

PRODEL II: Ecuador Business Development Pro- gram/PRODEL II

The Ecuador Local Business Development program, known locally as PRODEL, is an associate award under the **FIELD-Support LWA**. PRODEL and its follow-on PRODEL II, seek to improve livelihoods for families in the northern and southern border regions of Ecuador by supporting the expansion of private enterprises that have the potential to rapidly generate income and employment.

RESULTS:

PRODEL achievements:

- 8290 job created;
- Strengthened 26 local organizations and enterprises;
- Enterprise Partnership Fund (EPF) disbursements to 20 anchor firms total \$2,287,559 USD.

“Anchor Firm:”

An organization through which a project leverages its experience of value chain to successfully enter and affect a market.



Photo credit: Bill Demson for FHI 360/PRODEL

In November 2007, USAID issued the Ecuador Local Business Development (LBD) Associate Award, or “Programa del Desarrollo de Empresas Locales,” or PRODEL as it is known locally in Ecuador. PRODEL, and its follow-on, PRODEL II, are managed by FHI 360 with key implementing partner ACDI/VOCA and resource partner CARE. The program is a key component of the Government of Ecuador’s “Plan Ecuador Program” which aims to foster peace, development, citizen security, territorial integrity and a greater quality of life for all inhabitants of Ecuador’s northern border.

The PRODEL Approach:

PRODEL uses a value chain approach, identifying and addressing major opportunities and constraints to growth while ensuring sustainable impact at the household level. Specifically, the program targets interventions at lead firms (or anchor firms) and the linkages within that anchor firm’s business system, reaching ultimately to microenterprises and their

families. Program interventions address constraints to the anchor firm’s ability to grow while facilitating the growth of its suppliers and buyers, hence impacting the whole value chain.

PRODEL uses its **Enterprise Partnership Fund** to provide technical and co-financing assistance to anchor firms, tailored to their specific needs. The assistance packages include a combination of market development, financing, accounting, management assistance and skills training, depending on the specific challenges facing each firm. PRODEL collaborates with banks, finance companies and microfinance institutions to facilitate additional credit to participating anchor firms and producer groups.

Between 2007 and 2009, PRODEL worked with anchor firms across ten municipalities to identify and analyze policy-related constraints and constructively contribute to municipal-



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Strengthening Ecuador's Blackberry Value Chain

Jugo Fácil, a fruit juice company, is successfully strengthening its partnerships with local blackberry producers in Ecuador. With PRODEL II's support, Jugo Fácil recently developed a new productive link with 55 blackberry producers from the Mariano Acosta community in Imbabura. The local blackberry farmers wanted to work with Jugo Fácil to improve their crops and secure a buyer who could ensure a stable source for fair prices. As a result of this new partnership, producers now receive 30% more for their blackberries by selling directly to Jugo Fácil—an income increase of \$800 per year.

Since hearing of Jugo Fácil's gains, the Imbabura Provincial Government and the Belgian Development Agency are now working with PRODEL to support similar initiatives, leveraging new resources and developing new projects to improve blackberry production and marketing in Mariano Acosta.

PRODEL II's work with Jugo Fácil provides a clear example of how public and private institutions can work together to support the strengthening of productive value chains, articulate vertical and horizontal linkages within the value chain model, and contribute to improving farmers' incomes and standards of living.

"The additional income we get from working with Jugo Fácil helps me ensure my children's education. I can now think about sending them to secondary school to get their high school diploma," says Luis Mejía, a Mariano Acosta producer and Association.



The FIELD-Support Leader with Associates is an 8-year cooperative agreement awarded by the USAID Microenterprise Development Office to improve the state-of-the-practice of microfinance and microenterprise development. FIELD-Support is implemented by FHI 360 and a consortium of 27 development partners. Learn more at <http://kdid.org/projects/field-support>.

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level planning and decision-making to improve the local business climate. The program's six key implementation areas included:

- **Municipal Strengthening:** development of competitive enterprises supported by effective local governments that instill trust in local institutions;
- **Collaboration with Anchor Firms:** demand-driven assistance packages, including technical assistance, financing and targeted training, to stimulate and facilitate increased investments in strategically-selected agribusiness and non-agricultural anchor firms;
- **Upgrading Vertical and Horizontal Linkages:** intervening at key intersections within an anchor firm's business system and network of economic relations to address constraints to that firm's ability to grow;
- **Strengthening the Local Business Environment:** working with local municipalities and the private sector to improve the local business environment;
- **Integrating Cross-Cutting Themes:** includes ensuring inclusion of women, training participating anchor firms to promote socially responsible practices, and making environmental considerations an integral part of the design and execution of the program.

Based on the successful application of PRODEL's model, FHI 360 and ACDI/VOCA were awarded a three-year expansion of the program, PRODEL II, which launched in October 2009. PRODEL II's five primary objectives include:

- Promoting anchor firms and value chain competitiveness;
- Upgrading vertical and horizontal linkages;
- Fostering the provision of financial services;
- Replicating the value chain model; and
- Partnering with local service providers.

Ecuador LBD/PRODEL II Partners:



FHI 360 is the prime award recipient and provides overall coordination of the program, leading monitoring and evaluation and knowledge management activities.



ACDI/VOCA is the lead technical partner and is directly managing the enterprise support fund and leading the program's efforts to expand and make selected firms' business systems more competitive.