

COMACO

Community Markets for Conservation

Business Report 2009

*Conserving Luangwa Valley...
...one farmer at a time*



A Positive Report from COMACO

Dear Community Members, Partners and Supporters,

For a rural farmer trapped in a downward spiral of poverty and hunger, choices for survival can often include wildlife poaching, over-fishing, and charcoal-making; all taking a heavy toll on Zambia's natural resources. Wildlife Conservation Society, a long-term partner to the Zambian Government in promoting conservation, established COMACO in 2003 to reverse these trends by helping farmers plan their future around conservation. COMACO offers farmers training and inputs to grow ecologically "smart" farm-based commodities. We then buy and convert these commodities into higher-value processed products that we sell under the brand name It's Wild!.

Since 2003 COMACO has helped over 30,000 farmers achieve a range of increased income opportunities based on premium prices for conservation compliances. In exchange, farmers adopt conservation farming practices while abandoning such environmentally destructive practices as poaching or farming on steep slopes. The approach not only improves food security and household incomes, but it allows people to remain more sedentary as farmers, without having to clear forests for new farm land.

Now in its fifth year, COMACO has expanded from a single trading centre in Lundazi to three centres, soon to be six, covering nearly all of Luangwa Valley. Today COMACO manufactures 12 different value-added food products sold all over Zambia. This past year, sales climbed by over 300% and in 2009-2010 we expect to process over 2,500 tons of commodities, representing a three-fold increase from the previous year. The economic incentives to cooperate with COMACO has encouraged thousands of farmers to give up their snares and firearms once used to kill wildlife, totaling over 1,500 and 45,000, respectively. We estimate this level of cooperation have contributed to an annual saving of over 5000 wild animals in the Luangwa Valley.

Thus far COMACO has received important financial support from the Royal Norwegian Embassy, Howard Buffett Foundation, Mulago Foundation, World Food Programme, Peace Park Foundation, CARE International, General Mills, USAID SANREM, and many other generous individuals, in particular, William Lloyd, and Heidi and Harvey Bookman. To all, I express my utmost and deepest thanks. While our long-term goal remains self-sustainability, to maintain the level of investment needed for achieving this goal, our business organization is committed to transparency and results.

All of us at COMACO feel proud and honored for our role in uplifting the lives of so many and giving Zambia and its Government its first truly "Green" company committed to the welfare of farmers and the environment. As we conclude the fiscal year, extending from 1 April 2008 to 31 March 2009, it is important we communicate to you, our supporters and friends, what we have achieved as a business. This publication helps to communicate this information. Together with our bi-monthly newsletter, we invite you to make this journey together with us, as we build a better way to keep Africa's natural treasures safe for the future.

Sincerely,



Dale Lewis
CEO, COMACO
Wildlife Conservation Society, Zambia



The COMACO team of over 200, helping keep tens of thousands of rural farmers self-employed

Products & Services

COMACO is committed to producing high-quality organic food products that help Zambians lead healthier lives, give farmers better income and food security, while conserving wildlife and habitat.



Products that Conserve

Groundnuts



Smooth and Crunchy Peanut Butter



Yummy Soy



Beans



Pure Natural Honey



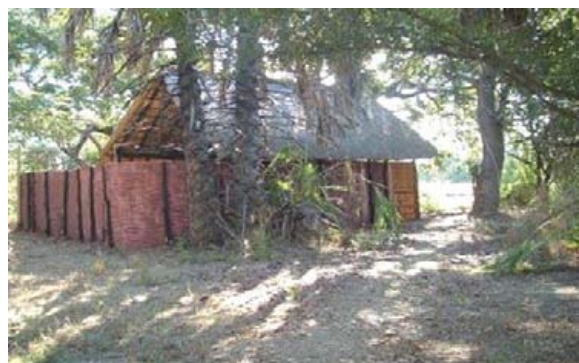
Roasted Groundnuts



Brown & White Rice



It's Wild! Bush Camps



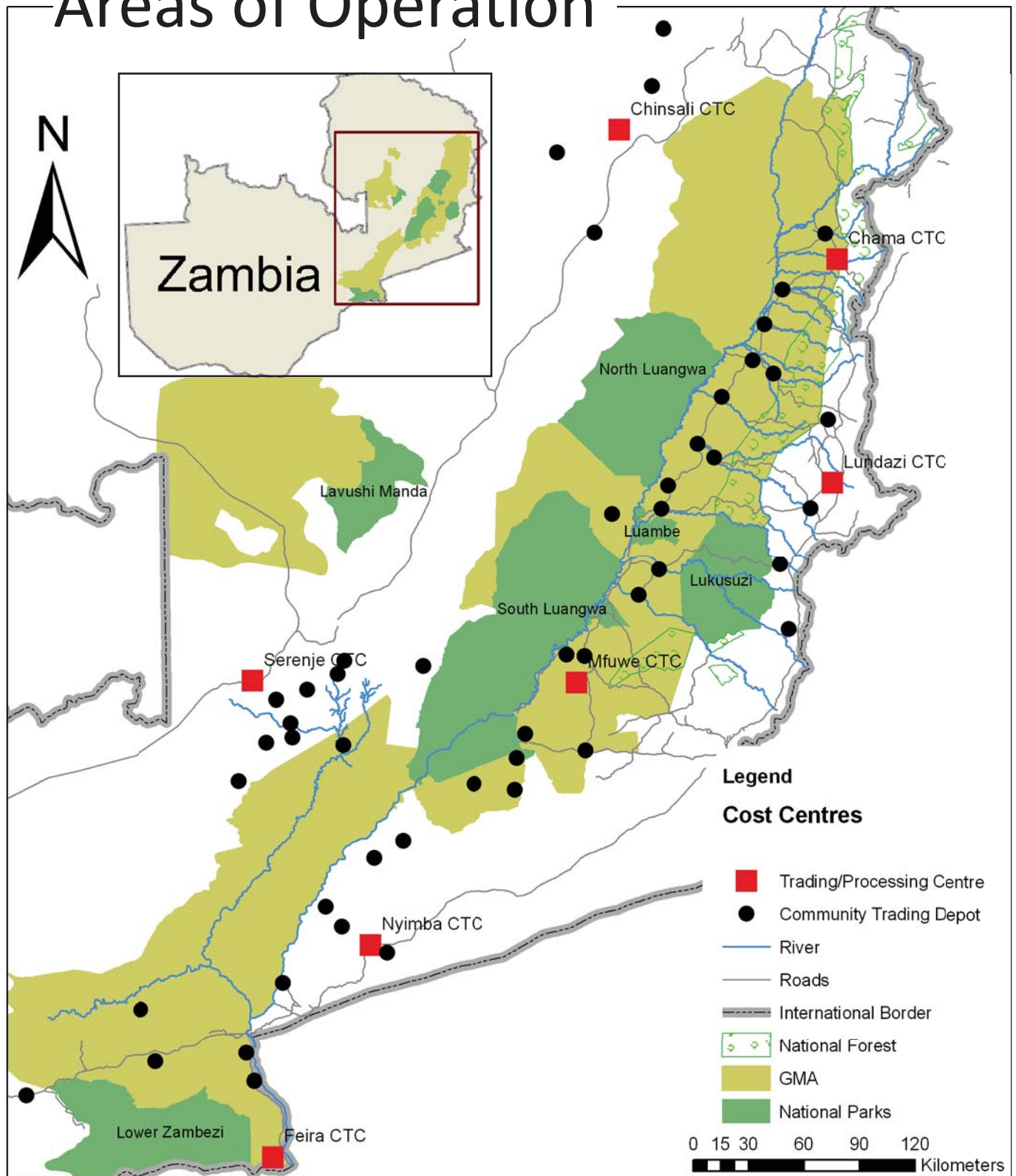
It's Wild! consumers help pay for conservation



Areas of Sales



Areas of Operation



Lundazi Conservation Trading Centre

One of three operational trading centres where commodities purchased from COMACO affiliated farmers are processed into finished products. These trading centres are associated with 33 community trading depots, which serve as storage centres for commodities and centres for training.

Transforming Lives

Vision

Protect wildlife and forest resources of the Luangwa Valley ecosystem by giving poor, food-insecure families access to environmentally “smart” trade benefits, inputs and skills that replace the need to poach wildlife or degrade other natural resources.

Mission

Provide marketing services, trade benefits, and extension support for farm-based and natural resource-based commodities as a basis for adopting improved land use practices that promote natural resource conservation.

Goals

Poverty Reduction: Ensure 85% of selected poor, food insecure families achieve a sustainable production of diverse commodities that support food security and increased income and reduce risks of Natural Resource degradation.

Job Creation: Supplement government and other private sector efforts in reducing unemployment through increased opportunities of self-employment from direct trade in farm-based and natural resource-based commodities.

Sustainability: Reduce trading centre's dependency on donor support for its operational costs and become fully self-financing within 5 years of a trading centre's establishment.



Peter Lungu



Peter Lungu is one of 661 former poachers COMACO has helped to reform. Peter's father died when he was 12 years old. Since then he poached to secure food for his family.

Like so many who depended on illegal hunting he was always on the run from wildlife police officers and without help he could not have a settled in life.

COMACO gave Peter that chance. When he discovered the harsh realities of poaching after several of his friends went to jail, he knew he had to change.

Through COMACO he found a better life. Today he makes a living as a tin smith and sells crops to COMACO. He has surrendered his gun, as have all the other reformed poachers COMACO has partnered with.

Peter and the hundreds of other poachers COMACO has helped to reform now have better skills to teach their children than poaching, and hopefully the cycle of poaching will soon be broken in Luangwa Valley.



“With COMACO life is better because it is offering good markets for the crops we produce. I even have a chance to get seed loans from COMACO to grow various crops. I've been trained in conservation farming methods, which is helping me a lot.”

-Peter Lungu, Ex-poacher

Our aim is to break the cycle of family dependence on poaching by replacing the tradition of teaching children how to poach with skills provided by COMACO that offer a better future.

-William Banda, Trainer. COMACO

Wildlife Conservation

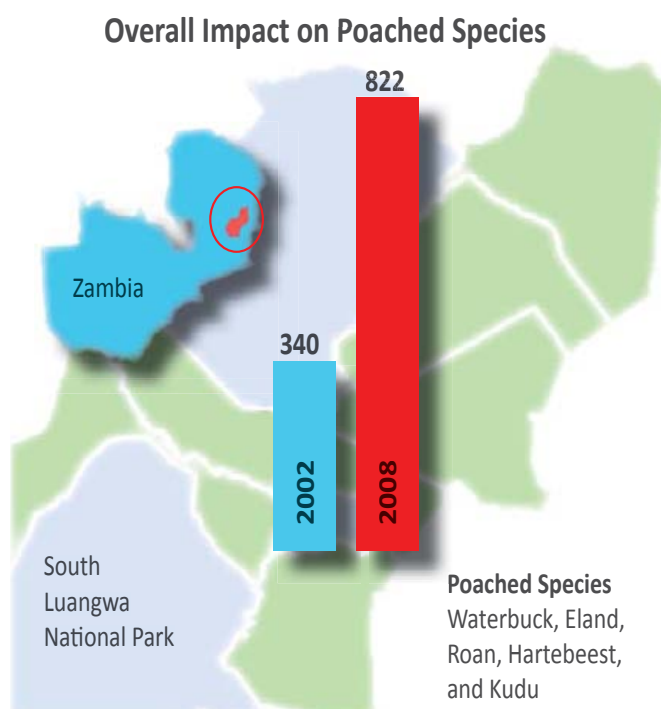
The Wildlife Conservation Society (WCS) and Zambia Wildlife Authority conducted joint wildlife population aerial surveys in 2007 and 2008 and compared the results to similar surveys conducted in 1999 and 2002, prior to COMACO's operations. Following are the key findings:

Increased Wildlife Population

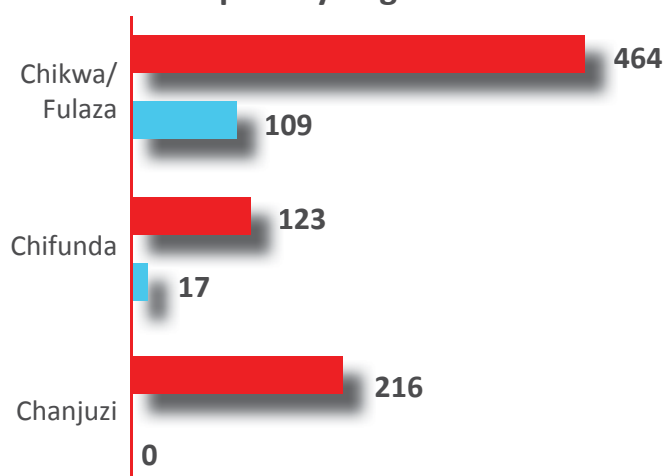
Wildlife populations in COMACO's areas of operation are either stable or increasing, suggesting reduced encroachment of wildlife habitat.

Reduced Poaching

Populations of traditionally poached species showed significant increase, indicating reduction in poaching. See graph below



Impact by Region



Wildlife population with COMACO
Wildlife population before COMACO



Surrendered
Guns and Snares

Total guns surrendered: 1,788
Total snares surrendered: 48,463



Resurgence of Wild Dogs

Often, while hunting, carnivores get trapped in snares when attracted to animals already impaled in a snare. With fewer poachers and snares, COMACO has helped increase carnivore numbers, like wild dogs. Carnivore conservation in Africa is a big challenge, which COMACO is helping to address.

Social Impact

Accomplishments

New farmers joining COMACO

9,807, 49% Female

Total 30,740 registered COMACO producers

Farmers trained

19,374, 56% Female

Total 40,000 farmers trained

Commodities purchased from farmers

ZMK: 1.2 Billion USD: 350K

88% growth in payments over 2007

Farmer average income

ZMK: 520,922 USD: 149

3.25x increase in income since 2001

3.26x increase in female income since 2001

Poachers converted

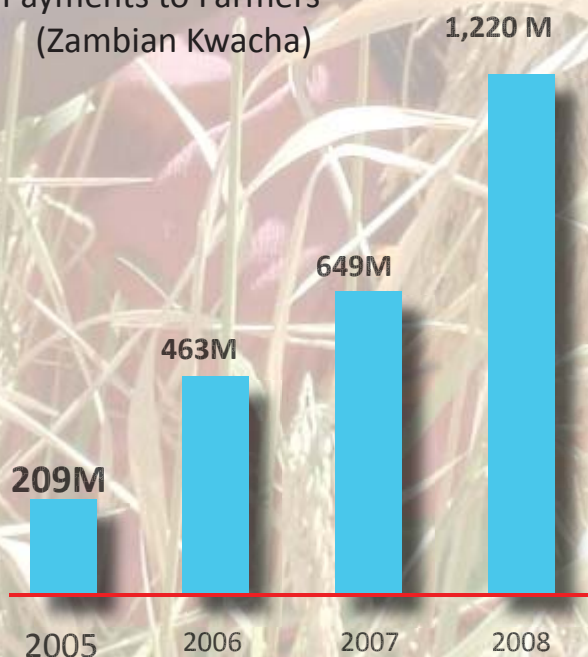
62 poachers

Total 661 poachers converted

98.4% success rate

Commodity Purchase

Payments to Farmers
(Zambian Kwacha)



Joanne Zimba

Joanne Zimba is one of over 30,000 farmers who now partners with COMACO.

Before she and her husband joined COMACO, they had little income security. Having enough food was always a problem for her family. With help from COMACO, she received rice seeds, learned new farming skills and adopted better ways to grow chickens and vegetables.

Today, she and her husband sell their rice to COMACO and earn upwards of \$1000. They budget their money carefully so their children do not miss school. For the first time, her children sleep on a bed instead of the hard floor, and when medical and other needs arise, Joanne and her husband have enough money to meet most crises.

She expressed her views about COMACO, "My children are safe from becoming poachers and from prostitution because we keep them in school and prepare them for becoming good adults."

Thousands like Joanne are out there, finding life safer because of COMACO.



"I have never seen any real life benefit from poaching or snaring apart from accessing food on a short term basis. With COMACO after 21 years of snaring wildlife, I have surrendered all of my 112 snares and with the skills I've learned I have a secure income and can feed my family."

-Sailos Ngoma, Ex-poacher

Revenue and Forecast

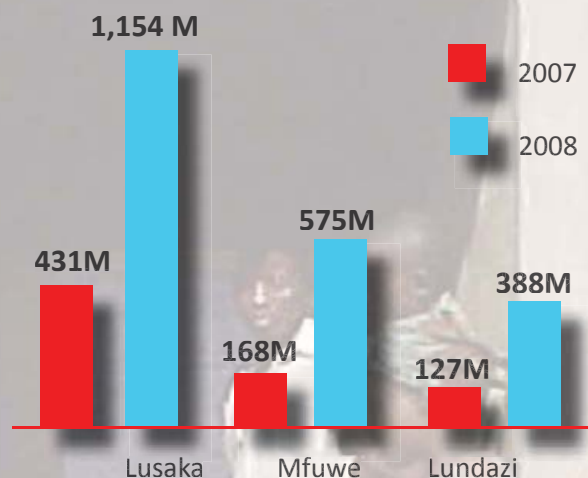
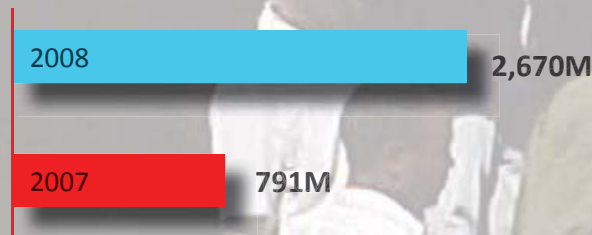
It's Wild! Revenue

ZMK: 2,669,752,749

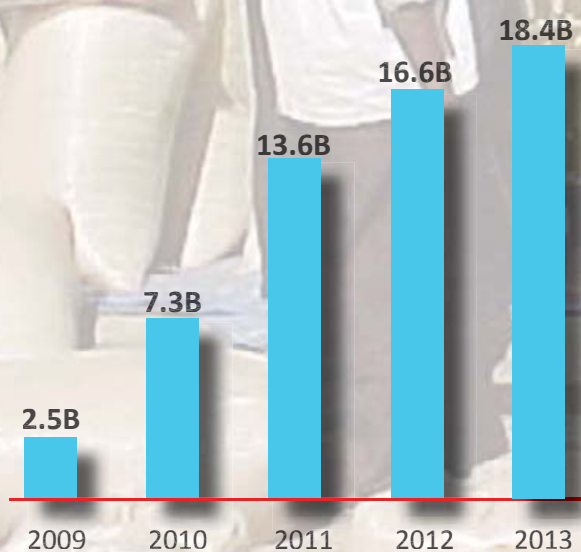
USD: 475,000

300% YOY growth

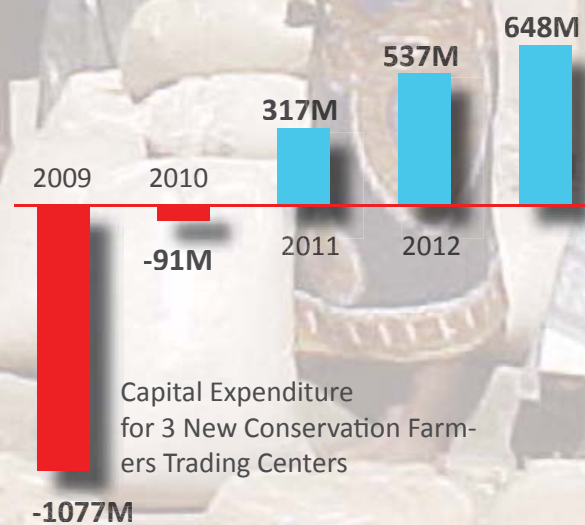
Revenue by region



Revenue Forecast



Net Profit Forecast



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Working in close collaboration with Zambia Wildlife Authority, Ministries of Tourism, Environment and Natural Resources, Agriculture and Cooperatives, and Local Government and Housing.