LIVELIHOODS FUNDS:
INVESTING IN THE RESILIENCE OF FAMILY FARMERS

DECEMBER 6TH 2017 | SÃO PAULO
Our role is not just to sell a bottle of water or a cup of yoghurt. It’s much more than that. We need to look after our ecosystem, and what is more important in our ecosystem than the farmer selling to us milk, fruits, coffee, chocolate and so forth?

Franck Riboud
Chairman of the Board of Directors, Danone. Chairman of the Board, Livelihoods Fund for Family Farming.
LIVELIHOODS FUNDS
Driving change in rural landscapes through innovative investment strategies. Already over 1 million people.

LIVELIHOODS CARBON FUND (2011)
• 10 investing companies, 40Mn€;
• 9 large-scale, long-term projects in Asia, Africa and the Americas;
• Strengthen rural communities, preserve their environment and generate carbon credits.

LIVELIHOODS FUND FOR FAMILY FARMING (2015)
• 4 investing companies, 120Mn€;
• 4 large-scale, long-term projects in Asia, Africa and the Americas, in expansion;
• Strengthen smaller farmers, preserve their environment and improve the sustainability of supply chains they take part to.
The Livelihoods Funds’ Portfolio & Pipeline

Already 1 million beneficiaries around the world

- **Guatemala**
  - Agroforestry

- **Peru**
  - Efficient cookstoves

- **Kenya**
  - Milk
  - Agroforestry
  - Efficient cookstoves

- **Senegal**
  - Mangroves

- **Morocco**
  - Milk

- **Ivory Coast**
  - Cocoa

- **India**
  - Mint
  - Agroforestry
  - Mangroves

- **Indonesia**
  - Mangroves

- **Ivory Coast**
  - Cocoa

- **Philippines**
  - Coconut

- **SE Asia**
  - Rice

- **Brazil**
  - Watershed

- **Burkina Faso**
  - Efficient cookstoves
  - Agroforestry

- **Mexico**
  - Sugar cane
  - Watershed

- **Senegal**
  - Agroforestry

- **Burkina Faso**
  - Efficient cookstoves
  - Agroforestry

- **Kenya**
  - Milk
  - Agroforestry
  - Efficient cookstoves

- **Madagascar**
  - Vanilla

- **Morocco**
  - Milk

- **India**
  - Mint
  - Agroforestry
  - Mangroves

- **Indonesia**
  - Mangroves

- **Ivory Coast**
  - Cocoa

- **Philippines**
  - Coconut

- **SE Asia**
  - Rice
The capacity of farmers to resist to climate change and other unexpected events depends on a variety of factors that include:

- Material, land titles, equipment
- Habits, knowledge, education
- Solidarity, common rules, mutuality
- Access to finance
- A healthy soil and a sound environment with renewed natural resources on the long run

Livelihoods projects take **farmers, their land and their environment** as one system to design comprehensive solutions.
# HOLISTIC APPROACH - PRACTICAL SOLUTIONS IN KENYA
An expanded, inclusive and sustainable dairy supply chain with 30,000 farmers

<table>
<thead>
<tr>
<th>STAKES</th>
<th>OUR SOLUTION</th>
</tr>
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</table>
| **SOCIAL**
Farmers lack professional training
Women take too little part in the value chain | **BUILD MULTI-STAKEHOLDER COALITION**
Farmer *groups* + #1 dairy player in Kenya + Locally-rooted NGO experimented in driving change on agro practices |
| **ENVIRONMENTAL**
Land is overexploited, eroded
Rivers are affected by excessive runoff | **ALLOW ON-FARM RESILIENCE**
Farmers *plan their production and follow-up their results* + Farms *diversify* and produce on-farm fodder |
| **ECONOMIC**
Low milk quality
Lack of volumes
Expensive logistics | **ORGANIZE THE FARMERS**
Strengthen *cooperatives* and inter-farmer cooperation schemes to access veterinary services, AI, cooling tanks... + Empower *women* at every step of the supply chain, down to household level and up to cooperative level |

**PRESERVE CLIMATE, SOILS AND WATER**
Design cropping patterns to optimize *water* infiltration, generate *carbon credits* and retain *fertile soil*
x 20 milk volumes in the region
+ 80% crop yields
- 1MnTCO₂-eq avoided emissions
+ 500mm-eq rainfall available water for crops

A Kenyan farmer showing her agroforestry property, producing high-quality feed for her cows
SOCIAL LEVERAGE IS A KEY DRIVER FOR CHANGE

The social structure and culture of the targeted population must be understood to:

• Use, when they exist, social groups and their leaders to accelerate awareness, adoption and execution in a cost-efficient way

• Have an action on long-term drivers of the farmer’s mobilization, including women and the youth

• Involve farmers in the monitoring of their own change

Livelihoods projects work with locally-rooted organization who have trust + pilots the project through the societies’ natural leaders and groups + has a long-term progress deal with farmers that they can monitor themselves

Mobilizing Casamance communities in Senegal for reforestation through the traditional decision-making groups
SOCIAL LEVERAGE - PRACTICAL SOLUTIONS IN GUATEMALA AND BRAZIL
Triggering change through culture-specific leverages

Maya groups, with collective decision-making processes to develop the community

- Use group solidarity as a leverage for fast adoption and expansion of the project
- Endorse group decision-making tradition

Independent farmers with an individual drive to make a living

- Use leadership of successful farmers to show the way
- Bring solidarity as a learning of the project

- + 2,000 ha agroforestry systems implanted
- + New value-added businesses: rubber, cardamom, coffee...
- + 60% revenues
- + Group access to added-value markets
LONG TERM INVESTMENT CAN BE A GAME-CHANGER

Investing in the livelihoods of family farmers comes with one main challenge:

- Results need to be quick for the farmers: the smaller they are, the more immediately they need to see the fruit of their action

- Value for the investors may appear only slowly: carbon credits, an improved stability of the supply, a confirmed trend for preserved natural resources (…) take years to appear

- To last, benefits must be made visible and inspire new generations of farmers….

« Patient » capital can crack this problem.

Livelihoods projects have a lifespan of 6 to 20 years
LONG TERM - PRACTICAL SOLUTIONS IN MEXICO

A controlled production of fodder for a healthier landscape, piloted through a long hands-on empowerment of farmer groups

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<td>SOCIAL</td>
<td>BUILD MULTI-STAKEHOLDER COALITION</td>
</tr>
<tr>
<td></td>
<td>Water societies + Industrial water users + Public sector</td>
</tr>
<tr>
<td>ENVIRONMENTAL</td>
<td>EMPOWER GROUPS</td>
</tr>
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<td></td>
<td>Make the rudimentary solidarity mechanism a base for group access to long-term financing and assistance + a unit for performance emulation and measurement</td>
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<tr>
<td>ECONOMIC</td>
<td>PROFESSIONALIZE FARMERS</td>
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<td></td>
<td>Hands-on training over 30 months on Basic accountancy, production planning, financing schemes</td>
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<td>ALLOW ON-FARM RESILIENCE</td>
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<td>Introduce water-sober fodder, non-fodder and value-added crops, supported through new market connections</td>
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**SOCIAL**
Farmers lack professional training
Young farmers are not motivated to take over farms

**ENVIRONMENTAL**
Aquifer is depleted
Climate is dryer and dryer

**ECONOMIC**
Milk production is challenged
Feed production may collapse
Public subsidies give little result
A Kenyan Mexican farmer having doubled his maize yields through conservation agriculture

x 2 revenues for farmers
+ 80% crop yields
ignon to Soil carbon sequestration and resilience to drought
50% less aquifer depletion
STRONG ALIANCES FOR ECONOMIC VIABILITY ARE KEY TO IMPULSE CHANGE AT SCALE

L3F projects are based on models that seek self-financing. This requires joining forces with various stakeholders, building alliances of trust and aligned vision.

- L3F takes the risk
- Companies see added value or reduced risk exposure in their supply chain
- Public sector endorses public good maintenance
- Multilateral support enables new solutions
- Farmers may contribute to support further expansion

Projects go on after investment is over
## STRONG ALIANCES - PRACTICAL SOLUTIONS IN MOROCCO

Bring 20,000 farmers to an optimized balance between profitability and a sustainable use of natural resources

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<td><strong>BUILD MULTI-STAKEHOLDER COALITION</strong></td>
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<td>Lack of technical &amp; managerial training</td>
<td>Milk cooperatives + Danone as <strong>guarantee for market</strong> over 10 years and financier of a pilot (ECOSYSTEME) + Public sector to <strong>participate in project funding and monitoring</strong> for sustainable rural development over 10 years</td>
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<td>Women training is a key success factor since they are in charge of cattle management</td>
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<td>Young generation is not motivated to take over farms</td>
<td></td>
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<td><strong>ENVIRONMENTAL</strong></td>
<td><strong>IMPROVE DAIRY FARMING PROFITABILITY</strong></td>
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<td>Climate change leads to water scarcity and soil fertility loss which put farms future at risk</td>
<td>Basic accountancy, production planning, diversification, financing schemes to ensure <strong>financial viability on the long run</strong></td>
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<td><strong>ECONOMIC</strong></td>
<td><strong>USE RESILIENT NATURAL RESOURCES</strong></td>
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<td>Long term profitability</td>
<td>Implement rational water use system + Selection of best-fit crops for each soil + Produce local best-suited feed targeting self-sufficiency</td>
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<td>Cost optimization</td>
<td></td>
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<td>Farm sustainability at risk</td>
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<td><strong>CREATE MORE VALUE FOR FARMERS</strong></td>
<td>Re-inforce of farmer collective organizations to help them deliver services to boost productivity: Artificial insemination, best feed purchases, agro-vets... All working as self-sustained businesses</td>
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+ 50% revenues for farmers
100% quality-compliant milk
↗ Soil carbon sequestration and reduce methane emissions
↘ Water consumption

**LIVELIHOODS**
- Risk
- Project engineering
- Financing

**Dairy supply chain**
- State of Marocco
- Low carbon supply chain

- Controlled risk
- Crossed learnings
- Delayed and shared costs

Milk
Rural development
Milk CFPT reduction
A holistic approach  
Social leverage  
Time  
Strong alliances
GET IN TOUCH

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