

**DM 2005 Project Implementation  
THIRD PROGRESS REPORT**

[02/10/2007]

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](http://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**

<b>DM Project Number and Title</b>	#4572 - Healthy & Profitable Small Farms in NE Brazil.
<b>Report Author's Name (if different from Team Leader)</b>	Aurelio Souza
<b>Total Award</b>	US\$ 105,110.20
<b>Amount Disbursed to Date</b>	US\$ 89,343.67 (85 % 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.

<b>Milestone Objectives (Copy from the Agreement)</b>	<b>Status (Completed/ In Progress)</b>	<b>Descriptive Information on the Status</b>
<b>Milestone 0:</b> <input checked="" type="checkbox"/> Agreement on the milestone objectives with the Project Liaison	Completed	<ul style="list-style-type: none"> <li>• Project signed and agreed with project liaison</li> </ul>
<b>Milestone 1:</b> <input checked="" type="checkbox"/> Market Specialist hired and Market Study and Commercialization Strategy completed. <input checked="" type="checkbox"/> Three Mandalla demonstration organic agriculture projects and solar dehydrators installed at three schools.	Completed  Completed	<ul style="list-style-type: none"> <li>• Market specialist was hired and working on the commercialization of organic agriculture produce.</li> <li>• Mandallas implemented and solar dehydrators placed at three schools.</li> </ul>
<b>Milestone 2:</b> <input checked="" type="checkbox"/> Two additional Agriculture Plots demonstration organic agriculture projects and solar dehydrators installed at two additional schools.  <input checked="" type="checkbox"/> Commercialization strategy implemented	Completed	<ul style="list-style-type: none"> <li>• Two additional Mandallas are under implementation and should be completed in a couple of weeks.</li> <li>• 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</li> </ul>

<p>☒ 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.</p> <p>☒ 50 farmers visited by the organic certifier for inspection and classification according to the certification process.</p>	<p>Completed</p>	<p>and taking advantage of daily local fairs.</p> <ul style="list-style-type: none"> <li>• The training courses were carried out immediately after and during the 5 agriculture plots preparation. During the construction of the agriculture plots best practices for an environmentally-sustainable agriculture have been passed on to project beneficiaries through hands on training.</li> <li>• 200 Farmers have been visited by organic certifier for initial discussion about the certification process. Opposite to what reported, more than 50% of producers visited are engaged in the certification process now.</li> </ul>
<p><b>Milestone 3:</b></p> <p>☒ At least two Regional Seminars held for information dissemination and experience exchange among project partners, stakeholders and farmers.</p> <p>☒ Accumulated sales volume for organic produce at 10 tons.</p> <p>☒ At least 50% of the trained Coopervida Associates classified as organic or in-transition to organic certification.</p>	<p>Completed</p>	<ul style="list-style-type: none"> <li>• First Regional Seminar happened in end of March in Juazeiro Municipality. There were sixty six attendees from the 5 selected municipalities. Second regional Seminar occurred in early September in Curaça Municipality. There were seventy attendees from selected communities and 3 additional communities that joined the project.</li> <li>• Coopervida already selling organic produce on a regular basis. Commercialization strategy was implemented to achieve the sales organic produce. Up to date, 10 tons of organic agriculture and dried fruit (mostly Mango) have been commercialized.</li> <li>• In addition, demand for organic produce increased a lot and now the cooperatives are selling: <ul style="list-style-type: none"> <li>○ 4 tons of papaya/ week (Approx. 10 thousand pounds/ week);</li> <li>○ 6 tons of banana/week;</li> </ul> </li> <li>• Certification awareness and farmers in progress. Sixteen of the visited producers are already certified as organic producers. This is an outstanding result of this project.</li> </ul>

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

All the objectives have been achieved. Contrary to what reported before, there was a complete turn around on the certification front. Several producers have joined the certification effort and 16 of them are already

certified as organic producer.

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

Yes       No

If Yes, describe your achievements:

There were several accomplishments in the project in this last phase that exceeded the original plans.

1- Volume of accumulated sales has exceeded the total volume agreed for milestone #3. As reported above, the commercialization strategy implemented has secured weekly contracts for organic produces. Coopervida is commercializing organic produce to local markets, to street markets and to large food chains in Brazil. The commercialization efforts have been successful.

2- Another outstanding result was the involvement of approximately 4200 people (schools operate in 3 shifts in rural areas) and there were students, teachers and farmers from the 5 initial municipalities plus 3 new ones that have joined the process.

3- Certification process / engagement exceeded the expected results. There are 16 producers already certified and another 200 involved in the process.

4- Other communities have asked to participate in the process.

### 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?

<b>Challenges (CUMULATIVE):</b>	<b>Adjustments:</b>
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).	We postponed the activities initially planed for late 2005 until 2006 and these activities were undertaken once the seasonal break was finished.
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.	Leverage additional resources with other donors to overcome exchange rate issues and to be able to scale up project outcomes.
Difficulty to engage local small farmers in a new financing for organic agriculture. Most of the small farmers already have on-going debt with bank and limited to finance new projects.	Discussed with bank to review small farmers' previous debts and re-finance it along the new investments in the agriculture plot project. Bank is discussing with all COOPERVIDA farmers (individually) and it is willing to facilitate new financing.
Difficult to engage farmers in the certification process. They were not so sure this strategy would be something that would help their business.	Additional effort made with awareness campaigns and leveraging additional resources from State Government to support certification of organic produce in Bahia.

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?

**The comments below are cumulative from the beginning of the project.**

First Report

Project has moved forward in other fronts besides the Agriculture plot implementation (milestone 2) and has already mobilized 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 it 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 agriculture plots to original ones to be installed in this municipality. Terms are under negotiation right now.

Second Report

The volume of sales has been above expectations for this phase of project. Project is getting special by local authorities that have shown interest in the replication for other areas. COOPERVIDA, the beneficiary cooperative, has been strengthened and it is increasing its participation in the local organic market.

Additional resources have been leverage to overcome dollar exchange rate drop to continue implement projects and also increase participation of organic produce in the region.

Third Report

Important achievement during this period was reverting previous situation where there were not enough farmers engaged with the certification process. As the information dissemination grew the number of farmers engaged increased above expectation and 16 farmers are already certified as organic producers.

Other important achievement was the number of people impacted by the project. Approximately 4200 students, teachers and farmers were directly and indirectly involved with the project. This was an outstanding result considering that this project had a slow start due to issues previously mentioned.

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

Explain the Award/Recognition or the Media content:

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 –PDF file attached to the first report  
 Newspaper Article at [www.atarde.com.br](http://www.atarde.com.br) (issue of April 17<sup>th</sup>, 2006)

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 checked="" type="checkbox"/> Local Government: BAHIA STATE GOVERNMENT <input type="checkbox"/> National Government: <input type="checkbox"/> NGO: <input type="checkbox"/> Bilateral Development Agency:	<input type="checkbox"/> Multilateral Development Agency: <input checked="" type="checkbox"/> Private Corporations: COELBA (Electricity Utility) <input type="checkbox"/> Other: NORTHEAST BANK (financial partnership)
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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: COELBA – Energy Utility  
Amounts Committed: US\$ 12,000

Northeast Bank line of credit opens to COOPERVIDA and IRPAA to finance organic agriculture coupled with a technical package (Agriculture plots, solar dryers and biodigestors) – Credits are under analysis but it is already available to those formers that have re-negotiated their previous debts.

Funding Sources: Government of Bahia  
Amounts Committed: US\$ 10,000 for organic certification awareness campaign and engagement of farmers in the certification process.

In addition, contracts for organic produce supply on a weekly basis have been signed between COOPERVIDA (direct beneficiary of this project) and stakeholder in the organic market.

## 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**

	<b>Items</b>	<b>Sub-Totals (USD)</b>
<b>1</b>	<b>Personnel</b>	<b>29,833.16</b>
<b>2</b>	<b>Materials and Equipment</b>	<b>7,164.90</b>
<b>3</b>	<b>Training</b>	
<b>4</b>	<b>Travel</b>	<b>1,362.34</b>
<b>5</b>	<b>Evaluation/Information Dissemination</b>	
<b>6</b>	<b>General Administration/Overhead</b>	<b>3,836.07</b>
<b>7</b>	<b>Other</b>	
	<b>Total Expenses</b>	<b>42,196.47</b>