

Helping farmers improve their business skills in Huehuetenango, Guatemala

ecolaboration
more, together

NESPRESSO

© Nestlé Nespresso S.A., Corporate Communications, March 2011

AT A GLANCE

- In 2010, *Nespresso* funded a 12 month project to provide business training to six coffee cooperatives, with over 300 farmers in Huehuetenango, Guatemala.
- The training aimed to develop their accounting practices and ensure effective financial decision-making to improve the profitability of their farms.
- The project has been extended for a further 12 months and in 2011 could benefit up to 650 farmers.

ACTIONS & RESULTS

BETTER BUSINESS SKILLS

In 2010, six coffee growing associations and cooperatives, with over 300 farmers in Huehuetenango, Guatemala, received support, advice and training to better manage their own credit systems, improve their accounting practices and ensure effective business decision-making. Root Capital, a non-profit social investment fund that is pioneering finance for grassroots businesses in rural areas of developing



Collective training

countries, provided a tailored financial management training program, consisting of a series of 15 different training workshops and one on one coaching.

As a result of the training, farming groups better understand how to gain access to credit to make the investments required to improve sustainability and productivity. And this access to credit, combined with the skills gained, will help the farmers run more profitable businesses, thereby increasing their incomes and improving the quality of life for their entire family.



WHY WE CO-FUNDED THE PROJECT

Every smallholder coffee farmer working with *Nespresso* tends to have a natural instinct for business, even if they do not have a formal education. They certainly know how to grow exceptional coffee! But often, gaps in their knowledge mean they can struggle to manage their farms profitably. Recognising the importance for farmers to develop good business skills, our partnership with Root Capital aimed to provide the training to help farmers grow financially successful coffee businesses.



Guatemala, Huehuetenango

As a result of the training, farming groups better understand how to gain access to credit to make the investments required to improve sustainability and productivity. And this access to credit, combined with the skills gained, will help the farmers run more profitable businesses, thereby increasing their incomes and improving the quality of life for their entire family.

OUR APPROACH

A LONG TERM PARTNERSHIP

Root Capital's business training program consists two elements: of advice and support to improve access to credit and financial management training to make better business decisions.

The modular training program funded by *Nespresso*, included a number of components covering basic accounting, internal credit management, organizational management and financial planning. Initial financial management assessments identified that many farmer groups had difficulty interpreting, analysing and reporting financial information. Based on these initial assessments, Root Capital worked closely with farmers to develop individualised workplans, which were implemented through tailored workshops and one on one coaching.

OUR PLANS FOR THE FUTURE

The project was so successful that *Nespresso* has already committed to extending the program with Root Capital for 2011. The project will now reach an additional four cooperatives and could benefit up to 650 farmers, helping even more farmers increase the profitability of their businesses, improving the quality of life of coffee growing communities and contributing to the economic development of the Huehuetenango region.

WHAT THE EXPERTS SAY

"A lot of small farmers do not have formal education and although they know about production and market access they do not keep track of their costs or are



Business skill training provided by *Nespresso*

unable to request a credit line. By being able to manage their own credit system the organisations can lend to their own farmers in a responsible manner as they can make loan assessments for each farmer based on their production capacity, their ability to repay their loan and other factors. This ensures that their loan fund can function in the long-term thereby benefiting more farmers.

These organisations now have a strategic plan, a clear governance and hierarchical structure, and five out of this six organisations will now be able to request loans. To achieve this, we conducted about fifteen different workshops, trained about 300 farmers and provided technical assistance. Most workshops were conducted in each organisation and personalised according to their needs. We used a lot of games and metaphors to make it easier for famers to understand the topics.

To our satisfaction, famers were very interested in our workshops and would call to ask when the next workshop would be held."

Margarita Chojolán,
Project Manager, Root Capital



Individual training



Farmers following the program