

FIGHTING POVERTY WITH PROFITS

Zenia Tata

International Development Enterprises (IDE) has been providing affordable agricultural technologies and access to markets for 25 years. It says that limited access to water and the control of water are the main obstacles faced by impoverished farmers throughout the world.

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More than 900 million people on our planet barely survive through subsistence farming. These farmers are dependent on erratic and seasonal rainfall, and they usually are not able to grow enough food for their families over the year.

During the past 25 years, International Development Enterprises (IDE), a worldwide nonprofit organization, has been alleviating poverty among subsistence farmers by providing them with affordable technologies and connections to markets. These two dimensions of IDE's work allow the farmers to grow enough food to feed their families and generate income from the sale of their surplus.

Since 1981, IDE has brought more than 2 million families permanently out of rural poverty. IDE's mission over the next 15 years is to enable 20 million additional rural families to escape the confines of poverty. By annually doubling, and even tripling, income, farmers can provide their families with nutritious meals, lifesaving medicines, education for the children, and all the other benefits that come with improved economic conditions.

THE BUSINESS OF POVERTY ALLEVIATION

IDE treats poverty alleviation as a business, using as its guiding principle the belief that people, when given the opportunity, will invest in their own lives in order to permanently escape the ravages of poverty. IDE envisions all farmers as participants in the global marketplace and conscientiously implements a strategic plan that allows them to achieve this.

The lack of available water resources throughout the year is the main obstacle faced by impoverished farm-

ers. Simple, low-cost pumps and low-cost drip irrigation technologies are integral to improving the agricultural production of these farmers. IDE develops low-cost versions of known technologies so that poor, rural farmers can afford these life-changing technologies: A \$50 treadle pump is re-engineered to cost \$7; water storage systems that enable farmers to irrigate plants during the dry season are re-engineered to cost \$10.

IDE also enhances supply chains to deliver these technologies to the poor and facilitates the creation of markets in which farmers can sell their bounty, thus creating a sustainable market system that benefits the rural farmer.

This approach of giving farmers a hand up rather than a handout has significantly impacted the lives of more than 12.5 million individuals. In Nepal, with an initial investment of \$50 each, vegetable farmers were able to recoup that amount and earn an additional \$300 within one year. In Zambia, by investing only \$120 in an irrigation pump, even farmers who had lost all their cattle to disease were able to dramatically increase their incomes, thus enabling them to feed their families and educate their children. (In Africa, the \$120 cost of the treadle pump includes the cost of drilling a tube well.)

IDE's approach is strongly supported by funding from the U.S. Agency for International Development (USAID), which to date has invested more than \$4 million in projects in Nepal and Zambia.

CREATING OPPORTUNITIES FOR NEPALI FARMERS

Nepal's agricultural performance lags far behind that of its neighboring countries. The Smallholder Irrigation Market Initiative (SIMI) project is a USAID-funded partnership between IDE and the nongovernmental organization Winrock International in nine underdeveloped districts in Nepal's midwest and western regions. The goal of this project, which began in 2003, is to enable 27,000 impoverished farm families (135,000 people) to increase their incomes by 50 percent over three years through the sale of profitable crops such as cauliflower, cabbage, and peppers. USAID's contribution of \$3 million for this project has been matched by \$1 million from Winrock International and IDE.



A woman operates a bamboo treadle pump in Nepal.

The Nepal SIMI project promotes micro-irrigation to help subsistence farmers escape poverty. This program helps develop supply chains to build the capacity of equipment manufacturers, dealers, and installers, as well as seed and fertilizer suppliers. Through local social mobilization programs, SIMI is increasing farmers' awareness of new opportunities and enabling them to increase their links to appropriate markets.

While income generation is central to the Nepal SIMI project, hygiene has been integrated into the program as well. Training has been provided to consumers regarding such personal hygiene practices as washing hands and the hygienic use of latrines.

Water sources are employed for multiple uses, not just for irrigating crops but also for drinking and household use. Additionally, SIMI has a gender and disadvantaged group training program focusing on literacy and on facilitating farmers' access to low-interest loans. In its first year, this program directly impacted 15,700 households—more than 100,000 individuals—some 47 percent of which were represented by women. Within one year, the average income of each household increased by more than 50 percent.

Despite the worsening Maoist insurgency, this project has been able to increase overall economic wealth. In all, farmers invested \$207,000 of their own money in equipment, and realized sales of \$2 million. And this is just the beginning of their journey out of poverty and into profit.

CREATING MARKETS IN ZAMBIA

In 2003, with help from USAID and other partners, IDE initiated a two-year effort in Zambia called the Smallholder Market Creation (SMC) project. This project was initiated by IDE and implemented with the help of Winrock. The objective of this venture is to integrate 2,000 farm families into agricultural markets where they will have access to appropriate micro-irrigation technologies and high-quality seeds and fertilizers. This will enable the farmers to produce and sell profit-making crops and earn an extra net income of \$300 per year.

The project is envisioned as the first phase of a comprehensive six-year program that will reach more than 10,000 households, or 50,000 individuals. After six years, it is expected that each household will be earning an additional annual income of \$500 per year, which represents an enormous increase above subsistence living.

The project in Zambia began by targeting markets located in densely populated areas with a demand for high-value crops such as paprika and cotton. A strategy for accessing water and marketing micro-irrigation technologies was implemented. Over the project's first six months, 1,070 farmers were recruited to grow rain-fed paprika crops to be sold in both the rainy and dry seasons. The farmers accomplished this by purchasing 390 treadle pumps to irrigate their fields during the dry season. This facilitated the production of two high-value paprika harvests instead of one, thereby doubling the farmers' annual incomes.

The SMC project has conducted capacity-building training sessions and provided market links to 1,143 farmers, 27 percent of whom are women. With an initial investment of \$120, farmers were able to realize enough profits to earn their way toward economic self-sufficiency.

IDE's focus is to create sustainable market support for subsistence farmers as they embark on the journey toward self-sufficiency. The farmers participate, as equal partners, in a viable marketplace. By tapping into the entrepreneurial energy of these farmers, IDE is revolutionizing poverty reduction by empowering the rural poor to increase their food supply, create new jobs, and generate enough income to earn their way out of poverty forever. ■

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EXPANDING ETHIOPIA'S AGRICULTURAL EXPORTS



Kristina Stefanova, U.S. Agency for International Development

Women and children pick green beans at the Dodicha Vegetable Cooperative. The beans will be sold to a local exporter, who will sell them to supermarkets in Europe.

In Ziway, Ethiopia a few dozen women and children pick fresh green beans in mid-afternoon, occasionally munching on them. They fill their baskets, weigh them, and pour the contents into plastic crates that are hauled away by tractor to a nearby farm.

There the beans are graded, packed, and shipped to the airport in Ethiopia's capital city of Addis Ababa. In a few days, a shopper in a European grocery store will be able to purchase fresh Ethiopian green beans.

Until recently, farmers in Ziway worked independently on small plots, selling their produce locally for about 12 cents per kilo. Meanwhile, an exporter, Ethioflora Horticulture Farm, was losing potential sales because it could not produce all the beans demanded for export.

That changed when a \$1.1-million project of the U.S. Agency for International Development (USAID) began helping farmers organize into cooperatives, improve irrigation, and produce high-quality beans to sell to Ethioflora at four times local market prices.

Now that the program is increasing production on small farms, Ethioflora has expanded sales in Europe and successfully lobbied the Ethiopian government to allow more cargo flights into Addis Ababa.

"We had a lot of problems before these linkages were made," says Ethioflora manager Mulugeta Abebe. "The farmers were not coordinating ... they needed to learn how to cultivate and use irrigation. All of these things were not possible to do before, but have been done now through ACIDI/VOCA." [ACIDI/VOCA is a nonprofit group that promotes agricultural economic growth in developing countries. It was formed in 1997 through the merger of Agricultural Cooperative Development International (ACDI), which was founded in 1963, and Volunteers in Overseas Cooperative Assistance (VOCA), founded in 1970.]

Often when small-scale producers link to an international buyer, they are unable to meet production demands because of outdated technology, lack of skilled labor, or a shortage of transportation. ACIDI/VOCA helps them overcome these obstacles.

Ayu Deme's life has changed since she joined the Dodicha Vegetable Cooperative four years ago. She is one of 155 members who together cultivate 68.5 hectares.

In 2004, the cooperative began supplying green beans to Ethioflora, earning a significant profit. Deme, 35, says she is now able to send her older children to school, buy clothes for the family, and purchase oxen.

Helping improve livelihoods for rural producers is a major aim of the agricultural cooperatives program and the horticulture market linkages program, both of which emphasize linking farmers to markets. Through the agricultural cooperatives effort that began in 1999, ACIDI/VOCA has helped some 650 cooperatives with more than 673,000 members. Cooperatives receive technical assistance to help understand and meet quality export standards, operate on sound business principles, and learn to be market driven. In five years, the value of food grains, coffee, and sugarcane sold through cooperatives has gone from \$1 million to more than \$20 million.

One component of the program involves working with coffee growers. The cooperatives operate as private associations, providing services to their members. One coffee cooperative, for instance, helps its members access de-pulping and other specialized machines that help create a better quality coffee bean. The cooperatives also help farmers realize better market prices for their products.

Ethiopia produces some 270,000 tons of coffee per year, nearly half of which is consumed locally. ACIDI/VOCA is helping cooperatives tap into international

markets, where coffee fetches a higher price. From an export base of just under a few hundred tons in late 2000, Ethiopian coffee cooperatives in 2004 sold almost 7,500 tons of high-quality coffee to specialty markets around the world. In the last four years, some \$2.3 million in dividend payments has gone back to Ethiopian coffee farmers.

For Bekele Mantala, a member of the Wottona Bultuma Cooperative in Yirgalem, the additional income has brought several changes. Bekele, the father of two young children, now leases additional land on which he grows coffee and maize. He bought land recently and built a new house, leaving the old one to his three younger brothers. And in July 2004, he opened a small shop where he sells coffee and maize.

Bekele is paying for his brothers' education and has big plans for the future. "I need to improve the shop and add products like grains and barley," he says. "And I can lease more land." ■

Source: U.S. Agency for International Development, prepared by Kristina Stefanova, deputy managing editor of the USAID publication *Frontlines*.