Supporting entrepreneurs to create and build successful, sustainable businesses, which lift some of the world’s poorest families out of poverty

Angel Martin Lopez Melgar with two of his daughters and his niece. Angel is a farmer who sells his produce to APROALCE. He is a father of five and lives with his wife and children in Celaque in western Honduras.

“My land wouldn’t be what it is without APROALCE and the support we have received from EDP. We’ve changed our farming methods and we grow more food. Our earnings and our lives have improved. My family now has enough food on the table and we have been able to make some great improvements to our home.”
PORTFOLIO HIGHLIGHTS – MARCH TO OCTOBER 2015

NEW INVESTMENTS

Two new enterprises have joined the portfolio:

- An exporter of organic cashew nuts working in one of the poorest regions of Honduras
- A pineapple cooperative in Rwanda who are starting to export dried pineapple

FARMERS

Nearly 27,000 farmers have benefitted from their involvement with EDP and have seen their incomes increased. About 11,000 farmers got involved as new suppliers or members of the cooperatives owing to the growth of the enterprises with EDP’s support.

Studies we carried out in two of our investments showed farmers’ household income has increased by:

- 40% in the APROALCE enterprise in Honduras
- 60% in Pavitra’s seed business in Nepal

WOMEN’S EMPOWERMENT

The role of women continues to grow in EDP enterprises. Women now represent around 50% of staff and suppliers.

Shekina, for example, has increased its supplier base from 200 to 1,000 women and has set up five collection centres run entirely by women, creating 50 new jobs.

Our surveys, conducted in Honduras and Nepal, showed higher participation from women is also delivering significant wider empowerment benefits.

THE BIGGER PICTURE

Oxfam is in discussions with important government and bilateral agencies in Honduras to partner on the replication of EDP’s model and leverage much wider-reaching change for farmers and their businesses.

With funding from the Ford Foundation, Oxfam has partnered with six other organisations to research into the performance of 200 rural cooperative enterprises outside of Oxfam’s EDP.

This will provide valuable insight into what the most important factors are to enterprise success working in the difficult environments where EDP operates.
**TOTAL SALES**

Total enterprise sales have reached 80% of the previous year’s twelve-months sales figures in just the first eight months of 2015.

Total revenues so far reach £718,000 and we expect to see sales over £1 million by the end of the year.

**SALES OF TOP FOUR ENTERPRISES**

Top performers in this period:
- **Shekina** (cassava project) in Rwanda
- **The sisal entrepreneurs** in Tanzania
- **Aparab** (cocoa business) in Bolivia
- **Nawalparasi** (rice mill) in Nepal

- In Rwanda, Shekina’s sales are up by 52% compared to the previous year. The enterprise continues to export to Europe and began sales to the US and Canada. It is now also paying its farmers by mobile phone.
- In Bolivia, Aparab’s cocoa nine-month sales represented a 301% increase to the same period last year.
- In Nepal, Nawalparasi achieved record sales at £202,000, which is a 70% rise.

**Sales trajectory of top 4 in last three years**

<table>
<thead>
<tr>
<th></th>
<th>2013 (£)</th>
<th>2014 (£)</th>
<th>2015 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nepal - Nawalparasi</td>
<td>61,000</td>
<td>119,000</td>
<td>202,000</td>
</tr>
<tr>
<td>Rwanda - Shekina</td>
<td>72,000</td>
<td>54,000</td>
<td>82,000</td>
</tr>
<tr>
<td>Tanzania - Sisal Entrepreneurs</td>
<td>40,000</td>
<td>51,000</td>
<td>57,000</td>
</tr>
<tr>
<td>Bolivia - APARAB</td>
<td>13,000</td>
<td>24,000</td>
<td>96,000</td>
</tr>
</tbody>
</table>

**LOANS**

Pavitra has paid back 95% of its loan from EDP.

38% of the total £1m disbursed in loans has now been recovered to be reinvested in the portfolio.

Three loans are being re-scheduled to allow enterprises to further build their capacity.
BACKGROUND

Bangladesh is one of the world’s most densely populated countries and one of the most vulnerable to climate change. The country has a long history in providing microfinance, and is now trying to develop strong agricultural and small and medium enterprise (SME) sectors. In 2013, EDP approved its first investment in Chilli Traders Enterprise of Fulchari (CTE-f), and works with a variety of partners in some of the poorest regions in the country.

LATEST FROM THE PORTFOLIO

- In 2015, CTE-f worked with Oxfam and consultants GMARK to improve its profitability. The previous year had seen sales triple to reach £104,000 but the investments in better varieties and quality control were not translating into better prices. This is because buyers leaned towards defaulting on their commitment, opting for cheaper imports. Unfortunately, the market situation has not changed, and other business ventures explored by EDP – from stocking chillies for sale off-season, to processing chilli into powder or selling seeds – were deemed unviable.

- In light of this, Oxfam and CTE-f have agreed to phase out EDP’s investment. The enterprise is to adjust to more modest operations and potentially partner with a more experienced trader. Oxfam is also in negotiations with the financial intermediary and we expect to recover a significant percentage of our loan.

- Despite these challenges, the enterprise had significant social impact. CTE-f served as a catalyst for farmers to access a wide range of services. For example, the financial intermediary who managed Oxfam’s loan has committed to continuing to provide credit to farmers. The number of farmers involved with the enterprise has also doubled from 700 to 1,400, of whom 72% are women. This exceeds the target of 66%.

- Farmers have received training on production techniques and post-harvest activities. This, helped by favourable weather conditions, has increased yields by 15% on last year. Women have greatly benefited from Oxfam’s intervention: the project provided them with training, credit, seeds and tools, such as tarpaulin sheets for drying chillies. 200 women participated in training on Women’s Transformative Leadership and received fuel efficient cooking stoves that will reduce the time spent on housework, giving them more time to benefit from paid work opportunities.

NEW INVESTMENTS

- In 2015 Oxfam has worked to identify new potential investments, primarily in priority geographic areas including Gaibandha, Bogra, Rangpur and Jamalpur. These will take into consideration the lessons learnt from CTE-f. Potential new investments include:

  - PALLYBODHU, which is owned by Ms Monowara Talukder (a committed entrepreneur), which manufactures basil tea.

  - SUPERTASTY, a bakery in the Gaibandha district sells biscuits and cakes; sourcing materials locally and selling through 1,200 village shops. A percentage of its profits go to running a local school which creates opportunities for young women.

- The Investment Committee is due to review both enterprises at their spring 2016 meeting to determine whether they should benefit from EDP support.
BACKGROUND

Nepal is one of the world’s poorest countries and agriculture is essential to its economy. 80% of the agricultural industry is dependent on the labour of women, yet women own just 19% of the land.

Oxfam is one of the few organisations working in private sector development, particularly in the mid-west and far western regions, and has supported three investments: Pavitra Jankalyan Agriculture Cooperative (PAVITRA) which trades vegetable seeds; Dadeldhura Farmers’ Cooperative Society (DAFACOS) based in 500km west of Kathmandu, which sells seeds and vegetables; and the Small Farmer Food Industries rice mill (NAWALPARASI), based in the lowlands 250km from Kathmandu.

In 2015, Nepal suffered a major earthquake that left nearly 9,000 people dead and destroyed more than 850,000 homes. While EDP’s enterprises were unharmed, the country’s overall trade has suffered. This is exasperated by ongoing political unrest, causing strikes and road blockades.

LATEST FROM THE PORTFOLIO

- **NAWALPARASI**’s mill increased annual sales by 69% in 2015. Oxfam helped the enterprise establish a credit facility and introduce more attractive packaging. It now sells to 34 buyers in 11 districts including Kathmandu. Imports from neighbouring countries often enter the country illegally and push margins down, so the enterprise is working to refine its marketing strategy.

- In one year, membership of the three priority cooperatives has increased by 16% from 2,797 to 3,258 farmers (88% female). The mill has sourced paddy from 991 small farmers (51% women).

- **DAFACOS** has tripled its sales since Oxfam started supporting it three years ago, reaching almost £50,000 last year. However, current protests and road blockades in the region have affected sales in the recent period, and delayed the full introduction of the more profitable vegetable business.

- **DAFACOS** has grown its membership to 997 and sources from 1,320 farmers (56% women), including from two neighbouring districts. Women’s representation on the Board has increased from 20% to 36%. The introduction of a new credit policy that benefits spouses who co-own their land, has also encouraged 22 couples to acquire Joint Land Ownership certificates.

- **PAVITRA**, the seed business has completed a new small processing plant and registered its brand to trade packaged seeds from 2016. They expect this new venture to help restore profitability, which was lost two years ago. They have suffered from production constraints, and struggled (until recently) to hire a new manager after the previous one’s departure. The enterprise has, however, been repaying its credit facility, which allowed EDP to recover 95% of the loan value. Membership in **PAVITRA** has grown significantly, from 213 in 2010 to 927 in 2015 (61% women).

Chandra Ojha, DAFACOS Manager

“When I joined DAFACOS (initially as a technical officer), we didn’t have much coordination with the District Agriculture Development Office, NARC, local agrovets and other cooperatives. The concept of market research was new to us. We now have numerous trading agreements as far as Pokhara, Jhapa, Chitwan and Kathmandu. I feel very happy to have developed personally and to have helped my organisation develop simultaneously.”
BACKGROUND

Ethiopia is a large country with a good supply of natural resources and moderate growth. However the country experiences recurrent cases of food insecurity and it was hit by a prolonged drought last year.

Oxfam was one of the first non-governmental organisations to work in Ethiopia, primarily in Tigray, Amhara, Oromia and Somali regions. EDP’s first, and largest, investment was in ASSOSA, a federation of cooperatives based 700 km west of Addis Ababa. ASSOSA trades oilseed crops, and was set up as a small factory to produce edible oil.

In 2010, EDP made a second investment in ZEMBABA, based 550km north of Addis Ababa, in Bahir Dar, to support the cooperative to set up a workshop to produce beehives.

THE ENTERPRISES

- ASSOSA’s sales in 2014/15 reached £163,000 and delivered record net profits, but in the first six months of 2015/16, sales slowed down due power cuts and a high seed price.

- We are positive about the enterprise continuing to consolidate, and are working to help it “graduate” and exit from the EDP portfolio by 2017.

- Farmers in this area are some of the poorest in EDP’s portfolio, and have significantly benefited from higher sales and prices. 35% of ASSOSA’s 12,500 members are women, this is an increase from 6% in 2009.

- ZEMBABA’s workshop has now increased production from 40 to 200 beehives a month and is aiming for 300 in the first quarter of 2016. After a two-year wait, it is also now finally connected to the electricity line. The enterprise bought two more machines and hired additional staff.

- ZEMBABA’s has also diversified into other activities, including a large honey export, which involved acquiring various certifications and setting up new equipment. The honey should be ready for export in early 2016. ZEMBABA is also helping farmers access finance in partnership with Oromiya bank. These activities are adding management and financial pressure, so Oxfam is working with other backers and the Enterprise Board to manage all the activities.
Rwanda is a small, landlocked country, with 12 million people. Twenty years after the 1994 genocide, the economy is now growing at 7% a year. The Rwandan government is very supportive of private sector development and new models of support are emerging.

Oxfam is prioritising businesses in the food sector that help women and young people. The first investment for EDP was BN Producers mushroom enterprise in 2011. In 2014, EDP invested in SHEKINA, which dries and packages cassava leaves which is a staple food for locals and the diaspora. Last year, EDP started to support TUZAMURANE, an organic pineapple grower.

A REPORT FROM A MEMBER OF OUR INVESTMENT COMMITTEE

In November 2015, Sandy Arbuthnot, an experienced businessman, Oxfam supporter and member of EDP’s Investment Committee visited Rwanda to see EDP’s investments in the country.

“This was my fourth trip to EDP projects - after visiting Ethiopia, Sri Lanka and Bangladesh - and I can say this was the trip where I was most impressed with the capacity of the businesses visited. The three enterprises have challenges but good potential, and seem a good fit with EDP. My first visit was to Shekina. I had heard a lot of good things about Damien Mbatezimana, manager and owner of the enterprise. He is an excellent entrepreneur and very committed to helping the local community; sourcing already from 1,000 women farmers and planning to scale up to 2,000. He has also built a good team around him, with a good deputy manager and a newly appointed accountant. There is commitment and capacity to improve the business further if they can keep the factory busy for longer periods and continue to improve quantity and consistent supply of raw materials.

“The second visit was to a new enterprise which our Investment Committee reviewed earlier in the year. It’s called Muhanga Food Processing Industries Ltd and specialises in soy based products including flour and tofu. It has a committed Board, led by Mr Aaron Vuganeza, and the management seems competent. The enterprise needs to review the supply of soy beans from local producers, as soy production is not widespread in the country. Also the layout of the factory probably requires some re-organisation. And last but not least, there is need to improve the accounting figures. If these issues get addressed, the enterprise will have a good potential for growth.

“My final visit was to EDP’s latest investment, Tuzamurane. A cooperative of pineapple growers that made its first export of dehydrated pineapple to France about a year ago. There is good capacity here too, though both the manager and the accountant clearly need more support to develop their skills further. Part of our discussion was about maximising sales of fresh pineapple in the local market. The enterprise is currently negotiating the terms of supplying to a large manufacturer, which will require careful management to ensure supply is on time and prices and financing are fair. Exports of dehydrated pineapple are also a good opportunity. But there is always high competition in global markets, so it is important for the enterprise to diversify its customer base. It is also essential to improve financial records to fully understand the costs involved in each export order.

“This was a very positive visit. I enjoyed spending time with the people involved in the enterprises, with EDP’s coordinator, Donnah Mariza, and the rest of Oxfam staff and partners. It was inspiring to see their commitment to make these ventures work. The three enterprises have good potential. There are always challenges, sometimes unexpected, but with the right level of support from Oxfam they should be able to fulfil their plans.”
BACKGROUND

Honduras is one of the poorest countries in Latin America, and sadly one of most violent. EDP has invested in a number of agricultural enterprises in Honduras. The first investment in the country was in 2009 in the Asociación de Productores del Altiplano de Celaque (APROALCE), a local cooperative that trades fruit and vegetables. Oxfam approved a second investment in 20014 in the Coperativa Agricola Esfuerzo Occidental Limitada (CAEOL), which specialises in a complementary offer of vegetables.

In 2015, with support from Fundación para el Desarrollo Empresarial Rural (FUNDER), Oxfam identified a list of potential enterprises and approved a third investment (Cooperativa Regional de Productores Agroindustriales de Marañon del Sur Limitada – CREPAIMASUL) that specialises in organic cashew nuts. As well as supporting these enterprises, Oxfam has strong links with a number of banks and government programmes.

LATEST FROM THE PORTFOLIO

- **APROALCE**'s monthly sales were up 15% on average compared with last year. The company is on its way to recover 2013 sales levels, when it lost part of its US blackberry market, and Oxfam has agreed to reschedule the outstanding £50,000 loan until 2017.

- Oxfam has decided to phase out investment in **CAEOL**. The cooperative doubled its sales to reach £123,000 in its first year with EDP. Unfortunately, margins are very low, as competition is high and farmers find other channels for their products. After an initial disbursement of £27,000 to test and refine the business model, Oxfam concluded chances are limited and will undertake a responsible exit. We have earmarked a maximum of £10,000 for contingency, and will save about £100,000 that will be reallocated to other projects.

NEW INVESTMENTS

- **CREPAIMASUL** is located in the department of Choluteca, in the Corredor Seco, one of the driest and most vulnerable regions, where cashew farming has shown good potential.

- The enterprise was registered in 2006. It has advanced significantly since, achieving sales of £84,000 in 2014, and becoming one of two leading exporters of the region for organic certified cashew nuts to the US and Europe.

- **CREPAIMASUL** needs mentoring and support to continue its expansion and consolidate new markets. For this it must improve processing quality and management capacity. Oxfam approved a total budget of £90,000, including £39,000 as a loan.

- The enterprise has committed to increase the percentage of women in its supplier base significantly, to reach 50%, and create job opportunities for women and young people. For example, women will run a new tree nursery, growing infant trees for the enterprise.

- The enterprise’s immediate priorities are to hire a new General Manager, and to negotiate purchasing orders with its buyers for the coming harvest.
Doris Yamileth Velasquez de Dios, 25, Accountant of APROALCE

“My main role is to look after the accounts, statements and financials and every month ensure these are in order. I handle payments to all the farmers, sorting out the expenses for fuel, oil, vehicle parts, salaries for temporary and permanent staff, taxes, social security payments, getting loans, paying them back and I also chase the supermarkets for payment. I am the accountant but as we’re a small organisation I often take on other roles too. I know how the whole business is run. I’m here every day and I love it. As well as looking after all the accounts I know how to help with classifying the vegetables and I often supervise the packing of the products.

“I’ve been in this role for two years. I am the daughter of a farmer so I already knew a lot about farming but not about accountancy, though I loved maths. When Oxfam came and offered to help the children of farmers to gain proper training I seized the opportunity and that is how I was able to study and graduate in accountancy. It was difficult studying. Every day I had to walk two hours each way to reach the city for the classes. As soon as I started studying though people started to think of me as a professional and would ask me to help them or work for them. I love my work. I love how precise you have to be with numbers. Sometimes I’m trying to work out how we are out by 0.001 cents. I can’t let it go, I like precision. I know exactly where each lempira has gone, how it has been spent, what it was used for and how to get it back.

“This is my first job and the first time I have earned an income for myself. Around here it is very unusual to have studied and have the training I have had and often those that do struggle to find work. I have been very lucky with the opportunities I have been granted. If it wasn’t for the APROALCE and Oxfam’s support, my life would be very different now. I would be married with children and at home. That is the normal life for people here, you don’t study.

“I have a child that I take care of. I was given her when she was just 22 days old. Her mother is a housewife and doesn’t have enough food for another child. They gave her to me as they didn’t want her to suffer. So I have looked after her ever since, I feel like her mother. With the salary I receive I am saving up so that one day I too can have some land.

“I have learnt so much through my involvement with Oxfam and the training I have received. I have learnt so much about personal empowerment as well as professional; about how to be a leader at home and in the community. I have the skills to be a leader and now I have a strong sense of self-esteem. I still dream about having the traditional things too; a house, a husband, two children. It is nice to dream but I try to live for today. I have so much. The rest is in God’s hands.”
Cesar Armando Santos, manager of APROALCE

“Through APROALCE and the support of Oxfam I have gained invaluable experience and knowledge; not just in the administration side of the enterprise but also in crop management. We can get the right products out to the market and we know how much we should be paid for them.

“Now we know how to sit at a table and negotiate. The large markets try to make you feel small. So you have to know how to handle yourself. And now we do.

“I know this area well and I have visited every single home in all four villages. I know how every family lives. This investment and the training have made a visible difference to the lives of producers in the area.”

Angel Martin Lopez Melgar, farmer and member of APROALCE

“As a child I worked for free on someone else’s land harvesting potatoes and maize, in return I would receive food. I didn’t go to school, I learnt how to grow potatoes and that was all I knew. In 2009 a disease came and everything was wiped out, it was terrible. I lost almost $1,500 worth of seeds and had no income. Thank God for EDP, because of this support I have been able to diversify my crop and can now grow carrots, broccoli, cauliflower, cabbage, lettuce – I am no longer completely reliant on one crop. EDP paid for our training and also supported us to get into formal markets. Now my family has enough food on the table and we have also been able to send one of our children to school. I hope to be able to send the others too when they are bigger.”

Fredy Otoniel Bautista Matheu, president of APROALCE and producer of maize and vegetables

“Through Oxfam’s support to APROALCE I’ve gained real knowledge about the business side of agriculture and how to negotiate with large buyers and middlemen. The improvement in the way the business is run has led to improved salaries and made a difference to my family. My dream for the future is for my children to be able to get a great education.

“In the last few years we have really been able to expand our farming and link APROALCE with local and national markets. We’re now able to take our products to the city, San Pedro Sula, and sell there. We started slowly, it was just one supermarket and now we sell to more than three. Agriculture has been passed down in the culture of our community, but it is also a science. And a science is something you have to learn and discover. This is what EDP has enabled us to do, learn the science of it.”
Nabraj Upadhya, NAWALPARSI manager

“To be able to fix a problem, you need first to understand it. I visited different markets to listen to the customers’ preferences. The packaging of our product was not attractive, so we changed the design. With Oxfam’s support we also visited similar rice mills and learned how to improve quality and consistency – the paddy we source is never homogenous. I am also more confident about selling larger quantities in the coming year. I have learned new business skills. I know I need to analyse the different aspects of the business and take timely decisions.”

Mrs. Lokmaya Thanet, rice farmer

Lokmaya lives with her husband Shivaram Thanet in the ward number 5 of Kumarworti in Nawalparasi.

“We were unable to increase our paddy production. The cooperative informed us about the System of Rice Intensification. As members we were invited to a 5-day training course facilitated by the Senior Agriculture Technician from the District Agriculture Development Office. This has helped us significantly because, even though the total cost might be similar, our production doubled this year from 23 to 48 quintals. And it requires less water”.

Mrs Janaki Khatri, PAVITRA farmer

Mrs Khatri owns about 2.8 acres of land. She was struggling to secure a stable income or food for her family. In 2010 she joined the Jharana Seed Production Group, which is associated to PAVITRA. One evening she asked her family to sit together and discuss diversifying their crops. They supported her proposal and asked her to take the lead. Last season she sold 405kg of vegetable seeds for Rs 81,215 (£536).

“My previous income was hardly enough to sustain my family. Now things are better and I don’t have to worry about that anymore. This would not have been possible had I not participated in the seed business”.

VOICES FROM NEPAL
Thank you for being part of our Enterprise Development Programme. You are helping to change people’s lives and provide them with a stable future.

If you have any queries regarding the programme please do not hesitate to contact Emily Evans on eevans1@oxfam.org.uk or 07717 451067.