



TECHNO SERVE
Business Solutions to Rural Poverty

WORLD

A Newsletter For Friends Of TechnoServe • Winter 2007

Looking back at 2006, it stands out as a remarkable year for TechnoServe. Among other things, we introduced our business plan competitions to Africa, launched our first program in Swaziland, and replicated our successful cashew and coffee projects in other regions. This is further proof that our successful models can work on a larger scale.



Ultimately, what that means is that many more TechnoServe-assisted businesses are thriving across Africa and Latin America, creating jobs and opportunities for the rural poor.

The momentum we've gained in the last year has allowed us to kick off 2007 with some very exciting developments. We have resumed work in Rwanda after a 12-year hiatus, with a program to develop the Rwandan coffee industry. We are also about to launch a full country program in neighboring Uganda.

Another exciting development for 2007 is the introduction of a completely different kind of program: TechnoTours, a unique opportunity for you and your family to see TechnoServe's work first-hand! Details about this initiative are on the back page.

This is a very exciting time for TechnoServe, but we couldn't have gotten here without loyal, long-term supporters, like the organization featured in this newsletter. Thank you to all of our supporters, old and new, for helping us get to where we are today, and more importantly, where we're going in the future.

*Bruce McNamer
President and CEO*

Spicing Up Business in Rural Honduras

Carlos Chacón has always faced adversity with dignity, fortitude and an undeniable entrepreneurial spirit. His parents, struggling to support Carlos and his siblings, left to look for jobs in the United States when he was 12. He soon began working too, in his grandfather's new hot pepper processing business. He spent five years working in the field and learning the business. At age 19, Carlos took over the company, worked hard, and built up the business. But in 1998, Hurricane Mitch swept everything away, devastating thousands of Honduran farms and the country's hot pepper industry.



Carlos Chacón, owner of Industrias Chacón

TechnoServe has helped transform IC into a modern, competitive and efficient business.

After several false starts, Carlos began replanting small plots of land and rebuilding the mill. In 2000, Industrias Chacón (IC) began processing hot pepper paste again. Three years later, it signed a large supply contract and prepared to buy hot peppers from many small-scale farmers. But, the buyer encountered financial problems and did not honor the contract. The deal threatened to put IC out of business and leave the farmers penniless. So TechnoServe stepped in to save the company and secure the farmers' livelihoods.

More broadly, TechnoServe is working with IC and its farmer suppliers to make the Honduran hot pepper industry

more competitive. Hot peppers grow well in Honduras, but although there has been steady growth in the industry, inefficiencies remain. With funding from the U.S. Department of Agriculture, TechnoServe has helped transform IC into a modern, competitive and efficient business, improving its facility's sanitary conditions and establishing an appropriate quality control process in order to meet international market standards.

TechnoServe also helped link the company to regional and international buyers. Every month IC now ships five 20-ton shipping containers of hot pepper paste to El Salvador and Costa Rica. And to prepare it to better weather future crises, TechnoServe is also helping IC expand into new products, including dried paste, hot pepper powder, hot sauces and condiments.

As IC scales up to full production

(continued on page 2)

Ugandan Farmers Turn a Staple Crop into a Business



Matooke farmer Rwakisana Johnson with his wife

In Uganda, a banana is more than a fruit – it is a dietary staple and a cultural tradition. Starch bananas, known as *matooke*, are grown almost exclusively by small-scale farmers, but market inefficiencies have prevented many of these farmers from making a decent living.

With the support of the Rockefeller Foundation, in 2005, Technoserve launched a project modeled on its successful banana program in Kenya to help *matooke* growers realize their commercial potential.

Thus far, Technoserve has organized 2,450 farmers into 34 producer business groups. In 2006 alone, these

farmers sold more than 6,000 metric tons of *matooke*, earning more than \$600,000. This represents a 70 percent increase in their income. Rwakisana Johnson, one of the farmers whose life has been transformed, is a member of the Rwenshonzi producer business group:

“Two years ago, the parish chief called our village for a meeting with Technoserve and district officials from the Department of Agriculture. The meeting was about new ways of selling our matooke. For the last few years we were getting so little money from our produce that some of us wanted to do other things altogether. Middlemen did not want us to have direct contact with the buyers, and because we were disorganized, they always won. Good markets were far off in the capital, and some of us have never even been to Kampala.

Some of us agreed to form a producer business group, as advised by the team from Technoserve. We spent the next four months attending Technoserve sessions, learning how to market matooke, negotiate with wholesale buyers, select places to sell our produce, maintain proper records of the sales, and maintain bank accounts.

After six months, Technoserve linked us to a wholesale buyer, and from then on, we have been selling

directly to him and a few others on a regular basis, twice a month. We get paid immediately upon delivery, and there are no debts on either side.

We now have a bright future and I have stopped thinking about the bad old days.

Recently, Makerere University people came and interviewed some of our members. We could hardly believe it – they chose Rwenshonzi Group as the best marketing group in Uganda and gave us \$10,000! Technoserve and the district officials helped us generate a budget and work plan for how to use the money, which includes buying farm implements, and opening and operating a revolving savings and credit program.

We now have a bright future and I have stopped thinking about the bad old days. I pay school fees with little effort and I want to improve my banana farm.

I would like to thank Technoserve for the advice and training they gave us; they should keep visiting us, but also help other people who are like we were two years ago.”

Rural Honduras *(continued from page 1)*

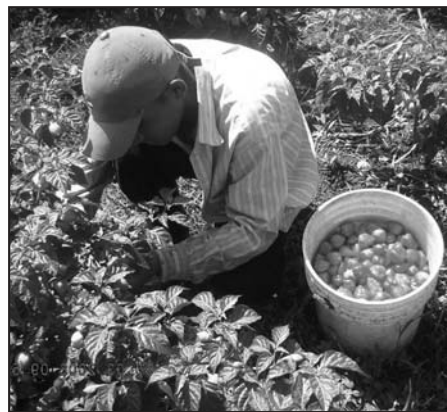
capacity, it stands to benefit up to 300 rural families in the area. Hot pepper is a fast-growing crop that generates more revenue per acre than traditional crops such as banana or coffee. To further boost farmers’ productivity and incomes, Technoserve is also helping them buy high-quality seeds and improve their agricultural practices and post-harvest processes.

Since the end of 2004, Industrias Chacón has grown three-fold and become one of the largest processors of hot pepper paste in Central America. In 2005 it received the Small Business Presidential Exporter of the Year Award for its exports within Central America.

In 2006, with Technoserve’s support, IC acquired a formal bank loan for working capital to purchase raw material and improve infrastructure. Carlos plans to build state-of-the-art facilities capable of processing more than 27,000 tons a year.

With Technoserve’s help, Carlos has turned a struggling business into an engine of economic growth, providing income and opportunity not only for himself and his family, but also for his community and his country. IC currently employs more than 35 local residents and purchases peppers from more than 75 small-scale producers. More than 500 rural men, women and

children have benefited from its wages and purchases.



A small-scale Honduran farmer harvests hot peppers

Transforming El Salvador's Dairy Industry

Gustavo Funes has milked cows for many years at the Hacienda Guadalupe dairy farm, struggling to support his extended family, including six children. It has now become a bit easier, thanks to a TechnoServe dairy modernization program that has increased his income by more than 35 percent. In the process, he is also contributing to a healthier, more economically sustainable El Salvadoran society.

El Salvador's dairy industry provides incomes for thousands of small-scale dairy farmers and milk processors. By late 2004, the dairy industry was hampered by quality control issues and technological stagnation. While the country's large milk processors were well placed to compete in regional markets, its small- and medium-sized processors, which supply nearly 80 percent of the market, were abandoning the sector. A TechnoServe analysis showed the faltering industry had plenty of untapped potential, but small milk-processing plants were ill-equipped to meet the standards of the larger companies that sell to local, regional and international markets. This prevented them from earning good prices and limited their export opportunities.

At the end of 2004, TechnoServe launched a two-year program to modernize El Salvador's dairy

enterprises with assistance from the U.S. Department of Agriculture.

Last year, TechnoServe helped more than 200 dairy farms such as Hacienda Guadalupe improve their sanitation and product quality.

TechnoServe has also helped nine small- and medium-scale dairy processing plants to update their equipment and get pasteurization training. One beneficiary is Lacteos La Isla, which has decreased production costs, more than doubled its milk processing capacity, and now produces higher-quality, pasteurized cheeses. Lacteos La Isla also now communicates its quality needs directly to Hacienda Guadalupe and its other suppliers. Rather than being suspicious of each other's motives, milk producers and processors now work together for their mutual benefit.

"TechnoServe's greatest advance has been not only the higher quality of milk, but the awareness of the importance of quality among dairy workers and our clients," says Luis Alonso Zepeda, Lacteos La Isla's production manager.

TechnoServe's work is helping to improve industry competitiveness, thereby creating new jobs in impoverished rural areas and raising workers' wages. Better sanitation and higher-quality milk also improve the health



Lacteos La Isla worker making cheese

of the population.

This year, TechnoServe will expand its dairy work with a project to develop beverages from highly nutritious milk whey, a by product of milk processing. By working with small- and medium-scale milk processors, TechnoServe hopes to introduce whey beverages into El Salvador's school meal programs to improve child health and fight malnutrition in rural areas.

TechnoServe Launches New Program in Rwanda

Rwandans face many challenges in their struggle to recover from the 1990s civil war and genocide. One thing working in their favor is that their country boasts ideal coffee-growing conditions. Nevertheless, most coffee farmers are just barely scraping by, hampered by inefficient agricultural practices and poor logistics. Now, thanks to a generous gift by a small group of

private donors, TechnoServe is helping the farmers capitalize on this opportunity and create a sustainable economic base that will improve the standard of living for their families and communities, while also bringing much-needed foreign exchange earnings into the country.

TechnoServe aims to reposition Rwanda as a leading producer of specialty coffee by helping turn

coffee cooperatives (representing 12,000 farmers) into professionally-run businesses. Our business advisors will teach business skills and help farmers boost production and improve quality, for example by assisting cooperatives to set up and operate coffee washing stations. The end result should be almost a doubling of the farmers' income in four years.

TechnoServe to Launch TechnoTours



The local chef of the Guludo Beach Lodge, a TechnoServe client and TechnoTours destination, with the catch of the day

TechnoServe is launching a unique group travel program called TechnoTours, an opportunity for you, your family and friends to visit TechnoServe projects in Africa and Latin America.

TechnoTours will enable you to see our work first-hand while also exploring distinct cultures, historical attractions and ecosystems. As a TechnoTours participant, you will have the chance to understand a way of life that most Americans never see. We will take you off the beaten track and show you the wilds of Tanzania, hike with you on the legendary Inca Trail in Peru, or simply leave you to relax on the remote white sand beaches

in Mozambique.

A TechnoTour is much more than a vacation; it is a once-in-a-lifetime combination of exotic travel, adventure, education and history, with a deep spirit of humanitarianism. We invite you to participate with your family or friends, and others who have a genuine interest in reducing global poverty, to see for yourself how we help families and communities around the world.

A tentative TechnoTours schedule for 2007 includes Mozambique (July 19 - 29) and Tanzania (October 6 - 17). For more information, please visit us at www.technoserve.org/technotours.

TechnoServe Visits Loyal Donor Group

In 1979, Reverend John Calhoun of the Manhattan Beach Community Church (MBCC) in Southern California asked the head of the church's social action committee to find a cause that the congregation could embrace and support. After extensive research, Jim Duffy identified TechnoServe as one of the leaders in the fight against poverty and created the TechnoServe Task Force. MBCC has supported TechnoServe

ever since: members have visited TechnoServe sites, and TechnoServe representatives have made several visits to the congregation.

Most recently, Tim Piper, TechnoServe's Deputy Country Director of Tanzania, and Serap Akisoglu, TechnoServe's Director of Major Gifts and Foundations, attended MBCC services and presented the TechnoServe story to a group of almost 50 congregants.

Tim spoke of his personal experience in Tanzania as well as TechnoServe's project to help small-scale tea farmers increase their productivity and product quality. He proudly explained how this project has assisted more than 450 small-holder farmers and their families thus far.

Tim and Serap also expressed TechnoServe's gratitude to MBCC and its congregation for their long-time support and interest in the organization.

WAYS YOU CAN SUPPORT TECHNOSEERVE

Direct Contributions

Gifts of cash, real estate or personal property will support our work in Latin America and Africa.

Appreciated Stock Contributions

Gifts of stock or other investments which have recently grown in value can be more advantageous than cash as they can leverage your tax benefits.

Memorial and Honorary Gifts

Contributions can be made in memory or honor of a relative, friend or colleague. Your gift will be acknowledged to the honored person or family.

Bequest Contributions

By including a gift to TechnoServe in your will, you can provide a meaningful contribution to either current operations or TechnoServe's endowment.

Pooled Income Fund Contributions

Contributing to TechnoServe's Pooled Income Fund results in income for you proportionate to your contribution and a tax deduction based on the estimated principal that will be left to TechnoServe.

Charitable Gift Annuities

A charitable gift annuity contract with TechnoServe provides a guaranteed lifetime income for you and a tax deduction based on the estimated principal that will be left to TechnoServe.

Charitable Remainder Trusts

A charitable remainder trust naming TechnoServe as a beneficiary can provide income for you and a tax deduction based on the amount that will be left to charity.

For more information please write or call Darlene Brown at 1-800-99-WORKS.



TECHNOSEERVE
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TechnoServe is a private, nonsectarian, nonprofit organization as defined by IRS code section 501(c)(3). TechnoServe is a member of Global Impact. Contributions to TechnoServe are tax deductible to the extent permitted by law.

Since its inception in 1968, TechnoServe has helped to create or expand more than 1,500 businesses, benefiting millions of people in 30 countries.