

On a Consultancy to Accelerate Light Manufacturing Projects

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Report
On a Consultancy to Accelerate Light Manufacturing Projects
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future home of the Centro Foresta, Noviraro, with figue plants

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1. Executive Summary

In a consultancy designed to accelerate the productivity and effectiveness of businesses involved in light manufacturing in Putumayo and Cauca, I was contracted to become familiar with ongoing and new Colombia Alternative Development Project initiatives in the sector and to accomplish the following tasks:

1. Identify and interview buyers and other potential collaborators to promote sales of products that can be produced competitively in Putumayo and Cauca and sold into national and possibly international markets.
2. Interview key personnel at CAD, CONIF, Fundaempresa, HUAIRASACHAC and other partner organizations to assess the potential and interest for building businesses to serve the identified buyers.
3. Design and promote at least two practical examples of light manufacturing business activities for Valle de Patia and two for Putumayo. These examples include participation of local producers and of Colombian buyers who have established national and international markets, and who have an interest in expanding their business.
4. Determine and promote the basis for collaboration between CAD and CONIF to forward achievements in the light manufacturing sector. This will include a strategic collaboration between personnel and consultants in CONIF for the identification and design of value-added wood products that Colombian businesses want and that can be made competitively in Putumayo by woodworkers associations like ARMAZON and in Cauca by Cortamates del Valle Patia. These product ideas will not be limited to totumo or wood, but will include whatever seems viable because it has a demand and can be made competitively using legal materials.
5. Make written and oral reports on specific recommendations and actions to be taken. Prepare a draft TOR to serve to promote follow up to this consultancy.

This report describes activities undertaken and accomplished in a 19-day trip to Colombia, in which I worked in Bogota, Cali, Popayan, and Puerto Asis. In approaching

buyers, I made use of information I had gathered about their needs when I was doing preliminary research on promotion of products from the area in a separate and related consultancy last year. Several customers interested at that time are pleased at the prospect of getting product. Bogota-based exporter John Stephenson of The Pottery is specifically looking forward to ethnic baskets from Putumayo, and a variety of wood and totumo decorative accessory items. US-based importers, One World Projects, Caramba, and Country Originals are also interested in specific decorative items in wood and other natural materials. In addition, on this trip I was able to identify and begin to respond to the needs of other potential customers, such as Servicomex, a Cali-based flower exporter involved in a new initiative to cultivate flowers and foliages in Mocoa. They are interested in expanding into permanent botanicals and other decorative items. I was also able to initiate collaboration with Aid To Artisans, an international NGO working in Colombia to promote exports of handcrafted items from coca-producing regions of Colombia.

In working with CONIF to promote the effectiveness of their Centros Forestales in Cauca and Putumayo, I looked carefully at activities currently underway with the *cortamates* of Patia and with ARMAZON and made recommendations for improving productivity, sales, and return to the producers. For ARMAZON, for instance, simple improvements in the quality of work that members do will make it possible for them to serve national and, hopefully, international markets with components for furniture and architectural elements in the 25 species of legal wood they will be working soon. La Javariana and Digare staff, working on setting up Centros de Servicios de Totumo in Patia, note that the *cortamates* could double their earnings per totumo in this season, simply by leveraging market connections the consultants have made. By the next totumo harvest we expect to be opening new markets for them with a recently developed line of decorative accessories.

I also looked closely at what other activities could enhance light manufacturing productivity in these communities. Since packaging is required for some products and can be a product in itself, handmade paper manufacturing is a natural companion business

in both Cauca and in Putumayo. In Cauca, a fique paper production operation will be a good compliment to the Centro Forestal at Novirao. Fique fiber can also be woven, knitted, and crocheted into a variety of home décor products to compliment offerings that will be coming out of Conif's Centro Totumo and the Centros Forestales. In Putumayo, a guadua paper production operation in Orito or another community with good access to the raw material could enhance the offerings of the Centro Forestal at Villagarzon. Guadua can also be made into decorative accessory products for national and regional markets, and is an excellent building material for local construction. There are also good possibilities for building permanent botanicals and potpourri businesses in conjunction with some of the Program's other new initiatives, and packaging would be key for both these product lines.

2. Current Products and Opportunities for Light Manufacturing Business Development

Annex 1 contains a complete list of products and potential products I have identified for Cauca and for Putumayo. Strongest candidates for immediate development include wood products, totumo products, handmade paper products, permanent botanicals and a variety of decorative accent and gift products. Packaging could be a very strong product line in each of Conif's Centros Forestales. Paper, for instance, could be made with different local materials at each center. The resulting mix of paper products would make for a strong product line, as well as for variety in packaging options. In compiling this list, I drew on observations made in my trip to the project area last year as well as on extensive conversations with CAD and CONIF staff, and this year's visits to the project area. I believe these observations are a good foundation for determining several viable opportunities for light manufacturing business development.

2.1. Cauca

In Cauca, Program activities that hold promise for light manufacturing development are centered in Patia, where CONIF is putting in a Centro de Servicios Totumo, and in

Novirao, where they are putting a Centro de Servicios Forestales. Both centers are in development now, so could tailor the development of their structures to respond to the needs of new customers or market niches that they could serve. There is promise for developing several aspects of a totumo business in Patia, and for developing paper, fique, and wool handwovens, as well as wood businesses, in Novirao.

2.1.1. Totumos

Contracted by CONIF, Diego Garcia-Reyes, proprietor and chief designer at Digare Design Studios, and Leonardo Ariza and Carlos Gabriela, staff from La Universidad Javariana extension program, are working to build the business of Totumos del Patia. Their efforts promise to bring a higher return to *cortamates*, or totumo harvesters, of Patia. Totumos, gourd-like fruits that grows on a tree, are used as containers for *arequipe*, a traditional milk-based sweet. Traditionally the totumo harvesters sell the shells they gather to intermediaries, who sell them on to sweets-production companies, such as Dulces del Valle in Cali and Paysanes in Popayan . These enterprises, serving national and international markets, currently buy most of their totumos from Tolima, bearing the cost of transport as well as the costs of cleaning up and filling the totumo shells.

Through research and connections made by Leonardo Ariza, it has been determined that Dulces del Valle would be happy to buy all the totumo Totumod del Patia can produce if it is of a superior quality, well selected, and cleaned, dried, and packed properly. For this product they will pay 2-3 times what the *cortamates* currently make as they sell to intermediaries. Diego and La Javariana staff have designed systems that will make it possible for most if not all of the totumo harvest in the region to be sold at a premium price. For the immediate harvest, underway now, before these systems are in place, they are working with the newly-formed totumo cooperative to assure that as many totumos as possible bring a higher price. By the next harvest, in May, the Centro structures and systems should be in place to assure that all totumo of suitable size are sold as superior product. Totumos that are not of appropriate size will be made into decorative accessory

products which Diego Garcia-Reyes has designed for markets in the cities of Colombia and abroad. His team will be showing them during Expoartesanas in December to generate advance interest, and I will show them afterwards to potential customers in the US.

Current efforts to maximize the capacity of the *cortamates* to earn from their totumo businesses will also be useful in determining what production capacity for the next harvest is likely to be. Plans for expanding capacity and for getting new partners to buy in to the Centro will be easier to implement once this base line is determined. It would be ideal to have ownership of the Centro de Servicios Totumos in place by the May harvest so that capacity is built to optimize service to the highest stakeholders. For now, it looks like it would be best if one or more of the sweets production companies invested in the Centro for production that could be supplied in the long run. Paysanes also exports handcrafted decorative objects to the US and would be very interested to add totumo objects to that line.

2.1.2. Packaging

Totumo can be used for packaging of various products besides sweets. It is currently used by Guillermo Cano and by Cosurca for packaging coffee. Cosurca is already a customer of coffee growers in the project area in Cauca. There is also a market for wood packaging for sweets and for coffee. Wood and totumo can be etched, burned, or sandblasted for labeling, but there is also a need for paper labeling for these and other products.

CONIF's Centro Forestal in Noviraro, will be on-line in December. It will begin by processing pine and eucalyptus woods from plantations owned by indigenous Paez and Guambia peoples. These woods will be available fairly immediately, long before the many other woods that are being planted are ready to be harvested. They will be perfect for packaging and for inexpensive home furnishing products. Packaging can be sold in conjunction with other manufactured products of the area. The sweets companies that

buy totumos, for instance, are also interested in wood trays and boxes for packaging the sweets. They could also sell wood decorative objects. Corseda, a silk accessories production company located in Cauca, is another business we know has interest in novelty packaging. Wood boxes are also a good possibility for serving the packaging needs of upcoming new initiatives, including aromatics, potpourris, dried flower and foliage bouquets, etc.

Packaging markets could further be served by the addition of a papermaking facility at the Centro. Handmade paper is easy to make and can be made from a variety of materials. One excellent plant fiber for paper is fique, which grows in abundance in the area. Fique fiber is also knitted, crocheted and woven into a variety of products by cooperative businesses already working in the project area. These treatments of the fiber are appropriate for packaging, and also for a variety of decorative objects, so I anticipate that building production will be useful to several markets.

Papermaking needs little equipment and space and can be an extremely versatile business, producing not only packaging, but also stationary products, and a range of decorative objects. As other product lines grow it will be useful to have paper production to provide complimentary product as well as packaging and labeling.

2.1.3. Home Accent Products

The peoples who own the forests in Cauca are Paez and Guambiano, both ethnicities with strong weaving traditions. In visiting Popayan, Juan Fernando Gomez, Luis H. Ospina, and I met with the governor of Cauca. We talked about the fine weavings I had seen last year and he graciously offered to take us to visit artisans in Silvia. Though we were not able to take him up on that invitation immediately, I ordered cushion covers in traditional weaves and in fashionable colors which I expect will find acceptance in US home décor markets. They will fit perfectly with the current trend to “global” looks. As these and woven fique products are introduced and accepted into new markets, I expect we will be able to build a source of production in the area. The indigenous peoples, the Paeces,

Yanaconas, and Guambianos, are said to be well-organized and so producing collections with them would probably be easy.

In Popayan, Diego Garcia-Reyes, Carlos Gabriela, and I met with members of the Asociacion de Artesanos Fique, which has members in Tambo, Timbio, and Popayan. We looked at their products and made a quick introduction to what we would be looking for. It is likely that people in our project area could sell them fique, or that we could work with their members in our area to increase sales of handmade products. Last year I had met with Manos Amigas, a fique enterprise that is also contracting some production in the area. I hope that we can work with both of them to increase sales of decorative accent products, and to establish fique paper production.

2.2. Putumayo

Program activities in Putumayo address the needs of indigenous communities through Raiz por Raiz, of colonist communities through PILDAET, and of urban woodworkers through ARMAZON. I have identified viable products for immediate sale and development from each of these groups.

2.2.1. Wood Products from Amazon

ARMAZON is a cooperative of woodworking shops in Puerto Asis. Members suffer from shrinking markets and from a lack of legal woods to use in plying their trade. CONIF is working on a strategy to strengthen Amazon's business. As a viable business, ARMAZON could soon to be a customer for and a shareholder in CONIF's new Centro de Servicios Forestales in Villagarzon. ARMAZON members are eagerly anticipating that source of 25 legal woods. They have customers waiting for orders that will be made from this new source, but also anticipate that having products made of dry, legal wood will open new markets for them. Their current production, sold into local markets, is of furniture and decorative accent pieces.

The fact that their market has been shrinking is nearly as problematical as their lack of legal wood. New product development assistance and improvements in design direction will open new markets for the enterprise. In visiting with them and sharing information on market trends, and magazines and catalogs, I noted that they will also have to improve the quality of their work. They are adept at copying ideas as they perceive them, but they do not produce a top quality product at this time. This could be rectified with training in finishing techniques, good quality control systems, and access to kiln-dried woods.

In working with ARMAZON members, I focused on determining what they can produce and sell now in order to begin to improve business immediately, suggesting products that could be made using guadua, seed pods, and other immediately available materials. Though these alternate materials may provide some immediate relief, wood is this enterprise's main business. One member has recently designed a medicine cabinet for the numerous NGO's working in health services in the area. Wood packaging may be a good product in Putumayo as it is in Cauca. It would, for instance, be appropriate for packaging a line of specialty tropical fruits jams, or of gourmet pepper.

Since the wood is generally of a high quality in Putumayo, however, it will probably be more important for high-value small objects. Humidors, for instance, would be a good product line the quality of Amazon's workmanship has improved. Though the moisture calibrators will have to be imported and that may be problematical, this is a high-end product that depends on the quality of specialty woods that we will have in Putumayo. Both Diego Garcia-Reyes and CAD staff member Paola Cubides have connections in this market and are confident they could sell the product. It is, however a very niche market and we cannot expect to do much volume. A strategy to produce this product line should be augmented with one to produce a more main-stream product. Furniture and architectural elements are good possibilities and that market is being pursued now. Diego has also thought about simple low-cost furniture for public housing, a market that is already being addressed with the houses that CONIF plans to build. The two product lines would compliment each other well if market connections are strong enough to

assure steady sales. Pepper mills would be another appropriate product for small pieces of fine hardwoods, though the grinders would have to be imported.

I bought a few samples from ARMAZON in interesting woods that turned out not to be available in the managed forests, including granadillo, palo caro, and nazareno. I am hopeful that these beautiful woods will be available in the future. I ordered, however, several decorative balls in woods that we will have available. I bought a chopping board in a very rudimentary design and ordered another one in a more sophisticated design. I plan to have both boards tested in a US lab to determine whether they are viable. If they are, and if the price is right, Pfeifer is interested in developing a line of chopping boards for a major US retailer, Saks Fifth Avenue. If ARMAZON can produce in sufficient quality and quantity this preliminary collection could lead to the development of other collections.

It is clear that ARMAZON needs technical assistance in improving the quality of their products so that they can serve new markets. Appropriate training should be provided to make optimal use of existing equipment as well as with any new equipment they acquire. Digare Designs and La Javariana may continue the collaboration they have begun in Cauca with work in Putumayo, where La Javariana already has a contract. I understand from Diego that he could provide technical training using alumni from the Escuela de Artes y Oficios in Bogota. I had discussions with the director of the Escuela last year and was encouraged that they could, indeed, provide technical instructors. I do not get the impression, however, that the school could provide appropriate training in setting up production systems and business infrastructure to serve the markets we are targeting, such as furniture and architectural components. In the current scheme of things, this training would have to be provided by La Javariana or by Digare. Alternately, it could be effectively provided by Fundacion Bima. In the longer run, probably late in 2004, Aid To Artisans could also be providing training that will strengthen the business.

2.2.2. Decorative Accent and Gift Products from Other Producers

A number of Raiz por Raiz and PILDAET programs involve people who make products that could be better commercialized, generating them immediate income and building light manufacturing businesses in the area. Existing products with broader market potential include guadua and chonta desk accessories and decorative objects, refrigerator magnets made from seeds, and a variety of indigenous products, such as ethnic baskets, and chambira fiber. I have interested Bogota-based businesses The Pottery and Bima in these products and am in the process of introducing them to several US-based importers, including One World Projects.

Apart from the immediate possibility of selling these existing products, there appears to be a good possibility for the success of a larger effort to promote manufacturing in guadua. The plant is plentiful in the project area, grows quickly, has tremendous environmental benefits, and can be used to make a number of products we could sell immediately, including construction materials, decorative accents, and paper. Guadua makes a strikingly beautiful paper that is well suited to a variety of uses. Guadua is also a fine woven material, adding interesting texture to furniture and construction panels. Monica Botero, director of Raiz por Raiz Vida y Futuro and proprietor of a decorative accessories business featuring guadua products, has an interesting proposal for building a guadua enterprise in Putumayo.

In meeting with Victor Manuel Alvares, a member of ASOARTE artisans cooperative in Mocoa who works in chonta, I identified several products that are of potential interest to US markets. I bought a tray and ordered desk-top accessories which he will deliver next week. I also requested detailed product and production information on several items in Victor's catalog. His is one of three chonta businesses that work with ASOARTE and he is confident that they can produce in volume.

When I met with ASOARTE members in Puerto Asis, I ordered samples from another member, Jorge Mora, who makes decorative objects from guadua and bamboo. His

delicate guadua birds and his abstract guadua flowers may be perfect products for Country Originals, a major customer of The Pottery. I expect the birds, made of seeds and guadua, will also be of interest to The San Diego Zoo, a customer of One World Projects.

I met with Stela Partojo of Fundacion Restrepo Barco in Puerto Asis. She is working with several women's groups who make a variety of products, including a guadua pen that they can sell at a price that would make it reasonable for US consumers. I ordered a sample of the pen, and also a few magnets made from seeds in the form of bugs. I learned later that the women are not registered as a business so it is not clear whether they can sell to the exporter who could sell abroad. If they were properly registered their abilities could be used for producing a variety of products with these same materials. Stela also showed me products from a group that embroiders towels and baby blankets. Though there is no place for these sorts of products in markets other than local ones they currently serve, I suggested that new design ideas could increase sales there and left a Country Business magazine full of ideas.

Aura Morcaja of Huairasachac showed me a product line of shampoos and lotions made from native plant ingredients by Mujeres por la Paz and marketed locally under the brand name Mupaz. Their current business is stable though small and Huairasachac is in the process of helping the women register the business and improve their production systems. The products could be lab and market -tested to explore the possibility of serving new markets. There is also the possibility that they could coordinate with the proposed aromatics initiative to make a more sophisticated line that could, with appropriate packaging, serve new markets.

2.2.3. Indigenous Products

Indigenous baskets, natural fiber bags, masks, wood carvings and musical instruments are all in demand in niche markets as decorative objects. Though the market is not large, it is immediate and of an appropriate size to use current production capacity. Marketing these

products also fits in with current Raiz por Raiz projects to preserve traditional arts in several communities among several ethnic groups.

In meeting with Raiz por Raiz Fundaempresa, I was disappointed not to see some of the best products that I had found with them last year. The many beaded ethnic bracelets, for instance, are no longer being sold with a story card explaining the origin and the significance of the design. The selection of baskets was poor and did not include examples of the best techniques I had seen before. Haydee Arias was, however, responsive to my requests for information and will be gathering information on and samples of nine specific products I photographed. I also requested information on chambira, a fiber produced from a palm and used to make traditional bags, which One World Projects is interested in buying by the meter. I have made several inquiries about the supply of chambira but have not yet determined whether it is a plentiful material. I did determine that several of the best materials and weaves for baskets have become rare. Though they may prove too expensive to be commercially viable, I expect a few could be sold at any price, and such sales would support the Raiz por Raiz program to preserve traditional arts.

I was interested to notice a supply of Inga masks in the Raiz por Raiz Fundaempresa storeroom. I had learned from Marcella Echavarria, of the NGO Aid To Artisans, that Fundacion BAT is mounting an exhibit of these masks and I hoped to facilitate the artisan's supply ing some to sell in conjunction with the exhibit. The exhibit has already been hung, but, with Aid To Artisan's help, I have connected Raiz por Raiz with Fundacion BAT and hope that the existing inventory, at least, will be sold in the show store.

2.2.4. Packaging

Packaging could enhance and open new markets for existing products of the area, such as jams and marmalades made from tropical fruits. These products, currently sold only in local markets, could be of interest to more sophisticated markets, such as airport and

hotel gift shops and even gourmet retailers if they were appropriately packaged. A handmade paper label and a nicely designed wood box would provide more work for the people of Putumayo and would also provide access to new markets. Appropriate packaging will also be key to the successful placement of products of several new initiatives, such as medicinal and aromatic plants products.

Packaging can be made from a variety of materials readily available in the area, including wood and guadua. As in Cauca, the addition of a papermaking facility will enhance all packaging production efforts. Guadua, appropriate in itself for some packaging, can also be used to make a unique paper. In meeting with Oscar Gavaria and Claudia Bonilla, directors of Corporacion Maloca,, we discussed paper in some detail. They have considered promoting a banana paper making operation in Mocoa. If an operation were set up for making banana paper, it could also produce papers from other plant fibers, such as guadua. They are very interested in guadua in general but did not know about its being used in paper making. Chonta paper is currently produced in the area and is another attractive paper potential product. I have encouraged Oscar and Claudia to be in touch with Monica Botero to see how they might cooperate in promoting a guadua project that would result in paper, as well as other products.

3. Current and Potential Customers

As I had met with or contacted numerous potential customers for handcrafted Colombian products last year, and still have numerous samples available to show interested parties, my strategy on this trip was to build on the foundation laid then. I re-contacted key Bogota-based exporter, The Pottery, a partner in Aid To Artisans' current program to increase exports of handcrafted product, as well as Bima and Artesanias de Colombia, other partners in that program. All expressed general interest in product that could come out of businesses in Putumayo and Cauca. As it became apparent what specific products we could sell immediately, I began to contact US importers who may be interested in them. I will be following up in an attempt to generate orders for immediate production. In presenting products to potential customers, my aim is to enhance and improve the

business they are already doing by offering products and production services of businesses in our project area.

In promoting the new totumo product line from the Patia, Cauca, my aim is to support the work that Diego Garcia-Reyes and staff from La Universidad Javariana are doing to build the business of the *cortamates*. I am encouraging immediate service to the sweets companies with simple use of the new business infrastructure and careful monitoring of quality. As the Centro de Servicios Totumos is built I will work with others involved to promote the line of decorative totumo products. Their marketing strategy for this line includes all the exporters I know in Bogota, so I am leaving it to Digare staff to work those markets, but I will be available to generate interest in US markets when they have production in place, probably in the spring of 2004.

3.1. Servicomix

In developing the new initiative to export flowers and foliage from Mocoa, Fundaempresa, one of CAD's NGO partners, is working closely with the national association of cut flower producers, ASOPROTROPICO, which includes growers as well as packers and exporters, and with a major flower exporter, Servicomix. At this stage they are determining which flowers will likely be the most profitable for cultivation in Mocoa. They are also, however, looking at all the ways in which their activities can enhance Servicomix's business and generate more income in target communities. Meeting with them in Cali, we talked about possible new product lines, including natural permanent botanicals, decorative accents, and potpourri, all of which are products that would fit in markets that Servicomix and their US-based trading partner, Cepico, can access easily. We will be continuing our conversations about developing collaborations as this initiative develops. The design of the program is to facilitate exports. They expect that their first flowers will be ready for export in 18 months. Anything that can be exported before then will be a welcome addition, for the businesses involved as well as for the project. Possibilities include dried pod bouquets, holiday decorations, and wreaths. It was interesting to learn that flower exporters could be particularly good

consolidators for other exports since flowers are so light and voluminous that they often have weight allotments to spare.

3.2. Pepper Exporters

Through Fundaempresa, Juan Fernando Gomez and I met with Rafael Quiroz Castro, of Gestar Consulting Group, who is working on pepper production and marketing. He has established a relationship with a supermarket chain that will buy the pepper. However, they need more production than he is going to be able to provide for about three or four years, so to fill the gap in that time he will be importing from a partner he has found in Ecuador, an Israeli company. Though pepper for national supermarkets is mixed with flour and need not be of very high grade, he will be making sure that the product we produce in the project is of good quality and organic. By January 2005 the Ecuadorian partner will only be dealing in organics. Having developed an organic product will make it possible for Rafael to serve all their other export markets as well. He does not expect to begin actively courting export markets for about a year, when production is further established. The price is no better for gourmet pepper, he notes, than for supermarket pepper. The big difference in the gourmet and regular pepper is the packaging. Rafael will be very interested in working with other project initiatives to develop good packaging for his pepper when he is ready to address other markets.

One concern Rafael has is that the pepper growers he works with understand forward contracts so that he can be confident that they will have the amount of pepper he has contracted to buy from them when he comes for it. In the pepper business, forward contracts are negotiated with buyers and growers both, and take into account the expected quantity and quality of the harvest. He will be counting on the excellent “post-creation” business development training that Fundaempresa provides to make sure he can count on the producers he is working with.

3.3. The Sweets Companies

Both Dulces del Valle in Cali and Paysanes in Popayan are enthusiastic at the prospect of having a reliable supply of good quality totumo from Patia for their sweets. Being able to label the totumo with a sandblasted logo and providing a little totumo spoon are great details to boost sales for them, and not something they could have gotten locally without Project help. They are excited about how our collaboration will build their business. They are also interested in wood trays, decorative boxes, and other packaging for their sweets.

Both sweets companies serve local, national, and international markets with their products, though their exports are limited. They anticipate that working with the project will help them expand all these markets. They will also be interested in other handcrafted decorative product to compliment their lines. Paysanes has an import partner in Miami which wants to increase its business in handcrafted decorative accents.

3.4. Talleres de Ensemble

The woods that ARMAZON will soon have available will be suitable for production of furniture pieces and architectural elements. Talleres de Ensemble, producer and exporter of products for the construction industry, will contract production with them to serve their existing markets and to open new ones. Hector Jaime Cuesta, director, visited a tradeshow in the US with project staff and made contacts he hopes will lead to new business for him and for ARMAZON. I will help by following up as I can and generating interest in US-based building supply and furniture industries. They are having success nationally with their wooden shutters, so I will begin by showing them to market contacts in the US.

3.5. Bogota-based exporters

There are several exporters in Bogota who are interested in product coming out of the project area. Digare staff is following up on these connections and will be making others

for totumo products, but I had very useful meetings with The Pottery and Bima, both partners in Aid To Artisans' effort to promote handcrafted products for export.

3.5.1. The Pottery

As John Stephenson of The Pottery had expressed interest in several products of the project area when I showed them to him last year, I made a point of meeting with him early in my visit to Bogota. He is still interested, and would like to see samples, with information on pricing and current production capacity, as soon as possible. Information on products from Putumayo is being assembled for him now, and samples will soon be on their way to him. He has also seen photos of the totumo products that have been developed for production in Patia. He and his team will look forward to seeing samples of these products when they are in production, probably in May, season of the next totumo harvest.

There are several ways in which The Pottery can work with the project and with enterprises we support:

- 1) They can sell appropriate product in their six shops, three of which are in Bogota and three of which are franchise operations, in Cali, Medellin, and Cartegena. The shops provide a good outlet for things that are not price competitive for export. There is a simple 100% mark-up in the stores.
- 2) For other product, The Pottery can sell to their 30 export customers in 20 countries. To get started on this process, they need samples and/or photos, and detailed information about the sources of production. Though they have no problem with working in Putumayo and Cauca, they will need the enterprises there to be able to deliver to Bogota, and they will need quality control they can count on.
- 3) The Pottery can also act as consolidator and export broker for sales others make to buyers abroad. They have a simple fee structure for this, amounting to 7-15% of the amount invoiced: 7% when it is a full container from just 1-2 suppliers; 10% for up to 12 vendors; 15% when there is a lot to be consolidated or there are distance and communications problems. The latter would probably be the case in our project areas.

3.5.2. Bima

I met with Ana Maria Lleras of Proexport to get leads on other potential buyers among Bogota-based exporters of decorative products. She steered me towards Maria Teresa Uribe of Fundacion Bima. The foundation is a training organization that develops enterprises that can sell furnishings to the Bima stores in Bogota, as well as to others. The enterprise is currently involved in a joint venture with Aid To Artisans to open export markets to more Colombian artisan enterprises. I showed Maria Teresa several products that could be of interest for Bima stores, as they are or in variations the buyers there could specify. She expressed specific interest in making furniture from carano, hobo, sangretoro, roble, bilibil, guayacan mochilero, and caracoli. She is also interested in developing products that combine wood with other natural materials and fibers as decorative trim.

We also discussed the training that Fundacion Bima could provide as light manufacturing businesses are being built. They could be an excellent partner in the effort.

3.5.3. La Tagueria

La Taugueria is a button and accessories business specializing in well-designed tagua products. They currently buy all their tagua from Tumaco, on the coast in Narino. Though CAD is not currently working in that area, which produces most of the tagua in the country, I met with proprietor Alain Misrachi and we talked about their business and how we might collaborate if we were working in an area that had enough tagua to interest them. Though there is tagua in Cauca and in Putumayo, we do not have it in our area in Cauca, and we do not have significant quantities in Putumayo.

La Tagueria's business would be improved if they could partially process the tagua in the area where the palm grows. Operation costs in Bogota are a significant part of their

expenses. In addition, as they do all their production in Bogota now, they are dependent on middlemen for quality control and for the delivery of a price competitive material.

In their button business, which is over 20 years old, they produce buttons in plastic, as well as tagua, wood, guadua, and coconut. They are always interested in new materials for buttons and invite us to offer them anything we think would be appropriate.

3.6. US-based importers

A variety of US-based importers have expressed their interest in products that could be sourced in the project area. Interests I think we can respond to fairly immediately include: desktop accessories in guadua, chotna, and other materials for One World Projects; totumo birdhouses for Caramba; seed magnets for Tesoros; ethnic baskets for Tucker Robbins; decorative accents for Country Originals; decorative animals for the San Diego Zoo. In the longer run we should be able to provide more products for these same customers and similar businesses. In addition, we should soon be able to provide furniture elements for Lane Home Furnishings, Baker Furniture, Bob Timberlake, Maine Cottage Furniture, and others. Architectural elements that can be produced by ARMAZON and others will be of interest to Talleres de Ensamble for their current customers, and for others that we can connect them to. In North Carolina, Select Forest and Restoration Woodworks are both potential customers. The Body Shop and Aveda will be interested in aromatic products and in handcrafted accessories or packaging that go with them.

4. Partners and Opportunities for Collaboration

Fundacion CAD and CONIF are fortunate to be working with a number of excellent partners, and to have access to even more. I am concerned to maximize the effectiveness of existing partnerships and add collaborations with other partners as it will forward the project agenda. To that end, I looked closely at how La Javariana and Digare are

working together and considered additional possibilities for supporting and accelerating current initiatives.

4.1. La Javariana and Digare

La Universidad Javariana's methodology in their rural extension service is to build the capacity of grassroots groups, improve organizations, and build enterprises. They work with existing community organizations, but also create groups that can become effective productive units. In Cauca they have succeeded in forming producer groups of the totumo harvesters who have worked independently for generations, so that they are now interested in cooperating to increase their earnings from this traditional business activity.

Though they have clearly accomplished great things in forming associations and cooperative production groups, La Javariana appears to need a bit of direction in accelerating the development of these groups' enterprises. In Patia, they are getting good direction from Diego Garcia-Reyes, who is experienced in developing artisan enterprises and establishing production centers. A meeting that Diego and Luis H. Ospina, of Conif, and I had with Carlos Gabariana, of La Javariana, was very useful in setting important direction for the Centro de Servicios Totumos. Diego is working to ensure that the design of the Centro facility is appropriate to the activity it must support, and to ensure that the structure of the business will provide increased profits to *cortamates* even before their facility is built. Direction should be given to ensure that similar efficiency is achieved in the construction of the other Centros Forestales. I expect that Diego will be well-positioned to do the same at the Centro de Servicios Forestales in Cauca, for instance.

La Javariana is also working in Putumayo, on strengthening woodcutters associations and cooperatives such as ARMAZON. I expect they will need support in Putumayo also from a partner who is well connected to markets. Though Digare could do the job there, too, I am inclined to think Diego's energies would be well used in Cauca while someone else is taking care of the business in Putumayo. I suggest that the project consider

contracting Fundacion BIMA for the job. Leonardo Ariza of La Javariana, preparing to expand their work in Putumayo with ARMAZON and others involved in the wood extraction and processing businesses, is very interested in what working with Fundacion Bima could provide. For immediate needs, however, technical training in good finishing techniques should be provided by an appropriate institution, such as the Escuela de Artes y Oficios.

4.2. BIMA

Fundacion Bima, an NGO focusing on artisan enterprise development, is an outgrowth of the Colombian chain of furniture stores by the same name. They could be an excellent resource for building light manufacturing businesses, especially in the home furnishings sector. Bima is involved as an export partner in the Aid To Artisans program, and is benefiting from the expanded export markets that relationship affords them. Bima and Fundacion Bima founder, Maria Teresa Uribe, is working on a plan to open a chain of Fair Trade stores throughout the Andes region. With an established business in Colombia, experience in running businesses in other countries regionally and growth in current exports, Bima is well positioned to access a number of markets that light manufacturing enterprises in our project area could serve well.

The organization has a track record of bringing artisan's income up to above minimum wage within 4-6 months of beginning to build a business. They also have a record of continuing to buy from businesses after a project is complete. Bima is currently working with the United Nations' alternative development program, which includes a strategy to brand the cause of alternative development. I believe the cause is worth promoting to consumers, in different ways in different countries. Bima has developed a strategy for national markets which I believe would be effective in regional markets as well. I am hopeful that we can work with them, with Aid to Artisans, and with others to develop a strategy for US markets as well.

Since their expertise is in furniture and home furnishings, the most appropriate products to be made from the woods we have in Putumayo, I recommend that the Program consider contracting BIMA to provide the design direction, training, and market that is called for to build the light manufacturing sector among woodworkers in Putumayo.

4.3. Fundaempresa

Fundaempresa is working with 135 people in their aromatics project in Puerto Asis and with 200 artisans in the same area. We fully expect that we will be able to combine the skills and production capacity available to come up with new products, such as potpourri packed in handcrafted packaging, permanent botanicals, and natural dried wreaths. Fundaempresa is in a position to provide whatever training is needed to make sure production is developed to serve the markets at hand.

The aromatics plant is likely to make it possible for us to enter natural products and gourmet foods markets as well, with products such as stevia. Efforts in place now to market black pepper nationally and regionally can be expected to expand into international marketing efforts with the addition of appropriate packaging. Current and upcoming initiatives that involve packaging or labeling anything can be supported by light manufacturing businesses in both Cauca and Putumayo.

As Fundaempresa gets the medicinal plants processing facility up and running, I will be talking with them about the idea of using it to produce a line of medicinal plants developed by a practice of now-elderly physicians, Dr Carlos Cortez, Padre Gustavo Huertas, and Padre C. Camargo of the Centro Medico Integral at Finca La Mana in Yerbabuena. Products of the facility will also be of interest to Ana Maria Samper, owner of the natural products stores, El Camino Natural.

4.4. Aid To Artisans

Aid To Artisans (ATA), a US-based international NGO working in artisan enterprise development, has an alternative development program in Colombia that CAD ties neatly to. ATA's program is newer than CAD and does not have the network of relationships that CAD has in several important areas of the country, including Cauca and Putumayo. Laura Mejia, director of ATA-Colombia, as well as staff in global headquarters in Connecticut, are enthusiastic about what our cooperating will make possible. ATA's usual method is to identify products and skill sets that have export potential, provide key design assistance to come up with product that is of interest to export markets, then train artisan entrepreneurs to provide the required production. They work with established exporters to present and sell product internationally.

The organization is in the process of planning a series of trainings for 2004. They will provide costing and pricing and quality control training through FUNDES, and a "Market Readiness" training with their own staff in Bogota. They will be happy to include enterprises in our project areas which have appropriate offerings.

Laura has requested product photos and contact with the producer groups so that we can begin to work together. I expect to meet with her again on my return to Colombia, but Program staff should also be alert to providing necessary follow-up. I am particularly interested in having the ATA training available to indigenous communities, as building their businesses is not so well-covered as what we have planned in some of our other communities. I have requested that Haydee Arias of Raiz por Raiz Fundaempresa provide names of leaders among indigenous artisans so that their products, which have already attracted the attention of exporter John Stephenson and of US importer Tucker Robbins, can be promoted in this way. Other associations and cooperatives we are working with, such as ARMAZON and ASOARTE, and Corporacion Maloca in Putumayo will be particularly good connections for what ATA can offer as they are so well-established. Corporacion Maloca in Mocoa has been doing a good job with PILDAET projects. They have been supporting the establishment of a business

development services center that is especially focused on artisan enterprise development, and would be a good site for running ATA's training.

None of the producers ATA is currently working with are making paper, so adding paper products should be a boon to them as well as to us.

4.5. Colegio Mayor, Popayan

The Colegio Mayor in Popayan represents an excellent potential partner in developing the Centro de Servicios Totumo and the Centro Forestal in Novirao in the long run. Diego Garcia-Reyes, Luis H. Ospina and I met with Maria Cecelia Vivas and Monica Alborllo, who are developing a new course in design for handcrafted products. They will begin offering the three-year curriculum in February 2004 and we anticipate that it will be of interest to young people from the project area as the Centros become well-established. The course concentrates on specific handcraft techniques, and covers themes related to establishing a successful artisan enterprise. The Colegio will also offer courses in techniques requested by their student body. They could, for instance, provide whatever training we may need in making paper from fique or other plant fibers.

5. Promoting the Cause

CONIF has a plan to certify and label woods from the forests they are managing, and to facilitate producers using the woods in manufacture joining the Fair Trade Federation so they can sell that seal as well. There is also talk of developing an "illicit to licit" label and campaign. Though consumers are always looking for a product at a price, I think that using the cause to promote marketing efforts is wise. It can generate great press, and it often tips the balance to make a sale. Cause-related marketing is extremely important in Europe and is growing more important every year in the Americas.

For regional markets the cause of alternative development is important because it is close the consumers' hearts. For US and European markets, a different strategy will be

effective, such as one that involves importers in contributing a percentage of their profits to drug use prevention programs. I plan to work with Aid To Artisans and other partners to encourage importers to support the drug use prevention programs that are most effective in their regions. My hope is that the idea can be branded effectively. I have had a few conversations with importers and know it is a tricky idea to sell, but I think it has positive possibilities.

6. Conclusions and Recommendations

I believe there are several immediate and longer-term possibilities for promoting and building light manufacturing businesses in the project area. Immediate results will be generated with the presentation of several products into new markets. This consultancy was designed to allow time to sell gift and decorative accent products to customers I know, and to generate interest in products that will be available in the near future, such as furniture and architectural elements, and a variety of decorative accent products that are not yet supported with production systems. I could also sell products that could come out of new and upcoming Program initiatives, including handmade paper, potpourri and permanent botanicals, aromatic and medicinal plant ingredients, gift packed tropical jams and other gourmet foods. My recommendation is that we develop specific plans for production support based on the market response we are able to generate.

There are several possibilities that I expect will generate immediate results, in anticipation of which I have written draft Terms of Reference for Business Development. They include Fique for Paper and Textile Products, Guadua for Paper and Decorative Accents Products, Natural Plant Elements for Potpourri and Permanent Botanicals, Wood Products of Cauca, and Wood Products of Putumayo.

Fique is available on the lands around the Centro Forestal in Cauca. Promoting handcrafted products it is already used for will compliment other decorative accessory offerings from the area, such as totumo products, and generate immediate sales. Using it

to make paper will provide a needed product, packaging, and also make possible the development of new product lines.

Guadua is available in Putumayo in wild stands in the project area. It is also easy and quick to cultivate, and is beneficial in restoring damaged ecosystems. It has a wide variety of uses, from inexpensive construction and furniture for local markets to paper and woven webbing for sophisticated export markets. Using available guadua to make paper and decorative accent products will generate income immediately and serve other initiatives in the long run.

A variety of leaves and pods that are plentiful in Putumayo are appropriate elements for potpourris and permanent botanical collections that are very popular. Elements and simple fabricated decorations could be placed fairly immediately and a product line could be expanded with coordination with an aromatics facility.

I am aware of the TOR that Diego Garcia-Reyes has proposed for next steps in Putumayo. I recommend that they be applied to the Cento Forestal in Cauca instead, where we will have wood more immediately and where the wood is more appropriate for serving immediate packaging needs. I recommend that a similar TOR be proposed for Fundacion BIMA to provide the needed business development services in Putumayo, where the wood we will have is more appropriate to home furnishings markets. I hope, however, that Diego will develop collections of humidors and peppergrinders in Putumayo after ARMAZON's skills and equipment have been upgraded.

Annexes 4-8 describe the Draft TOR I recommend for efforts to build these businesses.

Annex 4

Chemonics International Inc.

Colombia Alternative Development (CAD) Project

Draft Terms of Reference for Fique Manufacturing Business Development

December 2003

CLIN

Assignment

To build the capacity of local fique businesses in Cauca to serve the needs of identified markets, including packaging, accessory and decorative accent markets. These markets need to be served with fique paper and textile products. Existing capacity and material in the project area are to be expanded in the most efficient way possible, optimizing use of business infrastructure and training resources already in place.

Background

The Colombian Alternative Development (CAD) project assists USAID and the Government of Colombia to achieve the goal of improving licit opportunities for small producers in coca and poppy growing areas, which will result, over time, in abandonment of illicit crop cultivation and refusal by small farmers to plant new areas in coca and poppy.

To this end, the CAD project operates in four thematic areas: (a) Strengthened National and Local Institutions, (b) Expanded Rural Social Infrastructure, (c) Expanded Licit Economic Opportunities, and (d) Improved Natural Resources/Environmental Management.

Purpose and Objective

The purpose of this consultancy is to generate household income in the project area by increasing returns on fique business activities. Target communities already have fique stands available for use and may be engaged in selling the fiber or in selling handcrafted products they make from it. The consultant's objective is to increase this existing capacity such that broader markets can be served. Markets that have been identified in previous consultancies include packaging and labeling for products coming out of other light manufacturing initiatives in the region, decorative accents for home décor markets in Colombian cities and abroad, and accessories markets in Colombian cities and abroad.

Identified potential customers include:

All light manufacturers in the project area with packaging and labeling needs

Anaida

Artesanias de Colombia

Bima

Corseda

Country Originals

El Camino Natural

El Cesto

Eziba

La Vida Verde

Maine Cottage Furniture

Pfeifer

Tesoros

The Pottery

World Paper

The consultant should be able to add others to this list.

Tasks

- Make a fair and careful assessment of existing production capacity in fique paper, wovens, and knits, by visiting target communities and identifying enterprises working in them which are willing to expand. Identify products and skills that can be sold immediately into new markets and engage local enterprises in a strategy to expand their presence in the project area to serve these new markets.
- Contact identified potential buyers to determine what products they would like sampled, what their target prices for these products would be and what production capacity they are likely to require.
- Plan for technical assistance, equipment acquisition, and training as needed to ensure that reasonable capacity of quality product is produced at a fair price to identified customers, and that other customers can be served as well.

Deliverables

- Sales of samples and/or production of fique products to at least 4 new customers.
- Established production capacity involving 60 members of target communities and designed to expand to include more.
- A final report describing existing production capacity and a plan for using it immediately as well as for expanding it.

Timing/Duration

Assignment will begin on/about **date** and continue until on/about **date** for an estimated LOE of **15 days**. In the first phase of the assignment, the consultant will spend up to 5 days in targeted communities in Cauca and up to 5 days in communication and correspondence with buyers. This phase will determine what capacity exists and how it can be used immediately. It will also determine what training might be called for immediately. Up to 5 days will be spent designing a strategy to maximize use of existing capacity and to expand it. A follow-on consultancy may be called for to implement or provide support to the strategy.

Location

In target communities in Cauca, and in the project office in Bogota, Colombia, and in the consultant's home office.

Reporting

While in Colombia, the consultant will report directly to Chemonics' chief of party, David Flood, or any successor appointed by Chemonics. Mr. Flood is responsible for monitoring the consultants' overall performance under the terms of the contract. Additionally, the consultant will work in collaboration other project staff in the field and home office as required.

Annex 5
Chemonics International Inc.
Colombia Alternative Development (CAD) Project
Draft Terms of Reference for Guadua Manufacturing Business Development
December 2003
CLIN

Assignment

To build the capacity of local guadua businesses in Putumayo to serve the needs of identified markets, including construction, packaging, and decorative accent markets. These markets need to be served with guadua pole, twig, and paper products. Existing capacity and material in the project area are to be expanded in the most efficient way possible, optimizing use of business infrastructure and training resources already in place.

Background

The Colombian Alternative Development (CAD) project assists USAID and the Government of Colombia to achieve the goal of improving licit opportunities for small producers in coca and poppy growing areas, which will result, over time, in abandonment of illicit crop cultivation and refusal by small farmers to plant new areas in coca and poppy.

To this end, the CAD project operates in four thematic areas: (a) Strengthened National and Local Institutions, (b) Expanded Rural Social Infrastructure, (c) Expanded Licit Economic Opportunities, and (d) Improved Natural Resources/Environmental Management.

Purpose and Objective

The purpose of this consultancy is to generate income and employment in the project area by increasing returns on guadua business activities. Target communities already have

guadua stands available for use and also have lands on which the plant can be cultivated. Community members are already engaged in using guadua, but their businesses must be expanded to serve identified markets. Markets that have been identified include construction, decorative accent, packaging and labeling. Though only the poles and twigs of the guadua plant are used in current business activities, serving new markets will also call for making paper and woven paneling from the plant.

Identified potential customers include:

All light manufacturers in the project area with packaging and labeling needs

Anaida

Artesanias de Colombia

Bima

Country Originals

El Camino Natural

El Cesto

Eziba

La Vida Verde

Pfeifer

Talleres de Ensamble

Tesoros

The Pottery

World Paper

The consultant should be able to add others to this list.

Tasks

- Make a fair and careful assessment of existing production capacity in guadua construction and decorative accent products, by visiting target communities and identifying enterprises working in them which are willing to expand. Identify products and skills that can be sold immediately into new markets and engage local enterprises in a strategy to expand their presence in the project area with the addition of papermaking and weaving operations.

- Contact identified potential buyers to determine what specific products they would like sampled, what their target prices for these products would be and what production capacity they are likely to require.
- Plan for technical assistance, equipment acquisition, and training as needed to ensure that reasonable capacity of quality product is produced at a fair price to identified customers, and that other customers can be served as well.
- Plan for the cultivation of additional guadua stands.

Deliverables

- Sales of samples and/or production of guadua products to at least 4 new customers.
- Established production capacity involving 80 members of target communities and designed to expand to include more.
- A final report describing existing production capacity and a plan for using it immediately as well as for expanding it.

Timing/Duration

Assignment will begin on/about **date** and continue until on/about **date** for an estimated LOE of **28 days**. In the first phase of the assignment, the consultant will spend up to 7 days in targeted communities in Putumayo and up to 7 days in communication and correspondence with buyers. This phase will determine what capacity exists and how it can be used immediately. It will also determine what infrastructure development and training will be called for immediately in order to begin papermaking and woven guadua production. Up to 14 days will be spent designing a strategy to maximize use of existing capacity and to expand it, including setting up a simple production facility and planning for guadua cultivation. A follow-on consultancy may be called for to implement or provide support to the strategy.

Location

In target communities in Putumayo, and in the project office in Bogota, Colombia, and in the consultant's home office.

Reporting

While in Colombia, the consultant will report directly to Chemonics' chief of party, David Flood, or any successor appointed by Chemonics. Mr. Flood is responsible for monitoring the consultants' overall performance under the terms of the contract.

Additionally, the consultant will work in collaboration other project staff in the field and home office as required.

Annex 6
Chemonics International Inc.
Colombia Alternative Development (CAD) Project
Draft Terms of Reference for Potpourri and Permanent Botanicals Manufacturing
Business Development
December 2003
CLIN

Assignment

To build the capacity of local businesses in Putumayo to serve the identified needs of floral and decorative accent markets, with products such as potpourri and natural permanent botanicals. Existing capacity and raw materials in the project area are to be expanded in the most efficient way possible, optimizing use of business infrastructure and training resources already in place.

Background

The Colombian Alternative Development (CAD) project assists USAID and the Government of Colombia to achieve the goal of improving licit opportunities for small producers in coca and poppy growing areas, which will result, over time, in abandonment of illicit crop cultivation and refusal by small farmers to plant new areas in coca and poppy.

To this end, the CAD project operates in four thematic areas: (a) Strengthened National and Local Institutions, (b) Expanded Rural Social Infrastructure, (c) Expanded Licit Economic Opportunities, and (d) Improved Natural Resources/Environmental Management.

Purpose and Objective

The purpose of this consultancy is to generate income and employment in the project area by increasing returns on existing business activities. Target communities and businesses

are already engaged in using seeds, seed pods, dried leaves and other natural materials in products they make and sell. Their products will be modified or improved to serve new markets. Markets that have been identified include decorative accent businesses in Colombia and abroad and flower exporters.

Identified potential customers include:

Anaida

Artesanias de Colombia

Aveda

Bima

Botanical Habitats

Country Originals

Earth Elements

El Camino Natural

El Cesto

Eziba

La Vida Verde

Pfeifer

Servicomix

The Body Shop

The Pottery

The consultant should be able to add others to this list.

Tasks

- Make a fair and careful assessment of existing production capacity in seeds and pods and related decorative accent products, by visiting target communities and identifying enterprises working in them now which are willing to expand. Identify products and skills that can be sold immediately into new markets and engage local enterprises in a strategy to expand their presence in the project area.

- Contact identified potential buyers to determine what specific products they would like sampled, what their target prices for these products would be and what production capacity they are likely to require.
- Plan for technical assistance and training as needed to ensure that reasonable capacity of quality product is produced at a fair price to identified customers, and that other customers can be served as well.

Deliverables

- Sales of samples and/or production of potpourri and permanent botanical products to at least 4 new customers.
- Established production capacity involving 80 members of target communities and designed to expand to include more.
- A final report describing existing production capacity and a plan for using it immediately as well as for expanding it.

Timing/Duration

Assignment will begin on/about **date** and continue until on/about **date** for an estimated LOE of **15 days**. In the first phase of the assignment, the consultant will spend up to 3 days in targeted communities in Putumayo and up to 7 days in communication and correspondence with buyers. This phase will determine what capacity exists and how it can be used immediately. It will also determine what infrastructure development and training will be called for immediately in order to expand the business. Up to 5 days will be spent designing a strategy to maximize use of existing capacity and to expand it. A follow-on consultancy may be called for to implement or provide support to the strategy.

Location

In target communities in Putumayo, and in the project office in Bogota, Colombia, and in the consultant's home office.

Reporting

While in Colombia, the consultant will report directly to Chemonics' chief of party, David Flood, or any successor appointed by Chemonics. Mr. Flood is responsible for monitoring the consultants' overall performance under the terms of the contract. Additionally, the consultant will work in collaboration other project staff in the field and home office as required.

Annex 7

Chemonics International Inc.

Colombia Alternative Development (CAD) Project

Draft Terms of Reference for Wood Manufacturing Business Development in Cauca

December 2003

CLIN

Assignment

To build the capacity of local wood businesses in Cauca to serve the needs of identified markets, including construction, packaging, and decorative accent markets. Existing capacity and material in the project area are to be expanded in the most efficient way possible, optimizing use of business infrastructure and training resources already in place.

Background

The Colombian Alternative Development (CAD) project assists USAID and the Government of Colombia to achieve the goal of improving licit opportunities for small producers in coca and poppy growing areas, which will result, over time, in abandonment of illicit crop cultivation and refusal by small farmers to plant new areas in coca and poppy.

To this end, the CAD project operates in four thematic areas: (a) Strengthened National and Local Institutions, (b) Expanded Rural Social Infrastructure, (c) Expanded Licit Economic Opportunities, and (d) Improved Natural Resources/Environmental Management.

Purpose and Objective

The purpose of this consultancy is to generate income and employment in the project area by increasing returns on woods immediately available, such as pine and eucalyptus. Target communities already have wood plantations available for use and are involved

with CONIF's Cento Forestal at Novirao. Community members are already engaged in making wood products, but their businesses must be expanded to serve identified markets. Markets that have been identified include construction, decorative accent, and packaging.

Identified potential customers include:

All light manufacturers in the project area with packaging and labeling needs

Anaida

Bima

Country Originals

El Camino Natural

El Cesto

Eziba

La Vida Verde

Pfeifer

Talleres de Ensamble

Tesoros

The Pottery

The consultant should be able to add others to this list.

Tasks

- Make a fair and careful assessment of existing production capacity in pine and eucalyptus, by visiting target communities and identifying enterprises working in these woods which are willing to expand. Identify products and skills that can be sold immediately into new markets and engage local enterprises in a strategy to expand their presence in the project area with the addition of new products.
- Contact identified potential buyers to determine what specific products they would like sampled, what their target prices for these products would be and what production capacity they are likely to require.

- Plan for technical assistance and training as needed to ensure that reasonable capacity of quality product is produced at a fair price to identified customers, and that other customers can be served as well.

Deliverables

- Sales of samples and/or production of wood products to at least 4 new customers.
- Established production capacity involving 60 members of target communities and designed to expand to include more.
- A final report describing existing production capacity and a plan for using it immediately as well as for expanding it.

Timing/Duration

Assignment will begin on/about **date** and continue until on/about **date** for an estimated LOE of **20 days**. In the first phase of the assignment, the consultant will spend up to 3 days in targeted communities in Cauca and up to 7 days in communication and correspondence with buyers. This phase will determine what capacity exists and how it can be used immediately. It will also determine what infrastructure development and training will be called for immediately in order to expand the business. Up to 10 days will be spent designing a strategy to maximize use of existing capacity and to expand it, including setting up a simple production and distribution facility as a part of the Centro Forestal. A follow-on consultancy may be called for to implement or provide support to the strategy.

Location

In target communities in Cauca, and in the project office in Bogota, Colombia, and in the consultants home office.

Reporting

While in Colombia, the consultant will report directly to Chemonics' **chief of party, David Flood**, or any successor appointed by Chemonics. **Mr. Flood** is responsible for monitoring the consultants' overall performance under the terms of the contract.

Additionally, the consultant will work in collaboration other project staff in the field and home office as required.

Annex 8
Chemonics International Inc.
Colombia Alternative Development (CAD) Project
Draft Terms of Reference for Wood Manufacturing Business Development in
Putumayo
December 2003
CLIN

Assignment

To build the capacity of local woodworking businesses in Putumayo to serve the needs of identified markets, including construction, furniture and architectural element, packaging, and decorative accent markets. These markets are to be served with the 25 woods that will be available from CONIF's Centro Forestal in Villa Garzama: Amarillo, Arenillo, Bilbil, Caimo amarillo, Caimo balata, Cancho amarillo, Caracoli, Carano, Chocho, Fono blanco, Gomo, Guamo churimo, Guamo hojiancho, Guarango blanco, Guarango rayao, Guasicaspi blanco, Guasicaspi rojo, Guayacan mochilero, Hobo, Leche chiva, Lechero amarillo, Roble, Sangretoro, and Tabaquillo. Existing capacity in the project area is to be expanded in the most efficient way possible, optimizing use of equipment, business infrastructure and training resources already in place.

Background

The Colombian Alternative Development (CAD) project assists USAID and the Government of Colombia to achieve the goal of improving licit opportunities for small producers in coca and poppy growing areas, which will result, over time, in abandonment of illicit crop cultivation and refusal by small farmers to plant new areas in coca and poppy.

To this end, the CAD project operates in four thematic areas: (a) Strengthened National and Local Institutions, (b) Expanded Rural Social Infrastructure, (c) Expanded Licit Economic Opportunities, and (d) Improved Natural Resources/Environmental Management.

Purpose and Objective

The purpose of this consultancy is to generate income and employment in the project area by increasing returns on woodworking business activities. Target communities and businesses are already engaged in working wood, but their businesses must be expanded to use legal woods only and to serve identified markets, including construction, furniture, decorative accent, and packaging markets.

Identified potential customers include:

Manufacturers in the project area whose product could be sold into high end gift and gourmet markets with specialty packaging

Baker Furniture

Bima

Country Originals

El Camino Natural

El Cesto

Eziba

La Vida Verde

Lane Furniture

Maine Cottage Furniture

Pfeifer

Restoration Woodworks

Select Forest

Talleres de Ensamble

Tesoros

The Bob Timberlake Collection

The Phillips Collection

The Pottery

The consultant should be able to add others to this list.

Tasks

- Make a fair and careful assessment of existing production capacity in specified woods. Determine what training and technical assistance is needed to improve quality and optimize returns on existing capacity.
- Identify products and skills that can be sold immediately into new markets and engage local enterprises in a strategy to expand their presence in the project area with the addition of new products.
- Contact identified potential buyers to determine what specific products they would like sampled, what their target prices for these products would be and what production capacity they are likely to require.
- Plan for technical assistance and training as needed to ensure that reasonable capacity of quality product is produced at a fair price to identified customers, and that other customers can be served as well.

Deliverables

- Sales of samples and/or production of legal wood products to at least 4 new customers.
- Established production capacity involving 150 members of target communities and designed to expand to include more.
- A final report describing existing production capacity and a plan for using it immediately as well as for expanding it.

Timing/Duration

Assignment will begin on/about **date** and continue until on/about **date** for an estimated LOE of **29 days**. In the first phase of the assignment, the consultant will spend up to 7 days in targeted communities in Putumayo and up to 7 days in communication and correspondence with buyers. This phase will determine what capacity exists and how it can be used immediately. It will also determine what equipment and training will be called for immediately in order to serve the identified markets. Up to 15 days will be spent designing a strategy to maximize use of existing capacity and to expand it, including improving the existing production facility and planning for needed technical assistance. A follow-on consultancy may be called for to implement or provide support to the strategy.

Location

In target communities in Putumayo, and in the project office in Bogota, Colombia, and in the consultants home office.

Reporting

While in *Colombia*, the consultant will report directly to Chemonics' **chief of party, David Flood**, or any successor appointed by Chemonics. **Mr. Flood** is responsible for monitoring the consultants' overall performance under the terms of the contract.

Additionally, the consultant will work in collaboration other project staff in the field and home office as required.