



Building capacity for smallholder cooperatives to manage risks: Challenges and Opportunities

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About Twin Trading

Twin Trading has been working exclusively with smallholder farmer organisations for over 25 years.

Our trading model is to invest all our profits into Twin, our charitable arm, for projects that strengthen the business activities of our supplying cooperatives.



Background

- Evolved from volatility of the late 1990s
- Countries covered
- Smallholder producer organisations
- Funding



Methodology

- Strengthening internal controls
- Participative
- Presentations and team exercises
- Scalable/adaptable
- Seasonal
- CL@ASE – online tool (www.claase.org)



What does the workshop
look like?



Workshop example

<i>Session: Day 1: Risk Management</i>			
<i>Date and time: 10.10.11 from 14:00 to 18:00 hours</i>			
OBJECTIVES	ACTIVITIES	TIME AND PERSON RESPONSIBLE	
Arrival	Welcome presentation and registration of participants	14:00-14:30	CGCJ
Introduction to risk management	Presentation of workshop objectives and programme of work	14:30-15:00	Jos
Crop assessment and risks	Establishment of groups; discussion of crop outcomes on the basis of a list of subjects	15:00-16:15	Jos
	Crop assessment presented by each group		
	PPT presentation of selected subjects		
	Coffee Break	16:15-16:30	
Trends and fundamentals	PowerPoint presentation: Supply and Demand Fundamentals	16:30-17:00	Jos
	Exercise: Sales	17:00-17:30	
	PowerPoint presentation: Market Niches	17:30-18:00	
TASKS	Three persons summarize lessons learned during the day for presentation next day		
	Dinner	19:00	



Workshop example

<i>Date and time: 11.10.11 from 08:00 to 18:00 hours</i>			
OBJECTIVES	ACTIVITIES	TIME AND PERSON RESPONSIBLE	
Summary of previous day's activities	The three designated persons present a summary of the subjects discussed and the main lessons learned.	8:00-8:30	3 participants
Fair Trade contracts and prices	PowerPoint presentation: FT prices and contracts; new standards and behaviour in highly volatile and high prices market.	8:30-9:30	Jos
	Exercise: Calculation of Fair Trade prices and break-even points	9:30-10:15	
	Coffee Break	10:15-10:30	Jos
Futures markets and Price fixing	PowerPoint presentation: functioning of commodity exchanges; speculation and price fixing	10:30-11:30	Jos
	Exercise: Price fixing/calculating margins	11:30-12:30	
	Lunch break	12:30-14:00	
Prospects 2011/12	Analysis of possible crop scenarios	14:00-14:15	Jos
	Plenary discussion: Strategies and tools to be used for possible scenarios.	14:15-15:00	
Follow-up	Discussion and agreements: how to follow up implementation of lessons learned during harvest season; coordination	15:00-16:00	CGCJ
	Coffee Break	16:00-16:15	
Evaluation	Fill in evaluation forms	16:15-16:45	Jos
	Dinner	19:00	



Challenges

- Management capacity
- Finance
- Available tools
- Currency risk
- Time constraints



Opportunities

- Improve business efficiency
- Supply assurance to traders/roasters
- Assurance to lenders
- Encourage producer organisations to access international markets directly



Summary

- Risk management course focused on Latin America
- Evolved methodology tailored to participants' reality
- 2-5 day participative workshop for general, commercial and finance managers
- Risk management support needs to be ongoing
- Increases producer business efficiencies
- Reduces risks for lenders and buyers
- Lack of management capacity a challenge
- Lack of access to currency tools



Thank you

www.twin.org.uk

