

The Reciprocity Fund



VEGEXSA

Guatemala

Asociacion de Vegetales Exoticos (VEGEXSA) is a three-year-old association that collects, processes, and markets peas, green beans, avocados, corn, and blueberries from 100 smallholder families. Farmers are located in four rural communities of Santa María de Jesús, a municipality of Sacatepéquez, in the central highlands of Guatemala. Collectively, these farmers manage a total of 50 hectares of cultivated land. Vegexsa’s products are sold to distributors, which market them in Europe and the US. Distributors sell 80% of their products to European markets and the balance to the USA.

Indigenous farmers created Vegexsa to improve product pricing conditions and obtain benefits from development and technical assistance projects. Also, individual farmers couldn’t produce enough volume to serve clients sustainably and meaningfully. Vegexsa has helped them connect to the market and export their product, which would have been impossible without a collaborative approach. Additionally, exporting products can be challenging and expensive, and an individual farmer can hardly pay for it. As an association, farmers now have the certifications to reach other geographies and get better prices.

100% of Vegexsa’s members belong to the Kaqchikel indigenous community, and 40% are women. The Kaqchikel are Indigenous people descended directly from the Maya and are considered one of Guatemala's most influential ethnic groups. Santa María de Jesús has a robust textile industry, but over 80% of the population depends on agriculture. Agriculture is based on the production of corn, beans, and coffee. The horticultural crops are tomato, green beans, peas, carrots, zucchini, and avocado (haas and criollo).

IMPACT OVERVIEW

Description

Improve the quality of life of farmers with the production, collection and marketing of safe and high-quality vegetables produced in the central highlands of Guatemala.

No. of beneficiaries	100 families
% Women	40

COMMUNITY



Vegexsa provides technical assistance (fertilization plans and crop management) and workshops, secures the markets and provides financial support for purchasing inputs. The primary purpose of technical assistance is to boost productivity.

Vegexsa also provides safety equipment for pesticide application. The organization's Global GAP and organic certificates allow it to create favorable conditions for its members. Vegexsa improves smallholders' quality of life through fair prices and by delivering quality products to customers. To this end, the organization is working to obtain the Fair Trade certification to improve prices, leading to greater farmers' income.

Several entities support the association. The Ministry of Agriculture, besides organizing and inviting the organization to trade fairs, provides technical assistance and insurance in case of droughts or flooding. When extreme weather affects the crop, the Ministry pays each farmer directly for the production costs. On the other hand, the UNDP pays for 50% of the certification costs, representing the audits, and Vegexsa pays the balance as technical assistance to maintain the certifications. UNDP has supported the organization for the past two years. In 2023, UNDP gave 100 2,500-liter containers for water recycling (rain collection). This year, USAID is supporting Vegexsa with business management training.



Thanks to Vegexsa, small farmers have confirmed they no longer desire to migrate to the US. Working with the organization provides them with a secure and consistent weekly income. With less migration, Indigenous families can stay and work together, protecting their culture and traditions. The organization promotes and funds cultural festivals in the municipality to preserve and conserve Indigenous traditions and handicrafts. Vegexsa is passionate about its roots, and its vision is to maintain the customs for generations. For instance, they have a

mural project, and its purpose is to tell stories through murals, which reflect the traditions and their identity as Indigenous people. So far, they have financially supported three festivals (2022, 2023, and 2024), for which more than 50 murals have been made throughout the municipality.

The general assembly meets quarterly to provide information regarding financial performance and projects. Once a year, all the beneficiaries meet to vote and elect the president, treasurer, and other official roles. Small farmers also participate in project design and presentation to multilateral and government entities.

Impact Background and Delivery

Santa Maria de Jesus is a municipality located 55 kilometers from Guatemala City on the slopes of the Agua Volcano. 70% of the territory corresponds to the low mountain humid forest zone, while the remaining represents a tropical moist forest. These conditions are favorable for agricultural production. However, volcanic soil implies limitations for agriculture due to its stoniness and high slope. Agriculture is the main economic engine of the municipality, so the pressure on natural resources is high.

The municipality has an important natural reserve that includes the cone of the Agua Volcano, which is protected by law and is included in the National System of Protected Areas (SIGAP). Preserving and promoting organic farming is critical to the health of this fragile ecosystem. Vegexsa’s agricultural practices build soil which prevents erosion and maintains a healthy habitat for local flora and fauna. Additionally, water conservation and recycling programs ensure the long-term health of this land.



98% of the Santa Maria de Jesus population is indigenous (Maya-Kaqchikel ethnic group), preserving their historical cultural legacy through the Kaqchikel language. The problems of poverty are evident. 75% of the population lives in poverty and has high rates of illiteracy and unemployment. Low wages and insufficient formal jobs characterize the region.

Having a secure market for small farmers has given Vegexsa members a sustainable and consistent income source, allowing some of them to start buying land. Thanks to Vegexsa's commercialization, 10% of small farmers are now landowners. Generally, farmers rent the idle land from their neighbors where they produce snow peas and other produce, increasing production costs and reducing profitability for rural families. By being owners, they avoid paying rent, and there is a feeling of satisfaction. The fact of having a piece of land in one's name gives a sense of accomplishment, increases morale, and gives financial security since it is an asset that accumulates surplus value.

Snow peas are harvested every 100 days. There are two harvest seasons yearly, and the rest of the year is dedicated to producing other crops and rotating the land to maintain soil health. The peak season occurs from October to May, and a small one from June to September.

Snow pea sales account for nearly 90% of the association's yearly revenues. Consequently, 77% of the Association’s expenses are purchases of snow peas from members. Farmers earn USD 1,650 yearly from Snow pea production, and Vegexsa pays nearly USD 1 per kilo. In 2023, Vegexsa bought almost 170,000 kilos of Snow peas, a 20% increase compared to 2022. Vegexsa pays farmers weekly.



Farmers dedicate 50% of their time to pea production and the other half to other products, some for household consumption and some for local sale. They are motivated to work their land, as labor on other farms can only earn them less than 50% of what they generate through their crops.

Besides generating income for small farmers, Vegexsa creates job opportunities primarily for women involved in snow peas packing and quality control. Vegexsa employs up to 90 women during peak season and 40 in low harvest season. Women get paid USD 0.23 per processed kilo and earn up to USD 5 daily for four to five hours.

In the beginning, Vegexsa worked with only one client. By 2024, it had acquired four clients: Grupo CEIS, Uniespecie, FYV Selectos, and Transcafe. Clients pay on net 21 day terms after delivery; they do not make advance payments to Vegexsa This has hampered the Association’s ability to grow. Vegexsa sells a kilo of snow peas for USD 1.4.

Vegexsa signs supply contracts per harvest season with Grupo CEIS and Uniespecie; the rest work on a purchase-order basis. During the low season (June to September), prices can increase by 100%, and volumes decrease by around 20%.

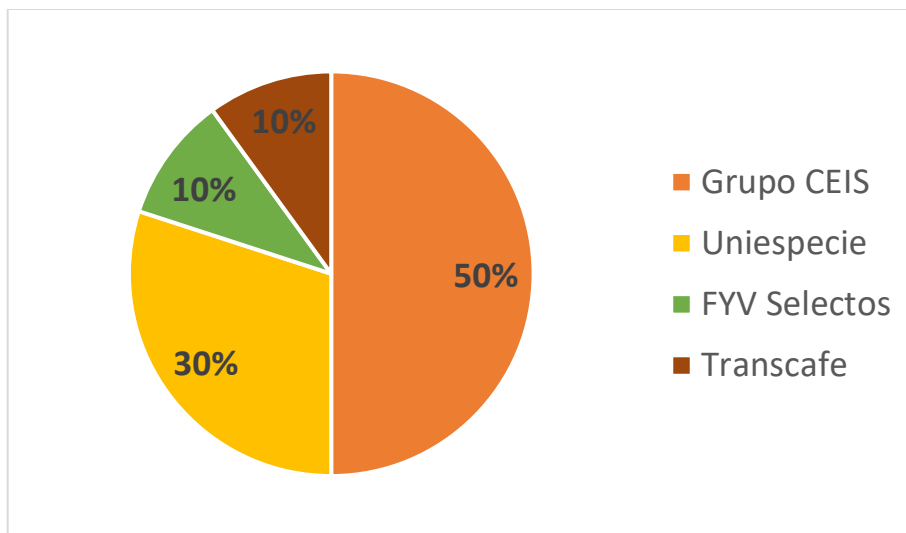


Figure 1 Revenue Participation 2024 August

We spoke with their four clients, who said the Association’s peas are high-quality. They are interested in increasing purchase volumes whenever Vegexsa can increase its production. They also valued the organization's importance in providing its beneficiaries with a better quality of life. The collective work Vegexsa is doing is attractive to clients, especially the current ones who export to the US and Europe. Grupo CEIS was Vegexsa’s first client and has been buying products for nearly three years.

We also spoke with Amarilis Yoc from Tikonel, a Guatemalan NGO that provides technical assistance to micro and small businesses in the country. Amarilis said Vegexsa is well-organized, hard-working, and entrepreneurial. Amarilis thinks this is an excellent opportunity to support them as the association is expected to grow. Tikonel provided technical assistance in 2021 when the organization was recently created. They prioritized organizing finances and working in the crop to obtain the Global GAP certification, which they accomplished. Amarilis had a great experience supporting them and is observing Vegexsa’s performance to provide more technical assistance in the future to keep improving their skills and capacities.

Products such as green beans, avocados, corn, and blueberries are sold in the local market every weekend. These transactions are not registered accounting-wise, as they are paid in cash directly to farmers. Snow peas are the only product registered in the accounting system, as they are sold to formal buyers for export.

Vegexsa has planted over 5,000 trees near riverbanks and clean water sources to protect the resource. The organization prioritizes protecting and conserving nature and primarily does it through organic agriculture. Vegexsa produces its organic compost and has organized a recycling program to collect all plastics with its beneficiaries. Plastics are picked up by intermediaries who process them into raw materials that are later sold to industry.

Outcome

<i>Improvement of livelihood</i>	<ul style="list-style-type: none"> • Support income generation for smallholder families, and involving women in the product processing. • Creates sustainable income that promotes economic independency and land ownership.
<i>Cultural preservation</i>	<ul style="list-style-type: none"> • Organize and fund festival and cultural events to promote their indigenous culture and traditions.
<i>Environmental preservation</i>	<ul style="list-style-type: none"> • Agricultural production under sustainable and organic practices. • Reforestation. • Recycling programs to collect plastics and maintain the ecosystems clean.