



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

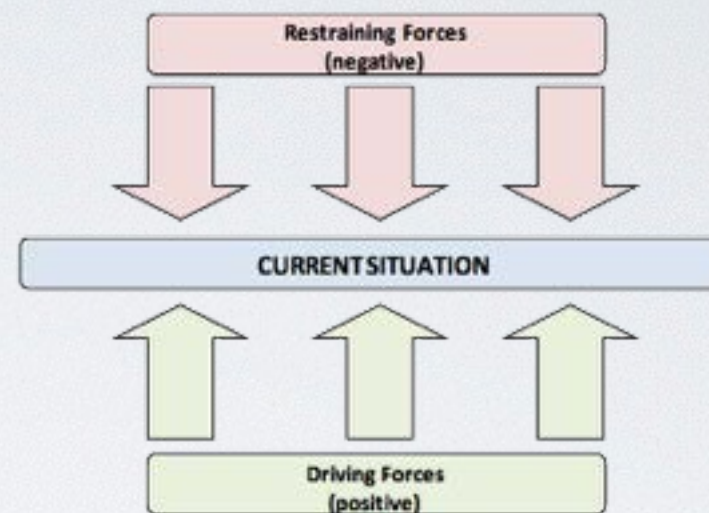
- Case Studies
- Force Filled Problem Solving Model



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

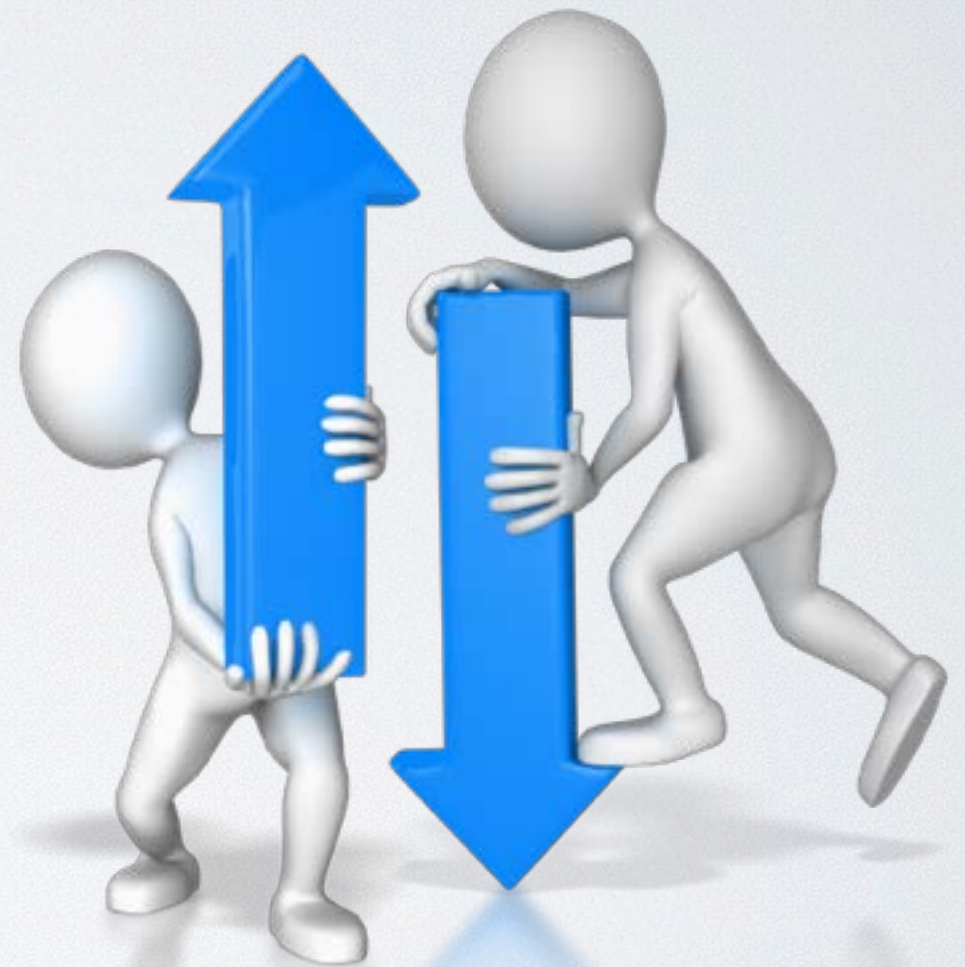
Recurring themes

- **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 105

- ★ Cheap financing
- Economics of Scale
- Demand
- Strong Coop. Movement
- Presence of Catalyst
- Access to finance

- ★ The Next Generation
- Transparent Communication
- Internal Trust Development
- Loyalty

- Increase devel. of Rural Infrastructure
- Regional Economic Devel.
- Internet
- Global Trade
- Desperation
- Obtain Critical Mass for down stream process
- Ability to Apply Complex techs
- Security for farmers & their assets

- Follow up of Statistics by Regulatory Bodies
- Regular Supply of Basic Needs
- Distribution of Agr inputs
- Promotion
- Supply of basic needs at a fair price
- Long term Planning
- Self Respect & Confidence
- Agricultural insurance

- ★ History of Organ
- Desire for higher
- Presence of Leader
- Strong Church Groups
- Regulatory Environ.
- Strong Common Political Party
- Organized Mkt Sys
- Trust
- Expansion of Success

- Social & Community Ser.
- Adaptation to Climate Chg.
- Tariff
- Storage
- Logistic of how to over power
- Peer Pressure
- Basic Research
- Credibility
- Reduced transaction Costs
- Efficiencies

- ★ Donor + NGO Press.
- Farmer Problems
- Withdrawal of Govt
- Environ. Pressures
- Need for Higher Prices at Farm Gate
- Need for inputs
- Continuity of Income stream
- Greater Accountability

- ★ Respect for Rule of Law
- Common threats
- Common Religion
- Culture
- Common Ethnicity
- Low Coffee Prices
- Common Cuisine
- Info. Technology
- Peace & Stability

- ★ Lack of Competition
- Democratic Culture
- Open Mindedness
- Common buyer
- Vision
- Land title
- ~~Land~~ ownership
- Mgt Skills
- Leadership
- Strong Ext. Services - Police or Army

- ★ Dissatisf. & Current System
- A Significant Event
- Literacy
- Homogen. Groups
- Optimism
- Difficulty Compel. & firms
- Corruption
- Infrastructure

- ★ Need for Finance
- Need for ↑ Product
- Demand for Quality
- Demand for Cost
- Demand for Quantity
- Economies of Scale
- Access to Info
- Dem. for Comm. Service
- Dem. for Traceability

- Community Activism
- Consumer Interest
- Mkt. Access
- Bargaining Power
- Access for Q
- Pre + Post Natal Care
- Banks looking for clients
- Higher Farm + Soc Educ. Policy
- Demand for Sustainable Cages

- Need for Improved Leadership
- Good Examples / Success Stories
- Farmers Voice in Policy making
- Power base for politics
- Mkt integration
- Higher Profitability
- Mkt Networks of Retail Business
- Reduced Cost of collecting Nat'l data

Restraining forces

82

Risk Adverse

- Lack of Support from NGOs Etc
- Conservative thinking
- Poor Communication
- Cost
- Isolated farmers
- Impact of Climate chg.

Lack of Educ. About Coops

- Discrimination
- Urgent + basic needs
- Under Education Rep.
- Little capacity to ↑ Educ levels
- Very Transparent + effie. Mkt. Sys.
- Rebel thinking
- Conflict
- Poverty
- Cycles

No payment Selfishness

Geograph. Location

- Lack of Understand. in Bank. Sector. Ad. Coop
- Lack of Compet. in Bank Sector
- Hunger
- Isolation

↑ Cost of Borrowing

Price Volatility

- Insecurity
- Poor Support of Financial Institutions.

Restraining Forces

Legal Framework

- Politics
- Bad Experience
- Vested Interest
- Mkt. Trust
- Cooper. Leadership
- Monopolies
- Profitable for some
- Unfair competition
- Syos
- Skill base
- Lack of Information

Conflict

Adverse Regulation

fear of change

Institutional Resist.

Ignorance

Lack of trust

Ace

Lack of Resources

Lack of good mgt.

Aversion to Rules

Aversion to change

Forced Resettlement

- Absence of Expected Results
- Perceptions Abt. Coops.
- Forced Organization
- Mkt. Conceptions
- Short term thinking
- Reverse Incentives
- Lack of Young members

Non-Transparency

Lack of Leadership

Mentality of Dependency

Patriarchalism

Poor Information dissemination

No Recognition of ♀ Role

Poor Infra Infrastructure

Lack of ♀ Participation

Ownership Status

Corruption

Not Enough Good leaders

Not Enough Good models

Lack of Govt capacity for Coop develop

Lack of time

Unfeasible Coop models

The Law

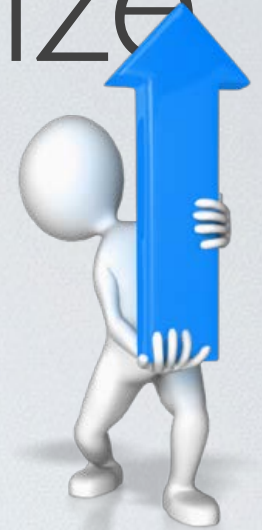
Financial Sector Support of Coop



implementing strategies

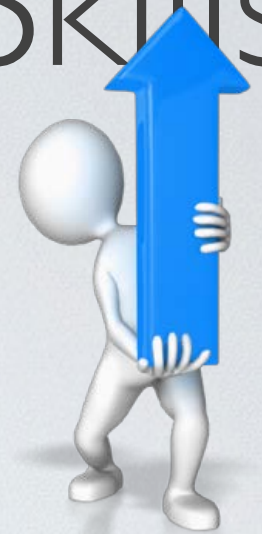
Market Incentives to organize

- 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



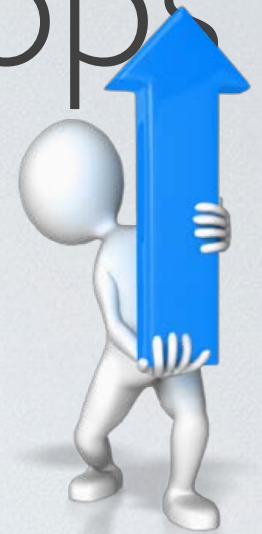
Management & Leadership Skills

- 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



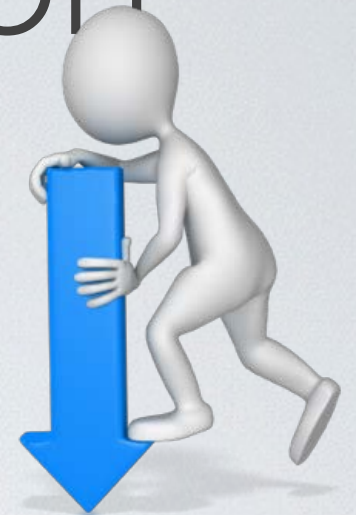
examples of Successful Coops

- 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?





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- Management & Leadership Skills

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