

# Productive trade chains with rural stakeholders in Tungurahua

## Recover Better Support Fund

### The Challenge

**The COVID-19 Pandemic Poses a Threat for the Ecuadorian Economy:** Since the pandemic hit Tungurahua, many micro, small and medium-sized enterprises (MSMEs) face serious economic difficulties regarding the management and (digital) innovation of their enterprises.

**MSMEs Operate in an Unstable Socio Economical Context:** Even before the pandemic, MSMEs were affected by the marginalization of the rural population. The impacts of the COVID-19 pandemic further tightened the already dense social-economic situation. The local impacts of the pandemic led to increased poverty and inequality in the rural area, consequently prohibiting the growing of the rural economy.

**The Current Political Course Adds Further Pressure to the Difficult Situation of MSMEs:** Trade liberalization policies pursued by the government to combat the consequences of the pandemic put MSMEs into direct (inter)national competition with other companies. Due to lacking tools for innovation, business management, marketing and digitalization, many MSMEs are not properly equipped and prepared to compete with large scale producers.

Project Name	Program for the construction of productive trade chains with rural stakeholders in Tungurahua
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Country	Ecuador
Implementing Organisation	Corporación de Desarrollo de Ambato y Tungurahua CorpoAmbato
Duration	Oktober 2022 – Dezember 2023

### The Objective

The project aims to implement an innovation and business acceleration laboratory to promote the economic activity of rural MSMEs in the province of Tungurahua.

### The Target Group

The programme targets rural micro-entrepreneurs in five cantons of Tungurahua in the following economic sectors: leather and footwear, textile and apparel, agriculture and agribusiness, furniture and handicrafts. A special focus is given to women (50 %), young people (50 %) and people in situations of human mobility (20 %).

### The Approach

**Capacity Building:** Human development methodologies, business coaching, associativity and collaborative work will be applied to create a culture of entrepreneurship and innovation among the participants and to accelerate the businesses of the MSMEs.

**Physical, Agro-industrial and Digital Innovation Laboratory:** Within the laboratory, the participants will be enabled to develop a product or service, produce prototypes and test their products, design the process of production and improve linkages with consumers.

In the first two laboratories, the participants have the support of students and professors from the Technical University of Ambato and of the staff of CorpoAmbato for the rapid prototyping



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of their products. During the third laboratory, participants will attend a digital mentoring program, which provides expertise and tools and offers the opportunity to develop the business of the mentees.

**Establishing a Commercial Networking System:** To safeguard the sustainability of the businesses, a commercial network will be established. The network will serve as a platform for linking local enterprises with possible providers of resources such as seed capital.

**Mapping of Allies Joining the Project:** Different actors, such as local and central government, academy and civil society, will support and collaborate with the project.

## About Corporación de Desarrollo de Ambato y Tungurahua Corpo-Ambato

CorpoAmbato is a non-profit organization, created in 1999, through a program of the Inter-American Development Bank, to strengthen local capacities.

Its purpose is to promote entrepreneurship, innovation and sustainable economic development in the province of Tungurahua by encouraging the active participation and integration of local actors such as local governments, academia, community leaders, rural leaders, entrepreneurs, civil society, women's organizations and youth organizations.

## The Results



100 MSMEs implemented a methodology to strengthen soft and hard skills with a focus on social, productive and commercial innovation



80 % of the participants developed innovative products



60 % of the participants generated productive commercial links, generating medium and long-term commitments



2000 people benefit indirectly of the project

The Recover Better Support Fund supports efforts designed and implemented in partner countries to recover from the impacts of the COVID-19 pandemic with the goal of building more resilient, inclusive, and sustainable societies while advancing the 2030 Agenda. For that purpose, it deploys two funding lines: (1) Sustainable development advisory bodies and (2) leaving no one behind and strengthening socio-economic resilience. Commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ), it supports 23 projects in 16 countries worldwide with up to 180.000 EUR.

GIZ implements the Recover Better Support Fund. For further information, please visit [www.recoverbettersupportfund.com](http://www.recoverbettersupportfund.com) or contact the funds team at [recoverbetterfund@giz.de](mailto:recoverbetterfund@giz.de)

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