infrastructure, pond renovation, and working capital.

E&E began providing technical assistance to Lucrecia Lindo in 2010 and, since then, has helped the cooperative intensify its production practices. Previously, Lucrecia Lindo used artisan production methods that yielded around 325 kilograms per hectare for each harvest. Now, under intensified shrimp production, in one year its production output has increased to 450 kilograms per hectare.

E&E has also assisted the cooperative to develop an accounting system for cost control and to provide production information. The accounting system may eventually help the cooperative to improve its access to credit from formal financial institutions.

Table 5: Cooperativa Lucrecia Lindo Production and Sales Results 2010 and 2011

Year	Hectares cultivated	Production (Kilograms)	Sales income (US\$)	Yield (Kg/Ha)	Selling price (US \$/Kg)
2011	79	121,217	628,969	1,534	\$5.19
2010	79	102,216	511,780	1,293	\$5.01
Difference	0	19,001	117,189	241	\$.18
Percent	0%	19%	23%	19%	4%

### Cooperativa de Servicios Múltiples Rafael María Fabreto – Handicraft Products

E&E has provided technical assistance in product development and marketing support to 40 female members of the Cooperativa de Servicios Múltiples Rafael María Fabreto in San José de Cusmapa, Madriz. The cooperative members produce hand-made woven household products made from natural fibers, including pine needles produced in the nearby forests. Its members have received technical assistance from Omar Aguilar, the consultant hired by the E&E project to assist the artisans that make up the value chain of Grupo Raices. It was Omar who encouraged and assisted these women in designing products that have more demand that has allowed them to increase their monthly sales. E&E has also helped



E&E project consultant Omar Aguilar showing weavers a new design

them participate in local and regional fairs, including International Fair of Handcrafts in Guatemala City in 2011 where they received a first prize. In March 2012, with E&E project assistance, the cooperative plans to participate in the “ Feria Internacional de las Artes in Costa Rica.” The project also plans to provide the cooperative with a dehydrator to dry input materials and to help improve the quality of their products.

The monthly sales by the cooperative are approximately \$4500, but after deducting its administrative costs and dividing the residual amount among its 43 members means that each member receives something less than \$100 per months. While this amount may seem small, it

means a lot to the women in this part of Nicaragua where there are few outside sources of income. It is also important that the cooperative is actively pursuing new sales orders and is working with two NGOs that are committed to help increase its product sales.

### Others

E&E has also facilitated the incorporation of Vital Voices Association, a women-led organization aimed at expanding female entrepreneurship, which works with 400 women in 21 municipalities providing business mentoring and leadership training.

With E&E's assistance, 37 female plantain producers in Posoltega, Chinandega will be incorporated within EXPROSUR's value chain, which will allow them to produce first-class plantains for exports that will substantially increase their incomes.

#### 3.2.7.1 Findings – Gender

The E&E staff collects data on training and access to finance disaggregated by gender. The following summarizes the participation by women in E&E activities:

- Of the 866 participants in E&E human capital development training, 368 (42%) were women.
- E&E has supported a total of 1,702 SMEs, of which 618 (36%) were led by women.
- In its alliance with the Fondo de Desarrollo Local (FDL), E&E has facilitated 54,000 in financing for 306 female producers in Las Segovias to increase their coffee and milk production, and has facilitated \$685,000 in BDF loans granted by this bank to 262 female entrepreneurs.

In summary, despite not being designed to address gender concerns, the E&E project has made considerable efforts to provide assistance to women-led cooperatives and organization, including access to credit. It has also contributed to their development by providing them with business opportunities and technical training. These considerable activities should be continued for the remaining life of E&E project.

#### 3.2.7.2 Outreach

E&E has developed a highly effective outreach program to inform its clients and stakeholders about what USAID is doing to foster equitable economic growth in Nicaragua. The purpose of this outreach effort is to tell the story about E&E's activities and its accomplishments. By effectively communicating the project's work through human interest stories that tell how the project is improving the lives of small farmers and small business owners, it has gained credibility with its stakeholders and the general public alike. As a result, public activities sponsored by USAID/E&E receive wide press coverage and generate good attendance. For instance, when E&E launched a media campaign to announce the IV Anniversary of CAFTA-DR event celebration, it received numerous highly acclaimed radio spots, radio interviews, and multiple TV interviews.

E&E project publishes a monthly newsletter and updates its website as well as its pages on Facebook on a regular basis. By the end of December 2011, E&E's website had been visited by over 48,500 people. The project also maintains information videos on YouTube covering topics



E&E highway sign at Rivas, announcing its support to the EXPROSUR plantain export

such as small producers of mini-vegetables. Links to these external sites are provided on the E&E's website, as well as from the USAID/Nicaragua website.

E&E also uses communication as a tool for educating its clients, stakeholders and the public in general. This is done through E&E's biannual magazine, *Compitiendo*. This magazine is not designed for public relations; it chooses a relevant topic such as food security and writes an informative article on the subject. The magazine also publishes stories of how men and women are learning new technologies and adopting best agricultural practices to increase their production of crops including grains, cassava, sesame, and shrimp in an environmentally-friendly manner. In this manner, E&E has created awareness among the press, stakeholders, and the general public about the USAID's efforts to promote equitable growth in Nicaragua.

### **3.2.7.3 Findings of Outreach Efforts**

The following is a summary of the results of the E&E's outreach efforts:

- The national press has published 166 articles highlighting E&E activities.
- National television channels have broadcast over 30 news stories on E&E activities.
- E&E has published 12 monthly newsletters that reach more than 500 stakeholders, and has developed three video success stories that can be seen on the E&E website and on its Facebook page.
- E&E's website has been visited by more than 31,000 viewers and its Facebook page has 1,150 members.

The project has published two issues of its biannual *Compitiendo* magazine featuring stories on value chains, food security and other topics related to E&E areas of concern.

## **4.0 E&E PROJECT ACCOMPLISHMENTS**

### **4.1 Results Achieved**

E&E's PMP has established the expected outputs (targets) over the E&E's project life, and it has defined the means for tracking progress toward these outputs. It determines qualitative and quantitative impact indicators to measure progress and support of USAID/Nicaragua overall economic growth objectives. The current PMP, which became effective on January 10, 2010, is an amendment to the original PMP. The revised PMP made some changes to the impact indicators and their targets in the original plan, as a result of the lessons learned during the first year of implementation. The revised PMP also includes targets for years three and four. The adjustments that were made reduced some targets in indicators such as access to finance, and increased other targets such as the number of anchor firms projects and SMEs assisted. The revised PMP also incorporated some targets set by USAID, including the number of SMEs that have access to bank loans or private equity as well as social capital indicators.

The revised PMP includes two general categories of indicators:

1. Impact, or primary indicators that include jobs created, increased sales and exports, and enhanced access to credit. These indicators measure quantifiable results that contribute to USAID's economic development goals.
2. Process, or input indicators that track the project activities as well as project deliverables, such as the number of workshops held and people trained.

While these process indicators measure project performance and implementation activity, for the purpose of this mid-term evaluation it is more important to assess the results of the impact (primary) indicators to determine project outcomes.

#### 4.1.1 Achievement of PMP Targets

The achievement of the E&E project in meeting its PMP targets for its first two years of implementation (through September 30, 2011), as well as project progress toward meeting its PMP targets through its four-year project life (August 16, 2013) is shown in the Progress in Meeting PMP Targets Table 1 in Annex V. As shown by that table, E&E has exceeded the majority of its targets for the first two years of operation. It has not achieved its targets for only eight indicators. Of the eight indicators where actual results are less than the targeted amount, seven of these are process, or input indicators that can be easily achieved over the remaining project life. Only one impact indicator – funds leveraged – is slightly below target, at 14%.

Table 6, below shows the progress made toward the achievement of the primary indicators, only, for the E&E Project.

Indicator	Actual 09/30/2011	Target 09/30/2011	Projected LOP Results 08/16/2013	Target LOP Results 08/16/2013
Jobs Created	2,737	2,000	5,190	3,700
Local Sales	\$3,600,000	\$3,000,000	\$32,500,000	\$6,000,000
Export Sales	\$9,200,000	\$6,000,000		\$13,000,000
Access to Finance	\$8,600,000	\$8,000,000	\$37,800,000	\$15,000,000
Funds Leveraged	\$4,300,000	\$5,000,000		\$11,000,000
No. SMEs Assisted	1,210	700	N/A	1,000
Source: E&E project staff				

As shown by the above table, at the end of its second year of operation on September 30, 2011, E&E had exceeded all but one of its primary indicators.

- A total number of 2737 jobs had been created, surpassing by 37% the target of 2000 new jobs for years one and two
- The amount of \$3.6 million in increased local sales surpassed by 20% the \$3 million target for years one and two
- The increase in export sales amounts to \$9.2 million, surpassing by 53% the \$6 million target for years one and two
- Access to finance was \$8.6 million, or 8% more than the \$8 million target in years one and two
- The amount of funds leveraged was \$4.3 million, or 14% below the target of \$5 million in years one and two

- A total of 1,200 SMEs have been assisted in the thirteen value chains led by anchor firms, which is 171 % more than the target of 700 SMEs in years one and two

The third column of Table 6 shows the projected results for the achievement of the primary PMP targets over the four-year project life until August 16, 2013. In these projections, the results for local and export sales have been combined, as have the amounts of funds leveraged and access to finance. A comparison of the combined projected amounts with the combined targeted amounts for these indicators shows that the life of project (LOP) targets will be exceeded. There is no available LOP projection for the number of SMEs assisted, but the actual number reported for September 30, 2011 exceeds the LOP target.

The 2,737 jobs created during the first two years of the project are annualized jobs. In other words, each job represents 12 months of work by one individual. Furthermore, this amount does not represent the entire number of individuals that have found employment as an indirect result of E&E-supported programs, which is much higher. In addition, the E&E project only reports those direct jobs created as a result of anchor firm business expansion, not jobs that are sustained or enhanced. That means that the 2,737 jobs that have been created are directly attributed to E&E interventions.

While the cost for job creation by the project is not a PMP indicator, the M&E staff monitors this parameter as well. It calculates the cost of creating new jobs using two methodologies: 1) it takes the amount of E&E total investment in a particular subproject and divides it by the number of jobs created under that subproject; and 2) it takes the subproject investment and adds an estimate of indirect costs applicable to that subproject (e.g. administrative staff; vehicle maintenance costs) that it divides by the number of jobs created. Using the first methodology of applying only direct costs to job creation, the project spent \$520 for every job created (computed by dividing the direct cost of \$1,424,286 by 2,737 jobs created). Using the second methodology of applying “loaded” costs to job creation, the project staff calculates the cost of each job created to be \$1,042 (computed by dividing the loaded cost of \$2,852,286 for anchor firm projects by 2,737 jobs created). Both figures represent a relatively low cost for creating a new job.

Two other important indicators for SME finance are shown by the Table 1, Annex V. As shown for indicator 15, 3,061 SMES have been supported to access bank loans or private equity. Of this total, 2,295 SMES (indicator 16) have actually obtained bank loans or private equity credit.

#### **4.1.2 Impact Beyond the Numbers**

The available data do not fully capture the impact of E&E interventions on anchor firms and their value chains. For instance, when E&E established an alliance with RENISA, the company had 15 employees; with the support of the project, it now has 32 employees. At the beginning of E&E project support, RENISA had 6 formal and 18 informal suppliers; these numbers have now increased to 15 formal and 22 informal suppliers, and these two categories of suppliers have created a total of 147 new jobs.

Between July 2009 and April 2010, RENISA had a monthly turnover of \$68,238; between May 2010 and May 2011, its turnover had increased to \$84,696 per month (an increase of 24%). With E&E’s support, the recycling industry is being formalized in Nicaragua. E&E has helped consolidate the Association of Recycling SMEs (ASORENIC); it has assisted in the formulation of a recycling law that protects the industry; and it has trained 70 recycling SMES that make up RENISA’s value change.

In sum, E&E has assisted in the development of an association model for the country's recycling industry.

When Chiles de Nicaragua established an alliance with E&E, the firm was producing Tabasco chili peppers, and was also buying a limited quantities of peppers from small growers. At that time, the company was exporting one million pounds of chili pepper paste annually. The support and advice of E&E staff was instrumental in the decision by Chiles to evolve from a producer of chili peppers to an anchor firm that purchases fresh peppers from small-scale farmers for processing at the Chiles' plant. Additionally, the E&E staff encouraged Chiles to embark on an aggressive expansion program whereby the company will increase its semi-processed chili pepper exports during the present year by more than 100%, to take advantage of an inventory shortfall by the McIlhenny Company, Chile's buyer in the U.S. Chile's quota for 2012 is 5 million pounds of chili pepper paste, up from slightly more than 2 million pounds in 2011. In response to its expanding production output, during the past year, Chiles has expanded its production base from 60-70 producers to around 200 suppliers of fresh pepper.

Furthermore, the E&E staff was instrumental in the decision by Chiles to bring experienced pepper harvesters into new producing areas to train and assist pepper harvesters in the expansion area. The harvesters are a key element in product quality control.

E&E's assistance to Chiles de Nicaragua has not only made it possible for the company to more than double its exports in a relatively short period, but also it has helped the company to change its business strategy. Presently, instead of operating as a producer/exporter of chili peppers with a limited capacity for growth, Chiles has evolved into a substantial exporter that sources all its export products from out-growers.

The evaluation team observed several examples of the adoption of new technology by E&E-assisted SMEs. The most important of these are the following:

- Footwear suppliers to Calzado Alex are using new manufacturing equipment, much of it provided by matching grants from E&E, to improve production efficiency.
- Chiles and Vegyfruit producers are using plasticulture and drip irrigation systems to increase crop production yields.
- EXPROSUR and its suppliers are using best agricultural practices and new technologies including fruit bagging and age identification ribbons to produce a larger percentage of export quality plantains.
- Tecnoagro is taking a leadership role to facilitate credit to its suppliers from a local agriculture input company.

#### **4.1.3 Increased productivity**

The overall objective of E&E's support to value chains is to help the SMEs therein become more competitive in national and international markets. Since there is no simple measure for competitiveness, the project has selected as proxy indicators for this parameter the number of new jobs created and the amount of additional sales generated with the support of the project. While no single, easily-measurable indicator can capture the essence of competitiveness at the firm level, it is the opinion of the evaluation team that the best alternative to measure SME competitiveness is productivity – that is, output per unit of input. A secondary measure of competitiveness is profitability, although, as pointed out in other sections of this report, few SMEs are able to accurately determine their profitability.

With the liberalization of trade under CAFTA-DR, Nicaragua’s farmers will find it increasingly more difficult to compete with imported maize, soybeans, sorghum, and other grains from the U.S.. In order to compete with imported products in national markets, Nicaragua’s small farmers must produce at lower cost, which means greater production output per unit of land and labor. In other words, they must become more competitive. Since there is no base line data or other information that would enable E&E staff to systematically determine productivity improvements by small farmers and SMEs over the course of the project, the evaluation team has attempted to gain some indication of increased productivity through its interviews with those operating in the value chain.

Table 7 below describes some of the comments from those responding to the evaluation team’s query on increased productivity.

Table 7: Responses to the Evaluation Team’s Inquiries on Increased Productivity		
Date	Person Responding	Comment
January 20, 2012	Victor Garcia, member APEMAC shrimp producer’s association	Producers who are changing from artisan shrimp production methods to intensive production methods with E&E technical assistance are increasing shrimp production per crop from 450 kg per hectare to 850 kg per hectare.
January 20, 2012	Doña Gloria Barela, Lucrecia Lindo Cooperative	Based on actual data received from Sra. Barela, during the first year of support by the E&E project, the cooperative increased its output per hectare by 19% and its sales revenue by 23%
January 19, 2012	Sr. William Sosa, at the Sosa family farm near Somotillo	Sr. Sosa is achieving yields of 15 hundredweight per manzana for improved, selected seed produced for sesame planting material. The national average production yield is 7 – 8 hundredweight per manzana.
January 28, 2012	Juan Carlos Espinoza, Gerente General, EXPOSUR	The new technology supported by the E&E project increased the percentage of exportable fruit (first quality) on a stem of plantains from 30% to around 65%. The second quality fruit (which is smaller in size than first quality) was sold into local markets at a higher price – a price increase from C\$2.30 per unit to C\$2.80 - due to its better quality and fewer blemishes.
January 19, 2012	Sr. Oscar Centeño, cassava farmer near León	In general, average cassava yields in Nicaragua are 150 hundredweight (cwt) per manzana with around 35% export quality, but the new varieties supported by the E&E project are producing around 250 – 280 cwt/mz. The Ceiba variety produced 400 cwt/mz and had 85% first (export) quality.
January 18, 2012	Diego Vargas Belli, Gerente General, Tecnoagro	E&E helped introduce new cassava varieties from Colombia that when combined with better agricultural practices are expected increase production yields from the national average of 150 hundredweight per manzana to around 300 hundredweight per manzana. Also, the percentage of export-quality product (“primera”) from a field should increase from around 30% for “criollo” (native) varieties to approximately 65% or more for improved varieties.

As shown by the above comments, the E&E project is having considerable impact on the productivity of its value chain producers and consequently, on their competitiveness. It is unfortunate that the results are not documented.

## 4.2 Project Costs

At the completion of the first phase (years one and two) of the E&E Project on September 30, 2011, the cumulative, actual amount of project expenditures were 98% of its approved budget for that

time period. As shown by the following table, the approved budget for the first two-year project phase was \$5,923,645, compared to cumulative actual expenses as of September 30, 2011 in the amount of \$5,794,155.

**Table 8: Budgeted and Actual Project Expenditures for E&E Project Phase 1, through September 30, 2012**

No.	Line Item	Approved Budget (US \$000)	Cumulative Expenses (US \$000)	Actual as % of Budget
1	Labor	2,875	2,941	102%
2	Travel, transportation, and per diem	200	193	96%
3	Equipment, Furniture, Vehicles	72	103	144%
4	Allowances	133	118	89%
5	Grants Under Contract	610	376	62%
6	Other Direct Costs	1,614	1,700	105%
7	G&A	421	362	86%
	<b>TOTAL</b>	<b>\$5,924</b>	<b>\$5,794</b>	<b>98%</b>

USAID has exercised its option to extend the project life until September 30, 2012, which is the end of the third project year. USAID has also increased the ceiling on project expenditures through the third project year by \$3,092,229, to a limit of \$9,015,874.

Actual expenditures for the first quarter of fiscal year 2012 (which ended on December 31, 2011) amounted to \$1,126,777. This increased the amount of cumulative project expenditures to \$6,920,932 as of that date. This amount of project expenditures during the first quarter, 2012, equates to 36% of the increased ceiling amount of \$3,092,229 for the year.

The CARANA project implementation team does not normally keep track of project expenditures by major project component. Instead, expenditures are reported under the format required by USAID that is shown in the table above. However, a sample cost breakdown of expenditures by project component was provided to the evaluation team for the first quarter of FY 2012. These results are shown in the Table 9, below.

**Table 9: Sample Cost Breakdown of Expenditures by E&E Project Component**

Component	Percent of Total
SME Development and Value Chains	38%
Business Service Providers	19%
Operations Research (Studies)	5%
Access to Credit	3%
CAFTA-DR and Policy	25%
Human Capital Development	9%
Communications and Outreach	1%
Total	100%

Based on a sample cost breakdown by major project component for Q1, FY 2012

A summary of actual and projected expenditures for the E&E project is shown in Table 9, below. This table tracks E&E project expenditures through different milestone dates until the four-year, optional completion date of August 16, 2013. The table also projects the total estimated amount of project expenditures until March 31, 2013, under a scenario where the E&E project could be terminated early, effective that date. A discussion on the possible early termination of the E&E project is contained in the End Note to this report.

Table 10: E&E Project Expenditures				
Date	Milestone	Actual/Budgeted/ Expenditures	Projected	Amount (US\$)
September 30, 2011	End of Project Phase I	Actual expenditures		\$5,794,155
December 31, 2011	End of Q-1, FY 2012	Actual expenditures		\$6,920,932
February 29, 2012	Begin 13-month countdown for truncated project ending date	Estimated expenditures		\$7,675,874
September 30, 2012	Current project ending date	Budgeted expenditures		\$9,015,874
March 31, 2013	Possible ending date for truncated E&E project	Estimated expenditures		\$8,875,874
August 16, 2013	Original life of project	Budgeted expenditures		\$11,396,342

## 5.0 SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Conclusions

The following are the main conclusions reached by the evaluation team for the E&E project:

**1. *The E&E project model for SME and value chain development through anchor firms is highly effective.***

The project supports business relations between larger companies, known as anchor firms, that require additional input products for processing and distribution to their markets, and smaller firms that supply these inputs. The project works along the value chains led by the anchor firms to solve problems and remove constraints, and to ensure their commercial success. The project supports the smaller firms to help them become reliable suppliers to the anchor firm, and it helps to ensure that the anchor firm provides a reliable market for its suppliers. The outcome of the business activity is increased jobs, investment, sales, and income for the large as well as smaller participants in the value chain. The value chains become sustainable without continued project support when they become fully operational and all the actors are profitable.

**2. *The E&E selection process for anchor firms/products is key element in the success of the project.***

For a successful value chain, the anchor firms must recognize the benefit of outsourcing the production of their input supplies, and the smaller suppliers must see a benefit in working with the anchor firm. Furthermore, the business model for the production, marketing, and distribution of that product must be financially and economically viable. The creation of an effective partnership between the anchor firm and its associated smaller suppliers within a value chain that supplies a

viable product to the market is key to its commercial success. E&E's ability to select and support these winning combinations that provide economic growth is key to the success of the project.

**3. *The anchor firm – SME model can be easily adapted for food security in food insecure areas.***

The following section of this report containing the evaluation team's recommendations also describes a possible post-E&E program to support a USAID food security initiative through the value chain approach. The requirements are: a) operate in food insecure areas; b) support product value chains with anchor firms and out-growers for traditional products (e.g., coffee, food grains); c) help introduce new crops to be produced and marketed through value chains (e.g., cacao, small ruminants); d) support the value chain initiative with an accompanying initiative for mother and child health; and e) produce nutritious food for home consumption (e.g., vegetable gardens).

**4. *The FDL-Nitlapan model where small farmer credit is linked to TA is an effective approach for providing micro-finance to small producers.***

As described in an earlier text box, the FDL-Nitlapan model for providing production credit to small producers is highly effective. In general, small producers require support in three areas to successfully move from subsistence production to commercial agriculture: 1) technical assistance; 2) credit; and 3) markets. The FDL-Nitlapan model resolves the first two issues, and the third problem, markets, is resolved by linkage with anchor firms, such as coffee exporters and dairy processors.

**5. *The E&E project has done a good job of leveraging relatively small investments through the business service providers for important results.***

As described in an earlier section of this report, E&E invested \$449,613 to support SME training and related initiatives carried out by business services providers. The total cost of these programs supported by the E&E project through September 30, 2011, was \$1,135,583, of which E&E contributed \$449,613. This corresponds to a leverage ratio of 1 to 2.5.

**6. *Labor force development, especially for mid-level technical skills, as well as SME entrepreneurship and management are keys to Nicaragua's growth. Both these areas are neglected by the public sector and E&E project support should be maintained.***

The common lament heard throughout the evaluation team's visits to the anchor firms, their SME suppliers, and supporting organizations alike, was the difficulty of obtaining technically-qualified, mid-level employees to do the work that is needed in their firms. Additionally, visits to the SME suppliers operating in the value chains revealed a great need for improved management and organizational skills for these entrepreneurs. Most of these business people are operating on sheer instinct, without benefit of formal training in business management.

**7. *E&E has shown that policy reforms can result from a combination of analysis, consultation, public-private initiatives and coalition building.***

As described in the earlier text box on coalition-building for the passage of the Export Products Promotion Law, the process spearheaded by EXCAN and COSEP, with the support of the E&E project, should become a model for effecting legislative reform in a difficult political environment.

**8. *Coaching and support for SME participation in trade shows is an excellent marketing tool.***

The field interviews conducted by the evaluation team bear out the E&E project reports on the benefits gained by project-supported anchor firms and SMEs from attending international trade fairs and trade shows. Those who had attended international events were unanimous in their praise for

the benefits they received from their attendance. In addition to their exposure to international markets, in all cases those attending the fairs made product sales that established their presence in these new markets.

**9. *Although E&E was not designed to emphasize gender issues, it has made considerable efforts to incorporate female-led cooperatives and organizations in its value chain activities, including access to credit.***

Field visits to numerous female, and female-majority cooperatives and women-owned businesses confirmed to the evaluation team that the E&E project has actively worked to bring women into the project-supported value chains, as well as supporting their technical skills and enhancing their access to credit.

**10. *We have found the E&E project communications and outreach programs to be extremely effective and provide a highly favorable public image for the E&E project and for USAID.***

The evaluation team saw firsthand during its travels throughout Nicaragua the efforts made by the CARANA team to publicize USAID support for its efforts, and the results obtained. Furthermore, in general, we found a considerable level of public awareness of USAID, the E&E project, and its impact.

**11. *The USAID Mission has shown flexibility and responsiveness to implementation changes requested by the contractor as project implementation has progressed.***

During the evaluation team interviews with the CARANA staff, we were informed that USAID has been quite supportive of the project team's activities and has shown flexibility in its response to CARANA's requests for tactical changes in project implementation. Of particular importance to the CARANA staff was that USAID approved a second key expatriate position after the E&E project began.

**12. *The E&E project has exceeded all but one of its primary indicator targets.***

The previous section on Achievement of PMP Targets describes the results through the first two years of E&E project activity. Only one primary indicator – funds leveraged – is slightly (14%) below target.

## **5.2 Recommendations**

The evaluation team's recommendations to USAID regarding the E&E project are divided into two sections:

1. Recommended action for the remaining period of the E&E project, and
2. Recommendations for a post-E&E initiative that would adapt the E&E project methodology to a future USAID food security initiative.

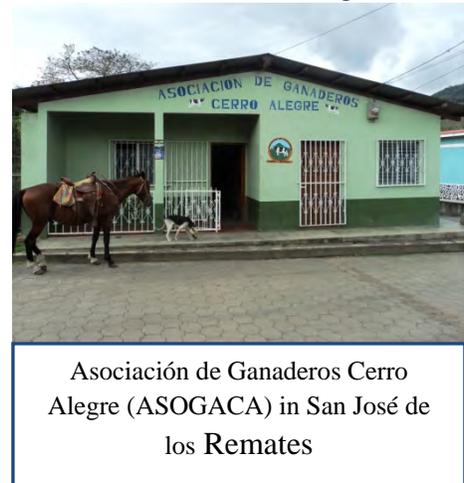
It should be noted that the team's recommendations for the remaining life of the E&E project are based on a business-as-usual, continuing effort to achieve maximum impact from project activity for the remainder of its initially planned, four-year life.

In anticipation of a possible reduction in the amount of funding available for E&E project activity by the USAID/Nicaragua Mission, the evaluation team has presented its recommendations for a second possible project implementation scenario, which is based on a thirteen-month phase-out of project activity beginning on March 1, 2012, and with project expenditures limited to \$1.2 million during the final, thirteen-month time period.

### 5.2.1 Recommendations for the remainder of the E&E project

1. E&E should strengthen weaker anchor firms by: a) institutional strengthening at the firm level; and b) where possible, strengthening their relevant business association.  
The weakest anchor firms are generally recognized as Calzado Alex, Grupo Raices, and Vegyfruit. Calzado Alex is closely aligned with the National Shoe and Leather Chamber of Nicaragua (CANCUNIC), and additional support could be provided through this organization. Grupo Raices, although an anchor firm, is a *de facto* association for small artisans throughout Nicaragua. Formalizing its relationship as an association would make it easier for other donors to support this initiative after E&E support ends. While there is no viable association for fresh fruit and vegetable exporters that could provide additional support to Vegyfruit, E&E should consider arrangements for additional marketing and management support through programs carried out by CEI and APEN.
2. E&E should consider the possibility of graduating the strongest, sustainable value chains in order to take on one or two new chains with extremely high impact. Alternatively, the project could consider using resources freed-up by the recent graduation of Casa Mantica and RENISA to fund the new chains. Two possibilities that appear highly promising are: a) the expansion of dairy collection and marketing into new areas by expanding the operations of the NicaCentro dairy cooperative as a new value chain; and b) supporting Nicaragua's beef industry by organizing cattle fattening operators as suppliers to the Sucarne anchor firm for beef production and processing.
3. E&E should use the Asociación de Ganaderos Cerro Alegre (ASOGACA) Dairy Association in San José de los Remates as a model for dairy demonstration and producer training for its dairy value chains. This is a world-class dairy association that can serve as a model for other dairy cooperatives and producers.
4. E&E should capitalize on the support provided by the USAID-funded Alliance to Create Rural Business Opportunities through Agro-Enterprise Relationships (ACORDAR) project to link plantain producers to the Exposur anchor firm in Rivas. The ACORDAR project will end later this year, and the USAID-supported plantain farmers who are members of the Association of Rivas Plantain Growers (APLARI) would have an assured market for their plantain production with the Exposur anchor farm.'
5. E&E should provide technical assistance and training to the Nicaraguan commercial banks that will participate in the second USAID/Development Credit Authority (DCA) loan guarantee program. The evaluation team has learned that USAID plans to conduct a study on a possible new DCA, and if approved, E&E should use this mechanism to support SME lending.
6. With regard to CAFTA-DR and policy reform, over its remaining life the E&E project should focus on implementing the proposed Export Products Promotion Law. The project should use the model for creating this law as a guide for formulating legislation for other policy issues. We also recommend that USAID consider using this process as a Lesson Learned for legislative change in a difficult political environment.

7. With regard to E&E's human capital development component, it is recommended that over its remaining life, E&E should support the endowment of Fundación Victoria. Furthermore, E&E should focus on entrepreneurship training as a priority for project support.
8. The team recommends continued project support for business training, technical assistance and access to credit for women-led SMEs, cooperatives and other organizations that have alliances with the E&E project.
9. E&E should continue its excellent work to keep its clients, stakeholders and the public informed about what USAID is doing in Nicaragua in order to enhance the development of SMEs, improve the SMEs enabling environment, and develop its human capital.
10. E&E should continue providing business training, technical assistance and access to credit to women-led cooperatives such as the Lucrecia Lindo Cooperative in Chinandega and the Cooperative in San Jose de Cusmapa to ensure their continued sustainability.
11. Over its remaining life, E&E should consider undertaking two or three case studies to gain more information on the impact on SMEs from its subprojects related to value chains and business services. The objective of these studies would be to go “beyond the numbers” for those parameters such as new jobs created, for instance, and to get a better idea of the type of income and the benefits derived from those jobs generated. A second example would be to measure the progress made on expanding exports derived from the APEN training on international certification. A third example would be to determine the improvement on labor conditions in some of the SMEs workshops and collection centers the project has assisted.



### 5.2.2 Recommendations for a Post- E&E Initiative

Our recommendations for the next phase of USAID assistance – after E&E – is to use the E&E model as the basis for a food security initiative in the poorest, food insecure areas of the country. This would enable USAID to employ SME development through value chains as an effective tool to improve food security.

The new initiative would support traditional value chains for food crops, such as grains, and cash crops such as coffee and dairy, led by anchor firms. In addition it would analyze the possible introduction of new crops such as cacao, vanilla, and black pepper, as well as small ruminants and poultry for food and cash. It would also promote nutritious food crops such as vegetable gardens.

As is the case presently, the new project would help provide production technical assistance, market linkages, and access to credit to the SMEs operating within the value chains.

It would have a policy component, but this component would be directly linked to the value chains. For example, if a local municipality imposes an exit tax on agricultural products, then the project would support the producers and business associations to remove the tax.

There would also be a mother-child nutrition program, similar to the USAID-supported Development Activity Program (DAP) that was carried out over several years by the Adventist Development and Relief Agency (ADRA) in Northern Nicaragua.

Under this scenario, in the event that no anchor firm was available for the targeted value chains (such as for grain crops) then it would be necessary to assist farmer based organizations such as marketing associations to fill this marketing role.

Another element of a new project would be to support and encourage the use of on-farm storage and preservation of food crops. During our travels, the evaluation team was informed that low-cost, secure metal storage chambers for on-farm storage of grain crops are commercially available at a cost of around \$200 each.

The new initiative would use “farming as a business” model for farmer training, and would focus on business management training for other SMEs.

The use of lead farmers with demonstration plots is an effective farmer training tool, which could be used under this a new initiative.

During our field visits, the assessment team saw several packing sheds, warehouses, and greenhouses that were constructed by earlier development projects, including the Millennium Challenge Account, that are now underutilized . These facilities could possibly be used in a new food security initiative.



Unused MCC pack house near Somotillo

It should be possible for the present E&E project to quickly move toward a future food security model over its remaining life by increasing its focusing on food insecure areas.

### **5.2.3. End-Note: Recommendations for Continued USAID Support to E&E Project Activities Under a Reduced Budget Scenario**

In addition to the requested E&E project evaluation that the team completed, USAID asked the evaluation team to provide further recommendations on options for the remainder of the project under a reduced budget scenario.

The evaluation team used the following assumption to develop its recommendations: available funding of \$1.2 million for the remainder of the truncated 13- month project that would end on March 31, 2013. The CARANA project implementation team estimates that project close-out costs would total around \$300,000, leaving \$900,000 for project operations over this period.

Under this scenario, the evaluation team has developed recommendations that would focus on three major activities:

1. Anchor firm and value chain development
2. SME access to finance
3. CAFTA-DR and policy reforms

In addition, the evaluation team recommends continued support of the existing program at Fundación Victoria until the current class being supported has graduated at mid-year 2012.

This truncated program would include continued work on approximately six value chains in addition to SME finance and policy reforms. Order of magnitude funding for these various initiatives would be roughly \$100,000 for each value chain as well as \$100,000 each for access to finance and policy reform activities, leaving about \$100,000 for other supporting activities.

## **Anchor Firm and SME Development**

Anchor firms and value chains to be supported in the last phase of the E&E project should be selected to maximize economic impact and number of beneficiaries, and they should be scalable. The evaluation team feels the following six anchor firm/value chains meet those criteria:

- Chiles de Nicaragua – The Chiles strategy is to expand production to the north, greatly increasing the number of chili pepper growers to support its commitment to double production and exports. An additional benefit to supporting this value chain and anchor firm is the inclusion of FDL financing and Nitlapan technical assistance to the new small-scale growers.
- Dairy – The evaluation team strongly recommends adding one new anchor firm, NicaCentro, to the dairy value chain in the northeast part of the country. A modest amount of investment in a new milk collection center for NicaCentro’s members will have a significant impact not only on its 500 members, but the entire value chain in the form of increased milk production, higher quality milk, and support for milk prices.
- Exprosur/plantains – In both Rivas and possibly Chinandega, the plantain value chain has excellent prospects for increased exports and solid prices, potential for small producers, and increasing interest among financial services providers to support the growers, among them BanPro.
- Exponica/sesame – Small producers whose production is being financed via the exporter anchor firm is big attraction to this value chain. In addition, there is the potential to introduce another important crop, soybeans, into the production patterns of the sesame growers. There is great demand for soybeans as a livestock feed ingredient in Nicaragua; soybean cultivation fits into the cropping and labor patterns of the sesame growers, and in the area of Somotillo, there is under-utilized warehouse and grain dryer infrastructure available that might be brought into the program.
- Technoagro/root crops – The anchor firm and the small-scale cassava producers have aligned themselves with new higher-yielding cultivars, finance, and strong export demand to give this value chain good prospects for solid growth.
- Ingemann Foods/honey – Potential to expand beekeeping and honey production among small-scale producers throughout Nicaragua is large. Ingemann’s technical expertise and access to European honey markets, along with FDL financing of hives, makes this a highly attractive value chain for continued project support.

Project activities in the last year should be focused on consolidating the relationships that have already been created among the anchor firms, SMEs, input suppliers, producers, and financing partners.

Two of the original anchor firms have already graduated: RENISA and Casa Mántica. We feel the strong anchor firm Serviconsa can continue its momentum after graduating from the E&E program. The Grupo Raices and Alex Shoes activities are more like association building, and the VegyFruit group, being a small anchor firm, seems to be doing very well with its seedless watermelon exports. Simplemente Madera appears to be in and out of the anchor firm/SME model, depending on its need for product to meet specific contracts. There does not appear to be any problem in terms of the sustainability of any of these value chains.

## **SME Access to Finance**

The evaluation team was very impressed with the work of Miriam Cuadra and the project’s impact on SME’s access to finance (see Table 3 in the body of the evaluation). This credit work, therefore,

should continue to be supported, especially considering that lack of finance is the single most critical constraint to SME growth in the country. We suggest support to following access-to-finance activities:

- FDL – The E&E program relationship with FDL financing and Nitlapan technical assistance is a powerful combination for supporting small-scale producers. As mentioned above, the combination of a strong anchor firm such as Chiles de Nicaragua with FDL/Nitlapan and E&E support will benefit hundreds of new chili pepper growers.
- BDF – With its new emphasis on SME lending thanks to E&E training support (of both clients and bank staff), BDF represents a significant new source of business financing to the sector.
- BAC – E&E is in negotiations to implement a program similar to what was accomplished at BDF. BAC is Nicaragua’s largest bank, and a new program of SME lending there would be a huge step for the country.
- IADB and World Bank – Both the Inter-American Development Bank (IADB) and the World Bank expressed strong interest (and considerable knowledge) of the anchor firm-SME model being use in the E&E project. Both organizations reported to the evaluation team that they had in place (IADB) or were considering (World Bank) significant financing for coffee value chain projects based on the anchor firm model. It would be prudent for USAID and CARANA to attempt to collaborate with these multi-lateral lenders.

### **CAFTA-DR and Policy Reform**

In light of the considerable successes and the economy-wide implications of the policy reform efforts undertaken via E&E, it would be wise to continue, to the extent possible, to support CARANA’s activities in this area, in a more focused effort, described as follows:

The CARANA/E&E work in the CAFTA-DR and general policy reform issue area is being undertaken essentially by one national employee (Didier Alemán). Sr. Alemán is uniquely qualified to oversee E&E’s policy work, owing to both his education and relevant experience, including significant work under USAID’s previous project, ProCAFTA.

The policy successes and strong working relationships among E&E, private sector enterprises and public sector institutions, however, are the result of more than just the work of one staff-person; they reflect the relationship between the project itself and the collaborating institutions. In that light, the evaluation team feels it is appropriate to continue to support Sr. Alemán’s work *within* the E&E project, instead of “parking” him inside a separate organization for the remaining life of the project.

It will be critical under a reduced budget scenario to focus the project’s activities, as well as Sr. Alemán’s efforts, on a few critical activities by collaborating with a limited number of institutions. In light of the need to consolidate the project’s activities within this component, the team recommends that to the extent possible, financial support to MARENA be curtailed. In addition, we would recommend ending assistance to the government entities ProCompetencia and ProNicaragua.

Policy reform efforts and support should be concentrated on the analysis, development and promotion work being done by FUNIDES and COSEP. In addition, the primary policy reform issue to be addressed in 2012 is passage of the “Law on Promotion of Exports” that is underway as the result of a concerted effort by private exporters led by EXCAN, supported by COSEP lobbying efforts. There are a number of additional laws and regulations already developed with assistance from the E&E project that are pending before the National Assembly that should be supported in

2012; support for those additional policy reforms will not likely require a large outlay of financial resources. Those pending policy initiatives include: law on financial leasing; general customs law; law on ports; general law on tourism; law on urban planning; law on recycling; coastal development law; and regulations to implement the invoice exchange law, the law on factoring, the law on franchising, and the law on electronic signature.

### **Human Capital Development**

The evaluation team feels the E&E project should continue its support of one workforce development activity, the youth-at-risk technical training program at Fundación Victoria, until the current class being supported by E&E completes its term at mid-year 2012. The evaluation team strongly feels that the E&E team should work with Fundación Victoria's management to develop a strategy for permanent (endowment) funding, most likely from an international foundation. A very small investment of project staff time could go a long way to ensuring the long-term financial stability of this successful and impressive program. This work could easily be picked up as part of project activities to improve access to SME finance.

## **ANNEXES**

## **ANNEX I**

### **SPECIFIC ANSWERS TO EVALUATION QUESTIONS**

## **SME and Value Chain Development (Anchor Firm Approach)**

E&E is currently working with fourteen anchor firms that link SMEs with markets for their products and commodities. These anchor firms provide the SMEs access to financing, technology, and organizational strengthening. The key to the success of this model is improved productivity and sustainable commercial relationships between the large and small firms.

Questions:

### **1. Are the anchor firms committed to E&E's principles and goals?**

The primary goal of the E&E project is to increase the competitiveness of Nicaragua's SMEs in order to generate economic growth. The main project objectives are job creation, increased sales, and exports. The E&E project achieves this goal by helping to incorporate small- and medium-scale enterprises into the value chains led by anchor firms. The anchor firms that lead the value chains depend greatly on small enterprises and/or farmers to supply the products that they process, market, and distribute. The primary goal of the anchor firms is profitability, which is driven by sales and exports, and at the same time is the driving force behind job creation. Consequently the principles and goals of the E&E project and the anchor firms are completely aligned, and the anchor firms are fully committed to them.

#### **a) *What have the anchor firms learned and gained from the experience of working with E&E?***

Through their association with the E&E project, some of the smaller anchor firms have acquired new technical and administrative skills that help them improve their business management capabilities. The greatest impact has been that anchor firms have been able to increase the volume of supplies available. In some cases, additional impact has been seen as marketing contacts, product design, and skills that most anchor firms and SMEs have gained through E&E project support. In other cases, particularly for the anchor firms Casa Mantica and RENISA, these firms have gained a greater awareness of the importance of their SME suppliers to their core business activities, and of their general well-being. This has led to better communications within the value chains, greater scheduling flexibility, and more efficient supply channels. In one case, notably for Chiles de Nicaragua, as a result of its association with the E&E project, the anchor firm gained a clear vision and formulated a strategy for out-grower production that allowed for accelerated growth in exports and profitability, well beyond what it had thought possible.

#### **b) *Are anchor firms committed to working with all the components of the value chain to make sure it is successful?***

The value chains, including all their components, serve the business interests of the respective anchor firms. The value chains are a key element of the business strategy of the respective anchor firm; they are not a separate, external activity or a separate entity. Since the value chains are key to the business strategy of the anchor firm, the anchor firms are committed to working with all the components of the value chain to make sure it is successful.

#### **c) *Why were activity resources dedicated for the implementation of this initiative; e.g., technical assistance and access to finance, if the anchor firm also saw a need and perceived an interest to invest in the value chains? When the activity/intervention (finance, TA) is no longer provided by the project will the value chain continue to grow or will it stagnate? Can the anchor firm provide these services on an on-going basis?***

The main impact of E&E project support to the anchor firms and their respective value chains has been to accelerate progress to accomplish the results achieved. Most anchor firms, particularly the smaller firms, have limited financial resources. The support provided by the E&E project allows the anchor firm to use its scarce resources to expand its operations into areas that otherwise would not be possible. For example, the E&E project provides technical assistance to the ASOGACA milk cooperative in San José de los Remates, which sells its milk to the anchor firm, Eskimo. The technical support provided by the E&E project permits the cooperative to expand or intensify the technical assistance that it provides, thereby accelerating the process of milk quality improvement and achieving higher selling prices. After the E&E project ends, ASOGACA will undoubtedly continue to provide technical assistance to its members. The effect of ending the technical assistance provided by E&E will be to slow the rate of growth of ASOGACA's production output. It is not likely to result in stagnation, nor in negative growth.

**2. What are the factors leading to greater than expected success or less than expected success? Include both internal and external factors affecting the development of anchor firms promoted by the activity. Success is measured (but not limited to) by income, sales (local and exports) and employment.**

Probably the greatest factor behind the greater than expected results achieved by the E&E project lies with the method of selecting the anchor firms and value chains with which the project is involved. Several of the anchor firms (e.g., Chiles de Nicaragua, Serviconsa, and Expronica) provide crop financing, and in some cases, investment financing to their growers. This is highly unusual in a commercial setting with out-growers. The E&E project managers have been extremely effective in selecting winning combinations of anchor firms, value chain products, and SME suppliers.

A second important factor is that although small in number, the E&E project staff is extremely adept at solving problems affecting the value chains. For example, in late 2011 due to miscommunications between the anchor firm Vegyfruit and its Guatemalan buyer for mini-vegetables, a duplication of production acreage occurred between the two countries that together, oversupplied the market. Consequently, vegetable purchases from the small producers supplying Vegyfruit had to be curtailed in mid-season. The E&E production staff provided the leadership to forge a settlement under difficult circumstances between all the affected parties that was fair and reasonable, and most importantly, did not result in financial losses to the small farmers.

Another example is the response by E&E project staff to the politically-motivated "no-pago" movement in 2008 – 2009 whereby many rural borrowers refused to repay outstanding loans from commercial banks and micro-finance institutions. This external shock has substantially affected the availability of rural credit. Despite these difficulties, project staff has worked effectively with financial institutions to support SME credit, with highly positive results.

**3. E&E is a dynamic undertaking that has aggressively pursued the development of value chains and anchor firms. A question arises whether it should take on additional value chains/anchor firms or devote the balance the activity's resources to the strengthening the current roster of value chains/anchor firms?**

For maximum impact, the project should "graduate" those anchor firms and value chains that have achieved a sufficient degree of stability and sustainability where they can fully operate without continued support from E&E. The funds made available by the "graduation" could be used to support new anchor firms and value chains.

For example, E&E recently declared the supermarket supply value chain headed by Casa Mantica to be sustainable, which means that its support to this anchor firm, and its SMEs, is ending. Furthermore, in 2011 the project management team decided against incorporating Hidropónica de Nicaragua (HDN) into the program due to its projected slow progress toward incorporating small farmers as greenhouse vegetable producers affiliated with the company. Also in 2011, the E&E project ended its support to the RENISA anchor firm, with its micro-entrepreneur trash collectors. The resources that have become available by not continuing project activities with these three companies could likely be used to establish new value chain initiatives. Three possible value chains that could be led by anchor firms that appear to the evaluation team to be especially promising are 1) NicaCentro milk cooperative in Matiguás, linked to the Parmalat dairy processor, 2) the Sucarne beef cattle fattening and processing company, linked to cattle farmers, and 3) the specialty coffee cooperative known as SOPPEXCCA in Jinotega.

**4. What is the current performance of the individual activities in terms of sales and employment and are sponsored activities sustainable over the long-term?**

The current performance of value chain activities in terms of sales and employment is shown by the following table.

Table 1: Achievement of Primary PMP Targets				
Indicator	Actual 09/30/2011	Target 09/30/2011	Projected LOP Results 08/16/2013	Target LOP Results 08/16/2013
Jobs Created	2,737	2,000	5,190	3,700
Local Sales	\$3,600,000	\$3,000,000	\$32,500,000	\$6,000,000
Export Sales	\$9,200,000	\$6,000,000		\$13,000,000
Access to Finance	\$8,600,000	\$8,000,000	\$37,800,000	\$15,000,000
Funds Leveraged	\$4,300,000	\$5,000,000		\$11,000,000
No. SMEs Assisted	1,210	700	N/A	1,000
Source: E&E project staff				

**Sustainability:**

As previously noted, the product value chains embody the anchor firm’s business strategy to out-source at least part of its production requirements from external suppliers, including small- and medium-scale companies, individuals, and cooperative organizations. These diverse groups and individuals work throughout the value chains as suppliers to the anchor firm. As long as the business transactions along the length of the value chain are profitable to the participants and are considered fair and just to the different parties, the value chain is sustainable. In the event that the value chain becomes unprofitable for an extended period, or if one or more participants perceive that the business relationship with another member has become exploitative, then the value chain becomes unstable and consequently, it is unsustainable. Presently, all the E&E-supported value chains appear to be **sustainable**.

*a) To the extent that the continued success of the project is dependent upon the provision of government services such as new seed varieties or the availability of production credit through commercial banks or microfinance institutions without the support of the contractor services, does it appear that these services will be available?*

Government services:

The government services upon which the anchor firms and value chains are most dependent are export documentation such as sanitary and phytosanitary certificates (SPS), and certificates of origin (CO). Certification of Nicaragua businesses for international standards such as HACCP, ISO, GMP and GAP are carried out by designated international organizations. Since government certification of the health of plant and animal products as well as their source and origin are requirements for export, and exports are a source of foreign exchange to the country, the likelihood that government would refuse to issue these export certificates without cause appears remote.

The Instituto Nicaraguense de Tecnología Agropecuaria (INTA) is responsible for seed variety testing, and Seed Directorate of the Ministry of Agriculture, Livestock, and Forestry (DGS/MAG-FOR) supervises seed production operations in the field. While these government agencies are institutionally weak and underfunded, there is an expanding private seed industry in Nicaragua that is filling the gap in the shortfall in government services. While the government may not be an effective partner for spearheading new seed varieties in Nicaragua, at least it does not constitute an obstacle to development. None of the value chains have experienced problems with seed availability. Improved hybrids can be imported into Nicaragua under license, and there is a thriving private industry for seed multiplication. For example, the evaluation team visited a private farmer who was producing certified sesame seed under contract with Exponica. The farmer operates freely, and his only interaction with government is that DGS inspectors visit periodically to inspect his farm (at the farmer's expense).

Many anchor farms provide seed to their out-growers, for greater productivity and greater assurance of the final quality of the crop produced. For example, Exponica has access to different varieties of improved seed, which it provides to its contract farmers. Chiles de Nicaragua provides pepper seedlings to all its small producers. Technoagro has introduced new cassava varieties into the country from Colombia, in close collaboration with INTA. The evaluation team is unaware of any problems experienced by the anchor firms to gain access to improved seed for their crops.

In sum, the lack of government services to facilitate new seed varieties does not appear to be a problem in Nicaragua.

Credit availability:

The E&E project has worked extensively to make it easier for small farmers and micro- and small, medium enterprises to obtain production credit for their crops and production processes. A summary of these activities is as follows:

- E&E assisted the Banco de Finanzas (BDF) to create its SME lending program, and to develop financial “products” for SMEs in tourism and agribusiness. It also trained 30 bank managers in the analysis of SME financial statements, and 578 BDF clients that account for nearly half of its SME portfolio, in cash flow management and inventory control.
- E&E supports the Local Development Fund (FDL) and its NGO partner for technical assistance, Nitlapan, for small farmer credit initiatives at ten FDL branch offices in northern Nicaragua. E&E partially funds the cost of providing technical assistance to small farmers who are FDL clients.

- E&E assisted SINRIESGOS, a credit risk assessment company, to develop a credit scoring tool to help SME lenders make better lending decisions

As reflected by these activities, the E&E project has done a good job of helping to educate banks and SME borrowers alike to better understand the other party’s financial requirements and their differences in finalizing loan transactions. The project’s work has been fully assimilated into Nicaragua’s financial services sector. However, without the continued support of the E&E project for SME finance the momentum that has developed through its activities during the past 2-1/2 years would be quickly lost. However, this does not mean that without the contractor services provided through the E&E project, the availability of SME credit would immediately disappear from the value chains that are presently supported by the project. The anchor firms that now provide crop financing to their out-growers would undoubtedly continue to do so. FDL, with Nitlapan support, would continue to provide micro-finance to small producers. BDF will continue to expand its SME loan portfolio. Input credit will continue to be available to growers in limited amounts from input suppliers. Some innovative credit agreements might evolve as well, such as a tripartite agreement between banks, anchor firms and farmers, whereby the anchor firm borrows from the bank to provide agricultural inputs to small farmers, and retains the amount of funds owed by the farmer from payments for crop purchases. In other words, without the E&E project, some SME credit would continue to be available, as it has been in the past. However, credit would continue to be a major constraint to SMEs, with little possibility for improvement.

Table 2: SME Credit Facilitation As of December 31, 2011

Credit Provider	Credit Amount (US \$000)	No. of Beneficiaries	Average Loan Amount (US \$)	Comments
FDL	\$1,200	736	\$1,630	Las Segovias region
BDF	\$4,200	699	\$5,116	National coverage
Anchor Firms	\$4,400	860	\$6,009	Serviconsa, Casa Mantica, Chiles, and Expornica
Total	9,800	2295	4,270	

**5. To what extent is the success of an activity due to the continuing presence and support of the contractor? What do the anchor firms see as its major contribution?**

During the past 2-1/2 years, the E&E project has done a considerable amount of work to help strengthen the different value chains with which it has been involved. Should the E&E project be suspended, these considerable efforts would not be lost. The results have been incorporated into the value chains. The cost of a hypothetical project suspension would essentially be an opportunity cost, that is, the value of the project benefits that would be foregone should the project be terminated.

The following table is based on the evaluation team’s interviews with the thirteen anchor firms the E&E project has assisted since its beginning. These are the major contributions the anchor firms state that they have received from the E&E project.

**Table 3: Anchor Firm Perceptions of Major Contributions by the E&E Project**

Anchor Firm	Major contribution by E&E	Anchor Firm	Major contribution by E&E
Calzado Alex	Trade fairs, sales events, product design	Grupos Raices (Handicrafts)	Trade fairs, sales events, product design
Chiles de Nicaragua (Tabasco pepper paste)	Develop out-grower program; expand small farmer supply base; encourage expansion	Tecnoagro (Fresh root crops)	Increase product supplies through outgrowers
Vegyfruit (Fresh vegetables)	US market linkage; export sales	Ingemann (honey)	Increased honey production by new hives; processing equipment
Eskimo (Milk)	Technology to increase production and quality	Simplemente Madera	Outsource wood products to be manufactured by SMEs for greater flexibility
RENISA (Recycled waste)	Improved relationships with suppliers; legal framework	Serviconsa (Shrimp)	Increased shrimp production from cooperatives
Casa Mantica (Supermarket)	Technical support for product improvement; market access	Expornica (Sesame)	Expand supply base through small farmers
Exprosur	Market linkage with US foods company; production technology package for increased fruit production and export quality		

### **SME and Value Chain Development (Assistance to Business Service Providers)**

E&E is working with six business service providers (BSPs) to enhance their effectiveness and sustainability. The contractor provides these organizations technical assistance and organizational strengthening to help them identify market opportunities and develop service packages responsive to the enterprise development needs of SMEs.

Questions:

***1. Does the anchor firm or any members of the value chain use the services available through the BSPs and supported by E&E? Are the business services financed by this activity being used?***

As described in the text of the report, the E&E project interventions to support business service providers (BSPs) were composed of the following activities:

1. APEN – the E&E project provided financial support to establish its export office and business training center; export training classes; workshop for certification of manufacturing practices and food safety
2. CADIN – the E&E project provided a matching grant for MSME training for strengthening management practices and business planning
3. CEI – the E&E project provided financial support for exporter participation in trade fairs; training in export process; coaching on fair attendance
4. INDE – the E&E project provided partial funding to create a database and search engine for BDS consultants

5. UNIRSE – the E&E project provided matching grant funding for MSME training in corporate social responsibility
6. CANATUR the E&E project co-financed CANATUR initiatives to establish 12 tourist destination “products” in Nicaragua, improve tourism laws, and produce a study on a new medical tourism industry.

As shown above, many of these have been, in general, single events or services, organized around a specific task. The E&E project intervention was normally limited to providing funds, and in some cases, technical services to help complete the activity carried out by the service provider. Naturally, the financial support helped the service provider to undertake additional programs and activities that otherwise would not have been possible.

Since these activities were organized by the BSPs with some support from E&E, they were made available to SMEs in general, and were not provided exclusively to anchor firms and MSMEs within E&E-supported value chains. Furthermore, since these were normally solitary events, there has not been a continuation of BSP services provided to the anchor firms and MSMEs within the E&E-supported value chains, as implied by the above question.

In some cases, there have been observable residual benefits from the intervention. For example, contacts made at the international trade fairs have resulted in lasting relationships between Nicaraguan exporters of handicrafts, leather goods, and horticultural products with foreign buyers.

After two years of project implementation experience, the E&E staff is focusing project activities in this area on support to APEN (certification training), CEI (trade fairs and market linkages), and CANATUR (tourism promotion and regulations).

**a) *Is the anchor firm or members of the value chain satisfied with the quality of the services?***

Based on the team’s interviews with the anchor firms that participated in these events, they were generally satisfied with the results achieved. Those who attended the trade fairs were enthusiastic about the results.

**b) *Would the anchor firm or members of the value chain be willing to pay for these services?***

The willingness of the value chain members to pay for services such as those described above would depend on the recipient’s perception of the direct benefit obtained from the service provided. Those attending the international trade fairs would be willing to pay some, if not all of their cost of attendance, as they did for the fairs they attended with E&E support. In other cases where there is little direct benefit to value chain members such as the work carried out by INDE to create a search engine and data base for BSP consultants, it is unlikely that MSMEs would be willing to pay for this effort.

**c) *Has E&E’s sponsorship of BSPs participation in overseas trade fairs been a good use of resources?***

Yes, the support provided by E&E for CEI’s sponsorship of the participation by value chain members in overseas trade fairs has been an effective use of resources. Those attending the fairs have been made aware of export dynamics, opportunities, pitfalls, and export market requirements. The owner of one of the SMEs that exports leather fashion accessories to markets overseas told the evaluation team that the knowledge and contacts gained from attending a single trade show was “like getting a masters’ degree in international marketing” for her products.

**CAFTA-DR Implementation and Policy Reform /Operations Research**

E&E is the activity USAID uses to assist Nicaragua to capture the benefits of CAFTA-DR and comply with its provisions.

Questions:

### **1. What has been the effectiveness of E&E's support to CAFTA-DR?**

In the short term, it is difficult to assess E&E's "effectiveness" in supporting Nicaragua's compliance and accrued benefits under CAFTA-DR. If effectiveness implies an increased awareness of the potential benefits from increased trade among the signatories to CAFTA-DR, then it seems that E&E has done an admirable job in the promotion of the benefits of Nicaragua's participation in CAFTA-DR, as well as identifying the country's shortcomings in full implementation of the agreement. E&E's work with various public and private sector agencies has produced useful analyses and the identification of additional work that needs to be done by the GON to comply with its commitments under CAFTA-DR in the critical areas of: (1) intellectual property; (2) customs management; (3) implementation of plant phyto-sanitary measures; and (4) improving market access.

In the case of E&E's work with MARENA toward implementation of Nicaragua's Environmental Cooperation Agreement (ECA) under the CAFTA-DR, the project has accomplished specific and important short-term goals through its work to strengthen and certify four environmental laboratories and the accreditation system in the country. In addition, E&E has done important work with Nicaragua's National Office of Accreditation (ONA), getting the ONA to the brink of ISO17011 certification.

Most importantly, E&E has proved to be a critical missing link among private sector associations and government institutions in analyzing and discussing CAFTA-DR and working to resolve those issues that are constraints to more complete implementation of the agreement.

In its policy reform work in general, E&E has played an important role in bringing private sector companies and associations together with public sector institutions in constructive dialogue. The work has resulted in a number of important commercial laws being passed and regulations adopted with the assistance of the E&E project. Among these are the following:

- Law of public sector administrative contracts;
- Law on factoring;
- Law on invoice exchange;
- Law on franchising;
- Law on microfinance associations;
- Reforms and additions to the law on the promotion of competition;
- Regulations related to the law public sector administrative contracts.

**a) *Why is the project advancing this work and not the private sector?***

The private sector in Nicaragua is certainly involved in advancing the work of full implementation of CAFTA-DR in Nicaragua. As mentioned above, the E&E project has served as a catalyst in bringing private sector and public institutions together. CAFTA-DR is an agreement made by the Government of Nicaragua and implemented by public institutions; therefore, both the public and private sectors must be involved in implementing the agreement, as well as analyzing the GON's shortcomings for its full implementation, and for developing solutions to those shortcomings. Therefore, USAID, through the E&E project is helping to bridge the gap between the public and private sectors.

With respect to other policy reform work to improve the SME enabling environment, some companies and private sector institutions, especially COSEP, AmCham, and FUNIDES, are actively involved in these activities, and will undoubtedly continue to do so after the E&E project ends.

**b) *Why has USAID borne a disproportionate role in this matter and who will pick up this work when the activity concludes?***

CAFTA-DR is the first U.S. trade agreement that includes a trade capacity building component that commits the United States to providing the six signatory countries with technical assistance and training. U.S. trade capacity building programs are required to provide training to enhance two-way trade by addressing issues (such as those mentioned above) that hinder full implementation of the agreement, which is being supported in Nicaragua by USAID.

It appears to the evaluation team that sufficient groundwork has been laid with various private sector organizations (particularly COSEP) and with several public institutions (specifically MARENA, ProCompetencia and ProNicaragua) so that when the E&E activity concludes, these organizations will continue to support Nicaragua's compliance with its commitments under CAFTA-DR.

As to other policy reform activities related to SMEs, a number of organizations including COSEP, AmCham, and FUNIDES, are actively involved these activities and will continue their work after the E&E project ends. In addition, two public sector institutions should be recognized as having done important and useful policy work for the benefit of SMEs: ProNicaragua has supported the promotion of exports and investments in Nicaragua, and ProCompetencia is doing important work on competition policy.

## **Human Capital Development**

E&E is implementing four training activities to improve the productivity and competitiveness of the Nicaraguan SME workforce. This work is based on E&E's recognition that a well-trained work force is essential to Nicaragua growing and prospering in a world that is globalizing.

Questions:

**1. What has been the efficacy of those initiatives implemented under E&E's human capital development component?**

Education, along with developing a more effective workforce is an essential element for a society's development. Improving education in Nicaragua, in the general sense, is beyond E&E's mandate, however, the program has invested in workforce development and other training initiatives that helps create a workforce better prepared to support competitive enterprises.

E&E's human capital development strategy is focused on: 1) SME business training; and 2) workforce development, including at-risk youth.

The evaluation team has reviewed six separate activities under E&E’s Human Capital Development initiatives:

**BDF/ProCredit** – specialized training (held at Thomas More University) for SME leaders on cash and inventory management; the training has helped them implement better financial controls within their businesses and made them better lending prospects.

**Fundación Victoria** – implements a two-year workforce development programs in *Business Administration with an Emphasis on Marketing and Sales*, and *Industrial Maintenance*. E&E supported 100 students who had no other options for higher education in this mid-level vocational-technical program.

**Cisco Institute/Thomas More University** -- E&E’s alliance with Cisco Institute and Thomas More University aims to promote entrepreneurship among SME leaders, improving their educational background while utilizing innovative teaching methods. The entrepreneurship program offers a basic program of three training courses on how to create a business, how to make a business grow, and how to use advanced technology to make a business grow more quickly.

**CEI-UNICA** -- developed a six-month Export Management postgraduate course for 20 current E&E counterparts and grant/scholarship recipients focused on international business and trade, business administration, local commercial legislations, exporting policies and procedures, processes for increasing productivity levels, optimization of resources, and market niche identification.

**UCA** -- development and delivery of a one-year training course called “Comprehensive Business Management Systems” for business consultants that specialize in providing services to SMEs. It also developed a first-of-its-kind consultant certification process.

**UPOLI** – a business management training program developed specially for members of the “La Bendición” cooperative of Nagarote: members of this cooperative specialize in backpack production. The four-month training program for co-op members addressed: company identity & branding; computer use; process manufacturing & quality control; design; screen printing; business administration including accounting & costing; marketing; and association development. This is a model for delivering much-needed basic business administration training to MSMEs, and should be considered by USAID as a good example for future interventions.

The evaluators feel that all six activities have been successful, and have achieved good results from relatively small E&E project investments. A total of \$198,464 has been invested by the E&E project in these six activities, with \$170,053 provided by the host institutions and training participants. A total of 866 people have received intense, high-level and high-impact training (in the evaluators’ opinions) at an average cost to the project of \$229 per participant.

Subproject	Gender		Total No. of Participants	Total Cost (US \$)	E&E Investment (US \$)
	Male	Female			
BDF/ProCredit	347	261	608	\$63,680	\$34,880
Fundación Victoria	67	33	100	\$214,358	\$107,179
Cisco/Thomas More	43	36	79	\$34,674	\$23,616
CEI-UNICA	10	9	19	\$24,000	\$9,600

UCA	25	15	40	\$14,225	\$9,125
UPOLI	6	14	20	\$17,580	\$14,064
Total	498	368	866	\$368,517	\$198,464

## 2. Does E&E devote sufficient resources to this component?

The evaluation team feels strongly that more resources need to be committed to the types of practical business and entrepreneurship training at the firm level that the E&E project has been supporting, and that Nicaraguan employers are seeking.

A report commissioned by E&E and carried out by SNV analyzed employer demand for employee skill-sets in four sectors: agribusiness, light manufacturing, shoe and leather manufacturing, and tourism. Among the highlights of the study were that Nicaraguan manufacturers are struggling to fill technical positions, and if they could find qualified candidates in the leading 35 skill-sets, they would hire 5,400 new employees in the short term, and an additional 3,000 employees in the medium term. As a result of the study, E&E has additional data to support the development and implementation of a demand-driven training and workforce development program that responds to the deficiencies in key areas of the Nicaraguan workforce.

Given the shortage of skilled labor and obvious market demands for employees, the evaluation team recommends that the E&E project provides additional resources for a follow-on, two-year training program for young people at Fundación Victoria. This program gives youth with little or no opportunity for secondary education an opportunity to learn highly-marketable, mid-level technical skills in three areas: business administration, industrial maintenance, and starting with the 2012 program, industrial electronics. The team also feels that the E&E project could have a long-term impact by assisting the Foundation to secure permanent funding in the form of an endowment.

## 3. What has been the participation of women (gender impact) in E&E activities?

- Of the 866 participants in E&E human capital development training, 368 (42%) were women.
- E&E has supported a total of 1,702 SMEs, of which 618 (36%) were led by women.
- In its alliance with the Fondo de Desarrollo Local (FDL), E&E has facilitated \$454,000 in financing for 306 female producers in Las Segovias to increase their coffee and milk production, and has facilitated \$685,000 in BDF loans granted by to 262 female entrepreneurs.

Despite not being designed to address gender concerns, the E&E project has made considerable efforts to provide assistance to women-led cooperatives and organization, including access to credit. It has also contributed to their development by providing them with business and technical training.

## **General**

### **1. What are the perspectives for other impact activities under E&E?**

#### **Value Chains and SMEs**

The evaluation team assessed several additional value chain projects that have been identified by E&E staff as having high potential impact in Nicaragua:

NicaCentro dairy cooperative: this is a strong cooperative located in Matiguas, Matagalpa with about 500 dairy producers that is intent on improving milk quality and quantity from its members. The evaluation team feels an investment in NicaCentro (especially in milk collection & storage, along with TA) would result in significantly increased milk production and incomes in this area of northern Nicaragua.

Sucarne beef company – Sucarne is a Mexican cattle producer and beef processor that seeks to expand its investments in Nicaragua, and needs more feeder cattle to fatten in its feed-yards. The evaluation team feels that an alignment between the E&E project and this firm would provide opportunities for small cattle producers in Nicaragua.

Coffee – a continuing, strong international demand for specialty coffees (particularly shade coffee, Rainforest Friendly, and Fair Trade) has given rise to economic opportunities for small-scale coffee producers in northern Nicaragua. The E&E project is already working with small-scale coffee growers financed through the micro-credit institution, FDL, with technical assistance provided by Nitlapan. These small farmers market their coffee through cooperatives such as “20 de abril” and UCA (Union de Cooperativas Agropecuarias), and other exporters. ACEN (the Association of Specialty Coffees of Nicaragua) has expressed an interest in working with E&E to expand its specialty coffee production. The Inter-American Development Bank (IADB) has approached E&E about providing a line of credit that would be provided to Banco Produzcamos (a public sector bank) to finance small-scale coffee producers aligned with Atlantis Exports, with E&E organizing the producers and providing technical assistance.

Cacao – this is a value chain with tremendous potential in northern and northeast Nicaragua. In light of the strong international demand for the commodity, the evaluation team believes that a value chain intervention similar to the proposed coffee value chain could positively impact a large number of small cacao producers.

Soybeans – during the evaluation, the team learned that a considerable number of grain warehouses and collection centers in the Somotillo area of Chinandega that were constructed by previous development projects are unused. A potential value chain project has recently emerged that would provide an opportunity to sesame growers in Somotillo to incorporate a soybean crop within their crop rotation pattern, to supply the sesame anchor firm, Exponica. The Somotillo sesame growers could produce soybeans for Exponica and use the idle facilities for the collection and storage of the soybean crop. Poultry and livestock producers in Nicaragua including Cargill (poultry) and Sucarne (cattle) have indicated interest in supporting the expansion of national soybean production, thereby replacing some of the soybean and soybean meal imports that are used for the production of livestock and poultry feed.

Food security – in northern Nicaragua, the evaluation team noted a striking lack of home vegetable gardens, small ruminants and even poultry production. The team believes that an anchor firm model focused on basic grains (corn and beans) with additional emphasis on home food production (vegetables, poultry, small ruminants) could have a large impact on food security and adequate

nutrition in this region. The anchor firm model could link small producers of food grains to marketing cooperatives and other types of farmer-based organizations with access to drying and storage facilities as well as local and regional markets.

### **Policy Support**

The evaluation team feels that the biggest impact in the policy arena could come from the support and passage of the “Export Products Promotion Law”, to be presented to the National Assembly by COSEP in early 2012. Many private stakeholders believe this is the most important policy initiative that will be addressed by Nicaraguans this year. For several months, the E&E project has been intimately tied to the development and promotion of this law, working closely with a group of export associations. This initiative is led by EXCAN, the Association of Nicaraguan Coffee Exporters, and is supported by COSEP. With the technical and strategic support of E&E, a cooperation model was devised to change public policy by creating consensus and building coalitions between the private and public sectors around a single policy initiative.

### **Human Capital Development**

As described earlier, the evaluation team feels that additional investment by the E&E project in the Fundación Victoria youth technical training program would provide a significant impact. This would benefit the young people who participate in the program as well as their potential employers who are searching for qualified, well-trained workers in many sectors of the Nicaraguan economy.

### **Questions Related to Management and Staffing Issues**

It will also be of interest to USAID to know if the staff recruited and placed by CARANA is adequate, in terms of numbers and technical expertise, to achieve the activity’s objectives, whether that staff is responding proactively and creatively to constraints and unanticipated circumstances, and whether its relationships with the Government of Nicaragua and the country’s private sector are developing as planned.

#### **1. Are the staff and consultants recruited and placed by CARANA adequate to achieve the activity’s objectives?**

The evaluation team believes that the Carana E&E team is highly-qualified, deeply committed, hard-working and flexible. Over the six weeks of the E&E mid-term evaluation, the evaluators had virtually unlimited access to the E&E staff, and observed them on numerous occasions in the office, at meetings in Managua, and in the field interacting with project beneficiaries. The evaluation team came to the unanimous conclusion that the Carana team is more than adequate to achieve the E&E project’s objectives, which can be confirmed by the achievement of project indicators.

The evaluation team also met several E&E project consultants in the field that provide technical support to SMEs and small producers. The team found them to be highly qualified and committed as well. Also, the Colombian consultants who were hired by the project to improve footwear design, to introduce new cassava varieties, and the legal specialists brought to Nicaragua to design an arbitration/mediation product for SMEs have had a notable impact on project beneficiaries.

In terms of the experience and qualifications of the Carana E&E team, please refer to the following summary table:

**Table 5: SUMMARY OF KEY STAFF QUALIFICATIONS  
ENTERPRISE AND EMPLOYMENT PROJECT**

Name	Position	Education	Experience and Qualifications
Danilo Cruz-DePaula	Chief of Party	MBA, Wharton School, Univ. of Pennsylvania; MA, International Relations, Johns Hopkins/SAIS, Washington, DC	Chief of Party, USAID projects in Azerbaijan (Private Sector Competitiveness Program) and the Dominican Republic (Competitiveness & Policy Program); Investment Banker, EuroAmerica Capital Corp. - Hungary; Sr. Trade Negotiator, USTR - Washington, DC; US Foreign Service Officer, USAID - Washington, DC
Ryan Bathrick	Technical Coordinator	MS, Agribusiness, Texas A&M	Trade Specialist, MCA Value Chain Project, Chemonics - Nicaragua; Project Coordinator, Agribusiness Competitiveness Project - El Salvador; Market Researcher, Andean Tuber Crop Marketing Project - Peru
Didier Aleman	Policy Specialist	JD, Catholic Univ, Managua; MS Law, Univ. of Chile	Sr. Legal Specialist, PROCAFTA Project - Nicaragua; Chief of Trade Dept., MIFIC - Nicaragua; Commercial Attaché, Permanent Mission of Nicaragua, WTO - Geneva
Pedro Blandon	Value Chain Specialist	BS, Industrial Engineering, Univ. California, Berkeley	Head, Value Chain & Technology Innovation, APEN - Nicaragua; National Project Coordinator, "Formulation of Nicaragua's Industrial Policy", UNDP - Nicaragua; Vice Minister, External Cooperation - Nicaragua
Alfredo Mayorga	Value Chain Specialist	MS, Business Administration, INCAE, Costa Rica	Head, Cattle Development Project, MCA/TechnoServe - Nicaragua; Head, Dairy Sector Projects, TechnoServe - Nicaragua; General Director, Agroindustrias Cafetaleras del Norte - Nicaragua
Mario Farias	Value Chain Specialist	Industrial Engineering, UCA, Nicaragua; MS Project Mgmt., UAM, Nicaragua	Team Member, PROCAFTA, Tourism Investment Program - Nicaragua; Cluster Officer, World Bank Competitiveness & Development Project, MIFIC - Nicaragua; National Tourist Center Coordinator & Vice Minister Advisor, Tourist Ministry - Nicaragua
Miriam Cuadra	Value Chain Specialist	MBA, UCA, Managua; MS Economics, UNAN, Nicaragua	V.P., SME Credit, Banco de Finanzas - Nicaragua; Microfinance Specialist, World Bank Rural Electrification Project (PERZA) - Nicaragua; Regional Manager, Micro-finance Institution ACODEP - Nicaragua
Milton Gomez	M&E Coordinator	MBA, INCAE, Managua; Chemical Industrial Engineer, UCA, Managua, Nicaragua	Sr. Operations Manager, Global Development Enterprises - Ottawa, Canada; Operations Manager, National Cement Company - Nicaragua; General Manager, H.B. Fuller Nicaragua - Managua
Maria Chamorro	Grants &	MBA, ITESM, Monterrey,	Administrative Assistant, Weidemann

Table 5: SUMMARY OF KEY STAFF QUALIFICATIONS ENTERPRISE AND EMPLOYMENT PROJECT			
Name	Position	Education	Experience and Qualifications
	Contracts Mgr.	Mexico; BA, Immaculata College, Philadelphia, PA	Associates - Arlington, VA; Financial Advisor, Internacional & Consultoria - Managua; Marketing Manager, Suplidora Centroamericana - Managua
Marcela Guerra	Ops & Logistics Manager	BA, Business Admin./Marketing, UCA, Managua, Nicaragua	Marketing & Sales Manager, Sigma Alimentos - Nicaragua; Office Manager & PR Coordinator, DR-CAFTA Support Project, FMI - Nicaragua; Administrative Assistant, Partnership for Food Industry Development Project, Michigan State University - Nicaragua
Mercedes Leal	Accountant	Business Admin., UPOLI, Managua, Nicaragua	Admin & Financial Assistant, Partnership for Food Industry Development Project, Michigan State University - Nicaragua; Assistant to COP, Co-Management of Protected Areas Project (COMAP) - Nicaragua; Secretary for Hurricane Mitch Reconstruction Office, USAID - Managua

### Project results

As shown by the table presented in response to question 4, above, the E&E project staff has been quite successful in achieving or surpassing all project primary targets as of September 30, 2011. In only one category – Funds Leveraged – is the project slightly (14%) below its targeted amount.

### 2. Is the staff responding proactively and creatively to constraints and unanticipated circumstances?

We believe the Carana E&E staff has shown great flexibility and creativity in its work. The team is quite effective, especially in light of the significant obstacles, both economic and political, that Nicaraguan anchor firms, SMEs, business service providers, and producers face in their day-to-day businesses.

As pointed out earlier, the E&E staff has demonstrated great flexibility and creativity in resolving unexpected difficulties, such as those arising with the Vegyfruit anchor firm after it had to suspend its purchases from its mini-vegetable growers.

### 3. Are the staff's relationships with the Government of Nicaragua and the country's private sector developing as planned?

An important part of the E&E project work, related to CAFTA-DR and policy reform issues, is to develop positive working relationships and trust with public sector institutions and private sector businesses. The team feels this has been accomplished and is evidenced by the progress made in developing, promoting and passing numerous laws and regulations related to the implementation of CAFTA-DR, and to other needed policy reforms for the benefit of SMEs (see examples above).

Several members of the E&E project staff have previously worked with the Nicaraguan government. Their collective experience has greatly contributed to the success of bringing public and private sector stakeholders together to advance the legislative agenda.

**4. The approach currently being used is to provide technical assistance to the anchor firms/value chains is by hiring consultants (level of effort) on their behalf. At some point should the anchor firms assume an increase share of the costs incurred providing that technical assistance with a view to graduation?**

Yes, as described earlier, graduation of anchor firms should definitely be (and is) included in the E&E strategy.

The evaluation team characterizes the efforts of the E&E project in providing technical assistance to the anchor firms and SMEs as that of a catalyst, which brings various players together and injects energy and momentum into the value chain relationships and business activity. When the anchor firms and other value chain participants see value in the contributions of consultants, trainers, or others, they are ready to assume the cost of those interventions.

The evaluation team believes that the anchor firms should progressively assume a greater share of the costs of support activities being contributed by E&E.

## **ANNEX II**

### **NICARAGUA TRADE STATISTICS**

Table 1: US - Nicaragua Trade Summary		
Year	Nicaraguan exports to US (US\$000)	Nicaraguan imports from US (US\$000)
2011	2,604,000	1,053,000
2010	2,007,000	981,000
2009	1,612,000	715,000
2008	1,704,000	1,094,000
2007	1,603,000	890,000
2006	1,526,000	751,000
2005	1,180,000	625,000
2004	990,000	592,000

Source: US Census Bureau

Table 2: Nicaragua Exports to the World, 2010 and 2011			
Product exported	2011 (US \$Million)	2010 (US \$Million)	2011 vs 2010 (% change)
Beef and related products	496.9	356.2	40
Coffee	453.8	365.7	24
Gold	364.1	222.1	64
Textiles – <i>zona franca</i>	305.4	268.0	14
Sugar	157.7	132.1	19
Milk, cheese and products	137.0	135.7	1
Cigars – <i>zona franca</i>	126.5	100	27
Peanuts	96.3	62.3	55
Shrimp	81.6	74.1	10
Electronics – <i>zona franca</i>	50.0	47.0	10
Lobster	47.0	40.9	15
Fats and oils	41.8	38.0	10
Tobacco (leaf and products)	35.6	35.1	1
Beans	30.4	60.4	-50
Rum and alcoholic beverages	30.3	30.2	0.1

Source: Cámara de Industrias de Nicaragua (CADIN)

**ANNEX III**

**EVALUATION WORK CALENDAR  
AS OF FEBRUARY 29, 2012**

January 2012

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1  New Year's Day	2	3	4 Desk review  Home	5 Desk review  Home	6 Desk review  Home	7 Desk review  Home
8	9 Desk review  Home	10 Desk review  Home	11 Consultants travel; internal team meeting  Travel to Nicaragua	12 Meeting with USAID; meeting with Carana E&E Project team  Managua	13 Meeting with Carana E&E Project team  Managua	14 Work planning & scheduling  Managua
15	16 Planning meetings with Carana staff - Managua  Managua MLK Jr. Day	17 09:00 meeting Grupo Raices P. Guerrero; N. Cuevas; Masaya – 4 talleres; 15:00 Swiss Contact; 16:30 Mario Farias, E&E  Managua	18 09:00 Kuero Km 10.5; 14:30 TecnoAgro 16:30 Simplemente Madera  Managua	19 06:30 Depart; 07:30 T. Germannya; 10:00 F. Brenes Tecnoagro; 12:00 D Zapata Expornica; 15:00 Fundación Lider; 17:00 yuca farm  Leon	20 09:00 Meet USAID; E&E at Pescanova Camanica plant; visit Servicons shrimp farms; shrimp coops; laboratory  Leon	21 08:30 visit Expornica sesame farmers Somotillo w/Juan Fernanda Real/F. Lider; return to Managua  Managua
<u>22</u>  Managua	<u>23</u> 08:00 Delinica; 09:30 Secretos de Mamá; 11:00 Casa Mantica; 14:00 Eskimo; 16:00 Futec  Managua	<u>24</u> 08:00 FUNIDES, Inter-Cont.; 11:00 Ingemann Km 45.5; 15:00 CEI; 15:00 uniRSE (separately) 16:30 BDF - R. Pérez  Managua	<u>25</u> 08:00 Didier Aleman, Carana; 10:00 M. Brenes FDL; 14:00 Juan Carlos Amador; CADIN; 16:00 Luis Humbero Guzman.ProCompetencia  Managua	<u>26</u> 8:30 Chiles de Nicaragua y visita Planta de Chiles en Tipitapa 14:00 Cisco/Thomas More Univ.  Managua	<u>27</u> 07:45 Vegyfruit; travel to Granada; 10:30 CANCUNIC; 12:00 Alex; afternoon: Pymes de Alex – sleep in Granada  Granada	<u>28</u> 07:00 meet Mario F. 09:00 D'La Granja EXPROSUR/Rivas gerente y productores sleep in San Juan del Sur  Granada-Rivas-San Juan del Sur
<u>29</u> 11:00 Meet Ingemann honey producers from Omotepe in Rivas; return to Managua  Managua	<u>30</u> 08:30 meeting with Juan Manuel Sánchez APEN and OFEX 13:30 CANATUR  Managua	<u>31</u> 08:30 MARENA 11:00 XCAN 14:00 RENISA y PyMEs  Managua				

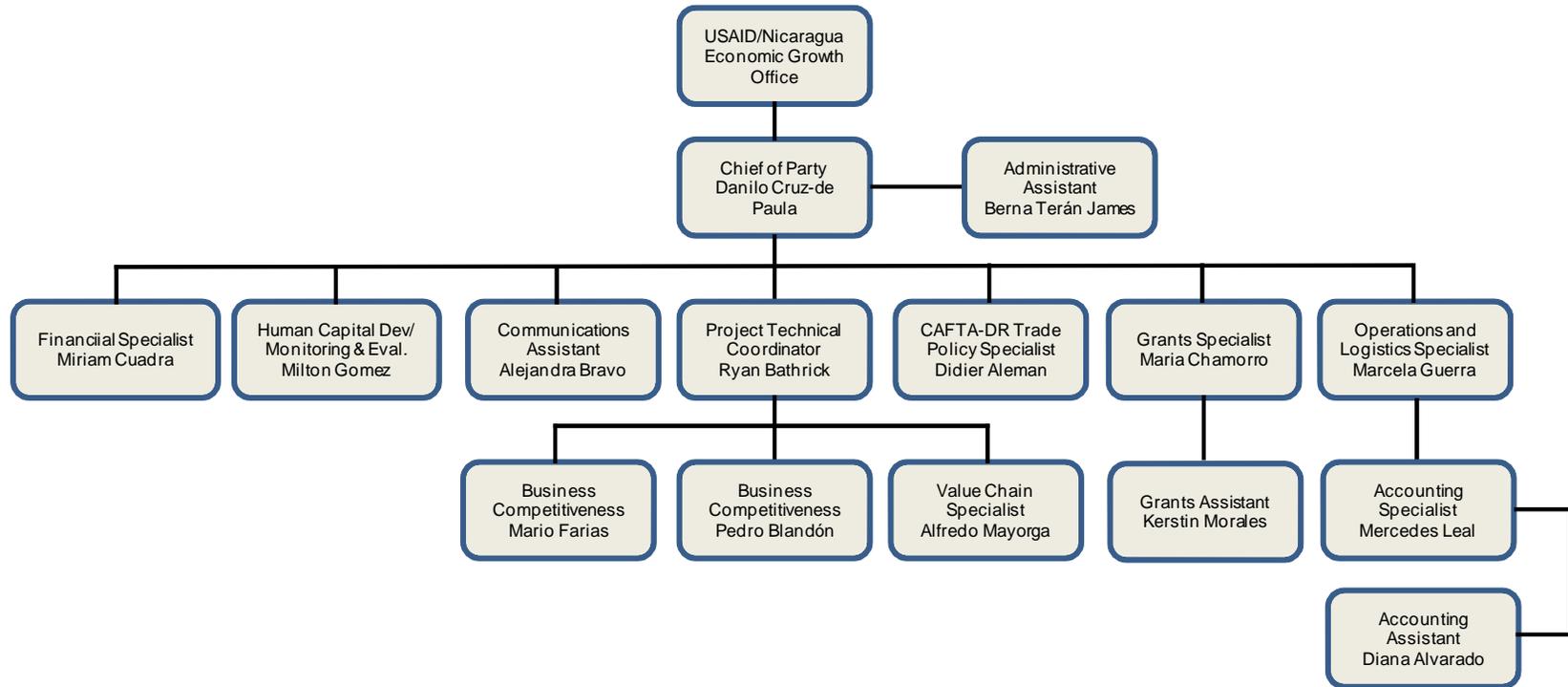
February 2012

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			<b>1</b> Meetings 09:00 Fundación Victoria 11:00 AmCham 15:00 COSEP  Managua	<b>2</b> Visits: Boaco San Jacinto-Frutas Fresca Luis Montoya; Teustepe –El Quebracho Tecolostote - chiles  Matiguas	<b>3</b> Visits: CASANJO – Río Blanco. NicaCentro - Matiguas  Matagalpa	<b>4</b> Visits: Tuma La Dalia - FDL Travel to Jinotega  Jinotega
<b>5</b>  Jinotega	<b>6</b> Visits: Pantasma FDL - Nitlapan beneficiaries  Jinotega	<b>7</b> Visits: Esteli; Condega Calzado Bronson; Ceramica Ducuale; San Jose Cusmapa (artesinal)  Somoto	<b>8</b> Visits: San Juan del Rio Coco – FDL; Union de Cooperativas Agropecuarias (UCA)  Ocotal	<b>9</b> Visits: Ocotal – VIANSA; San Juan de Limay (artesinal – Grupo Raices)  Estelí	<b>10</b> Visits: Chaguitillo - Hidroponica; San Jose de los Remates (ASOGACA); return to Managua  Managua	<b>11</b>  Managua
<b>12</b>  Managua	<b>13</b> Meetings: 10:30 - Carana (Ryan & Miriam); 14:30 - Pedro Antonio (Carana); 16:00 – Mario Farias (Carana)  Managua	<b>14</b> Meetings: 09:00 - ProNicaragua; 09:30 – Root Capital (Rosario Castellon); 12:00 – CACONIC; 14:30 – Financiera FAMA y Sinriesgo (Victor Telleria)  Managua	<b>15</b> Prepare draft report Meetings: 16:30 – COSUDE (Carmen Alvarado)  18:00 – Roberto Matus  Managua	<b>16</b> Prepare draft report Meeting: 08:00 – Ivan Moncada, Masaya; 10:00 – José Luis Solórzano, UCA; 18:30 – Tim O’Hare (@Barceló)  Managua	<b>17</b> Prepare draft report Meetings: 14:00 – Tomás Tobin Villarga, BanPro/ Rivas (meet at Carana); 16:30 – SNV (Miguel Mendez Castellanos) Pending: GIZ; CisaAgro  Managua	<b>18</b> Prepare draft report  Managua
<b>19</b>  Managua	<b>20</b> Prepare draft report Meetings: 10:30 - Carana  Managua President’s Day	<b>21</b> Prepare presentation Meetings: 14:30 – Banco Mundial (Carlos Ciezar); 16:30 - BID (Armando Chamorro)  Managua	<b>22</b> <b>09:00 - Carana E&amp;E team presentation &amp; debriefing</b>  Managua	<b>23</b> <b>14:00 - USAID presentation &amp; debriefing</b>  Managua	<b>24</b> Meeting: 16:30 – Cisa Agro  Managua	<b>25</b> <b>Submit draft report</b> Consultants’ travel  Travel home
<b>26</b>  Home	<b>27</b> Prepare final report  Home	<b>28</b> Prepare final report  Home	<b>29</b> Prepare final report <b>Submit final report</b>  Evaluation contract ends			

**ANNEX IV**

**E&E PROJECT ORGANIZATION  
AND  
QUALIFICATIONS OF KEY STAFF**

**ORGANIZATIONAL CHART FOR USAID/NICARAGUA ENTERPRISE AND EMPLOYMENT (E&E) PROGRAM  
CARANA CORPORATION STAFF IN NICARAGUA**



**Table 1: SUMMARY OF KEY STAFF QUALIFICATIONS  
ENTERPRISE AND EMPLOYMENT PROJECT**

Name	Position	Education	Experience and Qualifications
Danilo Cruz-DePaula	Chief of Party	MBA, Wharton School, Univ. of Pennsylvania; MA, International Relations, Johns Hopkins/SAIS, Washington, DC	Chief of Party, USAID projects in Azerbaijan (Private Sector Competitiveness Program) and the Dominican Republic (Competitiveness & Policy Program); Investment Banker, EuroAmerica Capital Corp. - Hungary; Sr. Trade Negotiator, USTR - Washington, DC; US Foreign Service Officer, USAID - Washington, DC
Ryan Bathrick	Technical Coordinator	MS, Agribusiness, Texas A&M	Trade Specialist, MCA Value Chain Project, Chemonics - Nicaragua; Project Coordinator, Agribusiness Competitiveness Project - El Salvador; Market Researcher, Andean Tuber Crop Marketing Project - Peru
Didier Aleman	Policy Specialist	JD, Catholic Univ, Managua; MS Law, Univ. of Chile	Sr. Legal Specialist, PROCAFTA Project - Nicaragua; Chief of Trade Dept., MIFIC - Nicaragua; Commercial Attaché, Permanent Mission of Nicaragua, WTO - Geneva
Pedro Blandon	Value Chain Specialist	BS, Industrial Engineering, Univ. California, Berkeley	Head, Value Chain & Technology Innovation, APEN - Nicaragua; National Project Coordinator, "Formulation of Nicaragua's Industrial Policy", UNDP - Nicaragua; Vice Minister, External Cooperation - Nicaragua
Alfredo Mayorga	Value Chain Specialist	MS, Business Administration, INCAE, Costa Rica	Head, Cattle Development Project, MCA/TechnoServe - Nicaragua; Head, Dairy Sector Projects, TechnoServe - Nicaragua; General Director, Agroindustrias Cafetaleras del Norte - Nicaragua
Mario Farias	Value Chain Specialist	Industrial Engineering, UCA, Nicaragua; MS Project Mgmt., UAM, Nicaragua	Team Member, PROCAFTA, Tourism Investment Program - Nicaragua; Cluster Officer, World Bank Competitiveness & Development Project, MIFIC - Nicaragua; National Tourist Center Coordinator & Vice Minister Advisor, Tourist Ministry - Nicaragua
Miriam Cuadra	Value Chain Specialist	MBA, UCA, Managua; MS Economics, UNAN, Nicaragua	V.P., SME Credit, Banco de Finanzas - Nicaragua; Microfinance Specialist, World Bank Rural Electrification Project (PERZA) - Nicaragua; Regional Manager, Micro-finance Institution ACODEP - Nicaragua
Milton Gomez	M&E Coordinator	MBA, INCAE, Managua; Chemical Industrial Engineer, UCA, Managua, Nicaragua	Sr. Operations Manager, Global Development Enterprises - Ottawa, Canada; Operations Manager, National Cement Company - Nicaragua; General Manager, H.B. Fuller Nicaragua - Managua
Maria Chamorro	Grants & Contracts Mgr.	MBA, ITESM, Monterrey, Mexico; BA, Immaculata College, Philadelphia, PA	Administrative Assistant, Weidemann Associates - Arlington, VA; Financial Advisor, Internacional & Consultoria - Managua; Marketing

**Table 1: SUMMARY OF KEY STAFF QUALIFICATIONS  
ENTERPRISE AND EMPLOYMENT PROJECT**

Name	Position	Education	Experience and Qualifications
			Manager, Suplidora Centroamericana - Managua
Marcela Guerra	Ops & Logistics Manager	BA, Business Admin./Marketing, UCA, Managua, Nicaragua	Marketing & Sales Manager, Sigma Alimentos - Nicaragua; Office Manager & PR Coordinator, DR-CAFTA Support Project, FMI - Nicaragua; Administrative Assistant, Partnership for Food Industry Development Project, Michigan State University - Nicaragua
Mercedes Leal	Accountant	Business Admin., UPOLI, Managua, Nicaragua	Admin & Financial Assistant, Partnership for Food Industry Development Project, Michigan State University - Nicaragua; Assistant to COP, Co-Management of Protected Areas Project (COMAP) - Nicaragua; Secretary for Hurricane Mitch Reconstruction Office, USAID - Managua

**ANNEX V**  
**E&E PROJECT**  
**PERFORMANCE MONITORING PLAN**

**Table 1: E&E PROJECT PROGRESS  
IN MEETING PERFORMANCE MONITORING PLAN (PMP) TARGETS**

No.	Indicator	LOP Target 08.16.2013	Phase I Target 09.30.2011	Phase I Actual 09.30.2011	% Phase I Actual to 09.30.2011 Target	% Phase I Actual to 08.16.2013 Target LOP
<b>I. PRIMARY INDICATORS ( Key measures of project success)</b>						
<b>A. Jobs created and Sales and Exports increased</b>						
1	Increased employment from USG assistance (US \$ mm)	3700	2000	2737	137%	76%
2	Increase in local sales from USG assistance (US \$ mm)	6	3	3.6	120%	67%
3	Increase in export sales from USG assistance (US \$ mm)	13	6	9.2	153%	67%
<b>B. Access to Financed Enhanced</b>						
4	Funds Leveraged/Access to finance (US \$ mm)	15	8	8.6	108%	67%
<b>C. Social Capital Creation</b>						
5	Social capital success stories	25	10	5	50%	20%
6	Number of SMES adopting new technologies	175	75	194	259%	114%
7	Number of new significant improved products and/or services developed	35	10	24	240%	120%
8	Number of firms implementing CSR-UNIRSE	100	100	107	107%	207%
9	Number of new methods for cooperation among SMSs	15	5	3	60%	20%
10	Number of associations strengthened/created by E&E	5	2	2	100%	40%
<b>II. PERFORMANCE/PROCESS INDICATORS</b>						
<b>D. SMEs and Value Chains Strengthened</b>						
11	Number of anchor firm projects implemented	15	10	15	150%	87%
12	Number of SMEs assisted in anchor firms projects	1000	700	1210	173%	124%
13	Number of firms assisted to improve management practices	500	300	715	238%	145%
14	Number of firms assisted in export capacity building	600	350	778	222%	143%
15	Number of SMEs receiving assistance to access bank loans or private equity	2675	575	3061	532%	153%
16	Number of SMEs that accessed banks loans or private equity	1550	500	2295	459%	202%
17	Number of entrepreneurs	850	450	856	190%	148%

**Table 1: E&E PROJECT PROGRESS  
IN MEETING PERFORMANCE MONITORING PLAN (PMP) TARGETS**

No.	Indicator	LOP Target 08.16.2013	Phase I Target 09.30.2011	Phase I Actual 09.30.2011	% Phase I Actual to 09.30.2011 Target	% Phase I Actual to 08.16.2013 Target LOP
	benefiting from grants					
18	Number of SMEs receiving assistance that obtained international certification	6	3	3	100%	50%
19	Funds leveraged (US \$ mm)	11	5	4.5	90%	41%
20	Number of GDAs created	12	15	15	100%	125%
<b>E. Workshops, Events and Trade Fairs</b>						
21	Number of training events related to trade; investment capacity building	69	69	99	143%	70%
22	Number of participants in trade and investment capacity building trainings	3000	3000	3847	128%	159%
23	Number of in-country encounters/trade capacity building events	24	17	16	94%	75%
24	Number of commercial missions and trade fairs	18	10	22	220%	144%
25	Number of leaders participating in commercial missions and trade fairs	500	300	548	83%	113%
<b>F. Business Service Providers and Institutional Strengthening</b>						
26	Number of capacity building service providers assisted	7	6	6	100%	86%
27	Number of tailored TA packages for each BSP	7	6	6	100%	86%
28	Number of BSP qualifying as certification agency for BSPs	1	-	-	-	0%
<b>G. Enabling Environment and Trade Capacity Building</b>						
29	Number of Environmental Activities with MARENA	10	10	3 in progress	30%	30%
30	Number of studies on major firm/sector constraints	17	10	9	90%	53%
31	Number of assessments of promising export products	9	6	3	50%	33%
32	Number of technical norms undertaken/reformed	6	3	2	67%	33%
33	Number of law initiatives assisted	23	15	18	120%	78%
34	Number of laws promulgated/supported	13	10	12	120%	92%

**Table 1: E&E PROJECT PROGRESS  
IN MEETING PERFORMANCE MONITORING PLAN (PMP) TARGETS**

No.	Indicator	LOP Target 08.16.2013	Phase I Target 09.30.2011	Phase I Actual 09.30.2011	% Phase I Actual to 09.30.2011 Target	% Phase I Actual to 08.16.2013 Target LOP
<b>H. Human Capital Development</b>						
35	Number of business linkages with universities	7	4	3	75%	43%
36	Number SME leaders trained	1750	1250	3382	271%	215%

**ANNEX VI**  
**E&E PROJECT**  
**SUMMARY OF SMALL GRANTS**

Table 1: E&E GRANTS SUMMARY

Grantee	Purpose of Grant	Amount of Grant (US\$)	Amount of Matching Funds (US\$)	Percent Matching Funds
Chiles de Nicaragua	Agricultural inputs and technical assistance for 211 Tabasco chili pepper producers.	41,098.00	218,445.60	532%
APEN	Procurement of equipment for SME training and business Center "OFEX".	24,874.00	38,242.00	154%
Vegyfruit	Procurement of equipment for cold storage facility and processing for export.	50,543.00	57,100.00	113%
CADIN	Technical assistance for 60 Industrial SME Training Center.	25,280.00	107,265.00	424%
FUNIDES	Conduction of two assessments on CAFTA DR and current production incentives and subsidies.	26,949.00	2,930.00	11%
Calzado Alex	Procurement of shoemaking machinery for anchor firm and 6 SME suppliers	35,286.00	8,552.00	24%
RENISA	Recycling Industry, creation of 9 SMEs equipped with protective gear and kiosks representing 147 new employees:	16,202.00	3,300.00	20%
Casa Mantica	Procurement of food industry equipment for 7 SMEs suppliers of Supermercados La Colonia	24,688.00	43,710.00	177%
CACONIC	TA for new mediation lines for the Chamber of Commerce's Mediation and arbitration Center especially tailored for SMEs.	17,646.00	4,890.00	28%
Fundación Victoria	Courses for vocational training on mechanics, sales and/or technical careers for an additional 50 students.	107,179.00	107,179.00	100%
Thomas More & Cisco	Creation of CISCO entrepreneurship center in Nicaragua, housed at Thomas More University	11,450.00	5,171.00	45%
Ingemann Food Nicaragua	Procurement of inputs for 20 honey producers and honey processing system	40,283.00	48,423.00	120%

Table 1: E&E GRANTS SUMMARY

Grantee	Purpose of Grant	Amount of Grant (US\$)	Amount of Matching Funds (US\$)	Percent Matching Funds
Cooperative Lucrecia Lindo Shrimp Producers	Procurement of communication and safety equipment, computers and microscope, motor boat for a women's cooperative of shrimp production.	35,002.00	3,910.00	11%
CASANJO Dairy Cooperative	Procurement of a milk cooling equipment to preserve quality of 123 dairy producers	20,000.00	31,573.00	158%
Simplemente Madera (SM)	Expand manufacturing processes for fine wooden furniture by SM and 20 SMEs with innovative designs and better practices	65,000.00	88,500.00	136%
EXPORNICA	Support to 497 sesame producers with certified seed and weighing scales	28,600.00	12,448.00	44%
EXPROSUR	Inputs (treebags and age-marking ribbons) for 50 plantain producers, and the anchor firm	50,000.00	60,480.00	121%
Grupo Raices	Support to 12 artisans workshops to procure tools and accessories to improve competitiveness	26,300.00	12,000.00	46%
Swiss Contact	Funding for training of 400 honey producers	28,000.00	29,418.00	105%
Sin Riesgos, S.A.	Funding for a credit scoring system for SMEs	25,000.00	37,000.00	148%
Tecnoagro	Introduction of new varieties of cassava; providing technical assistance for 15 producers.	36,480.00	41,980.00	115%
<b>Total</b>		<b>735,860.00</b>	<b>962,516.60</b>	<b>131%</b>

**ANNEX VII**  
**LIST OF PEOPLE INTERVIEWED**

Table 1: People Met by the E&E Evaluation Team Members

Organization	People met, and titles	Address	Telephone, Fax, E-mail contact
Grupo Raices	Silvia Torrez, President	Iglesia San Jeronimo, ½ c Suroeste, Masaya	(505) 2522 6033
Fundación Suize de Cooperación – Swiss Contact	Danilo Roman Plata, Swiss Contact Pedro Pablo Vargas Sarria, Coordinador Regional, Proyecto Apicola (Honduras, Nicaragua)	Apartado Postal 592, Managua, Nicaragua	(505) 2264 1448 Fax (505) 2264 0695
Simplemente Madera	Matthew Falkiner, General Manager Rollins Miller, Operations Manager	Texaco Xiloa, 300 mts. al norte, Managua	Tel (505) 2276-8840; Matthew cell: (505) 888-37664 Rollins cell: (505) 839-60556 mfalkiner@simplementemadera.com rollinsmiller@gmail.com
Simplemente Madera – Carpentería Moncada Furniture Supplier	Ivan Moncada, Propietario	Costado oeste del Instituto INHAMARE, Masaya, Nicaragua	(505) 8880 8262; (505) 2523 0134; ivanmoncada56@hotmail.com
Tecnología en Agroexportación, S.A. (Tecnoagro)	Diego Vargas Belli, Gerente General	Clinica Salud Integral Bolonia, 200 mts Norte, 20 mts Oeste, Managua, Nicaragua	(505) 2266 3314; Cel (505) 8884 6502; USA 305 735 2448; www. Tecnoagro .net dvargas@ tecnoagro. net
Tecnoagro	Antonio Caballero – Zone Manager, Leon	Clinica Salud Integral Bolonia, 200 mts Norte, 20 mts Oeste, Managua, Nicaragua	(505) 2312 5773, 74, 76; (505) 8380 4694; (505) 8681 6419; gpleon@ tecnoagro.net; www. Tecnoagro.net
Tecnoagro - Supplier	Sr. Oscar Centeño – Cassava farmer	Leon area	(505) 887 5289
SERVICONSA	Mario Avilez, Gerente Administrativo Financiero	Km 136 carretera El Viejo – Chinandega, Nicaragua	Tel. (505) 2341 0024; (505) 2341 4217; Cel. (505) 8948 3003; (505) 8882 2591 mavilez@serviconsa.com.ni
SERVICONSA – Asociación de Pequeños Acuicultores de Nicaragua (APEMAC)	Felix Vidaurre, Presidente	Puerto Morazán, Nicaragua	(505) 8396 5900; apemac2011@yahoo.com
SERVICONSA – Lucricia Lindo Coop.	Sra. Gloria Barela, President; Sra	Puerto Morazán, Nicaragua	N/A
SERVICONSA- Pablo Blanco Cooperative	Sr. Julio Zuñiga; Sr. Donis Herrera	Puerto Morazán, Nicaragua	N/A
SERVICONSA -Nicolas Chavez Coop.	Sr. Danilo Garay; Sr. Jairo Garay	Puerto Morazán, Nicaragua	N/A
Expornica, S.A.	Sr. Denis Zapata Zapata, Gerente Comercialización	Los Encuentros, 500 mts. Carretera hacia Leon, Chinandega	(505) 2341 1555; cell (505) 8897 9407; dzz191@hotmail.com
Exponica	Sr. Carlos Martinez, Coop. COMUPAC; Ignacio Ayala, Grupo Jiñocuago; Edwin Aguilera, Coop. Dulce Nombre	Somotillo	Sr. Martinez: (505) 8332 4262 Sr. Ayala: (505) 8651 5942 Sr. Aguilera: (505) 8386 1255

Table 1: People Met by the E&E Evaluation Team Members

Organization	People met, and titles	Address	Telephone, Fax, E-mail contact
	de Jesus		
Expornica	Sr. William Sosa; Gilberto Sosa – sesame farmers	Somotillo	N/A
Unión Nicaragüense para la Responsabilidad Social Empresarial (uniRSE)	Matthias W. Dietrich, Director Ejecutivo Genaro García, Oficial de Programas y Proyectos	De Lugo Rent a Car 1-1/2 cuadras al sur, Casa #1327, Managua, Nicaragua	O (505) 2266 1638; www.unirse.org Sr. Dietrich: Cel (505) 8883 0493; dr.dietrich@unirse.org Sr. Garcia: Cel (505) 8830 2606; Genaro.garcia@unirse.org
Chiles de Nicaragua (Chiles)	Sr. Sergio E. Traña, Propietario; Sra. Lucia Hurtado C., Administradora Lic. Ramón J. Real, Consultor	Km 16.5 carretera vieja a Tipitapa, Hacienda Los Robles, Managua, Nicaragua	Sr. Traña: (505) 8672 4892; (505) 8836 1596; (505) 2278 8476 Chilesdenicaragua@gmail.com Sra. Hurtado: (505) 8884 8494; (505) 8672 4892 chiles@cablenet.com.ni Sr. Real: (505) 885 17568; Ramonrealn@gmail.com
Vegetales y Frutas Procesadas de Nicaragua (Vegyfruit)	Sr. Carlos Solarzano, Gerente General	Km 19.9 carretera Masaya, 20 metros al sur, El Raizón, Nicaragua	Telephone, fax, e-mail: (505) 22279 5141; (505) 8688 0030 Gerencia@vegfruit.com.ni
Vegyfruit – Supplier	Ronaldo Herrera, farmer	Tomatolla, Km. 173, Carretera a San Rafael del Norte, Jinotega	(505) 8939 6960; (505) 8385 7970
Exportadores y Productores del Sur, S.A. (EXPROSUR)	Ing. Juan Carlos Espinoza C., Gerente General	Del Estadio Yamil Rios Ugarte 50 M al Oeste, Rivas, Nicaragua	(505) 2563 4502; (505) 8881 0823; 8356 3830 exprosur@yahoo.es; jucaspicia553@yahoo.es
Cámara Nacional de Turismo de Nicaragua (CANATUR)	Zenayda Laguna Delgado, Directora Ejecutiva	Los Robles del Restaurante La Marsaillaise , ½ c. arriba, Managua, Nicaragua	(505) 2270 2587; (505) 2278 9871; Cel (505) 8883 6190 direccion@canatur-nicaragua.org; www.canatur-nicaragua.org
Asociación de Exportadores de Café de Nicaragua (EXCAN)	Lic. Conny Pérez Macias, Gerente General Ing. José Angel Buitrago A., Presidente	Centro Ejecutivo San Marino, Módulo A-204, Pista Jean Paul Genie de la Rotonda 350 metros abajo, Managua, Nicaragua	(505) 2278 5556; (505) 2270 1827; (505) 2270 1827; Excan@cablenet.com.ni Sr. Buitrago: Cel (505) 8850 2159
Casa Mantica – La Colonia Supermarkets	Gabriel Mantica, Vice-Gerente General	Edificio Málaga, contiguo al Supermercado La Colonia, Plaza España, Managua, Nicaragua	(505) 270 1610; (505) 266 7073
Root Capital Nicaragua	Rosario Castellón, Directora Ejecutiva	Del semaforo del UPS en Bolonia, 1-1/2 cuadras abajo, contiguo al restaurante La Bocca	(505) 2266 2261; rcastellon@rootcapital.org
SINRIESGOS Credit Union; Financiera FAMA	Victor Tellería, Presidente, SINRIESGOS; Gerente General, FAMA	De Montoya 1-1/2 cuadras al oeste, Managua, Nicaragua	O (505) 2268 4826; vtelleria@financierafama.com.ni www.financierafama.com.ni; www.fundacionfama.org.ni
Cooperativa de Servicios Múltiples 20 de Abril R.L	Dorlan Martinez, Cooperative Manager Noe Rodriguez Torrez, Chairman	Main headquarters: Del Parque Central 1 c. al Norte, Quilalí, Nueva Segovia.	(505) 2735 5128, 2735 5184, Fax: (505) 2735 5094 udc@cooperativa20deabril.coop

Table 1: People Met by the E&E Evaluation Team Members

Organization	People met, and titles	Address	Telephone, Fax, E-mail contact
Fundación Victoria	Berta Mayele Quintanilla Armijo, Directora	Km 5-1/2 C. Norte, Cruz Lorena 600 Mts. Al lago	(505) 2255 7700 Ext. 5012 berta.quintanilla@ccn.com.ni
Chiles de Nicaragua Contract farmers	Julio Mairena, Manager, Jay Nichols' Fruta Fresca Farm; Edy Sandoval, Farmer; Carlos Gonzalez, Farmer	Fruta Fresca-Carretera a Masaya; Edy Sandoval – Teclostate; Carlos Gonzalez – El Tuma	N/A
El Arte en Cuero "BOP"	Sr. Bismarck Oporta H., Propietario	Juigalpa, Chontales, Nicaragua	(505) 2512 4741; Cel (505) 8624 1435; elarteencuerobop@yahoo.es
Nica Centro Milk Cooperative	Sr. Marco Rodriguez, Presidente, Junta Administrativa ; Srta. Maura Neira Álvarez, encargado farmacia	Matiguás, Nicaragua	Srta. Álvarez: (505) 8378 3205; mafraney@hotmail.com
Fondo de Desarrollo Local (FDL)	Sr. Manuel Bermudez, Gerente de Negocios	Oficinas Centrales: Campus Universitario, UCA, Edificio FDL, Managua, Nicaragua	(505) 2277 4245; (505) 2270 7338; (505) 2270 7371 cell: 8920 1088; cell: 8920 1053; mbermudez@fdl.org.ni
Fondo del Desarrollo Local (FDL), Sucursal San Juan del Rio Coco	Yahaira Malta Zuñiga, Gerente Regional, FDL Estelí, San Juan, Jilalí	San Juan del Rio Coco, Nicaragua	(505) 8920 1089; ymalta@fdl.org.ni
Fondo del Desarrollo Local (FDL) La Dalia	Harold Castro Hernández, Credit Specialist Darwin Herrera Mairena, Jefe de Crédito	La Dalia, Nicaragua	Sr. Hernández: (505) 8948 5693; (505) 8410 5693; hojosverdes25278@yahoo.com; Sr. Mairena: (505) 86578 75i7; darwin1379@yahoo.es; dherreram@fdl.org.ni
Fondo del Desarrollo Local (FDL), Sucursal Pantasma	Maria de Fatima Romero, Vice-Gerente, FDL Abimilec Yakarely Garcia, Agronomist, Nittapan	Pantasma, Dept. of Chinandega, Nicaragua	Srta. Romero: (505) 8408 0156 Srta. Garcia: (505) 8495 9719; abimiletj01@yahoo.com
FDL Pantasma clients	Doña Ana Maria Rodriguez, dairy farmer; Sra. Felipe Gonzalez, sons Donal and José, farmers, El Ventaron coffee farm	Pantasma, Dept. of Chinandega, Nicaragua	
Calzado Bronson "La Bota"	Sr. Elvis Ordoñez, Gerente General	Enitel 7-1/2 c. al norte, Condega, Nicaragua	(505) 2715 2848; cel (505) 8623 3731
Visión Integral de Agrognegocios (VIANSa)	Sr. Isidrio Rodriguez, Gerente Regional Sr. Romeo Mongia, Gerente Agrícola Srta. Claudia Quiróz, Gerente Financiero	Ocotol, Nicaragua	
Hidropónicas de Nicaragua	Xochilt Flores, Gerencia de Aseguramiento de Calidad	Zona Franca Hortitech, Km 107, carretera Sebaco-Matagalpa, Nicaragua	PBX (505) 2775-4785; Cel 8855 1532; Fax 2255 7860 Ext. 2605 xflores@hidroponicas.com.ni
Kuero	Alejandra Velasquez, Owner and designer	Km. 10.5 Carretera a Masaya, Managua, Nicaragua	Tel (505) 2279-9325; (505) 8876-2162 www.kueronicaragua.com kueronicaragua@cablenet.com.ni
Fundación Lider	Wilian Areas Calvo, Director;	El Viejo, Chinandega	Wilian Areas Calvo cell: 8970 7123; 8437

Table 1: People Met by the E&E Evaluation Team Members

Organization	People met, and titles	Address	Telephone, Fax, E-mail contact
	Juan Fernando Real, field technical staff		8078; wacareas@yahoo.es Juan Fernando Real, cell: 8832.7942; juanfernandoreal@gmail.com
Taller Germannya	Gloria E. Solis Rivera, President of La Bendicion Cooperative	Frente a la Cruz Roja, Nagarote, Leon, Nicaragua	Tel 2313-2507; 2313-0132; 8876-0468
DeliNica	Zury Sosa, Gerente de Produccion; Luis Mungia, responsable de mercadeo y ventas	Km. 12.5 Carretera Sur, Managua	(505) 2341.1555; cell: 8897.9407; dzz191@hotmail.com
FUTEC Industrial, S.A	Horacio Jackson, Gerente Financiero; Edgar Herrera, Gerente de Operaciones	De la Iglesia de Esquipulas, 600 mts al Este, Esquipulas, Managua	(505) 2255-0357; gerencia@futecindustrial.com
ESKIMO, S.A.	José Antonio Rivera Rivera, Asesor Técnico	18 y 19 Avenida Sur Oeste, Apartado Postal 995, Managua	(505) 2255-8948; jrivera@eskimo.com.ni
ESKIMO, S.A.- (Supplier) Asociación de Ganaderos Cerro Alegre (ASOGACA)	Lic. Marvin Javier Madriz B., Gerente; Felipe Castro, Vice President, ASOGACA	San José de los Remates, Dept. Boaco	(505) 2549.3502; cell: 8410.1010; marvin0madriz@yahoo.com; asogacasj@hotmail.com
Banco de Finanzas (BDF) branch in Villa Fontana	Ramiro Perez, Manager, SME lendings	Villa Fontana, next to Pizza Hut, Managua	Tel. (505) 2240 3000 Fax (505) 2240 3008
Centro de Exportaciones e Inversiones (CEI)	Robert Brenes Icabalceta, General Manager; Maritza Obando F., Project Coordinator	Planes de Altamira, Primera Etapa contiguo a la Alianza Francesa, No. 112, Managua	(505) 2252.5747; rbrenes@cei.org.ni; mobando@cei.org.ni
Ingemann Food Nicaragua, S.A.	Lars Saquero Moller, General Manager	Carr. Panamericana km 43.5, Las Maderas, Managua	(505) 8465.6247; cell: 8987.1212; lsm@ingemann.com.ni
Ingemann Food Nicaragua, S.A. (Supplier)	Noel Salazar and Roger Lopez , honey producers	El Quebracho, Boaco	Sr. Salazar (505) 8797 8922 Sr. Lopez (505) 8481 5822
Centro de Negocios y Asistencia a la MIPYME Industrial (CENAMI)	Juan Carlos Amador, Manager	Behind American Airline main office, Managua	(505) 2266-8847/2266-1891 - gerencia.cenami@cadin.org.ni
PROCOMPETENCIA	Dr. Luis Humberto Guzmán, Presidente	Avenida Sandino, Costado Sur Vice Presidencia, Edificio anexo al Foprel, Managua	(505) 2222 3465; (505) 2222 3448; lhg@procompetencianic.org
Cisco Entrepreneur Institute at Thomas More University	Ing. Luis Adolfo Medal Mendieta, Program Manager; Pedro Villarreal, Director of External Affairs	Semáforos Club Terraza, 150 vrs. al Sur, Managua	(505) 2277.0114; luis.medal@unithomasmore.edu.ni; asuntos.externos@unithomasmore.edu.ni
CANCUNIC Associate Members	Alejandro Delgado, Calzado Alex, alexsshoes06@yahoo.com Ricardo Flores, Calzado El Puma; calzapuma@hotmail.com; 8653.1409; 8994.8613 Lester Flores, Calzado KELF; calzadoKELF@hotmail.es; 2522.0633; 8665.2854 Bismarc Oporta H., El Arte en Cuero; elarteencuero@bop@yahoo.es; 2512.4741; 8624.1435 Rex Omar Baldizim, Calzado Baldizim; calzadosbaldizim@hotmail.com; 2522.9358; 8982.1144 Roberto Rivas, Calzado Geovanny; 2552.4309 José Rivas A., Calzado Rivas; calzadorivas@yahoo.es; 2552.0021; 8839.7929		
Cooperativa Apicula de	Orlando Morales and Janet	San Jorge, Rivas	Janet Arcia (505) 8602-8668

Table 1: People Met by the E&E Evaluation Team Members

Organization	People met, and titles	Address	Telephone, Fax, E-mail contact
Servicios Múltiples de la Biosfera de Ometepe	Arcia Juarez, honey producers (Ometepe)		
APEN (Asociación de Productores y Exportadores de Nicaragua)	Juan Manuel Sanchez R., Gerente de Operaciones; Azucena Castillo de Solano, Gerente General; Lic. Sigrid Morales, Coordinadora Oficina de Exportaciones (OFEX)	Iglesia San Francisco 20 varas arriba, Casa no. 1280, Bolonia, Managua	(505) 2268.6053; Cell: (505) 8803 2768; jsanchez@apen.org.ni; acastillo@apen.org.ni; smorales@apen.org.ni
Ministerio del Ambiente y los Recursos Naturales Nicaragua (MARENA)	Rene Castellon, Autoridad CITES-Nicaragua, MARENA	Km. 12.5 Carretera Pan Americana, Managua	(505) 2233-1112 Ext. 1270
RENISA (Reciclaje y Negocios Internacionales, S.A.)	Lic. Reina María Rodríguez Pavón, Gerente General	De los semáforos de Linda Vista, 4 cuadros arriba, Managua	(505) 2254.5801; cell 8886.3537; renisa.gerencia@gmail.com
Swiss Development and Cooperation Agency (COSUDE)	Carmen Alvarado Diaz, Program Officer	De la rotonda Jean Paul Genie, 900 mts. Abajo, 150 mts al lago Managua	(505) 2255-3010; Carmen.alvarado@sdc.net
American Chamber of Commerce in Nicaragua (AmCham)	Sr. Avil Ramirez, General Manager	Rotonda "El Gueguense", 400 mts al sur y 75 mts al este, Managua	(505) 2266.2758; cell: 8887.0760; avil.ramirez@amcham.org.ni
Consejo Superior de la Empresa Privada (COSEP)	José Adán Aguerri, President; Freddy Blandón Argeñal, Legal Director	Primera entrada de las Colinas; Calle Alta No. 12, Managua	(505) 2276.3333; 8882.4576 (cell); jaguerri@cosep.org.ni; 8883.4092; f.blandon@cosep.org.ni
Cooperativa Multisectorial San José, R.L. (CASANJO)	Carlos Gurdian, Gerente General (CASANJO); Martín Lacayo, Technical Consultant, E&E; Fran Hernández, Quality Control Technician; Either Blandón, Finca La Barbosa (producer)	San José, Dept. Matagalpa	Martin Lacayo C.; (cell) (505) 8446 7094; tecnoempresas@gmail.com
Grupo Raíces - Colectiva de Mujeres del Taller de Cerámica de Ducualí	Cooperative members Maritza Garcia Guevara; Matilde Cordoba; Tomasa Guevara; Celia Guevara Gomez; Marina Castellon Cruz; Vilma Guevara	Ducualí, Nicaragua	N/A
Cooperativa de Servicios Múltiples Reverendo Rafael Maria Fabreto	Altagracia Vasquez Pineda, Presidente; Maria Teresa Velasquez Aldana, Sales and Finance Officer	San Jose de Cusmapa, Madriz	(505) 8923-0948; (505) 8409-2306 arteinocusmapa@yahoo.com
Unión de Cooperativas Agropecuarias (UCA San Juan del Río Coco, R.L.)	Javier Vanegas, accountant	Contiguo al INSS, San Juan del Río Coco, Dept. Madriz	(505) 8854.0295
ProNicaragua	Marcela Castillo, Investment Promotion Director; Engelsberth Gómez, Intelligence and Development	Km. 4.5 Cta. Masaya, 1 c. Al Oeste, Edificio César, Managua	(505) 2270 6400 Sra. Castillo: (505) 8850 5897; mcastillo@pronicaragua.org.ni Sr. Gómez: : (505) 8903 3903;

Table 1: People Met by the E&E Evaluation Team Members

Organization	People met, and titles	Address	Telephone, Fax, E-mail contact
	Director;		egomez@pronicaragua.org.ni
Universidad Centroamericano (UCA), Centro de Gestión Empresarial (CEGE)	Msc. José Luis Solórzano, Director	Rotonda Rubén Darío 150 mts. al oeste. Apartdao 69, Managua	(505) 2278.3929; jls@ns.uca.edu.ni
Bank of Production, Inc. (Banpro)	Sr. Thomas Tobin, Regional Manager, Rivas	Rivas, Nicaragua	(505) 8920 8981; tomalexandertobin@yahoo.com
Netherlands Development Organization (SNV)	Miguel Angel Méndez Castellanos, Country Representative	De la Vicky 1c. Al Oeste, 1/2c. Al Sure, Casa C-142, Altamira, Managua	(505) 2277.0817; cell: 8927.9652; mmendez@snvworld.org
The World Bank	Carlos Siezar, Private Sector Specialist	P.O. Box: LM-140, Managua	(505) 270-0000; csiezar@worldbank.org
Banco Interamericano de Desarrollo (BID)	Armando Chamorro, Financial Markets Specialist	Km 4.5 Carretera Masaya, Managua	(505) 2264.9137; armandoch@iadb.org
Commercial Internacional Agrícola, S.A.	Carlos Vargas Montealegre, Gerente General; Geovanny López Sánchez, Gerente Administrativo Financiero	Km 4.5 Carretera Masaya, Centro Pellas, 5° Piso, Managua, Nicaragua	Sr. Vargas: (505) 2276 8710, ext. 7230; cell : (505) 8720 7200; cvargas@cisaagro.com.ni Sr. López: (505) 2276 8710, ext. 7212 cell : (505) 8435 3561; glopez@cisaagro.com.ni www.cisaagro.com.ni

**ANNEX VIII**

**E&E EVALUATION WORK PLAN**

**USAID/Nicaragua**  
**Evaluation Report On the**  
**Enterprise and Employment (E&E) Activity**

**Draft Workplan**

**January 16, 2011**

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## **Evaluation Work Plan**

### **Enterprise and Employment (E&E) Activity**

#### I. Introduction

Mendez, England and Associates is pleased to submit this draft work plan for the evaluation of the USAID/Nicaragua Enterprise and Employment (E&E) Activity. The work plan is presented in the following sections:

- ✓ Evaluation Team Tasks
- ✓ Schedule for Completion of Deliverables
- ✓ Evaluation Methodology
- ✓ Proposed Site Visits and Meetings
- ✓ Work Calendar
- ✓ Illustrative List of Organizations and Individuals to be Interviewed
- ✓ Draft Outline for Final Report
- ✓ Illustrative List of Questions for E&E Project Beneficiaries, BDS providers, and Third Parties.
- ✓ Initial List of Questions for USAID/Nicaragua and Carana E&E Team

We hope that this work plan meets your expectations and look forward to any comments or suggestions for modifications that you may have.

#### II. Evaluation Team Tasks

##### A. Assessment Team Members and Tasks Assigned to Each

- ***Tom Easterling***, Team Leader, will be responsible for team organization, scheduling, and primary liaison with the COTR regarding technical items. He will have overall responsibility for the preparation and submission of the final report with substantial input from the other team members. The other team members will report to him on technical-related issues.

The team leader will take the lead in preparing the project schedule and work plan, and will work closely with the other team members to determine information requirements, develop key questions, conduct interviews, and gather other relevant information. He will also lead the team's effort to prepare and deliver a presentation on findings, conclusions and recommendations for future action at the team's final meeting with USAID/Nicaragua, and a separate presentation on the results of the evaluation to the Carana E&E implementation team.

In terms of the preparation of the final report, Mr. Easterling will take the lead in preparing the analysis and recommendations on the E&E project's support to SMEs, and their linkage with the anchor firms through their respective value chains.

- ***Brian Foster***, Trade Policy Specialist, will apply his experience in agricultural public policy development, advocacy, human capital development, and value chain analysis in assessing these aspects of the E&E project. He will be able to fit the E&E project

accurately into the political context in Nicaragua, and he will ensure that our quantitative data analysis is comprehensive and accurate. Mr. Foster will play a leading role in the analysis of the project's support to Nicaragua's business community to help them capitalize on the opportunities provided by CAFTA-DR; on the business support provided to the SMEs and anchor firms, and on the development of human resources.

- **Rita Delia Casco**, Project Management/Institutional Specialist, will have primary responsibility for collecting and analyzing quantitative data on employment, sales, exports, income, investment, financing and productivity, disaggregated by gender and value chain as appropriate. In addition, she will review the E&E Performance Monitoring Plan, and evaluate to project's progress in meeting its targets. For these tasks, she will work closely with Carana's monitoring and evaluation (M&E) staff. Ms. Casco will take the lead in analyzing E&E project accomplishments, its outreach and communications programs, gender issues, and the performance of the project's Grants under Contract facility.
- **Mike Cortina**, Logistics Coordinator, will work closely with the Carana E&E implementation team to coordinate the other evaluation team members' work schedules, to arrange meetings, and to make in-country travel arrangements.

### III. Schedule for Completion of Deliverables

Deliverables	Date
Submit methodology plan	January 10, 2012
Submit detailed work plan	January 16, 2012
Submit Draft Final Report	February 21, 2012
USAID Presentation	February 24, 2012
Carana Presentation	February 24, 2012
Submit Final Report	February 29, 2012

### IV. Evaluation Methodology

#### A. Evaluation Objectives

There are two main objectives of the evaluation:

1. The first objective is to determine the impact of the USAID/Nicaragua Enterprise and Employment (E&E) project on employment, investments, access to finance, local and export sales, the productivity of production processes, support of implementation of CAFTA-DR, and human capital development. This will be done by means of a quantitative analysis of data available from the E&E project performance monitoring plan (PMP), and through interviews with project beneficiaries.
2. The second objective is to determine the effectiveness of the project management team and its implementation strategy, along with the sustainability of value chain activities after the E&E project ends. This objective will be achieved by a qualitative analysis of information derived from project reports and interviews with E&E project management, project beneficiaries, relevant third parties, and USAID/Nicaragua.

## B. Quantitative Analysis

To the extent possible, data for the quantitative analysis will be taken from the M&E system for the E&E project that has been created under its PMP. In those cases where data are not available from the M&E system, the evaluation team will attempt to obtain this information through structured field interviews with a random sample of project beneficiaries. Even when performance data are available from the M&E system, the field interviews will serve to confirm the results of achieving the targets for the different indicators.

In view of the limited budget and time available to conduct this evaluation, it will not be feasible to carry out an experimental – or even a quasi-experimental design<sup>14</sup> to determine the impact to-date of the E&E project on the selected parameters. Instead, we propose to conduct the evaluation using the respective anchor firms and their associated small and medium-scale enterprises (SMEs) as the unit of analysis. For ease of accessing available data, we will limit the analysis to these project beneficiaries. The evaluation approach will be a simple comparison of pre-intervention performance data for these beneficiaries with current data, for each of the selected parameters.

The team has the objective of interviewing a random sample of approximately 10% of the SME beneficiaries, and all the anchor firms that are supported by the E&E project. Considering the time available for the evaluation and with an estimated 1,800 beneficiaries, coverage of ten percent is probably the upper limit the evaluation team will be able to reach. More importantly, detailed interviews with this number of beneficiaries, including many of their group leaders, should be sufficient to form conclusions on the project impact, its effectiveness, and its sustainability.

The evaluation team will analyze the following indicators:

1. Jobs created
2. Local sales increased
3. Export sales increased
4. Access to finance enhanced
5. Investments made/funds leveraged
6. Productivity of production processes
7. Number of SMEs assisted in anchor firm projects
8. Number of participants in USG-supported trade and investment capacity-building trainings
9. Number of laws/regulations promulgated/supported
10. Number of SME leaders trained

To the extent possible, all quantitative data obtained by the team will be disaggregated by gender.

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<sup>14</sup> Experimental designs are best suited for large-scale, social surveys to determine the effect, say, of an advertising campaign. Quasi-experimental designs are highly suited for a statistical determination of impact for a project such as E&E. However, these require a before-and-after comparison of impact on the intervention group of beneficiaries, in relation to a similar comparison for an external control group. The control group shows how much change to expect in the absence of the intervention. The E&E project has no pre-project data for control groups.

### C. Qualitative analysis

For the qualitative side of the evaluation, the team plans to interview the six business service providers (BSPs) that are assisted by the project, as well as the thirteen anchor companies and their affiliated SMEs as described in the previous section. Naturally, the team will request the required numerical data as well as the qualitative information from the respective beneficiaries at a single meeting.

In addition to conducting interviews with project beneficiaries, the team will interview key government officials; E&E project stakeholders, relevant universities, and collaborating organizations to obtain their input into the evaluation process. To ensure efficient travel logistics, we plan to hold interviews with all those selected organizations located within a specific geographical area over the same time period. The team members will schedule interviews with the desired SMEs and other organizations located within a particular area for a scheduled time period, and when the interviews are completed, we will move to another geographical area.

Our work will include the preparation of appropriate questionnaires that will enable the evaluation team to collect information from parties involved in or benefitting from the activity. In this regard, illustrative questions for four groups – SMEs, anchor firms, business service providers, and third parties – are presented in Annex I. Annex II shows the tentative work schedule in calendar format for the evaluation.

All three evaluation consultants will jointly interview representatives of those key organizations that are involved in the E&E project, including USAID/Nicaragua and the E&E Carana project team. However, for SMEs, other project beneficiaries, and many of its stakeholders, the consulting team members will conduct field interviews separately. For good internal communications, the team members will be required to prepare meeting notes that summarize their individual meetings to share with the other team members.

The interviews will also seek to determine the impact of the E&E project on women. A separate gender analysis will be conducted as part of the evaluation to analyze the respective roles by males and females in decision-making, and their different access to and control over resources and services. The team will also determine how the different roles and status of women and men within the community, political sphere, workplace, and household affect their responsibilities and the work they perform, and how the results of the work affect women and men differently. These findings and conclusions will be incorporated as a separate section of the evaluation report.

### D. Tasks

The team will complete the following tasks over the course of the evaluation:

*Review of appropriate documents:* The team will review a broad set of agricultural development, crop production and productivity, agricultural policy, trade policy and other pertinent documentation related to Nicaragua and the E&E project as provided by USAID, Carana, the Mendez England home office staff, and individual team members. These documents will include the E&E project's quarterly and annual progress reports; its performance monitoring plan; the project Grants Manual; the rapid evaluations of several anchor firms conducted by the E&E project staff; agricultural sector assessments carried out by the World Bank and the E&E project team; Nicaragua economic reports prepared by the Foundation for Socio-economic Development (FUNIDES); background reports on CAFTA-DR and the Nicaraguan economic and political landscape prepared by the US Government, and general assessments of Nicaragua's economic

performance from diverse organizations, such as the World Economic Forum. We will continue to review these documents and commence compilation of data from them. In particular, the team will meet with the E&E project’s Monitoring and Evaluation team to thoroughly discuss data collection, analysis, and reporting on actual performance to-date and overall project results against its targets. These discussions with the M&E team will help the assessment team to refine its interview questions and the compilation of information, and to identify data gaps.

*Meetings and interviews with key actors:* The team will meet with and informally interview key USAID officials and with Carana Staff in Nicaragua; members of multi-lateral and international development organizations in Nicaragua, and with E&E beneficiaries, including the following:

- *E&E-related SMEs, Anchor Firm operators, and business service providers in Nicaragua:* These include the SME beneficiaries and the anchor firms with which they are linked, as well as the E&E project-sponsored business service providers to these organizations.
- *International Organizations in Nicaragua:* These include organizations such as the World Bank, European External Action Service, CIDA, and DFID.
- *Government of Nicaragua:* The evaluation team will visit a limited number of government agencies official involved in SME development and economic integration through CAFTA-DR.
- *Other:* Selected universities, chambers of commerce, professional and trade associations, and policy think tanks.

*Finalizing team conclusions and recommendations:* The team members will meet frequently throughout the work period to share ideas and discuss key conclusions and recommendations, with the “lead” person assuming responsibility for incorporating the team’s conclusions within his or her assigned section of the report. The team will work intensively in Managua for the final week of the project to complete an initial draft of the final report, and to finalize our conclusions and recommendations for presentation to USAID/Nicaragua and the Carana M&E implementation team on or about February 24<sup>th</sup> 2012.

## V. Proposed Site Visits and Meetings

An illustrative list of proposed site visits and meetings is shown in the following table.

Illustrative List of Proposed Site Visits and Meetings		
Location	Organization	Organization
Managua – International Organizations	USAID/Nicaragua	Carana E&E Project Staff
	The World Bank	European External Action Service
	Canadian International Development Agency (CIDA)	Department for International Development (DFID)
Managua – Government Agencies	PROCOMPETENCIA	Ministry of Environment and Natural Resources (MARENA)
	PRONICARAGUA	
Managua – Anchor Firms	Ingemann Food Nicaragua	Casa Mantica/La Colonia Supermarkets
	Eskimo, SA	RENISA/ASORENIC

Illustrative List of Proposed Site Visits and Meetings		
Location	Organization	Organization
	Simplemente Madera/ MAPIINIC	Vegetales y Frutas Procesadas de Nicaragua
	Chiles de Nicaragua	Technoagro/Yucanica
Managua – SMEs Casa Mantica	Lacteos Palmitos	Industrias Rodcen
	Oscaritos	Cereales Doña Zeneida
	Delenica	Secretos de Mamá
Managua – SMEs RENISA	Mireciclaje Bordas	Mr. Sol
Managua – Business Service Providers	Asociacion de Productores y Exportadores de Nicaragua (APEN)	CADIN – Business and Training Center for Industrial MSMEs (CENAMI)
	APEN Export Office (OFEX)	Cámara de Industrias de Nicaragua (CADIN)
	Centro de Exportaciones e Inversiones (CEI)	Instituto Nicaragüense de Desarrollo (INDE)
	Unión Nicaragüense para la Responsabilidad Social (uniRSE)	Cámara Nacional de Turismo (CANATUR)
Managua - Universities	Thomas More University – CISCO Entrepreneur Institute	Central American University – UCA Comprehensive Business Management Systems
	UPOLI Artisan Design	Catholic University (UNICA)
Managua - Associations	National Association of Recyclers	National Association of Honey Producers CNAN
	Chamber of Artisans and Furniture Makers (CAMANIC)	National Association of MSME Consultants (ACONMYPYME)
Managua – Banks and Credit Providers	BDF	FDL
	Sin Riesgos (Credit rating)	Root Capital
	Pfizer	Cisa Agro
	AGORA	Agricultural Commodity Exchange
Managua - NGOs	ICCO (Netherlands)	Fundación Victoria
	SNV (Dutch)	
Managua – Other Organizations	American Chamber of Commerce (AMCHAM)	Trade Facilitation Commission
	CACONIC	COSEP
	FUNDE	FUNIDES
Boaco	Ingemann honey producers	Livestock Association of San José de los Remates (ASOGACA)
	Nueva Vida Women's Cooperative	
Chinandega	Anchor Firm – SERVICONSA (shrimp) and SMEs, including Lucrecia Lindo Cooperative	Anchor firm - EXPORNICA (shrimp) and SMEs
		NGO PROESA (Yucanica)
	CAMANIC shrimp producers	NGO Fundación Lider

Illustrative List of Proposed Site Visits and Meetings		
Location	Organization	Organization
	association	
Estelí	Ingemann honey producers	
Las Segovias	LDF – “My Cow” and “Plantation Establishment”	Nitlaplan – LDF partner
Leon	SMEs – Tecnoagro/Yucanica	UNAN (honey training program)
Masaya	Anchor Firm – Grupo Raices and SMEs	SME – Panificadora Corazon de Oro (La Colonia)
	SME – Oscaritas (La Colonia)	
Matiguas	San José Milk Cooperative – CASANJO (Eskimo)	
Nueva Segovia	Vegyfruit pack house	NGO - Nitlaplan
	SMEs - Vegyfruit	
Octal	NGO – VIANSA (Vegyfruit)	SMEs - Vegyfruit
Rivas	Anchor Firm EXPOSUR (plantains)	SME – La Granja (plantain chips)
		SME RENISA – Solid waste collectors

**ATTACHMENT 1: Planned Work Calendar**

## January 2012

SUNDAY	MONDAY	TUESDAY	WEDNESD	THURSDAY	FRIDAY	SATURDAY
1  New Year's Day	2	3	4 Desk review  Home	5 Desk review  Home	6 Desk review  Home	7 Desk review  Home
8	9 Desk review  Home	10 Desk review; submit draft methodology plan  Home	11 Consultants travel; internal team meeting  Travel to Nicaragua	12 Meeting with USAID; meeting with Carana E&E  Managua	13 Meeting with Carana E&E Project team  Managua	14 Work planning & scheduling  Managua
15	16 Meetings with Carana staff - Managua Submit draft work plan  Managua MLK Jr. Day	17 Meetings Managua  Managua	18 Meetings Managua  Managua	19 Travel to Leon; YucaNica suppliers  Managua	20 Travel to Chinandega; SERVICONSA  Managua	21 Chinandega; PRONIEXPORT  Managua
22	23 Meetings Managua  Managua	24 Meetings Managua  Managua	25 Meetings Managua  Managua	26 Meetings Managua  Managua	27 Visits Granada Masaya, Tipitapa  Managua based	28 Visits Granada Masaya, Tipitapa  Managua based
29	30 Visits Granada Masaya, Tipitapa  Managua based	31 Visits Granada Masaya, Tipitapa  Travel to Matagalpa				

February 2012

SUNDAY	MONDAY	TUESDAY	WEDNESD	THURSDAY	FRIDAY	SATURDAY
			1 Visits Sebaco, Jinotega, Matagalpa	2 Visits Sebaco, Jinotega, Matagalpa	3 Visits Sebaco, Jinotega, Matagalpa	4 Visits Sebaco, Jinotega, Matagalpa
			Matagalpa	Matagalpa	Matagalpa	Matagalpa
5	6 Visits Sebaco, Jinotega, Matagalpa	7 Visits Sebaco, Jinotega, Matagalpa	8 Visits Sebaco, Jinotega, Matagalpa	9 Visits Chinandega; Leon	10 Visits Chinandega; Leon	11 Visits Chinandega; Leon
	Matagalpa	Matagalpa	Travel to Leon	Leon	Leon	Leon
12	13 Visits Chinandega; Leon	14 Visits Chinandega; Leon	15 Visits Chinandega; Leon	16 Prepare draft report	17 Prepare draft report	18 Prepare draft report
	Leon	Leon	Travel to Managua	Managua	Managua	Managua
19	20 Prepare draft report	21 Prepare draft report; <b>Submit draft report</b>	22 Prepare presentation	23 Prepare presentation	24 <b>USAID presentation &amp; debriefing:</b>	25 Consultants' travel
	Managua President's Day	Managua	Managua	Managua	Managua	Travel home
26	27 Prepare final report	28 Prepare final report	29 Prepare final report <b>Submit</b>			
	Home	Home	Evaluation contract ends			

**ATTACHMENT 2: Evaluation Report Draft Outline**

**E&E PROJECT MID-TERM EVALUATION**  
**DRAFT REPORT OUTLINE**

Cover Page

Acronyms

Table of Contents

- I. Introduction (Who, what, why this report)
- II. Background (Brief situation overview; Nicaragua setting; environment for E&E)
- III. Analysis
  - A. Project Description (General description; implementation strategy)
  - B. Project Management Structure (with organizational chart)
  - C. Project Elements
    1. SME Development and Value Chains (Introduction, analysis, findings and conclusions)
    2. Business Support Services (Introduction, analysis, findings and conclusions)
    3. Other Support to Value Chains (Introduction, analysis, findings and conclusions)
      - a. Credit
      - b. Export Promotion
      - c. Studies
    4. Trade Support
      - a. CAFTA-DR (Introduction, analysis, findings and conclusions)
      - b. Business and Policy Environment (Introduction, analysis, findings and conclusions)
    5. Human Capital Development (Introduction, analysis, findings and conclusions)
    6. Grants under Contract (Introduction, analysis, findings and conclusions)
    7. Outreach and Communications (Introduction, analysis, findings and conclusions)
    8. Gender Issues (Introduction, analysis, findings and conclusions)
  - D. E&E Project Accomplishments
    - A. Results Achieved – Major Accomplishments
    - B. PMP Summary Table (Introduction, analysis, findings and conclusions)
    - C. Attainment of Targets Table (Introduction, analysis, findings and conclusions)
    - D. Project Costs by Line Item vs Budget Table (Introduction, analysis, findings and conclusions)
    - E. Comparative Results of Field Interviews (Introduction, analysis, findings and conclusions)
  - V. Summary of Conclusions and Recommendations for E&E Project
  - VI. After E&E Project – Possible USAID Development Alternatives

References

ANNEX

1. Specific Answers to Evaluation Questions from SOW

2. E&E Organizational Chart
3. PMP Table
4. Table of Indicators & Targets (Actual Phase 1 and Projected LOP)
5. Table E&E Project Costs vs. Budgets by Line Item (Actual Phase 1 and Projected LOP)
6. Scope of Work
7. Evaluation Methodology (with questionnaires, checklists and discussion guides)
8. People Met and Contact Information

**ATTACHMENT 3: Illustrative Interview Questions**

**E&E PROJECT MID-TERM EVALUATION**  
**INTERVIEWS WITH SME BENEFICIARIES**

Interviews will begin with a brief introduction by the evaluators that explains the purpose of the evaluation and describes the information that is required.

The following questions will guide the interviews for this group of beneficiaries:

1. Company name, address, ownership structure, employees, when established?
2. What is the nature of your business or activity?
3. Please provide the following comparative data:

Data for Business Enterprise					
Indicator	Unit	Before E&E Project	After E&E Project	Diff- erence	% Due to E&E
Annual sales value	US \$				
Annual value of exports	US \$				
Annual value of investments made	US \$				
Annual mount of financing obtained	US \$				
Annual employment (equivalent full-time, person years); male, female	No.				
Annual amount of production output (specify unit) for E&E project-supported activity	No.				
Productivity (output per unit area or person) for E&E project-supported activity	No.				

4. What has been your relationship with USAID/E&E? What has the project done for you?
5. The E&E project was designed to help its beneficiaries improve the quality and productivity of their products. How well do you believe the project is accomplishing these objectives?
6. How has the project prepared your company to work with an anchor firm?
7. Have you received any training provided by the E&E project? If so, what? Was the training sufficient for your needs? What results were achieved?
8. Have you received business support services provided by the E&E project? If so, what? Were the services sufficient for your needs?

9. How severe is the problem of financing your business? How do you cope? What could the E&E project do to help solve this problem?
10. What has been the greatest benefit that your business has gained from the project?
11. How important do you consider this benefit to be to your business, on a scale of 1 – 10?
12. Looking at the E&E project overall, have the project activities general been relevant, timely, effective, and on the right track?
13. From your point of view, what are generally the best aspects of the project? What is it doing right?
14. Is there anything the project is not doing, that it should be doing?
15. In your opinion, how could the project have been better? What changes should have been made as the project developed?
16. On a scale of 1 – 10, how would you rate the E&E project overall?
17. What advice would you give USAID/E&E to ensure that similar projects in the future might be more effective?
18. What is the main lesson learned from the method of implementing the E&E project that could be used for future projects?
19. Have you had any direct relationship with the E&E staff? How competent do you believe the E&E staff to be?
20. Gender issues –
  - Has the E&E project reinforced or encouraged efforts by your firm to support women through employment or business opportunities?
  - Do women and men have different roles or status within your organization? Is there specific work that is usually done by either men, or by women? Are any senior positions held by women? Do you believe that women treated fairly? Do women and men have the same wage rate?

**E&E PROJECT MID-TERM EVALUATION**  
**INTERVIEWS WITH SME BENEFICIARIES**

Interviews will begin with a brief introduction by the evaluators that explains the purpose of the evaluation and describes the information that is required.

The following questions will guide the interviews with the anchor firms:

1. Company name, address, ownership structure, employees, when established?
2. What is the nature of your business or activity?
3. Please provide the comparative data shown in the following table.

Data for Business Enterprise					
Indicator	Unit	Before E&E Project	After E&E Project	Difference	% Due to E&E
Annual sales value	US \$				
Annual value of exports	US \$				
Annual value of investments made	US \$				
Annual amount of financing obtained	US \$				
Annual employment (equivalent full-time, person years); male, female	No.				
Annual amount of production output (specify unit) for E&E project-supported activity	No.				
Productivity (output per unit area or person) for E&E project-supported activity	No.				

4. What has been your relationship with USAID/E&E? What has the project done for you?
5. The E&E project was designed to help its beneficiaries improve the quality and productivity of their products. How well do you believe the project is accomplishing these objectives?
6. The E&E project was designed to a) make businesses more competitive, 2) improve the business climate and support trade through CAFTA-DR, and 3) support human resources development through training for SMEs, business leaders, and managers. From your perspective, how well is the project performing in meeting these requirements?
7. How has the project prepared your company to work with SMEs?
8. Have you, or has your firm received any training provided by the E&E project? If so, what was it? Was the training sufficient for your needs? What results were achieved?

9. Have you, or has your firm received any business support services provided by the E&E project? If so, what? Were the services sufficient for your needs?
10. Has your firm benefitted from USAID/E&E's work to enhance trade through CAFTA-DR? If not, do you know the reasons why?
11. Have you seen any benefits from USAID/E&E's work to improve the business climate?
12. How severe is the problem of financing your business? How do you cope? What could the E&E project do to help solve this problem?
13. Was your firm a beneficiary of in the grants-under-contract component of E&E? In your opinion, has this been effective? How could this program be improved?
14. What has been the greatest benefit that your business has gained from the project?
15. How important do you consider this benefit to be to your business, on a scale of 1 – 10?
16. Looking at the E&E project overall, have the project activities general been relevant, timely, effective, and on the right track?
17. From your point of view, what are the best aspects of the project? What is it doing right?
18. Was there anything the project is not doing, that it should be doing?
19. In your opinion, how could the project be made better? What changes should have been made as the project developed?
20. What advice would you give USAID/E&E to ensure that similar projects in the future might be more effective?
21. What are the main lessons learned from method of implementing the E&E project that could be used for future projects?
22. On a scale of 1 – 10, how would you rate the E&E project overall?
23. Gender issues –
  - Has the E&E project reinforced or encouraged efforts by your firm to support women through employment or business opportunities?
  - Do women and men have different roles or status within your organization? Is there specific work that is usually done by either men, or by women? Are any senior positions held by women? Do you believe that women are treated fairly? Do women and men have the same wage rate?

## **E&E PROJECT MID-TERM EVALUATION**

### **INTERVIEWS WITH BDS PROVIDERS**

Interviews will begin with a brief introduction by the evaluators that explains the purpose of the evaluation and describes the information that is required.

The following questions will guide the interviews with the private BDS providers that have worked with the E&E project:

1. Company name, address, ownership structure, employees, when established?
2. What is the nature of your business or activity? Who are your clients? What percent of your business activity does the E&E project account for?
3. What has been the business relationship between your organization and USAID/E&E? What services does your firm provide?
4. How many SMEs have you served that are beneficiaries of the EE project?
5. How satisfactory has the relationship been for you? Have there been any problems or difficulties? Please elaborate.
6. How do you view the BDS component of the E&E project? Is this component suited for the real-world needs of Nicaragua's business sector? Is it effective? Are changes needed?
7. How satisfied are you with the progress that is being made with regard to BDS services for E&E beneficiaries?
8. Looking at the E&E project overall, in your opinion have the project activities general been relevant, timely, effective, and on the right track? If not, why not?
9. The E&E project was designed to a) make businesses more competitive, 2) improve the business climate and support trade through CAFTA-DR, and 3) support human resources development through training for SMEs, business leaders, and managers. From your perspective, how well is the project performing in meeting these requirements?
10. The E&E project was designed to help its beneficiaries improve the quality of their products and the productivity of their processes. How well do you believe the project has accomplished these objectives?
11. In your opinion, how effective is the technical and business training that is being provided to the project beneficiaries?
12. How severe is the problem of financing your business? How do you cope? What could the E&E project do to help solve this problem?
13. From your point of view, what have been the best aspects of the project? What is it doing right?
14. Is there anything the project is not doing, that it should be doing?
15. In your opinion, how could the project have been made better? What changes should have been made as the project developed?
16. What advice would you give USAID/E&E to ensure that similar projects in the future might be more effective?
17. On a scale of 1 – 10, how would you rate the E&E project overall?
18. What are the main lessons learned from method of implementing the E&E project that could be used for future projects?

19. Gender issues –

- Has the E&E project reinforced or encouraged efforts by your firm to support women through employment or business opportunities?
- Do women and men have different roles or status within your organization? Is there specific work that is usually done by either men, or by women? Are any senior positions held by women? Do you believe that women are treated fairly? Do women and men have the same wage rate?

## **E&E PROJECT MID-TERM EVALUATION**

### **INTERVIEWS WITH GOVERNMENT OFFICIALS, PRIVATE-SECTOR AND CIVIC ORGANIZATIONS, DONORS, NGOs, AND SERVICE PROVIDERS**

Interviews will begin with a brief introduction by the evaluators that explains the purpose of the evaluation and describes the information that is required.

The following questions will guide the interviews with these organizations:

1. Name, purpose, scope, brief background, organizational structure, size, and date the organization was created?
2. What has been the relationship between your organization and USAID/E&E?
3. How familiar are you with the activities of the USAID/E&E project (on a scale from 1-10)?
4. Looking at the E&E project overall, in your opinion have the project activities generally been relevant, timely, effective, and on the right track? If not, why not?
5. The E&E project was designed to a) make businesses more competitive, 2) improve the business climate and support trade through CAFTA-DR, and 3) support human resources development through training for SMEs, business leaders, and managers. From your perspective, how well is the project performing in meeting these requirements?
6. The E&E project was designed to help its beneficiaries improve the quality of their products and the productivity of their processes. How well do you believe the project has accomplished these objectives?
7. In your opinion, how effective is the technical and business training that is being provided to the project beneficiaries?
8. In your opinion, how effective are the business development services that are being provided to the project beneficiaries?
9. How do you believe the E&E project could best help to solve the general problem of limited business finance in Nicaragua?
10. From your point of view, what have been the best aspects of the project? What is it doing right?
11. Is there anything the project is not doing, that it should be doing?
12. In your opinion, how could the project have been made better? What changes should have been made as the project developed?
13. What advice would you give USAID/E&E to ensure that similar projects in the future might be more effective?
14. On a scale of 1 – 10, how would you rate the E&E project overall?
15. What is the main lesson learned from method of implementing the E&E project that could be used for future projects?

## WORK PLAN QUESTIONS

For USAID/Nicaragua:

- 1) How does USAID anticipate using this assessment? Are there any particular areas of concern? What should the assessment be sure to cover?
- 2) Can you briefly summarize USAID's past involvement in Nicaragua's economic development and its specific plans for the future?
- 3) What is a rough estimate of the amount of annual funding that might possibly be available for USAID's future economic and agricultural development programs in Nicaragua?
- 4) Would USAID consider engaging in joint programs with other donors or international organizations to support Nicaragua's economic development? What would be the required conditions?
- 5) Are there policy or other issues that presently cause disagreement between USAID and GON?
- 6) When USAID asks us to recommend what should happen "after E&E" does that refer specifically to CAFTA/DR, or its general program for agricultural/economic development (i.e. food security)?
- 7) Why did the USAID Mission not work to support the GON institutions that are involved in administering CAFTA-DR? (Instead, it is supporting the private sector to help private business capitalize on CAFTA-DR).
- 8) Why has USAID lead the initiative to support Nicaragua's involvement in CAFTA-DR (instead of, say, the US Trade Department)? What will happen after the E&E project ends?
- 9) Are there any priority organizations or people that USAID feels that the evaluation team should meet?
- 10) In your opinion, was the E&E project designed to alleviate gender-based constraints to participation in value chains?
- 11) Are you aware of any indicators that are regularly monitored, which highlight the gender issue? If so, what are they? Who keeps track of them?
- 12) Are you aware of any policy issues, or legislation in which the E&E has been involved that took into account the gender dimension?
- 13) In your opinion, does the E&E provided sufficient resources for the human capital development component?

## WORK PLAN QUESTIONS

For Carana E&E/Nicaragua:

- 1) In your opinion, does the E&E provided sufficient resources for the human capital development component? Should a greater percentage of resources be used (taking from other components)?
- 2) There is a tradeoff between strengthening the existing value chains (which supports sustainability) versus taking on more value chains (which provides greater impact – at least, numerically). Which way is the project moving?
- 3) Why did E&E not work with “private” BSPs (i.e. accounting firms) instead of industry associations?
- 4) If one of the objectives of E&E is to enhance competitiveness, why is the project not monitoring productivity (which is a measure of competitiveness) of the private companies that it supports?
- 5) What do you think USAID should do, after E&E ends?
- 6) Is there any overlap/synergy between E&E and other donor or GON programs?
- 7) Was the project designed to alleviate gender-based constraints to participation in value chains?
- 8) Are there any indicators that are regularly monitored that highlight the gender issue? What are they? Who keeps track of them?
- 9) How many men and women have participated in the training courses offered by UNICA, Thomas Moore University, and UCA with support of the E&E?
- 10) What is the total cost of these courses as of September 2011?
- 11) How many men and women have benefited from the technical training offered by Fundación Victoria with E&E support?
- 12) What is the total cost of this activity as of September 2011?
- 13) Do you know how many men and women owners of SMEs has the project supported?
- 14) What policy or legislation in which the E&E project has been involved, has taken into account the gender dimension?
- 15) How effective have E&E activities been in advancing Nicaragua’s action plan for CAFTA-DR?

## **ANNEX IX: MAP OF PROJECT LOCATIONS**



## E&E Alliances Localization

- Casa Mántica (Supermercados La Colonia) 1
- Chiles de Nicaragua (Tabasco Chiles) 2
- ESKIMO (Milk Producers) 3
- EXPROSUR (Plantain Producers) 4
- ProniExport (Sesame Seed Producers) 5
- Tecnoagro (Casava Producers) 6
- VegyFrut (Minivegetables & Watermelon Producers) 7
- RENISA (Recycling) 8
- Ingemann (Honey Producers) 9
- Simplemene Madera (Wood) 10
- Alex Shoes (Shoe and Leather) 11
- SERVICONSA (Shrimp Farmers) 12
- Grupo Raíces (Handicrafts) 13
- New Alliances (Planning)**
- SUKARNE – FDL (Cattle Farmers) 14
- NICACENTRO (Milk Producers) 15
- Access to Credit – BSP’s**
- Human Capital Development**
- Acces to Credit - FDL 16
- BSP’s (APEN, ACEN, CEI, CANATUR) 17
- Human Capital Development Workforce Development 18

