

DM 2005 Project Implementation
FIRST PROGRESS REPORT

[03/20/2006]

In order to ensure transparency, accountability, as well as to share lessons learned, we will post this Progress Report on the Development Marketplace website at www.developmentmarketplace.org. However, if you would like to share any sensitive information with us, you can do so in section VI. The information provided in this part of the report will be handled as confidential, thereby it will not appear on the DM website.

I. Background Information

DM Project Number and Title	#4572 - Healthy & Profitable Small Farms in NE Brazil.
Report Author's Name (if different from Team Leader)	Aurelio Souza
Total Award	US\$ 105,110
Amount Disbursed to Date	US\$ 26,277 (25 % of the Total Award)

II. Progress Against Milestones

i) List the milestone objectives in the first column as expressed in the Project Agreement. The second column should indicate the current status of each milestone objective. In the third column, please provide quantitative data and qualitative information describing the status of the project against that particular milestone.

Milestone Objectives (Copy from the Agreement)	Status (Completed/ In Progress)	Descriptive Information on the Status
<p>Milestone 0:</p> <p><input type="checkbox"/> Agreement on the milestone objectives with the Project Liaison</p>	Completed	<ul style="list-style-type: none"> • Project signed and agreed with project liaison
<p>Milestone 1:</p> <p><input type="checkbox"/> Market Specialist hired and Market Study and Commercialization Strategy completed.</p> <p><input type="checkbox"/> Three Mandalla demonstration organic agriculture projects and solar dehydrators installed at three schools.</p>	Completed Completed	<ul style="list-style-type: none"> • Market specialist was hired and working on the commercialization of organic agriculture produce. • Mandallas implemented and solar dehydrators placed at three schools.
<p>Milestone 2:</p> <p><input type="checkbox"/> Two additional Mandalla demonstration organic agriculture projects and solar dehydrators installed at two additional schools.</p> <p><input type="checkbox"/> Commercialization strategy implemented</p>	In Progress	<ul style="list-style-type: none"> • Two additional Mandallas are under implementation and should be completed in a couple of weeks. • The commercialization strategy has been implemented gradually as the project development matures. Coopervida is already selling small amounts of organic and dehydrated produce to local customers

<input type="checkbox"/> Five environmentally-sustainable agriculture and solar drying practices training courses provided to over 100 small farmers (Coopervida Associates) and over 150 students at the five schools. <input type="checkbox"/> 50 farmers visited by the organic certifier for inspection and classification according to the certification process.	<p>In Progress</p>	<p>and taking advantage of daily local fairs.</p> <ul style="list-style-type: none"> • The training courses will be implemented right after the 5 Mandallas are ready. On the other hand, during the construction of the Mandallas best practices for an environmentally-sustainable agriculture has been passed on to project beneficiaries through hands on training.
<p>Milestone 3:</p> <input type="checkbox"/> At least two Regional Seminars held for information dissemination and experience exchange among project partners, stakeholders and farmers. <input type="checkbox"/> Accumulated sales volume for organic produce at 10 tons. <input type="checkbox"/> At least 50% of the trained Coopervida Associates classified as organic or in-transition to organic certification.	<p>In Progress</p>	<ul style="list-style-type: none"> • First Regional Seminar setup to end of March (30th and 31st) in Juazeiro Municipality. • Coopervida already selling organic produce. Comercialization strategy being implemented to achieve the sales volume for organic produce.

ii) If you did not achieve some of your stated milestone objectives, please explain the reasons.

Some of the expected results for milestone 2, such as the implementation of three Mandallas demonstration organic agriculture projects and solar dehydrators had to be postponed to early this year and will soon be ready.

The decision to postpone the implementation of the demonstration projects was based on the expected results of these actions in the overall project success and sustainability. Thus, because of summer / vacation period, all project implementation needed to be postponed.

iii) Has your project's overall accomplishments to date exceeded the original plan?

Yes No

If Yes, describe your achievements:

Despite the delay in the early implementation phase (Mandalla construction), other aspects of the project have accelerated, in special the articulation with financial entities (Northeast Bank) and the commercialization stakeholders to increase awareness and sales of organic produce.

- A series of market studies were carried out in order to identify the commercialization channels for organic produce.
- Other stakeholder in the process of engagement with the project objectives (BMVSF – San Francisco Valley commodity Exchange / Juazeiro Municipality)

Important to mention that the Municipal Education Secretariat attended one of the workshops to promote the Mandallas and organic agriculture and have agreed to implement six additional Mandallas in their Municipality.

Northeast Bank attended last project meeting and already initiated agreements with Coopervida members to finance organic farming. A direct communication channel between Coopervida / IRPAA and the Northeast Bank is now open.

Coopervida is already commercializing organic produce to local markets and daily fairs. Volume is not expressive yet but will grow as the project develops. San Francisco Valley Commodities Exchange (BMVSF) is discussing the possibility to export organic produce to France / England and other large urban centers of Salvador, Bahia Metropolitan area.

There is an interest to also send produce to Recife Metropolitan area. Contact has been made with 15 Hotel Networks to sell produce. Efforts have been made to sell produce to State and Federal food security and school alimentation programs. These activities are part of the strategy to open commercialization channels for produces from Coopervida, IRPAA and associated cooperatives benefiting from this project.

III. Overall Project Progress

i) What have been the main challenges of your project to date? What, if any, adjustments have you made to your original business plan in order to overcome the challenges and meet your objectives?

Challenges:	Adjustments:
<p>Period of the year that the initial activities were concentrated was not the ideal (in part to anticipated vacation on school calendar and municipal education secretary).</p> <p>Meet project original budget and expenses in the same level as requested to DM early this year - there were a significant lost of resources with reduction in dollar exchange rate compared to Brazilian currency (R\$ - Real) in this period.</p>	<p>We postponed the activities initially planed for late 2005 untill 2006 and these activities were undertaken once the seasonal break was finished.</p> <p>Leverage additional resources with other donors to overcome exchange rate issues and to be able to scale up project outcomes.</p>

ii) Have any of your objectives changed or have you added new objectives since you signed your Project Agreement? If Yes, explain the changes.

Yes No

iii) Do you have any concerns about meeting your next milestone objectives?

Yes No

If Yes, what are the concerns and how do you plan on addressing those challenges?

iii) Although this is an interim report, are there any development outcomes or results of your activities to date that you would like to call attention to?

Project has moved forward in other fronts besides the Mandalla implementation (milestone 2) and has already mobilized 69 persons from several entities (representatives from ONGs, Public and Private sector that are or will be engaged with the project implementation, such as banks, small agrobusiness, farmers, municipal government, community associations, etc).

Discussions with Federal Development Bank (Banco do Nordeste – Northeast Bank) regarding micro-credit for small farmers were also initiated as part of the replicability and scaling up strategy of this project. Bank representative was present at the kickoff meeting and has assured this type of project is high priority for them. Meeting with BN superintendence at the state level and with regional manager guaranteed a line of credit to Coopervida members to finance organic agriculture coupled with a technical package, including solar dryers and biodigestors to produce both gas and biofertilizer. Bank is now meeting with project beneficiaries to start financing projects. Final objective is to provide micro-credit to farmers engaged in this project.

Important to mention that IRPPA and Coopervida will be able to elaborate the agro-technical project for financing directly with the bank, not needing to hire a third party to elaborate it. This is a great achievement because minimizes the transactions and final project costs.

Besides the kickoff meeting in Juazeiro municipality, there were two other meetings with stakeholders from two neighbor municipalities (Curaça / Rodelas) to discuss project implementation in their areas as well. The municipal authorities are very interested in this project and further development in this front will be reported in next quarter. As mentioned, Juazeiro municipality has already approved project expansion to add 6 mandallas to original ones to be installed in this municipality. Terms are under negotiation right now.

iv) Reminder: In accordance with Paragraph 3.1.1 of the Project Agreement, each project team is required to submit a statement of account showing the use of the funds within three months after the last disbursement. As a part of periodical expenditure review exercise, please provide an annex with un-audited summary of expenses during this reporting period.

IV. Ancillary Achievements

i) Have you or has your organization received any awards/recognitions or media attention as a result of your DM-funded project during this period?

Yes No

If Yes, please specify the sources and identify the names.

Award /Recognition	Media
<input type="checkbox"/> Local: <input type="checkbox"/> National: <input type="checkbox"/> International:	e.g. <input checked="" type="checkbox"/> International: BBC News on Dec. 3-4, 2003 <input checked="" type="checkbox"/> Local: Newsletter / Website <input checked="" type="checkbox"/> National: Newsletter / Website <input checked="" type="checkbox"/> International: Newsletter / Website

Explain the Award/Recognition or the Media content:

Media focuses on disseminating information regarding the projects Winrock International is carrying out throughout Brazil, mostly on North and Northeast, with renewable energy for productive applications and environmental protection.

Attach web links/news clips, if available:

Website note at <http://www.winrock.org.br> – look for DM link.
Productive Energy Program Annual Report from Winrock International Brazil – See PDF file attached to email message. Program funded by USAID/BRAZIL.

ii) Has your organization made any new partnerships as a result of this project during this reporting period?

Yes No

If Yes, specify type of the organization from the list below and describe nature of the partnership:

<input type="checkbox"/> Local Government:	<input type="checkbox"/> Multilateral Development Agency:
<input type="checkbox"/> National Government:	<input type="checkbox"/> Private Corporations:
<input type="checkbox"/> NGO:	<input checked="" type="checkbox"/> Other: NORTHEAST BANK
<input type="checkbox"/> Bilateral Development Agency:	(financial partnership)

iii) Sustainability and scalability after completion of the DM fund are top of the DM Team’s priorities. Has your organization leveraged new funding or secured future funding during this reporting period?

Yes No

If Yes, provide the following information.

Funding Sources: USAID/BRAZIL – FY2006
Amounts Funded/Committed: US\$ 38,000
Northeast Bank line of credit opens to COOPERVIDA and IRPAA to finance organic agriculture coupled with a technical package (Mandalla, solar dryers and biodigestors)

V. Requests to the DM

i) Do you have any comments on the overall process and support provided by the DM Team or Project Liaison?

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ii) If your contact information has changed, please provide us with the new information.

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Annex I. Project Expenses for this Reporting Period

	Items	Sub-Totals (USD)
1	Personnel	7,236.88
2	Materials and Equipment	73.51
3	Training	
4	Travel	3185.00
5	Evaluation/Information Dissemination	
6	General Administration/Overhead	1049.54
7	Other	
	Total Expenses	11,544.92

This information will be forwarded later on along with payment solicitation.