Third consultative Forum
Access to Credit & Risk Management
Objectives

Add to the Body of Knowledge

New Methodology

Actionable Results
Access To Credit & Risk Management

Qualitative Research
- Farmer Aggregation

Explored Methodologies
- Case Studies
- Force Filed Problem Solving Model

Sought Experts
- Diverse
- Geographically
- Supply Chain
- Disciplines
Overview of Day

Presentations
• Aggregation Opportunities & Challenges
• Farmer Organization & Aggregation
• Sustainable Commodity Chains

Case Studies
• Pre-Cooperative
• Emerging Phase (2)
• Growth Phase (2)
• Established
• Mature

Force Field Model
• 105 Driving Forces
• 82 Restraining Forces

Strategies
• Developed for Priority forces
• Strengthen Driving Forces
• Weaken Restraining Forces
Presentations

• Aggregation Opportunities and Challenges
  • Dan Zook, Dalberg
  • Potential Opportunities
  • Why they aren’t realized

• Farmer Organization & Aggregation
  • Alex Serrano, NCBA/CLUSA
  • Seven Cooperative Principles

• Sustainable Commodity Value Chains in Asia
  • Lakshmi Venkatachalam, ADB
  • Commitment to inclusive & Sustainable Growth
  • Food security
Case studies
Recurring themes

- Governance & Management
  - Need for strong & competent leadership
  - Freedom from political bias & government intervention
- Capacity & Training
  - Lack of farmer technical capacity
  - Cooperative staff competency
- Quality Vs. Quantity
  - Members often conflicted, impacted by market realities
  - Need for management to make the case for quality
- Sustainability
  - Balancing short-term against long-term priorities
- Risk Management & Price Volatility
  - Increase access to sources of finance - multiple channels
  - Crop diversification
  - Access to certification programs paying premium
Force field problem Solving model

- Priority Driving Forces
  - Market incentives for farmers to organize
  - Examples of successful coops
  - Management & Leadership Skills

- Restraining Forces
  - Lack of female participation
  - Lack of education about coops
  - Poor legal framework & corruption
  - Risk aversion & risk management
Driving forces
Restraining forces

82
implementing strategies
Market Incentives to organize

- Market forces
- Economic incentives
- Enabling environment
- Create market incentives to produce in quantity
- Identify buyers and encourage them to purchase from organizations which meet certain standards
- Buyers bring financial institutions to the table
- Role of certification agencies
Management & Leadership Skills

• Identify young powerful leaders, possibly through exchange programs
• Identify management development programs and disseminate this information
• Human resource development for all levels of management, particularly in administrative skills such as accounting or auditing
examples of Successful Coops

- Prepare case studies of successful cooperatives
- Identify failures
- Establish a competition for donors or other institutions to identify and work with the best case study
- Establish a competition for the best cooperative to encourage participation
- Create an exchange program between successful and less successful cooperatives, or between cooperatives in different geographic regions
Lack of female participation

- Eliminate legal constraints that prohibit or limit female participation, particularly with respect to property rights
- Develop policy advice to governments on gender integration
- Encourage buyers & financial institutions to require a minimum percentage of female participation
- Devise special financing facilities for female cooperatives
- Mandate minimum percentage of female members in cooperative regulatory framework
lack of education about coops

• Introduce the fundamentals of farmer organizations into the curriculum in primary schools
• Train farmers’ children on the basics of management skills necessary for successful cooperatives, for example accounting or agronomy
• Train farmers on aspects of the coffee trade beyond farming, such as financial management
• Provide training on the rights, responsibilities and obligations of cooperative membership
• Educate bankers and buyers about cooperatives and farmer organizations
risk aversion & risk management

- Inform non-members about the potential benefits of organization: access to finance and reduced risk exposure
- Educate farmers on how to appear less risky to financial institutions, for example by diversifying crops/revenue streams
- Promote both vertical and horizontal diversification
- Identify potential mechanisms to provide finance to cooperatives, to develop appropriate risk management techniques
Poor legal framework & corruption

- Develop a transparency scorecard system, along the lines of those used by certification standards
- Provide governance training that includes oversight and fiduciary responsibility
- ID best practices, including current laws, regulations and policies which are conducive to farmer organization
  - Identify success scenarios and ID common characteristics
  - disseminate such information to governments, cooperative members and the private sector
- Develop a code of ethics or conduct
What Action(S) are we Going to take?
POSSIBLE ACTIONS

• Gain additional insight about Priority Forces
  • Core Group Level
  • Future Forum
• Direct Action on Strategies
• Act as a Catalyst
What Action do we take?
• **Priority Driving Forces**
  - Market incentives for farmers to organize
  - Examples of successful coops
  - Management & Leadership Skills

• **Restraining Forces**
  - Lack of female participation
  - Lack of education about coops
  - Poor legal framework & corruption
  - Risk aversion & risk management
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