



Food and Agriculture Organization
of the United Nations



WORLD
FOOD
FORUM

FAO
HAND-IN-HAND
INVESTMENT

ECUADOR

**Diversity of opportunities for
sustainable development**

16-20 OCTOBER 2023



YOUTH ACTION | SCIENCE & INNOVATION | INVESTMENT

Content

SECTION 1: General View

SECTION 2: Investment Climate

SECTION 3: Avocado, Cocoa and Dragon fruit Investment Notes

Ministerio de
Agricultura y Ganadería

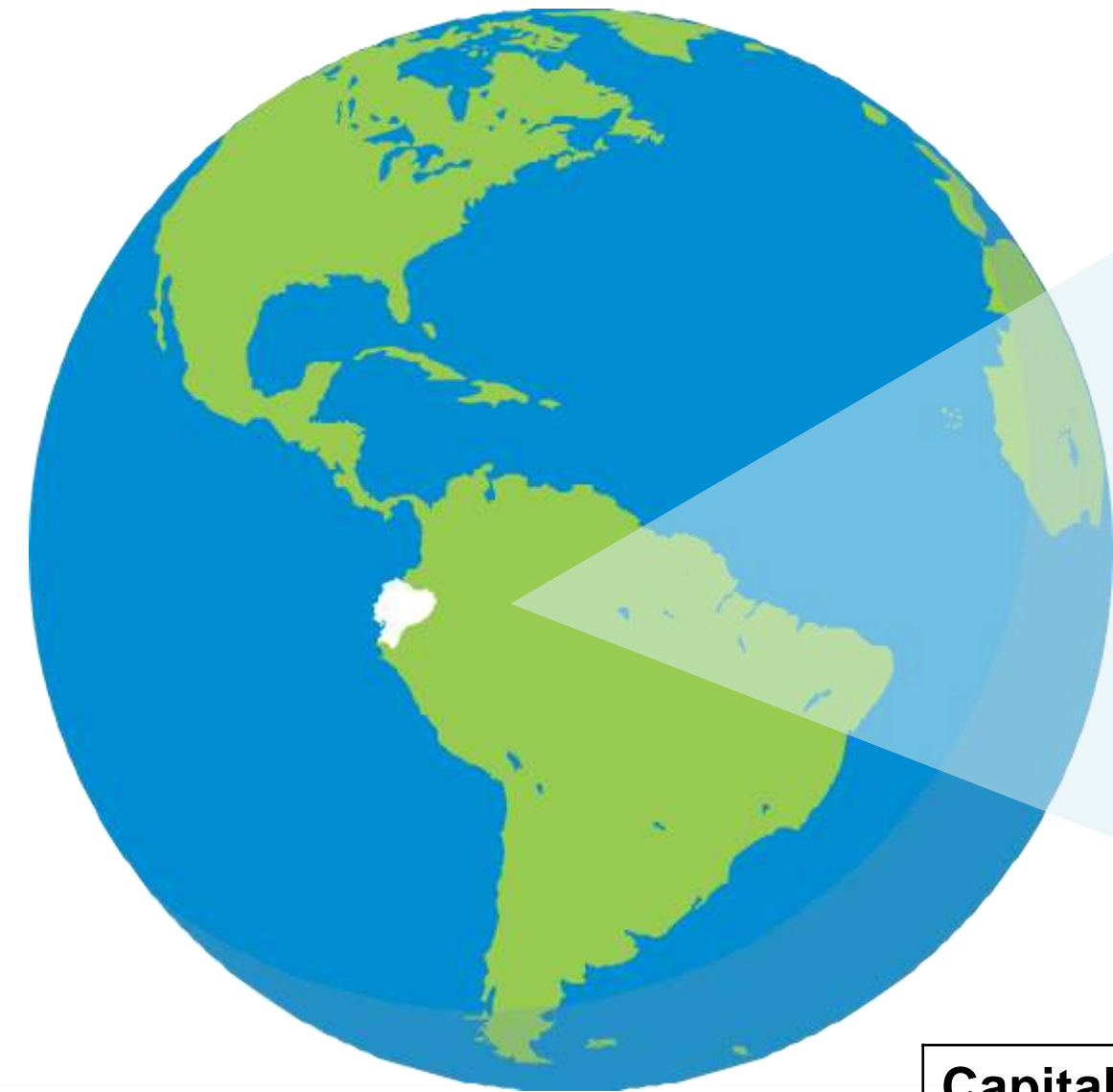


República
del Ecuador



Section 1: General View

Ecuador: Diverse opportunities for sustainable investment



"The world wants to eat Ecuador's high quality produce all year round"

- Natural, fresh and healthy foods
- Sustainable, environmentally and socially responsible products
- Ecuador is an agrobiodiverse country, with food distinguished by its quality and produced all year round
- Agreement among value chain actors for a strategy of differentiation by sustainable quality
- Investments are needed that are aimed at:
 - Sustainable production technologies
 - Premium quality value added
 - Certification and traceability
 - Marketing for export expansion

Capital: Quito	Population: 18.3 million
Language: Spanish	Literacy rate: 93,6%
Time zone: GMT-5	Total area: 25,6 million hectares
Currency: US Dollar	Agricultural area: 5,2 million hectares

Section 1: General View

Rural Population: 32%

Agricultural EAP: 29.1%

APUs < 10 ha: 75%

Women Headed APUs: 25%

Total FDI: 829 million USD

Agricultural FDI: 7.4% (61 million USD)

MAG Budget: 110 million USD

Cooperation Projects: 227,000 USD

Agricultural GDP: 7.5%

Agroindustrial GDP: 12.7%

Agroexport: 7,554 million USD

Agroexports/Total: 23%

National Income Poverty: 25.2%

Rural Income Poverty: 41.0%

Rural-Urban Poverty Gap: 2.4 times greater (Rural poverty 41%, Urban 17%)

Rural Poverty by URP: 53.3%



Ecuador's National Agro-Livestock Policy and Plan 2020-2030

- (Decree No. 1293, dated 04/22/2021)

Strategic objectives:

- Contribute to overcoming poverty
- Contribute to the economy, increasing GDP
- Reduce the rural-urban territorial inequality gap URP

Sources: BCE, MAG, INEC, Min. Finanzas (2022)

The Presidency of the Republic of Ecuador has established the “Strategic Production and Diversification Plan for Agricultural Value Chains”, which aims to diversify the supply of agricultural exports

Prioritized Crops

Non-traditional



Avocado



Dragon Fruit



Soursop

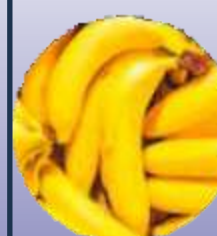
Traditional



Cocoa



Coffee



Banana

Goal

Increase FOB value by 10%

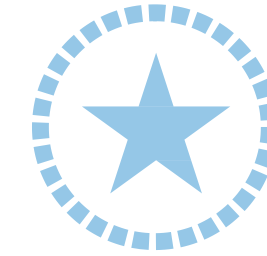
Section 2: Investment Climate

Ecuador in International Indicators:

Doing Business in Ecuador



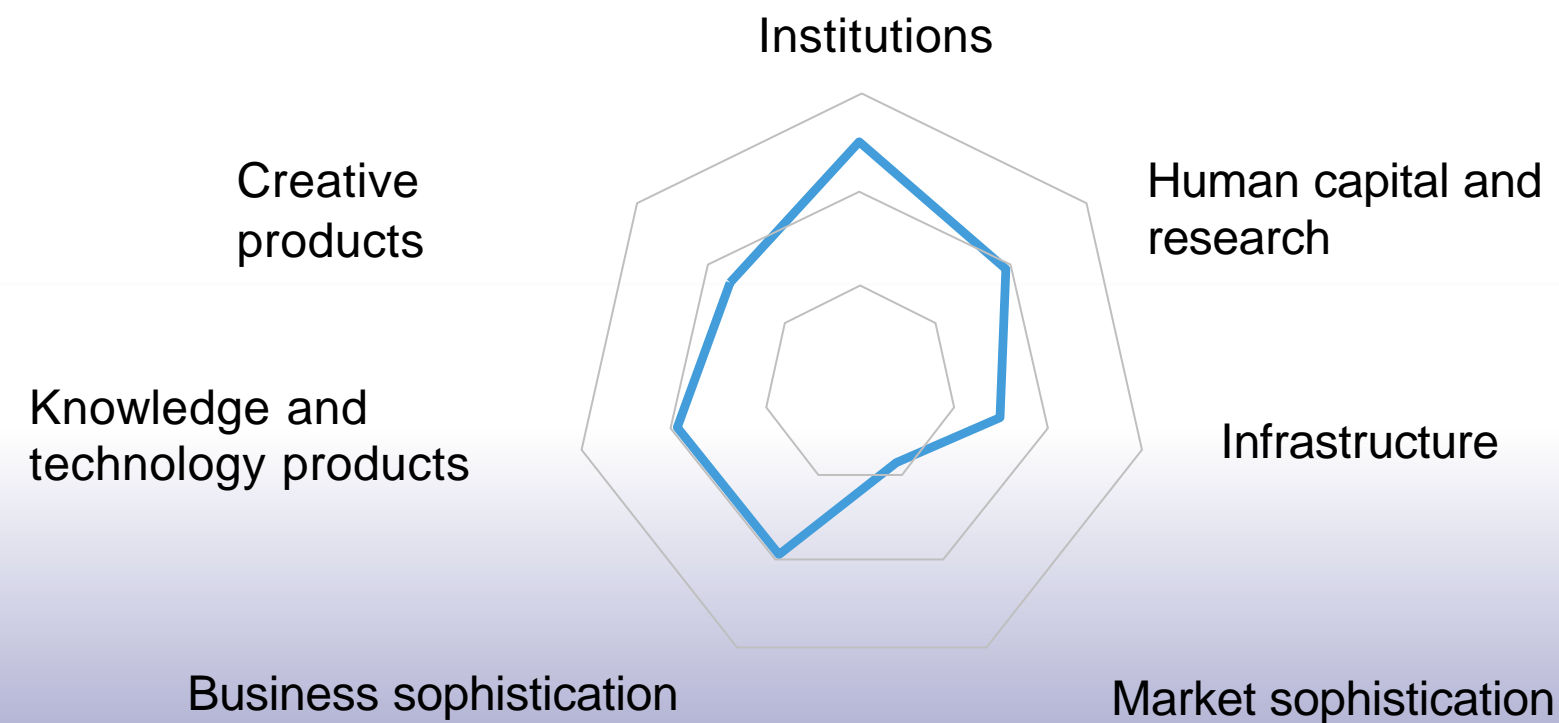
GDP indicator



Competitiveness Indicator



Global Innovation Indicator



Sources: Deloitte (2022) y OMPI (2022)

Section 2: Investment Climate

Why invest in Ecuador?

Comparative advantages

- Climate, soil and water allow production year round
- Luminosity and temperature difference between day and night favor premium quality products
- Match between growing demand for natural foods and sustainable production
- Equatorial geographic location and proximity to the Panama Canal

Competitive advantages

- Connectivity that facilitates the timely mobility of goods and services (5 ports, 21 airports - 4 international, 10 thousand km of roads)
- Opening to the world with 15 trade agreements, including China (Last year 11 deals, 4 have increased)
- Simplified procedures for establishing Simplified Share Companies (SAS).
Time 2 to 3 days
- Regulatory framework favorable to investment (reduction of Income Taxes and Foreign Exchange Outflows). Reduction from 3 to 5 points
- Unanimously-approved reform to the Organic Law of Popular and Solidarity Economy (LOEPS) facilitates the creation and operation of cooperatives, potential business partners in linking producers to agro-export businesses and improving their access to financing



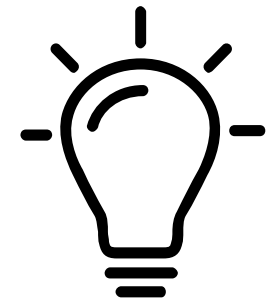
Ecuador follow up to Hand in Hand Investment Forum 2022

Ministry of Agriculture and Livestock led investment projects

- In the context of HH, the **government** has allocated around to **USD 244 million to 2022-2025** period, to support four projects focused in agriculture, livestock, forestry and technical assistance activities.
- **US\$ 57 million have been spent** (2022 and 2023), benefiting more than **200,000 producers** in the prioritized territories. These resources were used for the delivery of subsidies, incentives and technical assistance.
- Additional support was also provided for avocado and cocoa investments for a total value of **USD 0.6 million** (Government, EU and FAOEC).

Hand in Hand Ecuador, Approach 2023

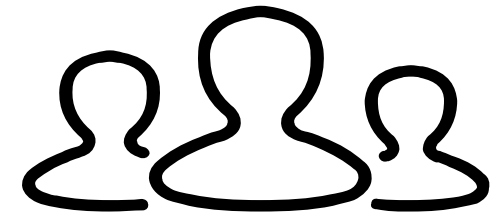
Investment Strategy for Agro-Productive Value Chains in Hand in Hand Territories (FAO/MAG/CORPEI) within the context of the Agricultural Policy 2020-2030 and Strategy of the Presidency of the Republic



Objective

Prepare a proposal for resource mobilization for the rural sector with a value chain approach at the territorial level

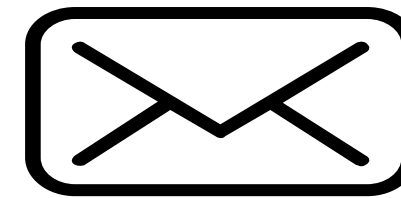
1



Prioritized chains

Avocado*, cocoa*, dragon fruit*, coffee, soursop and plantain

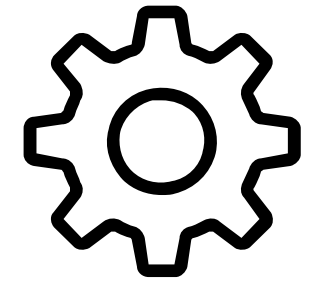
2



Approach

Investment opportunities: production, marketing, value added, innovation, youth/women

3



Methodology

Identify investment opportunities
Identify possible investment lines; Generate spaces for dialogue

4

SPACES FOR DIALOGUE

Sectoral Forum

Sep/Oct 2023

International Forum

Oct 2023

National Forum

Nov 2023

*Participation in the International Investment Forum

Section 3: Investment Note HiH Cocoa





Goals for 2026

Performance

- 170% increase (0.56 to 1.5t/ha) under climate-smart technology

Producer prices

- 14% increase via better quality, sustainability certification and inclusive businesses

Sustainability

- 60% reduction of GHG emissions in cultivation through circular economy
- 60,000t of certified sustainable cocoa

Market Analysis

Demand:

Annual growth of cocoa global demand was 3% (ITC, 2022), and 6% of the Ecuadorian cocoa (BCE, 2022).

Key Advantage:

- High quality cocoa with competitive costs and reaching Green European Agreement requirements in partnership with small enterprises and producers.

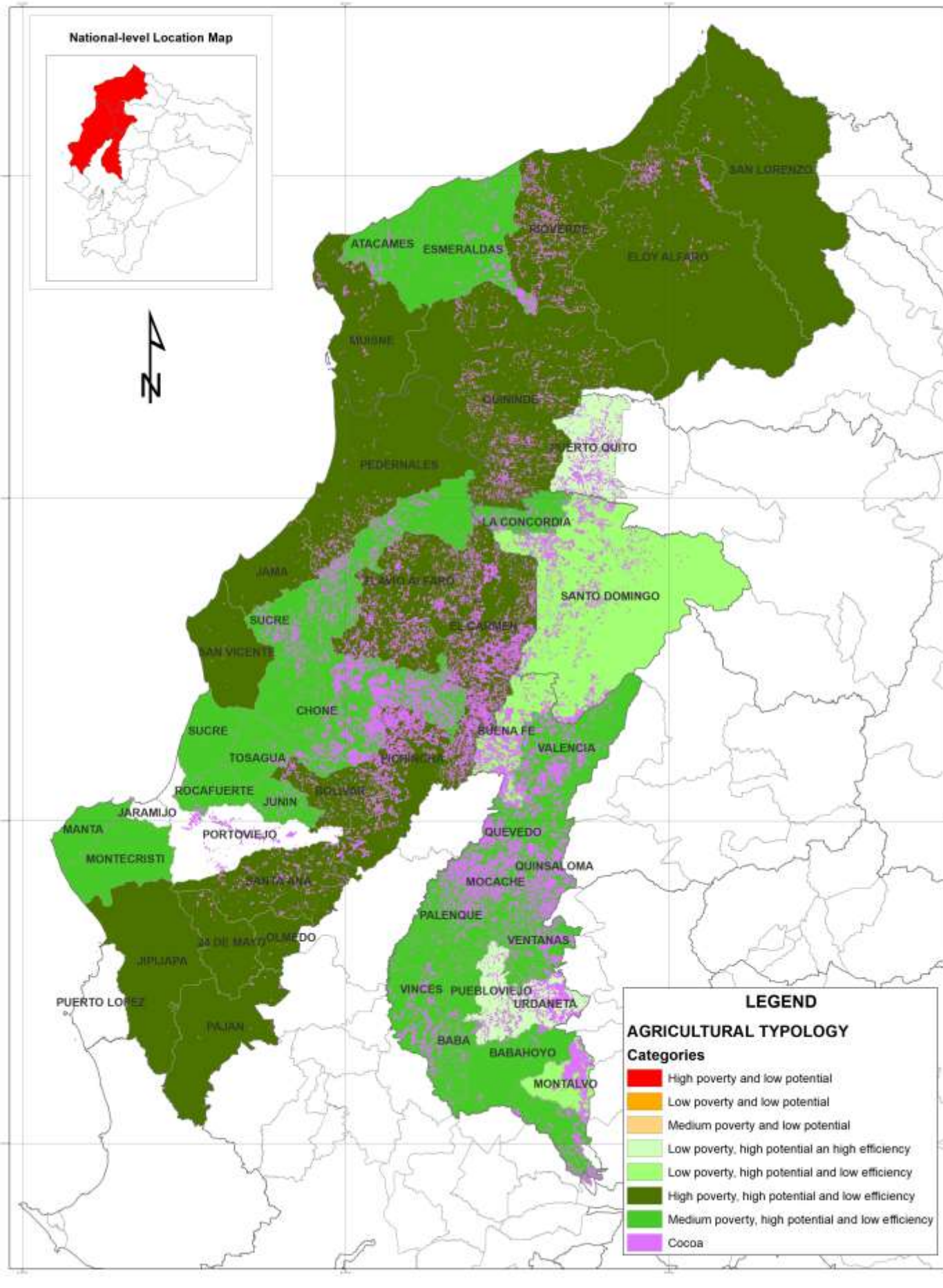
Average cocoa yield (t/ha) in Ecuador



Source: ESPAC, 2021

Section 3: Investment Note HiH - Cocoa

LOCATION OF COCOA CULTIVATION AREAS FOR INTERVENTION
(20,000 hectares)



US\$ 67,618,000
Total Investment

US\$ 20,400,000
Government
Investment 2022-2023

US\$ 47,218,000
Investment gap



Production



Circularity



Marketing

US\$ 32,760,000

US\$ 5,700,000

US\$ 8,758,000

Impacts

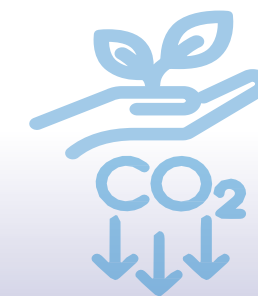


Direct beneficiaries:
20,000

***Indirect beneficiaries:**
74,000



Expected per capita income increase:
1,449 US\$/per ha/monthly



CO2 captured:
In review

Verified sustainability
In review

*Calculated based on the number of direct beneficiaries multiplied by the number of household members of the producer: 3.7 (Source :INEC, 2020).

Investment Plan Ecuador - Cocoa



US\$ 67.6 M
Total investment



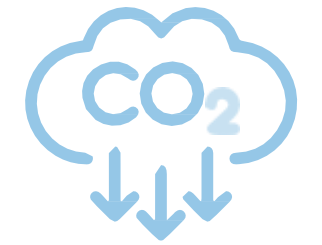
27%
IRR



94,000
Beneficiaries



US\$1,449
monthly income per ha



In review
CO2 captured



US\$ 20.4 M
Government investment
2022-2023



US\$ 47.2 M
Investment gap

Direct Beneficiaries: 20,000
Indirect Beneficiaries: 74,000

1

Intervention: Sustainable technology for increased performance

- Credit for climate-smart technologies and training
- Implementation of Good Agricultural Practices (GAP)
- Linkage with anchor companies

Cost (USD) US\$ 32.76 million
IRR (%) 24%
VAN US\$ 42.4 million
B/C: 1.25

Sustainability benefits

Direct Beneficiaries: 20,000
Indirect Beneficiaries: 74,000
GAP certified and deforestation-free crops:
20,000 ha

2

Intervention: Quality through adoption of good marketing and post-harvest practices

- Transfer of good commercial (GCP) and post-harvest practices
- Adaptation of Collection Centers
- Training of GCP inspectors
- Implementation of a National Traceability System

Cost (USD) US\$ 8.7 million
IRR (%) 48%
VAN US\$ 22.6 million
B/C: 1.22

Sustainability benefits

Direct Beneficiaries: 20,000
Increase in per capita income: US\$1,449
Cocoa volume with traceability: 30,500t/year
Collection centers with GCP: 7

3

Intervention: Innovation in circular businesses

- R&D&I for processed by-products (e.g. pulp and cob), market testing, incubation and acceleration: 4,940,000 US\$
- Installation of pilot plant: 560,000 US\$.
- Transfer of results for replication with private investors: 200,000 US\$

Cost (USD) US\$ 5.7 million
IRR (%) 8%
VAN US\$ 277,000
B/C: 1.24

Sustainability benefits

Beneficiaries: 20,000
500 cob and pulp suppliers
14 producer associations and 10 industrial companies trained

Section 3: Investment Note HiH Avocado





Goals for 2026

Production and performance

Increase export crops by 100%, from 1,500 to 3,000 hectares

Increase yield by 88%, from 8 to 15 t/ha.

Achieve a production potential of 39,000 t by 2030

Sustainability

2,000 hectares with produce of quality, sustainability and traceability.

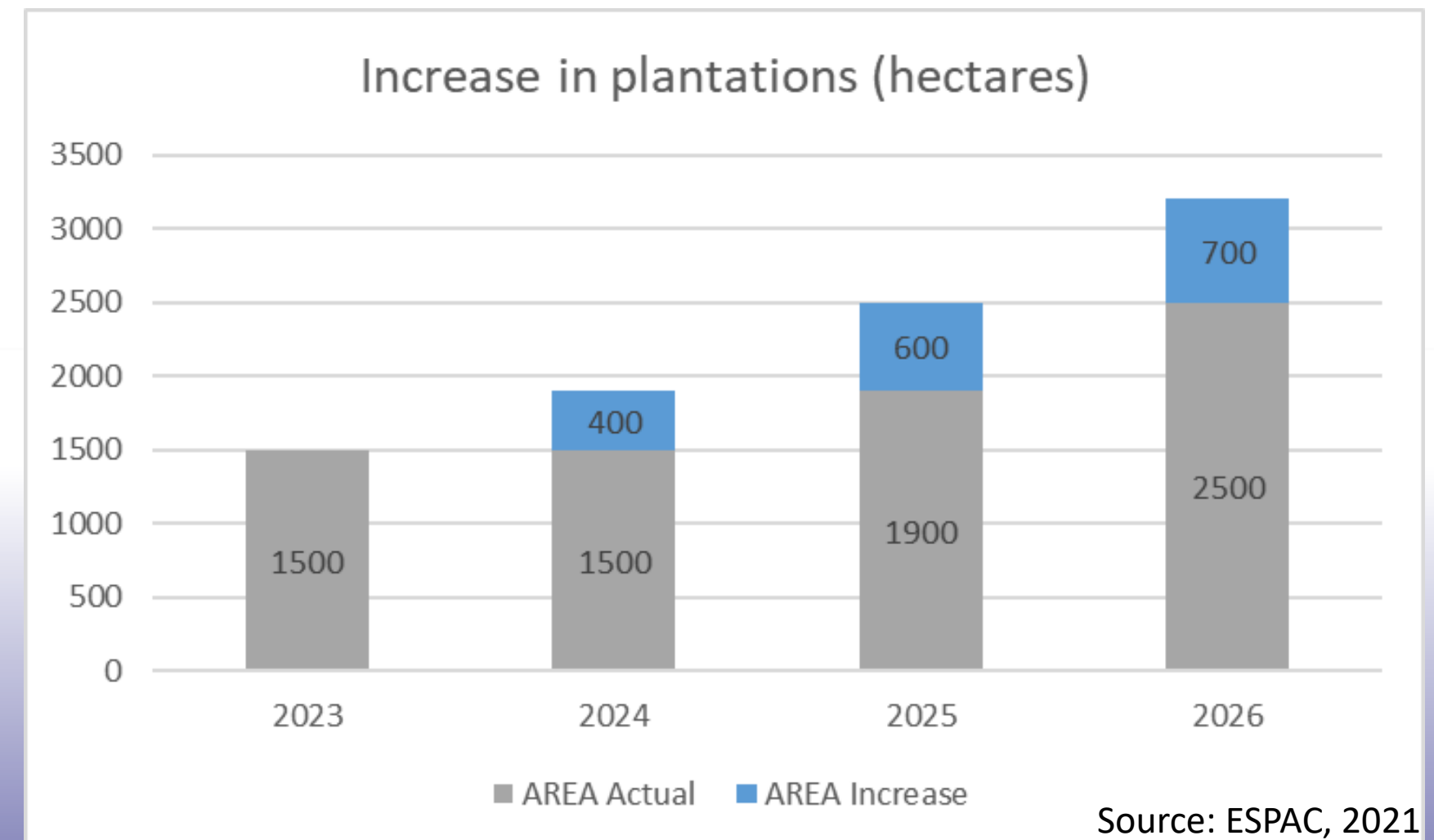
Market Analysis

Demand:

- Global demand with annual growth of 4% (ITC, 2023) and export potential to the EU (8%/year), the USA and more than 40 open markets

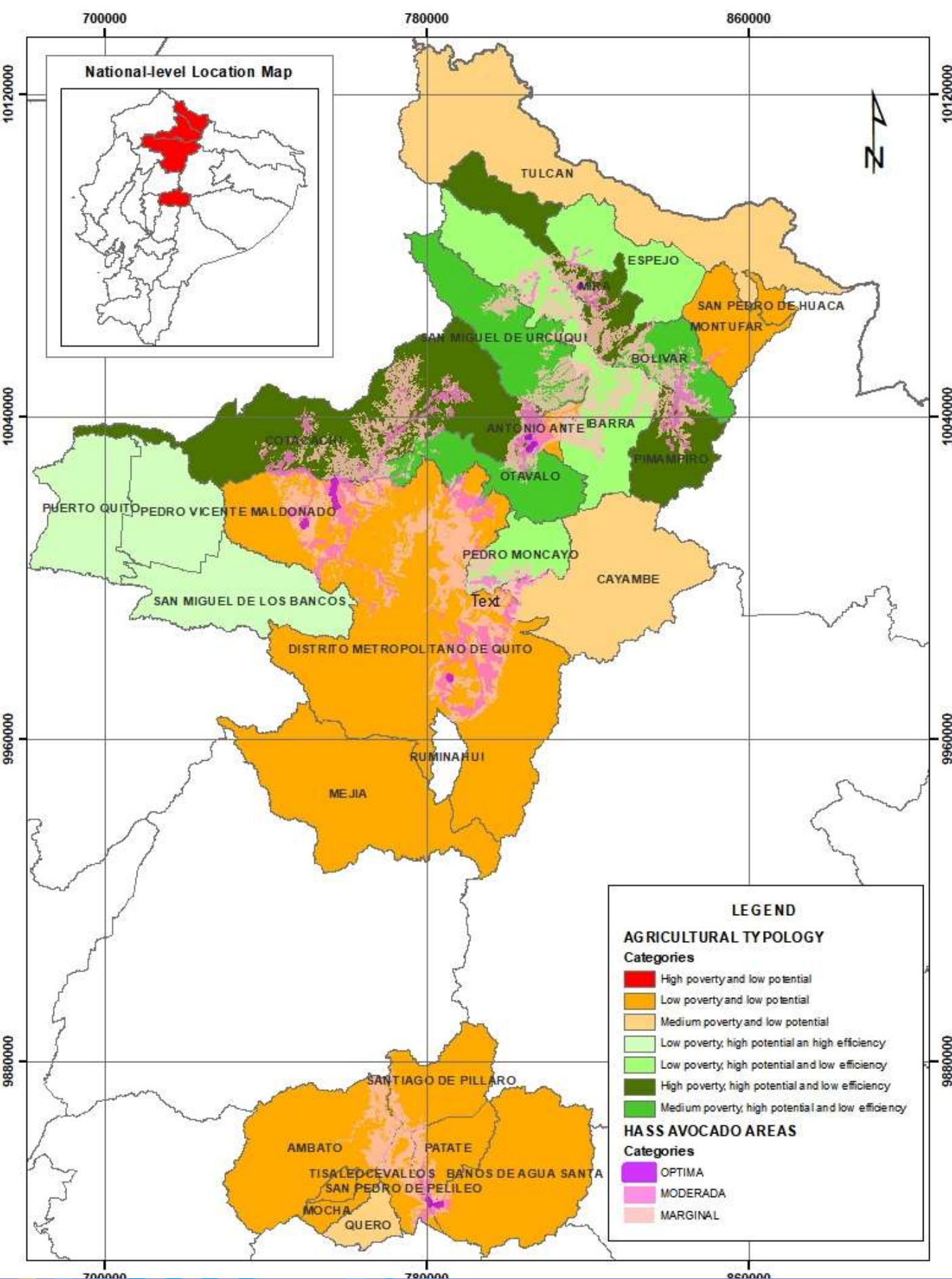
Key Advantage

- High-quality Andean avocado with harvest departure before Peru, and with associated suppliers

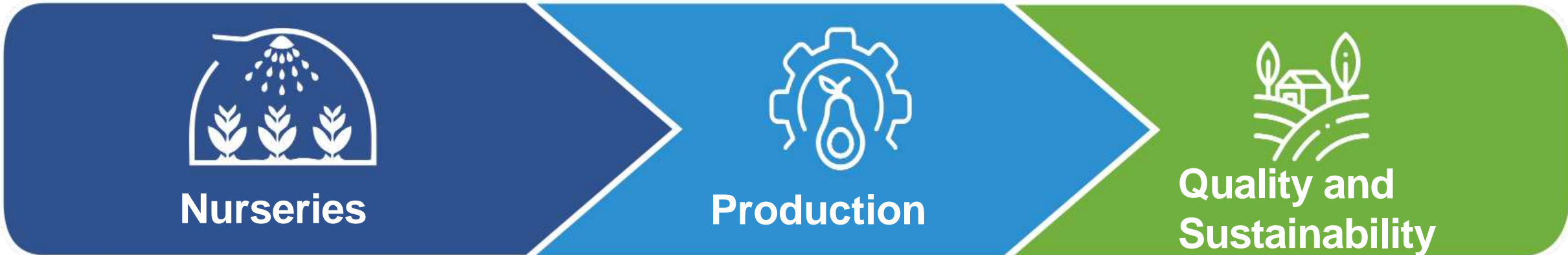


Section 3: Investment Note HiH - Avocado

AREAS SUITABLE FOR PROMOTING NEW HASS AVOCADO CULTIVATION AREAS
(1,700 HECTARES)



US\$ 27,853,485 Total investment	US\$ 1,100,000 Government investment 2022-2023	US\$ 26,753,385 Investment gap
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US\$ 2,548,260

US\$ 20,030,725

US\$ 4,174,500

Impacts

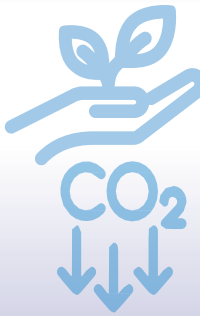


Direct beneficiaries: 1,024

Indirect beneficiaries: 3,788



Expected per capita income increase: 998 US\$/month/ha



CO2 Captured: in review

Sustainability verified: in review

*Calculated based on the number of direct beneficiaries multiplied by the number of household members of the producer: 3.7 (Source: INEC, 2020).

Investment Plan Ecuador - Avocado



US\$ 27.8 M
Total investment



26%
IRR

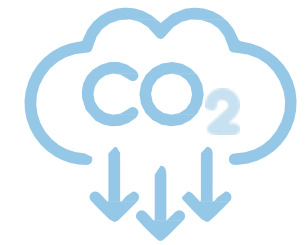


4,812
Beneficiaries

Direct Beneficiaries: 1,024
Indirect Beneficiaries: 3,788



US\$998
monthly income per ha



In review
CO2 captured



US\$ 1.1 M
Government investment
2022-2023



US\$ 26.8 M
Investment gap

1

Intervention: Certified avocado nurseries

- Establishment of 6 certified avocado plant nurseries
- Development of nursery capacities in grafting and propagation techniques

Cost (US\$) US\$ 2.5 million
VAN US\$ 319,000
IRR (%) 28%
B/C: 1.14

Sustainability benefit

Direct beneficiaries: 1,024
Direct employment: 24 nursery workers
Climate smart agriculture: 1,500ha

2

Intervention: Credit for sustainable crops

- Hass Avocado Technified Credit Fundstance: 19,030,725 US\$
- Technology transfer in climate-smart agriculture and Good Agricultural Practices (GAP), including approval with updated GLOBAL GAP: 1 million US\$

Cost (USD) US\$ 20 million
VAN US\$ 30.4 million
IRR (%) 29%
B/C: 1.5

Sustainability benefits

Direct Beneficiaries: 1,550
Increase in per capita income: US\$998/per ha/month

3

Intervention: Differentiation through traceability of origin and sustainability

- Development of a system agreed upon by value chain actors, regulations and tool(s) for traceability
- Production certification
- PDO, GAP or Global GAP plantation certification

Cost (USD) US\$ 4.17 million
VAN US\$3 million
IRR (%) 22%
B/C: 1.6

Sustainability benefits

Direct Beneficiaries: 1,150
Employment: 23 inspectors
Sustainability verified with GAP, GLOBALGAP or PDO:
40,500t of avocado/year
3,000 hectares of avocado

Section 3: Investment Note HiH Dragon Fruit





Goals to 2029

Increase current productivity from 8t/ha (100% increase) so that by 2029 there would be 48,000 tons (production potential)

Production and performance

- Increase yield by 100%, from 8 to 16 t/ha.
- Achieve a production potential of 48,000 t by 2029

Sustainability

- 2,000 hectares with produce of quality, sustainability and traceability

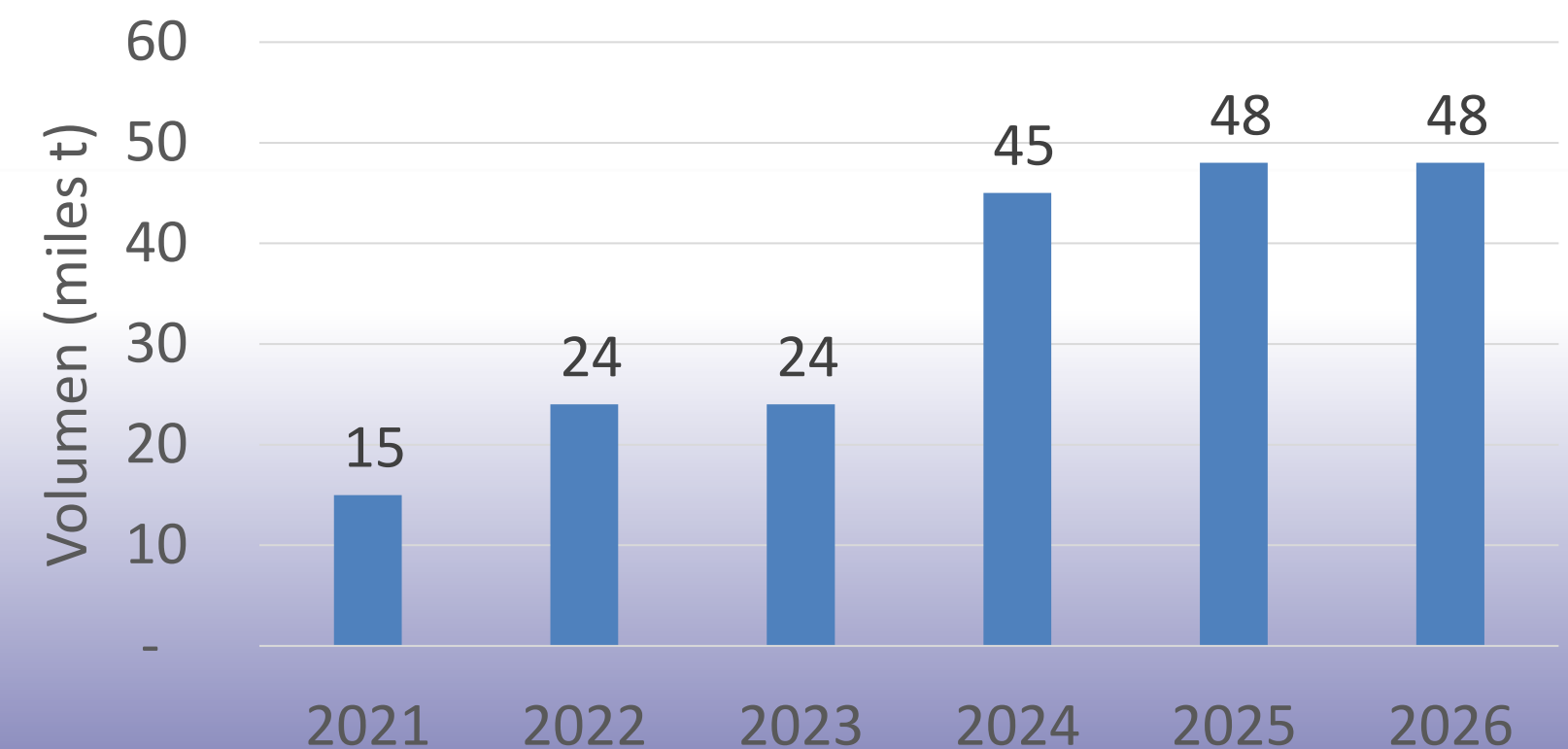
Demand:

- Palora yellow dragon fruit (Denomination of Origin) is preferred for its sweet flavor in the US, Hong Kong, Singapore, Canada and EU, along with 15 other countries

Key advantages:

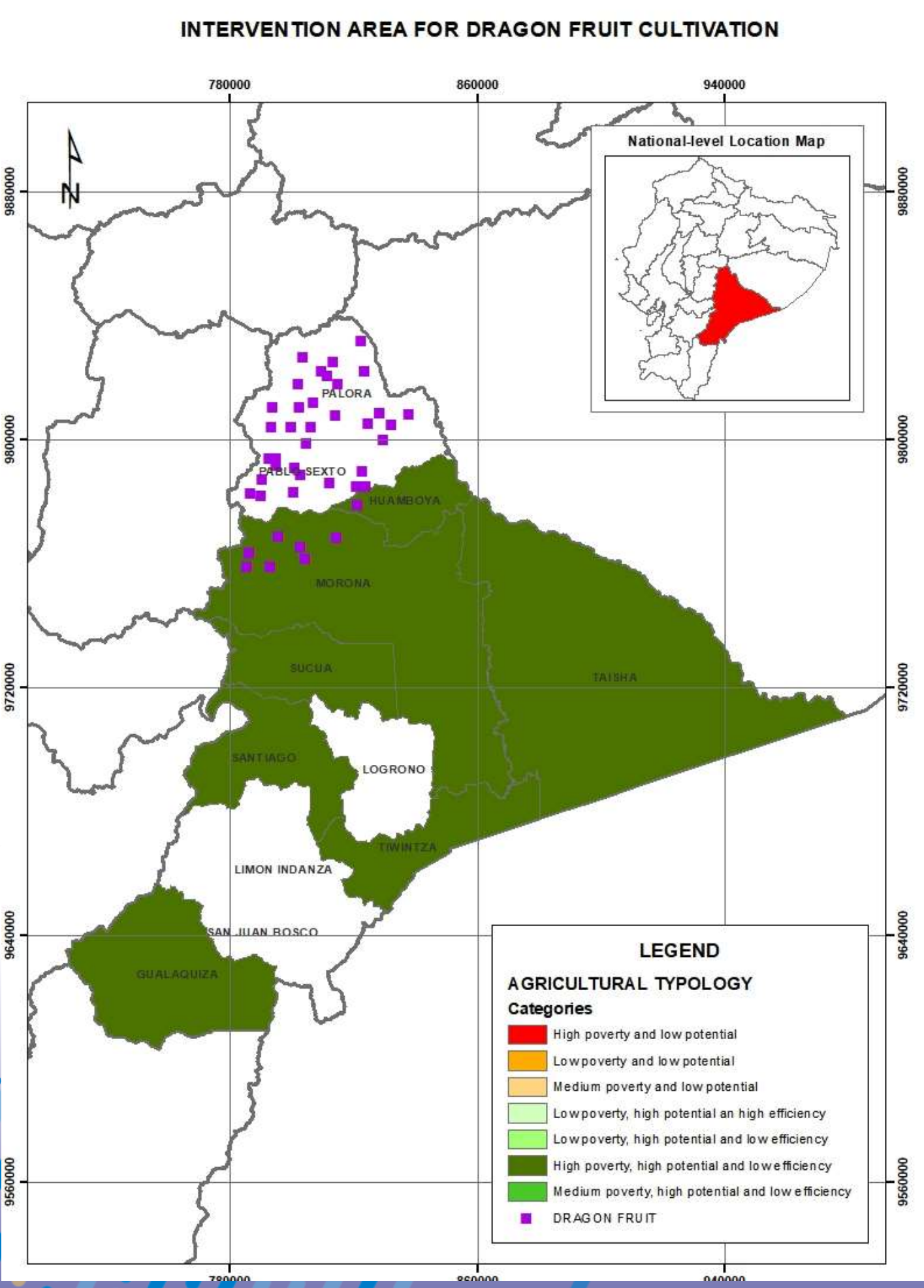
- Amazonian dragon fruit with sustainable certification (deforestation Free) and territorial identity and with potential for inclusive partnerships with small producer associations

Increased production via performance through sustainable technology



Source: ESPAC, 2021

Section 3: Investment Note HiH - Dragon Fruit



US\$ 52,530,000 Total investment	US\$ 32,000,000 Government investment 2022-2023	US\$ 20,530,000 Investment gap
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Impacts



Direct beneficiaries:
2,000

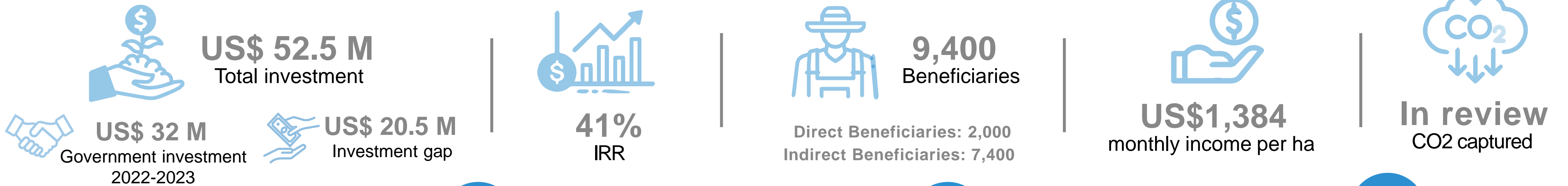
Indirect beneficiaries:
7,400



Expected per capita income increase:
1,384 US\$ ha/month

*Calculated based on the number of direct beneficiaries multiplied by the number of household members of the producer: 3.7 (Source: INEC, 2020).

Investment Plan Ecuador - Dragon Fruit



1

Intervention: Sustainable technology for increased performance

- Credit for climate-smart technology and training
- Implementation of Good Agricultural Practices
- Linkage with anchor companies

Cost (USD) US\$ 16 million

IRR (%) 36%

VAN US\$ 58.9 million

B/C: 1.29

Sustainability benefits:

Beneficiaries: 2,000

Increase in per capita income:

US\$1,384/ha/month

GAP certified and deforestation-free crops:

2,000 ha

2

Intervention: Traceability and sustainability certification

- Development of a system agreed upon by value chain actors, regulations and tool(s) for traceability: 1,500,000 US\$
- Analysis of carbon and water footprint by type of producer and recommendations for improvement: 1,500,000 US\$
- Certification of PDO, GAP or Global GAP plantations: 1,530,000 USD

Cost (USD) US\$ 4.53 million

IRR (%): 44%

VAN: US\$ 1.6 million

B/C: 1.49

Sustainability benefits

Beneficiaries: 3,270

BPA certified and deforestation-free crops:

3,000 ha

National Traceability System implemented

3

Intervention: Agroindustry In review

Investment summary Ecuador



US\$ 148.5 M
Total investment

US\$ 53.5 M
Government investment
2022-2023

US\$ 95 M
Investment gap



31%
IRR



108,212
Beneficiaries

Direct Beneficiaries: 23,024
Indirect Beneficiaries: 85,188



US\$ 4,100
Investment per
direct beneficiary



10 Provinces
Territorial intervention

An approach to sustainable agro-exports that responds to new consumer demands for sustainable production technologies, premium quality value added, certification, traceability and marketing for export expansion



Cocoa

Total investment : US\$ 47,218,000

Investment opportunities:

1. Production: US\$ 32,760,000
2. Circularity: US\$ 5,700,000
3. Marketing: US\$ 8,758,000

Beneficiaries: 94,000

20.000: Direct Beneficiaries

74.000: Indirect Beneficiaries

Average IRR: 27%

Expected per capita income increase:
US\$1,449/ha/year



Avocado

Total investment: US\$ 26,753,425

Investment opportunities:

1. Nurseries: US\$ 2,548,260
2. Production: US\$ 20,030,725
3. Quality and Sustainability:
US\$ 4,174,500

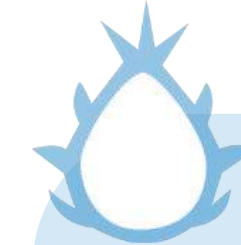
Beneficiaries: 4.812

1.024: Direct Beneficiaries

3.788: Indirect Beneficiaries

Average IRR: 26%

Expected per capita income increase:
998 US\$/ha/month



Dragon fruit

Total investment : US\$ 20,530,000

Investment opportunities:

1. Production: US\$ 16,000,000
2. Traceability and certification:
US\$4,530,000

Beneficiaries: 9.400

2.000: Direct Beneficiaries

7.400: Indirect Beneficiaries

Average IRR: 41%

Expected per capita income increase:
US\$1,384/ha/month