

Evaluation of the integration of decent work into the development of value chains



Country report Ecuador

October 2023

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The opinions expressed in this document represent the views of the authors and do not necessarily reflect the position of the FPS Foreign Affairs, Foreign Trade and Development Cooperation.

Table of contents

Abbreviations and acronyms	4
1 Introduction	5
1.1 Objective and subject of the evaluation	5
1.2 Methodology and conduct of the mission in Ecuador	6
1.3 Short introduction of the cases reviewed.....	6
1.4 Introduction of 8 dimensions of decent work	8
2 Context.....	9
2.1 Overall context of agriculture and agro-value chains in Ecuador	9
2.2 Context of decent work in agricultural value chains in Ecuador	11
3 Analysis of contribution by cases reviewed to the promotion of decent work	16
3.0 Preliminary remarks and overarching findings	16
3.1 Income security.....	19
3.2 Employment Security.....	26
3.3 Labour market security.....	27
3.4 Social protection	28
3.5 Work life balance	30
3.6 Fair treatment.....	30
3.7 Working conditions and occupational safety and health (OSH).....	32
3.8 Voice and representation	33
3.9 Transversal leverages.....	35
4 Analysis of cross-cutting themes.....	37
4.1 Coherence and synergy	37
4.2 Gender	37
4.3 Environment	38
4.4 Sustainability.....	38
5 Conclusions	40
6 Annexes	44
6.1 Findings per identified decent work leverage – further details.....	44
6.2 Case 1: UNOCACE (cocoa cooperative) and TRIAS Ecuador	56
6.3 Case 2: Jardín Azuayo (financial cooperative) – Indirect BIO investee	62
6.4 Case 3: Vision Fund Ecuador (micro finance bank) – Direct and indirect BIO investee.....	68
6.5 The 8 dimensions of decent work (KU Leuven-HIVA concept).....	71
6.6 List of documents reviewed	75

Disclosure: This report is public. All references to individual respondents and companies have been anonymised.

Abbreviations and acronyms

ANGS	Actors of Non-Governmental Cooperation
BIO	Belgian Investment Company for Developing countries
CECCA	Centre for Peasant Education and Training of Azuay
DGD	Department for International Cooperation of the Belgian Government
FAF	Fairtrade Access Fund
FODEMI	Fondo de Desarrollo Microempresarial.
GLP	Gross Loan Portfolio (being the total loan portfolio of a financial institution)
JA	Jardín Azuayo
MBO	Member Based Organisation
MFI	Mirco Finance Institute
MSME	Micro, Small and Medium size Enterprises
OSH	Occupational Safety and Health
SEO	The Special Evaluation Office of the Belgian Development Cooperation
PCTA	Productive Credit and Technical Assistance (PCTA)
UNOCACE	Union de Organizaciones Campesinas Cacoateras
VFE	Vision Fund Ecuador
WVI	World Vision International

1 Introduction

1.1 Objective and subject of the evaluation

In 2022, the Special Evaluation Office (SEO) commissioned an evaluation of the integration of decent work into Belgian Development Cooperation interventions that focus on economic development and, more specifically, on the development of (agricultural) value chains. Decent work has been highlighted as one of the priority themes of Belgian Development Cooperation since the Belgian Development Cooperation Act of 19th March 2013, referring to the achievement of inclusive, equitable and sustainable economic growth, prioritising local entrepreneurship, the social economy and ILO's Decent Work Agenda.

The objective of this evaluation is to examine the way in which decent work¹ is integrated (explicitly or implicitly) and addressed in (both the design stage and during implementation of) the interventions of Belgian Development Cooperation actors that intervene in (agricultural) value chains. While still contributing to accountability for the use of public funds, this evaluation is primarily a formative or learning evaluation, focussed on drawing lessons and formulating specific recommendations for refining or adjusting the Belgian approach to decent work. More specifically, the evaluation shall yield insights on fostering decent work in the context of support to the private sector and development of agro-value chains; including concrete recommendations to strengthen related due diligence. It is also necessary to examine how results-based management of decent work-related interventions can be improved. Among other things, the evaluation targets improved understanding of which approaches and/or leverages (can) lead to significant results in fostering aspects of decent work and which success factors are essential in this respect. The evaluation combines data-collection in Belgium, desk study and field visits in six countries: Benin, Ecuador, Ivory Coast, Rwanda, Senegal and Vietnam. In each of the six countries, the evaluation conducts 2 or 3 case studies, each case study covering different types of interventions and/or supported actors.

The development of value chains includes both their economic and social valorisation. Four types of economic upgrading may be distinguished : product upgrading (producing a better-quality product); process upgrading (introducing more efficient technologies and processes to perform a task); functional upgrading (taking over higher value-added functions in the global value chain); and cross-sector upgrading (moving production into related or new higher value-added industries). The latter two forms have been found to contribute most strongly to value creation. Social upgrading of value chains has a strong normative link to ILO's Decent Work Agenda and refers to "the process of improving workers' rights that enhances the quality of their employment". Value chain development can also specifically aim to optimise the interaction and relationships between actors in a value chain (value chain governance) and to increase the sustainability of the whole value chain. The terms of reference (ToRs) of the evaluation refer to the ILO definition of decent work and value chains and to the four pillars of the Decent Work Agenda: a) creation of sustainable employment and livelihoods, b) labour rights, c) social protection (social security, occupational health and safety) and d) social dialogue.

¹ The International Labour Organization (ILO) defines decent work as "productive work for women and men in conditions of freedom, equity, security and human dignity". In general, work is considered as decent when it pays a fair income; guarantees a secure form of employment and safe working conditions; ensures equal opportunities and treatment for all; includes social protection for the workers and their families; offers prospects for personal development and encourages social integration; and when workers are free to express their concerns and to organize.

1.2 Methodology and conduct of the mission in Ecuador

For the overall methodology of this evaluation, we refer to the corresponding methodological note (February 2023).

For the country evaluation in Ecuador, the following types of sources of information were used and combined.

- a) Review of relevant documents: country context, value chain documentation, relevant documentation related to the 3 cases studies – with a focus on aspects of decent work, etc.
- b) Interviews with key actors – see the overview of steps in the evaluation process.
- c) Observations during field visits of actors and stakeholders.
- d) Exchanges in group sessions and/or discussion sessions with stakeholders of each case study.
- e) Decent Work survey applied to employees of the organisations that were subject to the cases studies (UNOCACE, TRIAS Ecuador, Jardin Azuayo and Vision Fund Ecuador) and to farmers supported through these cases.
- f) Workshops as well as briefing and debriefing sessions.

1.3 Short introduction of the cases reviewed

1.3.1 Case 1: UNOCACE (cocoa cooperative) and TRIAS Ecuador

UNOCACE, the Union of Cocoa Peasant Organizations, is a well-established cocoa cooperative, legally created in 1999 as a Representative Organization of inclusion in the Popular and Solidarity Economy. UNOCACE is composed of 29 affiliated organisations (local cocoa farmer associations) in 11 provinces of Ecuador; thus representing 2.240 small producers; among them 537 women, 1628 men and 259 young people. In total, UNOCACE's farmers own more than 6.340 hectares of Equatorian national fine aroma cocoa. 761 ha under agroforestry system. Most of UNOCACE's farmers have between 3 and 5 ha of farming land and on average they have a yield of 420kg of cocoa/ha.

TRIAS is a Belgian NGO. The DGD-funded Ecuador programme of TRIAS comprises a “*Decent Work*” focus. Trias supports Producer Organisations and family entrepreneurs as key actors, thus taking into account the decent work agenda. To transform the overburdening of women, as well as the discrimination faced by young people in the search for decent work, the programme was designed with a gender and generational approach.

Under its 2017-2021 programme, TRIAS Ecuador focused, for example, on the following components.

- 1) The inclusion of youth and women : “*Empowered women and youth are proactively involved in their own organisations, towards a more inclusive society*”
- 2) Promotion of Decent Work among partner organisations

1.3.2 Case 2: Jardín Azuayo (financial cooperative) – Indirect BIO investee

Jardín Azuayo is a Savings and Credit Cooperative (COAC) created in 1996 and based in Cuenca, Ecuador. Jardín Azuayo has benefited from indirect investment by BIO through two funds. First fund is [agRIF](#), an alternative investment fund that has appointed Incofin Investment Management as its external fund manager. Second fund is [Fairtrade Access Fund](#) (FAF), a self-managed alternative investment fund that has appointed Incofin Investment Management as its advisor.

Being indirectly funded by the Belgian Development Cooperation, Jardín Azuayo was selected as a case study for this evaluation, considering it is an interesting case with an innovative role in providing access to finance (Agro Finance) to small and medium sized producers in agricultural value chains in Ecuador.

1.3.3 Case 3: Vision Fund Ecuador (micro finance bank) – Direct and indirect BIO investee

Vision Fund Ecuador (VFE) has been a Bank since August 2016, specializing in microfinance. VFE is born from the transformation of FODEMI (Fondo de Desarrollo Microempresarial). FODEMI was launched in 1995 with the support of World Vision International (WVI) to provide micro-finance services in conjunction with rural development projects / initiatives of WVI in Ecuador. VFE is currently a Bank specialized in microfinance; fully under the supervision of the Superintendence of Banks. VFE stands as the financial arm in Ecuador of World Vision International (WVI). VFE is a subsidiary (component) of Vision Fund International (VFI), an international Christian company with more than 28 microfinance institutions around the globe, and itself a wholly owned subsidiary of World Vision International (WVI).

VFE has benefited from both direct and indirect investment by BIO. The direct investment by BIO consists of a USD 7 million (or € 6.113.520) loan; with August 2019 as start date and a 5 years' maturity, with a grace period of 1 year. The indirect investment from BIO in VFE was implemented through two funds. First fund is [agRIF](#), an alternative investment fund that has appointed Incofin Investment Management as its external fund manager. Second fund is [Fairtrade Access Fund](#) (FAF), a self-managed alternative investment fund that has appointed Incofin Investment Management as its advisor. Being (both directly and indirectly) funded by the Belgian Development Cooperation, VFE was selected as a case study for this evaluation as it is one of the few banks in Ecuador that specializes in micro-finance; furthermore VFE explicitly and specifically targets access to finance for poor people, including in remote rural areas not being reached by other banks.

In particular in the North-Eastern provinces of Ecuador, VFE is an important financier for primary agriculture production. The Bank's main office is in Ibarra. The Bank attends rural and semi-urban regions with strong presence of agricultural activities; operating in Carchi, Cotopaxi, Imbabura, Chimborazo, and other provinces. VFE consciously invests in providing financial services to small farmers with limited access to credit; which is an important given that many financial institutions in Ecuador perceive many risks in agricultural lending and thus refrain from venturing into rural areas. VFE focuses largely on agriculture and livestock (64% of the GLP), followed by commerce (21%), and services (10%).



1.4 Introduction of 8 dimensions of decent work

The International Labour Organization (ILO) defines decent work as “*productive work for women and men in conditions of freedom, equity, security and human dignity*”. In general, work is considered as decent when it pays a fair income; guarantees a secure form of employment and safe working conditions; ensures equal opportunities and treatment for all; includes social protection for the workers and their families; offers prospects for personal development and encourages social integration; and when workers are free to express their concerns and to organize.

To appreciate the level of integration of decent work ambitions in value chain development, this evaluation applies a concept developed by *HIVA – KU Leuven*; distinguishing between 8 dimensions of decent work. These 8 dimensions are : 1) Income security; 2) Employment Security; 3) Labour market security; 4) Social protection; 5) Work life balance; 6) Fair treatment; 7) Working conditions and occupational safety and health (OSH); and 8) Voice and representation.

Each of these 8 dimensions relates to one or several of the *4 pillars of ILO's Decent Work Agenda*: (1) Create Decent Employment; (2) Increase Social Protection; (3) Promote Social Dialogue and (4) Strengthen Rights at Work.

To adequately apply this decent work concept, as conceived for employees, a slightly adapted version was developed to fit the contexts and specific decent work challenges of the self-employed, including farmers / members of cooperatives , as well as for workers in the informal sector or in informal employment settings as existing in traditional agricultural value chains (cf. annex - §6.4).

When assessing decent work performance and/or challenges for the cases and interventions reviewed with this evaluation, we also distinguish between *3 types of workers* : (A) *employees* of reviewed organisations , (B) *farmers* and members of their farming household, (C) hired farm workers, being *day labourers* informally employed by small or medium-sized producers.

2 Context

2.1 Overall context of agriculture and agro-value chains in Ecuador

Combining elements from:

- ✓ OECD (2021), *Responsible Business Conduct Country Fact Sheet - Ecuador*, OECD Paris;
- ✓ IFAD - <https://www.ifad.org/en/web/operations/w/country/Ecuador>
- ✓ GFRAS - *Global Forum for Rural Advisory Services* - <https://www.g-fras.org/en/world-wide-extension-study/south-america/south-america/ecuador.html> ;
- ✓ <https://www.britannica.com/place/Ecuador/Agriculture-forestry-and-fishing>.

Ecuador has a population of 16.5 million people. One third of the population is concentrated in two metropolitan areas: Guayaquil and Quito, the capital. Rural population still accounts for 36.5% of the total. Social indicators also point to persistent inequality in both rural and urban areas.

- ✓ Ecuador is a middle-income country with an economy highly dependent on oil and export agriculture.
- ✓ Almost one quarter of the population in Ecuador lives in poverty, most of them in rural areas.
- ✓ The rural poverty rate, at 43 per cent in 2018, is almost triple the urban rate (15,9). The higher poverty rate in rural areas is attributable to high unemployment and underemployment, low salaries, limited access to productive assets such as land, water, credit and technology, and deficient market linkages.
- ✓ 61% of rural women work in agriculture and livelihoods.

Thus, overall, agriculture is an important economic sector for Ecuador. While Ecuador's agriculture lost the Government's attention for a few years, due to the country's focus on oil exploitation, the sector regained prominence nationally. In 2018, agriculture, livestock, hunting, fishing and silviculture represented 9.6% of total real GDP and employed almost 27% of the population (United Nations, 2018). In 2017, it was estimated that 30 % of national territory was dedicated to different activities linked to the agricultural sector, a large percentage of the country's space considering that 40% of the country is covered by the Amazon (Farmfolio, 2017).

Ecuador's agriculture is very diverse, given the different ecological and economic conditions of its regions. Ecuador has two main agricultural sectors: *agribusiness* (export and national consumption) and *peasant family farming* (local consumption and exports). Agriculturally, the country is divided into three distinct regions: the Sierra (the mountainous Andean area; highlands); the Costa (the Pacific coastal plain); and the Oriente (eastern slopes between the Andes and the headwaters of the Amazon). Food crops like maize, soybeans, manioc, potatoes and vegetables are cultivated in the highlands; while cash crops such as coffee, bananas, sugarcane, cacao, palm oil and rice are mainly grown in the coastal plains.

- ✓ Ecuador's main agricultural products include bananas, coffee, cocoa, rice, potatoes, manioc (tapioca), plantains, sugarcane, cattle, sheep, pigs, beef, pork, dairy products, balsa wood, fish and shrimp (Ecuador.com, 2019). Agriculture also remains an important sector for food security and food sovereignty. Ecuador is the biggest producer and exporter of bananas and white fleshed shrimp in the world.
- ✓ The cultivation of *bananas* is significantly important to Ecuador's economy and represents 24% of total non-oil exports in 2020, 23% of total primary exports and 18% of the value of all exports

(Central Bank of Ecuador, n.d.). The banana sector employs a large proportion of Ecuador's workforce and over a tenth of its population is economically tied to the production of bananas and its affiliated businesses (FAO, 2016).

- ✓ Ecuador is the 5th on a list of "Top Cocoa Producing Countries In The World", with a total annual production of 327,903 tons of cocoa beans per year.

1. Cote d'Ivoire – 2,200,000 tons	6. Cameroon – 290,000 tons
2. Ghana – 800,000 tons	7. Brazil – 269,731 tons
3. Indonesia – 739,483 tons	8. Sierra Leone – 193,156 tons
4. Nigeria – 340,163 tons	9. Peru – 160,289 tons
5. Ecuador – 327,903 tons	10. Dominican Republic – 77,681 tons

<https://www.worldatlas.com/industries/the-top-cocoa-producing-countries-in-the-world.html>

Stakeholders consulted, provided an estimate of approximately 125.000 cocoa producers in Ecuador, among whom at least 80% small produces, having farms that have less than 10 hectares, with many of them remaining below 5 ha.

- ✓ Ecuador has become a leading producer and exporter of tuna, placing itself in 2017 as the second largest world exporter (Harkell, 2019).
- ✓ Shrimp is one of Ecuador's largest aquaculture exports especially as demand from Asia has been increasing over the last few years (Harkell, 2019).

In spite of the existence of large agri-business farms and plantations of bananas, sugar cane, etc., most of Ecuador's agriculture is still organised through small land spots and the majority are also used for personal and local consumption. Nevertheless, the country continues to be dependent on food imports and the sector lacks technology and innovation to develop in a faster and more efficient way (Dutch Ministry of Foreign Affairs, 2018).

In Ecuador, agriculture traditionally employed a large proportion of the population. Many rural Ecuadorians feed their families with the crops from their own farms; production of these subsistence crops, including corn (maize), potatoes, beans, and cassava (manioc), is important. Tropical specialty crops such as bananas, cacao, and coffee are not only cash crops for farmers; but their export also provides much-needed foreign exchange for the country.

Livestock raising is widespread. Beef cattle are bred in the lowlands and dairy cattle and sheep are bred in the highlands; chemical fertilizers have aided the development of pastures for dairy cattle. Chickens consume feedstuffs produced from locally grown hard corn and other crops. Pigs are raised on a small scale, but their meat does contribute to the Ecuadorian diet, especially in the highlands. Goats are important as a source of meat in the south, while guinea pigs are raised for food in the highlands.

Chemical fertilizers are employed on commercial and specialized market crops, while traditional farmers employ animal manures; still, overall yields could be vastly increased. Irrigation has been employed since prehistoric times in the highlands, and most of the highland production (measured by its commercial value) is from irrigated fields and greenhouses, which have been deployed for the cultivation of crops such as roses, tomatoes, papayas, etc. There is little further potential for expanding the highland irrigated area. In contrast, irrigation has been expanding rapidly on the coast and aids rice paddy cultivation, banana, cacao, and oil palm plantation cultivation, cattle pastures, and mixed farming of a variety of crops.

Other agricultural exports are coffee, cut flowers and fruits like citrus, cacao and mangoes. Coffee is grown mostly on small farms of one to 10 hectares. Livestock are reared throughout the country, main animals being cattle, pigs, sheep and goats. Lately, organic agriculture has been gaining popularity.

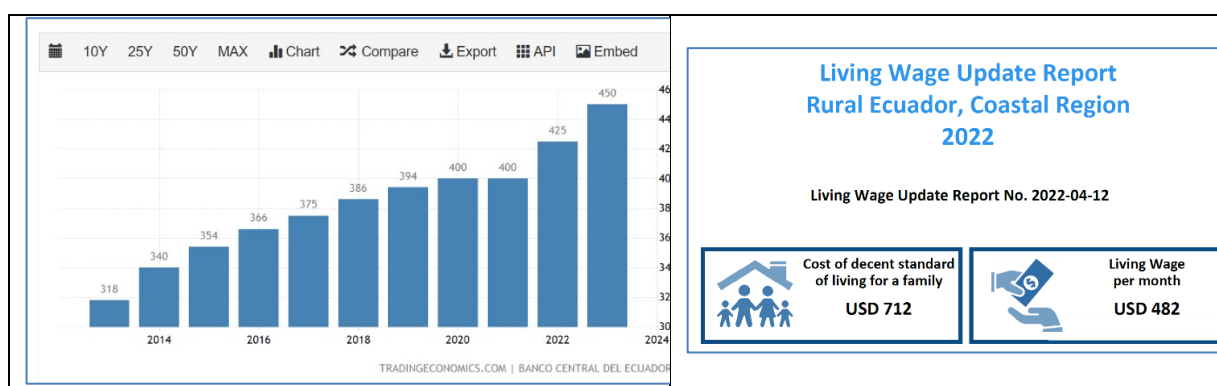
Shaping the country's development model, modernizing the productive sectors, and reducing dependence on imported goods and services is among the priorities of the Government. To achieve this goal, rural smallholder producers will need to increase their productivity, efficiency and connectivity, by boosting technology use and accessing key rural services. (IFAD).

2.2 Context of decent work in agricultural value chains in Ecuador

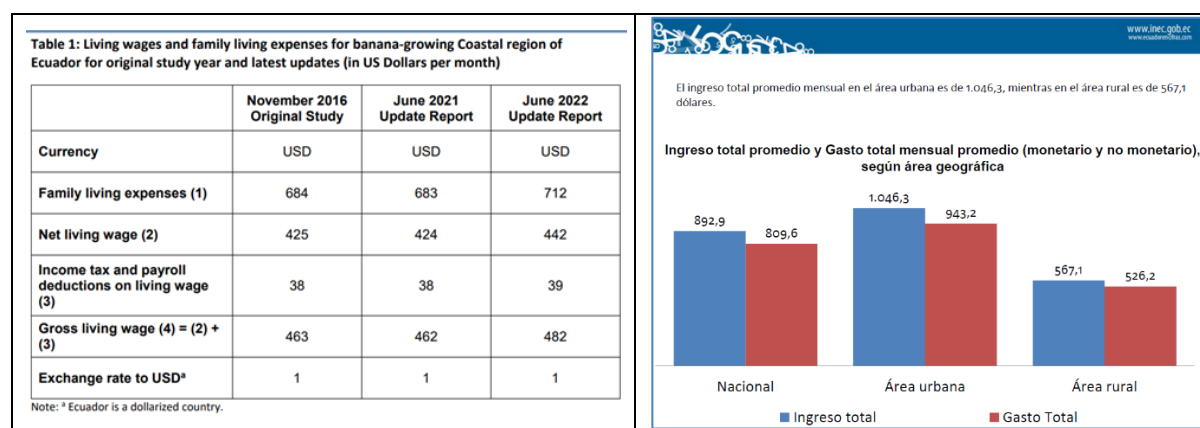
2.2.1 Income security

Income - Regular pay / income – Overtime – Savings – Debt – Annual leave

The official minimum wage in Ecuador increased to 450 USD/Month in 2023, from 425 USD/Month in 2022 (source: <https://tradingeconomics.com/ecuador/minimum-wages>).



This official minimum wage, being 450 USD/Month, corresponds approximately to the living wage for rural Ecuador. In 2022 the living wage for Rural Ecuador, Coastal Region, was estimated at 442 net USD and at 482 USD for the gross wage per month; while the living income of for a family of 4 was calculated at 712 USD. (*Living Wage Update Report Rural Ecuador, Coastal Region 2022 - Anker Research Institute / Living Wage Coalition*).



According to the National Survey on Income and Spending (ENIGHUR 2011- 2012) conducted by INEC, the National Ecuadorian Institute for Statistics and Surveys, the national average total monthly income per household was 829,9USD (in 2012); with a significant difference between the average in urban

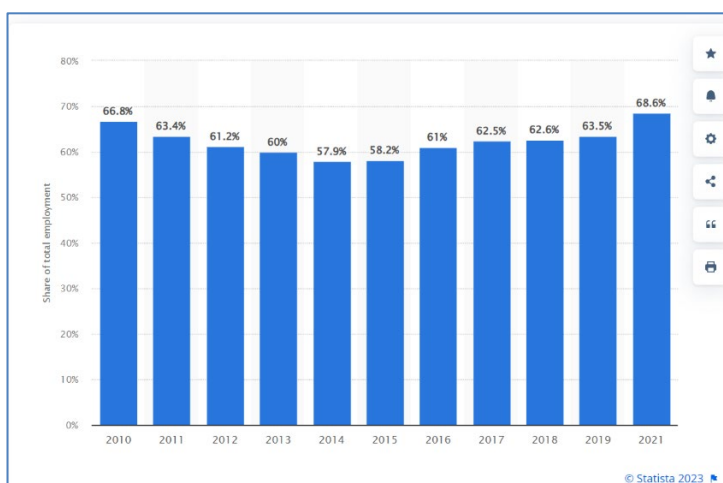
areas being \$1,046.3 USD, while in rural areas it is was only \$567.1 USD, thus remaining below a living income.

As explained above, employment in the formal sector in Ecuador, overall, scores rather well with respect to the aspects of income security. However most workers (approximately 68% of all workers in Ecuador) are in one or other form of informal employment (*refer to the graph below*). Informal employment scores weak vis-à-vis income security. Informal sector workers typically have a low income, generally below official minimum wages; most of them lack regular pay; payment for overtime is not assured; they are typically not able to save, are often in debt and do not benefit from paid annual leave.

Also within the informal sector, most small-scale agricultural producers in Ecuador suffer from poor income security. This is generally linked to a combination of many factors: small size of agricultural land; poor agricultural practices and low productivity; lack of access to markets and lack of information resulting in low prices paid by intermediaries who benefit from farmers vulnerabilities; low and/or significantly fluctuating (national / global) market prices for agricultural produce, etc.

The salary survey data, provided above, show a broad range and variance of salaries and seem to indicate that most income for most working people exceeds the official minimum wage. However, it is clear that those data correspond to wages in formal employment; while **informal** employment corresponds to approximately **68%** of total employment in Ecuador.

Informal employment as percentage of total employment in Ecuador from 2010 to 2021



Source: <https://www.statista.com/statistics/1039947/informal-employment-share-ecuador/>

2.2.2 Employment Security

Contract – Dismissal – Notice – Job loss – Job retention

For self-employed / farmers : Access to credit – Demand sufficiency – Scope to expand business – Job loss – Job retention

Employees in the formal sector in Ecuador generally have a written contract and normally they cannot be dismissed by their employer without advance notice. Overall their employment security is appropriate; nonetheless, many employees do fear losing their job. On the other hand, the vast majority of workers in Ecuador operate under informal arrangements and their employment security is low.

As detailed in §3.2.2 smallholder farmers have some access to micro credit, but the conditions offered by most financial cooperatives are reducing the profitability of agricultural investments. Access to affordable agricultural land is scarce while both demand and prices are often insecure.

2.2.3 Labour market security

Irregularity of work – Underemployment – Professional training – Job mobility – Disapproval

Employees in the formal sector in Ecuador generally have regular work, are fully employed and (depending on their career and employee characteristics) they may be benefitting of professional training. However job mobility is problematic, as finding (comparable) formal employment is considered difficult by most employees. Competition for formal job positions is fierce.

Again the vast majority of workers in Ecuador are confronted with problematic labour market security as their informal employment is typically scoring (very) low vis-à-vis the aspects of labour market security.

For smallholder farmers with less than 2ha of agricultural land, underemployment does occur. Overall farmers with a little more farming land do have enough work, the risks and insecurities are more about generating sufficient income from these activities. This is rather addressed under income and employment security.

2.2.4 Social protection

Work injury insurance – Sick leave – Pension benefit – Invalidity benefit – Maternity – Severance payment – Social transfers

Currently, only one fifth of Ecuadorians or one third of the economically active population is covered by one of the four social security schemes: the Ecuadorian Social Security Institute (Instituto Ecuatoriano de Seguridad Social, IESS), Farmers' Social Insurance (Seguro Social Campesino, SSC), the Social Security Institute of the Armed Forces (Instituto de Seguridad Social de Fuerzas Armadas, ISSFA) and the Social Security Institute of the National Police (Instituto de Seguridad Social de la Policía Nacional, ISSPOL). Each scheme works independently and there is no coordination among them.

The protection is largely guaranteed to those in formal employment. It does not cover the family except for very basic coverage in the case of the police and armed forces and farmers' social insurance. Family coverage consists of access to health services within the network of the institute to which the contributing member belongs. In the case of the Ecuadorian Social Security Institute (IESS), membership is individual, but has been extended to children under 18 years of age and spouses, enabling them to access health-care services.²

Table 1 | Structure of the population covered by social security, 2009.

Membership Scheme	Affiliated Population	Population with Health Coverage	%
Ecuadorian Social Security Institute (IESS) - Farmers' Social Insurance (SSC)	2,367,305	3,602,713	89.26
Social Security Institute of the Armed Forces (ISSFA)	74,674	223,058	5.53
Social Security Institute of the National Police (ISSPOL)	56,352	210,531	5.22
Total number of affiliated people	2,498,331	4,036,302	100.00
Affiliated population/total population of Ecuador, 2009			17.8
People insured/total population of Ecuador, 2009			28.8
Affiliated population/economically active population			37.8

Source: Institutional records, National Institute of Statistics and Censuses (INEC). Elaboration: Ministry for the Coordination of Social Development (Ministerio de Coordinación de Desarrollo Social).

² Source: ILO Towards a Universal Pension Protection Scheme - Ecuador - Ruth Alicia Lucio Rome - <https://www.social-protection.org/gimi/ShowMainPage.action>

The principal challenge of the Ecuadorian social security system is its low coverage rate. Of the economically active population, the proportion of premium payers hovers around 35 per cent so that out of 100 economically active persons, 65 do not pay social security premiums. In the field of social protection for the poor, the State also provides a conditional cash transfer programme known as the Human Development Bond (Bono de Desarrollo Humano, BDH) for the elderly who do not have a pension and who are recognized as living in conditions of poverty. In 2008, pension assistance increased substantially, rising to US\$35 per month per person and covering 371,000 elderly people.

As for several other aspects of decent work, there is a clear divide in social protection between workers in formal employment and workers in the informal sector. Complementing the above, it should be noticed that the Farmers' Social Insurance or "Seguro Social Campesino" (SSC) is a well-conceived system with a low financial threshold of a few USD per month per affiliated person. But still many people living in the rural areas are not affiliated to this voluntary system. Also agricultural workers who live in a small town but work as day labourer in agriculture, hired by a farmer, are not eligible to the system. Furthermore, some poor people, regular or occasional workers in the informal sector, are in practice discouraged of affiliating to the "Seguro Social Campesino", because doing so would imply that they lose the small benefit (cash transfers) of the Human Development Bond (Bono de Desarrollo Humano, BDH).

2.2.5 Work life balance

Work hours – Weekend – Rest – Job satisfaction – Excessive hours

As with other dimensions of decent work, there is an important divide between the formal and informal sector with respect to aspects of work life balance. For the formal sector, regulatory frameworks and established practices apply and contribute to adequate work-life balance for employees. In the informal sector the situation is very diverse, and workers are generally more vulnerable. All over, for many (informal) workers, the focus of concern is more about first securing work and sufficient income; with work life balance remaining a secondary focus. The vulnerability of workers in prevailing contexts of very limited access to formal employment, important levels of underemployment and weak income and labour market security may lead workers who do have a job to accept more extra hours of work and lower levels of work life balance than they would in less vulnerable situations.

2.2.6 Fair treatment

Discrimination gender, family – Discrimination physical, race, pol & religion – Child labour – Forced labour: involuntariness & coercion

In Ecuador, there are legal and regulatory frameworks to foster fair treatment and curb discrimination, child labour and forced labour. While multiple organisations are actively promoting fair treatment of their employees, beyond the legal and regulatory requirements, 'fair treatment' is certainly not guaranteed across sectors and areas of work. Many individuals and groups in society remain disadvantaged due to multiple factors, including patterns of discrimination and/or practices of taking advantage of workers vulnerabilities.

This also transpires in the governance and actual mechanisms of agricultural value chains where smallholder farmers' vulnerabilities (lack of information, poor access to markets, no storage, no organisation, etc.) may imply that they are pushed to sell their produce at excessively low prices to intermediaries or on the few local markets that they can reach.

Migration from neighbouring countries and also from structurally disadvantaged communities and areas within Ecuador may lead to situations where forms of forced labour and child labour exist, in spite of the legal and regulatory frameworks that should apply. However this seems to be less researched or documented and many grey zones could exist.

2.2.7 Working conditions and occupational safety and health (OSH).

Health impact – Protective equipment – Time pressure – Ergonomic risks – Biochemical risks – Ambient risks – Training OSH – Access to amenities

Also for the dimension of working conditions and OSH, the situation varies significantly between formal employment and work in the informal sector. Regulatory frameworks on working conditions and OSH exists in Ecuador and this is largely being applied across formalised employment, with some organisations going beyond the requirements.

However few major initiatives seem to exist to foster working conditions and OSH also in the informal economy or in the agricultural sector. Efforts are being undertaken by some larger agribusiness farms or (to a certain extent) to raise awareness with respect to the risks of spraying and handling chemicals in agriculture. However, the evaluators have not been informed of significant initiatives towards improving working conditions and OSH across the smallholder farming sector.

2.2.8 Voice and representation

Freedom of association – Worker rights – Inspection

In principle, freedom of association and basic worker rights should be secured in Ecuador; through the existence of corresponding legal and regulatory frameworks as well as through the deconcentrated departments and inspection services of the Ministry of Labour at provincial level across the country. For example, it should be noted that Ecuador has ratified the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), and the Rural Workers' Organisations Convention, 1975 (No. 141).

In practise however, this is being complied with only in connection with formalised employment, corresponding to only (approximately) 31% of all employment in the country. Even in the formalised economy, many workers remain rather vulnerable and the capacity of Inspection services to ensure compliance with workers' rights remains rather weak. These limitations apply even much more to workers in the informal sector, including most employment in the agricultural sector; this includes practices of large farms / agribusiness limiting their formal employment to a few permanent and formalised employees, while systematically employing tens or hundreds of workers as so called "jornaleros".

As an illustration, the "freedom of association" complaint, filed and processed at ILO as [Case No 3148 \(Ecuador\)](#) – with complaint date 18-MAY-15 and still being "active" and under follow-up by the Committee. The complainants denounce, firstly, the refusal to register a trade union of banana plantation workers comprising workers from various companies in the sector and, secondly, anti-union action to prevent the setting up of a company union in that sector. The committee's reports and recommendations illustrate that there is still a lot of work to be done to enforce respect for the freedom of association and worker rights in Ecuador.

3 Analysis of contribution by cases reviewed to the promotion of decent work

3.0 Preliminary remarks and overarching findings

3.0.1 Transition from implicit to explicit focus on decent work

It should be clearly understood that before 2022 promoting “decent work” was not or hardly an explicit objective or ambition of the three cases reviewed, nor of the other value chain development related projects or initiatives that were also analysed in the course of this evaluation. Also the evaluation found few established and already implemented explicit public policies and practices on “decent work” in Ecuador with relevance for or impact on agricultural value chains.

However, without explicitly referring to “decent work” concepts and thus more implicitly, the 3 cases reviewed, and other analysed projects and initiatives of Belgian actors consulted, clearly included ambitions and targets related to aspects of decent work.

- ✓ In projects / initiatives in support of cooperatives and associations, linked to agricultural value chains, this evaluation found multiple, mainly implicit and partial focus on aspects of decent work.
- ✓ Such ambitions focus mainly on income, social security and occupational health and security (OHS).
 - However the attention for OHS was mainly at the level of employees of supported organisations and cooperatives and/or to collecting and processing of agricultural produce. The evaluation found few OHS initiatives related to agricultural production and related work practices.
 - The implicit assumptions and theories of change seemed to be that improving productivity / quality of agricultural production and increasing income of smallholder / family-owned farms will automatically generate improvements in “decent work”.
 - The implicit assumption seems also to be that smallholder farmers, members of cooperatives / associations, or otherwise (directly or indirectly) supported by development cooperation projects employ predominantly family labour. Thus “farmer – worker” relations are presumed to be less relevant and “decent work” performance is expected to automatically improve when farmer household income increases.

Now, there is explicit and more intensive focus on Decent Work in the new (current 2022-2026) programmes of the Belgian NGOs (TRIAS, RIKOLTO, ...)

3.0.2 Leverages for improving the different dimension of decent work

The country study for Ecuador, with a focus on the 3 selected cases (cf. §1.3), allowed the evaluation team to identify and (at least partially) review 14 types of strategies or *leverages* to promote decent work in agricultural value chains in Ecuador.

As part of the methodological choices made for this evaluation, the findings and insights of this evaluation are presented for each of the 8 dimensions of decent work (as presented in §1.4 and contextualised for Ecuador under §2.2). However, the relevance of most of the above mentioned “leverages” is not exclusively linked to one dimension of decent work. As to avoid duplication in this chapter, each leverage will be discussed only once and this under the dimension that it is most relevant for.

However the matrix provided below clearly shows how the different leverages may also contribute to other dimensions of decent work. Furthermore, 3 out of 14 leverages are really transversal for all dimensions. These leverages are discussed in an additional heading (cf. §3.9). The more detailed findings per leverage are provided in annex 1).

Overview of reviewed strategies / leverages of decent work in agricultural value chains	1) Income security	2) Employment Security	3) Labour market security	4) Social protection	5) Work life balance	6) Fair treatment	7) Working conditions & OSH	8) Voice and representation
1. Certifications and price setting	X	x		x	x	x	x	x
2. Improvement of agricultural production.	X					x	x	
3. Diversification of crops / sources of income	X	x	x			x	x	
4. Agro-processing	X	x	x			x	x	
5. Agricultural entrepreneurship	X	x	x	x	x	x	x	x
6. Collection, stockpiling and commercialization - Fair and sustainable value chain governance	X	x	x	x		x	x	x
7. Access to finance / micro credit	x	X	x	x		x	x	x
8. Access to land	x	X	x	x		x	x	x
9. Social protection and insurance	x	x		X				
10. Research and awareness building on occupational health and safety							X	x

Overview of reviewed strategies / leverages of decent work in agricultural value chains	1) Income security	2) Employment Security	3) Labour market security	4) Social protection	5) Work life balance	6) Fair treatment	7) Working conditions & OSH	8) Voice and representation
11. Associations / cooperatives of farmers and stakeholders	x	x	x	x	x	x	x	X
<i>Transversal</i>								
12. Policies and regulations	x	x	x	x	x	x	x	x
13. Education and skills development	x	x	x	x	x	x	x	x
14. Data, information and social and environmental impact measurement and management	x	x	x	x	x	x	x	x

The above table does demonstrate that the different dimensions of decent work are interconnected and that most of the leverages may produce impact on several dimensions of decent work. As will be explained further in this report, the evaluators found that the most effective approaches systematically combined different strategies and leverages, while using only a single or isolated leverage approach showed less success.

The fact that many leverages (leverages 1 to 6) are anchored under the “income security” dimension also reflects the fact that the 3 cases and the projects of other stakeholders consulted primarily focused on improving income of small-scale farmers; within specific value chains or across value chains.

3.1 Income security

Income – Regular pay / income – Overtime – Savings – Debt – Annual leave

3.1.1 Overall analysis

- 1) **Employees** in organisations object of the case studies
 - a) The decent work scan among the employees of the organisations reviewed (UNOCACE, TRIAS Ecuador, Jardin Azuayo and Vision Fund Ecuador) showed good scores on different aspects pertaining to the income security dimension.
 - b) Staff interviewed consider that salary levels were sufficiently attractive and matching what other employers in the formalised sector offer for comparable positions.
 - c) No specific issues were found with respect to the topics covered under income security. Here the employees of the organisations reviewed are among a decent median level of formal employment in Ecuador.
- 2) **Small scale producers** / farmers in family-based agriculture
 - a) As already explained under §2.2.1, income security is a huge challenge, all-over for small-scale agricultural producers.
 - b) But the case studies conducted in Ecuador revealed positive results towards improving income security of small-scale producers, generally family based farmers, being supported by the reviewed cases.
 - i) *Vision Fund Ecuador* (VFE) was able to show some strong successes among the clients of its micro-finance services. The successes obtained were linked to the maturing process through multiple cycles of micro-credit, with progressive growth in the capabilities of the clients involved and corresponding increases in the amount of the provided credit and thus of the enabled agricultural activity. However such perseverance through many credit cycles seems to be achieved only by a rather limited % of first borrowers. VFE was not able to provide clear data on this % and could not demonstrate a strong overall success rate (*refer to §3.2.2 for more details*). However, the evaluators were informed that multiple VFE's clients, having obtained a good credit record with VFE, reached a scale where they became financially viable for other financial institutions; with some clients "graduating" earlier. Additionally, it was observed that competition in the market is complex, with various cooperatives targeting VFE's clients and VFE facing challenges in retaining clients, thus limiting VFE's capacity to generate impact for such clients.
 - ii) On the other hand both UNOCACE and Jardin Azuayo demonstrated good to very good results in improving income and income security of its members. Both organisations excel in combining multiple strategies / leverages towards improving income and income security of their members. This is shown in the table provided below and will be further elaborated when analysing efforts and results related to such strategies or leverages of decent work.
 - (1) Combining such different leverage, UNOCACE manages to support its member farmers with support on agricultural practices, income diversification, etc. while also paying

prices that are on average 20% or more above what individual farmers can obtain on the market and also offering stable prices which contributes significantly to income security of its members.

- (2) Also Jardin Azuayo (JA) is able to demonstrate consistent and high success rates in improving income security of its members engaged in agriculture. Key is a combination of : (a) thorough advice on targeted small-scale agricultural investments and good agricultural practices and (b) matching micro credit with an annual interest rate of 12.7% very significantly (approximately 40%) lower than interest rates offered by other financial cooperatives (*refer to §3.2.2 for more details*).

Overview of reviewed strategies / leverages of decent work used to improve <u>income security</u> for small sale farmers	UNOCACE	Jardin Azuayo
1. Certifications and price setting	X	
2. Improvement of agricultural production.	X	X
3. Diversification of crops / sources of income	x	X
4. Agro-processing	X	X
5. Agricultural entrepreneurship	x	x
6. Collection, stockpiling and commercialization - Fair and sustainable value chain governance	X	x
7. Access to finance / micro credit	x	X
8. Access to land	x	x
9. Social protection and insurance	x	x
10. Research and awareness building on occupational health and safety		
11. Associations / cooperatives of farmers and stakeholders	x	x

- (3) It must be noted that neither UNOCACE nor Jardin Azuayo have a good idea of how their farmers' net income relates to a "living income". There is still a need to have a clearer view on what should be a living income per household for their members and related data collections and statistics must still be developed or enhanced. Both UNOCACE and Jardin Azuayo indicated that they are already somehow engaged in doing so (*refer also to §3.9.3.*).

- c) One may note that the cases reviewed, and other stakeholders consulted, did hardly develop any micro-insurances that may improve income security. The evaluators found few insurance or comparable mechanisms to cover major risks and/or provide a minimal compensating income in case of significant calamities that annihilate or significantly reduce the yield and income from the farm's agricultural production. It should however be noted that VFE offers the 'Familia Protegida' insurance service which helps to reduce income risks for families by providing financial protection and support in case of health-related emergencies and accidental injuries. This benefit also covers the cost of necessary medications in case of accidental injuries.

- 3) **Hired labour (day labourer)** of small-scale producers (family-based agriculture)
- a) As already stated in §2.2.1, the income security for workers in the informal sector in Ecuador is much lower than what is prevailing for workers in formal employment.
 - b) The evaluators reviewed the income security of hired labour (day labourers or 'jornaleros') in the agricultural value chains of the 3 case studies.
 - i) Overall these workers do not have any form of written contract or job security as they are hired and paid on a daily basis. In practice some workers do have a kind of permanent or more regular informal employment with a same farmer.
 - ii) The daily pay varies between the different regions / provinces, but the evaluators found that in a same area there is very few variances between what different employers are paying.
 - iii) Both in the Milagro area and in the Cuenca area, the daily pay was consistently reported to be 20 USD for a full day of work, complemented with breakfast and lunch provided by the employer.
 - iv) In the Ibarra area, the daily pay was consistently reported to be 13 USD for a full day of work, complemented with breakfast and lunch provided by the employer.
 - (1) It appears that the rate of the daily pay for informal workers, while being stable on the short term, does vary in connection with the labour market situation.
 - (2) The evaluators were explained that in the past, in the same Ibarra area, 15 USD used to be paid for a for a full day of work. However the influx of significant amounts of migrant informal labour resulted in a decrease of the daily pay; while significant price inflation would have suggested and justified an increase in nominal pay.
 - c) The evaluators found that none of the organisations reviewed with the case study – UNOCACE, Jardin Azuayo (JA) and Vision Fund Ecuador (VFE) – paid significant attention to the level of pay or income security of day labourers ('jornaleros') hired by the smallholder farmers (up to low-medium scale producers) supported or funded by them.
 - i) While explicitly targeting improved income security of their members (UNOCACE and JA) or for their clients (VFE), they did not extend this ambition to the day labourers ('jornaleros') hired by their members or clients.
 - ii) The 3 reviewed organisations actually did not have any structured system of data collection or other type of monitoring of the volume of hired labour as a % of total labour in the agricultural production of their members and clients.
 - iii) As already mentioned in §3.0.1, the implicit assumption seemed to be that their members / clients use predominantly family labour and that improved income for the farmer automatically translates to increased income for all "workers" involved. While in practice, the situation differs significantly between the members / clients.
 - (1) Many of these small-scale producers do predominantly use household labour with occasionally complementing their own labour with limited hired labour for harvesting etc.
 - (2) However there are also (an increasing number of) cases where the small-scale producer (owner of the farm) actually does have a decent income from other sources and predominantly uses hired labour on the farm.

- (3) Also mixed cases exist where the owner of the small or low medium-scale farm and other members of the farming household are fully employed on the farm, together with some more permanent and other occasional hired labour; with such informal employment as per the 'jornalero' practice reaching even more than 50% of total labour of the farm.
- iv) Anyhow the evaluators found no explicit, nor implicit, focus on also improving the income of daily labourers hired by members / clients of the 3 cases reviewed. This is certainly not particular to the 3 cases reviewed but a prevailing market condition in the agricultural sector in Ecuador.
- d) In practice, the evaluators found that the support provided to farmers and the resulting increased income of members / clients did not generate any difference or improvement in the level of income or other aspects of income security for hired labourers.
- e) In other words, the social benefit / impact from "fair trade", micro-finance, etc. seem to stop at the level of the supported farmer (member / client) and does not trickle down to the informally hired workers that contribute to the agricultural value chain.

While interpreting the above one shall still keep in mind that the leverage of the reviewed projects is limited in these issues. For example, BIO invests in a fund, that in turn invests in an MFI / financial cooperative, that then works with smallholder farmers, that hire these daily workers.

3.1.2 Leverage 1. Certifications and price setting

- A. The cases reviewed for this Ecuador country-level evaluation confirm that the level of prices paid to the farmer are essential for the level of income and income security of small-scale farmers. The review of the UNOCACE case clearly demonstrated that price incentives – through higher prices paid for more sustainable and fairer agricultural produce of high quality – are an essential leverage for improving income security of small and medium-scale farmers.

Further growth of UNOCACE volume also requires growth of a matching demand willing to pay a higher price for fairer and more sustainable cocoa.

- B. Using certifications, labels, etc. and managing commercialisation of quality produce and partnerships with clients is an adequate strategy towards better and more stable prices for smallholder farmers. However this always requires : (1) sufficient economics of scale, (2) corresponding value chain governance and (3) professional skills and experience with certifications, labels, etc.; taking into account that, over time, certifications have become more demanding with increasing bureaucratic workloads.
- C. However the cases reviewed clearly showed that the existing mechanisms of certification and pricing are not yet making a difference for hired day labourers working for (small and medium sale) producers.
- D. Overall the lessons learned indicate the need for more, and sufficiently targeted and broad, price incentives for improving income and other aspects of decent work, along with other social and environmental performance and impact. Such price incentives could be integrated in existing / new certification mechanisms and/or innovative modalities. This requires good analysis and governance of the value chain, accompanied by public policies, both at national and international levels. Such combined shall allow a fairer value distribution, benefitting small producers and farm

labourers who now earn the least and remain below a living income; while also contributing to environmental sustainability.

3.1.3 Leverage 2. Improvement of agricultural production

- A. The three case studies and other consultation of stakeholders clearly demonstrated that improving agricultural productivity, including improving and ensuring quality of agricultural produce, is an essential component of strategies to increase income and income security of workers in small and medium size agriculture in Ecuador.
- B. The well tested UNOCACE model for the transition from conventional cocoa farming towards organic dynamic agroforestry cocoa farming is convincing and can generate good economic / financial, social and environmental return on investment / funding.
- C. In particular the Jardín Azuayo case demonstrated very good practices in fully integrating technical advice for improved agricultural practices and profitable agricultural investment that are the “right fit” for the smallholder farmer with access to matching credit at low interest rates.

3.1.4 Leverage 3. Diversification of crops / sources of income

- A. The three case studies and other consultation of stakeholders clearly confirmed the importance of diversification of crops to improve income security of small and medium-scale farmers. It can provide significant results in generating income streams between harvesting seasons of the farmer’s main crop(s), in coping with market price volatility risks, etc. But reducing risks of specialisation at the level of the individual farmer is offset by less potential to reap economics of scale and other advantages of specialisation.
- B. The diversification of products grown on the farms also contributes to the food security of the family; this is an additional element of not only economic but also socio-economic gain, which UNOCACE and JA can highlight in their analysis of data and success stories.
- C. Overall, the evaluators observed an essential need and some promising initiatives to enhance farmers’ access to relevant information on economically viable agricultural diversification and to support farmers’ well-informed flexibility in response to evolving market contexts. While older generations may be more difficult to reach, the younger generation often have a good digital literacy and are more receptive for data driven strategies. Ideally this is combined with fair and efficient mechanisms for collecting agricultural produce of small-scale farmer and bringing these to the market (*refer also to leverage 6 - §3.1.7 and leverage 11 - §3.8.2*).

3.1.5 Leverage 4. Agro-processing

Most agro-processing initiatives under the 3 reviewed cases and/or by other consulted stakeholder are still in their initial stages and did not yet result in proven good practices. However the following guidance can be distilled from the exchanges:

- A) Profitability for local agro-processing may arise when:
 - (1) market prices for the agricultural produce drops significantly on moment that harvest is peaking and when harvested products are perishable and warehousing is not a viable option;

- (2) part of the harvest is of lower value for direct consumption, but still of very good quality for agro-processing;
 - (3) when timely transport to consumer markets is problematic and when transport of grouped volumes of nonperishable processed products is more economic.
- B) In any case investing in agro-processing requires:
- (1) strategically planning for sufficient economics of scale;
 - (2) linking the agro-processing with broader commercialisation/fair value chain governance approaches (*refer also to § 3.1.7*).
- C) Generating the required economics of scale could be done either through associations/cooperatives or through innovative (impact driven) entrepreneurship that commits to engage in a context of fair value chain governance in synergy with the community of small scale farmers (*refer also to § 3.1.6 - see below*).

3.1.6 Leverage 5. Agricultural entrepreneurship

- A) Developing or enhancing the skills and competencies among target groups (youth, women, cooperative members, ...) with respect to successfully managing their (existing or future) farming business is certainly pertinent. But the scope and ambition level shall be feasible.
- (1) By focussing on meeting concrete needs and adding practical value, it provides scope for youth in assisting their parents in better managing their farms.
 - (2) But the often-underlying assumption that providing training suffices to transform, often low or medium skilled, trainees into agricultural entrepreneurs, able to design their own successful agricultural business models is certainly not realistic, beyond the rare exemptions of a few success stories.
 - (3) It is therefore essential to combine efficient farm management skills development with the provision of well-thought-through farming models geared at different scenarios of size, farming contexts, etc.
- B) There is potential for applying “social franchising” models to multiply successful and well documented farming business concepts; while continuing the research and development and providing technical support and quality assurance to the franchise takers. This can for example be applied to the following ambitions of the cases / projects reviewed.
- (1) The establishment, funding and management of “learning farms” (*fincas de aprendizaje*).
 - (2) The transition of cocoa farms towards dynamic agroforestry and/or the establishment of new cocoa farms employing young people, potentially as a kind of (small or medium-scale) insertion agro-business (cf. UNOCACE).
 - (3) The business model of mechanized/specialized youth brigades (*brigadas de jóvenes mecanizado/especializado*) in agriculture.

3.1.7 Leverage 6. Collection, stockpiling and commercialization - Fair and sustainable value chain governance

- A) Under prevailing market dynamics, smallholder farmers and casual farm workers lack representation and voice since they often face difficulties in organizing; which in turn limits their capacity for representing their interests, collective bargaining and/or participation in value chain decisions. The evaluators observed a clear need and potential for coherent strategies and initiatives to establish fairer and more sustainable value chain governance mechanisms; with competent actors that can ensure efficient and profitable collection, stockpiling and commercialization of agricultural produce; aligned with fairness / sustainability principles and explicitly committed not to exploit vulnerabilities of individual smallholder farmers and informal farm workers (jornaleros). More recently this is recognized by the Government undertaking efforts to strengthen value chain governance and/or support fairtrade certification in several value chains (flowers, cocoa, coffee and banana).
- B) Initiatives to support a 'fairer commercialisation and value chain governance', shall be part of an integrated multiple pillar approach combining at least: (a) improved agricultural practices and productivity, (b) access to finance, (c) fairer commercialisation/ value chain governance, as well as (d) empowerment of smallholder farmers through practical skills development, conceptual education and associative development.
- (1) Cooperative models can certainly be promoted when the corresponding conditions of success are reunited; such as building on existing associations or cooperatives with sufficient potential and institutional history.
 - (2) In other settings it might be more appropriate to aim for and support the emergence of a new generation of impact driven intermediaries, committed to pay fair prices to smallholder farmers. Potentially linked to or being part of an economically viable social franchising mechanism, such new generation of intermediaries shall comply with transparent accountability.
- C) Impact funding could be sought and mobilised to fund such fairer value chain governance mechanisms, including collection points managed by associations or individual intermediaries; again complying with fair value chain governance principles.

3.2 Employment Security

Contract – Dismissal – Notice – Job loss – Job retention

For self-employed / farmers: Access to credit – Demand sufficiency – Scope to expand business – Job loss – Job retention

3.2.1 Overall analysis

- 1) **Employees** in organisations object of the case studies
 - a) The survey among employees of the reviewed organisations provides high scores on most aspects of employment security.
 - b) Only a few minor points of attention were raised.
- 2) **Small-scale producers** / farmers in family-based agriculture
 - a) As will be detailed below in §3.2.2; some of the cases improved access to credit for small and medium-scale farmers.
 - b) Access to affordable land remains an issue, as further developed in §3.2.3, but some initiatives reviewed do improve farmers capacity to expand their business; such as through the transition towards dynamic agroforestry cocoa farming, doubling the cocoa yield on the same plots while also allowing additional fruit crops and timber production (*already discussed in more details in §3.1.3*).
- 3) **Hired labour (day labourers)** hired by small-scale producers (family-based agriculture)
 - a) Overall the situation of these day labourers scores very low on income security.
 - b) As stated in §3.1.1, the day labourers remained out of scope of the initiatives that were reviewed by the evaluators. They did not benefit from increased income or other positive impact generated for the farmers.

3.2.2 Leverage 7. Access to finance / micro credit

- A) Providing “access to finance”, in form of both micro credit and tailored financial services, is an essential part of an integrated multi-pillar approach, ‘fit for purpose’ in meeting smallholder farmers’ needs and geared at increasing farmers’ income.
- B) However, while being regulated with interest rate caps and being one of the more competitive and mature microfinance markets in Latin America, overall in Ecuador, the available micro-finance market is still expensive for farmers. Taking into account that Ecuador has a dollarized economy, interest rates ranging between 22% and 25% or more, may significantly reduce the feasibility of profitable agricultural investments. These interest rates are primarily driven by high operational costs (weak infrastructure / difficult access in rural areas), increased risk and uncertainty in lending to small businesses, regulatory constraints, limited access to low-cost funding, administrative expenses for small loan sizes, and macroeconomic factors. Furthermore, most micro-finance institutions only provide access to finance, while other conditions of success might not be reunited.

- C) In such a context the evaluators consider the “Jardin Azuayo / CECCA” approach to be a great example of an integrated approach, combining technical support on agricultural investments and good agricultural practices, with viable interest rates (12,7%) and broader competency development and support for the empowerment of the farmer. While JA has been growing considerably and successfully, there is still a lot of scope for further expansion of JA. Of course, doing so requires careful managing of growth and ensuring that the institutions’ factors of success remain intact and are even further enhanced.

3.2.3 Leverage 8. Access to land

- A) The need for more instruments to facilitate the transfer of farming land from aging farmers to rural youth has been raised in exchanges with many stakeholders met. The evaluators understood that there is a risk of losing a generation of potentially interested youth, while in the coming years and decades it might be difficult to find replacement for old farmers who die or stop their farming activities.
- B) Concepts of “learning / insertion farms”, as a bridging instrument for youth and women without (immediate) access to land have been discussed with VVOB, UNOCACE and Jardin Azuayo (*cf. also to §3.1.6*) and could be further explored.

3.3 Labour market security

<i>Irregularity of work – Underemployment – Professional training – Job mobility – Disapproval</i>

- 1) **Employees** in organisations reviewed
- Overall, labour market security is fine for employees of the reviewed organisations (*cf. the three case studies*). They have regularity of work and full employment, while benefitting from regular professional training.
 - However, the employment security scores significantly weaker vis-à-vis the following question “If you were to lose your current job, how easy would it be to find a job of a similar or higher salary?”. This relates to the fact that access to good formal employment is scarce in Ecuador and thus job mobility is more problematic.
- 2) **Small-scale producers** / farmers in family-based agriculture
- The three cases and other stakeholders consulted have undertaken relevant initiatives to enhance professional skills of smallholder farmers. (*As already discussed in §3.1.3, §3.1.4, §3.1.6 and §3.2.2; and as will be further discussed under §3.9.3.*)
 - UNOCACE and JA, as well as TRIAS and Rikolto and even the Ministry of Agriculture have undertaken or do undertake initiatives to empower or at least better inform smallholder farmers, thus also (at least somehow) reducing the risks that intermediaries take advantage of their vulnerabilities.
- 3) **Hired labour (day labourer)** hired by small-scale producers (family-based agriculture)
- Overall the situation day labourers scores very low on aspects of labour market security; this also applies for day labourers hired by farmers supported in the 3 cases reviewed.

- b) The day labourers remained out of scope of the reviewed initiatives. and they did not benefit from increased income or other positive impact generated for the farmers. (*More details in §3.1.1.*)

3.4 Social protection

Work injury insurance – Sick leave – Pension benefit – Invalidity benefit – Maternity – Severance payment – Social transfers

3.4.1 Overall analysis

1) **Employees** in organisations reviewed.

- a) Overall, these employees, being formally employed, benefit from a basic social protection (*cf. §2.2.5*). Nonetheless stakeholders consider that the quality of public health services, as covered by the official social security system, has declined a lot during the past decade. It should also be noted that the organisations reviewed did not really offer additional social protection instruments, beyond the legal requirements. Nonetheless, it should be noted that compared to neighbouring countries legal requirements are rather robust in Ecuador, while in critical situations, the reviewed organisations demonstrated their commitment to employee well-being by offering additional services beyond legal requirements. For example, during the COVID-19 pandemic, they facilitated access to vaccinations for their employees and provided specialized health services, including psychological support.
- b) In several cases, the evaluators observed that employees are not sufficiently aware of the social protection instruments that are available to them and that they may benefit from in case of injury, illness, etc.

2) **Small-scale producers** / farmers in family-based agriculture

- a) As stated in §2.2.4, the existence of the “seguro campesino” is clearly a strength of Ecuador. However, none of the cases reviewed have systematic information on the rate of affiliation to this “seguro campesino” among the farmers they are supporting as a member or client. The organisations reviewed undertake no or few initiatives to raise awareness and stimulate affiliation to this farmer social security by the smallholder farmers among their members or clients.
- b) To a certain extent, social protection remains out of their explicit scope of activity; while actually it would fully fit under their broad ambition to contribute to better lives for their members and clients. All over, the evaluators found few added value in improving social protection of smallholder farmers.
- c) It should be noted however that UNOCACE has established a social fund for supporting its individual members and intends to use it provide some additional social protection mechanisms for the members.

3) **Hired labour (day labourer)** hired by small-scale producers (family-based agriculture)

- a) As stated above (*chapter 2 and more particularly §2.2.1*), there is very few ‘formal employment’ in the agricultural sector in the country. Overall informal employment practices apply, often even in larger farms and by strong agro-businesses.

- b) In principle, day labourers living in rural areas have access to the “seguro campesino”, but the affiliation rate is even significantly lower than for farmers. Furthermore, poor day labourers benefitting from the small social cash transfer or Human Development Bond (Bono de Desarrollo Humano, BDH) are in practice discouraged of affiliating to the “Seguro Social Campesino” because doing so would imply that they would lose the “Bono”. Also a day labourer living in a small rural town is not entitled to affiliate to the farmer social security, even if earning a living through farm work.
- c) The official discourse of the Ministry of Labour is that any farmer employing a day labourer should register this as a formal employment with IESS. However doing so would increase the cost of such labour with at least 50% for the farmer, while the worker would not be earning anything extra and the administrative burden for the farmer would be prohibitive (even if the IESS has online procedures). The gap between the informal practice and the formal requirement is thus enormous.
- d) None of the cases reviewed or stakeholders consulted had any initiative in support of social protection for day labourers in agricultural value chains. They remained out of scope of attention.

3.4.2 Leverage 9. Social protection and insurance

- A) By creating formal employment for their own staff, the organisations reviewed (3 cases) did provide basic social protection for their employees. In Ecuador, working under a formalised employment makes an important difference for social protection of the worker concerned; even though in the last decade its attractiveness has a bit declined due to reduced quality of service (e.g. in health service) and declining public funding.
- B) The existence of the “Seguro Social Campesino” mechanism, with a relatively low financial threshold for the farmer, is an important asset for social protection of small-scale farmers.
 - (1) However both awareness and the rate of affiliation remain low. Actors consulted also lack information on the level of enrolment with the “Seguro Campesino” among farming households and among hired farm workers in the agricultural value chains they support.
 - (2) Cooperatives (including UNOCACE, Jardin Azuayo / CECCA, ...) and Belgian Development Cooperation actors supporting them might consider raising awareness and fostering (potentially even automating) enrolment in the “Seguro Social Campesino” of the cooperative’s members; thus providing access to social protection for these farmers and (members of) their farming households.
- C) Farm workers (day labourers or jornaleros) hired by small and medium scale farmers.
 - (1) None of the cases reviewed undertook any initiative to improve social protection for farm workers hired by the farmers they support; this remained out of their scope of attention.
 - (2) It is essential to acknowledge that today in Ecuador there are no viable mechanisms to generate basic social protection for hired farm workers (jornaleros). Under the current systems, the gap with formal employment cannot be bridged by small and medium-sized producers hiring such farm workers.
 - (3) There is a need for some kind of “paradigm switch”, and related changes in concepts and regulatory systems, to foster affiliation to the “Seguro Social Campesino” by whoever earns a living by working in the agricultural system, even if this is through informal employment by

small and medium sized producers. This includes allowing hired farm workers to be affiliated, even when their domicile is in a city and to remove disincentives as through losing benefit of the bono.

3.5 Work life balance

Work hours – Weekend – Rest – Job satisfaction – Excessive hours

- 1) **Employees** in organisations reviewed
 - a) Overall the decent work survey among employees of the organisations reviewed with the three case studies provide rather good score on the 'work life balance' dimension.
 - b) Staff consulted indicated to be very motivated in their job and to identify with the vision and mission of their organisation.
 - c) Their work hours tend to be long, and they are flexible in responding to peaks in the workload. On the other hand the employer also grants sufficient flexibility to the employee, thus empowering the employee to do a good job while also responding to needs of the family and managing a decent work life balance.
- 2) **Small scale producers** / farmers in family-based agriculture
 - a) Overall the smallholder farmers consulted indicated that they have an intrinsic job satisfaction as a farmer. Their primary focus is on the other dimension of decent work and in particular issues with their income, employment and labour market security, as discussed above.
 - b) The efforts made by UNOCACE and by JA to enhance the competences of their members and to further empower them (*refer among others to §3.1.5 and §3.9.3*) are factors that contribute to the level of agency and thus also of job satisfaction of the smallholder farmers involved.
- 3) **Hired labour (day labourer)** hired small-scale producers (family-based agriculture)

As stated in §2.2.5, for many workers, the focus of concern is more about first securing work and sufficient income; with work life balance remaining a secondary focus

3.6 Fair treatment

Discrimination gender, family – Discrimination physical, race & co, pol & religion – Child labour – Forced labour: involuntariness & coercion

- 1) **Employees** in organisations object of the case studies
 - a) Overall the decent work survey among employees of the organisations reviewed provides scores that may be qualified as "good" or "very good" on the dimension of fair treatment.
 - b) No issues of discrimination or forced labour of child labour were identified within these organisations.
 - c) Existing policies and practices of the organisations reviewed, in particular of Jardin Azuayo and of Vision Fund Ecuador, consciously provide opportunities for formal employment in the areas where they open an office. Overall they conduct efforts to recruit staff from the poor and disadvantaged communities that they target as members / clients.

- 2) **Small-scale producers** / farmers in family-based agriculture
- a) Overall there are huge issues of fair treatment of small-scale producers in Ecuador.
 - i) If they are not well informed and/or not associated or supported there are significant risks that middlemen / intermediaries in the value chain benefit from their 'vulnerabilities'.
 - ii) Both UNOCACE and Jardín Azuayo have developed and implemented integrated approaches and good practices to reduce such vulnerabilities among their members smallholder farmers.
 - b) In the three cases reviewed (UNOCACE, Jardín Azuayo and Vision Fund Ecuador) the evaluators found both explicit ambitions and good practises towards providing equal access to membership of the cooperative and/or to financial services; while specifically targeting poorer and disadvantaged communities and managing any risk of discrimination.
 - c) Overall in family-based agriculture in Ecuador, forced labour and child labour are probably not a real issue.
 - i) But in the 3 cases reviewed, the evaluators observe a lack of information to demonstrate the absence of harm linked to children working on their parents' family farms.
 - ii) The evaluators recommend tracking performance in meeting children's basic needs and right and in levels of nutrition, overall health, literacy, numeracy, life skills and opportunities for empowerment of children and youth among the farming families and communities that they support as members or clients.
 - iii) In particular for the poorer and/or more vulnerable households among their members additional initiatives or support mechanisms could be envisaged to improve the attainment of children's needs (nutrition, literacy/numeracy/life skills, , ...) and empowerment of young people.
 - iv) As further developed under §3.1.3 and §3.9.3, both UNOCACE and Jardín Azuayo already implement interesting initiatives targeting the empowerment of young people among the communities of their members.
- 3) **Hired labour (day labourer)** hired by small-scale producers (family-based agriculture)
- a) As mentioned all along this chapter, fair treatment for day labourers (hired by supported farmers) remains out of scope of the cases and value chain development initiatives reviewed.
 - b) Vulnerabilities and risks of exploitation of day labourers also depend on the level of demand for / supply of day labourers. For example the significantly lower remuneration of hired labour in the Ibarra region (in comparison to the "Milagro" and "Cuenca" areas) is clearly linked to the inflow of migrants and the higher supply of cheap informal labour in the Ibarra region.
 - c) Taking into account the high level of vulnerability of day labourers and their families, there are probably issues of forced labour and child labour to address in their communities. But no information is available and further research is probably required.
 - d) Overall the topic of decent work, including fair treatment, of day labourers (hired by supported farmers) remained out of the scope of attention of the stakeholders consulted. Nonetheless, they were quite open and willing to discuss the issue and confirmed that it should be addressed since they abide by the idea that "fairness" in a value chain cannot stop with the smallholder farmer but should trickle down to their hired labourers as well.

3.7 Working conditions and occupational safety and health (OSH).

Health impact – Protective equipment – Time pressure – Ergonomic risks – Biochemical risks – Ambient risks – Training OSH – Access to amenities

3.7.1 Overall analysis

1) **Employees** in organisations reviewed

- a) Overall the decent work survey shows that this dimension scores well for the employees of the organisations reviewed. Overall working conditions of staff are adequate, and no problematic issues were identified.
- b) Some specific initiatives in this area were found. For example at UNOCACE the evaluators found a few specific initiatives towards reducing risks of harm by repetitive handling of heavy weights when packaging and shipping
- c) However, more all-over, the stakeholders consulted have invested little attention to OSH initiatives going beyond legal requirements.

2) **Small-scale producers** / farmers in family-based agriculture

- a) Several initiatives targeting enhanced productivity through mechanisation may have positive effects on OSH or imply specific attention to the OSH risks related to such mechanisation.
- b) However, more all-over, the evaluators found few added value from the cases reviewed towards improving working conditions and OSH of the small and medium-scale farmers. OHS for farmers remained largely out of scope of attention and focus of the cases reviewed.

3) **Hired labour (day labourer)** hired by small-scale producers (family-based agriculture)

Again here, working conditions and OHS of workers (day labourers) hired by small and medium-scale producers remained out of focus. The cases reviewed did not generate any added value in this perspective.

3.7.2 Leverage 10. Research and awareness building on occupational health and safety

The evaluators observed that occupational health and safety (OHS) in agriculture remained largely out of scope of the cases reviewed, while this is a dimension where there might be opportunities for relatively low cost and high leverage interventions through awareness raising about potentially harmful farming and work practices.

The stakeholders could undertake simple OSH scans of agricultural practices and other work processes in their agricultural value chains. This includes leveraging knowledge about typical work-related harm that occurs among the farmers and workers. It is recommended to integrate this OSH dimension as an integral part of any initiative of promoting good agricultural practise and enhancement of productivity in agriculture.

3.8 Voice and representation

Freedom of association – Worker rights – Inspection

3.8.1 Overall analysis

- 1) **Employees** in organisations object of the case studies
 - a) Overall the decent work surveys show that this dimension meets basic requirements for the employees of the organisations reviewed.
 - b) Overall staff indicated that their voice is heard and that they feel well represented in the governance of the organisation. No particular issues were identified.
 - c) Nonetheless, across the case studies, the evaluators observed that employees were not really aware of their rights and agency to form a trade union, in defence of their rights, as provided by the laws of the country and by ILO conventions adopted by Ecuador.
- 2) **Small-scale producers** / farmers in family-based agriculture
 - a) All-over in agricultural value chains in the country, the dimension of ‘voice and representation’ remains (very) weak for smallholder farmers. This results in vulnerabilities of smallholder farmers who are poorly informed and not represented; while value chain governance generally remains weak.
 - b) But rather good / good / very good results of initiatives under case studies. (*Refer below to §3.8.2, as well as to §3.1.7.*)
- 3) **Hired labour (day labourer)** of small-scale producers (family-based agriculture)
 - a) As developed in §2.2.8, the dimension of ‘voice and representation’ of farm workers / hired labour in the agricultural sector in Ecuador remains very weak.
 - i) Very few initiatives of worker representation exist in the agricultural sector in the country.

The evaluators did contact and talk to members of one agricultural union, ASTAC, in Milagro area. This was a grouping of small-scale cocoa producers associated to a banana workers’ union. The discussions held confirmed the multiple hurdles for any association and collective bargaining and defence of rights and interests by farm workers and smallholder farmers.
 - ii) Most employment remains informal and as many farms are small and scattered in the countryside, association of farm workers is difficult.
 - b) The evaluators found no added value from the cases reviewed for day labourers hired by the supported small and medium-scale farmers.
 - i) The focus of the reviewed cooperatives / farmers’ associations stops with their “members”.
 - ii) Even though both UNOCACE and Jardin Azuayo are really focused on inclusion and on enhancing voice and representation; they have not developed mechanisms for inclusion of the voice of day labourers (jornaleros) hired by their members in the governance of the value chain or of the cooperative itself.

3.8.2 Leverage 11: Associations / cooperatives of farmers and stakeholders

- A) Association of farmers is definitely a key component of an integrated multiple pillar approach. However building viable and resilient associations and cooperatives is not a 'quick win' and success stories are not easy to replicate (*refer also to §3.1.2.*). Nonetheless, strengthening existing associations / cooperatives with the right potential seems to be a worthwhile strategy; more than stimulating the creation of new associations.
- B) When farmer associations / cooperatives with sufficient capacity do not exist, it may be more appropriate to conceive and implement alternative / innovative models for evolving towards fairer and more sustainable value chain governance.
- (1) For example key value chain roles such as 'stockpiling / collection and commercialisation' and other intermediary roles in the value chain could also be entrusted to specialised actors committing to fair prices for smallholder farmers and other sustainable value chain governance principles.
 - (2) Impact franchising concepts might be envisaged for replicating successful pilots in doing so; while creating interesting opportunities for dynamic young people with the right background. (*For further details, refer also to §3.1.6 and §3.1.7.*)
 - (3) Still it will be important that farmer associations or other farmer interest platforms take on roles with respect to informing farmers, conducting price negotiations on their behalf and defending their rights.
- C) While success stories such as UNOCACE and Jardín Azuayo are difficult to replicate, taking into account the long maturing process they went through, they themselves have a lot of scope to continue growing, expand their business and enhance their positive impact.
- (1) These 2 cooperatives merit appropriate support and funding for allowing such growth.
 - (2) However, managing such growth, avoiding excessive rate of growth, remains an essential challenge and strategic task for both cooperatives.
 - (3) Both UNOCACE and Jardín Azuayo do need to enhance their capacity to manage, measure and demonstrate their social and environmental impact and demonstrate the social / environmental return on investment / funding. (*For more info, refer to §3.9.3.*)
- D) While appreciating all the key strengths of both UNOCACE and Jardín Azuayo, the evaluators recommend these cooperatives to reflect on efforts to enhance the voice and representation and the inclusion of day labourers (jornaleros) hired by their members. Acknowledging that they contribute to the value chain and are key stakeholders, UNOCACE could reflect on a kind of landless farm worker representation in its governance system at different levels. Also Jardín Azuayo could reflect on mechanisms of inclusion of those stakeholders of the agricultural activities and value chains supported by the cooperative.

3.9 Transversal leverages

3.9.1 Leverage 12. Policies and regulations

- A) In relation to several leverages discussed in this chapter 3, there is an interesting evolution in the focus of the Ministry of Agriculture towards promoting agricultural value chains that are more sustainable and also fairer for smallholder farmers. This also includes increased attention for decent work in agriculture and for appropriate value chain governance. Even though the process is considered slow, stakeholders appreciate this trend and expect it might generate new opportunities. Belgian actors such as Rikolto and TRIAS, through their ongoing and starting collaborations with both larger international development partners (GIZ, EU, ...) and with key national actors such as UNOCACE and Jardin Azuayo may have already influenced and could influence more through enhancing synergy among them and systematic promotion of good practices existing in Ecuador; in connection with international experience.
- B) As explained above, it is fundamental to create viable options (strategies, / regulations / mechanisms) for some kind of semi-formalising of hiring of farm workers (jornaleros) by small and medium-size producers.
- (1) The identified need is about:
 - i) allowing for small but feasible steps towards more decent work for these day labourers; considering that the gap between the current practices and normal formalised employment is impossible to bridge by small-scale producers;
 - ii) solving insecurity of such small-scale agricultural producers whose generalised informal employment practices are officially illegal;
 - iii) in respect of evolving (future) requirements of certifications and of HR/social due diligence of agricultural supply chains of importers in Europe / USA / etc.
 - (2) One step could be opening up the “Seguro Social Campesino” for anyone making a living as ‘farm worker’ (even if her/his official address is in a town) and to make such adherence to the Farmer’s Social Insurance more attractive.
 - (3) Building on ongoing experiments of UNOCACE, scenario’s may also be tested for landless farm workers to be trained and informed and potentially also form part of a group of skilled and mechanised farm workers that provide services to small and medium-sized producers.
 - (4) Of course, the ideas advanced above are delicate and should not be abused by large farms and agribusinesses that could perfectly afford to offer normal formalised employment in the agricultural sector.

3.9.2 Leverage 13. Education and skills development

- A) There are opportunities to further consolidate, multiply and/or leverage these good practices in education and skills development through collaboration with other development partners, the Ministry of Agriculture, etc.
- B) Establishing economically viable “learning farms” at the agricultural technical colleges, potentially in synergy with the concept of “learning farms – Insertion farms”, set up by cooperatives or impact business initiatives under a social franchising arrangement, seems a strategy to be further explored.

3.9.3 Leverage 14. Data, information and social and environmental impact measurement and management.

- A) Multiple actors encountered (the case studies reviewed, Belgian NGOs in Ecuador as well as government agencies – e.g. MAG), have some data and information relevant for understanding decent work issues. But these data need to be better used and enhanced, both qualitatively and quantitatively, as to provide deeper understanding about decent work aspects and their impact on individuals and groups.
- B) In relation to ongoing and future certifications, both UNOCACE and Jardin Azuayo–CECCA are already engaged in a process to improve their tracking, measurement and reporting of environmental and social impact; also in view of obtaining a green seal, funding for carbon capture, etc. Such efforts merit further support by the Belgian Development Cooperation.
 - (1) It is observed that certifications are a first leverage to have some relevant impact data and information with respect to decent work and other areas, such as fair trade, organic, etc.
 - (2) But, for both UNOCACE and Jardin Azuayo–CECCA, there is a need to go beyond the ‘binary’ / compliance paradigm of certification and to be able to deepen the measurement, management (continuous further improvement) and transparency of their social and environmental impact.
 - (3) Subsequently they can leverage such trustworthy impact data and information for retaining existing funding streams and attracting additional impact funding as needed to support the growth of their organisations and operations and extend the reach and impact of their good practices.

4 Analysis of cross-cutting themes

4.1 Coherence and synergy

Overall, the internal coherence of each of the three cases reviewed and of the programmes of the other Belgian actors consulted seems adequate. No specific issues were found.

The evaluators also observed (rather) good levels of coherence and synergy between the ambitions, capacities and experiences of the Belgian actors of development cooperation and the ambitions, capacities and (good) practices of their partner organisations in Ecuador. Of course, for the indirect investment of BIO, the role of fostering such coherence and synergy is being implemented by Incofin as fund manager.

However, the level of synergy and mutual learning between these different Belgian actors of development cooperation and/or between the organisations they support could be further enhanced. Such increased coordination could include exchanges on good practices and lessons learned and is certainly required to leverage joint insights as contribution for the finetuning of national policies and regulations with respect to aspects of decent work.

Also more specifically, there is scope for potential partnerships between UNOCACE and Jardin Azuayo; for example for setting up and managing a funding mechanism for the transition to organic dynamic agroforestry cocoa farming by (existing and potentially future) UNOCACE member farms. Also joint membership could be envisaged with members of UNOCACE becoming members of JA, thus streamlining all payment processes and financial streams between UNOCACE, its local associations and its individual farmers.

Synergies could also be further enhanced with respect to approaches and good practices for data collection, information and impact measurement and management. In particular in relation to aspects of decent work, this would also cover methods and practices for: living income benchmarks, household income measurement and monitoring, performance tracking in relation to targeted dimensions of decent work, social and environmental impact measurement and management, etc.

4.2 Gender

All three cases reviewed, as well as the other stakeholders consulted, have explicit ambitions related to gender challenges; they all do focus on tackling gender issues.

In some areas gender specific performance data is available. For example inclusion of women in enhancing financial access for target groups is being systematically tracked by both Vision Fund Ecuador and Jardin Azuayo. The same is done by Jardin Azuayo and UNOCACE for the effective participation of women in development of members' competencies, in empowerment / leadership processes and in internal cooperative governance at different levels. However in multiple other areas, the evaluators found less information about effectiveness and achievement of gender related ambitions. A periodic (at least annual) update of key gender related challenges and improvement targets for the organisation might also be considered.

4.3 Environment

Among the cases reviewed, the UNOCACE case stands out as having a very strong focus on environmental issues. Since the start of the cooperative in 1999, the strategic choice was to engage fully in organic and in fair trade certified farming. Thus environmentally friendly farming, soil improvement, etc. have always been and are at the core of the cooperative's values. The focus on the further transition to dynamic agroforestry cocoa farming takes this environmental focus and ambition several steps further (*for more details refer to §3.1.3*).

Jardin Azuayo also applies systemic concepts with due attention to the environmental dimension, even if this is less pronounced than at UNOCACE.

As actors in agro finance sector, both Jardin Azuayo and Vision Fund Ecuador conduct environmental risk assessments of the projects they are asked to fund, as part of the approval process of micro credits and loans provided by them to their members / clients. This is still a recent process, required by the Government, that needs to mature further.

Overall, the environment as a cross-cutting theme is rather well taken into account in the reviewed cases and by the stakeholders consulted.

4.4 Sustainability

The sustainability of agricultural value chains, considering both the environmental and the social dimensions of such sustainability, is an important theme for the cases reviewed and stakeholders consulted. The whole concept of "decent work" relates to the social sustainability and fairness of such value chains. Overall, this is well addressed in the cases reviewed, in particular by UNOCACE and by Jardin Azuayo.

With respect to the sustainability of the results of the reviewed cases, including the support provided by the Belgian Development Cooperation to these partners in Ecuador, several *strengths* should be highlighted.

- a) The work done and the results achieved, as described and assessed in this report, are fully owned and embedded in strong Ecuadorian organisations (UNOCACE, Jardin Azuayo and Vision Fund Ecuador).
- b) In particular for UNOCACE and Jardin Azuayo there are very clear prospects for further multiplication of good practices and corresponding positive impact (including for different aspects of decent work) through further growth and expansion of both cooperatives.
- c) The explicit attention for (different dimensions of) "Decent Work" is increasing among the stakeholders consulted in Ecuador. This is not only the case for the Belgian NGOs, such as TRIAS and RIKOLTO, for whom decent work is key in their current 5-year programmes but also among the multiple stakeholders visited in Ecuador, including in the Ministry of Labour and in the Ministry of Agriculture. Even though all is still in its initial stages, this includes enhanced awareness of the need for systemic changes in support of small and medium-scale agriculture and the transition towards fairer and more sustainable value chains and appropriate value chain governance to support it.

At the same time it is essential to highlight several *challenges* with respect to the sustainability of the results of the reviewed cases.

- 1) It is essential to acknowledge that “decent work” is part of the social dimension of sustainability in agricultural value chains and that systemic changes are required as to ensure that more sustainable agricultural produce, considering both the social and the environmental dimensions of sustainability in agricultural produce is not outcompeted by unsustainable produce.
 - a) For example, considering the export-oriented cocoa value chain, we must acknowledge that the current model of UNOCACE is linked to a small niche market of a limited number of corporate clients in Europe and North America willing to pay sufficiently more for more sustainable cocoa. Envisaging a consistent significant further growth of the volume of cocoa under the UNOCACE model, thus transforming less sustainable cocoa farming into significantly more sustainable cocoa farming, requires for this niche market to extend considerably and eventually be mainstreamed.
 - b) The same thinking applies to agricultural value chains destined for the national market; even though experimenting in niche markets remains a good option for initial phases.
 - c) When the ambition is to move beyond limited niche markets, where fairer and more sustainable agricultural produce is valued by committed clients, then systemic changes will be necessary. This requires incentives for more sustainable agriculture and disincentives for less sustainable agriculture. Thus there is a need for a “level playing field” market where the cost of social and environmental harm related to less sustainable agriculture are taken into account.
- 2) It must be acknowledged that promoting and mainstreaming “decent work” also requires fundamental paradigm shifts and inevitably has policy and political dimensions.
 - a) For example opening the focus of “decent work” in agriculture also to the day labourers (jornaleros) requires a shift in the mindset of all involved; while acknowledging that this may impact on vested economic interests.
 - b) This requires accepting that there is a lot of informal employment with fundamental decent work challenges for both small and medium-scale producers and for the farm worker they hire and that there is a need for viable mechanisms for (step-by-step) improvements vis-à-vis targeted dimensions of decent work.
 - c) Summarizing the above, it must be acknowledged that both the sustainability of results and progress achieved in the cases reviewed and the feasibility of ideas for further steps towards tackling decent work challenges in agricultural value chains in Ecuador will also depend on evolving contexts that are beyond the control of the stakeholders consulted. This implies that adapting to evolving contexts and making best use of emerging opportunities will be key in further advancing performance vis-à-vis decent work ambitions.

5 Conclusions

The case studies complemented with consultation of other stakeholders, showed that decent work ambitions are increasingly integrated in Belgian support to the development of agricultural value chains in Ecuador. Very interesting and sometimes exceptionally good practices were found in particular at UNOCACE and at Jardin Azuayo. Also the programmes of TRIAS, RIKOLTO and other Belgian actors or their partners comprise interesting approaches and promising pilots.

Overall, the situation of workers in **formal employment** in Ecuador scores relatively well, on all dimensions of decent work. This was confirmed through decent work surveys with employees of the 3 reviewed organisations. All legal and regulatory requirements are complied with; but few contributions were found going beyond these requirements. Nonetheless every additional recruitment by the supported organisations does imply positive decent work impact for the concerned employees.

The cases reviewed mostly focus on improving the situation of **smallholder farmers** and their families. Selected key findings, for the 8 dimensions of 'decent work', are summarized below.

- 1) Income security. Most efforts were focused on this dimension. The evaluation revealed some very good and effective practices resulting in improved income security of smallholder farmers. The success formulae (*both for UNOCACE and Jardin Azuayo*) reside in: (a) a foundation of many years of institutional and organisational development as a cooperative, (b) a practice of continuously improving strategies and services; (c) carefully combining multiple leverages (*please refer to leverages 1 to 6 and also leverages 7 and 8, as described in this report*).
- 2) Employment Security. Smallholder farmers' capacity to expand their business was enhanced through micro credit and also through support allowing increased yield / enhanced activity per ha, thus helping in overcoming problematic access to land as a limiting factor.
- 3) Labour market security. The cases reviewed have enhanced professional skills and empowered or at least better informed smallholder farmers, thus also (at least somehow) reducing the risks that intermediaries take advantage of their vulnerabilities.
- 4) Social protection. The organisations reviewed undertook no or few initiatives to raise awareness and stimulate affiliation to the "farmer social security" by smallholder farmers and did not really contribute to improvements in their social protection.
- 5) Work life balance. By enhancing the competences of their members and further empowering them, UNOCACE and Jardin Azuayo contributed to the level of agency and thus also to the job satisfaction of the smallholder farmers involved.
- 6) Fair treatment. The three cases reviewed have explicit ambitions and good practises towards providing equal access to membership of the cooperative and/or to financial services; while specifically targeting poorer and disadvantaged communities and managing any risk of discrimination.
- 7) Working conditions and occupational safety and health (OSH). All-over, the evaluators found few added value from the cases reviewed towards improving working conditions and OSH of small and medium-scale farmers.
- 8) Voice and representation. Both UNOCACE and Jardin Azuayo have very good practices geared at enhancing the "voice and representation" of small and medium-scale farmers, members of their cooperative.

While significant decent work improvements were achieved for small and medium-scale farmers (and member of their household), the needs of day labourers or '*jornaleros*', hired by these farmers, are neglected. The day labourer remained completely out of scope of the support provided by the Belgian Development Cooperation and no significant efforts or results were found for none of the dimensions of decent work for these day labourers. In other words, the most vulnerable workers in the agricultural value chains did not benefit.

This report identifies multiple **leverages** towards improving decent work performance. A selection of lessons learned is summarised hereafter.

- 1) The level of prices paid to the farmer is an essential leverage for improving income security of small-scale farmers.
 - a) Using certifications, labels, etc. and managing commercialisation of quality produce and partnerships with clients is an adequate strategy towards better and more stable prices for smallholder farmers. However this always requires: (1) sufficient economics of scale, (2) corresponding value chain governance and (3) professional skills and experience with certifications, labels, etc.
 - b) The cases reviewed clearly showed that the existing mechanisms of certification and pricing are not yet making a difference for hired day labourers working for (small and medium-scale) producers in Ecuador. Furthermore, sufficiently targeted and broad, price incentives are needed for improving income and other aspects of decent work for workers in the value chain.
 - c) Further growth of UNOCACE volume also requires growth of a matching demand willing to pay a higher price for fairer and more sustainable cocoa.
- 2) Improving agricultural productivity, including quality assurance of agricultural produce, is also a key leverage to increase income and income security of workers in small and medium size agriculture.
- 3) It is important to enhance farmers' access to relevant information on economically viable agricultural diversification and to support farmers' well-informed flexibility in response to evolving market contexts.
- 4) Investing in agro-processing requires sufficient economics of scale and linking with broader commercialisation/fair value chain governance approaches. Generating the required economics of scale could be done either through associations/cooperatives or through innovative (impact driven) entrepreneurship that commits to engage in a context of fair value chain governance in synergy with the communities of small-scale farmers.
- 5) The often-underlying assumption that providing training suffices to transform, often low or medium skilled, trainees into agricultural entrepreneurs is certainly not realistic. It is therefore essential to combine efficient farm management skills development with the provision of well-thought-through farming models geared at different scenarios of size, farming contexts, etc.
- 6) There is a clear need and potential for coherent strategies and initiatives to establish fairer and more sustainable value chain governance mechanisms; with competent actors ensuring efficient and profitable collection, stockpiling and commercialization of agricultural produce and effectively committed to fairness / sustainability principles.
 - a) Initiatives to support a 'fairer commercialisation and value chain governance', shall be part of an integrated multiple pillar approach combining at least: (a) improved agricultural practices and productivity, (b) access to finance with corresponding education, (c) fairer commercialisation/ value chain governance, as well as (d) business skills development,

associative/cooperative knowledge and organization and empowerment of smallholder farmers.

- b) Cooperative models can be applied when the corresponding conditions of success (including support and progressive implementation with time to mature) are reunited. In other settings it might be more appropriate to aim for and support the emergence of a new generation of impact driven intermediaries, committed to pay fair prices to smallholder farmers.
 - c) There is potential for applying “social franchising” models to multiply successful and well documented farming business concepts with fair value chain governance and effective commercialisation. Such models would imply continued research and development as well as technical support and quality assurance to franchise takers.
- 7) Providing “access to finance”, in form of both micro credit and tailored financial services, is less appropriate as a stand-alone leverage; but it is an essential part of an integrated multi-pillar approach, ‘fit for purpose’ in meeting smallholder farmers’ needs and geared at increasing farmers’ income. However, overall in Ecuador, the available micro-finance market is too expensive. Nonetheless, the “Jardin Azuayo / CECCA” approach is a good example of an integrated approach, combining technical support on agricultural investments and good agricultural practices, with viable interest rates (12,7%) and broader competency development and support for the empowerment of the smallholder farmers.
 - 8) The existence of the “Seguro Social Campesino” mechanism, with a relatively low financial threshold for the farmer, is an important asset for social protection of small-scale farmers. However both awareness and the rate of affiliation remain low. Raising awareness and fostering (potentially even automating) enrolment in the “Seguro Social Campesino” of the cooperative’s members could be envisaged.
 - 9) Today in Ecuador there are no viable mechanisms to generate basic social protection for farm workers (jornaleros) hired by small and medium scale farmers. There is a need for some kind of “paradigm switch”, and related changes in concepts and regulatory systems, to foster affiliation to the “Seguro Social Campesino” by whoever earns a living by working in the agricultural system, even if this is through informal employment by small and medium sized producers.
 - 10) The stakeholders could undertake simple OSH scans of agricultural practices and other work processes in their agricultural value chains.
 - 11) Association of farmers is definitely a key component of an integrated multiple pillar approach. However building viable and resilient associations and cooperatives is not a ‘quick win’ and success stories are not easy to replicate. Nonetheless, strengthening existing / emerging associations / cooperatives with the right potential seems to be a worthwhile strategy.
 - 12) While success stories such as UNOCACE and Jardín Azuayo are difficult to replicate, taking into account the long maturing process they went through, they themselves have a lot of scope to continue growing, expand their business and enhance their positive impact.
 - 13) While appreciating all the strengths of both UNOCACE and Jardin Azuayo, the evaluators recommend these cooperatives to reflect on efforts to enhance the voice and representation and the inclusion of day labourers (jornaleros) hired by their members.
 - 14) There is an interesting evolution in the focus of the Ministry of Agriculture towards promoting agricultural value chains that are more sustainable and also fairer for smallholder farmers. This

also includes increased attention for decent work in agriculture and for appropriate value chain governance.

- 15) It is also fundamental to create viable options (strategies, / regulations / mechanisms) for some kind of semi-formalising of hiring of farm workers (jornaleros) by small and medium-size producers. While piloting innovative ideas, in concertation with the competent public authorities is recommended, this ultimately requires evolving and adapted public policies and frameworks.
- 16) Establishing economically viable “learning farms” at the agricultural technical colleges, potentially in synergy with the concept of “learning farms – Insertion farms”, set up by cooperatives or impact business initiatives under a social franchising arrangement, seems a strategy to be further explored.
- 17) In relation to ongoing and future certifications, both UNOCACE and Jardin Azuayo–CECCA are already engaged in a process to improve their tracking, measurement and reporting of environmental and social impact; also in view of obtaining a green seal, funding for carbon capture, etc. Such efforts merit further support by Belgian Development Cooperation.

6 Annexes

6.1 Findings per identified decent work leverage – further details

6.1.1 Leverage 1. Certifications and price setting

- 1) Overall, many stakeholders met by the evaluators consider that certifications are cumbersome and require competent staff as well as meticulous processes. If the scale (number of producers and volume of produce) remains limited, then the premiums linked to the certifications are often not worth all the efforts and hassle.
- 2) However, the UNOCACE case study allowed the evaluators to discover impressive “good practices” of this cocoa cooperative.
 - a) UNOCACE combines several organic certifications as well as Fair Trade and other certifications and labels while also ensuring thorough quality assurance and focussing on the best varieties of national “fine aroma” cocoa.
 - b) UNOCACE is highly appreciated by its members and stakeholders for taking care of all certification formalities for its individual members and their local farmer associations, member organisations of UNOCACE.
 - c) UNOCACE succeeds in leveraging these certifications and labels through managing direct commercialisation and operating in niche markets with clients (cocoa processors) who are willing to agree on buying high quality and sustainable UNOCACE cocoa beans significantly above market price. Often the partnership implies prices agreed upon in advance, thus reducing risks of world market price fluctuations and allowing UNOCACE to communicate fixed prices to its member farmers.
 - d) UNOCACE also operates as exporter for its beans, thus further cutting intermediaries and establishing direct relations with its clients.
 - e) It is clear that having long lasting partnerships with large clients structurally committing to pay more, significantly above world market price, for sustainable and high-quality cocoa beans does make a huge difference and is essential for UNOCACE to achieve its ambition of significantly improving income for its cocoa farming members.
- 3) This 1st leverage, ‘certifications and price setting’, is not a significant part of the modes of operations and pathways of the two other cases (JA and VFE) reviewed. However Jardin Azuayo, together with its partner organisations CECCA, is certainly contemplating modes of leveraging certifications and labels, further building on their existing practices of supporting both quality improvement/assurance of agricultural produce and associations of farmers.
- 4) The interactions with the TRIAS, RIKOLTO, Ministry of Agriculture, and other stakeholders allowed to identify other good practices and interesting ambitions of using certifications, labels, etc.; as a way of being able to pay better and more stable prices to smallholder farmers.
- 5) The good practice of UNOCACE cannot just be scaled or copied (*as also further discussed in §3.8.2 with respect to “leverage 11 – associations / cooperatives of farmers and stakeholders”*).
 - a) Many conditions need to be reunited to gradually build an organisation as UNOCACE. For example, one has to acknowledge the importance of strong and exceptional commitment,

maintained over time, by the initial founders and staff of UNOCACE. In addition, UNOCACE did benefit from support by multiple partners and was able to develop its organisational and institutional capacity over time.

- b) Up to now, UNOCACE managed to pair the growth of its farmer base and the growth of its total volume of cocoa beans, with a growth of its direct clients' demand and take-off; this remains a delicate balance that cannot be maintained in a kind of exponential growth.
- c) UNOCACE already concluded that it shall manage its own growth by not extending to additional farmer associations for the moment. Further growth of its turnover is still part of UNOCACE's strategic ambitions; but it should now be focused on: (i) improving the economics of scale (number of associated farmers) of the existing farmer groups / local associations, with a focus on growth of the smallest groups; and by (ii) supporting increased cocoa farming productivity in particular through supporting the transition to dynamic agroforestry (see below for more details).
- d) There is a potential for UNOCACE to also develop a kind of "dynamic agroforestry" label to complement its organic and fair trade certifications. When the volume becomes sufficient to do it with appropriate economics of scale, a segregated cocoa value chain stream could be envisaged for UNOCACE cocoa with such a label. But in the short time, UNOCACE could already keep track of and market the (gradually increasing) % of beans produced under such label.

6.1.2 Leverage 2. Improvement of agricultural production

The evaluation found very good practices of UNOCACE and Jardin Azuayo; while also interesting approaches were also found among several other stakeholders consulted.

- 1) **UNOCACE** systematically provides support in good agricultural practices to its member farmers, either indirectly through leadership and staff of the local associations that compose UNOCACE, or directly to the farmers. This technical support focuses first of all on cocoa (including varieties of cocoa, pest control, productivity improving practices, soil improvement, organic farming requirements, post-harvest handling of cocoa bean, ...). But UNOCACE *also* provides technical support for productive farming and quality assurance of *associated crops* that combine well with cocoa farming and for which UNOCACE also provides support in collection and commercialisation of farmers' harvest. All this is linked to own research and development by UNOCACE staff and or through networking and connection of the cooperative's technical staff with any agricultural innovation that is relevant for the cooperative's members.
- 2) **UNOCACE** also actively promotes organic cocoa farming under dynamic agroforestry (DAF) systems. Over time UNOCACE developed a very solid and well tested approach to convert conventional cocoa farming into organic dynamic agroforestry cocoa farming, including rejuvenation with adapted, highly productive fine aroma cocoa trees lasting for 30 years.
 - a) Such transition allows for significant multidimensional improvements in:
 - i) cocoa productivity – on average doubling the cocoa yield per ha, with one of the farmer cases discussed obtaining an increase from 225Kg/ha to 735 kg/ha;
 - ii) environmental impact: soil improvement, tree plantation and enhanced tree coverage, enhanced bio-diversity, carbon capture, etc.;
 - iii) additional crops (e.g. fruits) produced on the same land and timber production in parallel with the increased cocoa harvesting per ha;

- iv) increased labour needs and thus scope for additional productive employment per ha, with UNOCACE staff estimating such increased labour needs to be around 20% to 25% per ha, which is relevant since available agricultural land is scarce and thus an important limiting factor increasing productive employment in agriculture;
 - v) all such improvements contributing to increased and diversified sources of income for the farmers, including income streams from other crops in between cocoa harvesting seasons.
- b) In total 761 ha (or approximately 12% of UNOCACE's total ha of cocoa production) are already under agroforestry and every year UNOCACE provides technical and financial support for the transition of cocoa plots to dynamic agroforestry.
 - c) The thoroughly tested UNOCACE model allows for partial and gradual transformation of cocoa farms (that are already organic or in the transition towards organic) towards organic dynamic agroforestry cocoa farming. The transition is usually done for plots totalling between 0,5 and 1,5 ha, as to keep as sufficient part of the farm (on average 4,5 ha) productive during the transition. However already after 6 months in the transition, the farmer obtains some revenue from transitional crops.
 - d) The total cost of transformation of a plot into organic dynamic agroforestry cocoa farming is estimated at approximately 7.000 USD per ha, with UNOCACE using donor funding to subsidise the purchase of plants (approximately subsidized for 1.800 USD) and funding the technical assistance.
 - e) However, for 2023, UNOCACE has scheduled only a transition to dynamic agroforestry cocoa farming for a total of only 120 ha, due to the limited donor funding available.
 - f) **Reflection:** Taking into account the economic and financial rate on return of such transition to dynamic agroforestry cocoa farming, in addition to significant positive social and environmental impact, there is need for innovative funding mechanisms that will allow UNOCACE to multiply and drastically scale up the transition to dynamic agroforestry. A combination of sustainable micro finance with impact investment could be envisaged; this would imply less subsidies while leveraging the economic and financial return on investment of the transition. Impact investment could be used to somehow subsidise the interest rate, constitute a rolling investment fund and/or extend the duration of the credits. A partnership with Jardin Azuayo could be envisaged for operationalising the funding mechanism.
- 3) The evaluators also reviewed very good practices of **Jardin Azuayo (JA)** towards supporting agricultural improvement on its members' farms.
- a) It is important to note that JA, while being a financial cooperative, considers its mission to enable significant improvements (in income, work, living conditions) for its members (and their families). For JA, providing financial services, including micro credit, is only one of the means to achieve this and not a goal on itself.
 - b) For the smallholder farmers among its members, JA therefore starts by focussing on how to improve productivity and profitability of its members' farms.
 - i) Structurally partnering with the NGO CECCA for agricultural and rural development expertise, JA first works with each member smallholder farmer to design a tailored investment plan for his or her farm.
 - ii) Subsequently JA provides a loan to finance the project and, still through mobilising CECCA staff, continue hands-on technical assistance to help make it a reality.

- iii) To allow for sufficient economics of scale when working with disadvantaged farmers in remote areas, JA and CECCA typically supports multiple members in a same village or area; while also promoting synergies between the members' individual projects and supporting the development of their human talent.
 - iv) Where relevant JA and CECCA also actively support associative, cooperative or other social economy initiatives among its members.
- c) The evaluators visited several examples of funded projects. One example was the transformation of a low-medium sized livestock and milk production farm permanently employing 4 people, including 2 family members and 2 hired (informal) workers being employed permanently and living on the farm. During the site visit, the evaluators had ample opportunities to be informed and raise questions about the results. In this case net farm revenue started to increase after six months and after 1 year, the increase in net farm revenue already reached double the amount that the farmer needed to pay for interest and reimbursement of the credit that allowed the investment.
- d) All over, the evaluators were impressed by the integrated approach implemented by JA, combining different leverages, including a successful and cost-effective way of fostering improvements in agricultural productivity and profitability as well as quality improvement / assurance of the produce.
- e) Across the site visits of members' farms and projects and the work sessions at JA main office, the evaluators consistently found an interesting and successful combination of fostering improved agricultural practices coupled with access to finance (micro credit) and competence development (including in business skills, financial competences and empowerment and leadership of associations).
- 4) At Vison Fund Ecuador (VFE), the evaluators did visit successful projects, where credit provided by VFE allowed the farmer to invest in improving its agricultural production. But the added value of VFE does not seem to extend much beyond providing financial services in remote areas where other Banks do not reach. VFE could consider partnerships with other actors as to provide their smallholder farmer clients access to improved agricultural practices that fit their specific needs and that could then be supported by micro credit provided by VFE. *(Refer to §3.2.2 for more details).*

6.1.3 Leverage 3. Diversification of crops / sources of income

The evaluation found that diversification of crops / sources of income was part of the strategies used in the three cases reviewed and by several other stakeholders. The following findings and points of attention are worth mentioning.

- 1) At UNOCACE the evaluators observed some good practices of focussing on associated crops, complementing cocoa farming. As discussed above under §3.1.3, this is also an integral part of dynamic agroforestry.
- 2) Interesting examples of diversification strategies were also found in the support to members provided by Jardin Azuayo / CECCA. Some clients of Vision Fund Ecuador explained that instead of specialising on just one crop, they choose for reducing risks of market volatility by spreading agricultural production over several crops; a practice that is also found among traditional farming.

- 3) Rikolto and the Ministry of Agriculture implement strategies and initiatives to better link producers with consumer needs in local markets and enhance producers' flexibility across products and on the basis of improved and timely understanding of evolving market trends and consumer demands.
- 4) The evaluation found some existing initiatives of documenting/sharing knowledge on good practices in diversification or crops / sources income, in line with farmer needs (for example Jardin Azuayo / CECCA).

Remark: several strengths and challenges discussed under §3.1.3 (*improvement of agricultural production*) also apply to diversification of crops; to avoid duplication they are not be repeated here.

6.1.4 Leverage 4. Agro-processing

The evaluators found some interesting examples and evolving ideas on agro-processing among the cases reviewed and the stakeholders consulted.

- 1) UONOCACE
 - a) With the support of TRIAS and other partners, UONOCACE in collaboration with an industrial partner in cocoa processing, has been experimenting the development of its own line (brand) of (high quality) chocolate (currently 4 flavours) and some semi-finished cocoa products. UONOCACE is now ready to scale up the production and market it; first on the national market and, later on, potentially also targeting markets in neighbouring countries.
 - b) UONOCACE is also reflecting on some processed products, under its own label, derived from associated crops produced by its farmers. One example might be banana chips and other processing of fruits produced under organic dynamic agroforestry.
- 2) Jardin Azuayo (JA) and CECCA are providing multiple support to associations and where relevant cooperatives formed by farmers who are member of JA. Such associations / cooperatives, when sufficiently successful, create a platform with the potential economics of scale required for profitable agro-processing. Initial ideas and intentions were discussed with respect to: milk processing into cheese, processing of vegetables and fruits, etc.
- 3) Other stakeholders met (TRIAS, RIKOLTO, Ministry of Agriculture, ...) also shared their ideas and information on pilot projects including forms of agro-processing.

6.1.5 Leverage 5. Agricultural entrepreneurship

Strategies towards promotion of agricultural entrepreneurship and/or developing entrepreneurship skills were found across the three cases reviewed and among several other stakeholders consulted.

- 1) The evaluators appreciated very strong and well managed practices of Jardin Azuayo (JA), and also of UONOCACE, in developing member skills in social and solidarity economy and related models and initiatives.
 - a) This is intrinsically linked to the cooperatives' strong commitment (especially at JA but also at UONOCACE) in developing the human talent and skills of their individual members and the promotion of their active participation in the governance of the cooperative at different levels. (*Refer also to leverage 11 - §3.82 and leverage 14 - §3.9.3.*)
 - b) The above however does not mean that the evaluators conclude that grouping small-scale farmers in associations or cooperatives is an easily and quickly replicable leverage for success.

On the contrary, as discussed with all the stakeholders and a topic of the 26th of April 2023 debriefing and closing workshop in Quito, it is difficult to reunite the corresponding conditions of success and many attempts of setting up farmer associations / cooperatives failed in Ecuador or lingered long time before taking off.

2) Initiatives to develop entrepreneurship skills of target groups (rural youth, women, small scale farmers, members of the cooperative, etc.) were found across the three cases reviewed and among several other stakeholders consulted.

a) The evaluators observed significant differences between the cases of Vision Fund Ecuador (VFE) and of Jardín Azuayo (JA), both offering micro credit and other financial services.

i) At VFE, the focus remained on developing clients' understanding of the financial services offered by the bank and enhancing clients' basic financial skills; fully complying with corresponding legal requirements but not going much beyond.

On the other hand, we shall remind that VFE effectively reaches underserved areas with limited infrastructure and high poverty levels, where there is a demand for microcredit with very small loan sizes. VFE is among the few specialized microfinance banks that have maintained a track record of financial sustainability and successfully integrated small agricultural entrepreneurs into the financial system. This is considered important for communities located in the north of Ecuador, which depend on agriculture activities and have been historically underdeveloped partially due to lack of financing.

ii) At JA, the development of members financial competencies is only a minimal part of a much broader programme of developing relevant competencies, including associative governance and leadership among its members; broadly focussing on members' human talent and on their economic and social empowerment, individually and collectively. (*More details under §3.9.2.*)

b) UNOCACE, with the support of TRIAS, has conducted interesting experiments with the training and equipment of "mechanized/specialized youth brigades" ("Brigadas de jóvenes mecanizado/especializado").

i) Even though the attempts were not sufficiently sustainable, mainly by lack of establishment as a lasting micro-business with a well thought-through business model, these experiments did yield valuable learning points.

ii) The concept provides opportunities for rewarding employment of youth in cocoa farming communities (generally the children or young relatives of UNOCACE members) who do not (yet) have access to land. The experiments confirmed that skilling and equipping youth to provide services to member farmers has sufficient potential for a viable business by focussing on peak workloads and on specialised work requiring specific skills and/or equipment (harvesting, pest control, pruning, transition to dynamic agroforestry, etc.).

iii) However the concept requires a more thought-through business model, revolving funding for equipment, extending of service delivery to other value chains and to farmers beyond the UNOCACE community, etc. UNOCACE with support of TRIAS is now engaging in such a second phase piloting of the model.

3) Initiatives are also being undertaken and/or are envisaged to lead youth to a successful farming business.

a) VVOB invests in bridging the theory to practice in technical/vocational secondary level education (colleges). Part of this strategy is establishing "learning farms" ("fincas de

aprendizaje”) connected to the agricultural colleges. However in order to implement this idea as a viable and sustainable concept, the “learning farm” has to be established as a self-supporting and financially sound farming business linked to the school or college. The institutional arrangements for doing so in connection with the public education system are still lacking.

- b) Also with UNOCACE leadership, the evaluators reflect on the idea of establishing of a kind of “learning farm” in the different provinces; potentially a larger farm comprising smaller learning farms (mirroring the average farm size of members and thus future context of the learner-worker). These farms would be established applying the ideal model of dynamic agroforestry, while also applying good farm management practices and providing practical learning environments for the learner-worker.

6.1.6 Leverage 6. Collection, stockpiling and commercialization - Fair and sustainable value chain governance

As explained under §2.2.1, individual small-scale farmers in Ecuador, operating in prevailing value chain mechanisms are very vulnerable and tend to be taken advantage of by intermediaries. Collection, stockpiling and commercialization of agricultural produce and establishing fair and sustainable value chain governance mechanisms are therefore components of a key strategy applied by two out of three cases reviewed as well as among other stakeholders consulted.

- 1) As already explained above in §3.1.2 and further detailed in Annex (§6.1), UNOCACE has developed exceptional good practices in establishing a fair value chain governance for its members.
 - a) Over time, UNOCACE developed and improved its practices and processes:
 - i) for collecting members produce (mainly wet cocoa beans) at the collection centre of the local farmer association (integrated in UNOCACE);
 - ii) for handling this produce and conducting the required quality assurance at the local centre;
 - iii) for transport to UNOCACE’s main site, with own transport of UNOCACE;
 - iv) for packaging and direct shipment to clients in Europe and North America.
 - b) It must be noted that UNOCACE implements this leverage 6 (*Collection, stockpiling and commercialization - Fair and sustainable value chain governance*) as an integral part of a total approach together with multiple other leverages (see also §1.1.2).
 - c) One of the remaining challenges of the UNOCACE system is that some of the local farmer associations are still too small and thus lack economics of scale. With its contained and more targeted growth strategy for the coming years, UNOCACE prioritizes extending the member base and strengthening the governance of its smallest and weakest local associations. UNOCACE’s choices for limiting, targeting and well managing its further growth in the coming years are smart.
 - d) The evaluators flag UNOCACE as a very interesting success story with many good practices but recognize also that that the concept is difficult to replicate.

Nonetheless the evaluators believe that UNOCACE, in addition to managing its own growth and expansion, could conceive and implement a business model in supporting other emerging likeminded organisations, through documenting, systemising and sharing its own history, (theoretical and practical) knowledge and practices acquired over the years. There is potentially

as successful business model in offering advisory and coaching services to emerging cooperatives in cocoa or other value chains; in collaboration with development partners, etc.

e) Topics for reflection

- i) As stated before (cf. §3.1.3), the evaluators consider that UNOCACE should first focus on strengthening and enhancing the existing local groups, in particular the smallest and weakest ones; while also speeding up the transition of current member farms to dynamic agro forestry.
 - ii) Nonetheless, the evaluators believe there is sufficient scope for ambitious further growth of UNOCACE on the medium and longer term. With a little more than 2,000 Metric Tons of cocoa beans collected, marketed and exported annually, UNOCACE still covers only 0,61% of total cocoa production in Ecuador. UNOCACE's model is sound. Attracting additional cocoa farms to join existing local groups of UNOCACE and converting them to organic dynamic agroforestry can generate significant and demonstratable positive social and environmental impact. In a next phase additional groups can be started in areas where there is a sufficiently large community of cocoa farmers interested to join UNOCACE.
 - iii) Complementing the above, some additional scaling up of UNOCACE's good practices could be done through technical and conceptual assistance to emerging cooperatives and associations, offered as UNOCACE professional services.
- 2) As stated before (cf. §3.1.5), Jardin Azuayo (JA) and CECCA provide multiple support to associations and where relevant cooperatives formed by farmers who are member of JA. In exchanges with the evaluators, they indicated their ambition to support innovative initiatives for collection, stockpiling and commercialization that are fully in line with the principles of fair and sustainable value chain governance. They see potential in doing so for example in the dairy value chain and or in fruit and vegetable value chains.
- 3) Also the current TRIAS and RIKOLTO programmes for Ecuador as well as recent policies of the Ministry of Agriculture aim at supporting commercialisation and value chain governance in line with fair price principles. Different strategies are envisaged to avoid that the vulnerabilities of smallholder farmers are exploited by intermediaries. Some envisaged strategies would start by efforts to better inform smallholder farmers through user friendly websites / platforms / ...; these efforts would specifically target younger generations with a better digital literacy and capable to inform and support their parents, who manage the farms. Other ideas are about an enabling framework and public policy for supporting and empowering smallholder farmers through farmer associations that can inform, assist in price negotiations, defend smallholder farmers' rights, etc.

6.1.7 Leverage 7. Access to finance / micro credit

The selection of cases for the country-level evaluation in Ecuador comprises two (direct/indirect) BIO investees active in the agro finance sector: Jardin Azuayo (JA), a financial cooperative, and Vision Fund Ecuador (VFE), a micro finance bank. This allowed for a more targeted review of how the "access to finance"-leverage is being used in these cases.

- 1) **Specific agro finance context:** The evaluators were informed that overall in Ecuador, there is a proliferation of a multitude of generally smaller financial cooperatives (micro-finance institutions) that offer savings and micro credit services to their clients.
 - a) In spite of a fierce competition between these micro-finance institutions, the annual interest rates charged by most micro-finance institutions remain generally between 22% and 25% or

more, which is rather high for a dollarized economy. The high level of competition seems to result in increased operational costs of operation of the microfinance institutions but apparently does not really benefit farmers seeking credit.

- b) However the competition seems to lead the financial cooperatives to reduce the requirements for approving a loan request, thus resulting in higher risks and in the end also cases of financial cooperatives going bankrupt with their clients' deposits being lost.
 - c) BanEcuador, a governmental financial institution, does offer microcredit and credit to MSME, including farmers at significantly lower interest rates (for example being around 10%). However access to such interesting credit provided by BanEcuador seems very limited and difficult to get; the volume of credit available remains significantly below demand. Being funded by the Government, the BanEcuador approach is not a financially sustainable business model that can be replicated by non-subsidized private MFIs.
- 2) **Jardin Azuayo** (JA) is able to demonstrate consistent and high success rates in improving income security of its members engaged in agriculture.
- a) Key for the approach of (JA) in support of small and medium-scale farmers is the systemised combination of :
 - i) thorough advice on targeted small-scale agricultural investments and good agricultural practices (by advisors of the NGO CECCA, a structural and founding partner of JA and with such technical advice being funded by JA);
 - ii) matching micro credit with a feasible annual interest rate of 12.7%;
 - iii) complementary development by JA of a broad set of competencies among its members, including many smallholder farmers (*refer to §3.1.6 and §3.9.2 for more details*).
 - b) The interest rate of 12,7% on agricultural microcredits by JA must be compared with interest applied by most micro-finance institutions in the country, generally ranging between 22% and 25% or more. Moreover, the practices of those other micro-finance institutions do not include thorough agricultural investment advice, support on good agricultural practices nor other support for the empowerment of small-scale producers. In other word, the package of support provided by JA to small-scale farmers is much more supportive.
 - c) JA only provides financial services to its members, but the access to becoming a member of JA is low and still fully affordable, even for poorer smallholder farmers.
 - d) As further explained in Annex (§6.2.), JA has developed and implemented efficient practices and processes as financial cooperative; while having attained good economics of scale with a total member base currently exceeding 647,000 members. Furthermore JA continues to innovate.
 - e) While savings mobilised from the members allow for most of the JA's credit portfolio, international funding and support, such as through INCOFIN, remains essential. This contributes to the well-appreciated stability of Jardin Azuayo.
- 3) **Vision Fund Ecuador** (VFE)
- a) Among all the banks in Ecuador, VFE stand out as one of the few banks committed to enhance access to financial services for the poor and with a focus on offering micro credit, in both urban and rural areas. Such commitment clearly merits appreciation. VFE also invests in providing transparent information on its financial services to its clients and in being more trustworthy

than most of financial cooperatives competing with VFE; this is also externally recognized through VFE's Gold Level Client Protection Certification.

- b) VFE is able to present multiple success stories among the clients of its micro-finance services. Vison Fund Ecuador (VFE) funded successful agricultural projects (*for details refer to §3.1.3*); having obtained a VFE credit clearly allowed multiple small or medium-sized farmers to invest in and be successful through improving their agricultural production.
- c) However VFE was not able to demonstrate a strong overall success rate in generating improved income for most of its clients. VFE's claimed success rates of improved household income and significantly reduced levels of poverty relate only to those clients that pursue successfully through many cycles of micro-finance. However such perseverance through many credit cycles is achieved only by a limited % of first borrowers. VFE was not able to provide information on positive / negative results and impact among clients who go through only one or just a few cycles of micro credit.
- d) While strongly appreciating the worthwhile successes achieved and the efforts of bringing banking services to remote rural areas and investing in access to finance for the poor, the evaluators did not obtain convincing elements demonstrating the effectiveness of the overall pathway of change through micro credit as supported and implemented by VFE. The VFE pathway of change is mainly relying on a maturing process of a client through successive cycles of micro credit; with progressive growth in the capabilities of the client and corresponding increases in the amount of the credit provided in a next cycle of credit and thus progressive growth of the enabled agricultural activity.
- e) VFE itself is not mobilising any complementary leverages and overall, VFE was not able to demonstrate its effectiveness in contributing to improved income for a majority of all its micro-credit clients (counting from the first borrowers). The evaluators thus consider that the added value of VFE does not extend much beyond providing access to good and transparent financial services in underserved areas; which in itself does remain important. The evaluators would recommend for VFE to develop partnerships with other actors as to ensure that their smallholder farmer clients have access to improved agricultural practices that fit their specific needs; thus better ensuring synergy between VFE micro-credit and good agricultural practices / smart smallholder farmer investments.
- f) Furthermore, the interest rates applied by VFE for its micro credits are in a range of 22,4% and 25% per year. Such interest rates inevitably reduce the additional net income and profitability of clients' agricultural investment.

6.1.8 Leverage 8. Access to land

- 1) None of the 3 cases reviewed, nor the other stakeholders consulted, did specifically address issues of problematic access to land; which is a historical and structural issue for the whole Ecuadorian society.
- 2) Interesting initiatives are undertaken to provide work opportunities in agricultural value chains for women and youth without access to land. Examples are found among: UNOCACE, Jardin Azuayo / CECCA, TRIAS, RIKOLTO, Ministry of Agriculture.
- 3) Multiple initiatives reviewed allow for expanding farmer's business on the agricultural land already used by the small-scale farmer. (*For more details refer to §3.1.3 – Leverage 2. Improvement of agricultural production – and to §3.1.6 – Leverage 5. Agricultural entrepreneurship.*)

- 4) Also several farmers have successfully used microcredit provided by Vision Fund Ecuador to build greenhouses allowing a much larger yield on the same plot. The evaluators also visited a farm of women association where credit by JA was used to build greenhouses and thus significantly increase productive employment of associated women, with the available farming land.

6.1.9 Leverage 9. Social protection and insurance

An overview of what has been undertaken with respect to social protection in the cases reviewed was provided above, please refer to §3.4.1.

6.1.10 Leverage 10. Research and awareness building on occupational health and safety

No further details – key findings under §3.7.2.

6.1.11 Leverage 11: Associations / cooperatives of farmers and stakeholders

- 1) The evaluators appreciated very good examples of successful practices and strategies in building and strengthening associations / cooperatives of farmers / stakeholders.
 - a) UNOCACE continues to grow as a farmers' cooperative and invests in further improvement of its own governance.
 - i) Continuous efforts are made to develop leadership skills among members and to support inclusion of women and youth in the cooperative's management and governance.
 - ii) UNOCACE is aware of key conditions of success as a cooperative and invests in maintaining and improving the awareness of cooperative principles and values over time and as new generations of farmers join UNOCACE.
 - iii) Over the 25 years of its existence and with support of several international partners, UNOCACE has grown and consistently strengthened its operations and services (refer also to §3.1.7). Today UNOCACE has reached a significant level of economics of scale; while there it still has significant potential for further growth.
 - b) TRIAS, in addition to having supported UNOCACE, also invests in supporting other associations and cooperatives. The evaluators appreciated among others the concept of identifying associations / cooperatives that already have some institutional experience and sufficient potential for further growth. The evaluators also appreciated the following good practices: the approach starting with an organisational and institutional capacity assessment, subsequently providing support to strengthening the management and governance of the association / cooperative, while also focussing on materialising (short term) potential to generate concrete added value for the members.
 - c) As explained in different parts of this report, the evaluators found many strengths and good practices of Jardin Azuayo in synergy with the NGO CECCA. It is the combination of all these strengths and good practices that makes Jardin Azuayo such an exceptional good example of successful cooperative movement.

- 2) The Ministry of Agriculture informed the evaluators about their increasing focus on the role of associations (and potentially of cooperatives) of farmers in view of :
 - a) reducing vulnerability and enhancing knowledge of small / medium producers about good agricultural practices, pricing and viable options for commercialisation;
 - b) improving governance of agricultural value chains and enhancing their sustainability;
 - c) preparing a new regulatory framework for farmers / cooperatives in the agricultural sector.

6.1.12 Leverage 12. Policies and regulations

No further details – key findings under §3.9.1.

6.1.13 Leverage 13. Education and skills development

Among the cases reviewed and stakeholders consulted, the evaluators found and appreciated very good practices of skills development (financial / entrepreneurial / technical / social economy) including empowerment and leadership development.

- 1) Jardin Azuayo really stood out through its self-financed, well-thought-through and fit-for-purpose human talent development approach and its Educupe programme, accessible for all members of the cooperative. The approach comprises specific efforts of inclusion for youth, women and more disadvantaged / vulnerable groups.
- 2) As discussed above, good practices in skills development were also found at UNOCACE, TRIAS, RIKOLTO, ...
- 3) Enhancement of education in agricultural technical colleges is being supported by VVOB.

6.1.14 Leverage 14. Data, information and social and environmental impact measurement and management.

No further details – key findings under §3.9.3.

6.2 Case 1: UNOCACE (cocoa cooperative) and TRIAS Ecuador

6.2.1 Introduction of the UNOCACE case

UNOCACE, the Union of Cocoa Peasant Organizations, is a well-established cocoa cooperative, legally created in 1999 as a Representative Organization of inclusion in the Popular and Solidarity Economy. UNOCACE is composed of 29 affiliated organisations (local cocoa farmer associations) in 11 provinces of Ecuador; thus representing 2.240 small producers; 537 women, 1628 men and 259 young people. In total, UNOCACE's farmers own more than 6.340 hectares of Equatorian national fine aroma cocoa. 761 ha under agroforestry system. Most of UNOCACE's farmers have between 3 and 5 ha of farming land and on average they have a yield of 420kg of cocoa/ha.

UNOCACE's cocoa is covered by Ecuadorian organic certification, European organic certification, USDA ORGANIC, BIO SUISSE, FAIR TRADE and SPP certifications. UNOCACE is marketing and exporting more than 2,000 Metric Tons of cocoa beans annually; meeting the highest quality parameters. UNOCACE managed to operate in niche markets with direct sales to large and medium sized cocoa processors in Europe and North America. UNOCACE has 23 clients; 12 for cocoa and 11 for associated crops. UNOCACE's farmers, in total 2.240 cocoa producers, have access to services offered by the organisation, UNOCACE is able to provide produces with cocoa prices that on average are 25% above the common market prices.

UNOCACE promotes organic cocoa farming under dynamic agroforestry systems as this allows for significant multidimensional improvements in (a) cocoa productivity – even doubling the cocoa yield per ha, (b) environmental impact (soil improvement, tree plantation, bio-diversity, etc.), (c) additional crops (e.g. fruits) on the same land, (d) increased and diversified sources of income for the farmers. In total 761 ha of cocoa production (or approximately 12% of UNOCACE's total ha of cocoa production) are already under agroforestry and every year UNOCACE provides technical and financial support for the transition of cocoa plots to dynamic agroforestry.

UNOCACE's mission is to provide efficient goods and services to its affiliates. This includes technical assistance, strengthening of the local associations having joined UNOCACE, commercialization of cocoa and associated crops produced on farms with environmental and social certification and under management system standards, complying with the highest quality requirements and market demands. UNOCACE invests in satisfying the needs of its clients in the shortest possible time and at competitive cost; generating sustainability for all the actors in its value chain.

UNOCACE's vision is to be the best organization of small-scale producers, providing efficient services to its members through the marketing of cocoa and associated crops produced on the farms under environmental and social certifications and management system standards, generating competitive goods and services, from the highest quality and recognized nationally and internationally.

UNOCACE's areas of work comprise: promoting good agricultural practices and improving farm productivity; collection harvested cocoa (and associated crops), quality control and first level processing (fermentation and drying), marketing, shipment to clients, saving and financing, governance and professionalisation at the level of UNOCACE's main office and at the level of the member organisations (local cocoa farmer organisations), representation of its members and advocacy.

Focussing on the national market (and later on potentially also targeting neighbouring countries), collaborating with a chocolate producing factory in Ecuador, UNOCACE is also developing its own (high quality) chocolate brand (currently 4 flavours) and some cocoa semi-finished products.

UNOCACE's key principles and values are: (1) social and environmental responsibility; (2) honesty and transparency towards associates in associative marketing and trading of their produce; (3) commitment to work for quality at the highest level.

In line with these values, UNOCACE thus promotes cocoa production under dynamic agroforestry systems, with organic certification and fair-trade standards, resilient to climate change, free of child labour and without deforestation.

UNOCACE's Board of Directors is composed of 16 people of which 5 are women and 5 are young, including the current president Juan Carlos García (28 years old).

TRIAS supports UNOCACE since 2019 with a focus on further development and added value with respect to :

- 1) producing own chocolate products and cocoa derivatives;
- 2) productive farming and commercialisation of associated crops;
- 3) the inclusion of young people and women in the cocoa value chain, in entrepreneurship and in the organisational structure giving opportunities for economic income,
- 4) strengthen capacities and processes of cooperative governance and further enhancement of the cooperative dynamics at the level of member organisations (local cocoa farmer organisations) and at the main level of UNOCACE;
- 5) the improvement of post-harvest processes;
- 6) the transition of cocoa farms to dynamic agroforestry; and
- 7) participation of UNOCACE in broader networks.

TRIAS also supported UNOCACE's participation in national and international fairs to position UNOCACE products and its sustainable production system (Biofach - Germany; Chocolate Fair - France; Belgian Chocolate Group - Belgium). In connection to the above, UNOCACE staff participated in training programmes in digital marketing, external communication, elaboration of communicational products (Harvest Magazine), videos, posters, brochures, advertising material.

Furthermore, TRIAS provided support to the development of a member credit service at UNOCACE. Studies were carried out for the creation of the "savings and credit fund". Two credit products have been designed: productive and emergency. This initiative is in the test and validation phase.

TRIAS is a Belgian NGO. The DGD-funded Ecuador programme of TRIAS comprise a "Decent Work" focus. Trias supports Producer Organisations and family entrepreneurs as key actors, thus taking into account the decent work agenda. To transform the overburdening of women, as well as the discrimination faced by young people in the search for decent work, the programme is designed with a gender and generational approach in mind. The Programme is aligned with the four strategic pillars of the ILO Decent Work Agenda:

- a) Pillar 1 – job creation: Trias promotes the creation of an inclusive business environment and sustainable working conditions, generating income and decent jobs for Family Farmers and non-farm family entrepreneurs, especially rural women and youth by promoting adequate services, access to productive and financial resources to avoid migration and provide employment opportunities in the rural sector.
- b) Pillar 2 – social protection: Trias actively promotes the creation of a safe and healthy working environment in the agricultural sector, will facilitate inclusive tools and approaches for the protection of women and youth in employment and entrepreneurship.

- c) Pillar 3 – securing labour rights: support to member-based organisations (MBOs) and their members, managers, to enhance the values of decent work, labour rights, fair bargaining; the right to free association and recognition of collective action rights, with equity, such as access to training and entrepreneurial opportunities.
- d) Pillar 4 – social dialogues: partnerships for the continued development of producer MBOs, and participation in advocacy spaces, to defend labour rights, especially in rural areas, promoting social dialogues with key local actors and government authorities, to improve the rights of farmers and non-farm family entrepreneurs.

Under its 2017-2021 programme, TRIAS Ecuador focused, for example, on the following components.

- 1) The inclusion of youth and women : *“Empowered women and youth are proactively involved in their own organisations, towards a more inclusive society”*.

This component was carried out through TRIAS' gender and generational mainstreaming strategy which is based on 3 stages: (1) sensitisation of the gender and generational approach in the organisation and value chain, (2) capacity building and economic entrepreneurship development, and (3) institutionalisation and consolidation of the gender and generational approach.

Main results comprise:

- a) Sensitisation: 36 leaders sensitised on gender and new masculinities.
 - b) Capacity building: 33 young people in business skills, 8 young people in business plans and 40 young people in a training programme for agricultural technicians in partnership with ESPOCH.
 - c) Youth-led enterprises: mechanised labour, agroforestry nurseries, organic inputs, value added.
 - d) Institutionalisation: annual gender and generational meetings are held every year with the participation of 40 young people (men and women). A GEN-GEN board is formed.
- 2) Promotion of Decent Work among partner organisations.

151 young people are involved in their member-based organisation: they have been included in the processes of training and implementation of enterprises providing them with opportunities to improve knowledge and also perceive economic income to cover their studies and family expenses. Empowered women and youth participate proactively in their own organisations, towards a more inclusive society. Organisational strengthening is carried out through the strategy of socio-entrepreneurial management which consists of strengthening governance and internal management tools with active and transparent democracy.

Main results:

- a) Training: 50 people in the formulation of strategic plans, 42 administrators in accounting systems, 8 managers in financial management, 1320 farmers in production techniques and certification.
- b) 3 new services are implemented for members: mechanisation of labour, supply of organic inputs, collection and transport (thermal containers).
- c) 19 grassroots organisations digitise their traceability and accounting.

6.2.2 Overview of strengths – UNOCACE case

Remark: multiple key strengths of UNOCACE have been described in detail in the core of the report; as to avoid duplications, these elements are not repeated here. The below is only providing some additional elements on the case.

1) Decent work for employees of UNOCACE

- a) The decent work survey conducted among UNOCACE employees shows good performance vis-à-vis all dimensions of decent work.
 - i) In general, UNOCACE workers are happy and motivated by the existing work environment.
 - ii) They appreciate the fact that they benefit from regular training. They recognize that UNOCACE provides windows of opportunity for young leaders, men and women.
 - iii) They feel that their proposals are being heard. They recognize that they have a voice and a vote.
 - iv) There is a strong shared commitment from those who work with UNOCACE to do things well.
- b) Leadership and management care a lot about their staff and manage to offer locally competitive wages to their employees.
- c) There is a commitment to offer career paths and opportunities based on merit (achievements) supported with appropriate training opportunities
- d) UNOCACE generates an attractive work environment with well-being, flexible work schedules, and openness to proposals from their employees.
- e) Respect the labour rights and entitlements of staff (including social security, vacations, timely payment of wages, ...)
- f) Gender inclusiveness embedded in HR policy and management for UNOCACE employees
- g) A good mixture of experienced staff with long experience in UNOCACE and attracting young staff.
- h) Staff is inspired by the UNOCACE's vision and mission and committed to the cooperative's work and performance. The staff recognizes that the salaries they receive are competitive in the local market; but essentially what stands out and motivates them is the dynamics of work; they feel listened to, taken into account, and they also have options to enter in leadership development processes.

2) Decent work for members of the cooperative

- a) UNOCACE achieves significant contributions to improved decent work performance for their members (smallholder farmers); in particular in the following dimensions: (1) income security, (2) employment security, (5) work-life balance, (6) fair treatment and (8) voice and representation.
- b) UNOCACE cares about and contributes to fair income for its members.
- c) UNOCACE provides specific technical assistance to local associations and to individual members. UNOCACE is open to explore different and new trends or options for cultivation.
- d) Seeking to diversify members' income.

- e) Efforts to build leadership skills in young people and women; opportunities for leadership development and equal access for all members to participate in cooperative governance at the level of local associations and at the level of UNOCACE as a whole. For example, the current president of UNOCACE is a young man under 30 years old, Juan Carlos, and receives support to practice and learn more.
- 3) Cooperative governance.
- a) Strength of shared cooperative values fully adopted by cooperative leadership, staff, local associations, and individual members.
 - b) They strengthen the organizations of the local associations by motivating the representatives with courses, trips, training, and political participation.
 - c) There is seriousness in distributing the profit from being organic, fair trade certified, etc. with the members of the cooperative.
 - d) Strong leadership with a win-win vision: UNOCACE, PARTNERS, and clients (buyers UNOCACE cocoa beans).
 - e) Strong commitment to offer a quality product and ensure trustworthiness vis-à-vis UNOCACE's clients and partners. Succeeds in building lasting win-win partnerships.
 - f) Achieve and sustain certification seals.
 - g) Seek and achieve alliances with partners such as TRIaS, Rikolto, GIZ, etc.
 - h) Have a strategy to achieve a specific market niche and have direct buyers without intermediaries.
 - i) UNOCACE has benefitted from sustained leadership for more than 20 years from its main leader, who remains at the forefront of international negotiating spaces. UNOCACE's success is due to the vision and social commitment of this leader and his openness to change, including offering spaces for young people to be leaders, as well as other teamwork initiatives.
 - j) And, UNOCACE's success is also possible due to the funding and/or support it receives from various NGOs or donors including TRIAS, GIZ, RIKOLTO, and others. It allows them to sustain the organic cocoa and fairtrade certifications, which require a lot of time and staff dedicated to meet these requirements.

6.2.3 Overview of challenges – UNOCACE case

Remark: some challenges of UNOCACE have been described in detail in the core of the report; as to avoid duplications, these elements are not repeated here. The below is only providing some additional elements on the case.

- 1) UNOCACE needs to enhance its attentions for the 'social protection' and 'working conditions and OSH' dimensions of decent work for its individual members (smallholder farmers).
 - a) UNOCACE could promote and subsequently ensure that all members (smallholder farmers) and their families be associated with the Seguro Social Campesino.
 - b) Additional forms of social protection could be envisaged such as better developed support mechanisms in case of calamities and/or forms of agricultural insurances.

- c) UNOCACE could conduct an OSH scan of its entire value chain, as to identify risks and (potentially) harmful practices that could be mitigated by proper awareness raising, etc. Also UNOCACE could envisage the inclusion of OSH prevention in training and guidance on good agricultural practices. Potentially UNOCACE could research, identify and support forms of mechanisation that enhance productivity while reducing OSH risks for any worker in the UNOCACE value chain.
- 2) As was a common challenge in all cases reviewed, UNOCACE did not yet pay attention to decent work for day labourers hired by small-scale farmers (members of UNOCACE)
- a) We must first of all acknowledge that in the prevailing context, the small and medium-scale farmers, members of UNOCACE, cannot offer formal employment to their day labourers. The gap between existing informal hiring practices and formal requirements in line with the existing regulation of the Ecuadorian Social Security Institute (IESS) is much too large and cannot be bridged.
 - b) However the fact that the existing informal practise of hiring day labourers within the UNOCACE supply chain is not in line with legal requirements is a challenge as this will (sooner or later) become a topic in future social due diligence requirements of cocoa importers.
 - c) In the core report some ideas for systemic change are proposed. While changing this is outside UNOCACE's sphere of influence, UNOCACE could lobby for viable mechanisms for improvement.
 - i) A potential step could be about facilitating and supporting the affiliation to the Seguro Social Campesino also for all day labourers
 - ii) In collaboration with the authorities, UNOCACE could assist in piloting some steps for day labourers in the UNOCACE value chain
 - d) Anyway it is essential for UNOCACE to reflect on how the cooperative's work and the higher prices paid by its clients for more sustainable cocoa can also benefit the income and working conditions of day labourers in the UNOCACE value chain. Within its own sphere of influence and control UNOCACE could conceive adequate mechanisms to ensure that not only small and medium-scale farmers but also hired day labourers, working in the UNOCACE value chain, are better off than in conventional value chains. Ideas to reflect on could include:
 - i) A (mind shifting) process of recognising that day labourers contribute to the UNOCACE cocoa beans and value chain and that they thus merit a way of being able to somehow affiliate to UNOCACE, to benefit from training, to be represented in cooperative governance at different levels, etc.
 - ii) Payment of a small UNOCACE premium to day labourers (for example starting with one USD per day).
 - iii) Ensuring that efforts related to working conditions and OSH for smallholder farmers also benefit the hired day labourers.
 - iv) Integrating day labourers into the concept of "mechanized and specialised workers";
 - v) Etc.
 - e) When sufficient progress is achieved, UNOCACE could also market and leverage its positive social impact for hired day labourers as part of its fair and sustainable cocoa (and associated products).

- 3) As developed in the main report (cf. §3.9.3), UNOCACE shall invest more in improved data collection and measurement and management of its social and environmental impact.

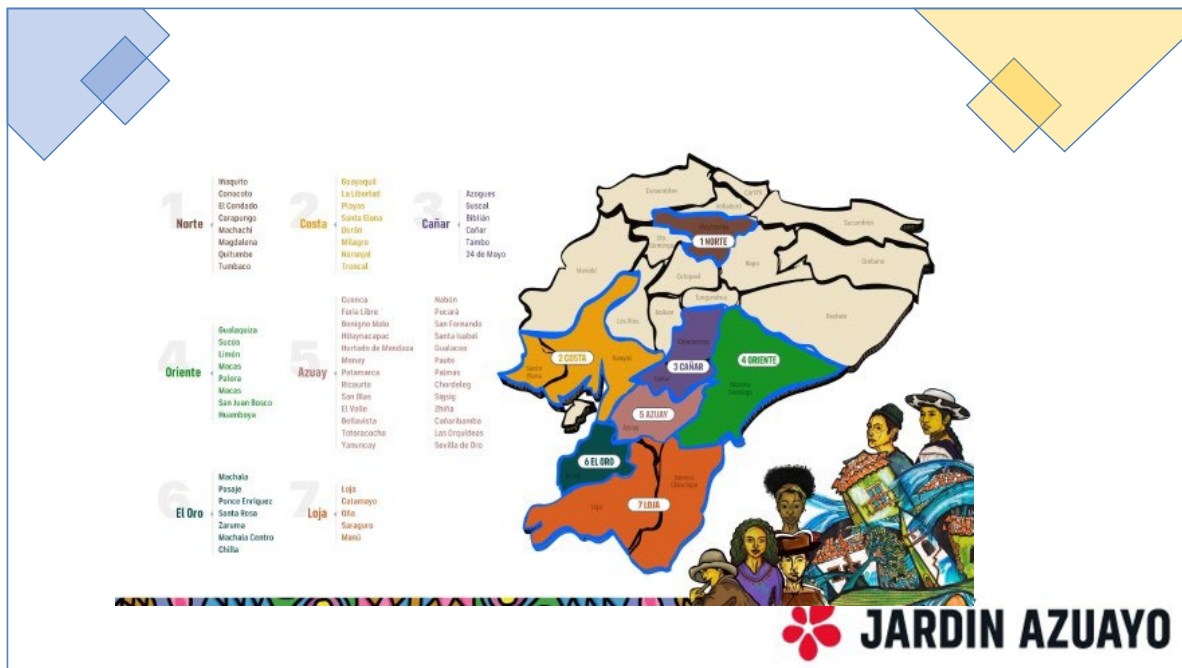
6.3 Case 2: Jardín Azuayo (financial cooperative) – Indirect BIO investee

6.3.1 Introduction of the Jardín Azuayo case

Jardín Azuayo was established in 1996 with 120 founding members in Paute, a canton in the province of Azuay, as a reconstruction initiative in response to a natural disaster caused by the landslide at La Josefina and connected severe floods. The reason for the creation of the Cooperative was twofold: (i) attending residents of the region who were hit by the disaster and lack of access of financing from local financial institutions, (ii) ensuring that collected money earned and saved in the province would be reinvested in the area. With the initial savings of 120 people and the initial capital donated by the NGO CECCA, the cooperative started the activity of mobilising the savings of Ecuadorian individuals and other sources of funding to provide small-sized credits with which to rebuild houses, businesses, lives.

Currently, 27 years later, Jardín Azuayo is working in the provinces of Azuay, Cañar, Chimborazo, Guayas, Morona Santiago, Loja and El Oro, Pichincha, Santa Elena and Zamora, through 69 local offices, 106 ATMs + 26 Self-service teller machines, 802 solidarity correspondents and 7119 “botones de pago” (being partners where member of the cooperative can pay directly from their account at Jardín Azuayo). The Cooperative provides financial services only to its members, however the threshold for becoming a member is minimal and the cooperative invests actively in providing access to the poor in both urban and rural setting.

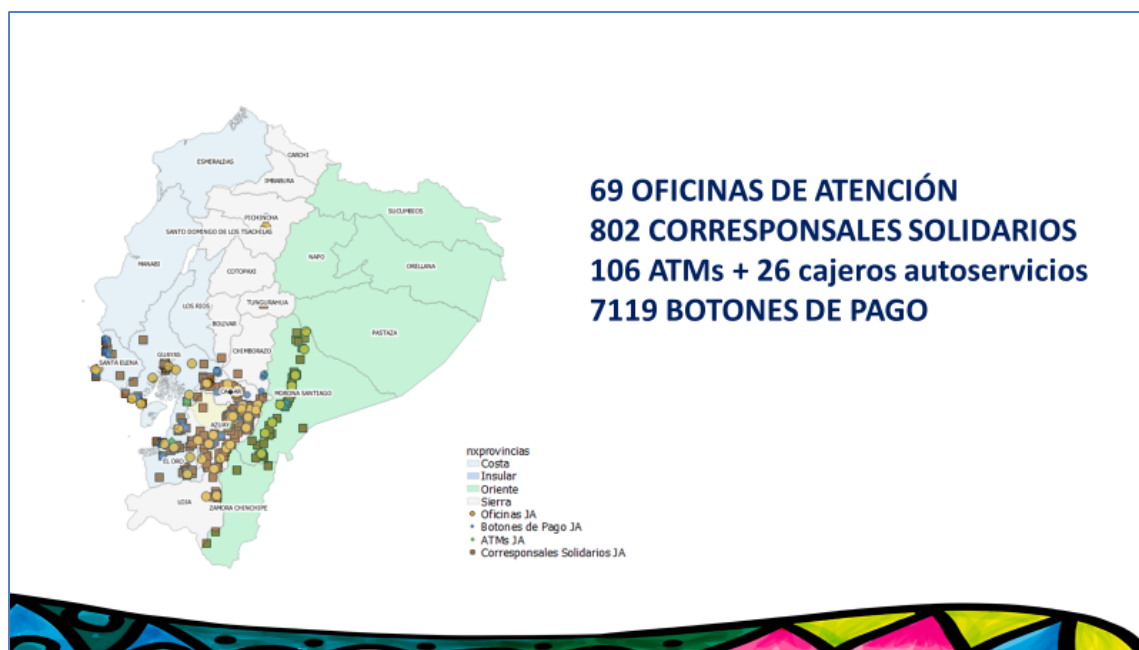
While international funding and support is essential, savings mobilised from the members allows for most of the Cooperative’s credit portfolio. This contributes to the well-appreciated stability of Jardín Azuayo. Currently Jardín Azuayo has more than 647,000 members, during financial crisis and pandemic the Cooperative demonstrate its trustworthiness and attracted additional members, in spite of several events affecting overall trustworthiness of financial cooperatives in Ecuador.



As of today, Jardín Azuayo is a large, strong and solid institution, regulated and supervised by the Superintendencia of Popular and Solidary Economy (SEPS). Within the Ecuadorian regulated credit union system, Jardín Azuayo is part of the segment 1 of cooperatives (with assets > USD80m). The cooperative counts on local savings, which makes up the largest portion of its funding sources, to finance the development of housing and social interest projects as well as the promotion of productive microenterprises and agricultural producers. The Cooperative stands out for its well-designed participatory government system, counting on a local governance for each of the offices.

Jardín Azuayo defines its institutional mission as follows: *“We are a safe, participatory and inclusive cooperative organisation. We contribute to improving the living conditions of communities through financial services and cooperative education, with quality and closeness. Convinced that cooperative movement is a life option that promotes a caring society.”*

Jardín Azuayo has a strong and genuine interest of promoting cooperative values and solidarity economy with the continuous education programs for all stakeholders, consolidating a network of more than 650 associates. In fact, the entity has an external institute named ISTEPS (Instituto Superior Tecnológico de le Economía Social, Popular y Solidaria), which has three technical careers related de development of the cooperative system. The financial rating of Jardín Azuayo is AA-. The institution is considered to be financially very solid, has a good track record of performance and without weak aspects that stand out. Their overall risk profile, while low, is not as favourable as that of institutions in the highest rating category.



The financial services provided by Jardín Azuayo comprise: microsavings service and other savings products/services, individual microcredit, group microcredit, training for members, emigrant remittance service, etc. Jardín Azuayo continues to expand its services and reach within Ecuador, while actively fostering access for women, youth, remote rural areas, and overall people in a (more) vulnerable situation.

Fairtrade Access Fund (FAF) considers Jardín Azuayo to be a leader in promoting inclusive rural development. Jardín Azuayo specifically targets rural, low-income communities traditionally excluded by other financial institutions as being too difficult or too costly to reach. Seventy-five percent of JA's member live in rural areas. Incofin, fund advisor of FAF, provided support to the Cooperative's financial management, but also to building producers' skills in more productive and environmentally sustainable farming, contributing to improved quality of life for smallholders.

Supporting Jardín Azuayo's mission to combat rural poverty, FAF has provided a long-term loan along with advisory services to scale up the cooperative's Productive Credit and Technical Assistance (PCTA) program, allowing Jardín Azuayo to reach farmers in 15 particularly underserved counties of Southern Ecuador with much-needed financial services and technical trainings.

Through the PCTA program, Jardín Azuayo, partnering with the NGO CECCA, works with each smallholder farmer to design a tailored investment plan for his or her farm, provides a loan to finance the project and hands-on technical assistance to help make it a reality.

The PCTA program supports producers in two types of value chains: (1) products for local consumption, such as cattle, poultry, fruits, vegetables and grains, promoting health and food security of local families, both urban and rural; (2) products for export, such as bananas, cocoa and coffee, diversifying and increasing incomes for smallholder farmers while satisfying growing international demand. By standing in solidarity with smallholders, Jardín Azuayo is not only helping to transform rural communities, but has also maintained its own strong financial performance and portfolio quality. The innovative PCTA model paves the way for other financial institutions to support the agricultural sector in a way that makes business sense.

6.3.2 Overview of strengths – Jardín Azuayo case

Remark: multiple key strengths of Jardín Azuayo (JA) have been described in detail in the core of the report; as to avoid duplications, these elements are not repeated here. The below is only providing some additional elements on the case.

1) Employees of Jardín Azuayo

- a) Decent employment is part of the DNA of Jardín Azuayo. The cooperative takes care of its staff, and the employees are happy to work at JA. Staff are valued as collaborators, jointly implementing the cooperative's vision and mission.
- b) For example, during the pandemic, no one was laid off. The cooperative did not take advantage of the 'humanitarian law' (government of President G. Lasso), that allowed the lowering of salaries and the dismissal of people without compensation (as a means for the employer to cope with the crises). During the crisis, JA did not lower salaries and even hired more people due to the growth of JA; establishing offices in other cities in Ecuador.
- c) Education and continuous development of human talents is an essential and central component of the vision and organisational culture of JA. This applies not only for employees but also for the (remote and self-employed) representatives (coresponsables solidarios) and for the members of the cooperative.
- d) All workers have social security and JA also takes care of occupational health and safety. *(However JA does not offer additional private health insurance.)*
- e) The decent work survey conducted among employees of JA provides good scores on all dimensions of decent work. Below some detailed findings:
 - i) Employees identify with JA's vision, principles and work; serving low-income people through microcredit and many other ways is what drives them.
 - ii) They also perceive their work environment as pleasant.
 - iii) Even though work pressure is high, they can balance their work and family life. Their vacations are respected.
 - iv) There is job stability for employees. Many of them work for more than 20 years at JA. Sixty-nine percent are women.
 - v) Salaries are adequate but not the most important aspect of JA's attractiveness as employer; since in the local market the salaries may be higher for similar positions in other companies. Nonetheless JA staff are able to pay for housing, education, and health care and save a bit.
 - vi) In positions of responsibility, such as the accounting area, they would like to have more technical support to be sure of carrying out activities correctly.
 - vii) In general, they are not afraid of losing their jobs. However, if laid-off staff may be affected by the situation in the country, in terms of insufficient jobs opportunities in formal employment.
 - viii) Staff appreciate the system of an annual bonus for results.
 - ix) JA is open to the initiatives of its workers, so that they innovate in areas that are needed, for which they generate interdisciplinary teams.
 - x) Staff are returning to work in the physical space of JA, after the pandemic and this has generated tensions; some workers want to have the option of working some days from

home and others in the JA space. This way they don't waste time commuting to and from work, and also organize their time at home, family and work in a more open way, and can work by results. Some of the current JA workspaces need more natural light and sunlight, air.

- xi) Staff recognize that they have a voice in JA as workers.
- xii) However some staff did not know that they can create a workers union.

2) Members of the cooperative – including many smallholder farmers

- a) The work of JA extends well beyond micro finance (access to financial services and micro credit). JA provides different types of support to vulnerable social groups, helping them to generate enterprises. An example is the creation of a cleaning services company to structure the work of cleaning women and allow them to bid directly for public contracts.
- b) As detailed in the core of the report, the main goal of JA is to improve the living conditions of their members, their families and their communities. Providing micro credit is only a component of an integrated approach.
- c) For smallholder farmers, this includes guidance and training on good agricultural practices; with such services being carried out by CECCA. The symbiosis of Jardín Azuayo and CECCA and their long-lasting partnership is the key success factor for small farmers to be successful with the micro credit and also to sustain their farming business.

3) Education

- a) We highlight education separately because it is an essential factor in JA's success as a cooperative. Any person who receives a microcredit is going to receive some basic and essential modules to efficiently manage the funding received.
- b) The education is carried out by collaborators in the local context and territory. The impact of the education is high since it is adapted to the local needs and realities of those who receive the microcredits.
- c) EDUCOPE is an open training programme run by JA. Developing financial skills and competences is only one module of the programme offered to the members. They focus on young people. Some of the young people trained have gone on to work in JA, after completing internships. It is important that EDUCOPE also visualizes its impact through specific information in this regard.

4) Combining access to finance and microcredit with multiple other leverages for empowerment of its members, Jardín Azuayo generates important positive social impact in society, for its members and for their families and communities. This includes for example supporting women heads of household to create their own businesses. Social economy initiatives supported by JA include a restaurant, a daycare centre, etc.

5) Jardín Azuayo together with other social economy companies, including several spin-offs of JA itself, has also created COFEPS as a kind of platform and joint investment vehicle for new social economy initiatives.

6.3.3 Overview of challenges – Jardín Azuayo case

Remark: multiple challenges of Jardín Azuayo (JA) have been described in detail in the core of the report; as to avoid duplications, these elements are not repeated here. The below is only providing some additional elements on the case.

- 1) There is a need to integrate hired day laborers into JA's vision of Decent Work in order to ensure that they receive decent wages.
 - a) One mechanism that was discussed could be that microcredit loan rates could vary and be lower for those members (small and medium scale farmers) who commit to pay their day laborers better. JA can look into mechanisms to commit loan recipients to achieve social impacts. This would fit with JA ambition to generate positive social impact for the most vulnerable.
- 2) As developed in the main report (cf. §3.9.3), Jardín Azuayo shall invest more in improved data collection and measurement and management of its social and environmental impact.
 - a) It would be important for JA to have more information on the impact of its microcredits granted in combination with other services and support provided to members. This information can help JA to present itself to national and international organizations to receive funds to continue its integrated approach with microcredit as a key component.
 - b) We recommend JA to systematize and generate impact information, so that they can inform the society, the members, and new members of their work, which will also be useful to obtain more sources of financing to continue with their spirit of micro credit and financial training.
 - c) JA is still new in implementing the SARA system for environmental and social risk analysis and management that has been recently imposed by the government. JA considers the system is not well adapted to the type of micro credit business it is working in and still struggles with it. JA considers it is not logic that the SARA requirements are higher for a financial cooperative than for a bank managing much bigger loans. Nonetheless it is an opportunity for JA to better measure and manage social impact, from the analysis of the investment file onwards. JA can take advantage of what SARA requests, while going much further with its environmental and social reporting and accountability, leveraging what they have already achieved and want to achieve (please refer to §3.9.3 for further explanation).

6.4 Case 3: Vision Fund Ecuador (micro finance bank) – Direct and indirect BIO investee

6.4.1 Introduction of the VFE case

The institution received its final banking license in mid-2016. All the assets and liabilities of the previous organisations FODEMI were transferred to the new entity; the starting equity was of USD 5 million. Vision Fund Ecuador is currently a Bank specialized in microfinance; fully under the supervision of the Superintendence of Banks. VFE stands as the financial arm in Ecuador of World Vision International (WVI). VFE is a subsidiary (component) of Vision Fund International (VFI), an international Christian company with more than 28 microfinance institutions around the globe, servicing over one million clients every year. VFI is a wholly owned subsidiary of World Vision International (WVI), an NGO founded in 1950 that receives funding from donations of private and public entities to develop projects with high social impact (with a clear focus on childhood).

Complementing the information provided in §1.3.3, it is worth noting that the Bank supports smallholder farmers involved in the production of raw cow milk, livestock breeding, and production of crops including cocoa, potatoes, vegetables and tropical as well as subtropical fruits. The Bank also recognizes that the role of women in agricultural activities is increasingly important, given the common practice of men trying to gain a revenue through (formal or informal) wage activities in the city. The latter explains that women represent over 60% of VFE's client base.

Vision Fund Ecuador (VFE) offers the following products: 1) Group, community and individual microcredit / banking loans; 2) Savings accounts / products; 3) Investments. VFE also provides / offers (micro) insurances to its customer, such as lien insurance covering the original amount of the credit requested from the Bank and potentially burial expenses in case of death or total and permanent disability suffered by the Principal Insured and/or his partner. The Bank also offers an insurance for telephonic medical advice to its customers.

VFE aims at being the biggest bank providing affordable financial products to the population in the north of Ecuador; with a focus on access to financial services, reduction of poverty and improving the living conditions of its clients. The idea is to foster community development through complementarity between VFE and the NGO World Vision Ecuador (part of World Vision International). This explains that VFE typically enters in regions where WVI has social projects which usually seeks at helping vulnerable children to overcome poverty. Those often-remote rural regions are reporting low levels of financial inclusion and high levels of poverty and a considerable rurality, which allows the entity to comply with its social mission. VFE has a sizable number of customers ranking below the poverty line. Roughly 30% of the new loans originated per month are directed to people below the poverty line and 19% of the entity's client base are considered poor.

6.4.2 Overview of strengths – VFE case

Remark: Some key strengths of Vision Fund Ecuador have been described in the core of the report; as to avoid duplications, these elements are not repeated here. The below is only providing some additional elements on the case.

- 1) Employees of VFE
 - a) There is a 'Human Talent Department' that takes care of the people who work for VFE.
 - b) When talking to the staff they almost generally indicated that they are happy to work in the Bank. Many of them identify with the social mission of VFE.
 - c) Staff benefit from the services of the public social security and also some additional private health insurance.
 - d) Staff consider the salaries are adequate and competitive in the city where they live.
 - e) VFE constantly provides training to its employees, who recognize that it contributes to their professional growth. This is confirmed by staff consulted. Training is not only provided with respect to micro finance business, but also with respect to childcare and nutrition as to be better able to contribute to the wellbeing of their clients and communities they live in.

- 2) The decent work survey among staff provides rather good scores.
 - a) Staff consider VFE takes care of its personnel and their working conditions.
 - b) Staff appreciates receiving salaries that are competitive in the local context and training provided for the staff.
 - c) There is compliance with all State labour regulations, such as social security affiliation, vacation days, etc.
 - d) In general staff consider that there is an adequate balance between work and family life; but some indicate that their responsibilities implies that they take work home with them. However workload for microcredit counsellors is perceived as heavy.
 - e) Respondents described that VFE takes care of them as workers in terms of social security and access to additional private health care insurance.
 - f) Workers are committed to VFE's vision of improving the lives of children, which generates a good working environment and motivation to contribute to a social cause.

- 3) Services and added value for clients.
 - a) As detailed in the main report JA contributes to access to finance for poor people and in remote agricultural areas.
 - b) The microcredit counsellors are recruited from and live in the countryside, which is a plus, because they know the reality of the people who apply for loans.
 - c) As explained in the main report, multiple clients of VFE have drastically improved their situation through multiple rounds of micro credit with progressively increasing amounts of the credit.

6.4.3 Overview of challenges – VFE case

Remark: Some challenges of Vision Fund Ecuador have been described in the core of the report; as to avoid duplications, these elements are not repeated here. The below is only providing some additional elements on the case.

- 1) VFE struggles with a high turnover of 25 to 30% of its personnel working as VFE credit counsellors in rural areas.

- a) Working as credit counsellor in remote areas involves tiring travel on poor roads to visit clients and this is perceived as problematic.
- b) One factor may be an excess of work pressure due to individual clients being scattered in the area and thus low efficiency in managing micro credits.
- c) Also competitors might be offering higher salaries or rather more aggressive sales commission on concluded microcredits; while such practices may not be in the interest of clients and are thus less compatible with the overall vision and ambitions of VFE.
- d) These credit counsellors are generally recruited locally and trained by VFE; but with the experience gained they may leverage their new skills in less demanding work environments; potentially in urban areas.

Nonetheless, the evaluators were informed that this high turnover rate is in line with industry for microfinance banks and financial entities operating on a smaller scale; such systemic challenge seems to be common for organizations of this nature.

- 2) VFE uses a methodology to measure the probability of poverty or poverty risks of the clients of its micro-credit services.
 - a) The indicators and information produced by VFE contribute to understanding part of its social impact on the people who receive microcredits. For example, one of the indicators that VFE measures is the number of light bulbs in the home of the microcredit recipient; before receiving the credit, and after closure of the credit cycle.
 - b) But such data do not yet provide insights on how the clients' household income relates to a living income and how this evolves after having benefitted from a micro credit.
 - c) Also today there is few systemised data available to appreciate the impact of micro credits granted on the different other dimensions of decent work for the clients involved.
- 3) The evaluators consider that the interest rates at which VFE grants micro-loans remain high thus being less appropriate for meeting the challenges of 'economically viable credit' for small and medium-scale farmers in Ecuador. Furthermore VFE's single focus on access to micro-credit and the corresponding theory of change did not convince the evaluators. Furthermore, VFE is not able to demonstrate significant impact for a majority of its clients (first borrowers). The success rate data that VFE does provide apply only to those clients who perseverated successfully across many micro credit cycles.
- 4) As in the other cases VFE has no attention for impact on decent work for day labourers hired by clients of (micro) loans granted by VFE. This remains out of scope.

6.5 The 8 dimensions of decent work (KU Leuven-HIVA concept)

1. Income security	
Income	An estimate of a living wage (LW) for a family of xx persons in this region is yyy. How does your income compare to this? My monthly income is...
Regular pay	Do you receive your pay on a regular basis (daily, weekly, fortnightly or monthly basis)?
Overtime	Do you always receive extra pay for working overtime?
Savings	Is your income sufficient to save some money on a regular basis?
Debt	Do you have personal debt?
Annual leave	Do you benefit from paid annual leave (or from compensation instead of it)?
2. Employment security	
Contract	Are you employed on the basis of a written contract or agreement?
Dismissal	Can you be dismissed without a clear reason for dismissal?
Notice	Unless there is a fault of yours, could you be dismissed by your employer without advance notice?
Job loss	How much do you fear losing your job? (fear being out of work)
Job retention	How long are you intending to stay with the present job?
3. Labour market security	
Unemployment	Have you been unemployed over the last 12 months?
Irregularity of work	How regular is your work throughout the year?
Underemployment: hours	Would you like to work more hours per day?
Underemployment: days	Would you like to work more days per week?
Professional training	Received (vocational) training for present job
Job mobility	If you were to lose your current job, how easy would it be to find a job of a similar or higher salary?
Disapproval	Do you experience disapproval from family members/community to work outside the home?
4. Social protection	
Health insurance	Does your employer pay a health insurance to cover (part of) your health care costs?
Work injury insurance	In case of an occupational accident/work injury, would you get adequate compensation?
Sick leave	In case of incapacity to work due to health reasons, would you benefit from paid sick leave?
Pension benefit	Does your employer pay contributions to a pension fund for you?
Invalidity benefit	In case of invalidity, would you have access to an invalidity benefit?
Maternity	In case of birth of a child, would you be given the opportunity to benefit from paid maternity leave?
Severance payment	Does your employer provide a severance payment in case of termination of employment?
Social transfers	Are you benefitting from any cash transfer or voucher programmes?
5. Work life balance	
Work hours	How many hours of work does your week entail on average?
Weekend	Does your work entail weekend work?

Rest	Do you get a weekly rest period of at least one day in a week?
Job satisfaction	On the whole, are you satisfied with the working conditions in your main paid job?
Excessive hours	Do you feel lack of time in a day?
6. Fair treatment	
Discrimination gender, family	Have you faced discrimination or harassment related to your gender/sex, pregnancy/maternity (if relevant), sexual orientation, family status, and/or marital status at your workplace?
Discrimination physical	Have you faced discrimination related to your age, physical appearance, and/or disability at your workplace?
Discrimination race & co	Have you faced discrimination related to your race, colour, nationality, social origin, and/or language at your workplace?
Discrimination pol & religion	Have you faced discrimination related to your political opinion and/or religion at your workplace?
Child labour	Are children under 15 years employed in your workplace?
Forced labour - Involuntariness 1	Does your employer oblige you to work more hours than initially agreed to?
Forced labour - Involuntariness 2	Does your employer oblige you to do different work than initially agreed to?
Forced labour - coercion	Does your employer delays or cancels the payment of your wages?
7. Occupational safety & health (OSH)	
Health impact	Do you think your health is at risk because of your work?
Protective equipment	Does your employer provide protective equipment free of charge?
Time pressure	Does your main paid job involve working at very high speed and/or working to tight deadlines?
Ergonomic risks	Does your main paid job involve vibrations of hand tools, and/or tiring positions, and/or carrying or moving heavy loads, and/or repetitive hand or arm movements, and/or vibrations from hand tools?
Biochemical risks	Are you exposed at work to breathing in smoke fumes; powder or dust, and or breathing vapours such as solvents and thinners; and/or handling or being in direct contact with materials which can be infectious, such as waste, bodily fluids, laboratory materials, etc?
Ambient risks	Are you exposed at work to noise so loud that you would have to raise your voice to talk to people; and/or high or cold temperatures which make you either perspire or shiver even when not working?
Training OSH	Did you receive health and safety training for the present job?
Access to amenities	Do you have access to clean water, food, and sanitation at your workplace?
8. Voice and representation	
Freedom of association	Do you have the right to join a worker organisation / trade union at your workplace?
Worker rights	Would your employer discriminate on the basis of membership to worker organisations?
Inspection	Has your workplace been inspected by any of the following organisations over the last year? (Inspectors of min of labour, auditors, other)

Employees: 8 dimensions of decent work

1. Income security	3. Labour market security	5. Work life balance	7. Occupational safety & health (OSH)
Income	Unemployment	Work hours	Health impact
Regular pay	Irregularity of work	Weekend	Protective equipment
Overtime	Underemployment: hours	Rest	Time pressure
Savings	Underemployment: days	Job satisfaction	Ergonomic risks
Debt	Professional training	Excessive hours	Biochemical risks
Annual leave	Job mobility	6. Fair treatment	Ambient risks
2. Employment security	Disapproval	Discrimination gender, family	Training OSH
Contract	4. Social protection	Discrimination physical	Access to amenities
Dismissal	Health insurance	Discrimination race & co	8. Voice and representation
Notice	Work injury insurance	Discrimination pol & religion	Freedom of association
Job loss	Sick leave	Child labour	Worker rights
Job retention	Pension benefit	Forced labour - Involuntariness 1	Inspection
	Invalidity benefit	Forced labour - Involuntariness 2	
	Maternity	Forced labour - coercion	
	Severance payment		
	Social transfers		



Self-employed & members of coops: 8 dimensions of decent work

1. Income security	3. Labour market security	5. Work life balance	7. Occupational safety & health (OSH)
Income	Unemployment	Work hours	Health impact
Regular income	Irregularity of work	Weekend	Protective equipment
Overtime	Underemployment: hours	Rest	Time pressure
Savings	Underemployment: days	Job satisfaction	Ergonomic risks
Debt	Professional training	Excessive hours	Biochemical risks
Annual leave	Job mobility	6. Fair treatment	Ambient risks
2. Employment security	Disapproval	Harassment by authorities	Training-OSH
Access to credit	4. Social protection	Discrimination gender, family	Access to amenities
Demand sufficiency	Health insurance	Discrimination physical	8. Voice and representation
Scope to expand business	Work injury income	Discrimination race & co	Freedom of association
Job loss	Pension	Discrimination pol & religion	Worker-rights
Job retention	Invalidity benefit	Child labour	Membership of union/ association
	Social transfers	Forced labour - Involuntariness 1	Inspection
	Maternity	Forced labour - Involuntariness 2	
	Severance-payment	Forced labour - coercion	
	Sick leave		

6.6 List of documents reviewed

- OECD (2021), Responsible Business Conduct Country Fact Sheet - Ecuador, OECD Paris;
- IFAD - <https://www.ifad.org/en/web/operations/w/country/Ecuador>
- GFRAS - Global Forum for Rural Advisory Services - <https://www.g-fras.org/en/world-wide-extension-study/south-america/south-america/ecuador.html> ;
- <https://www.britannica.com/place/Ecuador/Agriculture-forestry-and-fishing>
- <https://tradingeconomics.com/ecuador/minimum-wages>
- Living Wage Update Report Rural Ecuador, Coastal Region 2022 - Anker Research Institute / Living Wage Coalition
- National Survey on Income and Spending (ENIGHUR 2011- 2012) conducted by INEC, the National Ecuadorian Institute for Statistics and Surveys
- <https://www.statista.com/statistics/1039947/informal-employment-share-ecuador/>
- ILO Towards a Universal Pension Protection Scheme - Ecuador - Ruth Alicia Lucio Rome - <https://www.social-protection.org/gimi/ShowMainPage.action>
- The “freedom of association” complaint, filed and processed at ILO as Case No 3148 (Ecuador)
- Principales Resultados: Encuesta Nacional de Ingresos y Gastos (ENIGHUR) 2011- 2012 by INEC, the National Ecuadorian Institute for Statistics and Surveys
- Encuesta de Superficie y Producción Agropecuaria Continua - ESPAC 2021 - by INEC, the National Ecuadorian Institute for Statistics and Surveys
- Ecuador - Towards a Universal Pension Protection Scheme; by Ruth Alicia Lucio Romero
- OECD (2021), Responsible Business Conduct Country Fact Sheet - Ecuador, OECD Paris
- Proyecto modelo de granja sostenible en unidades educativas agropecuarias (uea) - Perfil de Proyecto – Ministerio de Agricultura y Ganadería – Ecuador
- Investment Memo Incofin Investment Management – Cooperativa Jardín Azuayo, July 2022
- Rating Report Incofin Investment Management – VisionFund Ecuador, 09-2022
- Evaluación final del Programa TRIAS Andes 2017-2021 - Conectar, empoderar y transformar para un mundo más inclusivo y sostenible – Ecuador - 27/04/2022 - Byron Sosa Chiriboga y Diego Larrea Landázuri
- DGD 2017-2021 Programmavoorstel, TRIAS
- BIO internal documents on investment analysis for Vision Fund Ecuador and E&S (Environmental and Social) monitoring reports 2019, 2020, 2021 and 2022 for Vision Fund Ecuador
- Multiple internal presentations and other documents of Jardín Azuayo as well as information provided on their website
- Multiple internal presentations and other documents of UNOCACE as well as information provided on their website as well as information provided on their website
- Multiple internal presentations and other documents of Vision Fund Ecuador as well as information provided on their website