

BRIDGE Mentoring Program

Case study: Tools to Connect Primary Producers with the Private Sector, with a Focus on Evaluating Rural Enterprises

Mentor Conservation Fund: Mexican Fund for the Conservation of Nature (FMCN, acronym in Spanish)

Mentored Conservation Fund: Regional Water Fund (Foragua, acronym in Spanish)

Beneficiary Countries: Ecuador and Mexico

1. Challenges

The small scale of enterprises makes it difficult to improve market access conditions and provide intermediary services that do not add value. This includes the lack of infrastructure and equipment to ensure food safety (for coffee and various fruit trees), the absence/presence of intermediaries in the buying and selling process, as well as the high input costs and low sales prices.

To address these challenges, the association of small producers is key to achieving production scale, making consolidated purchases that reduce input costs, and improving profitability for agricultural producers. Additionally, tools like the "Technical Itinerary" support people understand the financial aspects of their core activities, including costs related to equipment, tools, inputs, and labor. These tools also help quickly identify collective strategies that, if implemented, could increase profitability, productivity, and overall earnings.

Production that follows best environmental practices is more profitable. Therefore, transitioning from conventional production requires investment and access to markets that recognize this effort. In this context, organizations such as Conservation Trust Fund (CTFs): including Foragua and FMCN, can support producers by strengthening organizational capacity, formalizing social-based organizations, and promoting commercial strategies for products that benefit both human health and the environment. They can also help establish mechanisms for experience exchange among producers, particularly regarding the adoption of productive technologies, strengthening of business structures and financing.

2. Background (context)

This thematic area focuses on the efforts of CTFs to connect rural producers in biodiversity-rich natural areas with actors from the private sector. FMCN's experience, which began in 2014, has included the development of tools to help producers better understand financial and economic aspects, build business capacity, and promote investments in areas that support economic development with positive environmental impacts.

The mentoring process took place in three phases. The first included four virtual sessions between FMCN, Foragua, and leaders of rural enterprises in Ecuador. During these sessions, the three tools proposed for the mentorship were introduced and shared: the Dx tool, FIP, and the Technical Itinerary. Following these exchanges, staff from Foragua traveled to Mexico to learn directly from community organizations that have used the Technical Itinerary since 2022. They participated in a two-day workshop, where they reviewed the progress of these organizations and observed how the tool helps producers define strategies to address their main challenges.

The team visited the work of Sendas A.C., an organization that supports organic vegetable and dairy producers. Foragua gained insights into local market organization, challenges in systematizing and tracing products, and the strategies that Sendas A.C. has implemented to address these issues.

Regional funds and legally established local organizations (OLLC, acronym in Spanish) are the entities responsible for implementing the CONECTA and RÍOS projects in the territories. Their role is essential to achieving results, as they accompany producers in adopting innovative practices and technologies. As such, the tools used to explain financial and business concepts must be adapted to the educational level of the average rural producer.

It was important for Foragua to recognize the challenges and partnerships needed with these actors. Strategies that incorporate environmental, social, and economic-business dimensions require specific capacities that may not be fully present in the operational teams of regional funds, since they are nonprofit organizations. However, the markets these products aim to reach still present significant challenges in terms of competitiveness, profitability, financing, and access to technology. These conditions affect the ability of producers to develop conservation strategies and implement best environmental practices.

The third phase of the mentorship involved a visit by FMCN to Ecuador to conduct three workshops with Foragua staff and to visit the rural enterprises that helped inform and adapt the agenda of each workshop to the Ecuadorian context.

The main goal was to evaluate whether the tool used in Mexico by FMCN would be useful for rural populations involved in primary production based on best practices, and whether it would be applicable to Ecuador's context. A key conclusion from this exchange was the similarity in market access challenges, production volume, and financing conditions for producers of coffee, cacao, vanilla, and other fruit trees in both countries.

For FMCN and Foragua, an important learning was the recognition of the need to strengthen collaboration with private sector actors and formal financial services involved in sustainable value chains. These actors contribute expertise, knowledge, and resources that can help establish businesses based on climate justice, fair trade, and public health.

This realization also involved acknowledging that projects must go beyond best practices in primary production and reach key links in the value chain, such as input supply, collection, processing, and commercialization. Doing so can make sustainable market models more attractive and feasible for primary producers.

This perspective calls for an analysis of the possibilities of designing and operating social enterprises that take on these roles and improve market conditions for agricultural producers, enabling them to advance within the value chain without abandoning their role as primary producers. The tools used to analyze primary production helped improve understanding of the main challenges these producers face and allowed them to identify areas for improvement and business opportunities based on their current production processes.

3. Objective of the mentoring program

Train 100 people linked to Foragua projects in the knowledge and use of three tools for the rapid diagnosis of accounting, tax and labor aspects; of technical-financial analysis and for the monitoring and evaluation of sustainable ventures in rural environments, which will increase the linkage of small and medium-sized enterprises (SMEs) with other links in the private sector.

Specific objectives

- Provide virtual training to 15 technicians from the 12 municipalities and producer associations linked to Foragua projects in the use of tools for the diagnosis, strengthening, monitoring and evaluation of SMEs.
- Conduct a face-to-face exchange of experiences of two Foragua technicians in Mexico to learn about the challenges and lessons learned by FMCN in the application of tools for the diagnosis, strengthening, monitoring and evaluation of SMEs in the Mexican rural context.
- Conduct three face-to-face theoretical and practical workshops in communities with which Foragua works to test and adjust the tools for the diagnosis, strengthening, monitoring and evaluation of SMEs in the rural context of Ecuador.
- Provide virtual support to Foragua staff and the communities where the face-to-face workshops were held, for the understanding, adjustment, and design of action plans based on the results obtained.

The achievement of the proposed objectives was achieved with the following details:

- In the four virtual sessions held from July 12 to August 2, 2024, an average of 16 people attended, with a minimum attendance of 15 and a maximum of 20. These are the personnel of the municipalities and producers of coffee, soursop, honey, cattle, cacao from the regions in which Foragua has intervention: Palanda, Loja and El Pangui.
- From September 29 to October 6, 2024, the Foragua team (Francisco Gordillo and Vanessa Vines), participated in the "Workshop on Innovation and Opportunities: Strengthening Climate-Smart Business Ideas in the Livestock and Agroforestry Sectors." The workshop was attended by producers, civil organizations, field technicians, private sector actors, and consultants who collaborate with FMCN in strengthening rural enterprises. Details of these activities were included in the mentoring program's interim report.
- The face-to-face trainings in Ecuador were held from October 19 to 26, 2024. Within the framework of this mentoring, 97 people were trained in the three workshops held in three locations where Foragua operates: Palanda, (36 people), Loja (37 people) and El Pangui (24 people).

4. The Process and Approach

During the four virtual sessions, Karín Mijangos and Eduardo Ibarra presented the rural context in Mexico and explained the purpose for which the tools have been used. Through participatory dynamics, plenary discussions were initiated to recognize the similarities and differences between Mexico and Ecuador. In the face-to-face sessions held in both countries, the philosophical principles of the "learning by doing" methodology were incorporated. This educational approach emphasizes the value of practical experience and student participation in the learning process, generating meaningful learning outcomes among adult participants.

In this way, the face-to-face sessions were intended to give the context of the "Technical Itinerary" tool and then form subgroups that analyzed the costs, times, income and challenges of the value chains of most of the attendees. At the end of the exercise, the subgroups presented the results of the exercise in plenary and reached reflections on the benefits of associativity in the case of consolidated purchases of inputs and commercialization strategies. The common challenge in the three events was the absence of intermediaries that recognize the effort of best productive practices, the absence of adequate financing for small producers and the decoupling of these producers from the market of goods and services.

Jennifer Rangel and Karín Mijangos from FMCN, Eduardo Ibarra, Diana Montes and Nuup, A.C. (consultants), as well as Leonel Zavaleta and Isauro Cortes from the team at the environmental fund Fondo Golfo de México A.C. in Veracruz, participated in the design of the workshops in Mexico.

For the workshops in Ecuador, Francisco Gordillo and Vanessa Vences (Foragua), Karín Mijangos (FMCN) and Eduardo Ibarra (consultant) participated.

5. Results

- 16 people participated in the virtual sessions for the presentation and use of the three tools proposed for this mentoring.
- 97 people trained in person in the use of the Technical Itinerary tool.
- Two face-to-face exchanges of experiences: a) Foragua Team to Mexico and, b) FMCN and Consultant to Ecuador.

In the original plan, it was proposed to apply three tools (diagnosis, strengthening, monitoring and evaluation), however, people only expressed interest in the Technical Itinerary, so priority was given to this tool during the face-to-face sessions in Ecuador.

It was also anticipated that participants in the face-to-face workshops would be interested in delving deeper into the interpretation of the results, which would lead to follow-up support provided virtually. For this reason, at the end of each workshop, we shared a digital file so they could complete the exercise using data from their actual operations and invited them to send their exercises to the instructors for feedback. Although participants expressed that the Technical Itinerary was useful and easy to use for understanding results and designing strategies for their enterprises, no follow-up queries were received during the

established period. It was also noted that the widespread energy supply crisis in Ecuador hindered both communication and the daily activities of residents and producers across the country.

6. Observed Benefits

Although advances in the use of the proposed tools have facilitated the understanding of economic and financial concepts for small rural producers, attention to the income disparity they receive depends on other factors that may be beyond the control or function of the CTFs. In addition, the resources that the CTFs must meet their objective (halting environmental degradation, promoting the change in the use of technologies, training partners, etc.) are insufficient to achieve systemic changes in the commercial dynamics of primary products such as coffee, cacao, cattle, soursop, vanilla, etc. One of the reflections discussed between the Foragua and FMCN teams is the need to collaborate with allies from the private sector, government, local associations or groups of producers, financial institutions (to name a few) to establish mutually beneficial agreements that generate a favorable environment for sustainable investment and business revitalization of small producers in rural areas.

Participating CTFs agreed that working with small producers who are already aware of the benefits of sustainable business is a strategy that, in the medium term, could generate benefits for local and regional economies and eventually reduce dependency on CTFs' resources. In this context, building strong connections within value chains is essential to actively involve them in the process of change and to promote shared responsibility in the conservation of natural heritage. The statement also recognizes the need to develop communication and engagement strategies aimed at the private sector that help reduce animosity and foster alliances, enabling lifelong learning among stakeholders through the implementation of joint initiatives.

The exchange of experiences made it possible to recognize similarities between the problems faced by the strategies for the use and management of natural resources and nature conservation that exist in Ecuador and Mexico. These include the small scale of investment projects; the validation of sustainable technological models; the scarce involvement of private initiative; the lack of coverage of formal financial services to support projects; severe deficiencies in the structures of economic organization that allow the functional articulation of primary producers in the production and value chains, as well as in the decision-making bodies at the regional level. These similarities allow us to outline lines of collaboration between Foragua and FMCN.

7. The challenges

The first challenge arose from the closure of the Mexican Embassy in Ecuador and the breakdown of diplomatic relations between the two countries. This meant that flights previously quoted with Mexican airlines were no longer viable, requiring the use of other carriers at higher costs. There were also additional expenses for Foragua staff who had to travel to offices in another country to process the migration documents required to enter Mexico. These procedures delayed the planned activities by a couple of months; however, we were able to adapt the work program without major difficulty.

On the other hand, during the face-to-face training sessions in Ecuador, power outages were experienced that in some cases were for more than six hours, with an impact on computer, communications and other

equipment. This situation took us by surprise during the first workshop in Palanda that ended with didactic adjustments and changes in the agenda. Considering that this situation would be repeated in the following days, the team of instructors and Foragua decided to change the dynamics and use flipchart sheets for the exercise of filling out the "Technical Itinerary". The results of this adjustment were reflected in more enriching group discussions, however, by not using the virtual file that automatically generates graphic outputs, it was not possible to visualize the times of greatest demand for work, as well as the comparison of income/expenditure or the amounts allocated to salaries, inputs, equipment, infrastructure and volunteer work. Although it was possible to identify trends in these elements, the fine detail for further analysis, scenario modeling and visualization of regional potential was absent.

In addition, no pending challenge was identified, since the mentoring was fulfilled according to the planned purposes and the challenges identified are external to the established commitments. To overcome the communication difficulties derived from the power supply failures and the consequent lack of communication, the team expressed its best intention to recover the comments, doubts and requirements of the groups that had the opportunity to meet and work during the visit to Ecuador.

8. Lessons learned

Some of the lessons learned by Foragua and FMCN from this mentoring were:

It is necessary to strengthen rural enterprises led by small producers in terms of business training, so they can become creditworthy and capable of making sound business decisions. Some basic topics include how to prepare, interpret, and use financial projections, as well as developing business management and basic administrative skills.

In the case of the Saraguro community (where we visited enterprises in tourism, handicrafts, and dairy products), which has significant livestock activity with clear impacts on the territory, it will be important to promote demonstration models of best practices in livestock management. These models could lead to increased production by reducing the physical effort required from animals to access water sources. This could serve as a catalyst for practical knowledge toward sustainable productive transformation. This reflection stems from the changes we observed in Mexico, with the organization Sendas, A.C.

The soursop plot promoted by Foragua is a suitable model to raise awareness among producers about the intensive use of the territory and the optimization of resources such as water. The practices and management and productivity observed in cacao, soursop and dragon fruit that Foragua has promoted are useful as an example of the productive results that can be achieved in small production units through technical support and adequate investments.

9. Photo Gallery



Photo: Jennifer Rangel



Photo: Jennifer Rangel

Face-to-face workshops "Detonation of business ideas" delivered by FMCN and NUU



Photo: Jennifer Rangel

Face-to-face workshops "Detonation of business ideas" delivered by FMCN and NUUP



Photo: Jennifer Rangel

Visit to the offices of SENDAS, A.C. in Rancho Viejo, Veracruz



Photo: Karín Mijangos

Visit to the offices of SENDAS, A.C. in Rancho Viejo, Veracruz



Photo: Karín Mijangos

FMCN team in Rancho Viejo



Photo: Karín Mijangos

Visit to the dairy facility of the PLAT of SENDAS, A.C.



Photo: Karín Mijangos

Pixquiando Store of SENDAS, A.C.



FONDO MEXICANO
PARA LA CONSERVACIÓN
DE LA NATURALEZA, A.C.
INSTITUCIÓN PRIVADA



CONSERVATION WITH THE PRIVATE SECTOR



Photo: Karín Mijangos

Harvests from community enterprises at the
Pixquiando store



Photo: Karín Mijangos

Visit to the Pixquiando store of SENDAS, A.C.

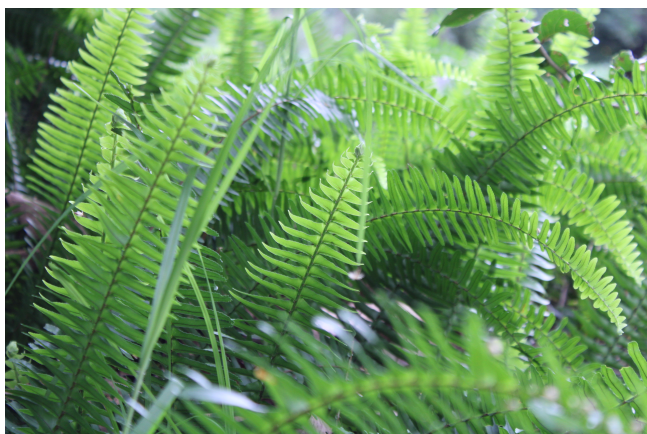


Photo: Karín Mijangos



Photo: Karín Mijangos

Biological richness in Rancho Viejo, Veracruz