



TECHNO SERVE
Business Solutions to Rural Poverty

WORLD

A Newsletter For Friends Of TechnoServe • Summer/Fall 2006

TechnoServe is committed to strengthening its existing programs while also expanding to help more people in more places. Recently, I visited some of our clients in Central America, including winners of our business plan competition in Guatemala (one of our newest programs) and smallholder farmers in Nicaragua (one of our more established programs). It was heartening to see people feeling empowered to improve their lives by launching or expanding businesses.



Last year, we improved the lives of more than 760,000 individuals living in rural poverty. This year we hope to serve even more. We have been pursuing new ventures, including the launch of a coffee project in Colombia; new partnerships in Brazil and Ecuador; the establishment of a new office in India; an agreement to provide business and market services to the Millennium Villages development project in Africa, and research on using bio-energy and new digital technologies to develop sustainable energy solutions. You'll be reading more about some of these exciting projects in future issues.

We are also pleased to announce our "Double Our Strength" campaign. We're hoping all our supporters will help make this a great success. Read more about this initiative on the back page.

All of these initiatives are very exciting, not just for TechnoServe, but for the thousands of people who will have the opportunity to improve their lives. We thank you for your continued support and your commitment to change the world.

Bruce McNamer
President and CEO

Artemisia Program Saves Lives and Reduces Poverty

U2 singer Bono led a delegation of business executives and health professionals to Africa in May to see programs that are successfully addressing the continent's most challenging issues. Their itinerary included a visit to TechnoServe's Artemisia program in northern Tanzania, to see how it is empowering Africans to fight the African problems of malaria and poverty.

Since early 2005 TechnoServe has been assisting an East African company by introducing a new cash crop alternative – the herb Artemisia – to farmers in the region. This is raising rural incomes while also benefiting sick people by increasing the supply of the malaria treatment most recommended by the World Health Organization.

Ninety percent of all malaria-related deaths occur in Sub-Saharan Africa, where the disease kills about a million people annually (the majority of them children), despite the fact that the disease is both preventable and treatable. The most effective treatment – Artemisinin-



U2's Bono visits TechnoServe-assisted Artemisia farmers in northern Tanzania.

based Combination Therapies (ACTs), based on an extract of Artemisia – has been primarily sourced from Vietnam and China. TechnoServe determined that rising demand for this treatment presented an opportunity for Africans to fight malaria while simultaneously creating new economic opportunities for the continent's poor.

TechnoServe – with funding from WHO, USAID, the BetterWorld Together Foundation and private supporters – has partnered with Advanced Bio-Extracts Ltd (ABE) to assist in dramatically increasing its supply of Artemisia. It has linked the company to East African farmers keen to diversify by adding a profitable cash crop to complement traditional food crops such as maize.

The broad-based initiative involves identifying optimal growing areas, sourcing seeds, organizing nurseries to supply seedlings, training



A Tanzanian farming family with their Artemisia crop.

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The Roots of Success in Nicaragua



Pablo Montenegro, president of the Jorge Salazar Cooperative (left), with his father Renaldo.

A year and a half ago, the inhabitants of the rural highland community of Tuma-La Dalia, Nicaragua were struggling to eke out a living. Many farmers in the region are former combatants who traded in guns for plows and started new lives as small-scale coffee farmers. When coffee prices plummeted, many of them sought new crops such as the root crop *quequisque*.

Despite their hard work, farmers such as Pablo Montenegro, president of the Jorge Salazar Cooperative, lacked the technical know-how to take advantage of these crops. They experienced inconsistent crop quality, and the little

Artemisia Program *(continued from page 1)*

agricultural workers, forming village training clubs, setting up administrative structures to service growers, and forging solid farmer-buyer relationships.

As a result, the area of land being cultivated for Artemisia in northern Tanzania is increasing rapidly, from zero to more than 600 acres in just the first year of TechnoServe's involvement. In 2005, 132 metric tons of Artemisia leaves were harvested in this area, enough to produce the active ingredient for 1.1 million ACT treatments. In East Africa overall, 500 metric tons of Artemisia leaves were harvested, enough to produce the active ingredient for 4.5 million ACT treatments.

More than 1,100 smallholder farmers in northern Tanzania will earn at least \$320,000 in increased income this year by growing Artemisia.

they were able to produce they sold to intermediaries who paid \$5 for every 100 lbs, taking advantage of the farmers' lack of access to information about the potential value of their crops.

All that has changed. At the end of 2004, TechnoServe launched a program designed to help farmers in regions producing low-quality coffee to diversify into more profitable crops and to help farmers realize higher profits from their new products. Instead of slicing up a single *quequisque* root and sowing the pieces, Montenegro learned to extract small buds from the root using a spoon-like tool. This resulted in consistent crop quality, and farmers could cultivate more plants from a single root.

Today, Montenegro and the members of the Jorge Salazar cooperative have doubled their yields and sell their produce for an average price of \$20 for every 100 lbs. Last year, the cooperative exported two large shipping containers of *quequisque*. Already in 2006, they have shipped more than 40 containers. Their increased productivity has also generated 80 new jobs in processing and packing.

One such beneficiary is Mika Abel. He and his family planted Artemisia on about three acres of land. This has yielded nearly 4,700 pounds of dried Artemisia leaf, worth more than \$1,550; this is more than three times what they could have earned by growing maize and beans. Mika has also earned money working as a nursery man for the local area. He has used his higher profits to pay school fees for his daughters and to invest in his family's future.

Bono declared that he was impressed with how TechnoServe's program brings 21st-century ideas, business skills and technology to traditional communities, which opens the door to new opportunities for these farmers. He also complimented TechnoServe's team on their commitment to fighting poverty.

Building Opportunity in Guatemala

Since 2002, TechnoServe has been working to bring new opportunities to the developing world with its business plan competitions (BPCs), which help fledgling entrepreneurs turn good ideas into workable businesses. These competitions identify and encourage promising entrepreneurs, give them business skills and seed money, and offer a forum for investors to find deserving projects. Since its debut, the BPC program has helped launch or expand 165 businesses that have generated \$8.2 million in additional revenues and created more than 1,000 new jobs.

The beneficiaries include Arturo Enrique Paiz Guirola and Mario Yon, winners of Guatemala's first BPC this year. The BPC allowed them to realize their dream of creating the first Central American sawmill operation to produce specialized pallets (previously only imported from Europe) for the regional construction market.

Their success was recently featured in an Inter-American Development Bank (IDB) video that was part of *Building Opportunities for the Majority*, an IDB initiative focused on improving conditions for people in Latin America and the Caribbean who are living and working at the bottom of the region's economic pyramid.

TechnoServe/Guatemala's first business plan competition, entitled *¡Idea Tu Empresa!*, drew 380 applications and attracted major government support. President Oscar Berger spoke at the award ceremony. The competition concluded with 12 winners receiving \$10,000 in seed capital to start or expand their businesses.

"*¡Idea Tu Empresa!* helped us to develop a business plan and to put our idea on paper, an idea that was bankable that we could go sell," said Yon.

Tanzanian Coffee Program Takes Success to New Heights

A TechnServe program to help Tanzanian smallholders produce and sell more profitable “specialty coffee” has increased farmers’ incomes by an average of 70 percent. Several new alliances are building on that success and expanding the program’s reach.

“My income has quadrupled since joining KILICAFE.”

TechnoServe – with funding from USAID, the Swiss State Secretariat for Economic Affairs (seco), the Swiss Agency for Development and Cooperation and private donors – has created a unique “farmer business group” model that helps small-scale growers improve quality, obtain financing, establish contracts with overseas buyers, and ultimately increase profits. TechnoServe also helped establish KILICAFE, a farmer-owned association that now supports 102 groups representing more than 10,000 smallholder coffee growers.

This successful track record prompted World Bank President Paul Wolfowitz to meet with program staffers and beneficiaries recently. “My income has quadrupled since joining KILICAFE,” Emmeline Swai, chairperson of KILICAFE’s north chapter, told him, “which has allowed me to renovate my house and connect to electricity and

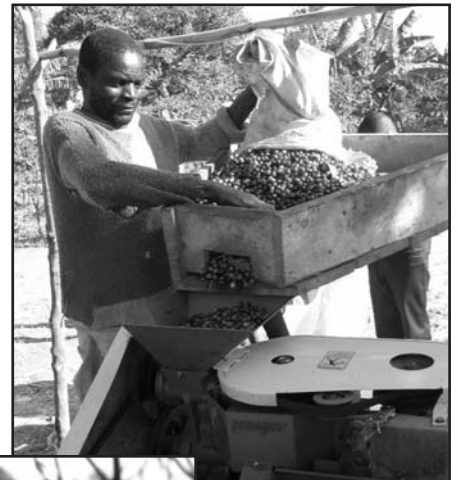
fresh water.” TechnoServe is partnering with the World Bank to help farmers reduce financial risk by adopting price risk-management tools and developing a weather insurance scheme.

KILICAFE has also received approval for a \$1 million credit facility from Exim Bank, a local commercial bank; this will enable KILICAFE to pay farmers as they deliver their coffee while processing and exporting the coffee to overseas buyers. Capital investment loan agreements have also been signed with EcoLogic Finance (for \$225,000) and local coffee exporter Taylor Winch (for \$50,000). These cash infusions will fund 27 new central pulperies and 10 upgrades, more than doubling the number of central pulperies (for a total of 56). As well as producing higher-quality coffee beans, these processing facilities will use the latest environmentally friendly technology, which reduces water usage.

To promote good farming and business practices to the broader farming community, TechnoServe has partnered with an NGO called Mediae to feature story lines about coffee farming in a popular radio soap opera called “Pilika Pilika.” KILICAFE leaders will also be frequent guests on a newsmagazine program.

Starbucks recently certified that a group of KILICAFE farmers meets its C.A.F.E. (Coffee and Farmer Equity) Practices, which reflects high standards of social and environmental sustainability. More farmers will be certified over the next two months.

All of these developments will keep KILICAFE on a successful course. Its member groups are expected to clear \$4 million in sales from this year’s harvest.



A KILICAFE member processes coffee with a new central pulper in southern Tanzania.



World Bank President Paul Wolfowitz enjoys a cup of coffee made with beans grown by KILICAFE members.

New Web Site Promotes Tourism Clients in Northern Mozambique



TechnoServe has launched a web site (www.northern-mozambique.com) that aims to promote and facilitate tourism to northern Mozambique. This off-the-beaten-path region boasts scenic beaches, wildlife and historic sites, but it is also plagued by rural poverty. To capitalize on the potential for international ecotourism to provide jobs and local markets for products and

services, we are helping clients – such as Manda Wilderness (Nkwichi), Ibo Island Lodge, Guludo Beach Lodge, Divers Eco Operation dive resort, and a tour operator named Kaskazini – to develop solid business plans, secure financing and run their businesses more competitively. We are also working to attract new investors to the historic Ilha de Moçambique region.

Double Our Strength!

TechnoServe already aims to triple the impact of every dollar we invest by generating three dollars in economic benefits for poor people in the developing world.

Now, through our new “Double Our Strength” campaign, we’re working to leverage that impact even more. TechnoServe is asking each of our supporters to identify five friends who might be willing to support our mission of helping the world’s poorest people to help themselves by building successful businesses. TechnoServe will contact each of them – the beginning of what we hope will be a chain reaction of hope and possibility that will spread across the world.

Please enlist in this effort by visiting www.technoserve.org/DoubleOurStrength or writing to us at 49 Day Street, Norwalk, CT 06854 with the names and addresses of five potential TechnoServe supporters. Together, we can multiply our impact around the world.



Paul and Diane Garrett of the BetterWorld Together Foundation in Temecula, CA.

Featured Donors: Paul and Diane Garrett

be TechnoServe’s country director in Tanzania, Thom Dixon. We liked what we heard, so we spent a couple of days looking into the organization and visiting with the staff in the Dar office. We later met several other TechnoServe country directors, who further confirmed that TechnoServe and our foundation have similar interests and goals, i.e. finding ways to help poor people in a regenerative and sustainable way. We have been impressed with the talent within the organization and by the reputation it’s earned over the years.

Q: What prompted you to donate money to international development?

A: There are such extreme needs in Africa, and a tremendous amount of under-employment. We began looking for ways to use capital to create work, profit and sustainability.

Q: How did you become interested in TechnoServe?

A: We were going to Tanzania to visit a project that our BetterWorld Together Foundation was supporting in the northern part of the country. We decided to fly out early to fit in a visit to Dar es Salaam. We were talking with the passenger sitting next to us on the plane, who turned out to

Q: How are you deciding which projects to support?

A: We’re still exploring the options. We began by donating to a project that is helping farmers grow the anti-malarial herb Artemisia in Tanzania. And we’re now also supporting a project that will help more than 5,000 legume farmers in western Kenya to start a company to earn more money by selling in bulk and getting access to bank accounts and supplies. We’re about to go to East Africa to visit those projects and see first-hand the impact they are having.

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, benefitting millions of people in 30 countries.