

AGEXPORT

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- Questions
 - can you take us through a small scale example of how this works?
 - how small scale do they get?
 - what's the supply/demand balance? will people really buy whatever can be produced?
 - who are they buying from?
 - get at the intermediaries
 - do they help provide the small producers with financing?
 - do they give loans?
 - do they help with marketing?
 - do they help with connecting to domestic markets?
 - who are the exporters? the customers?
 - fair trade?

 - who are the international countries/companies that want amaranth?
 - need some numbers on how much Guatemala needs to produce to meet export demand
 - do you ever have to kick people out because they aren't meeting your standards?
- 32 years, 250 employees; 5 --> 5,000 exporters
- 23 agricultural sectors
- Carlos is the coordinator for rural value chains: small scale to international markets
- .5 hectares or less, mostly in the western highlands --> HOW MANY?
- coffee, sugar, bananas
- 10 year program: Cadenas de Valor Rurales (with USAID); mostly in Quiche, Qetzal., and T...
- work with co-ops, committees, etc. because the producers are so small
- need about 500–1,500 producers in an association; they can help start these, but also already formed groups
- identify group & find market (if no market, they won't do it; or help company find suppliers); then identify assistance (technical, best practices, water, etc.);
- have already seen some amaranth; there is international demand for amaranth in scale
- meet with the Ford Foundation?
- mostly international, but do facilitate some for local, or central american markets
- the groups they work with need to have land, and know how to produce, have been doing it for a few years (they help more with improvement than starting)

- amaranth: people from US & Guatemala want to buy amaranth and Chia; they help them find where it's being produced; negotiate how much and for how much the company wants to buy to determine the sales price
- once market, do an evaluation of the producers: how much they produce, what problems they have, how they're organized, etc. to understand their weaknesses
- if this goes well, they offer help connecting to markets (access to markets, technology, information, etc.)
- don't work alone: work with ministries of ag, local gov'ts, etc. to facilitate the certification they need: credit, irrigation systems, highways, schools --> needed for the holistic value chain
- Process (can go either way): Identify producers; basic diagnostic; business plan; investment (\$60,000 over 2 yr avg); connect to customers; they walk away after about 2 years when it's working well
- how they invest: focus on rural development; work on production costs so they understand how much it costs per pound of output; help with management
- AGEXPORT only has a 2 year project --> necessary that producers have about 2 years experience with producing the product
- financing: what is the relationship between customer, AGEXPORT, and producer? AGEXPORT puts in the \$60,000 which is not repaid, but require producer to put in resources of their own for the business
- corn is planted in may and harvested in november or so; not complicated maintenance. For export vegetables: 90-100 days it's over, but requires a lot of attention in that period (small scale producers need technical assistance). they focus technical assistance for instance on making sure they use the proper pesticides that are acceptable for export
- the price of corn produced in the highlands is the same as the flatlands, but they prefer the corn from the highlands because it makes softer tortillas, etc.
- for technical assistance: one professional lives with the community and gives guidance
- for amaranth: first create technology package (what distance, how much fertilizer, what do you need to produce)
- how much needed to export: other produce on the order of 500 quintales
- need 100,000 lbs weekly (transportation costs are high when only a small quantity)
- october to march for snow peas; onions go in a different period --> need to fit crop cycles together
- amaranth: need to determine altitude range it can be produced (altitude, solid depth, cold climate all good for amaranth) but need to test for

other conditions (won't grow same variety in highlands as in lowlands);

- important to have technology transfer so everyone can see how amaranth is done first so they can buy in (no one will plan without understanding this)
- yes they understand the importance of crop diversification, but need buyer beforehand to be assured of value
- comercialización: help them with marketing, website, email account, business cards, etc.
- take them to trade fairs to help them understand how business works, this knowledge changes their vision when they return to their communities
- support leadership (in the community, for development); they understand the potential --> will advocate for production and can help influence behavior change
- Fair Trade Labeling Organization; Food Safety Modernization Act
- everything needs to be certified for export
- intermediaries/transportation are an issue
- group of producers and buyer: value chain, intermediary = coyote (wolf); coyote gives them \$ right there and then instead of waiting 2-3 weeks for association, and sometimes their need is so great that they go there (disrupts the contracts, etc.); when prices go up, the coyotes come out to get products faster
- AGEXPORT doesn't facilitate relationships with intermediaries; AGEXPORT tries to form direct relationships between producers and buyers
- meeting between producer and company: define production, prices, etc.; company gives them seed and some \$ to start, sign contract; produce product and taken to storage unit for evaluation; company sends the transportation to collect the product (harvest during the day, truck comes around 4-5 pm to pick up)
- these producers take a part of the crop, basically those that aren't fit for export to consume or sell to local markets
- Banguet Guatemala can give info on amaranth prices (Alan has spelling); AGEXPORT can also get us some facts/figures
- for consumption: take a look at Save the Children and other case studies
- want 500 hectares of amaranth production from Guatemala; but then they said they want as much as they can get
- have promotores who have sample crops in the communities, supported by AGEXPORT; they have a profile to select promoters
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- Things we want from them:

- sample business plan
- criteria for selecting co-ops
- info on what they've been approached with for amaranth
- amaranth will be no more than a component of diversification: how does amaranth fit into the whole life of a farmer?
- they can show us the whole value chain in Nebaj, we will contact José

World Food Program – Sheryl

- WFP – UN organization; focused on providing food in emergencies, as well as chronic hunger
- Purchase for Progress (P4P) – connects farmers to markets to give them the ability to sell surplus production and offer domestic procurement for WFP; 5 year initiative
- in Guatemala, amaranth is used for the leaves; seeds in peanut brittle found in rural markets
- problems for exporting amaranth: not dense, so difficult to ship (stable but bulky); also hard for protein delivery – "when talking about protein, it's awfully hard to beat an egg"
- work with organizations instead of individual farmers (for scale)
- only with maize and beans in Guatemala
- difficulty was getting the quantity and quality needed
- don't buy a lot in Guatemala but look to connect them with other buyers
- small farmers need quick transactions, cash immediately
- worked with 500k small farmers in 2013
- now about 60% of WFP food is purchased in developing countries
- most farmers have at least a 6th grade education (can read and write)
- northern region is harder to work with them because they haven't been on the land for as long (1 or 2 generations)
- highlands can only get 1 crop of maize/beans per year (compared to 2–3 in other regions)
- work with 50% women, see where they can best participate in the value chain (challenges include not having personal ID documents)
- Fundamental components of P4P
 - Innovative procurement
 - Learning and sharing
 - Partnerships
- bidding process for them is about twice as easy as that for CRS
- microfinance in Guatemala is 25% interest, up to 40–50%
- just producing/selling the amaranth is only 1/3 of the problem – strengthening the organization is the real challenge
- amaranth doesn't have as strict quality control as does maize
- laboratory is called the "blue box"
- Quality parameters: aflatoxin, moisture, foreign material, defects

- amaranth easier for women to work with because it's not so heavy
- last year over 13,000 mt delivered to WFP Guatemala, only 2 shipments rejected for aflatoxin
- farmers bend the husks over in half to protect from water and bird damage (even though not necessary according to Sheryl); can improve yields by up to 30% by waiting to bend over until husks fill out
- as farmers increase their yields, they provide jobs for the communities
- shelling corn is another employment opportunity (can almost double value by extra processing)
- sort corn kernel by kernel to get premium price
- gender challenges: some women haven't been out of their village their entire lives; education is a challenge (many can't read/write); often no leadership experience
- "blue boxes" for grain testing
- try to keep all age groups involved in production
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- significant amount of yellow corn is imported (animal foods, food industry, etc.), but most of maize is white maize that is produced locally; the four colors of maize have religious significance
- Guatemala produced 40 million quintals (over 200 metric tons) in the last season
- the people they buy from are able to produce more than just consumption because of good agricultural practices
- avg production should be about 35–40 quintales/manzana, but one lady got 90–110 quintales/manzana
- 24–36 quintales is consumption
- she estimates that each family will be able to sell 1 metric ton
- 1 metric ton = 22 quintales
- 1 manzana = .7 hectare
- *****took a picture of her chart, all numbers are per hectare unless otherwise noted
- can get substantial income from bean seed
- main technique for implementing changes is demonstration/transfer plots, partner is IICA; usually about 1 manzana
- 7 staff members for 7000 people, staff works through the promoters
- traditional farmers plant 5 seeds per hole, want to get them down to 1 or 2; seed is generally high quality so no concerns about not germinating; ~40,000 seeds/manzana, 400–600 Q/sack local hybrids, over 1000Q for improved hybrids
- improved farming practices: leave crop matter in the field for fertilization, density, bending over at the right time, burying fertilizer
- long term: better to keep tractors out to keep from compacting the soil
- concern about wind blowing the plants over

- follow the moon phases for planting/harvesting
- production loans (start to end of growing season); commercialization credit (6 weeks, no interest)
- SM region: will have maize, beans, and squash in the field at the same time; should not be planting maize/beans on noticeably sloped hills
- aflatoxin: can contribute to liver cancer, stunting, depressed immune response
- what is the cost per ton of amaranth? what is the protein % of amaranth? how much warehouse space is needed for amaranth?
- limestone is better for absorbing protein from maize (not Ca as we were told), produces significant waste water, necessary for removing hull from corn, and the protein is a convenient byproduct
- increase in income is necessary for improving nutrition, but needs improvements in education, etc. also
- men having several families
- obesity is becoming a very important problem especially among women who have suffered from chronic malnutrition as children
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Synthesis

- Discussion
 - no farmer will connect with a market as an individual
 - deliverable: longitudinal plan for going from no amaranth to amaranth exporter: here are the challenges at each step and how people have overcome them
 - why amaranth? importance of diversification
 - importance of having the right leadership
 - idea: since they eat the residual they can't pass QA, make strong QA rules when they start making amaranth so they are more encouraged to eat it
 - no national organic standard, can use this
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- Takeaways from AGEXPORT
 - potential next step after ~2 years of production for the people we work with
 - don't work with coyotes
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- Takeaways from P4P
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- For Tomorrow

do you export at all? if not, why?

Actions

- From AGEXPORT
 - business plan
 - info on amaranth
 - criteria to qualify as a small producer for AGEXPORT involvement
 - let us know who has approached them asking for amaranth?
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