



SMEs AND INNOVATION EXPERIENCES IN ECUADOR



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SMEs in Ecuador

- According to the Ecuadorian regulatory system¹ :

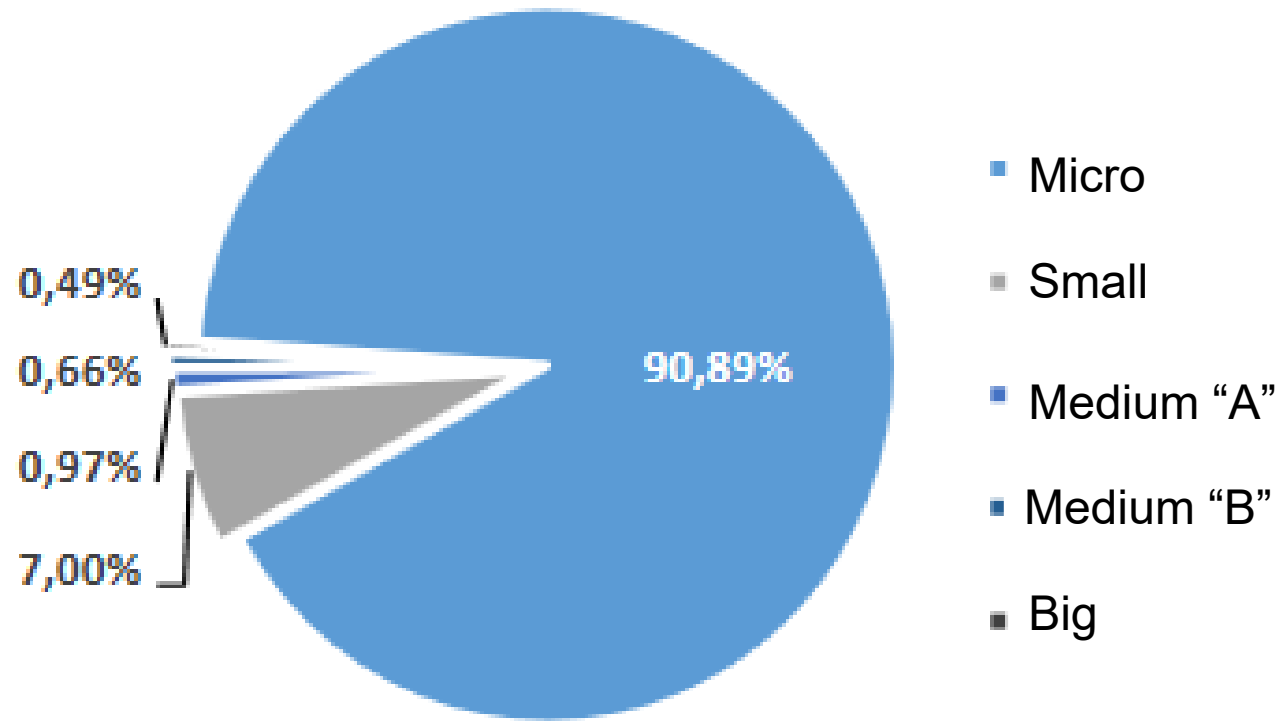
| Description | | |
|-----------------------|---|-----------|
| Company Clasification | Annual Sales | Employees |
| Micro | Till US \$ 300.000 | 1-9 |
| Small | From \$ 300.001 to US \$ 1'000.000 | 10-49 |
| Medium | From US \$ 1'000.001 to US \$ 5'000.000 | 50-199 |

Source: Undersecretary for SMEs and Handicrafts - MPCEIP

- the registration of active companies. It went from 882,766 to 852,176 (INEC)

¹ Executive Decree No. 218, published on 22 November 2017.

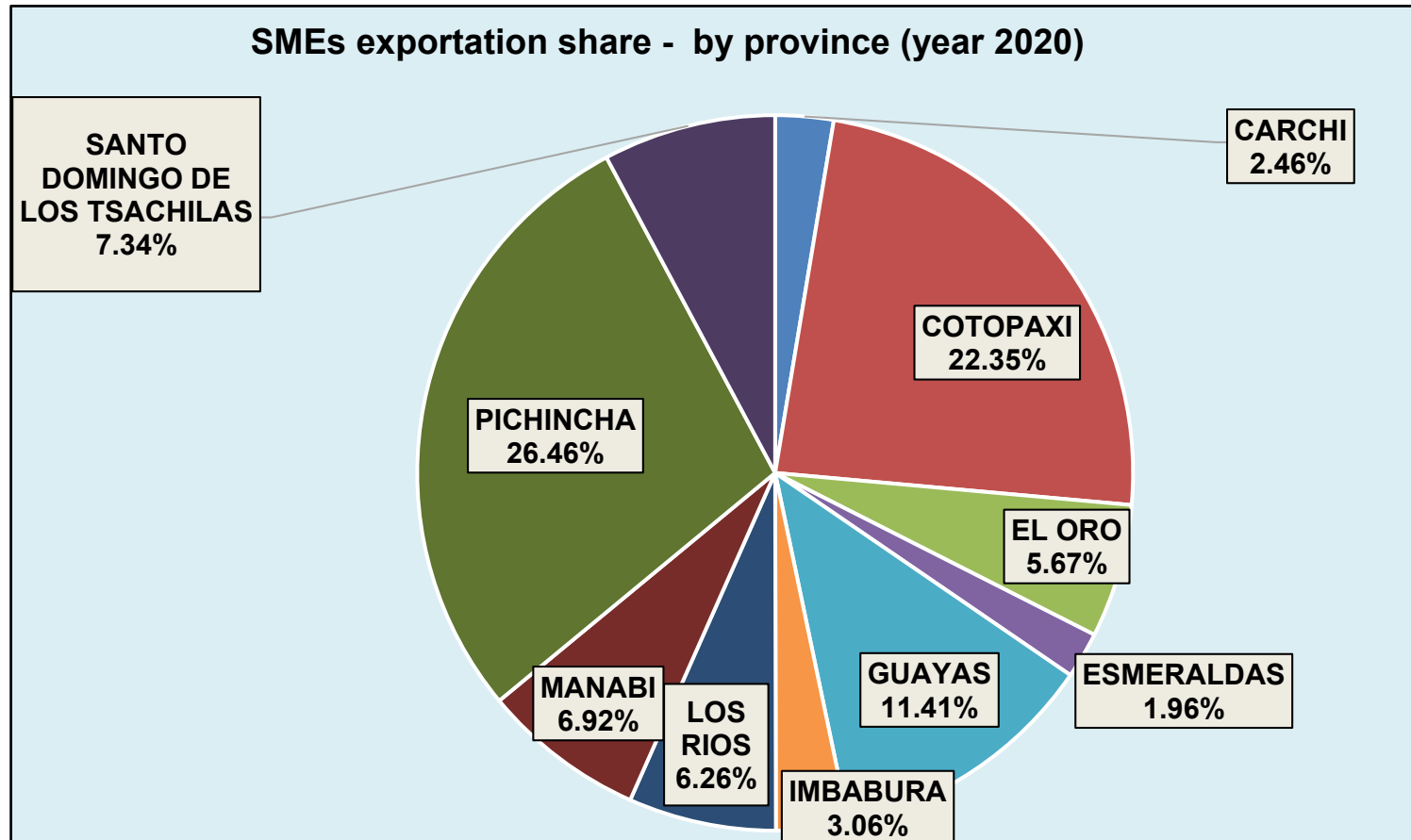
Companies registered - Size



Source: INEC

Rural SMEs in Ecuador

- In 2019, according to the Internal Revenue Office, 172,973 rural SMEs were registered. In 2020, 172,251 rural SMEs were registered.
- However, there is not an exhaustive census to corroborate this numbers.

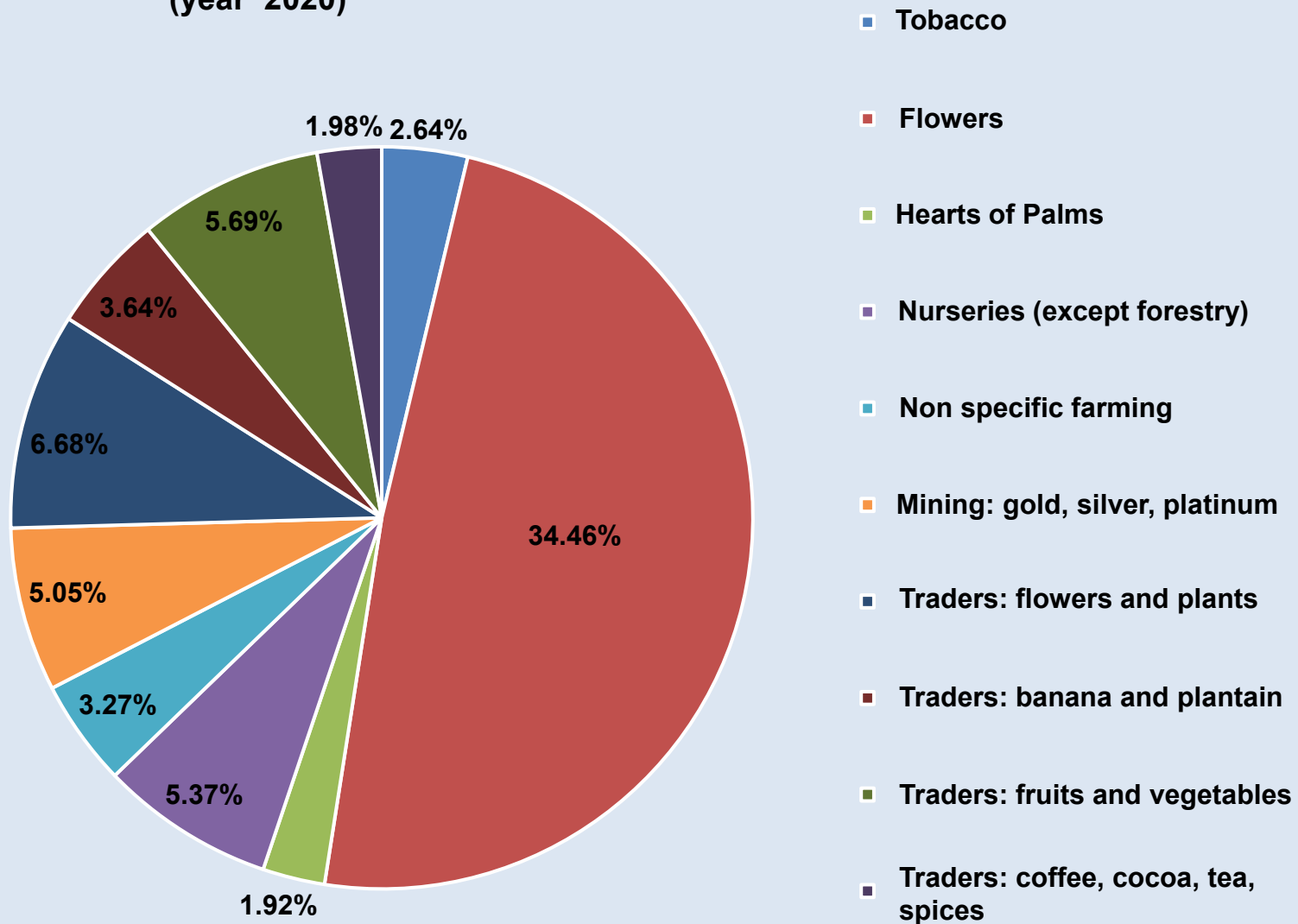


Source: Internal Revenue Office (SRI)

Ministerio de Producción, Comercio Exterior, Inversiones y Pesca



SMEs Exportation Share - by activity (year 2020)



Fuente: Internal Revenue Office (SRI)

INNOVATION SUPPORT FOR RURAL SMEs



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Project: 120,000 hectare forestry plantations

- Enable development of reforestation processes to provide raw materials to the local industry
- There are financial incentives to support the reforestation projects with commercial objectives.
- There aid covers up to the 75% of the cost to establish and maintain the plantation - during 4 years.
- Beneficiaries are small and medium local forestry producers, who can supply raw material to their own ventures as well as for the local and international trade.

Beneficiaries per Province

| Province | Medium Companies | Small Companies | Total |
|--------------------------------|------------------|-----------------|------------|
| Azuay | 1 | 1 | 2 |
| Bolívar | 3 | 5 | 8 |
| Cañar | 2 | 6 | 8 |
| Carchi | 7 | 8 | 15 |
| Chimborazo | 5 | 8 | 13 |
| Cotopaxi | 8 | 19 | 27 |
| El Oro | 14 | 23 | 37 |
| Esmeraldas | 45 | 25 | 70 |
| Guayas | 52 | 26 | 78 |
| Imbabura | 11 | 19 | 30 |
| Loja | 5 | 3 | 8 |
| Los Ríos | 34 | 39 | 73 |
| Manabí | 42 | 74 | 116 |
| Morona Santiago | 3 | 2 | 5 |
| Napo | 4 | 13 | 17 |
| Orellana | 3 | 2 | 5 |
| Pastaza | | 1 | 1 |
| Pichincha | 10 | 4 | 14 |
| Santa Elena | 5 | 1 | 6 |
| Santo Domingo de los Tsáchilas | 11 | 42 | 53 |
| Sucumbíos | 7 | 65 | 72 |
| Zamora Chinchipe | 1 | 3 | 4 |
| Total | 273 | 389 | 662 |

Source: Forestal Investment Incentive 2021

Agrobusiness: focus in rural families in the highlands

- With financial aid from the Republic of Korea, it was possible to provide support to the production of potatoes' cider by the organization ASOBENIC in Tungurahua. They were provided with the necessary machinery and equipment.
- From 2020, due to the COVID pandemic, they stop producing cider and began to produce rubbing alcohol.
- In the same province, a community received a mill to produce flour. Currently they have applied and are waiting for the sanitary registration to commercialize toasted-barley flour (machica).
- In Cotopaxi, a center to collect potatoes' and Andean grains' seeds. The same community-based organization got support to by a mill, to produce their own flour and helping them to sell a more elaborated product.
- The Research Center Santa Catalina is developing a Guide to support the learning process to aid the community- based agrobusinesses.

Financial Aid for the rural youth

During 2021, 5 young entrepreneurs received support within this program

| Province | Credit | Company size | Name | Venture Description | Innovation or Technology element | Does it need support? Which kind? |
|------------|----------------|--------------|--------------------------|---|--|---|
| CHIMBORAZO | AGRICULTURAL | MICRO | Restaurant "kilometro 0" | Family Restaurant where the beneficiary Works with his parents. They are also building and organic garden to provide the Restaurant base on circular use of the compostable materials | Sustainable gastronomy, Agrotourism . | Capacity building. |
| CHIMBORAZO | SMALL INDUSTRY | MICRO | Cerquie | Cereal meals based on organic quinoa to be sell first in the local market with the intention to export in the future | Organic quinoa from the central highlands, fair trade. | Capacity building to export (linkage with PROECUADOR) and got the fair trade certification. |
| CARCHI | LIVESTOCK | MICRO | Dairy production | Livestock and dairy production. . | Mechanical milking and diversification of products | Capacity Building |
| LOJA | AGRICULTURAL | MICRO | Vegetable production | Vegetable production. Currently they are in the process to get "provider certification". Implementation of new processes to improve production. | Good Agricultural practice. Optimization of the irrigation system. Use of microorganisms and organic substrates. | Capacity building to built efficient irrigation systems. |
| MANABÍ | POULTRY | MICRO | INCUBATION | Artificial incubation to rise and sell chicks. | Artificial incubation. Correct handling of chicks. | Capacity building. |

Fuente: Undersecretary for Agricultural and Livestock Innovation Networks



Thank you



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