

ECUADOR LOCAL BUSINESS DEVELOPMENT PROGRAM (PRODEL)

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Fiscal Year 2008 4th Quarter Progress Report



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Submitted by:

Nicholas Wedeman, Deputy Director
FIELD-Support LWA, AED
Steve Beard, Program Manager, ACIDI/VOCA

Submitted to:

Hugo Ramos, USAID/Ecuador

DISCLAIMER

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

ACRONYM LIST

AACRI	Río Intag Small Coffee Producers Association
AED	Academy for Educational Development
AAPPSME	Agro-artisan Association of Producers of Dry Medicinal Plants of Ecuador
APROCA	Atacames Cacao Producers Association
CAF	Andean Development Corporation
CFN	National Financial Corporation
COFINA	National Fine Chocolates
CORPEI	Corporation for the Promotion of Exports and Investments
CTO USAID	USAID Project Manager
DCA	Development Credit Authority
ECOLAC	The Technical University of Loja Dairy Factory
EFQM	European Model of Quality Management
EPF	Enterprise Partnership Fund
EPLS	US Government's Excluded Parties List System
FAPECAFES	Regional Federation of Associations of Small Ecological Coffee Growers of the South
FDE	Enterprise Development Fund
FECONIC	Federation of Black Communities and Organizations of Imbabura and Carchi
FIELD Support	Financial Integration, Economic Leveraging, Broad Based Dissemination and Support
FLO	Fairtrade Labelling Organizations International
FOG	Fixed Obligation Grant
GOE	Government of Ecuador
IFC	International Finance Corporation
LWA	Leader with Associates
IOM	International Organization for Migration
M&E	Monitoring and Evaluation
ME&R	Monitoring, Evaluation and Reporting System
MIC	Ministry of Industry and Competitiveness
MYPE	Medium and Small Enterprises
PGPR	Plant Growth Promoter
PIDEM	Municipal Integrated Development Program
PRODEL	Local Business Development Program
PRODESS	The Sacha Development Program
SIGGLO	Local Governments Information and Managing System
SME	Small and Medium Enterprises
SWOT	Strengths, Weakness, Opportunities and Threats
TESPA	A Training Proposal and Labor Insert
VAT	Value-added tax

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PROGRAM OVERVIEW

Background

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

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

Program Description

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

In support of the above objectives, PRODEL has created the Enterprise Partnership Fund (EPF) to provide technical and co-financing assistance tailored to the specific needs of each anchor firm, using local service providers to the extent possible to ensure program sustainability. The

assistance packages include a combination of market development, financing, accounting, management assistance and skills training depending on the specific challenges facing each anchor firm. PRODEL collaborates with existing financial institutions and directly brokers financing arrangements between banks, finance companies and microfinance institutions on the one hand and participating anchor firms and members of their value chain on the other.

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

Areas of Implementation

PRODEL will be implemented through six important areas:

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

projects, chambers of commerce and business associations, industries within which potential anchor firms are known to operate are identified, and a selection matrix is developed to include a transparent scoring system.

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

Monitoring and Evaluation

The Monitoring, Evaluation and Reporting (ME&R) System focuses on the six key indicators shown in Table 1 below. At the request of USAID, the indicator designed to measure increase in sales will be used as a proxy to calculate the increase in participating household incomes for the program. In addition to the indicators below, the ME&R system also monitors changes in the municipalities and anchor firms that partner with the PRODEL program. The partner municipalities are monitored using the Local Government Information and Management (SIGGLO) system, which measures the efficiency of the local governmental administrative and financial processes in the PRODEL region of influence.

The purpose of monitoring the municipalities is to learn of their participation and involvement in the general PRODEL strategy to create a favorable environment within the municipality for business development. The anchor firms are monitored using standard financial indicators, including measures of liquidity, debt, profitability, management, assets

and reinvestment. The purpose of monitoring the anchor firms is to determine the financial situation of the business with the understanding that they will guarantee the future sustainability of the value chain. In the upcoming quarter, PRODEL will continue to refine its ME&R plan, including working with additional anchor firms to determine baselines, agree on specific targets, link those targets and strategies to reach them and prepare performance indicators according to the nature of each business.

Table 1: Key Progress Indicators and Targets

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

EXECUTIVE SUMMARY

This report covers the results achieved and activities undertaken during the fourth quarter of Fiscal Year 2008 (July 1–September 30, 2008). The indicators for PRODEL goals and objectives are being reported on a cumulative annual basis for FY 2008. PRODEL’s main achievements during this quarter include the following:

- During the 4th quarter of FY 2008 the PRODEL team completed the selection process and was given a “no objection” from USAID for ten additional anchor firms for a total of 20 firms to participate in the program as of September 30, 2008. One of these firms was later de-selected during the business planning process for a total of 19 firms to date.
- The business plans for the first 10 anchor firms were completed during this 4th quarter of FY 2008.
- The PRODEL technical team began working with the 10 additional anchor firms to develop business plans through workshops held at their place of business. Six of these 10 anchor firms participated in this business planning process as of September 30, 2008.
- The PRODEL monitoring, evaluation & reporting (ME&R) system specialist gathered the baseline data that will be used in the ME&R system for the first 15 anchor firms during business planning workshops and established quarterly and cumulative targets for these 15 firms as of September 30, 2008. The remaining four firms will complete their business plans during the first quarter of FY 2009.
- Enterprise Partnership Fund disbursements began for the first 10 PRODEL anchor firms during the 4th quarter of FY 2008. The current grants in progress total \$1,657,931 USD with an additional \$2,198,854 in counterpart funding from the anchor firms.
- A detailed work plan was developed in coordination with CARE focusing on activities in municipal development, social responsibility, gender, the environment and selected enterprise development activities.

- The PRODEL financial specialist coordinated a series of meetings between the Ecuadorian National Financial Corporation CFN and representatives from five PRODEL anchor firms. As a result, the CFN is in the process of pre-qualifying these companies for business loans. A total of two firms have submitted applications to date and have been pre-qualified as of early October 2008.

Table 2: Progress to Date (1st 10 Anchor Firms)

	Life of Project Target	FY08 Target	FY08 Progress
Number of families receiving PRODEL assistance	8,000	2,827	2,750
Hectares of licit crops established or improved with PRODEL assistance	+ 4,000	2,909	2,800
Number of new full-time equivalent jobs created by PRODEL activities	+ 4,000	1,885	2,008
Increase in anchor firm sales (% , \$)	+50% \$6.264.484	+25% \$5.872.954*	\$2,284,253**
Number of small and medium enterprises (anchor firms) assisted by the PRODEL program	20	12	10
Number of municipalities assisted and that contributed to improve the business environment	10	6	4

* FY08 Goal is planned from January to December 2008

** FY08 Progress is reported from January to September 2008

1. MUNICIPALITY STRENGTHENING

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

1.1 Achievements during the Quarter

During the 4th quarter of FY 2008, PRODEL team members from ACDI/VOCA and CARE worked to develop an operating plan for municipal strengthening focused on process efficiencies for the private sector. This plan incorporates the SIGGLO “one stop shop” initiative to be implemented in four municipalities, three of which have already begun to use this tool.

The identification and selection process for the anchor firms identified 12 municipalities for participation in PRODEL. The team based its selection of municipalities on the location of the majority of the producers and suppliers for each participating anchor firm as well as where the actual anchor firm is situated. Through the municipal strengthening component, PRODEL is directly impacting the improvement of services provided to the private sector.

During the 4th quarter of FY 2008, the PRODEL team has established contact with representatives from each of the newly selected municipalities in order to discuss the details and scope of the program. The municipalities all indicated their openness to support PRODEL activities.

Selected municipalities to date include:

1. Mira – Northern Border, Highlands Region
2. Cotacachi - Northern Border, Highlands Region
3. Pimampiro - Northern Border, Highlands Region
4. Lago Agrio - Northern Border, Amazon Region
5. Putumayo - Northern Border, Amazon Region
6. Joya de los Sachas - Northern Border, Amazon Region
7. Eloy Alfaro - Northern Border, Coastal Region
8. Río Verde - Northern Border, Coastal Region

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9. Atacames - Northern Border, Coastal Region
10. Loja - Southern Border, Highlands Region
11. Chaguarpampa - Southern Border, Highlands Region
12. Puyango - Southern Border, Highlands Region

1.2 Challenges Encountered and Actions Taken

PRODEL team members have been in communication with representatives from the MYPE COMPETITIVA Program in Peru and explored how to coordinate efforts. This program is in its final stages of implementation and its bilateral and regional resources are committed to areas of work that were begun during the course of the past two years, with a focus on Peru. This has made it more difficult to incorporate MYPE COMPETITIVA into the PRODEL program than anticipated. Recent conversations, however, with MYPE program representatives indicate they are interested in implementing administrative streamlining in up to five of PRODEL's selected municipalities. PRODEL expects MYPE representatives to visit Ecuador and begin their work with the program during the 1st quarter of FY 2009.

Table 3: Distribution of Municipalities with Direct and Indirect Impact

	Anchor Firms	Municipalities	
		Direct Impact	Indirect Impact ¹
COFFEE			
1	GALLETTI	Mira	Quilanga
2	VELEZ	Chaguarpampa	Olmedo and Palta
3	AACRI	Cotacachi	--
4	SOL DE ORIENTE	Lago Agrio and Putumayo	Cuyabeno, Shushufindi, Cascales, Joya de los Sachas and Gonzalo Pizarro
5	ESCOFFEE	Puyango	Chaguarpampa, Orellana and Loreto
6	FAPECAFE	Puyango	Espíndola, Quilanga, Zamora, and Palanda
CACAO			
7	APROCA	Río Verde	Atacames and Muisne

¹ Municipalities receiving indirect benefits from PRODEL are projected to receive economic development benefits as a result of the implementation of PRODEL, whereby new jobs are being created and producer incomes are increasing within these jurisdictions.

8	ECUATORIANA DE CHOCOLATES	Eloy Alfaro	Yantzaza and El Pangui
9	SKS	Atacames	Quininde
10	AROMA AMAZÓNICO	Lago Agrio y Joya de los Sachas	Cuyabeno, Shushufindi, Cascales and Gonzalo Pizarro
11	COFINA	Joya de los Sachas municipality	
12	HOJA VERDE	Eloy Alfaro	Sushufindi
13	Salinero	Eloy Alfaro	Esmeraldas
DAIRY			
14	MONDEL	Mira	Tulcán
15	ECOLAC	Loja	Zamora
HERBS			
16	AAPPSME	Loja	--
GRAINS			
17	INAGROFA	Pimampiro	Ibarra
FRUITS			
18	ASOGUABO		Piñas, Las Lajas, Balsas, El Guabo
19	Jugo Fácil	Atacames, Río Verde	Esmeraldas

1.3 Activities Planned for Next Quarter

- The PRODEL team will coordinate with local governments and the USAID-funded Municipal Integrated Development Program (PIDEM) program implemented by the International Organization for Migration (IOM) to identify projects to upgrade roads, bridges, services, and other infrastructure indispensable for ensuring that participating anchor firm suppliers and others have access to their markets. A meeting between PRODEL and PIDEM has been scheduled for October 2008 to set an agenda to devise a list of potential infrastructure construction efforts. PRODEL team members are working with anchor firms and local municipal officials to identify feasible infrastructure projects for PRODEL beneficiaries. Funding for these projects will come from the IOM PIDEM project budget.
- The PRODEL team will make field visits to selected municipalities to identify potential synergies to enhance the local business environment through workshops and trainings that will improve municipal office efficiency provided to the private sector and the public.
- PRODEL will work with the professional team from MYPE Competitiva on streamlining public administration processes in Lago Agrio, Putumayo, Pimampiro, Atacames, and Eloy Alfaro.
- Meetings will be coordinated among the first 19 anchor firms, their corresponding municipal representatives and the PRODEL technical team to define potential areas of support through program activities.

2. DEVELOPMENT OF ANCHOR FIRMS

The group of 19 small businesses chosen to date for the PRODEL program is a heterogeneous group of privately-owned and associative MSEs that possess great potential for impact and synergy with a large number of producers. Many of them have survived in the highly competitive world of agribusiness as a result of their strong leadership skills and business acumen, which has resulted in a growing acceptance of their products in the local marketplace. Against many odds, PRODEL anchor firms have developed their businesses with passion and determination, few resources, without access to credit and with annual average sales of less than \$500,000. They have faced financial and internal deficiencies, including little access to technology or research and development



Workers in the Jugo Facil fruit pulp processing

resources. This has resulted in low competitiveness levels, which represents the reality of the majority of small businesses in Ecuador.

A total of six value chain sectors have been chosen through the PRODEL program to date. They include: cacao, coffee, dairy, aromatic herbs/horchata, grains and fruits. PRODEL seeks to channel resources through

anchor firms to their producers in each of these value chains, focusing resources primarily on increasing productivity and improving competitiveness through business strengthening trainings and workshops. A proposal is developed in close coordination with the anchor firms and their producers for the Enterprise Partnership Fund (EPF) and is based on the needs identified through the business planning process. This process requires a comprehensive approach to enhancing competitiveness for each participating firm.

Through this process, PRODEL technical team members recommended allocating resources to strengthen the management component of each organization. PRODEL also included a component to strengthen linkages

with suppliers in order to improve productivity and quality assurance. The PRODEL team recommended that administrative, financial, commercial, processing of goods and internal management procedures be strengthened. PRODEL anchor firms named access to credit, technology, and social, political and economic insecurity as their main barriers to growth and development. According to PRODEL technical team members, participating anchor firms require a strong focus on internal strengthening in order for the firm to grow and prosper.

Table 4: Business Planning Workshops Completed by 4th Quarter FY08

Value Chain	Anchor Firm	
	First Stage July 2008	Second Stage September 2008
Coffee	Sol de Oriente Café Velez Café Galletti Café Rio Intag	Escoffee Fapecafes
Cocoa	Aroma Amazónico SKS Aproca Ecuatoriana de Chocolates	
Herbs	AAPPSME	
Dairy	Mondel	Ecolac
Fruits		Asoguabo
Grains and cereals		Inagrofa

In an effort to strengthen internal management procedures for participating anchor firms, PRODEL technical team members have chosen a local specialized management training institute, El Instituto Tecnológico de Monterrey to prepare a training program for company leaders that will include six modules in the areas of: Strategic Administration, Financial Analysis, Marketing, Process Management, Leadership and Simulations. These trainings are in line with the holistic management approach that PRODEL seeks to encourage as a program.

During the 4th quarter of FY 2008, PRODEL team members completed the selection and assessment process for 21 anchor firms (see Table 5 below). Two firms were dropped from the program upon more intense scrutiny by the PRODEL technical team during the business planning process, leaving 19 participating firms as of September 30, 2008. A twentieth firm will be identified in the near future.

Table 5: Selected Anchor Firms

	COMPANY	LOCATION	PRODUCT
Northern coast			
1	APROCA-APROCAR	Río Verde municipality	Cacao
2	Ecuadoriana de Chocolates	Eloy Alfaro municipality	Cacao
3	Jugo Fácil	Atacames, Esmeraldas, Rio Verde	Coconut
4	Hoja Verde	Eloy Alfaro, Sushufindi	Cacao
5	Salinero	Esmeraldas, Rio Verde	Cacao
Northern highlands			
6	AACRI	Cotacachi municipality	High-altitude coffee
7	MONDEL	Tulcán municipality	Dairy products
8	Café Galletti	Mira/Quilanga municipalities	Toasted and milled coffee
9	Inagrofa	Pimampiro and Ibarra municipalities	Quinoa
10	FECONIC*	Pimampiro	Prickly pear
Northern Amazon			
11	Aroma Amazónico	Lago Agrio/Joya de los Sachas municipalities	Cacao
12	Piladora Sol de Oriente	Lago Agrio /Putumayo municipalities	Robusta coffee
13	COFINA	Joya de los Sachas municipality	Cacao
14	PRODESS*	Joya de los Sachas municipality	Cacao
South			
15	Café Velez	Chaguarpamba municipality	Toasted and milled coffee
16	SKS	Atacames municipality	Cacao
17	AAPPSME-CETCA	Loja municipality	Aromatic Herbs-Horchatas
18	Ecolac	Loja, Zamora municipalities	Dairy products
19	Escoffee	Orellana and Puyango	Coffee
20	Fapecafé	Espíndola, Puyango, Quilanga, Zamora, and Palanda municipalities	Coffee
21	Asoguabo	El Guabo municipality	Banana

* Anchor firms that were deselected during the business planning process.

2.1 Achievements during the Quarter

A. *Development of Business Plans for Selected Anchor Firms*



Developing a business plan with SKS

The 19 participating anchor firms chosen to date were selected based on PRODEL's assessment that the firms possess the necessary potential for impact and synergy with the producers, and their potential to grow and develop internally.

Three to four day onsite workshops are held with participating firms to develop

business plans for the firms, where both anchor firm representatives and producers participate. To date, a total of 10 business plans have been completed. The business plans identify goals for business growth and competitiveness as well as major constraints to both the value and production chains. The feedback received from anchor firms and producers regarding these business planning workshops has been quite positive. Participants indicated that the assessments and strategy development sessions, using tools developed through PRODEL, have been helpful in setting a course of direction for firm growth and providing clear guidelines for how to get there.

PRODEL technical team expertise has made it possible to effectively incorporate appropriate quantitative analysis tools, including a critical success factor matrix, a product attribute matrix, Porter's Forces, a positioning matrix (adapted from the Boston Consulting Group positioning matrix), a quantitative SWOT analysis and a strategic location analysis, among others. To develop strategies, the PRODEL team used the Quality Function Deployment planning matrix that quantitatively measures the relationship between planned objectives and mechanisms. For strategy implementation and monitoring, the team used the balanced scorecard, a methodology developed by the IFC to measure the efficiency of businesses.

Access to updated and reliable market and business development information constitutes one of the major obstacles for firms operating in Ecuador. Lack of this information makes it difficult for Ecuadorian firms to study growth trends for products and sectors, carry out market research and identify accurate market shares. For this reason, during the business planning workshops, PRODEL team members developed comparative analyses using quantitative benchmarking that resulted in indicators that have proven quite useful for strategic planning efforts for each firm and their producers.

In addition, the business planning process for each anchor firm produced the necessary information to prepare the proposals for their EPF grants. Accordingly, PRODEL team members worked with anchor firms to simultaneously develop business plans and prepare their grant applications for the Enterprise Partnership Fund. The grants review committee met early in the 4th Quarter to review and approve the first 10 grant applications.

In addition, business planning process not only helps determine the areas of PRODEL intervention to strengthen their competitiveness in the marketplace but can also be used by the anchor firms and their suppliers to apply for much needed credit products.

B. Identification of Additional PRODEL Anchor Firms

While moving forward with program implementation for the first 10 anchor firms selected for PRODEL, the technical team continued the pre-selection process for additional anchor firms to complete the program goal of 20 anchor firms. A list of all organizations assessed to date, with their location and products, appears in the table below. Bolded text indicates that the firm has been approved.

Table 6: Anchor Firms Assessed

	ORGANIZATION	LOCATION	PRODUCT
Nothern Coast			
1	APROCA	Atacames-Río Verde municipalities	Cacao
2	SKS	Atacames municipality	Cacao
3	Ecuatoriana de Chocolates	Eloy Alfaro municipality	Cacao
4	Jugo Fácil	Atacames, Esmeraldas, Río Verde	Coconut
5	Hoja Verde	Eloy Alfaro, Sushufindi	Cacao
6	IGC	Esmeraldas	Maracuya

	ORGANIZATION	LOCATION	PRODUCT
7	Salinero	Esmeraldas, Rio Verde	Cacao
8	PALFRA	Esmeraldas	Balsa
Northern Highlands			
9	UYAMA FARMS	Mira municipality	Avocado and derivatives
10	Asociación de criadores de cabras del Norte <i>(Association of goat raisers of the north)</i>	Urcuquí, Mira municipalities	Dairy, Goat milk and derivatives Capers, uvillas
11	Asociación de productores de Tuna del Norte (FECONIC) <i>(Association of Prickly Pear producers of the North)</i>	Urcuquí, Mira municipalities	Prickly pear fruit and derivatives
12	AACRI	Cotacachi municipality	High-altitude coffee
13	COPCAVIC	Mira, Urcuquí municipalities	Beans
14	MONDEL	Tulcán, Mira municipalities	Dairy products
15	INAGROFA	Carchi – Imbabura Provinces/Mira municipality	Quínoa
16	Gonzales	Tulcán	Dairy
17	Carmita	Tulcán	Dairy
18	PROPANOR	Cotacachi	Panela
19	ASOPROAC	Cotacachi	Honey
20	Cereales Andinos	Tulcán	Quínoa
21	Ecu Honey	Tulcán	Honey
Northern Amazon			
22	Piladora Sol de Oriente	Lago Agrio /Putumayo municipalities	Robusta coffee
23	Aroma Amazónico	Lago Agrio/Joya de los Sachas municipalities	Cacao
24	Asociación San Carlos/PRODESS	Joya de los Sachas municipality	Cacao
25	Cofina	Joya de los Sachas	Cacao
26	INAEXPO	Lago Agrio	Vegetable (Hearts of Palm)
27	La Gomboina	Lago Agrio	Fruits (Passion Fruit, Citric Fruits)
South			
28	Aso Guabo	El Guabo, Arenillas municipalities	Organic banana, orito
29	Tourism Puyango	Puyango municipality	Tourism, Puyango petrified forest
30	Café Velez	Chaguarpamba municipality	Toasted and milled coffee
31	Café Galletti	Mira, Quilanga municipalities	Toasted and milled coffee
32	Comprolaca	Loja, Yanzaza municipality	Dairy products
33	UNORCACH	Loja municipality	Medicinal and other Herbs
34	AAPPSME-CETCA	Loja municipality	Aromatic Herbs-Horchatas
35	Escoffee	Guayaquil, Loja, Olmedo	Coffee
36	Fapecafé	Espíndola, Puyango, Quilanga, Zamora, and Palanda	Coffee

	ORGANIZATION	LOCATION	PRODUCT
		municipalities	
37	Ecolac	Loja	Dairy

C. *Financial Services*

- During the 4th quarter, PRODEL’s financial specialist assisted the technical team in the preparation of 10 business plans for participating anchor firms and provided support to these firms to develop their application for the Enterprise Partnership Fund for the program. In addition, workshops were held to prepare the business plans for five new preselected anchor firms (Inagrofa, Fapecafes, Ecolac, Aso Guabo and Escoffee).
- With the support of the financial baseline tool developed during the previous quarter, PRODEL’s financial specialist analyzed financial trends and indicators for the potential anchor firms and continues this process on a monthly basis in coordination with the participating anchor firms.
- In an effort to facilitate access to credit and financing on behalf of participating anchor firms and their producers, the financial specialist conducted several meetings with potential financial institutions in Ecuador:
 - The Tulcan Savings & Loan Cooperative, the Pablo Muñoz Vega Savings & Loan Cooperative and the Santa Anita Savings & Loan Cooperative have all expressed their willingness to cooperate with PRODEL and channel credit to producers living in the northern border region in the provinces of Carchi and Imbabura.
 - The COOPMEGO Savings & Loan Cooperative, located in the province of Loja, is willing to provide financing for PRODEL supported farmers. This financial institution covers the Loja and Zamora Chinchipe provinces of southern Ecuador.
 - The National Financial Corporation (CFN) is the leading development bank of Ecuador and presents the greatest potential funding source for the PRODEL program. PRODEL has planned a workshop with CFN for October 2008 to facilitate access to financing to interested PRODEL anchor firms and their producers.

Terms of reference have been prepared for consultants and advisers to be hired by the anchor firms in the area of accounting and finance.

2.2 Challenges Encountered and Actions Taken

During the anchor firm selection process, the PRODEL team found it necessary to refine the selection assessment tool as it placed greater emphasis on impact and synergy with the growers and a lesser emphasis on the anchor firm's actual growth potential. For this reason, in the case of PRODESS and FECONIC, the technical team found during the business plan preparation process that the investment plans required to strengthen linkages between the suppliers and the companies were not viable. In the case of PRODESS, PRODEL team members were able to identify an alternative to full program inclusion by the strengthening of a vertical linkage between PRODESS and the anchor firm, Cofina. In addition, the team is currently in the process of exploring options on how best to support the FECONIC prickly pear producers in Chota. Based on these lessons learned, PRODEL modified the assessment tool, thereby improving the selection process and better defining the profile for potential anchor firms.

2.3 Activities Planned for Next Quarter

- Conduct workshops with selected anchor firms to prepare business plans and fill out the Enterprise Partnership Fund application in coordination with anchor firm representatives and producers.
- Hold workshop with selected anchor firms and the National Financial Corporation to facilitate access to financing.
- Seek additional funding sources to secure micro-enterprise loans for small producers through public and/or private financial entities.
- Continue to monitor anchor firm financial indicators for all companies approved to date and discuss any anomalies.
- Support the anchor firms in the implementation of their business plans and ensure that it is used as an effective tool to seek financial services and guide the business along a healthy path to increased prosperity for all members of the value chain.

3. STRENGTHEN HORIZONTAL AND VERTICAL LINKAGES

3.1 Achievements during the Quarter

During the collaborative business plan development process, the PRODEL team and participating anchor firms determined that, in general, anchor firm and producer linkages to service providers, such as business management, financial, infrastructure and productivity and marketing services trainings, are weak. Consequently, the PRODEL financial specialist worked to link the Ecuadorian National Financial Corporation with participating anchor firms for greater access to credit. Increased access to credit will allow for the strengthening of linkages to service providers for participating anchor firms and their producers. The Enterprise Partnership Fund will also help to strengthen the linkages between producers, anchor firms and their service providers.

PRODEL is supporting the development of strong vertical and horizontal linkages by holding bi-weekly meetings with Ecuadorian government representatives, such as Plan Ecuador, where greater access to credit through institutions such as the National Financial Corporation is being coordinated. Further, meetings were held with private sector entities like CORPEI (The Ecuadorian Corporation for Exports) where common goals are being established, including the positioning of the Ecuadorian image for products like coffee and cacao at the national and international levels.

3.2 Activities Planned for Next Quarter

- Identify fairs and other similar events in which anchor firms can participate to develop linkages with buyers and other like firms.
- Work on strengthening linkages between the producers to achieve product quality by organizing farmer field schools and other training events.
- Identify additional ways to foster vertical and horizontal linkages
- Participate in the Taza Dorada on October 23-24 and the Chocolate Festival to be held in Guayaquil November 20-23.

4. PULLING IN LOCAL SERVICES PROVIDERS

4.1 Achievements this Quarter

Through the EPF, PRODEL will hire consultants and experts in a variety of areas, including certification, accounting, business development, and sector-specific technical assistance. PRODEL plans to contract these services almost exclusively from local service providers. Through the request for applications that was advertised in June 2008, PRODEL received more than 450 responses from local providers. During the 4th quarter, the PRODEL team has analyzed, qualified and developed a database to organize the large number of potential providers.

4.2 Activities Planned for Next Quarter

- Create a system for the service provider contracting process according to areas of priority as set by the PRODEL technical team in coordination with participating anchor firms and program beneficiaries.
- Contract consultants to complete environmental reviews required by the USAID/Ecuador for grant implementation.
- Develop the terms of reference to contract for specialized services as included in 20 anchor firm proposals for the Enterprise Partnership Fund.

5. PROVIDING MUNICIPAL SERVICES TO BUSINESSES

5.1 Achievements during the Quarter

During the 4th quarter of FY 2008, PRODEL team members met with representatives from the new target municipalities to discuss the goals and objectives of the program, and to identify their needs for services and infrastructure. The infrastructure needs identified will be discussed in a joint workshop PRODEL-PIDEM to be held during the 1st quarter of FY2009.

Also during this quarter, PRODEL coordinated with the MYPE Competitiva program based in Peru to bring specialists to Ecuador to assist in analyzing efficiencies within five municipalities targeted by PRODEL. Further, these discussions also sought to determine ways to strengthen the services municipalities provide to the private sector, possibly including streamlining municipal administrative procedures, improving service delivery processes and implementing the Municipal Scorecard methodology.

5.2 Activities Planned for Next Quarter

- The PRODEL team will coordinate with the PIDEM project on planning and programming priorities for basic infrastructure projects within municipalities.
- MYPE Competitiva representatives will analyze the status of five PRODEL participating municipalities in terms of the services they provide to the private sector and compare them with other municipalities from the region during a visit to Ecuador.
- Implementation of the SIGGLO program through CARE, which has already begun in four PRODEL municipalities. This will promote better service delivery through the municipalities.
- The PRODEL team will identify at least four additional municipalities in which it will facilitate and implement the experiences of CARE and MYPE Competitiva.

6. MONITORING AND EVALUATION

6.1 Achievements during the Quarter

The PRODEL targets set for the end of the 4th quarter FY 2008 were nearly achieved as planned, as shown in Table 7 below. The number of anchor firms fell slightly short of its target due to the de-selection of two anchor firms during the business planning process. The number of anchor firms assisted by PRODEL will increase to 20 by the end of the 1st quarter of FY 2009. The indicator for “increase in anchor firm sales” is based on an annual calendar system used by participating anchor firms and according to Ecuadorian law, from January to December and will be measured as of December 31, 2008. As a result, this indicator does not coincide with PRODEL and USAID fiscal year reporting dates. The PRODEL team projects that this indicator will rise during the 1st quarter of FY 2009. One hundred percent of the number of municipalities to be assisted by PRODEL will be achieved as of the end of the 1st quarter of FY 2009. Efforts will intensify during the 1st quarter of FY 2009 as extension agents begin to work directly with each anchor firm in the field.

Table 7: Achievements to Date (1st 10 Anchor Firms)

	Life of Project Target	FY08 Target	FY08 Progress	% of quarterly target achieved	% of Contractual final goal achieved
Number of families receiving PRODEL assistance	8,000	2,827	2,750	97%	34%
Hectares of licit crops established or improved with PRODEL assistance	+ 4,000	2,909	2,800	96%	10%
Number of new full-time equivalent jobs created by PRODEL activities	+ 4,000	1,885	2,008	107%	8%
Increase in anchor firm sales (% \$)	+50% \$6.264.484	+25% \$5.872.954*	\$2,284,253**	39% achieved over a goal to be measured as of Dec. 31, 2008	37%
Number of small and medium enterprises (anchor firms) assisted by the PRODEL program	20	12	10	83%	50%
Number of municipalities assisted and that contributed to improve the business environment	10	6	4	67%	40%

Table 8 below indicates the average annual sales revenue received by suppliers for the first 10 anchor firms.

**Table 8: Average Family Annual Revenue from Sales to Anchor Firms
(First 10 Anchor Firms as of June 2008)**

Anchor Firm	Average sales revenue (US\$)
AAPPSME	242
Aproca	570
Aroma Amazónico	1,080
Café Galletti	3,504
Café Rio Intag	322
Café Vélez	827
Ecuatoriana de Chocolates	No data available
Mondel	602
Piladora Sol de Oriente	550
SKS	1,250
Average	983

Using the Sharepoint tool, the entire ME&R system has been uploaded to the web page www.acdivoca-prodel.org. Through SharePoint, ongoing program activities are outlined in a calendar shared by the entire PRODEL team. In addition, USAID, AED and ACDI/VOCA HQ staff can access the calendar using their own usernames and passwords. Additional documents from the PRODEL program have also been uploaded to the system.

6.2 Activities Planned for Next Quarter

- Anchor firms will select one individual from within their firm that will be tasked with recording information for the PRODEL ME&R system. A training workshop will be held the third week of October 2008 for those individuals in the use of the ME&R System.
- Collection of key program management indicators will allow for effective anchor firm and PRODEL program progress tracking.
- Make field visits to verify and validate information reported by the anchor firms.
- Prepare plans for quarterly goals for the final five anchor firms to join the program.

7. SUBCONTRACTS AND GRANTS

7.1 Achievements during the Quarter

Under the Enterprise Partnership Fund, work during the 4th quarter focused on (1) negotiating the type and terms of grants to anchor firms; (2)

compiling and systematizing information to monitor the grant disbursement and implementation; (3) disbursing the funds for Fixed-Obligation Grants based on completed milestones; and (4) initiating procurements for In-kind grants.

In August 2008, Ms. Janice Stallard and Ms. Lisa Kearns from ACDI/VOCA headquarters in Washington DC made a field visit to Ecuador to assist the PRODEL field staff in structuring grant procedures and funding mechanisms to anchor firms to allow for the greatest impact at the producer level and encourage the sustainability of these firms' relationships. During this visit, Ms. Stallard and Ms. Kearns, along with PRODEL staff, accomplished the following:

- Met with anchor firms to discuss opportunities for growth and for strengthening linkages with beneficiaries in target regions. Discussed key constraints to growth (at the firm and industry level.) Made recommendations on how investments can be used to create a sustainable impact and build long-term relationships.
- Identified mechanisms to track milestones for each grant ensuring program results are met.
- Worked with PRODEL field team to develop time-bound milestones for project beneficiaries.
- Provided recommendations to PRODEL staff on how to best implement EPF within the program objectives and other program activities.

During the 4th quarter of FY 2008, the program achieved the following under the Subcontracts and Grants component:

- Proposals for first 10 selected anchor firms were presented and approved during a grants technical review committee meeting in the total amount of US \$1,652,931.
- As of the end of the 4th quarter of FY 2008, a total of seven anchor firms had signed cooperative agreements with the PRODEL program and had begun implementing the various approved activities in the EPF budgets.

It is important to highlight that PRODEL anchor firms developed their EPF proposals to include a counterpart contribution far exceeding the USAID funds provided through the PRODEL program. The total counterpart contribution from the firms totals US\$2,198,854 (see Table 9 below).

Table 9: Counterpart Contribution from Anchor Firms

Anchor Firm	Value Chain	PRODEL Funds	Counterpart Contribution
Rio Intag, AACRI	Arabica Coffee	\$104,290	\$153,000
AAPPSME	Medicinal herbs	\$120,200	\$125,941
APROCA	Cacao	\$199,650	\$248,450
Aroma Amazónico	Coffee	\$149,650	\$300,800
Café Galletti	Arabica coffee	\$183,000	\$195,000
Café Vélez	Arabica Coffee	\$177,200	\$214,500
Ecuadoriana de Chocolate	Chocolate	\$188,100	\$261,540
El queso francés S.A. MONDEL	Dairy products	\$182,750	\$219,800
SKS Farms	Dark chocolate	\$177,900	\$260,540
Piladora de Café Sol de Oriente	Robusta coffee	\$170,191	\$219,283
TOTAL		\$1,652,931	\$2,198,854

7.2 Difficulties encountered and alternatives implemented

The PRODEL team found the process to determine the disbursement mechanism for each grant to be a challenge. This process took longer than anticipated and required the production of numerous documents and charts to organize procedures for implementation. The Subcontracts and grants department has made the effort to prioritize those grant items that can be implemented more readily to ensure a timely flow of Enterprise Partnership Fund disbursements.

7.3 Activities planned for next quarter

During the 1st quarter of FY 2009, the program will prioritize the following activities:

- Work with the remaining anchor firms to complete the process of reviewing and approving their proposals to be financed by the Enterprise Partnership Fund.
- Receive the final proposals and review the supporting documentation required by the PRODEL Grants Technical Review Committee.
- Sign agreements and conduct meetings with the anchor firms and their producers in an effort to implement activities according to the approved work schedules.
- Hire technical assistance consultants to implement activities with growers and specialized technical advisory services for anchor firms through EPF.
- Carry out follow-up visits to the first group of 10 anchor firms to ensure proper implementation of activities funded through the Enterprise Partnership Fund.
- Hire a procurement assistant to facilitate timely disbursements of the Enterprise Partnership Fund within the sub contracts and grants department.

8. MANAGEMENT

8.1 Achievements during the Quarter

- Leticia Pineda was hired as the local business advisor for the northern border region to replace Ramiro Moncayo who resigned due to personal reasons.
- Fernando Jaramillo was chosen to replace Adriana Meneses as local business advisor for the southern border region based in Loja, Ecuador.
- The ACDI/VOCA PRODEL office in Ecuador was officially qualified and included in the Ecuadorian IRS (SRI) database as an agent eligible to recover VAT. This process was considerably more complicated than anticipated due to recent changes in Ecuadorian tax laws. The PRODEL office has been told that it is way ahead of others in this same qualification process.

8.2 Challenges Encountered and Alternatives Employed

- During the 4th quarter, PRODEL faced two unanticipated resignations of local business advisors. Immediately upon notification of these resignations, the PRODEL Program Manager worked quickly to

advertise, interview and hire new staff to minimize any delays in implementation.

8.3 Planned activities for the next quarter

- To address the increasing needs of implementing the Enterprise Partnership Fund grants, PRODEL received approval for to hire a procurement specialist to facilitate timely disbursements.

ANNEX 1. CAFÉ RIO INTAG: COFFEE PLANTATIONS HAVE BIOLOGICAL ALTERNATIVES TO FIGHT THE COFFEE BERRY BORER

The coffee berry borer (*Hypothenemus hampei*) is considered one of the main insect plagues of the coffee crop and has spread through most of the coffee-growing regions of the world. The most serious economic losses in coffee recorded to date have been caused by this pest.

For most of its life cycle, this coffee berry borer feeds on the fruit, tunneling inside and spoiling it. This results in direct production losses, lowers the quality of the coffee beans meant for export and contributes directly or indirectly to decreased profitability.

The coffee berry borer has been present in Ecuador since 1981 and despite efforts to reduce its population; it continues to cause large-scale damages in coffee-growing regions throughout the country. Most conventional farmers find that they must use chemical products to control this pest, but these chemical "solutions" bring environmental and public health problems of their own. On the other hand, use natural enemies to control the population of the insect.



Coffee cherry infected by coffee berry borer and controlled by *Beauveria bassani*

This is in line with organic practices and reduces costs to the farmers since no pesticides are involved. It also increases productivity due to reduced affects from insects and plagues.

For the coffee growers in the Intag region, especially those located at lower altitude, one of the major phytosanitary problems is the borer. As a



result, a study was conducted on the reproduction and use of the *Beauveria bassiana* fungus to control coffee berry borers, and at the same time, coffee growing families were trained on how to apply the fungus. Unfortunately, this initial period of training was not sufficient to convince the producers to reproduce and

implement the fungus in their fields.

In 2005, with the support of USAID, Integrated Coffee Pest Management was addressed in AACRI's area of influence, with an emphasis on phytosanitary control, especially controlling and preventing the coffee berry borer. For this purpose, AACRI acquired the commercially sold variety of *Beauveria bassiana* (BAUKIL) from the Polytechnic University of Chimborazo (ESPOCH) to carry out the first trials.

As part of the USAID-funded PRODEL program, small coffee producers are receiving technical assistance focused on concepts of organic coffee production. Part of the technical package provided by PRODEL is the use of beauveria to control the coffee berry borer and to train extension agents in its proper use and application. This is considered a major breakthrough that has large implications in the development of the Arabica coffee industry in Ecuador.

According to Angel Gomez, a coffee farmer and member of AACRI, "fumigating my field with the fungus was effective, but it has to be complemented with the additional coffee growing techniques that include collecting the dry, fallen or damaged beans, while regulating shade and fertilizer inputs. Accomplishing this has brought amazing results to my farm and I have better quality coffee as a result".

Carina Moreta, who researches Integrated Borer Management within AACRI, says that "in order to control and prevent this pest, one needs to combine biological, cultural and etological (pest trap) controls, in order to significantly reduce the infestation of the insect in Intag's coffee plantations."

ANNEX 2. CAFÉ VÉLEZ: A PASSION FOR BUSINESS



Nicolás Vélez in his factory

Despite having been born in a country that produces excellent coffee beans, Nicholas Vélez grew up drinking instant coffee and occasionally coffee from *esencia*, a liquid concentrate that is prepared in Ecuadorian homes and then kept in the refrigerator to later be mixed with hot milk or water.

Nicholas states that “it was only upon leaving my country

and visiting Seattle in the United States, that I discovered the fascinating culture of coffee and its infinite origins and combinations: the perfect espresso, and the French press, just to name a couple.” Upon returning to Ecuador, Nicholas sought with greater determination, the gratifying experience of drinking good coffee. “I began to find people who knew something about a good cup of coffee. In colonial Quito, I found a small coffee roaster and from there I fell in love with the coffee making process.”

Not long after his trip to the US, Nicholas and a good friend with whom he shared this great love opened up a coffee shop. This café focused on serving excellent coffee and roasting coffee one pound at a time in a small roaster that was brought from the United States. Although the business was not a complete success, it did allow for Nicholas to learn much about the extensive and fascinating world of fine coffees from Ecuador and around the world. “It did not take long for me to meet people who knew a lot about the coffee production process.” adds Nicholas, “I met roasters, baristas, and of course the coffee growers themselves. I even had the good fortune of meeting

“I realize that through a value chain-based approach I am not only building my business but I am also helping people from the producer to the retail level... Thanks to our valuable growers, consumers and the institutions like PRODEL that support us, our passion is indeed our business.”

- Nicolás Vélez, Café Vélez

Samuel Von Rutte, a Swiss farmer who produced coffee that was different from all of the other coffees that I had sampled up to that point in Ecuador. I visited his coffee plantation, which as luck would have it, is considered one of the most technologically advanced in Ecuador.”

After deciding that coffee was his passion, Nicholas and his wife Isabel formed a fine Ecuadorian coffee roasting business three years ago and named it befittingly, Café Vélez. The company has gone from roasting coffee in a garage with a small but sturdy roaster made in Latacunga, Ecuador to roasting in a beautiful Diedrich roaster brought from the United States and installed in a shed that is currently located in the Café Velez plant.

Nicholas is convinced of the quality of green coffee used for his products. He affirms that “the first concern that arose when I began to see the differences in the coffee that I was receiving was how one can objectively differentiate one coffee from another and what determines these differences. This is how I discovered another aspect of the vast universe of coffee: cupping.”

Through cupping one can assess coffee and by extension, its processes and ultimately its price. That is why the cupping process is so important in the coffee business. Two years ago, Nicholas competed in a coffee cupping contest of sensory abilities held in Ecuador and sponsored by the Specialty Coffee Association of America (SCAA). Nicholas won first place among 70 coffee cupping experts in Ecuador and was sent to Long



Coffee bean quality analysis

Beach, California to attend a coffee cupping course offered by SCAA to experts from around the world.

Ecuador has a long road to travel to improve the quality of its coffee and thereby its commercialization. Fortunately, one needs only to look to Ecuador’s northern neighbor, Colombia for a perfect example of what coffee can do for the economy and the image of a

nation. The coffee industry in Colombia provides a livelihood for hundreds

of thousands of growers through an environmentally friendly and sustainable agricultural process. That is where Ecuador is heading and what the USAID-funded PRODEL program is helping six coffee firms - including Café Vélez - to accomplish.

Nicholas is proud of his job and his industry. He points out that "Thanks to the support of my family, the producers, and international agencies like USAID through the PRODEL program, coffee growing in Ecuador is not only taking important steps toward improvements in quality and efficiency but also looking for ways to benefit all actors along the value chain. Education is the key to it all and little by little we are improving here in my country."

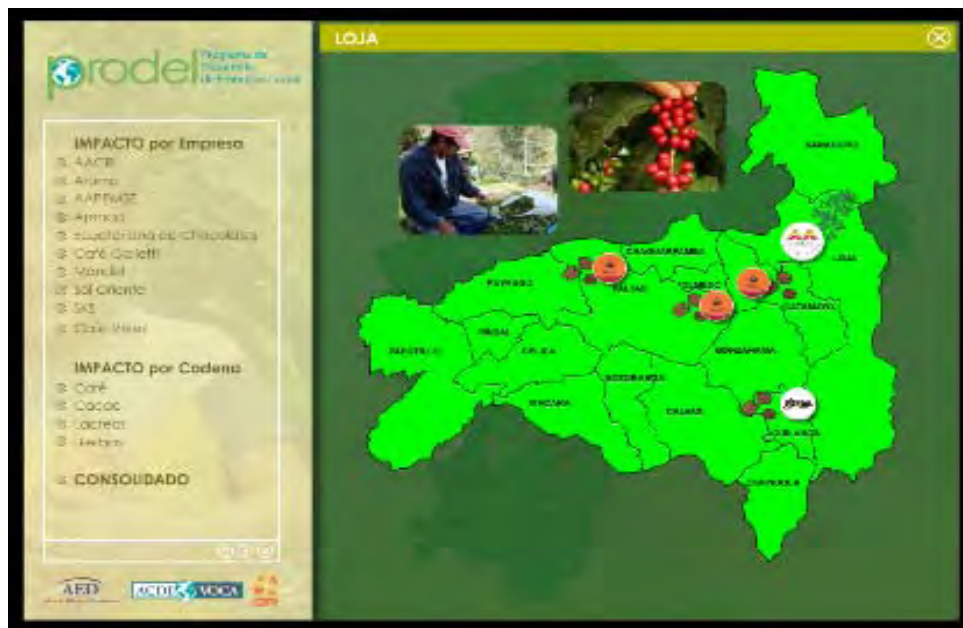
Currently, Café Vélez offers high quality coffee to its consumers from nearly all Arabica coffee producing regions in Ecuador – Loja, Imbabura, Pichincha, Galapagos and Manabí. Each of the regions boasts unique characteristics and producers that champion their home grown product, but they all share in common the love for coffee and know what the product can do to improve incomes and create jobs for community and family members.

The USAID-funded PRODEL program has identified through an intense business analysis process two main areas of support for Café Vélez: 1) productivity improvements like new and improved nurseries and fermentation modules for suppliers, and 2) competitiveness strengthening through market intelligence assistance and development. The PRODEL Enterprise Partnership Development Fund will help Café Vélez and its producers to compete in the competitive coffee marketplace.

Ultimately, Nicholas Vélez recognizes it is not always easy to convert a passion into a business, but as he concludes: "It all becomes clear that I made the right decision when I realize that through a value chain-based approach I am not only building my business but I am also helping people from the producer to the retail level from Chaguarpamba, Ecuador to the shelves of retail outlets in places like Santiago, Chile. Thanks to our valuable growers, consumers and the institutions like PRODEL that support us, our passion is indeed our business."

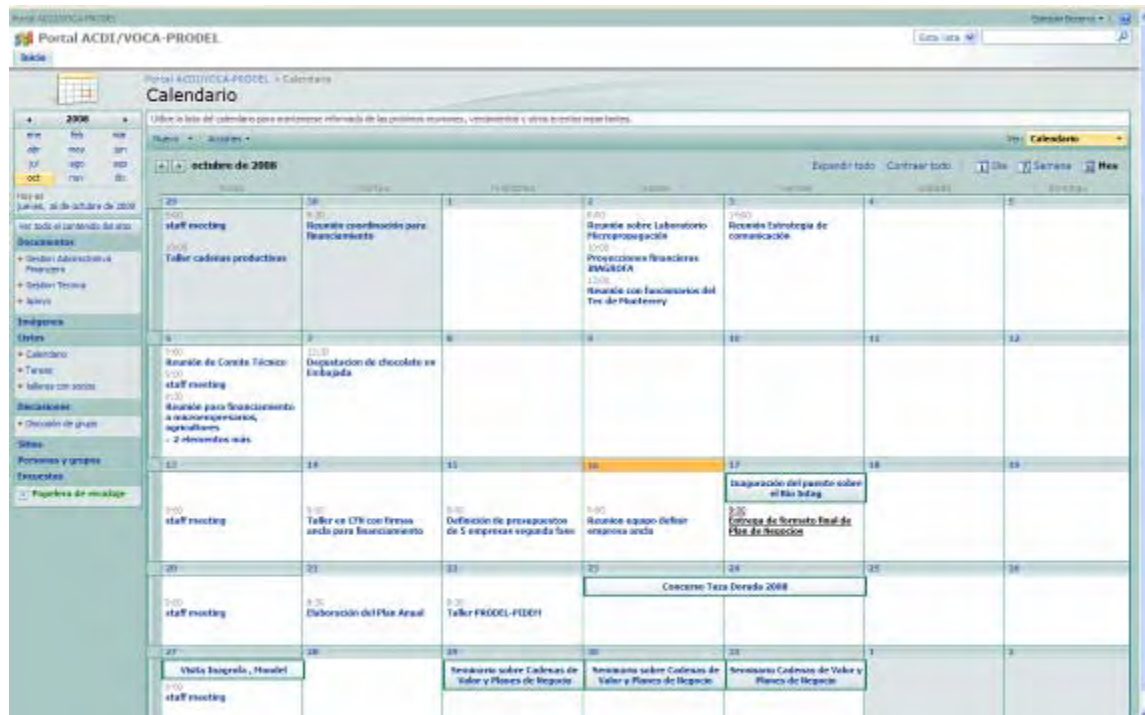
ANNEX 3. PRODEL INTERACTIVE MAP

In an effort to facilitate communications and effectively illustrate and present the various value chains and the locations of the anchor firms selected for the PRODEL program, the PRODEL team worked with a local communications and graphic design firm to develop a software-based interactive map that uses a macromedia flash format. The map includes key information regarding numbers and locations of producers in addition to anticipated goals and indicators for each anchor firm. To date, a total of 10 anchor firms have been included in this electronic-tool and the team expects to include the additional 10 anchor firms and their producers during the 1st quarter of FY 2009.



ANNEX 4. SHARE POINT

An additional E-tool has been adopted for use by the PRODEL team that facilitates web based planning. This tool allows for the sharing of documents between PRODEL staff located around the country and can also be accessed by ACDI/VOCA, AED and USAID personnel. The Share Point software program features various links to access webmail, a portal that includes the PRODEL calendar of activities, and the ability to upload and gain access to shared program documents. The tool offers varying levels of access based on codes that allow or restrict document editing and has been linked to other corresponding web pages for the program.



ANNEX 5. ANALYSIS OF PROJECT EXPENSES FOR 4TH QUARTER FY08 BY GEOGRAPHICAL AREA

PROVINCE	Imbabura	Carchi	Esmeraldas	Orellana	Napo	Sucumbíos	El Oro	Loja	Zamora Chinchipe
Expenses by Province	\$39,313	\$65,317	\$51,312	\$41,575	\$27,586	\$51,441	\$37,521	\$74,922	\$40,486
ZONE	SIERRA NORTE		ESMERALDAS	AMAZONIA			SOUTH		
Expenses by Zone	\$104,630		\$51,312	\$120,602			\$152,929		
TOTAL									\$429,473

ANNEX 6. ME&R SYSTEM LABOR CALCULATION ANALYSIS

The index in Table 10 below details the sum of all the labor needed during the productive cycle of the crops.

Table 10: Index of Full-time Equivalent Jobs per Hectare by Value Chain

Value Chain	Index of full-time equivalent jobs per hectare
Cacao	0.70
Coffee	0.70
Herbs	21.00
Dairy products	0.50
Quinoa	0.34
Banana	2.00

These tables below (in Spanish) describe the methodology for the labor necessary per hectare for the various value chains participating in PRODEL. These inputs allow for the calculation of the number of jobs created and provide

the backup material for the figures reported for this indicator.

Table 11: Mano de obra necesaria para una hectárea de cacao con recomendaciones PRODEL

Actividad		Rubro	Cantidad
1. PREPARACION DEL SUELO			
Año 1		Selección de árboles, producción de plantas	Jornales 20
		Rozar	Jornales 6
		Balizar	Jornales 6
		Hoyar	Jornales 10
2. ESTABLECIMIENTO DE SOMBRA			
Año 1		Preparar colinos	Jornales 6
		Sembrar plátano (temporal)	Jornales 4
		Resembrar plátano	Jornales 1
		Sembrar guabo (permanente)	Jornales 2
3. ESTABLECIMIENTO CACAOTAL			
Año 1		Transportar plántulas	Jornales 3
		Plantar cacao	Jornales 5
		Resembrar cacao	Jornales 3
4. LABORES CULTURALES			
Años:	2 a 20	Podar árboles de sombra	Jornales 2
	1 a 2	Regular densidad de plátano	Jornales 6
	1 a 2	Cosechar plátano	Jornales 5

Actividad		Rubro		Cantidad
	2	Eliminar plátano	Jornales	5
	1	Poda de formación	Jornales	4
	1 a 2	Rozar	Jornales	20
	1 a 2	Aplicar herbicida	Jornales	
	1 a 2	Aplicar fungicida	Jornales	
	1	Aplicar abono orgánico	Jornales	8
	1 a 2	Aplicar abono químico	Jornales	
Años:	1 a 2	Poda fitosanitaria	Jornales	24
	1 a 2	Cosecha de cacao	Jornales	14
				Subtotal
5. SIEMBRA				
Año 1		Plántulas de cacao	planta	1000
		Colinos de plátano	colino	200
		Plantas de guabo	planta	40
				Subtotal
TOTAL JORNALES AÑO PROMEDIO				154

154 jornales/222= 0.7 empleos tiempo completo por hectárea.

Table 12: Mano de obra necesaria para una hectárea de café con recomendaciones PRODEL

Actividad		Rubro		Cantidad
1. PREPARACION DEL SUELO				
Año 1		Selección de súper árboles, agobio y producción de plantas	Jornales	25
		Chapia	Jornales	8
		Balizar	Jornales	6
		Hoyar	Jornales	10
2. ESTABLECIMIENTO DE				
Año 1		Preparar colinos	Jornales	6
		Sembrar plátano (temporal)	Jornales	4
		Resembrar plátano	Jornales	1
		Sembrar guabo (permanente)	Jornales	2
3. ESTABLECIMIENTO				
Año 1		Transportar plántulas	Jornales	5
		Plantar café	Jornales	5
		Resembrar café	Jornales	3
4. LABORES CULTURALES				
Años:	2 a	Podar árboles de sombra	Jornales	2
	1 a 2	Regular densidad de plátano	Jornales	6
	1 a 2	Cosechar plátano	Jornales	5
	2	Eliminar plátano	Jornales	6
	1	Poda de formación	Jornales	4
	1 a 2	Chapias	Jornales	16

Actividad		Rubro		Cantidad
	1 a 2	Controles fitosanitarios	Jornales	10
	1	Aplicar abono orgánico	Jornales	8
Años:	1 a 2	Podas fitosanitaria	Jornales	10
	1 a 2	Cosecha de café	Jornales	15
				Subtotal
5. PLANTAS				
Año 1		Plántulas de café	planta	1111
		Colinos de plátano	colino	200
		Plantas de guabo	planta	40
				Subtotal
TOTAL JORNALES AÑO PROMEDIO				156

157 jornales/222= 0.7 empleos tiempo completo por hectárea.

Producción extensiva (no tecnificada) genera 0,5 empleos tiempo completo por hectárea desglosado de la siguiente manera:

Table 13: Mano de obra necesaria para una hectárea de ganadería con recomendaciones PRODEL

Rubros	Tiempo (jornales/año)
RUBROS ANUALES	
Riegos	20
Fertilización	5
Reparación y mantenimiento de cercas	4
Limpieza de establo	5
Parcial año:	34
Empleos	0,15
RUBROS DIARIOS	
Labores diarias	Tiempo (jornales/día).
Traslado de las vacas al potrero	0,0625 (30')
Sogueo	0,042 (20')
Ordeño	0,083 (40')
Corte de pastos	0,031 (15')
Total día	0,2185 (1h45')
Parcial año:	80
Empleos	0,35 empleos
MANO DE OBRA TOTAL AÑO:	112
Empleos por hectárea	112/222=0,5

Table 14: Mano de obra necesaria para una hectárea de hierbas con recomendaciones PRODEL

Por cada huerto de 300 m2		Cantidad	Total año
Cuidado, riegos, resiembra de las plantas del huerto (empiezan a las 6:00 a.m. de la mañana hasta las 2:00 p.m. de la tarde)	Jornales cada semana	2	112
Cosecha, limpieza y preparación de las plantas medicinales	Jornales cada 15 días	1	28
TOTAL JORNALES AÑO PROMEDIO			140

140 jornales por huerto de 300m2 representan 4.666 jornales por hectárea/año

$$4.666 / 222 = 21 \text{ empleos tiempo completo por hectárea}$$

Table 15: Mano de obra necesaria para una hectárea de quinua con recomendaciones PRODEL

Rubro	Unidad	Cantidad
siembra	Jornales	2
surcado	Jornales	8
aporque	Jornales	18
deshierba	Jornales	18
fumigaciones	Jornales	2
Corte	Jornales	20
Trilla	Jornales	6
Empacado	Jornales	2
TOTAL JORNALES AÑO PROMEDIO		76

76 jornales/222= 0.34 empleos tiempo completo por hectárea.

ANNEX 7. SOCIAL RESPONSIBILITY IN THE MONDEL CHEESE COMPANY



Example of a Mondel Christmas

PRODEL anchor firm, Mondel has already begun the process to adopt socially responsible concepts and the production of a winning product. As its counterpart contribution to the PRODEL Enterprise Partnership Fund, Mondel hired the services of Sonia Torres to coordinate actions with a group of beneficiary families to produce Christmas baskets. To date, more than 400 Christmas baskets have been pre-sold worth US\$11,000. These baskets will be made in the training workshops of TESP, an

organization that works with street children. Additionally, ten low-income single mothers will begin to work as Mondel salespeople in October. These women, in a fair and transparent arrangement, will receive incomes equivalent to the minimum wage, and their earnings will increase as their sales rise. These are just some of the examples of winning and inclusive initiatives being implemented by Mondel. Still the firm's main strategy for improving competitiveness and strengthening linkages concerns the relationship with its suppliers. Despite the fact that the Ecuadorian government regulates the price of milk paid to farmers, in the interest of having an equitable relationship with its suppliers, Mondel pays 10 cents more per liter than the regulated price, thus ensuring a reliable and quality raw material flow to its factory.