



GROUND UP INVESTING



IMPACT REPORT 2022



DEAR GUI COMMUNITY,

As we reflect on 2022, we are proud of the ways in which Ground Up Investing's portfolio companies have demonstrated the durability of business models rooted in equitable partnerships with smallholder farming communities.

Despite the unrelenting challenges stacking up - Covid-19, the war in Ukraine, and the increasingly felt effects of climate change - that are dramatically disrupting global agricultural supply chains and rural economies, GUI companies continue to grow their sourcing networks, increase international exports, and deliver more economic impact in the communities in which they operate.

We know today's philanthropists value innovation and new approaches to addressing obstacles to human progress and we owe so many thanks to the donors who have supported GUI. They continue to empower us to back entrepreneurs who are challenging the status quo for doing business with small scale farmers in ways that have the potential to raise incomes, improve quality of life, and help marginalized farming communities adapt to climate change.

In 2022, we committed resources to improving our impact measurement and management and this is in fact our first annual report. While capturing impact will remain a work in progress, we hope that some high-level data offer perspective, and that a few stories from the field provide a feel for the breadth and depth of our work.

The year saw us add three companies to our portfolio in Wize, Latitude and Doselva (see page 14 for a snapshot of our portfolio, and page 10 for a feature on Doselva in this report) while we also began testing new funding models to meet the needs of our portfolio companies as they grow.

There is of course much more to share, and we welcome inquiries from those curious to learn more about our work or eager to find ways to bring additional scale to our impact.

Thank you for your commitment to our mission.

Jeremy Bauman
Executive Director, Ground Up Investing

ABOUT US

Started in 2017 as the impact venture arm of Corus International, Ground Up Investing (GUI), is an impact-first investor that aims to unlock the potential of agribusinesses and start-ups driving systemic change for marginalized communities.

OUR IMPACT STRATEGY

We focus on small and growing businesses and startups because they are a powerful solution to developing market challenges.

After seeing progress in the second half of the 20th century, the 21st century has seen gaps in wealth and income inequality within countries grow substantially – most gains have been realized in urban areas with smallholder farmers and rural communities often left behind. This dynamic is exacerbated by climate change and poor agronomic practices that demand new approaches to farming and land stewardship.

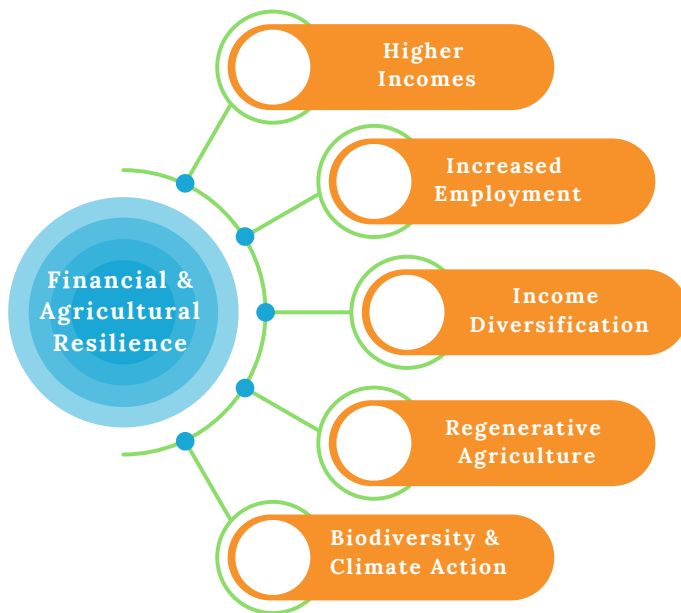
Ground Up Investing confronts these trends head-on by partnering with businesses that build financial resilience for hardworking people and their families and incentivize climate-smart agricultural practices that create healthier, more productive farms and communities.

These locally-rooted enterprises operate at the center of market-based systems, sourcing from local suppliers, delivering goods and services to low-income customers, connecting local communities to international markets, and creating jobs and opportunities for disadvantaged groups.

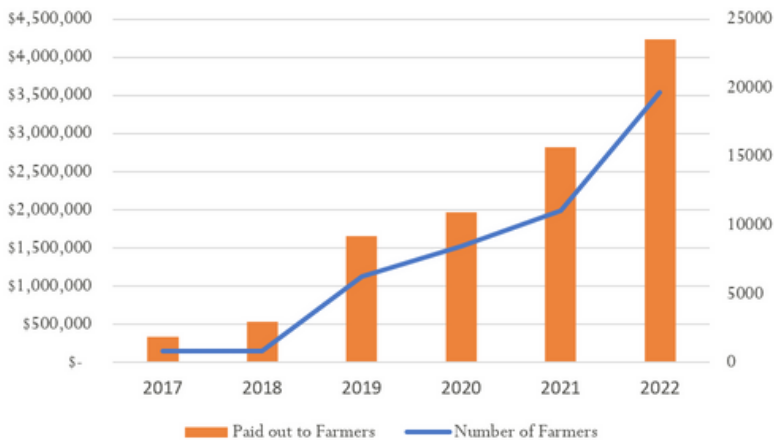
OUR IMPACT

GUI invests with two guiding impact objectives - increasing rural incomes and building resilient agricultural ecosystems.

GUI works with our portfolio companies to measure impact in a number of corresponding areas.



Farmers & Farmer Payment Growth Annually



20,000+

farmers in sourcing networks

\$12 Million+

paid directly to farmers

40,000+

hectares of land under improved agricultural management

12 Companies

in our portfolio

\$5 Million

invested



REMIGIO ESPINOZA

Doselva

Remigio Espinoza is a coffee farmer working with Doselva, a company working with small-scale farmers to grow and export spices. He began planting higher-value turmeric in 2019 and now has 2 hectares under cultivation, raising his farm income from \$1300 to \$4900 annually. The addition of turmeric required Remigio to hire members of his community to work on his farm, creating new jobs.

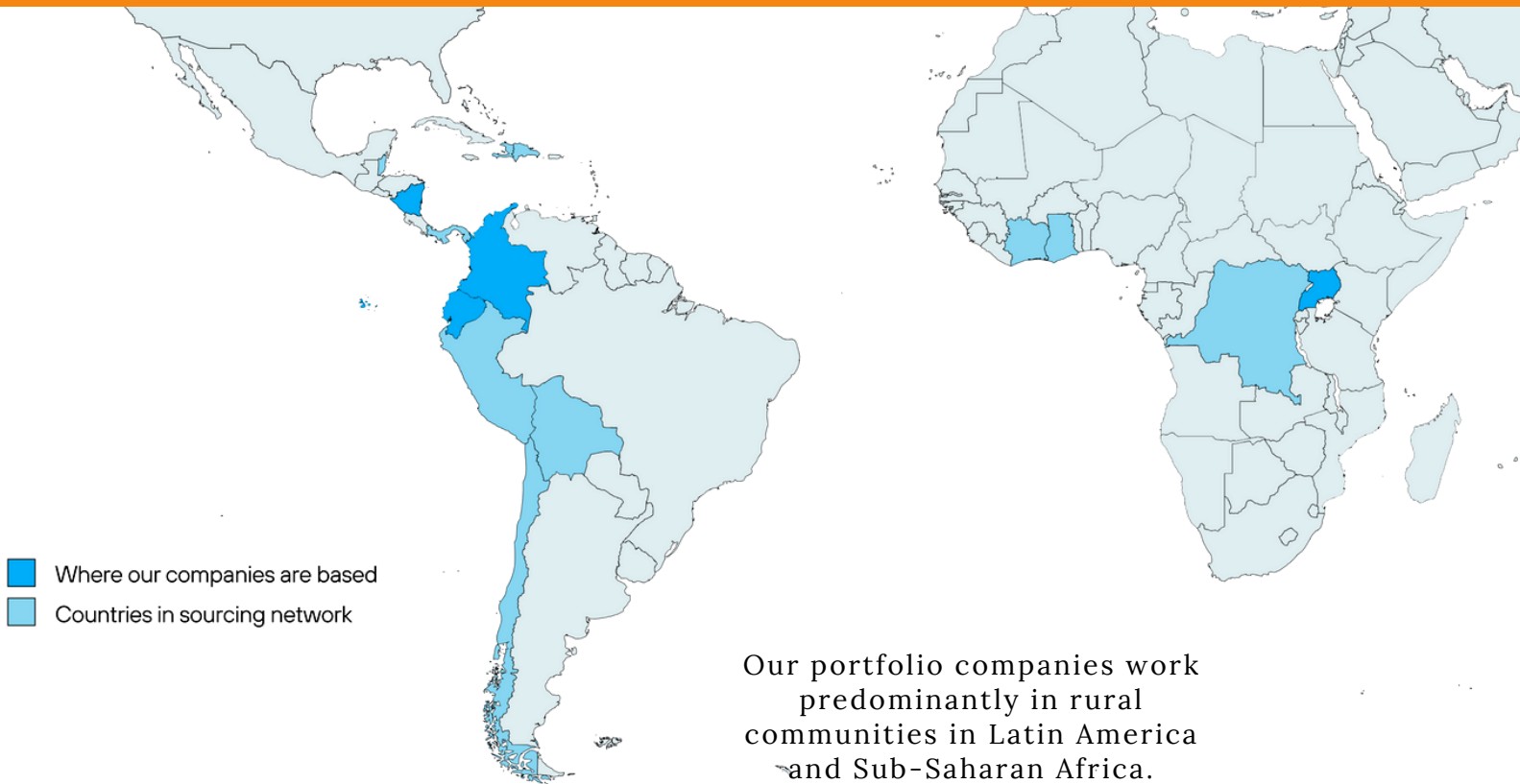
OUR PORTFOLIO



Contributing to the following Sustainable Development Goals



Where We Work





HIGHLIGHTS FROM OUR PORTFOLIO

- MOUNTAIN HARVEST AND GENDER EQUITY
- THE RISE OF SPECIALTY COFFEE IN UGANDA
- Q&A WITH DOSELVA - OUR NEWEST INVESTMENT
- SAVING WATER WITH DELAGUA



MOUNTAIN HARVEST

Empowering Female Farmers

Ground Up Investing is increasingly focused on understanding how our portfolio companies are addressing gender disparity in their farmer networks. This is particularly important in the agricultural sector where, while women perform a significant amount of the labor, they are often left out of the profits. Moreover, women in rural agricultural societies face more challenges accessing credit than men. Without access to credit women have difficulty purchasing land. And when land is obtained, they lack the resources to farm and maintain it.

Mountain Harvest is a coffee processing company established in 2017 with an initial investment from GUI. More than 1K farmers are at the heart of the business and Mountain Harvest takes a holistic approach to developing these partnerships to ensure a sustainable, high-quality supply of coffee. They work closely with farmers, providing a suite of on-farm agronomic extension services, organic certification, and organic inputs, as well as access to coffee processing infrastructure, financial services via Village Savings and Loans Associations (VSLAs) and income diversification programming.

Within this strategy Mountain Harvest takes an intentional approach to addressing gender equity. When approaching communities, they encourage husbands to bring their wives into the farming groups and to co-own their farms. Technical trainings and extension services are conducted at times and locations that maximize female participation and learning modalities such as pictorial material for semi-literate or illiterate participants are used. Of the ~1000 farmers currently in the Mount Elgon sourcing network, 550 are women.

Importantly, Mountain Harvest creates the economic incentive for families to embrace women farmers, as their specialty buyers increasingly seek coffee with a great cause – and these buyers will pay a hefty premium. In fact, lots produced by women sell for an additional 10% premium on top of the higher price Mountain Harvest already pays.

WOMEN ON MOUNT ELGON



One woman leader is **Chekwoti Janet**, a single mother with seven children. Coffee is her main source of income. Through Mountain Harvest, she has a stable buyer consistently paying 10%-30% above market price. She has also learned to make organic compost and liquid fertilizer from materials sourced on her farm, saving her money on inputs and improving her farm's productivity. She is in charge of a VSLA.

Elizabeth Takhuli is a member of the Makali Group, which is mostly women. With Mountain Harvest's encouragement, her husband gave her some land and they now co-own their farm. In addition, by adopting better fertilization and growing techniques, her yields have flourished, and through her inclusion in a VSLA, she was able to pay off her debts. While she used to need money from her family in Kampala, she is now sending her family money in the city.



UPSKILLING THE COFFEE INDUSTRY IN UGANDA

Producing specialty coffee requires significant technical expertise from agronomy, to quality processing, to cupping (quality grading) and branding. Primarily a commodity coffee exporter, Uganda suffers from a limited number of professionals within the specialty coffee sector.

Mountain Harvest is solving the problem by developing and training the needed expertise in-house, with spillover benefits for the development of the Ugandan specialty coffee industry at large. For instance, it has established an apprenticeship initiative with Busitema University's Agribusiness and Extension Agriculture program, bringing students into its agronomy and coffee processing functions where they learn hands-on all facets of the business - a program that has been a key source of new employees. One former student, Ibra Kiganda, who is now responsible for training new employees and overseeing Mountain Harvest's five production facilities, recently won the African Fine Coffee Association's 2023 "best barista" award - a first for Uganda.

Cultivating skills is key for the business and the community. Most of the nearly 40 Mountain Harvest employees come from the Mount Elgon region, many of them youth from coffee-producing families. These professional jobs are a source of pride and equip them with transferrable skills in a growing industry, while still retaining links to their heritage. A critical shift for these families, as population growth and the economics of small farms means they increasingly need new off-farm income prospects.



Doselva provides traceable, organic spices sourced from smallholder farmers for premium international markets. The company currently sources from over 300 farmers in Nicaragua and Honduras and is growing quickly, having already doubled sales from 2022 with strong demand for the rest of the year. Current customers include companies like Gaia Herbs and Starbucks.

GUI talks to Doselva founder, Jefferson Shriver, about Doselva's rapid growth and how ensuring good agricultural practices and empowering farmers remains central to their success.

Q *Doselva provides a turnkey solution to introduce spice farming as an additional income stream for smallscale farmers. Can you tell me a little bit more about how you do that?*

A *The spices we introduce are entirely new crops for these farmers. There is not a wholesale substitution - the farmers wouldn't do that. They're conservative because they've got to put food on the table. So, what you see is usually a coffee farmer will take some land that may be fallow or used for an alternative, very low-profit product, or maybe even a subsistence crop that is sold on the open market, and then incorporates ginger, turmeric, and cardamom into his system.*

Sometimes the spices are intercropped, or when the farmer is doing a renovation of coffee plantations, pruning trees to the stub, you can have an open field and grow spices in between the rows of coffee while the coffee is growing back again.

Another important thing is that these crops are complementary to the coffee growing season. The coffee farmers with whom we work finish their coffee harvest in February or March and then go straight into turmeric or ginger. That enables them to have income during the lean season, which is oftentimes April and June, just before the rainy season starts.

Q *You also provide training as well?*

A *Yeah, we must really make sure that we make a difference with good services and training that help ensure a consistently high-value crop, as that translates to getting a higher price point or premium. That's another area where farmers are seeing the value addition of partnering with us. This year in particular, we're doubling down on training on regenerative agriculture, and focusing on good practices related to improving quality and yields.*

It's a pretty high investment per farmer for us. We are working on figuring out our extension model and having relationships with farmers to make it as efficient as possible. For example, the use of technology, the use of platforms, the use of cell phones, training of trainers, etc. We've got to figure it out because we're growing our number of farmers in our network by leaps and bounds.

Q How are you growing your network of farmers?

A Mostly word of mouth. We really haven't done any public campaigns on the radio or anything like that, but we've still made major strides in expanding our network from the 2023 to the 2024 season. We've quadrupled our overall projected outputs in ginger, and doubled turmeric. A lot of that has to do with farmers seeing the success of their neighbors and wanting to sign up.

Q You're also developing a "franchise model" to help increase business capacity as well, right?

A We're trying to grow the company by increasing the amount of raw material that we buy and the amount of volume that we export - and you can only do so much of that when you are operating from a central facility.



When doing all the processing in the central facility, we can do 10 containers per year. Not bad, but we want to grow beyond that. There is a lot of interest from both farmers and the market.

We started to think about decentralizing some of our processing and pairing that with collection centers closer to farmers, so that we're making our transportation more efficient.

So we set up collection centers in two of the three regions that we're working in, and by this time next year we'll have the third, and that is where the products from our smallholder farmers are collected, weighed, and sorted. This is also the basis for the franchise model.

Q What is the next step for these collection centers - how do they become franchises?

A Our aim is that those three collection centers will become hubs of value addition in those locations that will go beyond just weighing and sorting to include washing, and even slicing and drying.

With that in place we would establish a fully functioning franchise model, where we're training the leaders of the collection center to do everything, and we'd provide them a guaranteed market, at a better price for the material. So instead of, say, \$13.00 a sack, we're now paying them \$16.00 a sack because they're adding value to the material and decreasing our job here in our processing facility.

That's where I really want to go because I think that's what's going to enable the business to scale its model and for farmers to capture a lot more value.

At the end of the day, that's the whole spirit, these are last mile services that we're providing to farmers that otherwise would not be able to participate in formal markets. It will be interesting to see how it evolves.

Q GUI invested right at the end of 2022, part of that investment was to help both upgrade the processing facility in Nicaragua, but also to expand your program to Honduras. How are things going in Honduras?

A We are super excited about growing our Honduras program, where cardamom is the next big thing for us. I am especially excited about the agroforestry element, the forest mimicking what you already see in those systems.

A lot of farmers there are also growing allspice as part of their coffee shade systems. So, we are exploring having it as our second anchor crop. I think the growth there is going to be exciting for the business as well because we don't have to start from scratch.



DELAGUA: PRODUCING COFFEE MORE SUSTAINABLY

NATURAL PROCESSING IN THE SPECIALTY COFFEE MARKET

Delagua keeps environmental sustainability at the heart of its business. They promote a different way of processing coffee in Colombia to stay true to those values while still building a prosperous business.



Most coffee in Colombia is produced through ‘washed’ or wet processing. In this method, the coffee cherry is de-pulped, washed, and then dried. The water used for this has significant costs to the environment. Cenicafe, the National Coffee Research Center, found that wet processing methods in Colombia use 40 liters of water to process just one kilo of coffee, and the wastewater produced, if not managed correctly, can pollute rivers, streams, and lakes and be devastating to marine and freshwater wildlife.

Delagua wanted to do things differently. By using the ‘natural’ or dry processing method the cherries are harvested and then left to dry fully intact on patios or raised beds. This method uses less energy and requires little to no water. Using natural processing, Delagua has reduced the amount of water needed to produce their coffee by 90%.

Like wine, beer, or tea, coffee starts off as a fresh product, and how it is processed greatly affects the taste. Natural coffee picks up the flavors of the fruit as it dries, making a uniform final product more difficult, but it can produce more nuanced coffee with a deeper body and fruitier flavors. Washed coffee by comparison yields a less complex flavor and a lighter body but is often preferred because achieving consistency across products and years is easier.

Delagua prioritizes flavor (and the environment). By capitalizing on the richer, sweeter flavor that results from natural processing, Delagua produces high-quality coffee sold in specialty coffee markets. They control for consistency by managing the process from farm to final product. Using an inclusive community-based model, they train and work with small-scale farmers directly to grow and pick only the highest quality cherry. By selling the specialty coffee at a higher price, they can pay the farmers 30% premiums for their harvests.

Delagua’s model benefits the environment as well as the farmers and has helped put Colombia on the map as a high-end specialty coffee exporter.

BY THE NUMBERS

90%

*reduction
in water*













**4
MILLION**

*liters of
water
saved
annually*

\$400K

*paid
directly to
farmers*

OUR PORTFOLIO COMPANIES AT A GLANCE

Company	Location	Business Model	Impact Metrics
	Uganda	Vertically integrated agribusiness producing specialty coffee sourced from smallholder farmers	Sources from 1K+ farmers and pays 10-30% above commodity prices, implements income diversification projects and facilitates access to credit
	Colombia	Vertically integrated agribusiness producing specialty coffee sourced from smallholder farmers with water-saving processing techniques	Saves ~4M L of water annually. Sources from 26 families paying ~60% above commodity market prices
	USA (HQ), Subsidiaries in Guatemala, Belize, Europe	Transparent sourcing and trading of cacao from its own farms and global producers	Global sourcing networks of 10K+ farmers. Pays 50%-80% above market price, with \$2M+ paid to farmers in 2022
	USA	E-commerce platform disintermediating trade between producers and consumers	Provides additional sales channel to 3 portfolio companies
	USA Sources from Latin America & SE Asia	Superfoods consumer products sourced from smallholder farmers	Sourcing from 3000+ SMH, donates 5% of profits to eco-social projects
	Colombia	Monetizing regenerative agriculture & income diversification services	4 regenerative agriculture & income diversification approaches tested, such as bio-fertilizer and intercropping beans
	Colombia	Rehabilitating a coffee processing facility to empower a small growers association to produce and sell specialty coffee	Supports ~12 families with a new business activity
	Colombia	Sources & trades premium coffees from Colombia & Panama	Sources from 1K+ farmers & pays ~16% above market. A profitable business with partial proceeds going to supporting Biodiversal initiatives
	Ecuador	Vertically integrated agribusiness producing luxury chocolate from endangered cacao varietal	Works with ~90 families, pays 200%-700% above market prices in part by paying farmers to convert land to sustainable agricultural practices
	Canada Sources from Nicaragua	Produces and markets coffee leaf teas and ready-to-drink sparkling beverages	Provides additional income to 90+ farm laborers with an average of \$378 per year, which is 4x typical off-season wages
	Uganda	Vertically integrated business sourcing cacao from smallholder farmers and exporting specialty cacao and craft chocolate products	Sources from 4000+ farmers paying 15-25% above market, one of the first to produce premium bean-to-bar chocolate in-country
	Nicaragua & Honduras	Vertically integrated botanicals (spices) business that sources from smallholder farmers	Sources from 300+ farmers while helping them diversify into high value crops (3X+ per hectare value compared to commodity crops)

WHATS NEXT

We are more confident than ever that rural economies can be the scene of business and trade transformation that delivers high-impact economic development and climate change action creating healthier, more resilient ecosystems.

We are now exploring new investments in West Africa and the Middle East that build on the foundation of our work, while also pursuing tech-enabled services, carbon mitigation solutions, and climate technology that bring additionality to the existing business models and market systems in which we operate.

ABOUT CORUS

Corus International is an international development organization that unites an array of nonprofit organizations and businesses, each with specialized expertise – from health to technology to economic development to emergency response. Alongside communities and local partners in fragile settings, our expert teams integrate disciplines, approaches and resources to overcome poverty and suffering for those living in the world's toughest and most difficult circumstances. Our traditional and nontraditional approaches bring together the multi-dimensional, holistic solutions needed to truly achieve lasting change.

Corus features global public health leader IMA World Health, international development and aid organization Lutheran World Relief, technology for development consultancy CGA Technologies, impact investing firm Ground Up Investing, and direct-trade company Farmers Market Brands.

CONTACT

Email: info@groundup-investing.com

Ground Up Investing: www.groundup-investing.com

Farmers Market Brands: www.farmersmarketbrands.org

Corus International: www.corusinternational.org





GROUND UP INVESTING