



PROMESA

ECONOMIC IMPROVEMENT AND FOOD SECURITY
IN COFFEE, COCOA AND OTHER CROP
COMMODITIES PROGRAM





PROMESA

INTRODUCTION

This briefing note presents an integrated rural livelihoods program that will help poor smallholder growers in Latin America and the Caribbean to improve their livelihoods while caring for the ecosystems on which they depend. Heifer International, with deep expertise in integrating sustainable rural livelihood programming with ecosystem restoration and conservation, has designed a broad regional program, *"PROMESA: Economic Improvement and Food Security in Coffee, Cocoa and other Crop Commodities"* as a ten-year program to achieve the above vision. *PROMESA* projects, connected through a shared program strategy, will use extensive value chain analysis, multi-level capacity building and technical assistance to improve sustainable production levels and value chain participation with a special focus on women and youth. This will generate dramatic improvements for vulnerable producers who struggle to ensure sustainable livelihoods and for whom vibrant ecosystems are central to securing sustainable futures.

1. For Heifer International, the concept of families in wealth is based on developing seven capitals crucial for self-reliance and future development: individual, intellectual, social, natural, established, political, and financial capital



Families whose main livelihood is coffee, cocoa and other agroforestry crop commodities live in dignity and wealth¹.

-*PROMESA* vision statement

BACKGROUND AND JUSTIFICATION

Coffee and cocoa production serve as the main income source for many families across Latin America².

However, most of this coffee and cocoa production takes place in the poorest areas of relevant countries, where communities experience high food insecurity and intense child malnutrition while struggling to meet basic daily needs.



I ncreasing environmental degradation in these production areas is also growing, in spite of the traditionally low eco-impact of traditional coffee farming. This is because more recent demand surges for coffee and cocoa have led to larger-scale production methods that make heavy use of fertilizers, pesticides and other less eco-friendly techniques. *PROMESA* will use more productive, environmentally supportive and, in some cases, traditional agricultural practices to ensure a more sustainable and environmentally responsive approach to improved coffee, cocoa and other crop production and market systems.

There are several main challenges and opportunities for coffee, cocoa and crop commodity farming families³:

- 1 dependency on a mono crop (coffee, cocoa and/or another single source);
- 2 increasing crop vulnerability to climate change (deforestation, polluted micro-watershed, lower yields, etc.);
- 3 exclusion of women and youth from economic opportunities (resulting in lower productivity, compromised health and wasted human capital);

2. In fact, a number of countries count these products as their top income source. Supportive government policies encouraging improved productivity and quality further foster this important economic growth, particularly related to international trade

3. Although coffee and cocoa make up the bulk of the *PROMESA* program products, other commodities such as honey and cardamom will be included as relevant to the included target groups.

4

organizations with limited access to markets (minimal business management capacity, public policy/support service awareness).

Heifer International has identified a number of high impact opportunities for building more sustainable livelihoods:

- ▶ Improve productivity and response capacity to the growing demands for organic cocoa and coffee as well as gourmet, high end coffee. Organic products receive higher prices and

demand for both organic coffee and cocoa is increasing significantly. Mountainous communities are literally well placed to capitalize on these trends due to coffee being a largely hillside commodity.

- ▶ Scale up of Fair Trade Certification. Demand is also growing for certified fair trade products. Given the cornerstone commodities of coffee and cocoa in particular, expanding this certification process presents an excellent opportunity for families to improve their incomes.

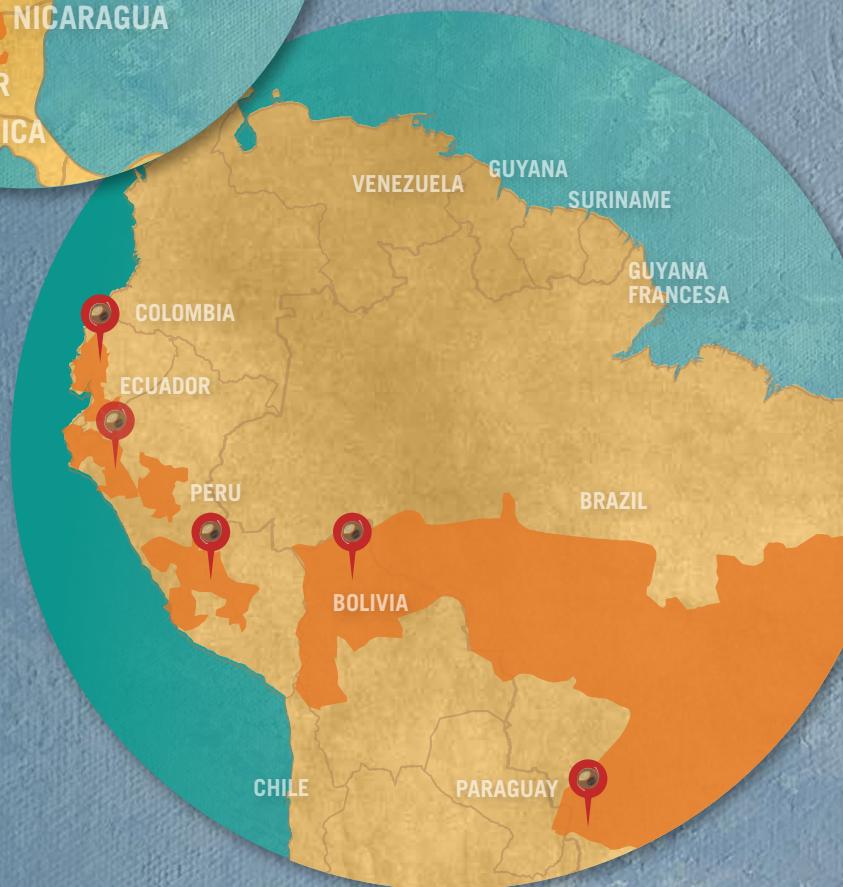


IMPACT GROUPS

PROMESA will work with communities in Bolivia, Brazil, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Peru. Working directly with 82,000 families, *PROMESA* will ultimately reach a total of 164,000 families through Heifer International tools such as Passing on the Gift (POG). Through Passing on the Gift (POG), participants build the capacity with other vulnerable populations by sharing and donating assets and knowledge with other participants.



PROMESA



PROMESA has a committed focus on various indigenous groups and particularly women and youth, who are even further marginalized within their respective groups. When women play a central role in development work, families are more stable and children are healthier and better educated. Heifer International uses a multi-tiered selection system to assess and identify the overall program target groups. Type A families (sub-subsistence) are the most vulnerable, existing at sub-subsistence levels with limited/no land and who most often need to regularly migrate for income opportunities. Type A families represent 28 percent of the program (46,000 families) and 40 percent are expected to move upwards into a stronger group by the end of the program. Type B families (subsistence level) have a degree of livelihood stability and are often associated with community organizations. However they need further support in business management

to boost overall productivity. This group represents about 66 percent of the target group (108,000 families) and 90 percent are expected to move up into stronger groups. Type C families (surplus income families) represent six percent of the program (10,000 families) who are small business owners (dry/wet mills) and are well positioned to establish new product processing ventures such as honey. Their expanded participation in current and new value chains will help them to access the regional and international market opportunities. They will also serve as a key stabilizing anchor factor for other target communities. *PROMESA* recognizes that there are many cultural, social and economic differences within these extremely diverse impact groups. Therefore, each project under *PROMESA* will include further analysis, design and interventions tailored to communities as appropriate and relevant.

PROGRAM ANALYSIS



Due to the priority on sustainable commodity crop productivity and benefit-sharing for vulnerable communities, *PROMESA* will focus on analyzing the relevant various value chains in all project areas. Heifer International project teams will conduct detailed, pro-poor value chain analysis and market diagnostics for coffee and cocoa production.

This will provide the most in-depth and real-time insights regarding how value chain environments influence the lives of target groups and in particular, the women and youth within these groups. This analysis will be used as a framework to understand the current contexts, evaluate capacities and generate key strategies related to resources, technical expertise and overall program impact. There are several key objectives of this analysis:

- 1 expand and/or confirm understandings of challenges facing the smallholder coffee producers;
- 2 map the critical value chains to understand the overall face of the value chains regarding stakeholders, bottlenecks, opportunities and market-based interventions;

- 3 understand the production systems and to collaboratively identify the best farm system improvements;
- 4 assess and evaluate the business and technical capacities of local and regional producer organizations;
- 5 identify income diversification opportunities for improving food security⁴;
- 6 evaluate market linkages and value-added opportunities to determine extent of profitability for the small-holder producers;
- 7 map current soil and water management practices to generate more sustainable and integrated management practices vital for lasting livelihood security;
- 8 expand and diversify public-private partnerships for leveraging critical technical expertise in quality control, water resource management and marketing. Related research analysis will be anchored in a “wealth-creation approach to community and economic development⁵” using both quantitative and qualitative assessments and interviews to collaboratively design the most relevant project-level interventions with communities.

4. As discussed earlier, a mono-crop product dependency adds to the vulnerability of the target groups, particularly among women and children during the non-production seasons (known as the “thin months”)

5. As stated in the long-form *PROMESA* strategy

A recently completed value chain mapping in Mexico provides a concrete example of this core *PROMESA* approach. In examining the coffee value chain in Sonconusco, Mexico, Heifer International first identified five chain stages, related bottlenecks, opportunities, and support activities regarding small-holder producers.⁶ Next, analysis to capture value chain income highlighted the chain profit and income areas; when mapped against the objective to increase the gains of small-holder producers, this generated several areas needing detailed analysis for interventions:

- 1 analyze profit distribution;
- 2 measure the benefit of producers transporting coffee directly to large intermediaries;
- 3 measure the impact of independent producers who also have their own transport and sorting/grading facilities (instead of relying on someone else for these services);
- 4 analyze the economic status of producers who are affiliated with larger producer organizations providing large-scale transport and processing services;
- 5 consider the possibility for processing coffee all the way up to extract. Technical interventions rooted in this kind of analysis provide the highest benefit return for the small-holder producers.

6. These stages are: input supply and provision of technical assistance, production, processing, aggregation and buying

7. Examples include planting material selection, nursery and soil management



Understanding value chain dynamics will position *PROMESA* to further concentrate on the critical production systems analysis and evaluation of producer organizations to help smallholder producers to sustainably improve their livelihoods. Specific production systems components include: analyzing all aspects of agricultural production⁷, business and marketing as well as broader capacity building of organizations and working with private companies and government agencies to provide relevant technical assistance. In each instance, *PROMESA* will use the following criteria to best assess producer organizations: governance/financial management, technical assistance delivery capacity, member service provision and social capital initiatives and entrepreneurship.

TECHNICAL APPROACH

Several technical components shape the *PROMESA* goal:

- ▶ working with coffee, cocoa and agro-forestry systems to maximize food productivity and consumption will include baseline assessments, diversification capacity reviews, application of relevant agro-eco practices⁸ as well as Heifer tools such as Cornerstones and values systems. Strengthening the systems related to food consumption, preparation, hygiene and processing will also play an important role;
- ▶ developing supply chains as value chains will better position families to more effectively participate in production business practices. Activities include integrated plot assessments to maximize productivity approaches and investments in community-driven engagement to connect improved productivity to market opportunities and benefits. Also, improving the organizational strength of community production networks (focusing on market production) will improve community benefit from relevant value and market chains;
- ▶ building the organizational capacity of farmer organizations, with a core focus on women and youth inclusion, will help to carry the *PROMESA* vision beyond the life cycle of the program. Evidence and experience shows that placing women and youth at the center of *PROMESA* will generate stronger results.

8. Examples include farmer field schools and farmer-to-farmer replication



PROMESA has a theory of change and outcomes that are anchored in the Heifer International mission statement. Short term outcomes will focus on identifying concrete coffee, cocoa and related opportunities, improving agro-production and improving family health awareness along with increasing organizational business skills. Midterm outcomes will include securing broader and more diversified agro-systems, increasing the use of more sustainable and productive natural resource management and building organizations that are more fully engaged in equitable value chains and market linkages. The longer term outcomes will focus on ensuring broader family food security, more resilient eco-systems regarding climate change and larger scale success of agro-production where organizations are important actors in the relevant business and development environments. Critical stakeholders, including diverse communities within the targeted indigenous groups, women and youth and community and business leaders will all provide important inputs and expertise to achieve these outcomes.



MONITORING, EVALUATION AND KNOWLEDGE MANAGEMENT

Just as PROMESA as a program connects to the Heifer International program approach and theory of change (TOC), it also integrates with a program-approach monitoring, evaluation, and knowledge-management framework. Fostering reflection, quality implementation and overall impact and accountability, this framework will serve as the roadmap for PROMESA to work towards the program vision and overall objectives. Knowledge management will be a continual process of sharing and learning within the Heifer International organization, focusing on the full cycle knowledge-management of identification, acquisition, application, sharing, development, creation, preservation and measurement.



RESOURCE MOBILIZATION

As a ten-year regional program, PROMESA has a financial goal of USD \$101 million to generate the anticipated breakthrough changes and sustainable impact that the program has set to achieve. The financial support needed to reach this goal is being fundraised by Heifer International, development agencies, governments, foundations, corporations, and other public and private sources.



PROMESA

ECONOMIC IMPROVEMENT AND FOOD SECURITY
IN COFFEE, COCOA AND OTHER CROP
COMMODITIES PROGRAM



855.9HUNGER (855.948.6437)



info@heifer.org

Web

www.heifer.org



Heifer International



@Heifer



HEIFER[®]
INTERNATIONAL