



## LATCO

More than 80 percent of rural Bolivians live in poverty, and most of those people rely on subsistence agriculture by nurturing small plots of land with little yield. LATCO International, a producer and exporter of organic sesame seeds, was created to increase small-scale farmers' incomes and improve their livelihoods. By sourcing alternative crops from small-scale farmers, LATCO provides a stable and growing income to those who have traditionally depended on growing corn, rice, and sorghum for the volatile local market.

LATCO is a pioneer in the organic production of sesame seeds in Bolivia, and is the first company to introduce new varieties of the grain, such as black sesame seeds. It is also the first Bolivian enterprise to penetrate the Japanese and U.S. markets with these products. Today, LATCO exports sesame seeds to Japan, Korea, the U.S., and the European Union. It currently has 18 clients in nine countries.

### A Leading Social Enterprise



LATCO is a pioneer social enterprise in the field of agricultural development. To maximize its impact on farmers who would not otherwise be able to afford the up-front costs of cultivating sesame, LATCO provides zero-interest loans, tools, and inputs to its farmers. Once the farmers sell their sesame seeds to LATCO, the costs of the tools and inputs are deducted from their income.

Thanks to the high quality of its product, LATCO is able to negotiate the highest sales price among its peers, and it transfers the price gains to the farmers participating in its value chain. In addition to this "fair pricing" policy, LATCO is committed to improving the quality of life of its employees and the families of participating farmers. LATCO provides its suppliers with technical support in responsible crop management; assistance in transitioning to organic production and obtaining certification; and working capital financing, which is repaid with grain at the end of the harvest season. Moreover, it uses a portion of its profits to sponsor projects in farmers' communities, including waste management systems, sewage development, and safe drinking water systems.

**Social Return on Investment**  
For every \$1 invested in LATCO, \$16 in social - economic impact is generated to LATCO's farmers. This \$16 does not include the ripple effects of higher incomes on farmers' communities, including the benefits from more disposable income to spend on education and

## Partnership with GBF

Through two grants and a long term investment, the Grassroots Business Fund is contributing to LATCO's growth and social impact. GBF's investment has enabled LATCO to acquire new equipment for the production of value-added hulled sesame seeds and transportation vehicles to improve its distribution logistics. These acquisitions are expected to lead to higher sales and an increased operating margin.

Social Indicators	Q1-Q2 2010
Number of farming families	1,236
Average revenue per farmer	\$2,459
Total purchases from farmers	3,038,826
Average daily income of all beneficiaries	\$1.70

GBF is also providing technical assistance to LATCO to support the company in:

- Implementing the Supplier Development Program (SDP) (alongside FUNDES Bolivia) to expand and strengthen the farmer base, and to form farmer associations to take on collection, pre-cleaning of seed, and certain technical assistance and financing capabilities. The SDP Program is ultimately expected to add 500 new supplier families and 1,500 hectares to LATCO's business, as well as increasing the area of cultivation of 500 existing supplier families to 1,000 hectares. As a result of this program, 7 sustainable community associations have been registered and 5 more are in the process of doing so. These associations are currently undergoing training in communication skills, crop management and basic business.
- Obtaining ISO 9001 certification, for which LATCO is currently implementing ISO 9001:2008.
- Obtaining the HACCP certification to certify the hygienic and sanitary quality of its product, for which the certification process is expected to be in January 2011.
- Implementing the Balanced Scorecard, to help the company improve its internal processes and procedures. This project has been progressing on schedule and LATCO has already established objectives and targets per company unit as well as developing a strategic map of the company.

Additionally, in December 2009, GBF in conjunction with the University of Michigan Ross School of Business, designed and implemented a plan for impact assessment for LATCO. The two part survey measures the satisfaction of the sesame farmers with services LATCO provides, while also assessing the socio-economic standing of the farmers. With the initial survey size (60 producers), LATCO has been able to collect information which in the future will help shape the business. The company also has learned that most of the producers would like to receive organic certification and that there is a large demand for additional technical assistance such as group training where it is not provided. LATCO is now working to incorporate their findings into the operations – for example they are considering what other crops the company can purchase from the same farmers and how to start organic certification training. In addition to these results, the economic impact survey will also track the farmers' progression out of poverty as they increase their sales to LATCO over time. The full sample is expected to be completed in October 2010.

Progress out of Poverty Indicators	
	Percentage Living Below Absolute Poverty Line
National Average for Bolivia	19.6%
Newly Hired LATCO Farmers	31.9%
Farmers who have worked at least 1 season for LATCO	13.0%