



## OPPORTUNITIES *for the* MAJORITY

# LATCO International: Boosting Poor Farm Communities in Bolivia

### Increasing Small Farmers' Incomes and Productivity

Farmland is not the challenge for poor, small growers in Bolivia's Santa Cruz region. Many have access to plots of arable land. Their challenge is getting credit to buy seeds and hire labor to cultivate enough land with good yields to climb out of poverty.

Bolivia's leading sesame exporter, Alimentos Naturales LATCO International S.A., has strong and rising demand for the sesame Santa Cruz's farmers grow. The company lends to small farmers to buy seeds. To produce and earn more, however, small farmers at the base of the pyramid need more money and know-how.

With a \$2.1 million loan from Opportunities for the Majority Initiative (OMJ) LATCO will expand, and incorporate more small farmers into its supply chain. LATCO will provide financing and technical assistance to start or expand sesame cultivation, with a view to transfer bulking and other operations to small farmers so they can take a step forward in the value chain and create a sustainable source of income.

### Creating Opportunities for Income

A non-traditional crop, sesame growing started in Bolivia only a decade ago. Most sesame seedpods are delicate and burst open easily, requiring labor-intensive harvesting by hand. LATCO is a medium-sized company in Bolivia that specializes in organic farming and sells sesame to Japan, Korea, Germany, the Netherlands, Israel and the U.S. Their exports have grown more than 400 percent in the past six years.

LATCO buys sesame from Santa Cruz communities and is the main income source for more than 1,200 families. Most are indigenous and have access to community-owned land. Yet almost three quarters live below the national poverty line

because they can't afford to cultivate more than a few hectares each year. The project will increase the acreage farmers cultivate and the number of farmers growing sesame.

With the OMJ loan, LATCO will create a credit facility to make it easier for small farmers to borrow working capital for larger fields and higher yields. Farmer-entrepreneurs who want to farm more than 10 hectares can buy harvesting equipment. LATCO's agricultural production unit will train producers to become reliable suppliers, giving guidance on increased productivity, and assistance towards organic certification of farmers' seeds. LATCO will work with groups to incorporate so they can apply for grants to develop their communities. Three communities have obtained World Bank funds to erect small buildings where they bulk sesame and also meet or socialize.

LATCO monitors and traces its products from fields to importers' warehouses. This traceability is sought after and provides LATCO a competitive edge over many of its competitors. Additionally, as a result of OMJ's intervention, LATCO will create a computerized system to monitor loans to small farmers and measure their impact.

### Adding Value Adds Incomes

With project support, LATCO will build an international distribution center to facilitate exports and invest in machinery and equipment to make the leap to producing value-added products. As it starts to hull seeds, press oil, mill flour and make tahini and sesame paste over the next five years, the company's demand will increase from 3,000 tons in 2010 to 8,000 tons in 2016. It will extend its network of suppliers to include 1,200 new farmer families and have a positive impact on the lives of 11,000 Bolivians.

Increasing access to financing for small farmers and linking them to the primary processor and exporter is a model that can be replicated in other countries in the region that produce sesame, like Paraguay, Guatemala, El Salvador, Mexico, Venezuela and Nicaragua.



Copyright © 2011 Inter-American Development Bank. This work is licensed under a Creative Commons IGO 3.0 Attribution-NonCommercial-NoDerivatives (CC-IGO BY-NC-ND 3.0 IGO) license (<http://creativecommons.org/licenses/by-nc-nd/3.0/igo/legalcode>) and may be reproduced with attribution to the IDB and for any non-commercial purpose. No derivative work is allowed.

Any dispute related to the use of the works of the IDB that cannot be settled amicably shall be submitted to arbitration pursuant to the UNCITRAL rules. The use of the IDB's name for any purpose other than for attribution, and the use of IDB's logo shall be subject to a separate written license agreement between the IDB and the user and is not authorized as part of this CC-IGO license.

Note that link provided above includes additional terms and conditions of the license.

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the Inter-American Development Bank, its Board of Directors, or the countries they represent.

