



CHEMONICS INTERNATIONAL INC.



**COFFEE-QUALITY PROGRAM FOR CENTRAL AMERICA
AND THE DOMINICAN REPUBLIC**

**ACTION PLAN FOR EL SALVADOR
COFFEE-QUALITY PROGRAM CADR
Period: June 2003 – August 2005
By Mauricio Perea**

**Chemonics International Inc.
CA DR Specialty Quality Coffee
Contract # PCE-I-00-99-00003-00
RAISE TO #816
Delivered to USAID**

EL SALVADOR, July 2003

CONTENTS

ACRONYMS		3
I. INTRODUCTION		4
II. ACTION PLAN OBJECTIVES.....		4
III. EL SALVADOR LOCATION AND BENEFICIARIES		4
IV. STRATEGIES FOR ACTION PLAN EXECUTION.....		5
V. DIAGRAM OF COMPONENTS AND ACTIVITIES IN EL SALVADOR		7
VI. DESCRIPTION OF COMPONENTS AND ACTIVITIES TO BE IMPLEMENTED IN EL SALVADOR		8
VII. SUPPORT TO OTHER ORGANIZATIONS.....		14
VIII. SCHEDULED GOALS FOR EL SALVADOR		14
IX. ALLOCATION OF ACTIVITIES TO BE EXECUTED, BY COMPONENT.....		15
X. FINANCIAL RESOURCES FOR PLAN EXECUTION IN EL SALVADOR		16
XI. MONITORING AND EVALUATION		17
SCHEDULED ACTIVITIES		19
SCHEDULED EXECUTION OF CADR PROGRAM ACTIVITIES		20

ACRONYMS

ABECAFE	Asociación de Beneficiadores y Exportadores de Café de El Salvador (Association of Coffee Processors and Exporters of El Salvador)
ACES	Asociación de Cafés Especiales de El Salvador (Specialty Coffee Association of El Salvador)
ASCAGE	Asociación de Catadores de El Salvador (Association of Coffee Cuppers of El Salvador)
CADR	Central America and the Dominican Republic
CQI	Coffee Quality Institute
CSC	Consejo Salvadoreño del Café (Salvadoran Coffee Council)
ICAFE	Instituto del Café de Costa Rica (Costa Rican Coffee Institute)
IDB	Inter-American Development Bank
IHCAFE	Instituto Hondureño del Café (Honduran Coffee Institute)
MAG	Ministry of Agriculture and Cattle of El Salvador
PROCAFE	Fundación Salvadoreña para Investigaciones del Café (Salvadoran Coffee Research Foundation)
PROEXCAFE	Central de Cooperativas Procesadoras y Exportadoras de Café de El Salvador (Central Cooperatives of Processors and Exporters of El Salvador)
PROMECAFE	Programa Cooperativo Regional para el Desarrollo Tecnológico de la Caficultura en Centroamérica, República Dominicana y Jamaica (Regional Cooperative Program for Technological Coffee Development in Central America, Dominican Republic and Jamaica.
SEM	Sistemas Empresariales de Mesoamérica (Mesoamerica Business Systems)
UCAFES	Unión de Cooperativas Cafetaleras de El Salvador (Union of Coffee Cooperatives of El Salvador)
USAID	U.S. Agency for International Development

I. INTRODUCTION

This document is a formulation of the Action Plan to be executed in El Salvador for a period of twenty-four months—from June 2003 to May 2005. It is the result of the support provided to Salvadoran coffee culture by the Mission of the U.S. Agency for International Development (USAID) and constitutes an integral part of the Coffee Quality Program for Central America and the Dominican Republic (CADR). The Plan formulation takes into account the Award Agreement signed between the US Agency for International Development (USAID) and the Central American Governments, as well as the contract with CHEMONICS INTERNATIONAL INC., which describes the support activities for the quality-coffee sector.

It is important to point out that the Plan subsumes the mass of information culled from many well-informed sources—most significantly from coffee leaders and officials—and countless forums, meetings and interviews held during visits to El Salvador. That information was subsequently analyzed by the CADR technical team and contributes to this document.

The Plan has been structured with a view to the objectives, strategies, components and activities that reflect the full range of those issues as applicable to El Salvador coffee. Specifically, all activities have been given a timeframe for pursuing the goals to be attained within the financial resources allocated for their implementation.

II. ACTION PLAN OBJECTIVES

The objectives are to plan, execute and monitor the activities to be performed in El Salvador.

III. EL SALVADOR LOCATION AND BENEFICIARIES

Since the CADR Program will have an influence in El Salvador's national coffee sector, the following representative groups have initially been designated as beneficiaries:

1. Consejo Salvadoreño del Café (CSC)—Salvadoran Coffee Council.
2. Asociación de Cafés Especiales de El Salvador (ACES)—Association of Specialty Coffees of El Salvador.
3. At least six groups of organized coffee producers (can be first- or second-tier groups).
4. Asociación de Catadores de Café de El Salvador (ASCAFE)—Association of Coffee Cuppers of El Salvador.
5. Fundación Salvadoreña para Investigaciones del Café (PROCAFE)—Salvadoran Coffee Research Foundation.

OBSERVATIONS:

- a. New beneficiaries may be added as their coffees are recognized for their quality and enjoy solid buyer demand.
- b. The beneficiaries selected will also receive support through activities under the Regional CADR Program (see the table of scheduled activities).

Because of the Program/Plan's characteristics, all coffee sectors in the country will be indirectly benefited through work strategies are inclusive and participatory.

The various actions to be performed will pursue the following results:

- ▶ Designing and implementing a promotion and marketing plan for Salvadoran coffee, aimed at projecting a favorable image in world markets;
- ▶ Incrementing and improving the opportunities to share in value-added;
- ▶ Stimulating production, transformation and export of quality coffees so as to differentiate them and obtain better prices;
- ▶ Establishing direct links between producers and buyers;
- ▶ Providing the selected groups with the tools they need to ensure promotion and marketing of their quality coffees;
- ▶ Developing and implementing training programs for specialized and/or technical personnel among producer groups and support organizations;
- ▶ Promoting benefits achieved through working in an associative manner;
- ▶ Integrally strengthening beneficiary organizations, which will subsequently serve as models for replication.

IV. STRATEGIES FOR ACTION PLAN EXECUTION

Among the strategies for achieving the proposed objectives are the following:

4.1 Organizational Strategy

To assist in implementing the Plan's activities in El Salvador, CHEMONICS INTERNATIONAL INC. will bring to the Program:

1. The experience and prestige it has gained in the execution of similarly challenging projects.
2. The support of other proven organizations, such as Sistemas Empresariales de Mesoamerica (SEM), Rainforest Alliance, UTZ Kapeh, Transfair USA, CSC, ASCAFE, and PROCAFE.

In this context, it is important to encourage the organizations' representatives to integrate a Program Advisory Group, which has already been established in El Salvador, for the purpose of design, implementation and feedback for the several actions to be undertaken. This group is broadly represented by the USAID, the Ministry of Agriculture and Livestock (MAG), organizations affiliated to the Asociación de Cafés Especiales de El Salvador (ACES), the Consejo Salvadoreño del Café (CSC), the Fundación PROCAFE, UCAFES, ABECAFE and innovative coffee producers.

4.2 Strategies for Developing the Plan in El Salvador

The various actions to implement the Plan's components will focus on the most promising producer groups and organizations with a high potential to reach acceptable competitive levels.

The team of specialized professionals from the USAID/CHEMONICS CADR Program and the enterprise development personnel of SEM, with hands-on, private-sector managerial experience, will coordinate the actions to be carried out in El Salvador. This professional group will be accompanied by a support specialist responsible for monitoring and evaluation activities. In addition, for specific activities, there will be a cadre of specialized short- and medium-term consultants with specialized experience.

The USAID/CHEMONICS CADR Program's center of operations will be located in the SEM offices in Nueva San Salvador.

To help develop its components, the Plan strategies will take into consideration the following elements:

- **Coordination of Actions**

To facilitate Program development and achieve the desired effects and impacts of implementing Plan components, activities will be coordinated with appropriate collaborating organizations, including USAID, Ministry of Agriculture and Livestock (MAG), Consejo Salvadoreño del Café (CSC), other international organizations, PROCAFE, UCAFES, ACES and ASCAFES.

- **Expansion of Program Beneficiaries and Benefits**

Initially, the Program will work with the beneficiaries that have been already been identified, though the process is expected to continue as further groups and/or organizations are integrated in order to expand the benefits.

- **Promoting Associations**

Collaboration among producer groups and organizations within the same geographic area will be encouraged and facilitated, thus increasing the coverage and critical mass of Program beneficiaries and benefits.

- **Coffee Quality**

In searching for quality coffees produced in El Salvador, which is pivotal to the development of the Program, actions will be taken to assess current conditions, existing constraints and the possibilities to overcome them.

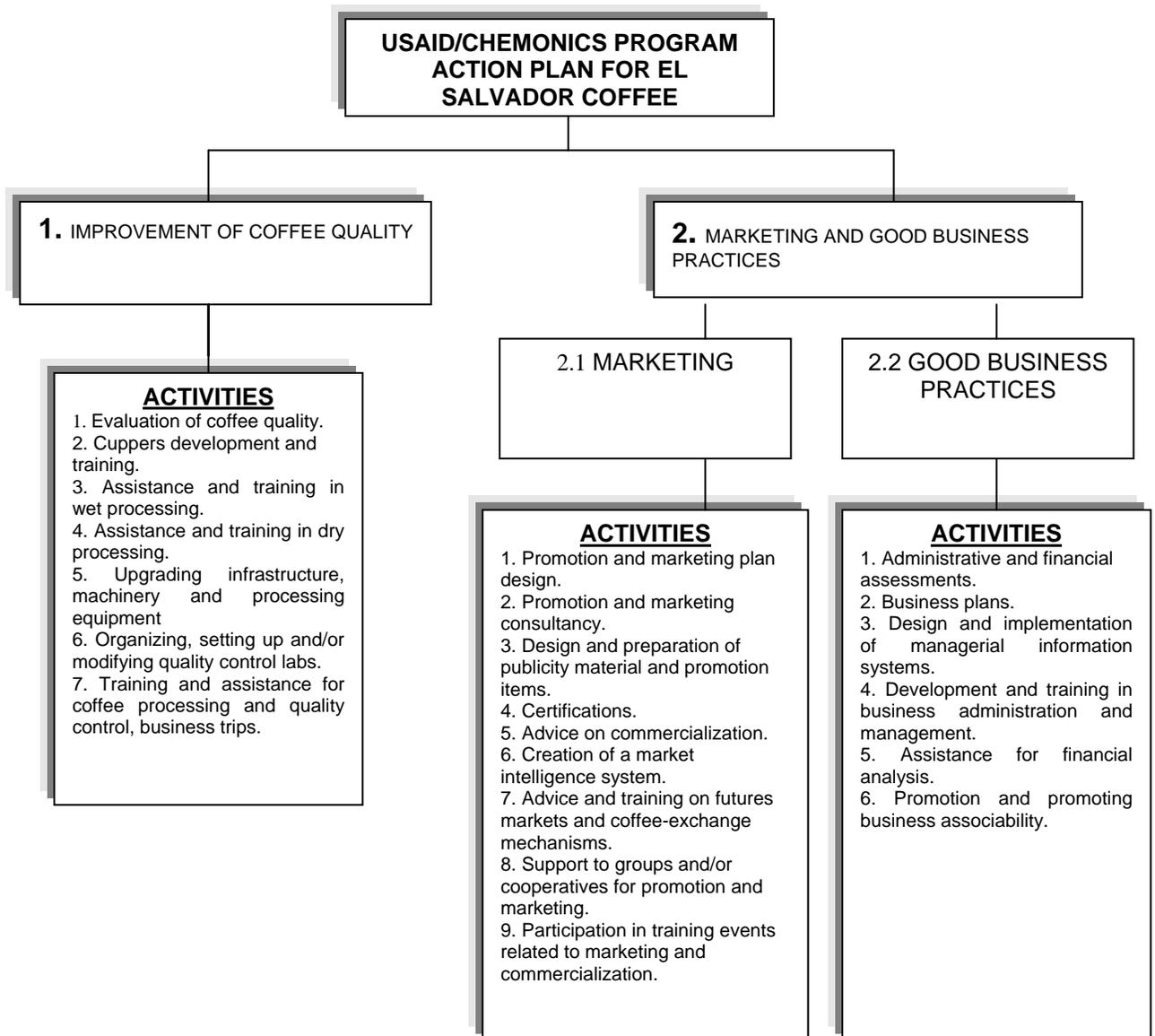
- **Model or Pilot Organizations**

Based on proven successes, beneficiary organizations will be used as models to be replicated in other coffee areas of the country or the region.

V. DIAGRAM OF COMPONENTS AND ACTIVITIES IN EL SALVADOR

The Action Plan for El Salvador seeks to implement the following two components:

1. Quality improvement; and
2. Marketing and good business practices, comprised of two sub-components with their respective support activities.



VI. DESCRIPTION OF PLAN COMPONENTS AND ACTIVITIES TO BE IMPLEMENTED IN EL SALVADOR

For a more efficient implementation, the Plan will mainly use its resources to strengthen the development of two basic action components: (a) improvement of coffee quality and (b) marketing and good business practices. The latter has been sub-divided into two sub-components and contains some complementary activities aimed to help beneficiary organizations gain their place in the market, on a more competitive basis.

The Plan components, sub-components and activities are described below:

6.1 Improvement of Coffee Quality

The purpose of this component is to identify, assess and seek alternatives to solve problems that may limit the production by Program beneficiaries of quality coffees from a broad point of view, which implies an integral analysis of all productive processes (farming, gathering, processing, quality control, storage and transportation).

Some of the activities that could be undertaken under this component are:

1. Coffee Quality Evaluation

This activity seeks to obtain an in-the-cup profile of coffees produced by the beneficiary organizations and, once their attributes are determined, to be able to promote them in the market. Also, there will be an opportunity to learn and/or correct some aspects that might be interfering with coffee quality in any phase of the production chain (harvesting, processing, storing, preparation, etc.).

2. Cupper Development and Training

This activity will be implemented with the support, among others, of the Asociación de Catadores de Café de El Salvador (ASCAFE), Program IICA/PROMECAFE and Coffee Quality Institute–CQI. The main thrust will be to provide the country with a competent group of professionals who assume coffee quality control responsibly and whose judgment is respected within and outside the country. At another level, the program will identify, select and train individuals with the vocation and willingness to become cuppers. The development and training process will be based on a specific curriculum designed through the CADR program and taught by national and international cuppers. Further opportunities exist for apprenticeships under national cuppers at processing, export and roasting companies.

3. Technical Assistance and Training in Wet Processing

This activity aims to improve wet-processing practices and identify deficiencies in machinery and/or equipment to obtain quality coffee. Since this is a factor in the production process, technical assistance and training will be provided *in situ* to the operating personnel of organizations and/or producer groups. To expand the Program benefits, PROCAFE technicians will participate in this activity.

4. Technical Assistance and Training in Dry Processing

Training and technical assistance will be provided *in situ* to producer organizations and beneficiary groups. Because this stage of coffee processing demands a greater use of technology and stricter controls, medium- and long-term specialists will be contracted to assist and train the operations personnel. It is expected that the observation and analysis of coffee plant processes can help identify constraints to efficient and appropriate operations and thorough bean classification and selection.

5. Upgrading of Infrastructure, Machinery and/or Wet- and Dry-Processing Equipment

Based on the needs identified by the specialists in this area, some processing plants will be provided support to upgrade infrastructure, machinery and equipment to maintain a fluid and efficient process, in accordance with market norms and attaining quality coffee.

It should be recognized that in these cases the organizations making Program-supported improvements must commit themselves to allowing visits to their installations by representatives of other organizations, producers and/or regional officials and persons interested in the results and experiences obtained and lessons learned; these pilot organizations would become replicable models.

6. Establishing and/or Modifying Quality Control Laboratories

Through performance of this activity organizations will be provided the following support:

- To provide the Consejo Salvadoreño del Café (CSC) and PROCAFE, depending on their identified needs, with quality-control laboratories, including equipment, materials and training. This support will also be extended to the coffee sector as a whole and to persons seeking proficiency in this area (formation of new technicians).
- To set up at least three mini-labs at organizations and/or groups which currently lack these facilities, necessary for quality verification of the coffees they process. With ASCAFE's support, members of these entities will be trained on basic cupping principles, especially in recognizing defects.
- To provide selected organizations materials and equipment required for quality control laboratories to improve their quality control capacity during processing. At the same time, qualities and attributes will be identified in coffees from those promising regions that meet the necessary conditions for quality coffee. This support will also help to ensure that the coffee for export is adequately prepared and controlled in compliance with the requirements and norms of quality agreed upon by sellers and buyers.
- To equip the beneficiary organizations with quality-control laboratories to enhance their ability to detect defects occurred during the processing so that the coffee for export can be adequately prepared and controlled in compliance with the norms of quality.

7. Training and Assistance for Coffee Processing and Quality Control

This activity seeks to increase the knowledge of the personnel operating the processing plants. To this end, successful organizations in various regions will be identified, evaluated and incorporated into the Program.

6.2 Marketing and Good Business Practices

These are major components for negotiating advantageous coffee sales. Though closely related, they have been divided into their sub-components: (a) marketing and (b) good business practices.

This action aims to bring logical and, perhaps, sequential order to the activities performed under each sub-component. It should be noted that these activities are complementary and supportive, thus, the strategy is to strengthen the beneficiary organizations in those areas constraining their business development and ability to make market-related decisions.

6.2.1 Marketing

Support will be provided for undertaking competitively advantageous marketing using modern tools of negotiation. It should be emphasized that all efforts will be channeled toward meeting the market needs. To assist in identifying these market needs and opportunities, the CADR Program constituted a Market Advisory Group of successful coffee buyers, traders, roasters and retailers who are continually analyzing market behavior and will suggest actions that will contribute to differentiating the region's various types of coffees.

One of the Program's challenges will be to create a close link between buyers and producers of the region's coffees, especially those from El Salvador. To that effect, the beneficiaries have been selected taking into account certain buyers' demands for a specific type of coffee or for a particular coffee region.

Some of the activities to be carried out include:

1. Designing a Promotion and Marketing Plan for El Salvador

The aim is to help place Salvadoran coffee with well-defined strategies, objectives and markets in mind. Experienced specialists will be contracted for this activity.

2. Consultancy for Promotion and Marketing of Salvadoran Coffee

Once the Promotion and Marketing Plan is in place, a consultant will be hired to help implement this undertaking. It should be stressed that involvement of the entire coffee sector in this activity is exceedingly important to reach the proposed objectives. One possibility being weighed is that the Consejo

Salvadoreño del Café (CSC) assume the responsibility for coordinating the Plan, supported by private sector entities be responsible for specific implementation activities.

3. Design and Preparation of Publicity Material and Promotional Items

To strengthen the Promotion Plan, its actions and/or activities will be complemented with publicity material compatible with the new promotion campaign for Salvadoran coffee.

4. Certifications

Certification is one of the main tools that the market is using to differentiate the various coffees available. Hence, there is a need to implement activities leading to certification of beneficiary groups and/or cooperatives, as most appropriate to the opportunities for their specific coffees. For this task, the Program will coordinate with third-party certifiers, including Rainforest Alliance, TransFairUSA, Utz Kapeh and other organizations.

5. Marketing Assistance

Two specialists to support coffee marketing will be provided. One of the specialists is a member of the Regional Program team and the other specialist will be exclusively dedicated to marketing Salvadorian coffee and will divide his time between origin and consuming countries. Both must be in continuous communication to set up strategies and exchange information about potential buyers and the beneficiary organizations.

6. Market Intelligence System

This system will facilitate access to processed information on market behavior for decision-making purposes. While some advanced organizations or producers are familiar with the abundant supply of commodity information that is readily available, it is necessary to prudently evaluate its veracity and its most appropriate use.

This activity will use the Regional Program Website to access information of interest, which will be analyzed by a group of specialists who, in turn, will provide recommendations that can be easily understood by coffee producers. The data to be generated will be: essential information (world supply, demand and inventories), technical data (open interest, commitments, study of charts, oscillators, etc.), physical market data (sales differentials among the countries of the region, world export analyses and weather information (especially in dry and frost seasons).

7. Assistance and Training on Futures Markets and Coffee-Exchange Mechanisms

Decision-makers and staff will learn important aspects of the coffee exchange and hedging mechanisms available and how to use them. Likewise, they will be advised on the use and management of an exchange account.

8. Support to Producer Groups and/or Cooperatives for Promoting and Marketing Their Coffees

This activity aims to adequately support the promotion and marketing efforts of the Program's direct beneficiaries, who will be aided with design of promotional materials and Web pages, organization of trips for buyers, attendance to fairs, visits to potential buyers and any other actions as required to conduct an efficient marketing of their coffees.

9. Participation in Training Events Related to Coffee Marketing

The activity will support participation in seminars, courses, workshops and apprenticeships in coffee buying companies for coffee producers, officials and leaders of organizations and/or operating personnel in order to strengthen their knowledge and expertise in coffee marketing.

6.2.2 Good Business Practices

The intended purpose is to strengthen the beneficiary organizations based on the results of in-depth administrative/financial evaluations. In this regard, it is deemed essential to promote various forms of associative business organizations, develop the ability to adopt management practices and optimize the benefits from managerial and entrepreneurial organizations. Likewise, it is crucial to establish relations with other institutions, especially to coordinate access to existing industry data systems.

Some of these activities are:

1. Administrative/Financial Evaluations

The organizations to be selected must possess a high degree of viability both in their financial and administrative structures. For this reason, evaluations will be made to determine their business potential and the transparency of the information they handle for their associates.

2. Preparation of Business Plans

Business plans will be designed for selected beneficiary organizations lacking them and evaluated for those having them, in order to harmonize, in a compatible and well-structured manner, the activities, actions, relations and strategies that each organization must possess. Each will be principally oriented toward increasing the value-added to its product, differentiating its coffees and, therefore, promoting its sustainability and competitiveness.

3. Design and Implementation of Managerial Information Systems

Based on past experience, one constraint some organizations have faced is the restricted access to new programs that would facilitate and help achieve a better business development and accurate and timely information for decision-making. It is important to acquire, design and install software for both the beneficiary organizations and the spearheading institutions (CSC, PROCAFE). Toward this end, institutions are considering the acquisition of a training plan for the users.

4. Development and Training in Business Administration and Management

It is considered that one of the weaknesses of enterprises engaged in agriculture—and specifically coffee—is their limited financial capacity to invest in developing and training human capital. To cover this activity, specialized consulting services will be hired to develop training courses on planning, cost accounting and general business administration and management.

5. Assistance in Financial Analysis and Credit

The ongoing coffee crisis is making economic conditions difficult for most coffee businesses, which are, consequently, displaying a high rate of default on credit and other financial obligations. This makes it necessary to assist these organizations in seeking new alternatives and/or models that will allow them to reschedule their commitments and gain access to fresh working capital to resume operations on a sustainable basis.

6. Promoting Business Association

One of the alternatives that small- and medium-scale coffee producers have available to become more competitive is association. Related activities will be undertaken, especially with groups of coffee producers having the capability to produce, process and export quality coffees. This activity will be supported by other coffee organizations which, together with Program consultants, will help establish and formalize these groups. Concomitantly, there is a plan to increase the membership in organizations that are direct beneficiaries of the Program.

VII. SUPPORT TO PARTNER ORGANIZATIONS

The Program considers it necessary to strengthen and support organizations that can contribute to achieving its objectives. The associations that have been identified for this purpose are:

- **Asociación de Cafés Especiales de El Salvador (ACES).** This association has recently been organized to embrace a large number of producers, processors, exporters and industry-related people. The support will aim at strengthening this organization in its initial phase, in activities and/or actions including the drafting of its strategic and business plan, management personnel, design and preparation of materials and means of promotion and, possibly a quality control laboratory to be placed at the service of its members.
- **Asociación de Catadores de Café de El Salvador (ASCAGE).** This association is comprised of most of the professionals who are engaged in coffee cupping and, therefore, in the quality control processes. Consequently, ASCAGE will be provided support to develop new cuppers, provide on-going training and in other related activities.

VIII. SCHEDULED GOALS FOR EL SALVADOR

The planned goals can be met through the various actions taken in the USAID/CHEMONICS project in El Salvador. These are summarized in the following table.

Table 1. Goals for El Salvador

DESCRIPTION OF GOALS	
-	The execution of the different actions contained in the Plan for El Salvador is expected to push up the sales of quality or differentiated coffees by 10%, or 5,000 quintales ¹ .
-	1,000 coffee producers to be benefited from the various activities performed.
-	500 <i>manzanas</i> , from coffee organizations and/or groups, certified and meeting the quality standards demanded by buyers.
-	10 organizations and/or groups of producers strengthened by the adoption of business strategies and their innovating means.
-	A promotion and marketing plan for Salvadoran coffee being executed and providing a better outlook for the beneficiary organizations.
¹ According to statistics, sales of differentiated coffee in El Salvador amount to approximately 50,000 quintales (hundredweight).	

IX. ALLOCATION OF ACTIVITIES TO BE IMPLEMENTED

To reach the sought-after results, the activities within each component have been scheduled as follows:

**Table 2. Activities to be Implemented, by Components
(24 months)**

ACTIVITIES/COMPONENT	MEASUREMENT UNIT	SCHEDULED	2003	2004		2005
			SEMESTER 1	SEMESTER 1	SEMESTER 2	SEMESTER 1
1. IMPROVEMENT OF COFFEE QUALITY						
a. Evaluate the coffee quality from the selected groups.	DIAGNOSTIC	6	4	2	-	-
b. Train cuppers with various levels of knowledge and experience.	EVENTS	4	1	2	1	-
c. Assistance for wet processing among beneficiary organizations.	TECHNICIAN	4	2	-	2	-
d. Assistance and training for dry processing.	TECHNICIAN	4	-	2	-	2
e. Upgrade infrastructure, machinery and/or wet- and dry-processing equipment.	UPGRADING	10	1	5	4	-
f. Organize, establish and modify, and provide training on quality: laboratories (mini labs, expansion-renewal, assembly of laboratories).	LABORATORIES	8	3	3	2	-
g. Assist in training sessions and business trips relating to coffee quality control: coffee wet and dry processing.	EVENTS	12	2	3	4	1
MARKETING AND GOOD BUSINESS PRACTICES						
ACTIVITIES/COMPONENT	MEASUREMENT UNIT	SCHEDULE D	2003 SEMESTER 1	2004 SEMESTER 1	2004 SEMESTER 2	2005 SEMESTER 1
2.1 MARKETING						
a. Design and prepare promotion and marketing plan for Salvadoran coffee.	PLAN	1	1	-	-	-
b. Consultancy for execution of promotion and marketing plan.	CONSULTANCY	1	-	1	1	1
c. Design and prepare promotional materials and articles, posters, CDs, brochures, videos, other.	MATERIALS	N/C	-	1	1	-
d. Certification of coffee identified and produced by the organizations and/or farms according to their characteristics—organic, sustainable, fair trade, other forms—by the main collaborators of the CADR Program, Rainforest Alliance, Utz Kapeh, TransFair USA	CERTIFICATION 500 manzanas	500	100	250	150	-
e. Advice on coffee marketing	CONSULTANT	2	1	1	1	1
f. Set up a market intelligence system.	SYSTEM	1	-	-	1	-
g. Assist and train on futures markets and coffee-exchange mechanisms.	ADVISORY SERVICES	2	1	-	1	-
h. Support to groups and/or cooperatives for coffee promotion and marketing (participation in international events, visits to buyers, contacts, other).	ACTIVITIES	12	2	4	2	4
i. Participate in training events (seminars, courses, chats, trips, other) relating to commercialization of quality coffee.	EVENTS	10	2	4	3	1

ACTIVITIES/COMPONENT	MEASUREMENT UNIT	SCHEDULE D	2003	2004		2005
			SEMESTER 1	SEMESTER 1	SEMESTER 2	SEMESTER 1
2.2 GOOD BUSINESS PRACTICES						
a. Perform assessments for beneficiary groups or organizations.	ASSESSMENTS	6	6	-	-	-
b. Prepare business plans for beneficiary groups or organizations.	BUSINESS PLAN	4	3	1	-	-
c. Design and implement managerial information systems for selected beneficiary organizations.	SYSTEMS	11	-	6	5	-
d. Develop and train on business administration and management.	EVENTS	15	-	6	6	3
e. Advice on financial analysis and handling of credits.	ADVISORY SERVICES	6	-	4	2	-
f. Promote and foment business association (incrementing membership for and between organizations.	ACTIVITIES	10	4	4	2	-

X. FINANCIAL RESOURCES FOR PLAN EXECUTION IN EL SALVADOR

The financial resources required to execute the Action Plan for El Salvador are:

The total amount of funds required for executing the Action Plan in El Salvador is estimated \$1,989,647 (see accompanying budget). About 80% of this total will cover the cost of developing the Program components and sub-components; the balance will cover salaries, management, other operational expenditures, purchase of a double-traction vehicle, and contingencies.

The financial resources will be allocated in 24 months—from June 1, 2003 to May 30, 2005. In this period, all proposed actions will be implemented to meet the objectives and expectations of USAID and the beneficiary countries.

XI. MONITORING AND EVALUATION

To measure the progress and end results of implemented projects, CHEMONICS INTERNATIONAL INC. employs a permanent monitoring and evaluation system which allows right and timely decision-making toward its goals.

Table 4. Scheduled Activities to be Executed in El Salvador, by Component

ACTIVITIES/COMPONENT	MEASUREMENT UNIT	SCHEDULED	OBJECTIVE
1. IMPROVEMENT OF COFFEE QUALITY			
a. Evaluate the quality of coffee from the selected groups.	EVALUATIONS	6	To determine the in-the-cup profile of coffees produced by beneficiary organizations so as to improve production processes and/or promotion and commercialization.
b. Train cuppers with various levels of knowledge and experience.	EVENTS	4	To rely on a cuppers team to characterize Salvadoran coffee in a broader than traditional scope.
c. Engage advisory services for handling wet processing at beneficiary organizations.	TECHNICIAN	2	To rely on a specialist that upon learning the current condition of wet processing plants will issue new technological orientation to correct and/or improve the established methods that impact on processed coffee quality (e.g. the environment).
d. Engage advisory services for training on dry processing.	TECHNICIAN	2	To rely on a specialist that upon learning the current condition of dry-processing plants will issue new technological orientation to correct and/or improve the established methods, taking into account all the activities that are conducted along the production chain.
e. Upgrade infrastructure, machinery and/or wet- and dry-processing equipment.	UPGRADING	10	To overcome any current limitations that may impact on the processed coffee quality and efficiency of the processing plants.
f. Organize, establish and modify and train on quality: laboratories (minilabs-5-, expansion-renewal-2-, install two laboratories).	LABORATORIES	8	To rely on adequate means to exert control on the quality of the coffee produced –received- so as to be able to determine its characteristics for timely decision-making (process correction, promotion, commercialization).
g. Assist in training and business trips relating to coffee-quality control: wet and dry processing, quality control.	EVENTS	12	To learn and share valuable experiences, to improve the available capacity.
SUB-TOTAL 1			
2. MARKETING AND BUSINESS PRACTICES			
2.1 MARKETING			
a. Design and prepare promotion and marketing plan for Salvadoran coffee.	PLAN	1	To rely on definite strategies and objectives so as to guide, with more possibilities of success, the various actions to be taken.

b. Hire consulting services for execution of promotion and marketing plan.	CONSULTANT	1	To rely on a dependable person for the execution and monitoring of the established Plan so as to ensure the outreach of the proposed objectives.
c. Design and prepare promotional materials and items: posters, CDs, brochures, videos, other.	MATERIALS	N/C	To make known the quality of Salvadoran coffee through attractive messages that will arouse a greater interest among buyers and consumers.
d. Certify coffee identified and produced by organizations and/or farms according to its characteristics—organic, sustainable, fair trade and other forms—by the main collaborators in the CADR Program: Rainforest Alliance, Utz Kapeh, TransFair USA	CERTIFICATION	1	To obtain certification of farms producing coffee with different from traditional characteristics so as to make them attain greater competitive advantages on the market and to meet buyers' demands.
e. Hire advisory services for coffee commercialization	CONSULTANT	2	To facilitate the search for new and/or better sales options for the coffee produced by beneficiary organizations.
f. Establish a Market Intelligence System.	SYSTEM	1	To facilitate the analysis of market behavior, now and in the future, for coffee commercialization.
g. Provide advice and training on futures markets and coffee-exchange mechanisms.	ADVISORY SERVICES	2	To assess the existing interrelationship among the different market elements or behavior for decision-making purposes.
h. Provide support to groups and/or cooperatives for coffee promotion and marketing (participation in international events, visiting buyers, contacts, other).	ACTIVITIES	10	To participate in recognized events that will facilitate direct contact with buyers.
i. Participate in training events (seminars, courses, chats, business trips, other) relating to commercialization of quality coffee.	EVENTS	10	To strengthen, with the acquired knowledge, the business ability of the persons who have the decision-making responsibility at the beneficiary organizations.
SUB-TOTAL 2			
2.2 GOOD BUSINESS PRACTICES			
a. Perform administrative assessments for beneficiary groups or organizations.	DIAGNOSTICS	6	To assess the current conditions of beneficiary organizations so as to aim support at follow-up actions.
b. Prepare business plans for beneficiary groups or organizations.	BUSINESS PLAN	3	To improve the business capacity of the beneficiaries by aiming their actions strategically and improving their competitiveness and sustainability.
c. Design and implement managerial information systems for selected beneficiary organizations.	SYSTEMS	11	To improve at organizations the control and registry systems that are basic to decision-making.
d. Develop and train on business administration and management.	EVENTS	15	To equip the beneficiary organizations' decision-making personnel with new and/or better knowledge.
e. Advise on financial analysis and handling of credits.	ADVISORY SERVICES	6	To improve the skills of the organizations' personnel by providing timely assistance regarding new findings.
f. Promote and foment business associability (incrementing membership for and between organizations).	ACTIVITIES	10	To promote the addition of new organization members by showing the advantages of associative work as a strategy in the search for competitiveness.
SUB-TOTAL 3			
TOTAL GENERAL			

