

# HELPING FARMERS IMPROVE THEIR BUSINESS SKILLS IN HUEHUETENANGO, GUATEMALA



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NESPRESSO®

Factsheet 2.3 | June 2013

## 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 project was extended for a further 12 months in 2011. Between 2011 and 2012, five coffee growing associations with over 250 farmers received additional support, advice and training to manage their own credit systems.
- The training aimed to develop their accounting practices and ensure effective financial decision-making to improve the profitability of their farms.

## ACTIONS & RESULTS

### BETTER BUSINESS SKILLS

In 2010, *Nespresso* funded a 12-month project providing business training to six coffee cooperatives with over 300 farmers in Huehuetenango, Guatemala. As part of the project, farmers could access financial management tools, including computers and accounting software, to improve their day to day financial management. *Nespresso* extended the project for a further 12 months in 2011. 250 farmers from five of the six coffee growing associations who participated in the first phase received additional support, advice and training to improve the management of

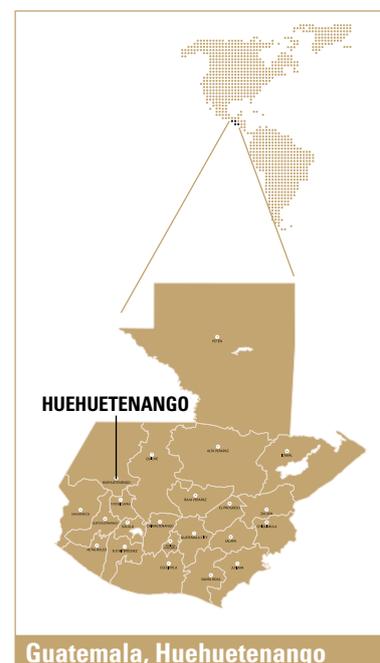
their finances and to ensure that good accounting practices were being followed on their farms. Root Capital, a non-profit social investment fund that is pioneering finance for grassroots businesses in rural areas of developing countries, provided a tailored financial management training program, consisting of a series of 40 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 all farmers in the coffee cooperative 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.



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Collective training

## OUR APPROACH

### A LONG-TERM PARTNERSHIP

Root Capital's Financial Advisory Services program provides training to develop financial management systems alongside rural business managers. This program prepares producer organisations to access credit, to make better business decisions and accelerate financial growth.

The modular training program funded by *Nespresso* included a number of components covering basic accounting, internal credit management, organisational 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 farming groups to develop individualised workplans, which were implemented through tailored workshops and one on one coaching.

The project was so successful that *Nespresso* extended it to Costa Rica with 38 farmers trained by INCAE Business School in 2012.



**Business skills training provided by Root Capital**

## WHAT THE EXPERT SAYS

*"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 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 more of the organisations will now be able to request loans. To achieve this, we conducted about 40 workshops, trained about 300 farmers and provided additional 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 farmers to understand the topics."*

*"To our satisfaction, farmers 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**