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**Status report on the preparation of the
Producers' Guide**

**Strengthening the commercial, financial,
management and business capacity of small coffee
producers/exporters in Mexico and Nicaragua**

Background

This document contains a status report on the preparation of the Producers' Guide which is being developed by an independent consultant to facilitate dissemination of the results of the project to strengthen the commercial, financial, management and business capacity of small coffee producers/exporters in Mexico and Nicaragua".

Action

The Council is requested to note this report.

Status report on preparation of the Producers' Guide

Based on the CFC/ICO 16 Project: Strengthening the commercial, financial, management and business capacity of small coffee producers/exporters in Mexico and Nicaragua

Background

1. In 1999 the Executive Board approved a project proposal to “Strengthen the commercial, financial, management and business capacity of small coffee producers/exporters in Mexico and Nicaragua” for submission to the Common Fund for Commodities (CFC). The project was approved by the CFC in late 2000 and Twin Ltd. was designated as Project Executing Agency (PEA). The project itself began in early 2002 in Chiapas, Mexico and Matagalpa, Nicaragua and was planned to last approximately three years.

2. The project was completed in June 2005. In both Mexico and Nicaragua core cooperatives were identified along with their peripheral cooperatives for training and education. Whereas in Mexico the majority of the programme of training was focussed on the core cooperatives, in Nicaragua the emphasis was placed more on peripheral cooperatives. This was largely due to the market structure. The programme of training concentrated on a series of three modules:

- (a) Training for Cooperative Directors and Delegates to general assemblies to ensure consistent understanding of the structure of the organisation and its functioning; more in-depth understanding of the coffee market and processes for coffee exports; members to have some basic tools for planning and control of business processes (planning, accounting and finances), as well as improved internal communication within the Assembly and between the cooperative and the communities within which they operate;
- (b) Development of Internal Control Systems to maintain and improve quality control throughout processing and between cooperative members (especially relevant for production of organic coffee and fair trade coffee to ensure compliance with international standards) and training of cooperative members to appreciate the need for control systems and the need to adhere to them;
- (c) Introduction of a systematic process for Planning, Implementation and Evaluation of cooperative activities. This included setting clear objectives for cooperatives, development of programmes of activities designed to help meet those objectives, monitoring of results and evaluation of results compared to objectives to aid the next planning cycle.

3. During the course of the project the PEA developed an extensive range of materials, exercises, presentations and educational and training documentation.

Development of a Producers' Guide

4. Recognising the wealth of information and materials developed during the ICO/CFC project, the ICO and the CFC foresaw the potential relevance of the materials and methodologies to a wider audience, namely cooperatives and potential cooperatives in other countries and regions. To extend the usefulness and application of the materials developed by the PEA, in July 2005 a consultant was engaged to review the materials that were developed to date and consolidate them in a Producers' Guide which could serve as a manual on how to set up a coffee cooperative and operate it effectively.

5. In August 2005 the consultant reviewed the materials developed to date and travelled to Mexico and Nicaragua where she met representatives of the PEA and cooperatives.

6. Based on the information available a format for the Producers' Guide has been developed and the information is being translated and edited for inclusion in the Guide. The Producers' Guide is likely to include the following:

- (a) Rationale for establishing a cooperative and developing community relations
- (b) Legal structure of cooperatives and organizational requirements
- (c) Cooperative Operations and Management
 - Staffing
 - Operational requirements
 - Basic budgeting
 - Access to Credit
- (d) Cooperative Activities
 - Planning
 - Financing, Price Risk Management
 - Quality Control
 - Marketing
 - Export procedures
 - Activity Evaluation
- (e) Development of Cooperative membership

7. In some instances documentation of topics remains under preparation by the PEA, Twin. Twin expects to complete the documentation and editing of all materials by early October 2005. Following submission of the materials to the Consultant a draft Producers' Guide can be completed for submission to the ICO and the CFC for comments. This is expected to be by early November 2005.