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Mid-Term Project Update
Village Capital – The Yachana Foundation, Ecuador

In the Beginning

What a joy it is to be back in Ecuador! I can't believe it has already been two months; but a wonderful, crazy and exciting two months it has been. Within the first week of arriving in Ecuador we had already said our goodbyes to Quito and were making ourselves at home at quite a lower elevation – at the Yachana Technical High School in the Ecuadorian Amazon.

Yachana Technical High School is located in Mondaña, a small rural community deep in the Ecuadorian Amazon along the Napo River, between the cities of Tena and Coca. Fifteen minutes from the high school is the world-renowned Yachana Eco Lodge, and all around us is the 4,300 acre Yachana Reserve and protected biosphere. It goes without saying the Yachana is a spectacular place to spend 5 months researching business models at the bottom of the pyramid.

Village Capital Progress

When I arrived at Yachana, planning for the installation of a social enterprise accelerator began right away. The Yachana Foundation is opening the first ever higher education institution in rural Amazonia this Spring, and is thus anxious to incorporate some type of entrepreneurship / small business development center into the institute plans. Village Capital (www.vilcap.com) is a perfect partner institution for this proposed center, as it incorporates elements of business education in addition to offering technical and financial assistance to entrepreneurs.

To begin, I first presented the Village Capital program model, a peer-led business accelerator that grants seed capital to winning enterprises, to Yachana's Institute Leadership Team. They were extremely enthusiastic about the program, but many question marks remained with respect to funding, logistics, who would participate, etc. To help fill in these gaps I have been meeting with various social entrepreneurs in Ecuador to gauge the need for such a program, generating a database of possible participating enterprises, and searching for potential funding organizations. Past visits have included:

- Meeting with David Lansdale, Professor of Entrepreneurship at Universidad San Francisco de Quito
- Visit to Chacay, a startup company that acts as a socially responsible community tourism operator
- Visit to Runa, a sustainable beverage company that exports and processes Guayusa, a traditional Kichwa tea, to promote Amazon culture and increase awareness of the Amazon, conservation, and sustainable agriculture.
- Meeting with the directors of EmprendEcuador, the country's leading platform for small business assistance and incubation

- Meeting with directors of Yachana Technologies, Yachana's for-profit arm that assembles and sells home water purification systems

Each of the above individuals, businesses, and organizations has been instrumental in helping me promote and make plans for a Village Capital program in Ecuador; by opening their address books, adding their ideas and suggestions, and offering up their unwavering support and interest in anything that promotes entrepreneurship in rural Ecuador.

Looking ahead

I have several more company and entrepreneurs visits planned throughout the duration of my stay, but even based on the meetings I've had already I can say with confidence that Ecuador is ripe for a social entrepreneurship revolution! In the next 3 months I'll be working closely with Yachana to:

- Develop a detailed timeline of Village Capital tasks and potential start date.
- Explore program marketing opportunities through EmprendEcuador, universities, and other Ecuadorian organizations dedicated to development through entrepreneurship.
- Create a database of key contacts, enterprises, and organizations to hand off to the next Village Capital / Yachana intern to make transitioning as smooth as possible.
- Begin to scout potential program donors and funders

Side Projects - Around Yachana

In addition to putting the preliminary plans in place for a Village Capital – Yachana program, I have been teaching entrepreneurship and small business management at the Yachana Technical high school. In fact, as an experiment I decided to run a mini-Village Capital program during the month of October with our sophomore students.

To begin, the students formed business teams based on mutual interests in social needs / opportunities of the Amazon (poverty, conservation, Kichwa culture, contamination, etc.) Afterward, they were led through a business modeling workshop and asked to create a business model around their specific need / opportunity. Throughout the following weeks, I led workshops on how to calculate profits and losses, different marketing strategies, and project planning. Meanwhile, the students were continuously encouraged to openly evaluate, applaud, and critique each other's business models. At the end of the month, each team had a completed a plan for a social enterprise here in the amazon. Examples of the student-created businesses include an educational organization that works with local governments to educate communities on waste management and minimization and an intermediary between isolated Kichwa artisans and tourist markets in big cities.

After their final presentations, the students themselves were asked to score each enterprise based on social impact, profitability, and their overall opinion of the business. As is typical in Village Capital programs around the world, one enterprise came out as the clear favorite among all the students and was awarded the opportunity to present their business model to Yachana's founder, Douglas McMeekin. The winning student team had created a business model around selling organic fertilizers

made from plants and herbs sourced sustainably from the Amazon in order to decrease the use of harmful pesticides and insecticides in the Amazon River Basin. Pictures and descriptions of the other participating student business can be found on my blog (<http://blogs.miiis.edu/frontiermarketecuador>).

Reflections

The best part of mini Village Capital was that when I told the students they would each work to create a social enterprise, they moaned and groaned saying it would be impossible, and that they had never done anything like that before, let alone in just one month. At first they were also uncomfortable with the idea of grading each other's business models. Never before had they been given the opportunity to think critically about their work of their peers in comparison to their own. I believe that this approach stimulates increased collaboration and thus an improved final product. Sure enough, by the end of the project the students were just as proud of themselves as they were of each other for successfully completing the project and helping out their peers along the way.

I plan to run the Village Capital high school program with the juniors and seniors as well before my stay comes to end in January. I look forward to sharing the results of these projects and the progress of Village Capital in Ecuador in my final report. Thank you, JJCF, for your continued support in helping me uncover the entrepreneurial spirit in Ecuador and get even closer to installing a much needed enterprise accelerator in the Amazon.