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**ECUADOR**

**COOPERATIVE SME OPERATIONS IN THE  
FLORICULTURE VALUE CHAIN**

**(EC-M1013)**

**DONORS MEMORANDUM**

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## **ABBREVIATIONS**

AWP	Annual work plan
CESI	Committee on Environment and Social Impact
EXPOFLORES	Asociación de Productores y Exportadores de Flores del Ecuador [Ecuadorian Association of Flower Producers and Exporters]
Gantt	Chart used to track program activities
ICT	Information and communication technology
OR	Operating Regulations

# COOPERATIVE SME OPERATIONS IN THE FLORICULTURE VALUE CHAIN

## (EC-M1013)

### I. EXECUTIVE SUMMARY

<b>Beneficiary country:</b>	Ecuador	
<b>Executing agency:</b>	Asociación de Productores y Exportadores de Flores del Ecuador [Ecuadorian Association of Flower Producers and Exporters] (EXPOFLORES)	
<b>Beneficiaries:</b>	The project will benefit at least 100 small and medium-sized enterprises (SMEs) in six regions (Imbabura, Carchi, Cayambe, Tabacundo, Quito, and Azuay). These SMEs will be grouped into a minimum of six horizontal/vertical partnerships that will implement business partnering strategies in one or more of the following six areas of activity: (1) purchase and sale of inputs; (2) transport, logistics, and distribution channels; (3) joint marketing; (4) development of new products and varieties; (5) technical assistance; and (6) product standardization. At least six partnership executives, six partnership managers, and 60 SME owners will acquire new skills and expertise. The project will help to develop and implement a systematized model for helping partnerships formed by Ecuadorian SMEs to gain access to the United States and European markets through the use of various project-designed tools and each partnership's value chain.	
<b>Financing:</b>	Modality:	Nonreimbursable (Facility III-A)
	MIF <sup>1</sup> :	US\$1,643,628 (64%) <sup>2</sup>
	Executing agency:	<u>US\$ 913,000 (36%)</u>
	<b>Total:</b>	<b>US\$2,556,628</b>

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<sup>1</sup> The MIF contribution includes US\$30,000 for cluster coordination activities.

<sup>2</sup> Does not include cluster activities.

<b>Objectives:</b>	The <b>goal</b> of the project is to help build the capacity of Ecuador's floriculture enterprises to compete in the United States and European markets. Its <b>purpose</b> is to develop, facilitate, and strengthen partnerships and cooperation between horizontally linked firms (floriculture plantations) and enterprises in related fields (transport, inputs, marketing, technical training) in order to heighten the value chain's efficiency and effectiveness. To that end, the project will include the following components: (1) strengthening of floriculture SMEs with export potential; (2) collective adaptation of the exportable supply and training of partnership executives; (3) joint marketing; and (4) dissemination of the linkage model and its outcomes.	
<b>Timetable:</b>	Implementation:	42 months
	Disbursement:	48 months
<b>Special contractual conditions:</b>	<b>Conditions precedent to the first disbursement of Bank funds:</b> (i) selection of the executing unit coordinator; and (ii) submission of the Operating Regulations as agreed upon with the Bank.	
<b>Exceptions to Bank policy:</b>	None.	
<b>Coordination with other official development finance institutions:</b>	No similar projects are being funded by other financial institutions at present.	
<b>Environmental and social review:</b>	The Committee on Environment and Social Impact (CESI) reviewed the project at its meeting of 29 April 2005. The responses to the CESI's observations have been incorporated into this document (see paragraph 8.1).	

## II. BACKGROUND

- 2.1 Ecuador's floriculture industry accounts for 10% of total agricultural exports and approximately 3% of the country's GDP. In 2004, floriculture exports totaled US\$300 million and constituted the Ecuadorian sierra's main export product. With 4,000 hectares under cultivation, this industry has directly created over 60,000 jobs, of which 60% are held by women, and has indirectly created another 120,000. Its linkages with other activities also generate an additional US\$900 million per year in business in the domestic economy and account for around US\$100 million in direct imports.
- 2.2 The sector has a number of constraints, however. (i) **Strong international competition** owing to an increase in the number of hectares devoted to flower cultivation in various countries and the introduction of new varieties by Ecuador's main competitors. This impairs Ecuador's ability to compete, since the differentiating feature of its products has been the large number of high-quality varieties that it grows. (ii) **Adverse domestic factors:** costs above the regional average, higher effective interest rates, high telecommunications charges, and long wait times for the completion of administrative procedures. (iii) **A lack of partnering arrangements:** the lack of cooperation among the firms in this sector undermines the efficiency of production and marketing. Given these limitations, the difficulties faced by Ecuadorian floriculture SMEs<sup>3</sup> translate into a lack of sufficient scale and the absence of a shared partnering strategy aimed at adapting the sector's exportable supply and developing suitable logistical, distribution, and marketing channels.
- 2.3 **Project rationale.** The proposal submitted to the MIF for a project to address these issues by creating linkages for the sector has a number of distinctive features. (i) **Reduction of production costs:** Business partnering projects help put producers in a better position to negotiate for inputs, domestic and external transport, the acquisition of new varieties, and marketing services. This directly reduces their costs, since they are able to secure lower prices for inputs, better rates (air freight, telephone service, electricity) and higher royalties (for new varieties), as well as higher prices for their exports. (ii) **Standardization of flower quality and price:** The diversification of varieties is a key component of the strategy for positioning Ecuadorian flower output. The proposal for standardizing flower quality is part of a strategy for achieving high quality standards. (iii) **Protect the market from being plundered:** The exportation of flowers is a highly seasonal activity. Certain periods during the year are therefore extremely important for the sector because of the volume of products moved during those times and the prices they command. A business partnering program will tend to ease the pressure exerted on the market by would-be plunderers during the slow season and to encourage fair trading practices,

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<sup>3</sup> SMEs having fewer than 150 employees and annual sales of up to US\$3 million. The floriculture sector is also highly labor-intensive (12 persons per hectare).



with the marginal profits, after deduction of the operating costs and marketing associations' fees, being passed on to producers.

- 2.4 The **additionality** of this MIF project lies in the development of a partnering model for forming horizontal and vertical linkages for EXPOFLORES partnerships<sup>4</sup> that will increase the efficiency of the floriculture value chain. A systematic, targeted approach will be used, with customized services being furnished to the various types of EXPOFLORES partnerships in the six areas of activity encompassed by this initiative.<sup>5</sup> Information and communication technologies (ICTs)<sup>6</sup> will be used as tools to facilitate and provide support for the relevant international physical logistics and commercial transactions, which will primarily involve the exportation of flowers and the importation of inputs.
- 2.5 The Bank has a number of operations in the pipeline or already under way that complement this project. These initiatives include: (i) Competitiveness Enhancement Sector Loan (EC-L1004), now in the design stage, which will complement this operation through actions aimed at boosting the productivity and competitiveness of the Ecuadorian economy's production sector; (ii) Foreign Trade Management Support Program (loan 1524/OC-EC), which will complement this project by building the public sector's capacity to formulate, negotiate, and implement a comprehensive, coherent trade policy, thereby helping it to improve its management of Ecuador's foreign trade activities; and (iii) Program to Mitigate Market Access Barriers (operation ATN/ME-8530-EC), which will complement this operation by increasing and diversifying Ecuador's private-sector exports, particularly via compliance with paratariff regulations to improve Ecuadorian companies' access to the United States market by means of a systematic approach for dealing with that market's technical entry barriers. These initiatives will complement the project proposed here while ensuring that duplication of effort is avoided.
- 2.6 The Bank's country strategy with Ecuador is directed toward reducing the country's vulnerability to external shocks. The priority areas addressed by this strategy are: (a) laying the groundwork for measures aimed at galvanizing the production structure; and (b) protecting the most vulnerable sectors of the population and promoting social development. The first priority area involves supporting the establishment of an institutional framework in line with competitiveness policies, promoting productivity gains, and backstopping trade integration. Along these same

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<sup>4</sup> SMEs that are partnering with each other in order to attain competitive synergies in the areas of activity listed in the following footnote. Each partnership will be composed of 8-10 firms.

<sup>5</sup> The areas of activity to be covered are: (1) purchase and sale of inputs; (2) transport, logistics, and distribution channels; (3) joint marketing; (4) development of new products and varieties; (5) technical assistance; and (6) product standardization.

<sup>6</sup> Information and communication technology (ICT) tools will include the development of e-commerce platforms.

lines, the strategy seeks to encourage private-sector participation. The project being proposed here is in keeping with this strategy and will indirectly help to reduce regional inequalities.<sup>7</sup> No donors with similar projects in the design and/or execution stage have been identified.

- 2.7 The proposed project is in line with the objectives of the MIF Cluster on Improving SME Competitiveness through Networks and Supply Chains, inasmuch as it will seek to: (i) reinforce cooperation among SME sector and geographic groups; (ii) reorganize the production modes of firms that have begun to step up their cooperative efforts with the help of productive integration strategies; and (iii) encourage firms to specialize and thus to lower costs and raise quality by upgrading products and production processes through partnering schemes that will promote competitive cooperation.

### III. OBJECTIVES AND COMPONENTS

- 3.1 The **objective** of the project is to help build the capacity of Ecuador's floriculture enterprises to compete in the United States and European markets. Its **purpose** is to develop, facilitate, and strengthen partnerships and cooperation between horizontally linked firms (floriculture plantations) and enterprises in related fields (transport, inputs, marketing, and technical training) in order to heighten the value chain's efficiency and effectiveness. This will be accomplished by means of four interrelated components designed to achieve the project's associative purpose: (1) raising SMEs' awareness of the advantages of partnerships and the type of partnering strategy needed to achieve them; (2) the use of eligibility criteria to select firms with the potential to act as partners and the willingness to do so, and training in the management of such groups; (3) the consolidation of SME clusters that will delimit the subject areas in which each partnership will function based on the implementation of marketing plans; and (4) dissemination of the partnering model across a broader universe of beneficiaries.<sup>8</sup>

#### **1. Component 1: Strengthening of floriculture SMEs with export potential (MIF: US\$143,760; Counterpart: US\$388,800)**

- 3.2 This component's purpose is to sensitize businesses in this sector to the importance of partnering with one another, promote a business partnering strategy designed to help strengthen SMEs,<sup>9</sup> design technical support mechanisms for such partnerships, and devise a legal structure for them to operate. The main activities to be financed

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<sup>7</sup> See paragraphs 3.8 and 4.2(i).

<sup>8</sup> See the flowchart contained in the technical files.

<sup>9</sup> Most flower plantations are labor-intensive (12 workers per hectare) small- or medium-scale operations that invoice less than US\$3 million per year; the great majority of these ventures operate as both producers and exporters.

under this component will include: (i) awareness-raising events to sensitize SMEs and encourage them to take part in the project; (ii) the design of a business partnering strategy and plan of action for SMEs expressing interest in participating in the project; (iii) the design of technological support mechanisms for the partnering strategy using ICT tools; and (iv) the design of a legal structure for partnering arrangements.

- 3.3 The expected outputs of this component are: (i) sensitization of at least 300 firms; (ii) formulation of a business partnering strategy; (iii) design of a scheme and test for assessing business partnering potential; (iv) design of technological support mechanisms for inputs and marketing; and (v) drafting of regulations and development of a legal scheme for associative institutional arrangements and options.

## **2. Component 2: Adaptation of the exportable supply and training of partnership executives (MIF: US\$481,833)**

- 3.4 The purpose of this component is to promote a partnering scheme that can tap into the production opportunities offered under the “Flor de Ecuador” (The Flower of Ecuador)<sup>10</sup> initiative, to foster the development of standards for consolidated post-harvest processing of existing and future stocks of exportable supply,<sup>11</sup> and to train EXPOFLORES partnership executives. The main activities to be financed under this component will include: (i) the administration of a test and diagnostic assessment of partnering potential; (ii) training of a coordinator and of EXPOFLORES partnership managers and executives in various aspects of partnering, including the use of the proposed test and diagnostic assessment; (iii) cofinancing (a maximum, on average, of 50%) of the technical assistance required to achieve uniform compliance with the Flor de Ecuador standards; (iv) selection of firms in the six EXPOFLORES partnerships; (v) new product development at the level of the bulking centers in the two relevant geographical areas; and (vi) diagnostic assessment on marketing and implementation of marketing plans for the EXPOFLORES partnerships.
- 3.5 The expected outputs of this component are: (i) at least 160 firms will participate in project events and will complete a test designed to measure their business partnering potential; (ii) at least 100 of the firms that have taken the test will be assessed, and at least 10 marketing plans will be put into effect in at least six EXPOFLORES partnerships; (iii) six executives, six EXPOFLORES partnership

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<sup>10</sup> This program is sponsored by EXPOFLORES and employs a strategy for optimizing the use of environmental and social resources while at the same time upgrading these operations on an ongoing basis. The aim is for these firms to become more profitable within a sustainable development framework. Its guidelines and policies are designed to reduce the risks to which human beings and the environment are exposed.

<sup>11</sup> At the level of the six EXPOFLORES partnerships located in two geographical areas.

managers, and the project coordinator will be trained; (iv) four technical experts will provide advisory assistance to 160 firms on an ongoing basis in order to help them comply with the standards and guidelines established under the Flor de Ecuador initiative; (v) two new products and two new varieties will be developed; and (vi) 100% of the participating SMEs will be in compliance with the Flor de Ecuador standards and guidelines.

### **3. Component 3: Assistance to firms in gaining market access (MIF: US\$486,000; Counterpart: US\$420,000)**

- 3.6 This component's purpose is to implement joint marketing plans. For each of the six EXPOFLORES partnerships, these plans will include the following: trade promotion activities; the structuring of technological support mechanisms and the development of marketing channels and channels for new products; and the development of distribution channels and channels for new products. The main activities to be financed are:<sup>12</sup> (i) marketing plans—promotional activities; (ii) marketing plans—structuring of technical support mechanisms; (iii) marketing plans—development of marketing channels and channels for new products; and (iv) marketing plans—development of distribution channels and channels for new products.
- 3.7 The expected outputs of this component are: (i) cofinancing will be provided to cover a maximum, on average, of 50% of the cost of implementing at least 10 joint marketing plans<sup>13</sup> in the specified areas for at least six EXPOFLORES partnerships; (ii) at least two bulking centers will be in operation; (iii) direct sales to retailers and final consumers will be made; and (iv) two products will be positioned in a socially and ecologically acceptable market niche, as defined under the Flor de Ecuador initiative.

### **4. Component 4. Dissemination of the linkage model and its outcomes (MIF: US\$15,900; Counterpart: US\$13,000)**

- 3.8 The purpose of this component is to transfer successful experiences with partnering arrangements to as many companies, geographic areas, and producers of exportable goods as possible. The principal activities to be financed include: (i) seminars to disseminate best practices and lessons learned; and (ii) design of a handbook on successful business partnering.

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<sup>12</sup> The selection of activities is based on recommendations concerning the design of marketing plans developed by the EXPOFLORES partnerships and consultants. Cofinancing will be provided for a decreasing percentage of costs, tapering off to zero by the end of the implementation period; overall, the total percentage of costs covered will average 50%.

<sup>13</sup> These plans will be submitted by the EXPOFLORES partnerships and will provide detailed information on the measures required to overcome the difficulties they are having in exporting their products to target markets. The format for these marketing plans is included in the Operating Regulations.

- 3.9 The expected outputs of this component are: (i) six seminars will be held to disseminate best practices and lessons learned; (ii) the project's experiences with partnership arrangements will be disseminated and will be systematized in a handbook; and (iii) a sustainability plan will be prepared in the final year of the project.

#### IV. COST AND FINANCING

- 4.1 The cost of the project is estimated at US\$2,556,628. The MIF will contribute US\$1,643,628 (64%) in nonreimbursable funds drawn from Facility III-A. The balance (US\$913,000, or 36% of the total), at least 50% of which will be in the form of a cash contribution, will be provided by the executing agency. The MIF will finance the cost of technical assistance and training, as well as a portion of administrative costs. The estimated project budget is as follows:

**Estimated project budget  
(in U.S. dollars)**

<b>Components/budget items</b>	<b>MIF</b>	<b>Local</b>	<b>Total</b>
Personnel (Coordinator, accountant, and administrative assistant)	292,800	48,000	340,800
Logistics	38,400	43,200	81,600
Component 1	143,760	388,800	532,560
Component 2	481,833	0	481,833
Component 3	486,000	420,000	906,000
Component 4	15,900	13,000	28,900
Subtotal	<b>\$1,458,693</b>	<b>\$913,000</b>	<b>\$2,371,693</b>
Contingencies	44,935	0	44,935
Baseline, monitoring and evaluation system, evaluations	70,000	0	70,000
Audits (4)	40,000	0	40,000
<b>TOTAL</b>	<b>\$1,613,628</b>	<b>\$913,000</b>	<b>\$2,526,628</b>
Cluster coordination <sup>14</sup>	30,000		30,000
<b>GRAND TOTAL</b>	<b>\$1,643,628</b>	<b>\$913,000</b>	<b>\$2,556,628</b>
Percentages (does not include cluster coordination)	<b>64%</b>	<b>36%</b>	

<sup>14</sup> This sum will be subtracted from the total MIF contribution when the technical cooperation agreement is signed and will be used by the Bank to finance cluster coordination activities.

- 4.2 The project's sustainability is addressed at two different levels. The EXPOFLORES partnerships will receive specific benefits that will enable them to overcome obstacles to their joint marketing drive and thus increase the effectiveness of the value chain in the six areas of activity to be covered by the project. Ideally, the firms belonging to EXPOFLORES partnerships will continue to undertake additional activities and collective ventures based on their customized marketing plans. At the project level, the sustainability of this undertaking is based on the following elements: (i) the model represented by the project's combination of components will set a precedent that can then be replicated in other areas of Ecuador; (ii) the building of the capacity to promote and broaden business partnerships in the future<sup>15</sup> ensures the continuity of the relevant activities after the project's completion; and (iii) from a financial standpoint, the project will receive funding from the companies participating in the project. In order to assess the likelihood that the necessary management model can continue to be performed autonomously after MIF project support comes to an end, EXPOFLORES will present a sustainability strategy at a **sustainability workshop** to be held for that purpose one year before the project is completed. Bank representatives will take part in this workshop.

## V. EXECUTING AGENCY AND EXECUTION MECHANISM

- 5.1 EXPOFLORES will be the **executing agency** for this project. This nonprofit organization was founded in 1985 and serves 160 flower producers, exporters, and marketers, as well as plant breeders that grow and market plants in the Ecuadorian market. It has 12 full-time staff members and a budget, as of 2004, of approximately US\$465,000. EXPOFLORES members also make additional contributions for special projects, and the institution therefore has the ability to cover the project's financial requirements.
- 5.2 The **coordinating unit** will be located at EXPOFLORES headquarters and will be staffed by three people: a project coordinator and administrative assistant (these posts will be funded by the MIF) and an accountant (funded by EXPOFLORES). An **Advisory Council** will be set up to provide strategic support. Prestigious institutions with expertise in the field, such as the following, will be invited to sit on this council: Corporación para la Promoción y Exportación de Productos Ecuatorianos [Corporation for the Promotion and Export of Ecuadorian Products] (CORPEI), the Ministry of Foreign Trade (MICIP), the Consejo Nacional de Competitividad [National Competitiveness Council] (CNC), and other private-sector bodies.<sup>16</sup> It will be this council's job to: (i) provide information about national and international experiences in areas of relevance to the project and

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<sup>15</sup> To include the possibility of new areas of activity.

<sup>16</sup> Efforts will be made to promote the participation of technical representatives of public-sector institutions as well. This course of action will be overseen by the Advisory Council.

- integrate that information into the various project initiatives; (ii) furnish advisory assistance and guidance on specific topics; and (iii) help to identify and possibly provide additional technical assistance and funding to support the project.
- 5.3 An **evaluation and authorization board** will be established to evaluate the marketing plans submitted by the EXPOFLORES partnerships. This board will be composed of the Executive Chairperson of EXPOFLORES, the project coordinator, and three EXPOFLORES partnership representatives. It will be the board's job to ensure compliance with the guidelines and procedural requirements set forth in the Operating Regulations.
- 5.4 Project operations will be implemented by the EXPOFLORES partnerships of SMEs seeking competitive synergies in the areas listed in footnote 5. Each EXPOFLORES partnership will have a manager and an executive. The **manager's job** will be to: (a) serve, inform, and support entrepreneurs interested in taking part in the project; (b) carry out diagnostic evaluations of partnering potential; (c) prepare executive summaries of the partnerships' action plans, indicate whether or not they meet eligibility requirements, and comment upon the plans as submitted; (d) set up and keep complete files on EXPOFLORES partnership applications and the associated selection process; (e) monitor the action plans on an ongoing basis; (f) coordinate all actions with the coordinating unit; (g) engage the partnership executives; and (h) carry out activities delegated to it by the project coordinator. The **executive's duties** will be to: (a) administer the partnering test; (b) ensure the uniformity of the methodologies to be used in terms of the standards and guidelines established by the Flor de Ecuador initiative; (c) support the SMEs' efforts to implement the Flor de Ecuador standards and guidelines; (d) work with the managers to set up partnerships and disseminate the partnership strategy in which they have been trained; (e) help to establish partnerships in the various areas of activity to be covered by the project; (f) coordinate all activities with the managers; and (h) conduct the activities delegated by the managers. The project provides for the formation of at least six EXPOFLORES partnerships. Partnership members must meet the eligibility requirements for beneficiaries set out in the Operating Regulations.
- 5.5 **Execution period.** The project will be implemented over a period of three and one-half years (42 months). The project's technical files include a Gantt chart<sup>17</sup> that plots out execution and monitoring activities over this 42-month period. To ensure adequate provision of resources for project execution, a revolving fund will be established with up to the equivalent of 10% of the MIF funds.
- 5.6 **Project readiness.** The project's objectives, components, and activities have all been agreed upon. The executing agency has submitted a letter pledging the counterpart funding. Agreement has also been reached on the main eligibility

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<sup>17</sup> This is a graphic representation of the project timetable.

requirements to be used for the various components and activities, and the profiles for the staff of the coordinating unit have been defined, as has the provisional timetable.

- 5.7 **Engagement of consulting services.** The procedures to be used by the coordinating unit in the procurement of goods with project funds will adhere to Bank procedures as set forth in the “Policies for selection and contracting of consultants financed by the IDB” (document GN-2350-4). A number of individual consultants will be engaged to provide the necessary consulting services. These consultants will be selected on the basis of quality and cost and in accordance with the competitive procedures set forth in that policy. For contracts of less than US\$50,000, selection and contracting procedures will be reviewed by the Bank ex post, except for the first three procurements, which will be reviewed ex ante. These procedures should be such as to ensure transparency, competition, and the lowest costs.<sup>18</sup>
- 5.8 **Procurement of goods.** The procurement of goods for use in the project will be conducted in accordance with the provisions set forth in the “Policies for the procurement of works and goods financed by the IDB” (document GN-2349-4).
- 5.9 **Procurement plan:** The proposed procurement plan is attached as Annex V.

## VI. MONITORING AND EVALUATION

- 6.1 The Bank’s Country Office in Ecuador will be responsible for supervision and oversight, for monitoring contract performance, for processing disbursement requests and for reception of audited financial statements. EXPOFLORES will submit semiannual status reports in accordance with the Bank’s standard reporting requirements.<sup>19</sup> A **closing workshop** will be scheduled at the end of the project in order to evaluate its outcomes and the steps required to enhance its impact.
- 6.2 Three annual audits and a final audit will be performed. The Bank, in collaboration with the executing agency, will engage an expert to work on the evaluations and to develop the baseline for the indicators and the outcome monitoring system when the project starts up; this consultant will also take part in the closing workshop. Two evaluations will be undertaken: one when 50% of project disbursements have been made, and the other three months before the project is completed. Based on the indicators listed in the logical framework and the project reports, these evaluations will determine whether or not any significant departures have occurred in the implementation of project activities and, if so, will recommend corrective measures. Emphasis will be placed on the lessons learned and on how those lessons

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<sup>18</sup> The procedures to be used for selecting and contracting consulting firms for services valued at less than US\$50,000 will be analogous to those used for the engagement of individual consultants.

<sup>19</sup> Progress report as of 30 May and 30 November.



are shared among the projects in the Cluster on Improving SME Competitiveness through Networks and Supply Chains.

## **VII. BENEFITS AND RISKS**

- 7.1 The project will help to develop and implement an associative model for helping partnerships formed by Ecuadorian SMEs in the floriculture industry to gain access to the United States and European markets. It will help strengthen the competitive capacity and overall performance of at least six partnerships (of at least 8-10 firms each). Customized services will be furnished to the various types of EXPOFLORES partnerships in the six areas of activity encompassed by this initiative. ICT tools will be used to facilitate and provide support for the relevant international physical logistics and commercial transactions. The project is designed to have a demonstration effect in terms of the benefits afforded by partnerships and thus to motivate other groups of firms in the sector to take part in specific projects. In addition, if this operation is successful, it will serve as a model for similar activities in other sectors and countries of the region.
- 7.2 The project will benefit at least 100 SMEs in six regions (Imbabura, Carchi, Cayambe, Tabacundo, Quito and Azuay). These SMEs will be grouped into a minimum of six horizontal/vertical partnerships that will implement partnering strategies in one or more of the following six areas of activity: (1) purchase and sale of inputs; (2) transport, logistics, and distribution channels; (3) joint marketing; (4) development of new products and varieties; (5) technical assistance; and (6) product standardization. By the end of the project, the partner firms' exports will have increased by 12% (equivalent to double the average growth rate for the past 10 years). In addition, at least six partnership executives, six partnership managers, and 60 SME owners will acquire new skills and expertise.
- 7.3 **Risks.** One risk is the possibility that business partnerships may not want to share enough information to ensure their ventures' success. A second risk is the possibility that qualified partnership executives may not be available to work with the groups of firms participating in the project. A third is that the SMEs may not have sufficient funds for the necessary cofinancing. These risks will be mitigated by using screening criteria in selecting business partnerships, training the executives chosen by the business partnerships, and applying eligibility requirements designed to target firms and sectors that are very interested in and capable of contributing cofinancing.

## **VIII. SOCIAL AND ENVIRONMENTAL IMPACT**

- 8.1 Given the nature of this operation, the project is not expected to have any direct social or environmental impacts. In line with the recommendation made by the

Committee on Environment and Social Impact (CESI) concerning the role that business organizations of the sort promoted by this project can and should play in connection with their workers' well-being, EXPOFLORES's Flor de Ecuador program defines the role that such organizations should perform, including their compliance with the applicable provisions of Ecuadorian law, good business practices in the field of management, occupational health, occupational welfare, training and human resources development, and related aspects. These standards and guidelines will be in keeping with the Bank's environmental policies and will be applied in the tests used to gauge firms' partnering potential, the diagnostic assessment of export potential, and business plans, which will be a prerequisite for participation in the project. The standards and guidelines established by the Flor de Ecuador program are in compliance with the relevant provisions established by the International Labour Organization (ILO) and will be observed by this operation, which will also incorporate the provisions of ILO Convention No. 169 where appropriate.

### COOPERATIVE SME OPERATIONS IN THE FLORICULTURE VALUE CHAIN (EC-M1013)

Objectives	Indicators	Means of verification	Assumptions
<b>Goal</b>			
To help build the capacity of Ecuador's floriculture enterprises to compete in the United States and European markets.	Two years after the project's completion: A decrease of at least 10% in production costs per hectare and a 25% increase in the production share of partner firms.	Ex post project evaluation conducted by EXPOFLORES	Monetary, exchange, tax, trade, and labor conditions remain reasonably stable.
<b>Purpose</b>			
To develop, facilitate, and strengthen partnerships and cooperation between horizontally linked firms (floriculture plantations) and enterprises in related fields (transport, inputs, marketing, and technical training) in order to heighten the value chain's efficiency and effectiveness.	By the end of the project: - At least six horizontal/vertical partnerships (8-10 firms each) are implementing partnership strategies.  - A 12% increase in the exports of partner firms (double the average growth rate over the past 10 years).  <i>Definition and projections of the levels of indicators to be prepared by the consultant for evaluation purposes and for use with the baseline to be developed at the start of the project.</i>	Baseline <sup>1</sup>  Statistics compiled by the central bank and the International Chamber of Commerce (ICC)  Midterm and final evaluations conducted by an external consultant  Project Completion Report  Inspection tours by sector specialist	Exporters remain willing to form partnerships in order to attain economies of scale.

<sup>1</sup> To be prepared in accordance with the terms of reference for the consultant/consulting firm engaged to construct a baseline, refine the indicators to be used, develop benchmarks, and conduct the midterm and final evaluations.

Objectives	Indicators	Means of verification	Assumptions
		Project Performance Monitoring Report  Progress reports and final report of executing agency	
<b>Components</b>			
<b>1. Strengthening of floriculture SMEs with export potential</b>  Sensitize businesses in this sector, promote a partnering strategy designed to help strengthen SMEs, <sup>2</sup> design technological support mechanisms for such partnerships, and devise a legal structure for associative arrangements	<ul style="list-style-type: none"> <li>At least 300 firms have been sensitized in years 1, 2, and 3.</li> </ul> Six months after the first disbursement: <ul style="list-style-type: none"> <li>The legal scheme and regulations for partnering arrangements and options have been developed.</li> <li>A technological support system has been designed in the following areas: production and development, technical assistance, inputs, logistics and transport, marketing and promotion.</li> </ul> Twelve months after the first disbursement: <ul style="list-style-type: none"> <li>At least six partnerships have been formed and their baselines have been determined.</li> </ul> Eighteen months after the first disbursement: <ul style="list-style-type: none"> <li>At least six partnerships have their regulations and group action plans in place.</li> </ul>	Baseline reports  Progress reports  Final report of executing agency  Project Completion Report  Project Performance Monitoring Report  Inspection tours by sector specialist  Midterm and final evaluations	A critical mass of firms expressing interest in participating in the project exists in the sector after the sensitization process has taken place.  Qualified consultants are available to provide technical assistance.

<sup>2</sup> Most flower plantations are small- or medium-scale operations (the average amount of land under rose production is 10 hectares). The great majority of these ventures operate as both producers and exporters.

Objectives	Indicators	Means of verification	Assumptions
<p><b>2. Collective adaptation of the exportable supply and training of partnership managers and executives</b></p> <p>Promote a partnering scheme that can tap into the production opportunities offered under the “Flor de Ecuador” (The Flower of Ecuador) initiative, foster the development of standards for consolidated post-harvest processing of existing and future stocks of exportable supply for the six partnerships located in two different geographic areas, and train partnership executives.</p>	<p>Twelve months after the first disbursement:</p> <ul style="list-style-type: none"> <li>At least 100 firms’ partnering potential has been diagnosed.</li> <li>At least six partnership executives, six partnership managers, and the project coordinator have received partnership training.</li> </ul> <p>Twenty-four months after the first disbursement:</p> <ul style="list-style-type: none"> <li>At least 60 firms in the six different partnerships have standardized exportable products.</li> </ul> <p>By the end of the project:</p> <ul style="list-style-type: none"> <li>At least 160 firms are in compliance with Flor de Ecuador standards and guidelines.</li> <li>At least two new products have been developed at the level of the bulking centers in the two geographical areas covered by the project.</li> <li>A marketing assessment and at least 10 marketing plans have been prepared for at least six partnerships.</li> </ul>	<p>Baseline reports</p> <p>Inspection tours by sector specialist</p> <p>Progress reports</p> <p>Project Completion Report</p> <p>Project Performance Monitoring Report</p>	<p>Firms are able to cofinance the technical assistance services.</p> <p>Qualified consultants are available to provide technical assistance.</p> <p>Firms in the sector express interest in helping to develop bulking centers.</p>

Objectives	Indicators	Means of verification	Assumptions
<b>3. Joint marketing</b>  Implementation of a joint marketing plan; ICT technical support mechanisms; logistics; application of regulations and legal scheme for associative arrangements; and promotion of the Flor de Ecuador initiative through the new products and distribution channels developed by the six types of partnerships to be set up.	Thirty-six months after the first disbursement: <ul style="list-style-type: none"> <li>At least 10 joint marketing plans are being implemented (in the selected areas of activity) in at least six partnerships.</li> <li>An increase of at least 10% in the product prices/invoicing of participating SMEs.</li> <li>At least two bulking centers are in operation.</li> <li>New sales channels established in the United States and European markets (direct sales to retailers and final consumers).</li> <li>An increase in the products positioned (sales) in a socially and ecologically acceptable market niche, as defined under the Flor de Ecuador initiative.</li> </ul>	Baseline reports  Progress reports and final report of executing agency  Midterm and final evaluations by an external consultant  Auditing report  Project Completion Report  Inspection tours by sector specialist  Project Performance Monitoring Report	Qualified consultants are available to provide technical assistance.  The Flor de Ecuador program's standards and guidelines are applied.

Objectives	Indicators	Means of verification	Assumptions
<p><b>4. Dissemination of the linkage model and its outcomes</b></p> <p>Transfer successful experiences with partnering arrangements to as many companies, geographic areas, and producers of exportable goods as possible.</p>	<p>Six months after the first disbursement:</p> <ul style="list-style-type: none"> <li>• Project monitoring and management oversight system in place.</li> </ul> <p>By the end of the project:</p> <ul style="list-style-type: none"> <li>• Six seminars to disseminate best practices and lessons learned.</li> <li>• The project's experiences with partnership arrangements have been systematized in a handbook.</li> <li>• A sustainability plan is being implemented and a plan for replicating this initiative for other potential partnerships has been prepared.</li> </ul>	<p>Baseline reports</p> <p>Progress reports and final report of executing agency</p> <p>Midterm and final evaluations by an external consultant.</p> <p>Auditing report</p> <p>Project Completion Report</p> <p>Inspection tours by sector specialist</p> <p>Project Performance Monitoring Report</p>	<p>Other groups of firms or sectors are capable of replicating the model.</p>

Objectives	Indicators	Means of verification	Assumptions
<b>Activities</b>			
<b>1. 1. Strengthening of floriculture SMEs with export potential (US\$143,760)</b>			
1.1. Sensitization	1.1 Launching event for floriculture SMEs held within the first six months of the project	Registration of participants	Qualified experts are available.
1.1.1. Launching event		Materials published	A critical mass of firms linked to the EXPOFLORES
1.1.2. Informational forums	<ul style="list-style-type: none"> <li>Six informational forums for SMEs (to be held semiannually in years 1, 2, and 3)</li> </ul>	Consulting reports	partnerships is maintained.
1.1.3. Sensitization workshops	<ul style="list-style-type: none"> <li>Eight sensitization workshops (to be held semiannually and to be interspersed with the informational forums at three-month intervals)</li> </ul>	Consultants' and specialists' contracts	Qualified experts are available.
1.1.4. Design, preparation, and publication of promotional material	<ul style="list-style-type: none"> <li>A total of 2,000 copies of the promotional materials, to be prepared within the first half of year 1</li> </ul>	Partnering test and scheme have been produced	A sufficient number of SMEs are available to conduct the selection process.
1.2. Design of business partnering strategy	1.2 Report on the business partnering strategy: month 2 of year 1	Flowcharts of technical support mechanisms	SME interest is maintained.
1.2.1. International consultant to work on business partnering strategy	<ul style="list-style-type: none"> <li>Scheme and test for assessing business partnering designed in year 1</li> </ul>	Inspection tours by sector specialist	
1.2.2. International consultant to work on the design of a test for assessing business partnering potential		Semiannual and final reports of the executing agency	
1.2.3. International consultant to train business partnering specialists		Midterm and final evaluations by an external consultant	
		Project Performance Monitoring Report	



Objectives	Indicators	Means of verification	Assumptions
<p>1.3. Design of technological support mechanisms</p> <p>1.3.1. Local consultant to work on the design and delivery of technical support mechanisms for inputs and marketing</p> <p>1.4. Consulting services regarding the design of a legal scheme and regulations for partnering arrangements</p> <p>1.5 Management of partnerships</p>	<p>1.3. Technical support mechanisms for inputs and marketing designed in month 6 of year 1</p> <p>1.4. Scheme and regulations designed in month 3 of year 1</p> <p>1.5. Managers of the six partnerships have been contracted by EXPOFLORES for 36 months starting in the first half of year 1, and technical partnership executives have been contracted for 36 months</p>	<p>Project Completion Report</p>	

Objectives	Indicators	Means of verification	Assumptions
<p><b>2. Collective adaptation of exportable supply and training of six partnership executives, six partnership managers, and the project coordinator (US\$481,833)</b></p> <p>2.1. Administration of test, assessment of business partnering, and development of marketing plan</p> <p>2.2. Training of consultants in business partnering</p> <p>2.3. Technical assistance—Uniform compliance with Flor de Ecuador standards</p> <p>2.4. Development of new products and varieties</p>	<p>2.1 160 firms have completed the business partnering test by month 8 of year 1</p> <ul style="list-style-type: none"> <li>• Business partnering assessment of 100 firms by month 12 of year 1</li> <li>• Ten marketing plans are put into effect in six partnerships during the last six months of year 2 and/or the first six months of year 3.</li> </ul> <p>2.2 Training of six partnership executives, six partnership managers, and the project coordinator by month 7 of year 1</p> <p>2.3. Four specialists provide ongoing technical assistance to 160 firms in years 2 and 3, and 100% of the SMEs are in compliance with the Flor de Ecuador standards</p> <p>2.4 Two new products are developed per year and two new varieties are developed by year 4</p>	<p>Completed tests</p> <p>Business partnering assessment (report)</p> <p>10 plans</p> <p>Individual evaluations of specialists (reports) by consultants</p> <p>Standardized status reports for each firm and each specialist</p> <p>New product and varieties launched on the market</p> <p>Inspection tours by sector specialist</p> <p>Semiannual and final reports of the executing agency</p> <p>Midterm and final evaluations by an external consultant</p>	<p>Same as for Component 1</p>

Objectives	Indicators	Means of verification	Assumptions
		Project Performance Monitoring Report  Project Completion Report	
<b>3. Joint marketing (US\$486,000)</b>  3.1. Marketing plan–Promotional activities  3.2. Technological support mechanisms  3.3. Development of marketing channels and promotion of new products and new commercial associations  3.4. Development of distribution channels and promotion of new products and new commercial associations	3.1. Participation in six trade fairs per year  3.2. Platform for farmgate and centralized sales to final consumers implemented and in operation by month 6 of year 1  <ul style="list-style-type: none"> <li>Platform for purchase and sale of inputs implemented and in operation by month 6 of year 1</li> </ul> 3.3. Acceptance of flowers in new markets beginning in the second half of year 2  3.4. Shipment of flowers via new distribution channels beginning in the second half of year 2	Inspection tours by sector specialist  Semiannual and final reports of the executing agency  Midterm and final evaluations by an external consultant  Project Performance Monitoring Report  Project Completion Report  Financial reports  Flower supply contracts  Waybills  Semiannual and final reports of the executing agency  Inspection tours by sector specialist	Same as for Component 1

Objectives	Indicators	Means of verification	Assumptions
		Midterm and final evaluations by an external consultant  Project Performance Monitoring Report  Project Completion Report	
<b>4. Dissemination of the linkage model and its outcomes (US\$15,900)</b>  4.1. Seminars to disseminate outcomes, lessons learned, and best practices  4.2. Business partnering handbook  4.3. Sustainability plan	4.1. Six seminars held in months 5 and 11 of years 2, 3, and 4  4.2 Handbook published and distributed by month 6 of year 4  4.3 Report on the sustainability plan in month 32	Registration of participants  Handbook has been published and distributed  Inspection tours by sector specialist  Semiannual and final reports by executing agency  Midterm and final evaluations by an external consultant  Project Performance Monitoring Report  Project Completion Report	Same as for Component 1

**ITEMIZED BUDGET SUMMARY**  
**COOPERATIVE SME OPERATIONS IN THE FLORICULTURE VALUE CHAIN**  
**EC-M1013**

Item	MIF US\$	Local US\$	Total US\$
<b>Coordination and logistics</b>	<b>\$331,200</b>	<b>\$91,200</b>	<b>\$422,400</b>
<b>Coordination</b>			
<b>Personnel</b>	<b>\$292,800</b>	<b>\$48,000</b>	<b>\$340,800</b>
Project coordinator	\$240,000		\$240,000
Accountant	\$52,800		\$52,800
Administrative assistant		\$48,000	\$48,000
<b>Logistics</b>	<b>\$38,400</b>	<b>\$43,200</b>	<b>\$81,600</b>
Office space (US\$200 x month)		\$9,600	\$9,600
Office supplies (US\$200 x month x 4 years)		\$9,600	\$9,600
Communications (US\$500/month)		\$24,000	\$24,000
Domestic travel to 6 partnerships and 2 regional centers twice per month	\$38,400		\$38,400
<b>Component 1. Strengthening of floriculture SMEs with export potential</b>	<b>\$143,760</b>	<b>\$388,800</b>	<b>\$532,560</b>
1.1 Awareness raising	\$16,400		\$16,400
1.2 Design of business partnering strategy and plan of action	\$76,700		\$76,700
1.3 Design of technological support mechanisms	\$18,000		\$18,000
1.4 Design of legal scheme and regulations	\$10,000		\$10,000
1.5 Management of partnerships		388,800	\$388,800
Logistics	\$22,660		\$22,660
<b>Component 2: Adaptation of the exportable supply and training of partnership executives</b>	<b>\$481,833</b>	<b>\$0</b>	<b>\$481,833</b>
2.1 Administration of test, assessment of business partnering, and development of marketing plan	\$170,000		\$170,000
2.2 Training of executives in business partnering **	\$26,500		26,500
2.3 Technical assistance–Uniform compliance with Flor de Ecuador standards	\$76,800		76,800
2.4 Development of new products and varieties *	\$176,000		176,000
Logistics **	\$32,533		\$32,533
<b>Component 3: Joint marketing</b>	<b>\$486,000</b>	<b>\$420,000</b>	<b>\$906,000</b>
3.1 Marketing plan–Promotional activities		\$300,000	\$300,000
3.2 Marketing plan–Structuring of technological support mechanisms	\$360,000	\$120,000	\$480,000
3.3 Marketing plan–Development of marketing channels and channels for new products	\$63,000		\$63,000
3.4 Marketing plan–Development of distribution channels and channels for new products	\$63,000		\$63,000

Item	MIF US\$	Local US\$	Total US\$
<b>Component 4: Dissemination of the linkage model and its outcomes</b>	<b>\$15,900</b>	<b>\$13,000</b>	<b>\$28,900</b>
4.1 Seminars to disseminate outcomes, lessons learned, and best practices	\$3,600		\$3,600
4.2 Business partnering handbook	\$9,000	\$13,000	\$22,000
4.3 Sustainability plan	\$3,300		\$3,300
<b>SUBTOTAL</b>	<b>\$1,458,693</b>	<b>\$913,000</b>	<b>\$2,371,693</b>
Contingencies 3%	\$44,935		\$44,935
Baseline, monitoring/evaluation system, and two evaluations	\$70,000		\$70,000
Audits (4)	\$40,000		\$40,000
<b>TOTAL</b>	<b>\$1,613,628</b>	<b>\$913,000</b>	<b>\$2,526,628</b>
Cluster coordination activities	\$30,000		\$30,000
<b>GRAND TOTAL</b>	<b>\$1,643,628</b>	<b>\$913,000</b>	<b>\$2,556,628</b>
Percentages (does not include cluster coordination)	64%	36%	100%

**ECUADOR**  
**COOPERATIVE SME OPERATIONS IN THE FLORICULTURE VALUE CHAIN**  
**EC-M1013**

**A. Equivalent or similar MIF projects**

None.

**B. Related or similar Bank projects**

<b>Project No./ Approval date</b>	<b>Project title, executing agency, and amount</b>	<b>Signature date and original disbursement period (in months)</b>	<b>Percentage disbursed</b>	<b>Comments: Satisfactory or problematic execution, including delays, extensions, reformulations, change of executing agency, etc.</b>
EC-L1004	Competitiveness Enhancement Sector Loan			In design
1524/OC-EC 17 December 2003	Foreign Trade Management Support Program			
ATN/ME-8530-EC	Program to mitigate market access barriers under the Andean Trade Promotion and Drug Eradication Act (ATPDEA)			

**C. MIF projects related to the same sector or beneficiaries**

<b>Project No./ Approval date</b>	<b>Project title, executing agency, and amount</b>	<b>Signature date and original disbursement period (in months)</b>	<b>Percentage disbursed</b>	<b>Comments: Satisfactory or problematic execution, including delays, extensions, reformulations, change of executing agency, etc.</b>
ATN/ME-7300-EC  22 December 2000	E-commerce Pilot Project for Small-Scale Artisan and Agricultural Producers  CAMARI (FEPP marketing agency)  MIF: US\$409,920	30 March 2001  48 months	100%	Project completed satisfactorily (S/P). The web pages of each of the organizations and the e-commerce systems were installed and are working, as are the CAMARI corporate page and a technical support and monitoring scheme for the relevant organizations.
ATN/ME-8530-EC  3 December 2003	Program to Mitigate Market Access Barriers under the Andean Trade Preference Act  Corporación de Promoción de Exportaciones e Inversiones (CORPEI)  MIF: US\$1,323,492	2 April 2004  42 months	2%	Yellow flag. Project classified as U/P. The program's slow progress is chiefly attributable to changes in senior staff at the National Plant and Animal Health System of Ecuador (SESA); and delays in recruiting a technical coordinator. These factors made it necessary to prepare a detailed annual work plan for the program, which is being worked on in conjunction with the executing agency to increase the efficiency and effectiveness of program management.
ATN/ME-8533-RG  3 December 2003	Market Access and Integration through Technical Standards  Instituto Colombiano de Normas Técnicas y Certificación  MIF: US\$2,790,940	8 June 2004  54 months	6%	The project is in the initial phase of execution (S/P).



#### D. Projects in the productive integration cluster

Project No./ Approval date	Project title, executing agency, and amount	Signature date and original disbursement period (in months)	Percentage Disbursed	Comments: Satisfactory or problematic execution, including delays, extensions, reformulations, change of executing agency, etc.
ATN/ME-7203-CO  17 October 2000	Development of the Productive Chain of the Isabella Grape  Fundación Carvajal  MIF: US\$1,111,947	16 February 2001	97%	Delays occurred early on in the project, but most of the planned activities have achieved their targets. A sustainability strategy is being worked on.
ATN/ME-7468-CH  27 June 2001	Productive chain integration for microenterprises  SERCAL  MIF: US\$1,092,000	9 August 2001	98%	It took eight months to fulfill the conditions precedent to disbursement. The final activities, including a closing event, are now being implemented.
ATN/ME-7927-BR  26 June 2002	Development of Industrial Districts  SEBRAE  MIF: US\$2,075,000	10 September 2002	10%	Although, disbursement has proceeded slowly, components initiated by the counterpart are now being executed and funds from the contribution have been committed.
ATN/ME-8112-AR  20 November 2002	Program for Supply Chain Development in the Province of Cordoba  ADEC  MIF: US\$1,082,640	27 March 2003	28%	The program is being executed without delays or substantive changes.
ATN/ME-8291-RG  30 April 2003	Learning from Business Alliances  INCAE  MIF: US\$5 million	17 June 2003  54 months	11%	Yellow flag. Project classified as U/P. Eight projects were to be approved by the end of the first year, but 18 months have passed and five proposals have been submitted.

<b>Project No./ Approval date</b>	<b>Project title, executing agency, and amount</b>	<b>Signature date and original disbursement period (in months)</b>	<b>Percentage Disbursed</b>	<b>Comments: Satisfactory or problematic execution, including delays, extensions, reformulations, change of executing agency, etc.</b>
ATN/ME-8432-ME  10 September 2003	Development of productive chains to promote exporting SMEs in Guanajuato  COFOCE-CIEX  MIF: US\$1 million	1 December 2003	23%	Changes in senior staff of the executing agency, the formation of the executing unit, and fulfillment of conditions precedent to disbursement delayed the implementation of program activities. Now that all the above problems have been resolved, however, the project has been brought up to speed and is expected to achieve its original targets; its current progress can therefore be rated as satisfactory.
ATN/ME-8456-DR  1 October 2003	Competitiveness of micro, small, and medium enterprises in Santiago de los Caballeros  AIREN  MIF: US\$566,000	16 October 2003	15%	The operation is proceeding satisfactorily.
ATN/ME-8616-PE  21 January 2004	Supply chain for the garment industry in Gamarra and tourism in Cuzco  Comisión de Promoción de la Pequeña y Micro Empresa (Prompyme)  MIF: US\$970,000	23 March 2004	5%	Delays occurred early on in the project, but it is now proceeding satisfactorily.
ATN/ME-8541-UR  December 2003	Support for the development of the wine productive chain  Asociación de Bodegas Exportadoras de Vinos Finos de Uruguay (ABE)  MIF: US\$500,000	23 December 2004	34%	Execution of the planned activities is beginning.

<b>Project No./ Approval date</b>	<b>Project title, executing agency, and amount</b>	<b>Signature date and original disbursement period (in months)</b>	<b>Percentage Disbursed</b>	<b>Comments: Satisfactory or problematic execution, including delays, extensions, reformulations, change of executing agency, etc.</b>
ATN/ME-8601-UR  January 2004	Strengthening of the nandu production chain  Asociación Uruguaya de Criadores del Ñandú (A.U.CRI.ÑA) MIF: US\$463,000	16 April 2004	10%	Delays occurred early on in the project, but it is now proceeding satisfactorily.
ATN/ME-8797-CO  August 2004	Supporting cluster competitiveness  Universidad de Los Andes  MIF: US\$3.45 million	3 December 2004	N/A	The necessary steps are being taken to fulfill the conditions precedent to disbursement.

#### **E. MIF portfolio in Ecuador**

<b>No.</b>	<b>Memo #</b>	<b>Project #</b>	<b>ATN #</b>	<b>Name</b>	<b>Exec. Agency</b>	<b>FAC</b>	<b>Approval</b>	<b>Status</b>	<b>MIF Amount</b>	<b>% Disb</b>
1	MIF/AT-40	TC9409386	ATN/MH-4907-EC	Manpower Adjustment Program	FE	II	24-May-95	Completed	1,837,072	100.00
2	MIF/AT-41	TC9410143	ATN/MT-4908-EC	Modernization of State (Transport Component)	CONAM	I	24-May-95	Completed	1,021,427	100.00
3	MIF/AT-44	TC9503386	ATN/MT-4960-EC	Modernization of the Water and Sanitation Sector	CONAM	I	19-Jul-95	Completed	666,913	100.00
4	MIF/AT-57	TC9502130	ATN/MT-5051-EC	Trade Modernization		I	1-Nov-95	Completed	690,000	100.00
5	MIF/AT-105	TC9503287	ATN/MT-5440-EC	Mediation and Arbitration Center	CCQE	I	11-Dec-96	Completed	708,828	100.00
6	MIF/AT-124	TC9603128	ATN/MH-5566-EC	Employment Services and Training	FH	II	2-May-97	Completed	450,000	100.00
7	MIF/AT-132	TC9609126	ATN/ME-5612-EC	Voucher Program for Entrepreneurial Service	CFNCNV	IIla	25-Jun-97	Completed	1,047,029	100.00
8	MIF/AT-156	TC9610131	ATN/MT-5878-EC	Strengthening the Savings and Credit Coops. System	SB	I	25-Feb-98	Completed	368,934	100.00
9	MIF/AT-157	TC9705271	ATN/MT-5877-EC	Transport Concessions	MOP	I	25-Feb-98	Completed	1,025,682	100.00

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
10	MIF/AT-242	TC9804461	ATN/ME-6459-EC-1	Local Development and Support for Private Initiatives	ACUDIR	IIla	21-Apr-99	In execution	453,820	81.44
11	MIF/AT-242	TC9804461	ATN/ME-6459-EC-2	Local Development and Support for Private Initiatives	ACUDIR	IIla	21-Apr-99	In execution	453,820	76.04
12	MIF/AT-242	TC9904007	ATN/MH-6460-EC-1	Local Development and Support for Private Initiatives	ACUDIR	II	21-Apr-99	In execution	270,180	89.30
13	MIF/AT-242	TC9904007	ATN/MH-6460-EC-2	Local Development and Support for Private Initiatives	ACUDIR	II	21-Apr-99	In execution	270,180	75.82
14	MIF/AT-242	TC9904008	ATN/MT-6461-EC-1	Local Development and Support for Private Initiatives	ACUDIR	I	21-Apr-99	In execution	246,000	24.04
15	MIF/AT-242	TC9904008	ATN/MT-6461-EC-2	Local Development and Support for Private Initiatives	ACUDIR	I	21-Apr-99	In execution	246,000	36.66
16	MIF/AT-346	TC9911188	ATN/MT-7084-EC	Development of Health Franchises	CARE	I	2-Aug-00	Completed	230,168	100.00
17	MIF/AT-346	TC9911188	ATN/MH-7083-EC	Development of Health Franchises	CARE	I	2-Aug-00	Completed	436,492	100.00
18	MIF/AT-388	TC0007041	ATN/ME-7300-EC	E-commerce Pilot Project for Small-Scale, Artisanal, and Agricultural Producer Groups	CAMARI	IIla	22-Dec-00	In execution	409,920	97.97
19	MIF/AT-398	TC0007013	ATN/ME-7352-EC	Banco Solidario	BSSA	IIla	6-Mar-01	Completed	299,835	100.00
20	MIF/AT-403	TC0104033	ATN/MH-7404-EC	Training for Young Entrepreneurs	FJA	II	25-Apr-01	In execution	201,449	86.41
21	MIF/AT-421	TC0006013	ATN/MT-7511-EC	Privatization of the Assets of the Ministry of Tourism	MINTU	I	13-Jul-01	In execution	500,000	89.92
22	MIF/AT-425	TC9902016	ATN/MH-7524-EC	Support of Local Participation in the Galapagos Tourism Sector	CPTG	II	24-Jul-01	In execution	300,400	85.78
23	MIF/AT-436	EC0206	51/MS-EC	Support Micro-Enterprises Utilizing a Line of Credit	BSSA	IIIb	19-Sep-01	In execution	2,000,000	-75.73
24	MIF/AT-436	TC0105029	ATN/ME-7599-EC	Support Micro-Enterprises Utilizing a Line of Credit	BSSA	IIla	19-Sep-01	In execution	200,000	76.90

No.	Memo #	Project #	ATN #	Name	Exec. Agency	FAC	Approval	Status	MIF Amount	% Disb
25	MIF/AT-448	TC9902019	ATN/ME-7705-EC	Improving competitiveness for micro and small enterprises in textile sector (INSOTEC)	INSOTEC	IIIa	5-Dec-01	In execution	659,000	52.84
26	MIF/AT-449	EC0209	52/MS-EC	Sociedad Financiera Ecuatorial S.A.	SFE	IIIb	12-Dec-01	Completed	1,500,000	100.00
27	MIF/AT-449	TC0110024	ATN/ME-7716-EC	Sociedad Financiera Ecuatorial S.A.	SFE	IIIa	12-Dec-01	Completed	164,843	100.00
28	MIF/AT-454	TC0102027	ATN/MT-7750-EC	Strengthening Intellectual Property	IEPI	I	20-Dec-01	In execution	245,000	64.62
29	MIF/AT-463	TC0103001	ATN/ME-7833-EC	Development of a National Clean Production Center	CEPL	IIIa	3-Apr-02	In execution	737,900	53.02
30	MIF/AT-505	TC0203022	ATN/ME-8078-EC	Organizational Strengthening Or Jardin Azuayo Credit Union	CACJA	IIIa	28-Oct-02	In execution	300,000	39.09
31	MIF/AT-559	EC-M1005	ATN/ME-8530-EC	Program to Mitigate Market Access Barriers under the Andean Trade Preference Act	CORPEI	IIIa	3-Dec-03	In execution	1,323,492	2.27
32	MIF/AT-565	TC0205031	ATN/ME-8539-EC	Fortalecimiento Institucional de Credife	FINCA	IIIa	9-Dec-03	Approved	300,000	0.00
33	MIF/AT-567	EC-M1002	ATN/MH-8542-EC	Job Competencies Certification System in the Tourism Sector	FENACAPTUR	II	10-Dec-03	Approved	778,385	0.00
34	MIF/AT-623	EC-M1006	81/MS-EC	Financing Codessarrollo	CODESARRO	IIIb	17-Nov-04	Approved	1,200,000	0.00
35	MIF/AT-623	EC-M1006	ATN/ME-8952-EC	Financing Codessarrollo	CODESARRO	IIIb	17-Nov-04	Approved	290,000	0.00
36	MIF/AT-642	EC-M1009	ATN/ME-9117-EC	Deepening of Financial Services in Rural Areas	SWISSCONT ACT	IIIa	9-Mar-05	Approved	2,048,000	0.00
							<b>Total MIF Amount</b>		<b>23,880,770</b>	

**PROCUREMENT PLAN**  
**COOPERATIVE SME OPERATIONS IN THE FLORICULTURE VALUE CHAIN**  
**(EC-M1013)**

**Procurement of consulting services for amounts over US\$50,000**

No.	Description of activities	Cost of activity			Selection method	IDB review
		Total	IDB	Local		
1	Project coordinator	\$240,000	\$240,000		QCBS	Ex ante
2	Accountant	\$52,800	\$52,800		QCBS	Ex ante
3	International consultant and/or firm to develop marketing plans for six types of partnerships (10 plans)	\$120,000	\$120,000		QCBS	Ex ante
4	Local expert in hybridization and plant breeding (36 months)	\$72,000	\$72,000		QCBS	Ex ante
5	Consulting services for implementation of technical platforms for farmgate and centralized sales to final consumers (6 months)	\$240,000	\$240,000		QCBS	Ex ante
6	Consulting services for implementation of technical platforms for purchase and sale of inputs by partnerships (6 months)	\$120,000	\$120,000	\$120,000	QCBS	Ex ante
	<b>Total: Individual consultants</b>	<b>\$856,800</b>	<b>\$736,800</b>	<b>\$120,000</b>		
		<b>Method of selection</b>				
		QCBS: Quality- and cost-based selection				
		QBS: Quality-based selection				
		FBS: Selection under a fixed budget				
		LCS: Least-cost selection				
		CQS: Selection based on the consultants' qualifications				
		SSS: Single-source selection				
		CQ: Comparison of qualifications				

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-\_\_\_/05

Ecuador. Nonreimbursable Technical Cooperation ATN/ME-\_\_\_\_-EC for the  
Cooperative SME Operations in the Floriculture Value Chain

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Asociación Nacional de Productores y/o Exportadores de Flores del Ecuador, "EXPOFLORES", and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-\_\_\_\_ with respect to technical cooperation for the cooperative SME operations in the floriculture value chain.

2. That up to the amount of US\$1,643,628 or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

LEGIII/EC-545691-05  
EC-M1013