

A PUBLIC/PRIVATE PARTNERSHIP TO FIGHT RURAL POVERTY

Mercy Corps, USAID, Wal-Mart and Fundación ÁGIL have joined forces in the Inclusive Market Alliance for Rural Entrepreneurs to improve the lives of small-scale farmers in Guatemala.

The Alliance, a three-year effort, will help small-farmers move from near subsistence-level agriculture to demand-driven production that can supply major retailers in Central America, such as Wal-Mart. A first wave of farmer groups from the Departments of Sololá, Chimaltenango, San Marcos and Alta and Baja Verapaz will build their capacity to supply retailers with targeted crops like tomatoes, peppers, potatoes and onions.

Helping small farmers benefit from the rise of organized retail in Central America

The increased presence of organized retailers in Central America is changing the way farmers produce, package and market their products.

Organized retail offers many potential benefits to farmers: access to markets, competitive prices, reduced risks and diversified products. But small-scale farmers lack the market knowledge to supply these markets. Small farmers in Guatemala—many of them rural, indigenous Mayans who live in dire poverty—face market barriers like lack of pricing information, poor infrastructure, inadequate knowledge of food safety standards, no access to credit and insurance, and weak post-harvest management practices.

The Alliance will help farmers overcome these barriers, tap into new markets,

increase their incomes, and improve their families' lives.

Alliance Partners

Mercy Corps manages and leads the Alliance, providing agricultural production training to the farmers, and investing \$500,000 of its own funds. They work closely with **Fundación ÁGIL**, a Guatemalan non-profit that specializes in helping small farmers connect to markets.



Wal-Mart, through their wholesale buying agent **Hortifruti**, will provide crucial market information to partner farmers and supply them with reliable market access for their goods. Wal-Mart is also contributing \$600,000 to cover program costs. This initiative builds on the "Tierra Fertil" program which has provided development opportunities to Central American farmers for 30 years.

US Agency for International Development (USAID) is the primary financial backer of the project, providing \$1.1 million or 50% of the funding through their Global Development Alliance program.

Allied organizations such as **Fundación CRYSol** and **AMANCO** provide access to credit (Crysol), materials, and technical

assistance to develop irrigation (AMANCO) and greenhouse systems.



The Alliance helps farmers and their families—many of whom live on less than \$2 a day—increase their incomes, by becoming suppliers to large retailers in Central America. As partners of the Alliance, farmers participate in training on crop diversification and good agricultural practices, processing and post-harvest techniques to meet national and international agricultural standards; and business management skills including the use of critical pricing information. They also receive assistance to buy tools, equipment and other agricultural resources.

A True Public/Private Partnership

The Alliance epitomizes what Mercy Corps considers to be the most effective and sustainable approach to poverty alleviation: bringing together government, business, nonprofits and local communities to make a difference.

Mercy Corps will be working directly with farmers and their communities to design and implement this work. Local participation

in and ownership of the Alliance is absolutely essential for its success.

Wal-Mart's role in the Alliance is critical and presents enormous opportunities for participating farmers. Their financial support unlocked matching funding via USAID's Global Development Alliance program for public-private partnerships. Equally important, Wal-Mart is providing standards and market information the farmers need in order reach the lucrative local and regional retail markets.

Mercy Corps has worked in Guatemala since 2001. Our efforts focus on helping small scale and marginalized farmers successfully settle land claim disputes, diversify their crops, improve production processes, and link to markets. The end goal is sustainable rural livelihoods and more peaceful and prosperous communities in a country still recovering from over three decades of civil war. Approximately half of Guatemalans live in poverty – a figure that reaches 80 to 90 percent in many rural areas.

Mercy Corps' Global Programs

Since 1979, Mercy Corps has provided \$1.3 billion in assistance to people in 100 nations. With headquarters in North America and Europe, Mercy Corps' global programs employ 3,500 staff worldwide and reach 14.4 million people in more than 35 countries. Over the past five years, 90 percent of our resources have been used for programs that help people in need.

FOR FURTHER INFORMATION:

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