

MERCY CORPS
AGRICULTURAL DEVELOPMENT
SECTOR OVERVIEW
2009



Photo: Jenny Vaughan/Mercy Corps

FINDING OPPORTUNITIES IN AGRICULTURE

Mercy Corps helps people in the world's toughest places turn the crises of natural disaster, poverty and conflict into opportunities for progress. Driven by local needs and market conditions, our programs provide communities with the tools and support they need to transform their own lives. Our worldwide team of 3,700 professionals is improving the lives of 14.5 million people in more than 40 countries. In recognition that access to and availability of adequate food production and economic opportunities is integral to the success of relief and development programming, Mercy Corps currently operates upwards of 70 agricultural development projects in over 25 countries worth approximately \$100 million. These projects specifically work with **farmers, agri-business, and local governments to decrease hunger, increase incomes and improve environmental sustainability.**

It is estimated that 900 million rural people in the developing world live on less than \$1 a day.¹ The most recent estimates from UN-FAO find that 1 billion people worldwide are undernourished. While this level of poverty and food insecurity is severe, the agricultural sector offers an effective leverage point to alleviate this suffering: The world's 450 million small farms – two hectares or less – are home to about two billion people, comprising roughly 46% of the global workforce.² In the countries where Mercy Corps works, agriculture accounts for 30% of the GDP³ on average and is the lead means of food security and income for 57% of the population.⁴ Improving yields and diversifying production leads to higher incomes and improved food security. Research shows that a 1% increase in yields can decrease the percentage of the population living on \$1 a day by 0.91%.⁵ Hence, agriculture as a livelihood for a large demographic group around the world and a primary means for food security, offers a direct avenue for meaningful reductions in global hunger and poverty.

The design and application of our agricultural development programs are proving to be an effective program area for the complex, transitional environments in which we work. There is a clear synergy with our food security and economic recovery and development programming, as well as the Mercy Corps Action Center to End World Hunger and with our environmental and conflict management strategies.

¹ Agriculture for Development, "World Development Report 2008."

² World Bank Development Database.

³ Agriculture corresponds to ISIC divisions 1-5 & includes forestry, hunting, & fishing, as well as cultivation of crops & livestock production. Value added is the net output of a sector after adding up all outputs & subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion & degradation of natural resources.

⁴ Mercy Corps internal. Data table available.

⁵ Agricultural Productivity Growth and Poverty Alleviation. Xavier Irz, Lin Lin, Colin Thirtle and Steve Wiggins. Development Policy Review 21, 19 (4): 449-466.



Photo: Thatcher Cook for Mercy Corps

Post-Conflict/Post-Disaster Recovery and Rehabilitation

Mercy Corps acts immediately to **rebuild livelihoods** by rehabilitating economic infrastructure, providing grants or loans, and, at times, providing basic inputs such as seeds, fertilizers and tools to jumpstart production and business activity across respective value chains. Cash and market-based approaches are utilized from the outset in order to build livelihoods and businesses that are more resilient to future shocks.

Increasing Productivity and Building Competitive Agri-Food Chains

Improving yields and **diversifying production** leads to higher incomes and improved food security. Research shows that a 1% increase in yields can decrease the percentage of the population living on \$1 a day by 0.91%.⁶ As a component of local economic growth and employment creation, Mercy Corps develops agricultural markets by: increasing farmer productivity, building a base of local agro-enterprises (storage, processing, etc.), strengthening producer associations for economies of scale, ensuring access to basic services (inputs, capital, insurance, etc.), and working with relevant private, public and civic sector parties to create an enabling business environment for sustainable growth.

Conflict Resolution and Peace-Building

Scarce food, water, and land resources can lead to environmental degradation, poverty, conflict, and migration in the absence of poor governance and regulatory systems, weak markets, and limited human and social capital for resource allocation and utilization. Through mutually beneficial economic partnerships, peace can be encouraged between disputing parties. Mercy Corps uses agriculture as a means to increase production, raise incomes, and better manage natural resources, which we believe combines to form a powerful means of **promoting peace**. To ensure sustainability, partners are engaged across the public, private, and civic sectors.

⁶ Agricultural Productivity Growth and Poverty Alleviation. Xavier Irz, Lin Lin, Colin Thirtle and Steve Wiggins. Development Policy Review 21, 19 (4): 449-466.



Photo: Jason Sangster for Mercy Corps

Access to Financial Services

Without capital, no enterprise could fund its operations or build its asset base. Given the importance of investment capital to the growth of the enterprises in the communities with which we work, Mercy Corps provides access to start-up capital for farmers and businesses in times of extreme shock to restart and rebuild business assets, while at the same time working on developing more sustainable access to financial services, even amongst marginal farmers and in rural areas. Mercy Corps has a large capacity for developing financial institutions and markets globally. We achieve this by three primary means: Starting up retail microfinance and SME institutions; Providing technical assistance and access to capital funds to pre-existing institutions; Partnering with commercial institutions moving down-market.

Food Security

Mercy Corps increases local food production with most vulnerable households, improves hygiene and nutrition practices, increases access to water and engages local government involved in local food security planning. Protein and micro nutrient deficiencies are a major cause of lower human health and related labor productivity losses and increased vulnerability. Mercy Corps assists producers to diversify production and consumption, in order to increase productivity, raise incomes and decrease future risks of hunger.

Land and Water Resource Management

Mercy Corps works with communities dependent on natural resources for their economic vitality, such as farmers, pastoralists, and fishermen, to reverse the trend of poor management of land and water resources, thereby improving their ability to maintain productivity and profitability and to decrease the incidence of future conflicts related to land and water access.

GLOBAL HEADQUARTERS

Mercy Corps
45 SW Ankeny Street
Portland, OR 97204
800.292.3355
www.mercycorps.org

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You must be the change
you wish to see in the world.

~ Gandhi



Be the change