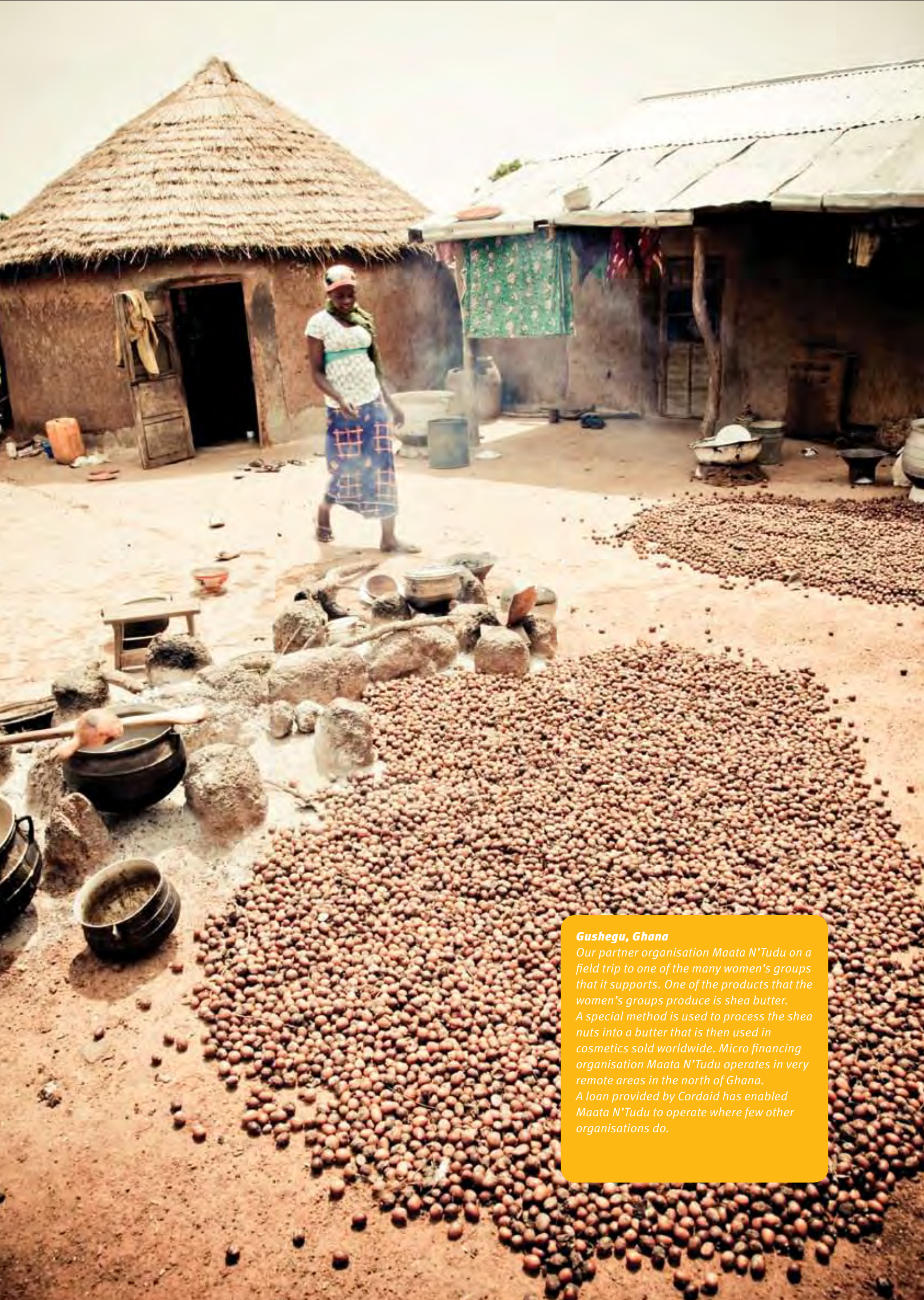


A woman with a joyful expression is shown from the chest up. She is wearing a purple headscarf, a red top, and a white shawl with blue stripes. She is carrying a large, woven basket filled with white cotton bolls on her head. Another similar basket is visible on her back. The background is a clear blue sky.

Cordaid and entrepreneurship



Gushegu, Ghana

Our partner organisation Maata N'Tudu on a field trip to one of the many women's groups that it supports. One of the products that the women's groups produce is shea butter. A special method is used to process the shea nuts into a butter that is then used in cosmetics sold worldwide. Micro financing organisation Maata N'Tudu operates in very remote areas in the north of Ghana. A loan provided by Cordaid has enabled Maata N'Tudu to operate where few other organisations do.

Cordaid and entrepreneurship

CORDAID

- 2 René Grotenhuis, director of Cordaid:
“Development is emancipation”

ENTREPRENEURSHIP

- 7 Marjolein Dubbers, Entrepreneurship sector manager:
“Micro finance and local enterprise mean empowerment”

CASES

- 10 Nuts and coffee on the international market
- 12 Indonesia and the Philippines:
the rainforest as a green gold mine
- 14 Running the gauntlet in Vietnam
- 16 Fuel or food?
- 17 Uganda: small-scale farming as a business
- 18 Sierra Leone: doing business in a fragile state
- 20 Ethiopia: made-to-measure financial services in remote areas



Malawi

Mozes Filias, 46, has been a shoemaker for ten years. In 2006, he was able to expand his shoe repair business with a micro credit loan of the equivalent of €75.

Mozes has four children, the oldest 14 and the youngest 4. Two of his children don't go to school, because Mozes cannot afford to send them.

"I dream of one day having my own home, a bigger shop and enough money to be able to send all my children to school," says Mozes.

CORDAID

René Grotenhuis, director of Cordaid:

“Development is emancipation”

Development aid on the way out? Not if Cordaid director René Grotenhuis has anything to say about it. “I see Cordaid as an important actor in social change. We actively participate in global communities of change.”

This new perspective breaks with the old model, under which Cordaid’s most important function was to provide financial aid to the poor. Migration problems, climate change, scarcity of resources and the food crisis are not problems of the southern hemisphere, but of the world. We, too, have a lot of changes to make. Cordaid sees its role as a part of global movements in these areas, all of which, says Grotenhuis, are directly linked to poverty.

“Money does remain an important means of setting off these global changes. In these communities of change, the richest shoulders bear the heaviest financial burdens – it’s a simple doctrine of fairness. Which means that the financing function remains part of what Cordaid does, but the responsibilities and the choices are being shifted more and more to our partner organisations. People living on the fringes of society have to have their voices heard; they have to have a say in the discussions and the decision-making affecting their lives. And one way of achieving that is to create more south-south relationships.”

Movements of social change are not something restricted to civil society even though it takes citizens to make things happen. Cordaid actively seeks connections with the business sector, professionals and political players. Worldwide responsibilities call for worldwide knowledge exchange, and for Cordaid, that means spreading knowledge and experiences, not only abroad, but also in the Netherlands.

“Cordaid has not only financial resources, but an extensive network to contribute,” says Grotenhuis. “But it is our partner organisations that know the needs of vulnerable people and marginalised groups best.”

“It’s about developing social stakeholding, among our base in the Netherlands and our partners worldwide,” explains Grotenhuis, “These are people who connect with us, who feel a shared sense of ownership, who tell us where we can do better, and who are proud of what we are achieving. I also like to point out that the concept of global communities of change is very compatible with the Catholic idea that through compassion for your fellow man, you become a better person.”

Examples of communities of change can be found in the work being done in Cordaid’s sectors Health & Well-being, Entrepreneurship, Participation and Emergency Aid & Reconstruction. In Africa, home-based care organisations are using the Cordaid network to exchange knowledge and experience with groups in other parts of the world, like Mexico. In its Climate Adaptation and Disaster Risk Reduction programme, Cordaid is supporting local partners in ten countries on improving readiness for natural disasters like droughts, floods, hurricanes and earthquakes. Partners in the Horn of Africa, for example, are using this programme to exchange experiences on potential adaptations and collaborate on joint lobbying strategies to get governmental authorities involved in setting up precautionary measures.



René Grotenhuis

“By connecting other institutions like research institutions to these kinds of programmes, the process can be further enhanced. But the sense of ownership is crucial, and that means making sure that decisions are made together whenever and wherever possible. What you want to do is spread the process out over more organisations.”

On the ground

The idea of communities of change is based on the assumption that people can draw a connection between their own experiences and those of people in other countries. This can be difficult, especially in conflict areas; sometimes the brutality and suffering emerging from each new conflict seems unprecedented. But there are patterns of power, exclusion and marginalisation that can be found everywhere, and this is where Cordaid tries to make connections. Working in fragile states and societies is part and parcel of Cordaid’s work. Cordaid has a long history of emergency aid and conflict control in unstable areas. “It’s in our organisation’s DNA,” says Grotenhuis. “In conflict areas, churches play an important role. Sometimes parishes are the only network that people can fall back on.” Cordaid also identifies and addresses the needs and obstacles faced by migrants and refugees from countries such as Sudan, Angola and Afghanistan in maintaining an active connection with their home countries. Cordaid considers the connection between migration and development aid a critical one in achieving its goals. Cordaid defines the concept of sustainability as not only an ecological question, but a social one as well. Of course, support for fair trade is an important part of this, but for Cordaid, it doesn’t end there. In many cases, the poorest pay the price in the pursuit of

natural resources. . In Chad, people are being driven off their lands for the pursuit of oil resources; in Ghana, water supplies are under severe threat from mining operations.

“Development aid is a focal point where social, economic, political, cultural and religious aspects come together,” says Grotenhuis. “The longer I work in the field of development, the more I realise that the root cause of poverty is exclusion, and that development is really a process of emancipation.” He points out that the major emancipation movements, such as the labour movement or the women’s movement, were always centred around marginalised people who were themselves the driving force behind the movement but who also needed sympathisers in other segments of society. “That’s why I see development aid as support for a process that is in the hands of people who are being excluded. And, what’s more, we in the northern hemisphere have to get beyond our self-satisfied attitude and start asking ourselves about our own processes of development. Because our lifestyle is untenable. It’s about time we convince the political sector and the public that global issues are also northern issues. That we are all responsible, and that we can’t solve anything without each other’s knowledge, experience and inspiration.”

This brochure presents some examples of what Cordaid is doing in the field of entrepreneurship - how we are achieving real and lasting successes against exclusion and poverty by promoting entrepreneurship and economic activity in remote and poor areas. Because the problems of the south are closely interwoven with those of the north, we hope that these examples inspire a new look at development aid. A look that will inspire solidarity.



Honduras, Choluteca

In 1998, Etelevina Molina joined a local women's group. With the help of Cordaid partner organisation Cipe Consultores, the women set up a micro-enterprise making and selling hammocks. With Cordaid's support, the women receive training and guidance on the business side of their enterprise. "Starting a business, having meetings, working outside the home, speaking in public... it all took some getting used to!" says Etelevina. "But today I feel useful and respected. I'm so glad that our household income has doubled thanks to my work."



Kete-Krachi, Lake Volta, Ghana

Partner organisation SEND supports the Kete-Krachi Credit Union, providing micro financing to women's groups in Ghana's poor northern area. These women's groups invest the loans in a variety of local business activities, and in the process, generate social cohesion, confidence and entrepreneurship. So far the women have demonstrated an outstanding repayment history. In the event of a default, the women as a group take responsibility for repaying the outstanding loan.

ONDERNEMEN

Marjolein Dubbers, sector manager Entrepreneurship :

“Micro finance and local enterprise mean empowerment”

Cordaid’s work in the field of entrepreneurship has two branches: the small producers programme and the micro finance programme. Fifteen years ago, Cordaid was one of the pioneers in micro finance, focusing specifically on farmers in isolated areas as vulnerable entrepreneurs. Today, what does the sector entrepreneurship stand for?

Farming: it’s a business

The heart of the entrepreneurship sector is the small producers programme. The programme’s focus is on supporting farmers pursue sustainable agriculture for local and regional markets. Sustainable agriculture encompasses the aspects of environment and biodiversity. “A lot comes down to improving products, focusing more on the market, access to processing companies and cooperation with buyers,” says sector manager Marjolein Dubbers. “In short: farming as a business.” For small producers of some products, like nuts, coffee and honey, international markets may offer opportunities.

Steps are being taken towards more cooperation with companies wishing to contribute to improving society and the environment. “For example, when we found out that TNT had a project in Malawi for compensating their CO₂ emissions by supporting famers planting jatropha on small farms, we put them in contact with a farmer organisation,” says

Dubbers. “Through this partner, TNT got a good perspective on the issues to be aware of in order to promote the interests of these small producers.”

Micro finance as catalyst

The micro finance programme initially started by issuing credit, but has since branched out into financial products of all types and sizes, from savings products to micro insurance. A person might participate in a group loan, then be issued a small credit, and can then save and invest, ultimately being in a position to take an individual loan. As soon as the small enterprise or producer has any stock of goods, that stock has to be insured. The entrepreneur begins to think more about the future, and might start thinking about a pension. A micro finance institution (MFI) has to be able to expand its product range to meet the needs of the small to very small entrepreneur.

Micro finance can be a catalyst for other forms of development. Take Café Femenino, says Dubbers.

“A whole, separate chain of coffee picking and processing by women – it’s a concept that I feel very strongly about. And it led to much more than a fair price: it turned into discussions with men about the division of labour, to a shift of land ownership rights and to self-empowerment.” And micro finance can also be interesting for other Cordaid programmes. In some cases, MFIs can be the answer to the demand for financial services during reconstruction in the wake of a conflict or natural disaster.

Cordaid’s focus is on MFI’s that are designed to return the profit to the members and to provide the members with training, the social impact of the MFI cannot be understated. “A partner can get a donation, loan, guarantee or any combination of the three,” explains Dubbers. “The relationship is equal and professional. Donations must go towards strengthening the organisation’s capacity. A loan is intended to go on to their clients, so that those clients are ultimately the ones paying us back.” In some places, like Malawi, Sierra Leone and Vietnam, with only a rudimentary financial market, the MFI sector must be built practically from the ground up. “In places like these, there is no supporting legislation or regulations under which MFIs can operate. In that case, we support a network organisation, which then lobbies the government to make micro finance accessible to the poor. Or to small MFIs to improve their own organisations.”

Future

Heading into the future, the sector entrepreneurship is intensifying its participation in networks that can bring this sustainable change about. The forestry-related programme, for example, includes a large number of different types of organisations all lobbying against large-scale exploitation, working towards augmenting capacity for small-scale farmers, and pursuing a common agenda. And in other cooperative relationships in sustainable agriculture, such as Agriprofocus, stakeholder organisations are coordinating extensively and looking to mutual synergies. Organisations of small farmers, for example, are being trained on how to write marketing and business plans, better negotiate with customers and processing companies, and in management principles.

“The challenge is figuring out what intervention will have the most impact,” says Dubbers. “In Vietnam, financing partners working towards building an MFI



Marjolein Dubbers

sector has proven to be very effective. There, effectiveness is not measured purely by increased income to more people, but also things like strengthening the position of small producers: better negotiation, more influence, more participation, more clout. This is what makes lobbying for better living and working conditions of farmers so important. With international chains, we should be focusing more on a few chains that we know very well and where our contribution has the biggest impact. For the most part, where there is cooperation, our partners’ work is most successful.”

Development work is a complex process, with strong political implications, says Dubbers. “Development also means shifting power relations. Cordaid is not a one-issue organisation... When we take on economic activities in fragile states like Sierra Leone, we are bringing two worlds together: economics can be a tool for transforming conflicts and bringing stability.”

The value that Cordaid places on fair entrepreneurship is expressed in its lobbying work. “Let’s get consumers to pick the products that people have worked hard for,” says Dubbers. “We are all consumers. See the farmers behind the coffee, the chocolate, and know their situation. Know what they’re working for and why Cordaid is supporting them.”



Gushie, Ghana

In the “pack house” at partner organisation ITFC, fruits like mangoes and pineapples are processed. With its loan to mango producer ITFC, Cordaid is helping several hundred farmers to produce fruit that is then sold by ITFC on the local and international market. ITFC works in close collaboration with these farmers, giving them the support they need. This cooperation creates employment, product diversity and income improvement for the local farmers.

CASE 1

Nuts and coffee on the international market

The trade in nuts (groundnuts, cashews, Brazil nuts) is a good illustration of the injustice inherent in the world trade system. The producers receive little for their nuts while players higher up on the chain rake in huge profits.

Most people are now familiar with the concept of fair trade in coffee, but the same cannot be said for nuts. Liberation, a Cordaid partner organisation, is ensuring that small producers are getting a better and fairer trading position on the international nut market. Liberation purchases nuts directly from the producer organisations and has set up a fair trade company in which the producers are 42% shareholders. This means that the farmers can still retain some control over their nut crop, right up the chain.

Marketing a new product on a new market is a difficult proposition, but Liberation has

Mkanda Village, Malawi

Alides Malungo grows nuts. Working with Cordaid partner organisations Nasfam and Liberation gives her more control over her own product and a better income.



succeeded in stipulating a fair price for the farmers. The farmers use the additional income they have gained for their children's education, health care, or expanding their land. Previously, farmers sold their nuts to local wholesale buyers and had no influence on the price. "Now they have a real impact on the entire trading process," explains Cordaid's Sonja van der Eijk.

"Representatives of the international nut cooperative are being invited to fair trade events to give the wholesale buyers, and Liberation, a face. Producers have direct contact with consumers."

Cordaid hopes that Liberation can become a model for the setup of a successful chain for agricultural products from the southern hemisphere. It is giving the farmers more control and a better price for their product, improving their lives and their trading skills, and giving them access to the international market. "These results are all in line with our objective of initiating change movements," says Van der Eijk.

Closer

Twenty thousand small producers in Malawi, Mozambique, India, Peru, Bolivia, El Salvador and Nicaragua are now

WHAT

Fair international trade in nuts and coffee.

WHY

To improve the position and income of local nut producers.

HOW

By giving farmers in the whole chain control over their fair trade products.

benefitting under Liberation's approach. The challenge now lies in boosting nut sales – at present, supply still far outweighs demand. Cordaid's goal is build a better foundation for these products, and it is doing this in part through its efforts within the larger World Fair Trade Organisation, the coordinating organisation for worldwide fair trade, of which Cordaid is an active member. "If consumers are willing to pay a higher price that goes to the farmers, then fair trade can bring North and South closer together," says Van der Eijk.

Mchinji, Malawi

"I've been a client of Nasfam, a micro credit provider that works with Cordaid, for over three years," says Anack Matola, 71. "I earned a profit in my first year. In my second year, I was robbed and lost all my capital. As a farmer, it was hard work keeping my head above water. This year I harvested enough groundnuts to earn a profit again."





Café Femenino, an honest coffee label

Top quality coffee beans produced by women: Café Femenino is coffee label that stands out. By keeping their coffee in a separate, woman-driven production chain, the women of Café Femenino profit directly from their hard work. They get a better price for their product, and they own their land in their own names. Initiator Organic Products Trading Company (OPTCO), a Cordaid partner, is the import/export company importing the label's coffee from Latin America (and starting in 2010, from Africa). Café Femenino is built on the idea of standing up for the rights of women.

But what really makes the difference is the uncompromising quality, something that gives the women extra pride and sets them apart, as a market party, from the competition. "With Café Femenino, we are telling our personal story to influence consumer's choice of coffee," says one of the women. "It's not only about the product, but the world behind the product. Having our own label has given us a voice. Before, the men would peddle the coffee in the bar, and spend all the money before they got home. Now, the income goes straight to us." This brings the women increased standing in the community, a good price for their hard and time-consuming labour, and more money to support themselves and their families, and for education and health care. And ultimately, it is also improving the lives of other women, because the roasters set aside a percentage for aid to women and children in coffee-producing communities.

Café Femenino originated in Peru and the concept has now been expanded to Mexico, Guatemala, Bolivia and Rwanda. Cordaid supports Café Femenino in the further development of this inspired programme, and also offers pre-financing to its producer organisations. This pre-financing is used to pay the women immediately after harvest. Previously, the women would only be paid after the coffee was purchased by the importer, which would mean months of no income for the women. "The challenge is profiling the total package of quality, certification and integrity on the market," says Van der Eijk.

CASE 2

Indonesia and the Philippines: the rainforest as a green gold mine

The businesses vary as widely as where they are found: from handmade bags to honey farms, and from India to the Philippines. But they all have one thing in common: these businesses are made up of people who want to keep living in or near the rainforest. The biggest strengths these family businesses have are their continuity

and strong cultural bond with the forest.

Cordaid supports the local populations in India, Indonesia and the Philippines in the production and marketing of “Non-Timber Forest Products” (NTFP): products that are not derived from logging, like honey, medicinal plants, rattan and plant fibres. Throughout the ages, millions of inhabitants of the Asian rainforests have collected products from the woods they live in. Today, however, they are under increasing pressure as companies purchase that land for logging, palm oil plantations or mining operations. Peoples who do not have sufficiently documented land rights are especially vulnerable,

and may even be driven off their lands. Upgrading their forest products can offer them leverage against this exploitation. Through a network of NTFP producers, the populations learn to use their traditional techniques to make more modern and more attractive products to help their family businesses survive in these isolated areas. And Cordaid supports the organisations that are helping them establish and defend their land rights.

Exclusive market

There are many inspirational examples to be found in the NTFP network. Native communities in the southern Philippines have learned to improve the plant fibre fabrics they produce so that they can command a better price on the market. Now they produce cloths, bags and accessories for an exclusive market in Manila. “We focus on a niche market, rather than on volume,” explains an NTFP spokesperson. “They used to get 60 pesos (€0.90) per metre. Now they

WHAT

Improving the income and status of native populations that depend on the rainforest.

WHY

To allow native peoples to choose to preserve their culture and environment and not be driven out by large-scale logging, mining or plantations.

HOW

Production improvement and market development of forest products not based on logging.

are getting anywhere from 110 to as much as 350 pesos (€1.66 - €5.28) per metre.” Their store is 80% financed from their own profit. One producer says, “It’s really made me stronger. Now if a big company wants to buy my land, I say that I want to stay and keep producing.” On Mindanao, a group of weavers was able to produce a management plan at a critical moment, allowing them to obtain their land rights and to keep the area from being developed for mining.

Other examples include the Punan community on Kalimantan, which produces the aromatic resin gaharu, highly valued in the perfume industry, by injecting rainforest trees with harmless bacteria that causes the tree to produce the resin. This community succeeded in prevented a palm oil plantation from expanding into the rainforest. And a group of Kalimantan honey producers, after dramatically increasing the quality of their organic forest honey, now has its products carried by supermarkets in Jakarta and on Singapore Airlines. These examples show that successes can be accomplished with little or no financing capital. The honey organisation gives its producers an advance at the beginning of the season, purchases the honey and handles the labelling and marketing.

But Cortaid’s Roos Nijpels says that the most important impact of the projects is the preservation of the people’s culture, their living environment, and the ecosystem. “Their family income goes up. Once their activities are economically profitable, their negotiating position becomes strong enough that they don’t have to worry about being driven off their land at any given moment. They can choose the right development for them.”

High-quality finished products such as bags, clothing, jewellery and paper goods, made from forest products by local communities in the Philippines.





Palawan, Philippines

A local community produces quality paper using only sustainable and environmentally-friendly methods. Plant fibres are stamped and boiled; the pulp is then strained, pressed into paper and finished.



Mindanao, Philippines

Native inhabitants of the forest produce fibres from scrap wood, which they then use to make bags and other quality finished products. No trees are felled for the production of these products.



CASE 4

Running the gauntlet in Vietnam

In Vietnam, micro financing is still uncharted territory. In this former communist country, the government provides subsidised loans to the very poor in a sluggish, arcane and strongly supply-driven programme. But this programme offers no perspective on how effective the programme is or how much of these loans are being repaid. Cordaid sees it as its mission to build an MFI sector here with organisations that can work from a demand-oriented perspective and which are willing to experiment with products.

In 2006, the Vietnamese government moved to support and regulate the micro credit sector. For Cordaid, this was the signal to donate to organisations like the MFI Tao Yeu May (TYM) to improve their organisation and methodology. TYM also received a loan as operating capital, which led to strong growth in its client portfolio. One of the

most difficult aspects of supporting starting MFIs is finding capable personnel willing to work in isolated areas. The heavy-handed government involvement also makes the work difficult: all programmes have to be linked to very large membership organisations such as the Women’s Union or the Labour Union, which in turn provide volunteer personnel members to starting MFIs. This approach invariably leads to inefficiency. “Slowly working towards becoming a professional organisation is something that requires a lot of diplomacy,” says Cordaid’s Jan Postmus. “But Vietnam offers a lot of potential: the people are very enterprising, and the market there is ripe for micro credit. Now that Vietnam is a member of the World Trade Organization, the country will have to institute reforms in its banking sector, including its existing Vietnam Bank for Social Policies, which issues zero interest loans to the poor. The added value of the

WHAT

Building a client-oriented and professional micro financing sector in Vietnam

WHY

To improve the circumstances of small producers.

HOW

Capacity growth and starting capital.

MFIs lies in the ability to offer very high quality services, working from a client-oriented perspective, in reliability, and in personal interaction with the clients. But they can’t do that at zero per cent... all those things take money.”

Signal

In a first step towards professionalisation of the sector, there is now a law in place governing MFIs, and the largest have applied for licenses that will allow them to grow. This is also a positive signal to external investors. Cordaid (currently the only donor) hopes that the MFI sector will also become more interesting for other donors and investors. But these investors will only start showing interest if the MFIs can start loaning at rates more financially viable than the present 8%. The sector can only move forward one baby step at a time, and that requires a lot of patience.

“Despite government intervention, and despite the cautious attitude on the part of many donors and investors, things are still moving faster than expected,” says Postmus. “Since we have been supporting the MFIs, those investments seem to be paying off.” Further investments in micro financing can make the sector a major factor in the fight against poverty.

Vietnam

Tran Ngoc Anh has been a faithful client of CEP, a micro financing organisation and Cordaid partner, for many years. Most of her loans go towards the purchase of fresh vegetables, fruit and drinks, products she then sells to the local community. But she also uses some to purchase piglets, which she raises and sells. Ms Anh uses the income from her business to support her spouse and their three youngest children.





Malawi, market in Lilongwe

Rosina Fresa, 35, has been selling fruit and vegetables on the market here since 1997. Since 2006, Rosina has been a client of micro financier FINCOOP. She has succeeded in using small loans to increase her income. The extra money she earns goes towards feeding, clothing and educating her four school-age children. "And now I'm saving to buy a house," says Rosina. "Right now we're renting, and that costs a lot more."

Building an MFI sector in Malawi

Another country with a very weak MFI sector is Malawi, where the MFIs are mostly found in urban areas and have difficulty making ends meet. But the over 55% of the population living in rural areas have no access to financial services at all. The already weak local economies were further devastated by the food crises in 2002 and 2005: clients of MFIs were unable to redeem their loans, and a number of MFIs faced real financial difficulties as a result.

"Our role is to increase the capacity of MFIs, and represent their interests towards governmental authorities," says Cordaid's Mark Rietveld. "One of the ways we're doing that is by launching a network organisation of MFIs."

Cordaid is a participant in the FIMA fund (an initiative of the government and UNDP/UNCDF). "In FIMA, we discuss things like the government's role in the MFI sector," says Rietveld. "This requires some negotiation. And we want to see real action, like promoting rural credit, to help farmers improve their circumstances. At the same time, an MFI has to have specific knowledge before it can be in a position to supply agricultural credit." Agricultural credit is a difficult field, due to its higher risks (such as crop failure or drought), the greater distances between clients (requiring the MFI to maintain a good local infrastructure), and the time and expense required before an agricultural loan can be repaid.

"For MFIs that have difficulty staying afloat, agricultural loans are tough to get into," says Rietveld.

"The organisation has to be set up for it." And ultimately, rural populations also have to learn how to deal with credit and money. This is where the Saving and Lending Initiative comes in: a fund in which people save their own money, and which the members can borrow from. This is one way to make the step to an MFI a little easier.

CASE 5

Fuel or food?

As the local and international demand for fossil fuel alternatives grows, small producers in developing countries are increasingly exploring the cultivation of biofuel crops such as palm oil, corn and jatropha.

Cordaid opposes large-scale plantations devoted to export. Their production is not sustainable, neither from a social nor an ecological perspective, and consequently they cannot be economically sustainable in the long term. But Cordaid does support small and medium-scale production and processing of energy crops, which can allow small farmers to earn money and provide for their own energy needs in the process. Bob van Dillen of Cordaid describes the challenges involved. “You have to always be weighing fuel against food,” he says. “We want to see biofuel production only happening in areas where food security is guaranteed.” Cordaid supports small and medium-sized producers of energy crops. One example is Jatropha Tanzania Products Ltd. (JPTL), which is not only growing jatropha but processing, marketing and trading in it all under one roof, with the objective of meeting local demand and

selling the surplus. Producers can sell to the highest bidder when the time is right, meaning more income from their product, while reducing their own fuel expenses at the same time. They can keep growing their other crops and grow jatropha only on the fields unsuitable for food produce. The jatropha plant also serves as a protective barrier against animals, wind and sunlight. “When the demand for jatropha oil falls, they can still use the oil to meet their own energy needs,” says Van Dillen. “And they can also make jatropha soap. There’s a good market for that, thanks to the medicinal qualities of jatropha oil.” Jatropha Tanzania Products encourages this soap production as an alternative, sustainable chain.

Palm oil

Cordaid opposes the commercial production of energy crops on massive plantations for export. As part of this, Cordaid supports the Palm Oil Monitoring Initiative in Indonesia. This network of local organisations closely follows the major palm companies, lobbies for protecting and improving human rights and strictly oversees compliance to sustainable production criteria. Working conditions on these huge

WHAT

Commercial production for the local market and lobby against large-scale energy crop plantations.

WHY

Maximising economic opportunities for small farmers and preservation of food security.

HOW

Farmers combining food and energy crop production.

plantations are often poor, and even dangerous. Van Dillen explains: “Under pressure from plantation owners, many locals have sold their land for a token figure, only to go to work for wages on the plantation. And this type of industrial agriculture demands huge amounts of water, causing water shortages elsewhere. High levels of artificial fertilisers and pesticides used also contaminate ground and surface waters. What we are trying to do is get in there and protect the natural resources that are the social and economic basis for so many small producers: the tropical rainforest.”

Jatropha processing

JPTL, Cordaid’s Tanzanian partner organisation, promotes the cultivation and marketing of jatropha. Farmers working with JPTL grow jatropha on land that is unsuitable for food crops. The jatropha seeds are pressed to produce the oil that is then used as a fuel for generating electricity or for transport. But the oil also has therapeutic qualities that make it good for producing soap. The by-products of the jatropha plant are used as fertiliser or livestock feed.



CASE 6

Uganda: small-scale farming as a business

For millions of people in the world, farming is not only a way of life, but the only way to survive. An essential element of fighting poverty is moving farmers from subsistence agriculture to market-oriented farming. Cordaid partner VECO is helping peanut farmers in Uganda see farming as a business, so they can produce more of a better product, and get better prices for it.

Common interests

VECO is a regional platform in which farmer organisations, local traders, processing companies and credit institutions consult with each other on how to develop the peanut chain for the local market. The primary concerns are the needs of the farmers, the demands of the market and the trading opportunities. That means much more than producing for individual consumption and selling any occasional surpluses. They negotiate prices, make commitments with purchasers, and know what and how much they need when. The farmers who are able to anticipate based on signals from the customer gain

an advantage. “The farmers and the traders used to look at each other as adversaries,” says Cordaid’s José Ruijter. “Farmers would mix in stones with their product, and traders would hide their real margins. Now, the understanding is that the farmers keep each other in line and that the traders use a standard configuration for their weighing equipment. But even more importantly, the parties in the platform have discovered common interests that have a binding effect. Interests like a good infrastructure. And fighting peanut mould disease.” This dreaded disease is now being monitored closely throughout the chain, from soil treatment to seed quality to storage to market. All parties in the chain live by the same creed: working to produce quality peanuts and a better peanut chain.

The benefits of cooperation

“The biggest benefit is that small-scale farmers are working from a more business-oriented perspective,” says Ruijter. “They are asking questions like: who am I really growing for? Is this the right product? Based

WHAT

Farming for the local market in Uganda.

WHY

Increasing local farmers’ options for marketing their products and strengthening their position.

HOW

Teaching farmers to work from a more demand-oriented and market-oriented perspective, and look for cooperation opportunities within the chain.

on costs and benefits, they are looking at their production from a more structured perspective. This also means that they are seeing the benefits of cooperation, for example, a better position on price negotiations at higher quantities and selling their product collectively. They are also open to savings and credit systems. Farmers are learning to produce business plans, and armed with them (plus contracts with customers), they are in a better position in regard to credit institutions, which are generally unfamiliar with the agricultural sector and its risks, and consequently much more cautious on lending in the sector. Of course, Cordaid is aware of the risk that farmer organisations are prone to becoming ‘male bastions,’ while food production remains a woman’s field. NGOs and farmer organisations are making sure that women remain fully on board in the process of commercial production.”

A similar process of professionalisation is taking place among local traders, who until recently purchased their wares by bicycle and wheelbarrow. Now they have a need for capital, storage and transport, and they are thinking more professionally.

Increasingly, NGOs are taking on the role of consulting institutions, and they are no longer dealing with just farmers, but with local traders as well. They need help with chain-based thinking, says Ruijter.

“For example, NGOs have to be very careful with donations to farmers who are producing more commercially. If a farmer gets seed for free, he can’t really worry about whether a product is profitable in the long term. When you start financing components of a business process, you take the commercial impulse out of it. This is something Cordaid pays extra attention to.”

Busia, Uganda

A VECO coordinator visits a local peanut grower.



CASE 7

Sierra Leone: doing business in a fragile state

Sierra Leone: the war is behind us. At least, that's what the inhabitants of the country say. But after seven years of reconstruction, the country remains strongly dependent on the international community. The government, and most NGOs, are well-meaning but relatively powerless. What is desperately needed is real, lasting development.

"The consequences of ten years of civil war are shocking," says Cortaid's Manuela Jansen. "People have been forced to adopt a very short-term outlook. NGOs have developed mainly as organisations implementing programmes formulated by large international organisations. The transition into organisations that are strongly rooted in the community, that know the needs of the people, that give them a voice, and that have a critical view of structural development, is a slow process. This transition really needs to happen on a broad scale." The reconstruction has to be coordinated by the local Sierra Leonese authorities. Slowly but surely, the people,

organisations and local authorities are coming to understand that they share common interests. Like building roads and bridges. Sierra Leone was once an export country, but now the potential for development in the agricultural sector is hampered by lack of money and a destroyed infrastructure.

Fragile

Emergency aid has dried up, but sustained development in agriculture has yet to really begin. "With our partners, we are looking at crops that can structurally improve farmers' income," says Jansen. Like groundnuts and ginger. The local partner investigates the entire chain, from access to financing, maximising production and product processing. At the same time, Cordaid is looking at improving production of rice and cassava, the staple diet of Sierra Leone, to give people more food on the table every day.

Secondly, Cordaid is focusing on capacity-building among NGOs and the fragile farmer

WHAT

Doing business in a fragile state and micro financing in a post-crisis area.

WHY

Restoring the economic self-sufficiency of local inhabitants.

HOW

Through agricultural loans and strengthening farmer organisations.

organisations. For Cordaid, this means training as many people as possible in the development of the chain, with the situation on the ground as the central focus, explains Jansen. "What we want is for people to appreciate the potential of cooperation between NGOs and traders or between transporters and processors. Right now, there is a lot of distrust between NGO, farmer and trader; we have to turn that into trust. And as part of that, the farmer has to be put in a stronger negotiating position against the trader."

Thirdly, Cordaid is focusing on agricultural loans. Sierra Leone has very few MFIs, despite the high demand for custom financial products among the country's farmers. Together with other donors, Cordaid is promoting the development of the MFI sector.

A man-made disaster like a war has an entirely different impact on society from that of a natural disaster, says Jansen. "An earthquake is there and then it's gone, but the war in Sierra Leone went on for years. A whole generation grew up without future prospects, without education; the people have a survival mentality, and have a very hard time with long-term perspective in areas like agriculture."



Sanda Tenderie Chiefdom, Sierra Leone

Ginger farmers work a field in which new ginger seedlings have just been planted. Ginger is a crop that does best in partial shade. Its cultivation is not particularly labour-intensive, and happens outside of the growing season that the local food supply (rice and cassava) depends on. Ginger is often planted by older men and women near their homes. The Cotton Tree Foundation, a Cordaid partner organisation, is helping these farmers increase the quantity and quality of their ginger harvests.



Reconstruction after an earthquake: Peru

The 2007 earthquake in southern Peru offers a good example of the Cordaid total programme. Through its long-time local partner organisation, micro finance bank Caja Señor De Luren, Cordaid engineered the construction of 7,500 temporary emergency shelters and the distribution of food aid. The next step was the construction of permanent social housing. Through the bank, earthquake victims were offered the opportunity to apply for a mortgage for the purchase of an earthquake-resistant home, with Cordaid supporting the MFI bank with a loan.

“Cordaid is good at both stimulating local economic development and delivering emergency aid, and combined the two here,” explains Cordaid’s Misja van de Spijk. “To cut through the red tape, the micro financing bank relaxed the rules on providing mortgages, to allow a temporary proof of land ownership to suffice instead of an official land registry deed. That gave people the chance to get on with rebuilding their lives faster.”

CASE 8

Ethiopia: made-to-measure financial services in remote areas

In countries like India, the Philippines, Bolivia, Peru, Honduras, Uganda and Ethiopia, a full-fledged micro financing sector has emerged, complete with government supervision, specific legislation, a national network organisation of MFIs to lobby for their interests, and supporting service providers. Within this mature financing sector, the biggest need is for innovation and product development.

In Africa, Ethiopia stands out with its mature and fast-growing MFI sector. Cordaid supports MFIs with a social agenda. One example is Wasasa Microfinance Institute, which works with small-scale farmers. Over the years, Wasasa has expanded its product range from a simple group loan to large group loans, business group loans, individual loans, an experimental dairy loan (lending of a cow, to be paid off in twelve months), all the way to savings products and an insurance product. The shift from group loans to individual loans is important for entrepreneurs looking for further growth. Wasasa has developed new products, like an agricultural loan for acquiring seed or an ox. “This was a bold move,” explains Cordaid’s Mildred Kolk, “because repayment depends on the harvest, and that’s very unpredictable due to the frequent droughts. And Wasasa also works with other Cordaid partners. They provide services to clients of an NGO doing HIV/AIDS prevention, for example.” Wasasa is also involved in working groups teaching small producers how to better market their product and get access to financing.

Specialty products

With a loan from Wasasa, the small farmers can harvest more, and by doing so, earn

Ethiopia:

This woman keeps dairy cattle and has invested in her business with Wasasa loans.

more. Other recipients include small businesses like a market stall, a store or a café. “It’s surprising what people can do with only a very small loan,” says Kolk. “They work incredibly hard to pay the loan back. It increases their self-reliance.” Wasasa’s director knows his clients personally and speaks with them. Contracts are drafted in the local language, Oromo, and are read aloud. Wasasa is now earning a profit and has grown fast, but continues to provide small farmers with loans, savings products and other financial services. “The challenge is to continue to focus on this target group and resist the temptation to move towards the more affluent segments,” says Kolk. “There

WHAT

Access to micro financing for the rural population in Ethiopia.

WHY

Without this service, these people can have no opportunity to escape from poverty.

HOW

By providing loan, savings and insurance products that answer to the needs of the poor.

are some 7.5 million poor farmers who would jump at the opportunity for this kind of service. Through its own social control system, Wasasa is trying to get as much information about its clients as possible in order to deliver even more specialty products.” MFI’s standard financial services do not always suit the needs of this target group. “We consider it important for mature, profitable MFIs continue to grow and develop new products, like different savings products, micro insurances, agricultural loans, micro pensions and business trainings. So that poor people in isolated rural areas can have the most in access to micro financing.”



Cordaid

Visitors address

Lutherse Burgwal 10, 2512 CB The Hague

Postal address

Postbox 16440, 2500 BK The Hague

T 070 313 63 00 info@cordaid.nl

F 070 313 63 01 www.cordaid.nl

www.cordaidmicrokrediet.nl

Cordaid is a Dutch development aid organisation which passionately endeavours to turn the tide in the battle against injustice and poverty. We believe in social and economic justice for everyone. Along with this, we trust in the power of individuals to build their own future. Together with our local partner organisations, we encourage and help underprivileged people to do just this. Our hope is that in this way they will gain a better life and a valuable place in society.

Cordaid is active in Africa, Asia, and Latin America and focuses on the following fields of activity: emergency aid and reconstruction, health and well-being, entrepreneurship and economic independence, participation and strengthening the position of minorities.

Cordaid and
entrepreneurship

You can find more information about these fields of activity in the following four brochures:

Cordaid and
**emergency
aid and
reconstruction**

Cordaid and
participation

Cordaid and
**health and
well-being**