

Ecuador

A History of Instability and Insecurity

Ecuador has confronted a series of debilitating economic, political and social problems during its recent past. The effects of the 1998 El Niño storm, which devastated the coastal areas of the country, are still being felt. In addition, the shrimp industry has suffered due to an outbreak of the white spot fungus, and tourism has declined as a result of fear incited by reports of rising crime. Over the last five years, the country has had four presidents and suffered a near collapse of the banking system. These problems, in addition to endemic corruption, rapid population growth and an external debt nearing \$20 billion, have resulted in a sense of financial insecurity and a loss of faith in the government. Over the past several decades, ACDI/VOCA has worked to counter these problems by providing technical assistance, strengthening Ecuador's cocoa industry and integrating value chain approaches into smallholder farming operations.

Early Technical Assistance in Agriculture

ACDI and VOCA began work in Ecuador in the 1980s, providing in-country technical assistance to the country's agricultural sector. ACDI helped to strengthen the Cooperativa Regional de Servicios Agropecuarios



(COORSA), a large cooperative formed by a farm inputs organization. ACDI also supported the Ecuadorian Agricultural Development Foundation and the Centro Internacional de la Agricultura Tropical (CIAT), a research institution carrying out agricultural research and development leading to increased food supply and improved rural livelihoods. During this period, VOCA provided volunteer experts who delivered technical assistance to farmer organizations through the pilot phase of USAID's Farmer-to-Farmer (F2F) Program.

ACDI continued its work in Ecuador through the 1990s with the Agro-Processing and Trade Linkages Promotion (APTlink) project, designed to demonstrate how value-added agroprocessing for export is a viable option for farmer organizations in Latin America and the

Caribbean. APTlink worked with local producers and processors to improve the quality of processed fruits and vegetables and form linkages to U.S. markets.

The SUCCESS Alliance: ACDI/VOCA's Commitment to Cocoa in Ecuador

The cocoa crop is important to smallholder farmers, but there are many constraints to sustainable cocoa production that limit how well these farmers can supply the international cocoa industry's need for diversified sources. Through the years, ACDI/VOCA has worked to address these constraints to increase the competitiveness of smallholder cocoa farmers around the world. In 2002, ACDI/VOCA helped to found the Sustainable Cocoa Enterprise Solutions for Smallholders (SUCCESS) Alliance, a public-private partnership with USAID, USDA and the World Cocoa Foundation.

SUCCESS aims to improve the livelihoods of smallholder farmers by promoting cocoa production and marketing in a way that is economically, environmentally and culturally sustainable. Through various projects around the world, ACDI/VOCA and the SUCCESS Alliance have provided technical assistance and training through the Farmer Field School (FFS) methodology, with an emphasis on farm planning, crop management, post-harvest management, commercialization and participation in farmer organizations.

As part of the SUCCESS Alliance's work in Ecuador, ACDI/VOCA was awarded a \$4.9 million Food for Progress (FFP) award to promote increased cocoa production.

ACDI/VOCA received an additional \$1.5 million through PL 480 and the World Cocoa Foundation and its members to continue the successful program through February 2011. This program combined farmer training, tree rehabilitation, Farming as a Business training and the development of farmer associations. The project also established and expanded existing cocoa tree nurseries as a means to replace the older, unproductive trees found on most smallholder farms as well as two local business service providers for cocoa and agriculture needs.

From 2005-2009, the program completed 872 FFS sessions and trained 21,710 cocoa producers in the coastal regions to facilitate increased production through improved practices. During the life of the project, a total of 6.6 million grafted cocoa plants were produced in project nurseries.

ACDI/VOCA's efforts produced an increase in gross and net cacao revenues. Specifically, over a two-year period, participating farmers made \$144,861 more than they would have made if they had sold to middlemen or local buyers on their own.

During the SUCCESS Alliance project, several private sector companies such as Mars, Inc., Transmar, Nestle and Ristokcacao, contributed funds to support SUCCESS Alliance Ecuador smallholder farmers. These efforts improved their business knowledge and ability to achieve certification and productivity, and also strengthened their associations.

PRONERI-Transmar contributed toward the rehabilitation of farms, improving the quality of cocoa and helped build smallholders' capacity to operate and commercialize their cocoa. Mars support resulted in building farmer organizations' capacity to market their cocoa to international buyers while Nestle support expanded farmer access to improved crop husbandry and superior planting material.

Ristokcacao, the other main export company involved in SUCCESS activities, contributed a 12-month grant to enable ACDI/VOCA to continue to support SUCCESS Alliance smallholder farmers by improving their skills, business knowledge and ability to achieve UTZ certification, and by strengthening their associations.

Value Chain Work in Ecuador

Another important aspect of ACDI/VOCA's work in Ecuador has been developing value chains to increase linkages between producers and national and international markets. In 2007, ACDI/VOCA began implementing the USAID Local Economic Development Program (PRODEL), which aimed to limit the spread of the narcoeconomy into Ecuador by offering higher-value economic opportunities to northern and southern border communities.

PRODEL worked to generate permanent employment and increase income by strengthening value chains and competitiveness among these communities. The program also supported the growth of financial services led by high-potential growth-

oriented enterprises ("anchor firms") in the coffee, cocoa, cereal and grains, dairy, seafood and processed fruits and vegetables sectors. To match producers and markets, PRODEL identified products with strong end markets as well as larger commercial enterprises that could serve as the bridge between producer organizations and microenterprises and critical national and international markets.

PRODEL helped accelerate economic development in Ecuador, generating permanent employment, increasing incomes and improving the quality of life of more than 22,000 families in the country's border regions. By strengthening agricultural value chains through 38 anchor firms, PRODEL helped create 17,909 new jobs, increase family income by approximately 70 percent and farmer group sales to anchor firms by over \$10 million. To increase productivity, PRODEL worked with a team of field technicians applying the FFS methodology to improve local crop management techniques. Such techniques led to more than 4 million seedlings being planted in collective nurseries and improved productivity on almost 30,000 hectares.

More important, the program has provided the Ecuadorian government and development partners a model for promoting market-driven economic growth that reduces poverty. One recent example of this success is the formation of PRODEL, LLC, which is currently providing economic development consulting services for government agencies and

international development partners, ensuring the continued legacy of PRODEL. In the years to come, ACDI/VOCA will continue collaborating with international and local groups to ensure that the Ecuadorian agricultural sector and its smallholder farmers are prepared to meet global demands.

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