




Investing in
SMALL FARMERS
for **BIG RESULTS**

LWR's Work in Agricultural Commodities

A photograph of a woman with a white headwrap and a red sash, smiling and holding a small object in her hand, standing in a field of green corn plants. The image is partially obscured by a white text box on the right.

In the developing world, agriculture makes up as much as 70 to 80 percent of the labor force. Small farmers comprise the backbone of their countries' economies and the world's food production. Yet these same farmers, especially women, are often the ones who benefit the least from their labor. Subject to unfair market rules and practices, held hostage to inequitable land rights and practices, and hindered by a lack of access to information and inputs, impoverished farmers, estimated at 1.5 billion, remain on the bottom rung of the world's poverty rankings.

Today's systems and policies that affect poor farmers and influence food production are not working. Africa exported 1.3 million tons of food per year in the 1960s. Today, it imports nearly 25 percent of its food. The number of chronically hungry and food insecure people has risen by more than 100 million since 2007 alone. LWR believes a fundamentally new approach is needed, not just to meet the needs of poor farmers — the poorest of the poor — and give them a chance to lift themselves out of poverty, but also to reinvent how the global food chain works and the role of small farmers in that process.

With a focus on asset-building that includes food security, income generation and community empowerment, LWR works with partner organizations in 16 countries in Africa, Asia and Latin America to target high-value agricultural and livestock commodities to increase incomes, as well as market strategies to increase the proportion of benefits reaching farmers. Our belief is that enabling farmers to engage more fully, and fairly, in the food chain creates a better, more equitable and more sustainable solution to today's food crisis.

Below are examples of LWR's experience in supporting certain commodities and how these efforts have helped farmers and fostered a more stable food economy.

ORGANIZATIONAL OVERVIEW

Lutheran World Relief (LWR) is a non-governmental organization founded in 1945 to respond to the needs of communities devastated by World War II. Today LWR works with local implementing partners worldwide to respond to emergencies, seek lasting solutions to rural poverty, and work for peace and justice for all. LWR seeks to empower communities through a philosophy and framework called accompaniment, which emphasizes shared values and jointly-developed objectives to achieve sustainable results.

ABACA: Abaca, a relative of the banana tree, is widely grown in Southeast Asia for its fiber, which is processed into a diverse set of products including tea bags, handcrafts, rope and fishing nets. In the Philippines, LWR is helping abaca farmers improve their planting, harvesting and marketing skills by providing training and support to develop a farmer-run marketing cooperative. Through the cooperative, farmers collectively sell processed abaca fiber directly to outlets in Davao city. The cooperative nature of their business has led to price stabilization in the local market economy, as well as increased bargaining power with city outlets.

BANANA: Banana is a major crop in the Philippines that is exported, traded regionally, and consumed by the local population. On Mindanao Island, banana producers often sell their crops to middlemen, door-to-door traders who offer low farm gate prices then sell to urban markets for many times the original price. LWR works with local producers to form banana-producer cooperatives that market their produce through an Alternative Marketing Center, which guarantees a higher price to farmers and a competitive price to local buyers. With LWR's support, seven farmer-run cooperatives have federated, and now ship an average of 600 banana crates per week directly to the Metro Manila Market in the Philippines' capital city. This cooperative strategy has resulted in a 100 percent increase in area farm gate banana prices.

COCOA: LWR works with cocoa producers in three countries in Central America. In Nicaragua, LWR provides extension services to farmers to improve production techniques and yields. LWR has put a special emphasis on post-harvest collection and processing techniques, supporting the construction of cooperative-owned and operated warehouses and drying facilities, and processing of cocoa for export to Fair Trade and conventional markets in the U.S. and Western Europe. In Honduras, LWR helps farmers produce flavor-rich "fine" cocoa, which commands a higher price on the commodity market. In El Salvador, coffee farmers are introducing cocoa as a crop diversification strategy and adaptation measure to climate change in the region.

COFFEE: Organizationally, LWR has a long history of working with coffee producers, particularly in Latin America, and more recently in East Africa.

In Nicaragua, LWR has worked for years in various USAID-funded consortiums to help farmers in Matagalpa and Jinotega increase both coffee yields and quality, to improve post-harvest processing, promote sustainable farming practices through agroforestry, and to generate employment and increased income from exports to coffee roasters in the United States. LWR has collaborated with associations of coffee cooperatives and with a national coffee marketing association to help members obtain organic and Fair Trade certification, and to expand on-farm and off-farm processing, using ecological wet mills and drying facilities. To help improve the quality of the coffee produced, LWR has helped establish a cupping laboratory in Jinotega and train youth as professional coffee cuppers. This effort has also enabled cooperative members to compete successfully in annual Cup of Excellence competitions and to export specialty coffee to U.S. and European markets. Between October 2007 and December 2008 alone, for example, LWR's investments in technical assistance and infrastructure support for coffee farmers in Nicaragua generated 1,316 permanent jobs and sales of over \$2.5 million, and ensured organic certification for 18 cooperatives.

Elsewhere in Latin America, LWR supports a Fair Trade Certified association of indigenous Chiquitano coffee producers in eastern Bolivia, to rejuvenate coffee plantations and obtain organic certification. Activities also include technical assistance for irrigation and expansion of shade-grown coffee, and intercropping of coffee with bananas, cassava and cashews. In El Salvador, LWR works with a partner to support organic production of coffee and associated beekeeping

with a collective of coffee and honey producers. LWR's support has helped build an organically-certified quality coffee brand, Café de la Sierra, and to establish several profitable farmer-owned organic fertilizer enterprises. In prior years, LWR has worked with coffee producing associations in Colombia and in Peru as well.

LWR's organically-certified, Fair Trade coffee work expanded to Africa in 2007 with a partnership in Uganda. The project targets a federation of farmers' cooperatives, as well as 10 individual member cooperatives, to increase production and improve coffee quality by strengthening members' processing and quality-control capacity. Already connected to international Fair Trade buyers, the federation had in the past struggled to meet demand and maintain quality. Through intensive training and technical assistance, as well as organizational capacity building, the project anticipates increased volume, as well as higher sales prices and quality premiums, and ultimately higher incomes for farmers.

LWR has actively disseminated its best practices in organic, Fair Trade and specialty coffee production to wider audiences through publications and international conferences. LWR has been a featured presenter at Specialty Coffee Association of America (SCAA) conferences in the United States, has sponsored the publication of practitioner manuals on organic coffee production in Spanish, and in 2008 hosted an international conference in Nicaragua on best practices in organic coffee production with participants from growers' cooperatives, marketing associations, and government ministries from three countries.



LWR also is a direct investor in a Fair Trade chocolate company, Divine Chocolate U.S., whose majority stakeholder is a cooperative of 45,000 Ghanaian cocoa producers. The cooperative holds two seats on the board of directors and receives dividend payouts. All of the cocoa used to make Divine Chocolate is bought from the cooperative under Fair Trade Certified terms, assuring a price of at least \$150 per metric ton above the international commodity price. In this way, these farmers benefit not only from the sale of their cocoa but also from the sale of the actual chocolate bar, which has exponentially more value than the raw beans.

COMMERCIAL SEED: LWR works to link farming communities with seed researchers in East and West Africa to develop effective seed production and supply chains while strengthening researchers' capacity to implement farmer-driven seed research and development.

In Uganda, LWR supports two farmer groups in commercial bean, rice and corn seed production, processing, and marketing, with foundation seed, technical support and training provided by the national research institutions. The projects also link farmer groups to credit opportunities to further support production activities. The result is increased capacity to extend organizational, agricultural, marketing and credit services to farmer communities and — using part of the profits from the seed plants — a fund to support people living with and affected by HIV/AIDS.

In Burkina Faso, LWR partners with a corn and bean seed producers' association to increase certified seed production and sales through skills training and production inputs. Training, provided by technical experts from the National Agriculture Research Institute, is improving agricultural production practices, operational logistics, post-harvest handling and storage, marketing and organizational management. Likewise, new equipment, tools and other inputs for production, seed cleaning and storage are helping the farmers attain certification to sell their seeds on the regional market.

CORN: LWR is helping farmers increase corn production to increase household food security and produce a surplus for sale in East

and West Africa, and Southeast Asia, as well as fostering relationships among key actors along the agricultural value chain. This integrated value chain approach will result in more secure markets and higher returns for farmers.

In Tanzania, LWR is expanding farmers' access to credit to scale up corn production through better seeds and improved cultivation inputs and weed control while linking farmers to one of the nation's largest corn markets. In Burkina Faso, LWR is linking certified corn seed producers with a corn producers' association that uses this high-quality seed and other training and production inputs to expand members' production. This association is a potential raw corn supplier for a local women's association that processes, packages and markets corn flour, semolina and enriched cereal flours for malnourished children from their semi-modern processing unit.

LWR helps farmers in Indonesia improve the quality and quantity of corn production, while creating localized processing and marketing opportunities. Farmers are now planting improved varieties of corn that produce a greater quantity and better quality product. To provide a local sales outlet, LWR is supporting a community management association to add value to the corn by processing and selling it to the local and surrounding communities at a competitive price. This arrangement benefits the community as a whole by providing increased income to corn processors, low-cost animal feed to local farmers, and a local market for corn producers.

DAIRY: LWR supports dairy producers in the Andes, Africa and South Asia. In Kenya, LWR works to promote sustainable incomes and food security by improving dairy production and processing, and promoting effective watershed management and conservation. The project seeks to increase livestock farmers' access to extension services and adoption of appropriate dairy farming practices. Project goals include doubling farmers' milk production; establishing a processing plant to collectively process and market their dairy products; and rehabilitating swampland and water catchment areas to aid in the production of fodder crops such as sweet potato vines, Napier grass, Rhodes grass and banana leaves and stalks. In Burkina Faso, LWR has undertaken similar

LEGUMES: A key focus of LWR's agricultural work in several countries is on beans and peas. In Bolivia, LWR has supported an association of more than 400 indigenous Quechua-speaking broadbean producers in the highlands of Potosí for eight years. With LWR's support, the project has grown from a focus on producing beans for consumption, to production for sale on local, then national, and subsequently international markets. LWR has helped equip the association with warehouses, and with sorting, cleaning, bagging, and milling equipment. As a result of LWR's accompaniment, the association now conducts transactions in four currencies, has exported bulk beans to Europe and North America, and has begun to process beans into bean flour for export to Paraguay. In addition, the partner is focusing on value-added products including packaged, vitamin-enriched bean-based soups and powdered drinks, which it is marketing to Bolivian education boards for use in school lunch programs.

Also in Bolivia, LWR supports another partner in Tinguipaya in both broadbean and pea production. In this project, LWR has adopted a slightly different focus, emphasizing on-farm experimentation with various bean and pea varieties. With LWR's support, farmer-led research has helped identify drought and frost-tolerant varieties that are more apt to thrive in the zone's dry and cold high elevations. In the high mountains of Huancavelica, Peru, LWR also works with farmers to increase bean production and sales, and has helped them introduce

packaged beans into local supermarkets while building a brand name. LWR's assistance has supported the production and dissemination of training manuals; technical assistance; irrigation; and revolving loan funds for farmers, in addition to organizational capacity development for producer associations, and the development of branding and marketing strategies.

In Burkina Faso, LWR is supporting cowpea producers who are test-piloting an innovative Clean Development Mechanism (CDM) methodology. CDM allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, which can be sold on international markets and the proceeds reinvested in rural development. In this trial, farmers are planting seeds coated with a bacterial inoculant that aids in nitrogen fixation, possibly eliminating the need for chemical fertilizers. These will be tested against a conventionally planted control crop. If the CDM crop yields better results and the farmers choose to adopt the new methodology, they will be able to earn and sell the CER credits. A similar trial is underway in Niger with peanut farmers.



work with three community based herders' associations to increase milk production and link them with a women's association for milk processing. The women's association purchases the groups' raw milk, then pasteurizes, processes and packages both milk and yogurt for sale on the national urban market. This women's association won special honors for their dairy production at Burkina Faso's 2009 national agricultural fair.

Similarly, in Peru, LWR has supported various projects in the northern department of Cajamarca to increase farmers' income by improving milk yields and focusing on production of artisanal cheeses for regional markets. LWR has helped double or triple milk yields by focusing on improved pasturage (introduction of clover and rye grass and irrigation); provision of veterinary services through training local veterinary extension agents, which has led to a

measurable decrease in mastitis; and training local farmers in improved hygiene during milking. LWR has further focused on adding value to the dairy chain in Cajamarca by supporting local cheese-making enterprises, improving the quality of their cheese and linking producers to provincial and departmental markets. LWR has also supported an innovative consortium of public and private actors in Cajamarca to help design the Cajamarca Cheese Museum, which will serve as a cultural, educational and marketing center for the dairy industry in northern Peru.

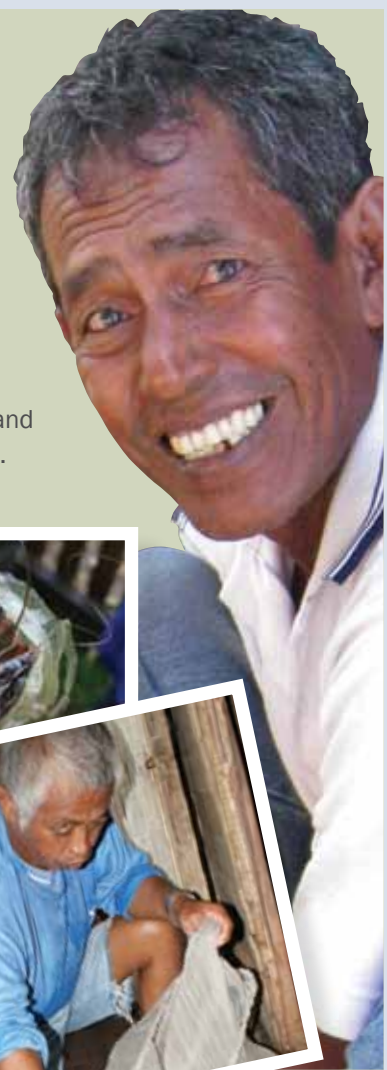
HIGH-VALUE SPECIALTY CROPS:

On a more localized basis, LWR also promotes specialty crops with niche or high-value urban or export markets. In Uganda, LWR works with land-poor farmers to promote mushroom production, processing and packaging for Kampala's

MARINE PRODUCE: For communities in coastal areas, harvests come not from the fields, but from the sea. LWR is working with 400 'aquacultural' producers in the Philippines to preserve marine biodiversity by transitioning from over-fishing in coastal areas to less detrimental marine-based livelihoods, including seaweed farming, shrimp farming and abalone production. Shrimp and seaweed farms have a low environmental impact and create sustainable monthly income for farmers who otherwise rely on the decreasing fish catch as their main source of earnings. With LWR's support, seaweed farmers are planting, harvesting and drying export-grade varieties used in beauty products manufactured throughout Asia.

In tsunami-affected Southern India and Sri Lanka, where fish is a staple food, processed fish products are important regional commodities. LWR is working with the National Institute for Small Industries Extension Training to build women's skills in fish drying and processing so they can produce a higher-quality, higher-value processed fish. In both India and Sri Lanka, LWR creates opportunities for women to access the capital necessary to create and invest in small business ventures,

by linking cooperatives to government funded credit programs, providing capital for small loans, and helping women build their credit histories through small group savings and lending schemes. In India, LWR is helping 10 women's cooperatives access loan funds and training to start crab fattening, shrimp farming and seaweed cultivation businesses.



expanding urban market. In Tanzania's Dodoma District, LWR is working with grape growers to expand acreage, enhance vine quality and improve post-harvest handling of grapes for sale to East Africa's growing wineries.

In Colombia, LWR supports the production of organic passion fruit, blackberries and other high-value fruits and vegetables. The participating farmers, victims of forced displacement under Colombia's internal conflict, have been resettled on collective farms in Santander and Norte de Santander departments. With LWR's assistance, they are receiving irrigation, technical assistance and credit (in the form of material inputs such as equipment or organic fertilizer, which is repaid in produce), and are selling their produce through a local nongovernmental organization to restaurants, grocery stores and individual buyers in the urban markets of Bucaramanga and Cúcuta.

NATIVE ANDEAN CROPS AND LIVESTOCK:

LWR works in the Peruvian Andes to promote the production and marketing of endemic crops and animal products that have historically been a mainstay of indigenous economies, but which have lost ground to crops and animals introduced from abroad. LWR has helped partners expand the production of quinoa, a native grain high in protein, which is also better suited for the harsh, high-altitude growing conditions of the zone than non-native crops. Similarly, LWR has worked to produce improved ecotypes of oca (*oxalis tuberosa*), a native tuber, in the highlands of Bolivia. LWR has supported projects to improve the breeding of llamas to produce higher-quality wool, for use by women's artisanal weaving collectives making hats, scarves, gloves and other accessories for national markets. LWR has also worked to improve alpaca and sheep breeding for meat production.

POULTRY: LWR works with poultry producers in the Philippines to identify niche markets and production strategies that guarantee a higher price per bird. Farmers have piloted probiotic broiler production and hatchery-based vaccination techniques that produce specialty poultry that is heartier and free of antibiotic residues. With LWR's support, farmers have

successfully marketed their poultry to regional and national poultry producers, achieving a 34 percent average increase in income. LWR emphasizes an integrated production approach, whereby farmers use poultry dung to fertilize crops, thus increasing farm productivity, and package excess dung for sale as organic fertilizer at local markets.

RICE: Though rice is a key staple food crop in much of Africa, national rice production levels have often been undermined by low-cost imports and limited investment in irrigation, seed and other production technologies. LWR is renewing these investments and helping farmers expand food crop production and produce surplus rice for sale in Burkina Faso and Mali through improved, more efficient irrigation technologies, high-quality seeds, timely access to credit for other rice production inputs and new threshing and hulling equipment to aid post-harvest processing of paddy rice. In Burkina Faso, LWR is helping the 1,630 members of a rice producers' cooperative served year-round by a dam and related irrigation infrastructure double their production. In Mali, LWR helps the 9,000 members of a rice producers' federation using water from the Niger River and its tributaries scale up their off-season production.

Although India and Sri Lanka are among the world's major producers and consumers of rice, many farmers lack knowledge of modern production techniques and access to high yield seed varieties that can increase their harvests. Working with more than 2,000 farmers in India, LWR supports the System of Rice Intensification (SRI) method of planting and harvesting, which substantially increases rice harvest yield. In combination with improved irrigation structures, such as seepage tanks, ring wells, and lift irrigation schemes, SRI has resulted in a 50 percent increase in rice paddy harvest. In Sri Lanka, LWR is helping entrepreneurial farmers develop high-quality seeds to sell to local rice producers. Buying locally helps farmers reduce seed transport costs, and planting high-quality seed increases their yield, thus enabling farmers to meet their home consumption needs and sell surplus rice at local markets.

SESAME: In Mali, LWR's Organic Sesame Development Support Program works with a local agriculture Federation's 125 member associations to improve nutrition, food security and household incomes by producing and exporting high quality organic sesame seeds. The program is helping farmers increase their annual commercial production and export of 600 tons of high quality organic sesame seeds, while simultaneously strengthening the federation's technical and organizational capacities to ensure long-term sustainability. LWR has a similar project in Niger, working with a union of sesame producers to increase production while improving post-harvest handling and marketing skills. Building on this experience in Tanzania, where oilseeds like sunflower and sesame are widely grown, LWR recently undertook an extensive study to assess the commercial potential of sesame production. As a result, it is now working with a range of farmer groups developing programs to increase and improve sesame production, processing and market access.



SHEA BUTTER: Shea butter, or beurre de karité, is a product unique to West Africa. Made from a tree nut, shea products are used in a wide range of beauty products as well as food processing. LWR has been working with farmers' associations in the region to increase processing capacity while expanding marketing opportunities. In Burkina Faso, LWR works with two women's associations to increase shea butter production, processing and marketing, while strengthening the cooperative's capacity and empowering its members to increase their operational decision-making capacity. In Mali, LWR works with two associations to increase members' incomes through shea butter production, marketing and sales.

SUNFLOWER: Sunflower is grown primarily as an oilseed in Tanzania. LWR is working with five local partners, community-based organizations and savings and credit societies, to expand production through access to seed and appropriate farming and cultivation technologies while improving the farmers' returns on sales through collective bargaining and marketing

WHEAT: While not a staple food in most of West Africa's Sahel, wheat is a high-value food commodity on national and regional markets. Working with two cooperatives in Niger's Konni region, LWR is helping the groups repair and maintain irrigation infrastructure, access credit to purchase seed and fertilizers, improve production and identify and negotiate wheat markets for the highest returns on their production.