



**Aid for Trade Facilitation  
Case Study  
Walmart's Direct Farm Program**

**Introduction**

Walmart works with small farmers around the globe to enhance their capacity through technical training and market linkages locally and internationally. Through this program Walmart and its customers receive a higher quality product while farmers receive an increased and consistent income stream. Walmart partners with local institutions and governments around the world to create sustainable, scalable and replicable agriculture value chain programs.

**Company Information**

Wal-Mart Stores, Inc. (NYSE: WMT), or "Walmart," serves customers and members more than 200 million times per week at more than 8,900 retail units under 60 different banners in 15 countries. With fiscal year 2011 sales of \$419 billion, Walmart employs more than 2 million associates worldwide. A leader in sustainability, corporate philanthropy and employment opportunity, Walmart ranked first among retailers in Fortune Magazine's 2010 Most Admired Companies survey. Additional information about Walmart can be found by visiting [www.walmartstores.com](http://www.walmartstores.com) and on Twitter at <http://twitter.com/walmart>. Online merchandise sales are available at [www.walmart.com](http://www.walmart.com) and [www.samsclub.com](http://www.samsclub.com)

**Motivation/Issue Identified**

Food production must increase roughly 70 percent to feed the estimated 9 billion people who will inhabit the planet by 2050. Walmart believes it can help to address basic food insecurity by directly connecting farmers with markets, taking food waste out of the supply chain, motivating farmers to produce more with fewer inputs and to source key agricultural products responsibly. Walmart does this while also strengthening local economies and providing customers around the world with long-term access to affordable, high-quality, fresh food.

Outside the United States, Walmart is primarily a grocer. As such, developing a pipeline of quality affordable food is in the best interest of our company and our customers.

**Description of the Initiative**

In October 2010, Walmart launched its sustainable agriculture initiative. One of the core pillars of this initiative is to support farmers and their communities through a combination of direct sourcing and training in sustainable agricultural practices. A direct link to the retail supply chain and shared best practices including the optimal amount of water, pesticides and fertilizers, builds capacity of small-scale farmers, moving them toward demand-driven production that improves operations and product quality.



This program not only creates new agricultural entrepreneurs, but also generates a consistent source of high-quality produce for our stores. In addition, suppliers are not limited to selling only to Walmart, but other purchasers as well. Farmers reap benefits like competitive prices, reduced risk, and increased income.



In emerging markets, Walmart has set a goal to sell \$1 billion in food sourced from 1 million small and medium farmers by the end of 2015. We expect one half of the trained individuals will be women. Walmart believes this initiative will raise the income of the small and medium farmers from which Walmart sources by 10 to 15 percent.

Each of Walmart's direct farm programs is tailored to meet local conditions and challenges. In some countries, such as China, we partner with national governments to offer necessary technical assistance. In others, we may work with development agencies such as USAID or IFAD.

In March of 2011, for example, Walmart signed a Memorandum of Understanding with USAID linking Feed the Future, the U.S. government's global hunger and food security initiative, with Walmart's Global Sustainable Agriculture Goals. The USAID-Walmart regional agreement builds on experience gained from previous collaborations in Guatemala, Honduras, Nicaragua and El Salvador. We have learned that formal relationships between the suppliers and the corporate buyers provide the long-term perspective necessary to ensure the sustainability of the program. We have also realized that small farmers benefit greatly when buyers explain their quality and quantity standards and share their production calendars.

Below please find examples of country programs.

#### *Central America*

Central America enjoys an abundance of land and farmers. With a little education and investment, these farmers are capitalizing more than ever before on opportunities to bring a wider variety of fruits, vegetables and grains to markets across the region.

Through Walmart's Tierra Fértil (translation: Fertile Soil) program, we continue to support farmers in Costa Rica, Nicaragua, Honduras, Guatemala and El Salvador in diversifying their crops to meet real market needs. A specialized group of agronomical engineers advises local farmers on seed and crop quality, soil use, yields, maturity, safety, responsible use of agrochemicals, crop rotation and more.



Tierra Fértil has assisted over 2,200 farmers and improved the quality of life for more than 16,600 Central American families by purchasing over \$1.1 billion pesos (\$90 million USD) in fruit, vegetables and grains. In addition to the economic and social value created, the consultancy, training and processes ensure a supply of quality products for our stores. Local production development also reduces distance to market, resulting in fewer greenhouse gas emissions.



### *India*

Building a successful Direct Farm program that has grown to 800 farmers in India since its initiation in December 2008, Bharti Walmart expanded its model into Delhi, Uttar Pradesh and Maharashtra in 2010. By the end of 2010, approximately 15 percent of the vegetables sold in our Bharti Walmart stores were through the Direct Farm program.

Through this program, we work directly with local farmers to encourage the cultivation of safe, high-quality seasonal vegetables. In an effort to improve quality and reduce waste, field agronomists visit these fields at every stage of cultivation, from the leveling of land, nursery and transplant, to nutrient management, harvest and post-harvest. The Bharti

Walmart program provides quality fresh produce to retail stores, while enhancing the net incomes of local farmers through better agronomic practices.

### *China*

Walmart China has successfully engaged 473,999 farmers into our Direct Farm program in 2010, bringing the total to 757,149. We strive toward the goal of engaging 2 million Chinese farm workers and reducing produce waste by 15 percent by the end of 2015, while upgrading 15 percent of Direct Farm program products from Green to Organic certified.



### *Brazil*

Through Walmart Brazil's Producers' Club (Clube dos Produtores), we are negotiating directly with more small- and medium-sized farmers across the country than ever before. By the end of 2010, the Producers' Club featured 8,400 producers in more than 300 cities of 11 Brazilian states. These producers have been screened to ensure compliance with labor laws and environmental standards. In addition to the new business opportunities direct contact has opened for these farmers, our customers are now receiving fresher, locally grown fruits and vegetables at affordable prices.

### **Impact of the Initiative**

Our direct to farm program has resulted in demonstrable development gains. In addition to increased farmer income, we have seen school participation increase in farmer communities. After several years in our programs, farmers begin to seek capital for vertical integration of value added production (e.g., washing and packaging facilities). In addition, once farmers meet local demands we find instances when they are able to export surplus production around the globe.