



Developing Smallholder Group Agroenterprises through Savings and Internal Lending Communities

EXPERIENCES AND LESSONS FROM TWO COFFEE DEVELOPMENT
PROJECTS IN LATIN AMERICA

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Acronyms

AAC	Asociación Agropecuaria Campesina (Agriculture and Livestock Association)
AEO	Agricultural Extension Officer
ASCA	Accumulating Savings and Credit Association
CIAT	Centro Internacional de Agricultura Tropical
CRS	Catholic Relief Services
FA	Field Agent
MAC	Margaret A. Cargill
MoFA	Ministry of Food and Agriculture
SAS	Sociedad de Acciones Simplificada (Simplified Share Company)
SILC	Savings and Internal Lending Community
SMART	Skills for Marketing and Rural Transformation

Acknowledgments

This publication summarizes the principal findings of a study undertaken to examine the use of Savings and Internal Lending Communities (SILC) as a platform for the development of smallholder farmer group agroenterprises.

The full report of the study, “Contribution of Savings and Lending Groups to Collective Enterprise Development: A Learning Study of the Experiences of the Colombia Borderlands Project and the Guatemala Green Coffee (Café Verde) Project” (Contribución de los Grupos de Auto Ahorro y Préstamo al Desarrollo Socio-empresarial: Un Estudio de Aprendizaje de las Experiencias del Proyecto Borderlands, Colombia y del Proyecto Café Verde, Guatemala) was presented to Catholic Relief Services’ (CRS) Latin America and Caribbean Regional Office in February 2020. Authors of the study were Rupert Best (rupertbest@gmail.org), Mabel Guevara (mabel.guevara@crs.org), Paola Benavidez (paobenavidesn@gmail.com), Jayron Zaldana (jayron.zaldana@crs.org) and Andrés Montenegro (andresmontenegrojaramillo@gmail.com). Photos are compliments of Neil Palmer/CIAT and Silverlight for CRS.

Participants in the Borderlands and Green Coffee (hereafter, Café Verde) projects—including managers, technical teams, and farm families—collaborated by sharing their experiences and opinions on how the SILC methodology contributed to the creation of collective, commercially oriented organizations.

The public and private sector research and development organizations staff who partnered with CRS also provided important insights on factors that either positively affected or limited respective projects’ outcomes. Alexander Buriticá, Universidad de los Andes, participant and co-author of the Borderlands’ Baseline and Final Evaluation studies, provided the quantitative information to compare the changes in income of beneficiary families in the project’s three regions.

Developing Smallholder Group Enterprises through Savings and Internal Lending Communities

Smallholder farmer organization

INTRODUCTION

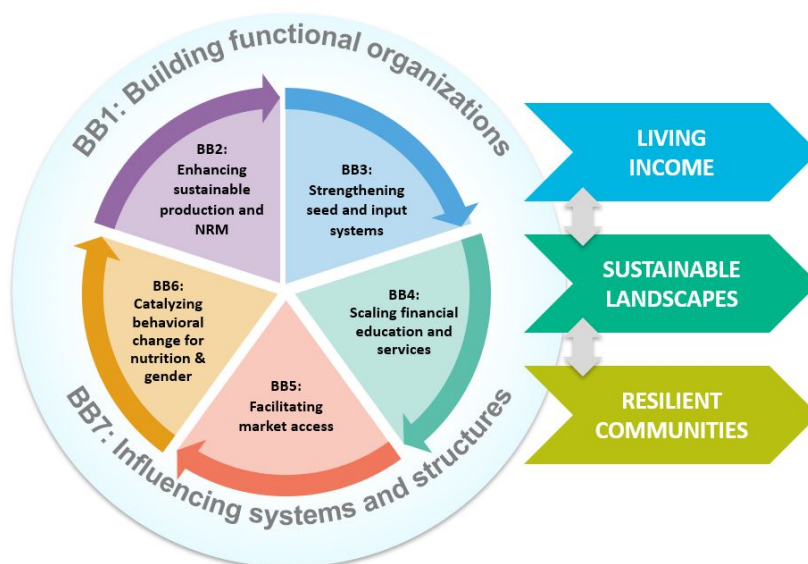
A large proportion of people living in developing countries depend on agriculture for their food and income. It is estimated that over 30 percent of the world's food is produced by smallholders who cultivate on less than two hectares of land per farmer.¹ Most struggle with low productivity, vulnerability to environmental change, market volatility and poverty.

Drawing these smallholders together into organizational groups has the potential to help them lay a secure foundation for their farm enterprises—providing economies of scale, improved profitability and opportunities for the next generation of farmers. The on-the-ground development of these organizational groups is challenging, however. Options need to be carefully tailored to each local situation, which requires local knowledge and gaining the confidence of the people and their leaders.

Building and strengthening these smallholder farmer organizations has been and continues to be a challenge for Catholic Relief Services (CRS).

ROLE OF COLLECTIVE ENTERPRISE

FIGURE 1. SEVEN BUILDING BLOCKS FOR AGRICULTURAL LIVELIHOODS THEORY OF CHANGE



Building functional farmer organizations is one of the seven Building Blocks of CRS' Agriculture and Livelihoods Program Theory of Change (Figure 1).² This recognizes that the most effective way to create and consolidate functional farmer organizations is to generate strong trust and cooperation among its members. This cooperative spirit is the base upon which joint planning of effective agricultural production and marketing investments can be built. Working together, farmers can buy seeds and other farm inputs in bulk, greatly reducing cost. Collective marketing of farm produce can help them obtain better prices in the market, which in turn increases their income. Additionally, strong farmer organizations can more readily access technical assistance and training to improve their

technical, financial and business skills—options not readily available for unorganized smallholder farmers.

ROLE OF SAVINGS AND INTERNAL LENDING COMMUNITIES

For more than a decade CRS has included the SILC methodology in food security and agricultural development projects—both as a complement to production and marketing interventions and to provide skills in group organization and financial management.

SILCs are a type of community-based Accumulating Savings and Credit Associations (ASCAs), primarily developed to give poor families and smallholder farmers the ability to save and lend money.³ They are comprised of a self-selected group of people (15–30 members) who meet weekly to deposit flexible amounts into a pooled fund. Once a month, members may borrow from the fund—quickly and without collateral—up to several multiples of their personal savings; loans must be repaid within a few months, with interest. After 8–12 months, all assets are divided: members receive their savings plus a share of the group profit. Members are free to use the distributed lump sum as they wish, including reinvestment for another cycle or to provide cash for necessary expenditures. The group then starts another cycle of saving and lending. SILC members also contribute to a secondary fund to cover emergencies, which can be used by members in times of need.

MORE THAN A CULTURE OF SAVING AND LENDING

SILC is an excellent means for reaching vulnerable rural households and smallholder farmers with limited access to financial services. SILC group members readily develop a culture of saving and lending. Money saved or borrowed is used to purchase food, meet household needs, pay for children's education, cover health costs and invest in individual or group income-generating activities.

Participation in SILC also increases an individual member's self-confidence and develops group solidarity. Members' sense of empowerment is enhanced, which gives them greater security to engage more freely with local service providers and government authorities.⁴

PLATFORM FOR DELIVERY OF AGRICULTURAL DEVELOPMENT SERVICES

SILC can be an effective platform for delivering agricultural development services. One example is from the Upper West region of Ghana in 2011. The Ministry of Food and Agriculture (MoFA)'s Agricultural Extension Officers (AEOs) participated in cross training with SILC field agents (FAs) and in mobilizing the SILC members alongside the FAs. This joint mobilization process created an essential technical and "trust" linkage to farmers, who joined the SILC groups. After regular SILC meetings, MoFA AEOs trained farmers on improved agricultural practices and participated in discussions with SILC members to understand how best to invest their loans. Following the first cycle of saving and lending, a survey of 210 of the 5,525 SILC members involved in the intervention found that 41 percent had used loans for the purchase of agricultural and livestock inputs and over 90 percent intended to invest at least part of their share-out in agricultural and livestock production.⁵

COLLECTIVE SMALLHOLDER BUSINESSES

The use of SILC methodology to create collective smallholder-run agroenterprises through the federation of SILC groups has been more limited, with only one case documented. In 2006, CRS and the Mwanza Rural Housing Program began an experiment using SILC as a platform for joint marketing of smallholder-produced chickpeas in the Lake District of Tanzania. By the end of the project in 2009, 28 SILC Group Associations—made up of 181 SILC groups—had marketed chickpeas and mung beans directly to export companies. Approximately 20 percent of the 4,900 SILC members sold their crops through the associations; 40–90 percent of the total volume of product sold was purchased from non-members, who also expressed greater confidence in the weight-based purchasing system being used.⁶

Case studies

BACKGROUND

For this study, CRS examined the experience of two projects: *Borderlands Coffee*—implemented in eight municipalities of the Nariño Department, Colombia and *Café Verde*—implemented in two municipalities of the San Marcos Department, Guatemala (Figure 2).⁷

FIGURE 2. LOCALIZATION OF BORDERLANDS COFFEE AND CAFÉ VERDE



From 2008 to 2018, coffee farmers in both regions simultaneously confronted an outbreak of coffee leaf rust and an abrupt fall in international coffee prices—both which seriously threatened the livelihoods of coffee-producing families and laborers who worked on coffee farms.

The aim of both projects therefore was to strengthen coffee farmers' ability to sustain their livelihoods through improved coffee production, quality and marketing, and the diversification of non-coffee income. The projects were led by CRS and implemented by CRS' partners in the respective regions.

OBJECTIVES

The focus of this study was the experience of both projects in the creation of smallholder group enterprises based on the clustering of SILC groups. The objectives were to systematize learning, outline a good practice model to inform the design and execution of new projects, and identify knowledge gaps that require further study or research.⁸

METHODOLOGY

The study team was made up of four CRS staff and one consultant. Project reports, baseline/final evaluations and various communication products provided background information on how each project was implemented and the results achieved. Five days were spent at each project site to 1) collect primary information through interviews with members of the respective technical teams and 2) conduct focus group discussions with participating farmers. Interviews were also undertaken with personnel of national public institutions and private sector firms that had been involved in the projects.

The focus groups self-assessed and discussed the relative strengths of the participants' respective organizations. Group transparency and trust, financial management and entrepreneurial aptitude were three areas around which discussions were focused.

Three members of the team had previous management and technical roles in the projects, which provided important perspectives on the projects' performance. This internal knowledge was

particularly important during the systematization, analysis and interpretation of the primary information gathered from partners, technicians and farmers. The study itself was qualitative in nature and looked for areas of consensus among the principal actors for factors that facilitated or limited the success of the organizational development process.

SOCIAL, ECONOMIC AND INSTITUTIONAL CONTEXTS

The social, economic and institutional contexts of the two project areas share similarities but have important differences. Summarized in Table 1, these are explained in the following sections.

TABLE 1. SIMILARITIES AND DIFFERENCES IN SOCIAL, ECONOMIC AND INSTITUTIONAL CONTEXTS

CONTEXT	NARIÑO, COLOMBIA	SAN MARCOS, GUATEMALA
Social	Poverty and insecurity	Precarious food security
		Coffee-dependent livelihoods
Economic	Excellent and very good quality coffee sold to Starbucks and Nespresso	Good- and commodity-grade quality coffee sold through intermediaries
	Income affected by coffee rust and fall in coffee prices	Coffee rust triggered humanitarian crisis
Institutional	Favorable institutional and policy environment	Limited access to technical and financial services

SOCIAL

Nariño is on Colombia's southern border with Ecuador, where 37,500 farm families depend on coffee for their livelihoods. Each family cultivates their entire crop on less than one hectare (average is 0.7 hectare). An estimated 50 percent of these families live below the poverty line. Coffee communities are also affected by the violence associated with the narcotics trade, which has led to the displacement of an estimated 16 percent of coffee farming families.

San Marcos is in Guatemala's Western Highlands. The livelihoods of the 14,600 coffee farmers depend almost exclusively on income they receive from selling their crop. The lack of income diversification means that their wellbeing is extremely vulnerable to outbreaks of disease, pest attack and decreases in international prices of coffee. At the height of the coffee leaf rust outbreak in 2013, 18 percent of coffee farming families were affected by moderate to severe food insecurity.⁹

ECONOMIC

Nariño's Andean region is renowned for its production of high-quality coffee that gets premium prices in international markets.¹⁰ There have been economic challenges, however. Added to the coffee leaf rust outbreak was a decline of international coffee prices over the last decade. Together, these led to diminishing incomes for both farmers and farm workers.

Two market segments predominate the coffee market in Nariño. The first is the high-volume specialty segment. The Colombian National Coffee Federation, allied with Nespresso, and Carcafé Ltd., allied with Starbucks, control this market. In 2012, these two alliances represented close to 98 percent of all the coffee sold in Nariño. The second is the quality differentiated specialty segment, which is a new market and much less developed. Buyers are the exporting and roasting companies that seek a direct relationship with coffee producers, to secure continuity in supply and quality. Purchases are in small lots that are sold at prices much higher than standard international coffee prices.

Guatemala is also recognized for its quality differentiated specialty and certified coffees. However, *San Marcos'* unorganized smallholder farmers confront many obstacles in entering these segments of the market. Most of their coffee is sold to intermediaries at lower prices. Although the coffee rust outbreak hit Central America later than in Colombia, it was so severe that a humanitarian crisis was declared, necessitating food distribution to the families of coffee farmers and coffee workers.

INSTITUTIONAL

In Colombia, the Nacional Coffee Federation has a proven record of providing technical, market and political support to the sector; this extends to large-, medium- and small-scale farmers. Guatemala's Nacional Coffee Association, Anacafé, also has a long trajectory of support to the coffee sector. However, Anacafé has the capacity to reach only 20 percent of Guatemalan coffee farmers and these are mainly organized medium- to large-size growers. Smallholder coffee farmers of San Marcos have historically had limited access to technical and financial services that would enable them to improve the productivity and quality of their coffee.

PROJECT OVERVIEWS

The focus, scope and interventions of the two projects also differed (Table 2).

TABLE 2. FOCUS, SCOPE AND PARTNERS OF THE BORDERLANDS AND CAFÉ VERDE PROJECTS

	BORDERLANDS	CAFÉ VERDE
Focus	Coffee value chain development, targeting the quality differentiated specialty market segment, and income diversification	Coffee rust response broadened to income diversification, soil and water management, processing and quality management
Duration	5 years extended to 7.5 years	2 years extended to 6.2 years
Reach	1,600 broadened to 7,734 families	514 families
Investment	\$9.45 million	\$0.96 million
Implementing partners	Carcafé Ltd., Pastoral Social Ipiales and Pastoral Social Pasto	Pastoral Social Caritas San Marcos
Technical support partners	International Center for Tropical Agriculture (CIAT)	National Coffee Association (Anacafé)
Inclusion of SILC	SILC not included in design	SILC included in design

BORDERLANDS

The overall goal of the Borderlands Coffee project (Borderlands) was to help coffee farming families affected by armed conflict to maintain profitable and sustainable livelihoods within the legal economy. The overarching strategy of the project was to establish and strengthen coffee farmers' participation in the *quality differentiated specialty* segment of the coffee value chain. The use of SILC methodology was not originally contemplated in the Borderlands project proposal but was introduced following the project's Year Zero.¹¹ The intent was to use SILC as the basis for diversifying farm families' incomes.

The five-year project (September 2011–August 2016) was funded by the Howard G. Buffett Foundation and reached 1,600 coffee farming families. Subsequent projects and funding—resulting from and linked to Borderlands—extended the activities until February 2019, for a total project duration of 90 months and reached 7,734 families. The total investment was \$9.45 million.

The project was implemented by three CRS partners: the coffee trading company Carcafé Ltd.,¹² the Pastoral Social of the Catholic Diocese of Ipiales and the Pastoral Social of the Catholic Diocese of Pasto. The Centro Internacional de Agricultura Tropical (CIAT)¹³ played an important role in undertaking the baseline and final evaluation studies, leading the participatory value chain analysis and participating in research on coffee quality. CIAT's involvement provided rigor and credibility to the information collected and results obtained by Borderlands.

CAFÉ VERDE

The original aim of the Café Verde project was to increase coffee farming families' resilience in the face of the emergency created by a severe outbreak of coffee leaf rust. Initially, it was a two-year short-term intervention that expanded into what was known as the "Café Verde Initiative." The Initiative was made up of a series of interventions that began in 2013 and ended in 2019. During the first year, pilot projects in Chiquimula and Zacapa departments tested and improved an extension methodology to help farmers renovate and rehabilitate coffee plantations affected by coffee rust. Subsequently, the Café Verde project, financed by the Margaret A. Cargill (MAC) Foundation, took what was learned from the pilot projects to a larger scale in San Marcos. Five hundred and fourteen coffee farming families participated in the interventions that ran for two years (April 2014–March 2016).

When the Café Verde project ended, the scope of activities widened, using funds from additional projects and CRS' own resources. These activities included: 1) diversification of income sources through the generation of payment to farmers for sequestered carbon (Climate Capable project), 2) restoration of degraded coffee soils to increase yields (Water Smart Agriculture project) and 3) improvement in coffee quality with a view to capturing higher prices in specialty coffee markets (CRS' own resources). The total duration of the Café Verde Initiative was 74 months, with an investment of \$0.96 million.

The project was implemented in the field by the Pastoral Social Caritas San Marcos, a long-time partner of CRS in agricultural and food security projects in the Western Highlands. Anacafé, the Guatemalan coffee development institution, worked with CRS during the execution of the Café Verde project to develop a coffee management curriculum specifically oriented to smallholder farmers.¹⁴

CRS-Guatemala had been using the SILC methodology in agricultural and non-agricultural projects since 2008. The efficacy of the methodology was well established by the time CRS-Guatemala designed the Café Verde proposal. SILC provided the platform for farmer organization in the extension model validated in the pilot projects. SILC was also a key element in underpinning the continuity of the annual investment farmers needed to complete the renovation of their coffee plantations.

ORGANIZATIONAL DEVELOPMENT MODELS

BORDERLANDS: THREE PARTNERS, THREE ORGANIZATIONAL MODELS

Three Borderland implementing partners worked in sets of two or more municipalities (Table 3); these exhibited differing coffee production system characteristics. Each partner adopted a different organizational model, and the farmers organized themselves into different business structures and types. This variation allowed the study to make a qualitative assessment of the three organizational models employed, backed up by quantitative information extracted from the results of Borderland's Baseline and Final Evaluation studies.

CHARACTERIZATION OF COFFEE PRODUCTION SYSTEMS

TABLE 3. BORDERLANDS PARTNERS AND THEIR BENEFICIARY FAMILY COFFEE PRODUCTION SYSTEMS

	CARCAFÉ LTD.	PASTORAL SOCIAL IPIALES	PASTORAL SOCIAL PASTO
Municipalities	La Unión, Taminango	Linares, Samaniego	El Tambo, La Florida, Buesaco, Chachagüí
Farm altitude, meters above sea level	1,580	1,720	1,980
Coffee area, hectare	1.5	0.6	0.7
Coffee yield, kilogram/hectare	1,105	550	450
Total annual on- and off-farm income (\$)	10,345	3,950	4,620

Coffee income as % of total income	68	32	28
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The farmers in the municipalities that produced for Carcafé Ltd. are specialist coffee producers. Sixty-eight percent of their total on- and off-farm income is generated by their sale of coffee (see above). Compared to their counterparts in Pastorales Ipiales and Pasto's municipalities, these farmers have areas under coffee and coffee yields at least two-times greater. Consequently, they are financially better off, with an annual average family income of \$10,345. By contrast, farmers in the municipalities working with Pastorales Ipiales and Pasto have diversified production systems, with their sale of coffee only contributing 28–32 percent of their total annual on- and off-farm income of \$3,950–\$4,620 in the respective municipalities.

USE OF SILC BY PARTNERS

The management of Carcafé Ltd. decided not to use SILC (Table 4), considering that the methodology may be incompatible with their existing business model and previous experience organizing farmers. The Pastorales Social Ipiales and Social Pasto used the SILC methodology on a trial basis during the first year of the project, establishing four SILC groups each. Their experience and results achieved were highly satisfactory; both organizations adopted SILC but used the methodology in different ways.

TABLE 4. BORDERLANDS PARTNERS AND THEIR USE OF SILC

PARTNER	NO. BENEFICIARY FAMILIES	% FAMILIES ORGANIZED DURING PROJECT	USE OF SILC DURING PROJECT
Carcafé Ltd.	500	39	Not used
Pastoral Social Ipiales	600	79	Diversify income of individual families
Pastoral Social Pasto	500	70	Deliver project services and promote collective action

The Pastoral Social Ipiales used SILC to promote non-coffee income diversification through the creation of mostly single-family businesses in a variety of agricultural and non-agricultural activities. These were separate from and parallel to the development of farmer organizations for the production and marketing of coffee. There was no formal relation between SILC groups and the farmer organizations.

Following the SILC trial, the Pastoral Social Pasto recognized the virtue of SILC in forming cohesive, disciplined and committed groups, and made the decision to use SILC methodology as the basis for organizing farmers for delivery of the project's services related to coffee production, post-harvest processing, quality management and marketing.

ORGANIZATIONAL AND BUSINESS MODELS

Three organizational models were evident: No SILC, Partial SILC and Full SILC (Table 5).

TABLE 5. BORDERLANDS PARTNERS' ORGANIZATIONAL MODEL, SIZE AND BUSINESS MODEL

ORGANIZATIONAL MODEL	ORGANIZATIONS FORMED	MEMBERS PER ORGANIZATION	BUSINESS MODEL		
			STRUCTURE	TYPE	SALES OF COFFEE
No SILC: Carcafé	7	20–30	Smallholder Agriculture and Livestock Association	Not-for-profit	Sales through Carcafé Ltd.
Partial SILC: Pastoral Social Ipiales	1	201	Smallholder Agriculture and Livestock Association	Not-for-profit	Direct sale to buyers

	1	273	Federation of 10 Smallholder Agriculture and Livestock Associations	Not-for-profit	Direct sale to buyers
Full SILC: Pastoral Social Pasto	3	48–134	Simplified Share Company	For-profit	Direct sale to buyers

No SILC Model. Carcafé continued with the organizational structure to which they were accustomed and established seven Smallholder Agriculture and Livestock Associations (AAC, i.e., *Asociación Agropecuaria Campesina*). This not-for-profit legal structure is among the most adopted organizational forms for smallholder farmers in Colombia. Each of the seven AAC has between 20 and 30 members.

Partial SILC Model. The Pastoral Ipiales worked for 10 years with family groups in seven rural districts (i.e., *veredas*) and eight grassroots organizations in Linares and Samaniego municipalities, respectively. They made the decision to build on their work with these organizations. The family groups in Linares were consolidated into one AAC with 201 members. In Samaniego, the eight grassroots organizations and two additional groups formed a Federation of 10 AAC with 273 members.

A significant proportion of the members of the 40 SILC groups formed—estimated at more than 40 percent—were also members of the coffee production and marketing organizations.

Full SILC Model. Unlike Carcafé and the Pastoral Ipiales, the Pastoral Social Pasto had no previous experience with existing farmer organizations upon which to build in their municipalities. SILC groups therefore became the basis of the organizational development process. This process, the primary interest of the present study, is described more fully in the next section. It culminated in the creation of three Simplified Share Companies (SAS, i.e., *Sociedades de Acción Simplificadas*). A SAS differs from an AAC or a Federation; it is a for-profit arrangement with farmers buying shares to become members.

Another difference between the models was the way in which farmers' *quality differentiated specialty* coffee was sold to buyers. Carcafé acted as intermediary with buyers for the sale of coffee produced by the AAC. There was little or no direct contact between farmers and buyers or participation in the negotiation process. In contrast, the Pastorales Sociales facilitated direct sales between their respective farmer organizations and the buyers of specialty coffees. This was achieved by the Borderlands project establishing an Advisory Council of six United States-based roasters and importers that met with farmers annually to negotiate purchases. These relationships continue to this day.

FULL SILC MODEL ORGANIZATIONAL DEVELOPMENT PROCESS

There were three steps in the Full SILC organizational model process (Figure 3).

FIGURE 3. BORDERLANDS FULL SILC ORGANIZATIONAL MODEL DEVELOPMENT PROCESS



STEP 1. FROM INDIVIDUAL FARMERS TO SILC GROUPS

The first step was the formation of individual farmers into SILC groups. The Pastoral Social Pasto supported 500 coffee producing families, of which 350 opted to form 34 SILC groups with a total of 350 members. In Colombia, SILC groups are limited to 19 members. The operation of groups with more than 19 members are considered an illegal capture of funds.¹⁵

STEP 2. FROM SILC GROUPS TO INFORMAL SILC CLUSTERS

In response to successful first sales of micro-lots of *quality differentiated specialty coffee*, two years after their formation the SILC groups clustered geographically by municipality. Each SILC group named a representative to form what is termed a “GAAPsazo,” which translated literally means a “big SILC.”. Three SILC clusters were formed, one in El Tambo, one in La Florida and one that brought together the SILC groups from Buesaco and Chachagüí.



The principal function of the GAAPsazo was to act as a communication channel between SILC groups and their members and coffee buyers (see photo: *young coffee tasters compare notes*). They would inform members of the decisions taken about the purchase conditions agreed with buyers and were responsible for managing the logistical and technical details for delivery of coffee to the buyers. Each SILC member contributed the equivalent of about 40 U.S. cents each month to cover the expenses of the GAAPsazo.

STEP 3. FROM INFORMAL SILC CLUSTERS TO FORMAL SMALLHOLDER GROUP ENTERPRISES

After a year of operation, the GAAPsazo initiated the transition from an informal SILC cluster arrangement to a formal business structure. This is represented by Step 3 in the diagram. For the Borderlands project team, this was considered a necessary step in the project’s exit strategy. It entailed an analysis of the pros and cons of different legal business frameworks. This concluded with the selection of the Simplified Share Company business type:

The management of the Simplified Share Companies—supported by Borderlands—includes a manager and accountant (paid employees) and board. Member requisites include having participated in a SILC group for at least one cycle and the purchase of 15 shares—whose total value ranges between the equivalent of \$110 and \$130. Two hundred forty of the 340 SILC members comprise the three Share Companies. SILC members who do not join the Share Companies may sell their coffee through the companies at a discounted price.

Once the business type was chosen, members of the GAAPsazo completed a series of training workshops in business finance, governance and internal control systems to ensure the proper execution of business activities within prevailing Colombian law. These trainings were conducted by specialist business consultants and organizations, one of which was Root Capital.¹⁶

COMPARISON OF THE BORDERLANDS ORGANIZATIONAL MODELS

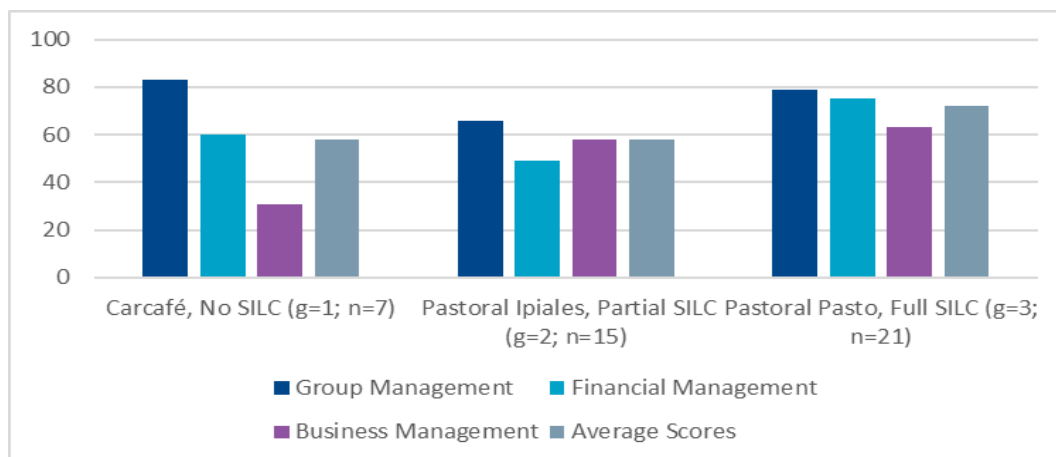
FARMER SELF-EVALUATION OF THEIR ORGANIZATIONS

Focus group discussions with members of the organizations formed during the Borderlands project sought to capture and record the individual and collective perceptions of participants as to the performance of their respective organizations. This self-evaluation centers on three areas of practice: managing members, managing finances and managing the business (Figure 4).

For each practice area, focus group participants made an individual assessment of the extent to which their organization was/was not attaining a behavior or practice associated with each area of practice. They recorded this assessment by placing a sticker along a horizontal axis, with lower attainment

toward the left or higher attainment toward the right. After each question, they discussed why the participants felt high attainment in some areas of practice and less attainment in others and, where there were outliers, why some participants might have had different perceptions than their colleagues. To compare results between organizational models, the results were digitized and analyzed using the *Mentimeter* app.¹⁷

FIGURE 4. BORDERLANDS MEMBER SELF-EVALUATION OF THEIR ORGANIZATIONS



In terms of group management (dark blue bar), the No SILC model scores highest with 83 points out of 100, followed by the Full SILC model (79 points) and the Partial SILC model (66 points). This difference could be attributed to the fact that the associations formed by Carcafé are small, with 20–30 members, while the organizations formed by the Pastorales are larger, ranging from 48–273 members. In larger groups, trust and transparency—the two values discussed in the focus groups—are harder to attain (*note: g=number of focus groups; n=total number of participants*).

For financial management (light blue bar), the Full SILC model scores highest with 75 points, appreciably higher than the No SILC model (60 points) and the Partial SILC model (49 points). This difference is likely attributable to the fact that all members of the Full SILC organizations have participated in SILC groups whose central focus is financial education. Despite the Partial SILC model organizations having a high proportion of SILC group members, their presence does not seem to have had a positive effect on financial management practices of their respective organizations.

For business management (purple bar), the Full and Partial SILC models score 63 and 58 points respectively, which, while not high scores, are considerably higher than the No SILC model at 31 points. This difference could be attributable to the fact that the members of organizations formed by the Pastorales Sociales had more intense interaction with coffee buyers than their counterparts in organizations formed by Carcafé, and this gave them greater entrepreneurial confidence.

Comparing the average scores for the three practice areas (gray bar), the Full SILC model with 72 points is out ahead of the Partial SILC model and the No SILC model, both with 58 points. These scores suggest that members can perceive the relative strengths and weaknesses of their respective organizations.



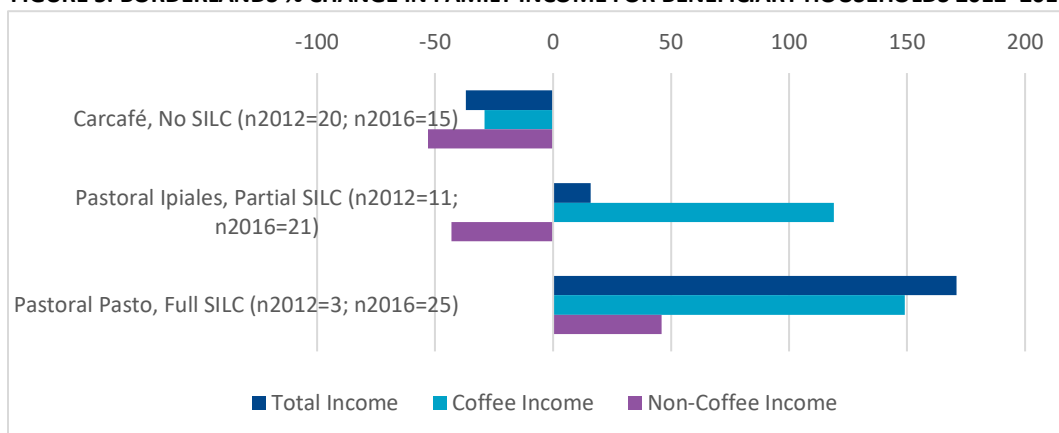
They also indicate that a fully SILC-based organizational model may offer advantages over the other models in terms of transfer of good practices from base organizations (in this case, SILC groups or farmer associations: *see photo*) to higher-order organizations (e.g., formal group enterprises based on SILC clusters, large farmer associations or farmer federations).

Using the quantitative data collected in the Borderland's Baseline and Final Evaluation

studies, it is possible to compute the percent change in income of the organized beneficiary families over the period 2012–2016, disaggregated by organizational development model (Figure 5).

CHANGE IN FAMILY INCOME

FIGURE 5. BORDERLANDS % CHANGE IN FAMILY INCOME FOR BENEFICIARY HOUSEHOLDS 2012–2016



The figure shows that families belonging to Full SILC model organizations achieved higher percent changes in non-coffee, coffee and total income compared to the Partial SILC and No SILC models (*note: n=number of households surveyed*). The differences cannot be attributable solely to the use of SILC; other factors will have contributed to the results. Some examples of these other factors include:

- Organized families in the No SILC model (Carcafé) have a higher dependence on coffee income (68 percent of total family income) than families belonging to Partial SILC and Full SILC model organizations (32 and 28 percent dependence respectively). The No SILC model families were therefore hit harder by the 37 percent fall in international coffee prices in the period 2012–2016.¹⁸ Consequently, their coffee income declined, producing a negative percent change in coffee income for these families.
- Income from coffee more than doubled for both the Full SILC and Partial SILC model beneficiary families, despite the fall in international coffee prices. These families belong to organizations that have established direct trade relationships with buyers—thereby commanding higher-price premiums—and likely contributing to this outcome.
- A study by Vellema et al., using Borderlands data, showed that “*coffee certification encourages farmers to specialize in coffee production, increasing coffee income but not total*

household income, at least not in the short run.”¹⁹ This may explain the percent decrease in non-coffee income for the families participating in the No SILC and Partial SILC models if they prioritized investing in their coffee activities at the expense of their non-coffee sources of income. The Full SILC-organized families appear to have avoided this pitfall. Without information on other market or production factors that may have affected non-coffee incomes, definitive conclusions cannot be made. However, this analysis underscores the importance of smallholder coffee farmers’ strategy to diversify income, which can protect their total income from fluctuations in coffee prices.

CAFÉ VERDE: ONE PARTNER, ONE ORGANIZATIONAL MODEL

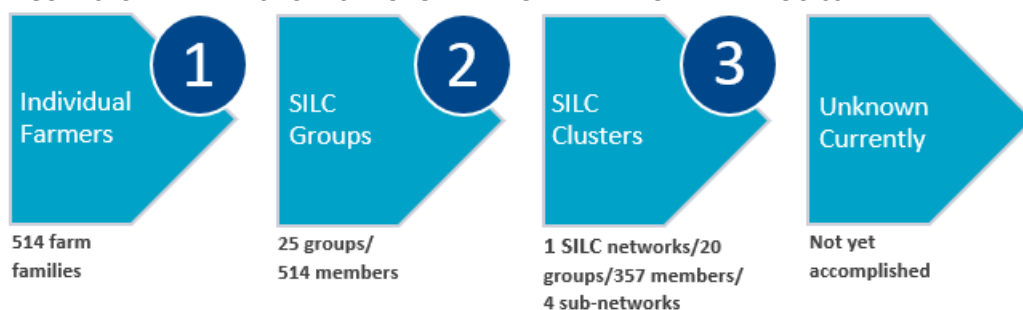
In the Café Verde Initiative, there was uniform use of an organizational development model for addressing the challenge of the outbreak of coffee leaf rust. Over time and building on the SILC organizational model, new initiatives were layered that focused on income diversification, soil and water management, and coffee processing and quality management. The project was implemented by Caritas San Marcos in two municipalities: El Nuevo Progreso and La Reforma.

CAFÉ VERDE ORGANIZATIONAL DEVELOPMENT PROCESS

As in the Borderlands case, three steps in the organizational development process can be observed.

STEP 1. FROM INDIVIDUAL FARMERS TO SILC GROUPS

FIGURE 6. CAFÉ VERDE: SILC-BASED ORGANIZATIONAL DEVELOPMENT PROCESS



To participate in the Café Verde project, farm families committed to establishing SILC groups. This allowed them to access support for the renovation of their coffee plantations. In total, 25 groups were formed with a total of 514 members (Figure 6).



The first six months of SILC group operation were dedicated to saving and building trust among members. The project then provided each SILC group with materials to establish coffee nurseries and trained members to run and manage them (*see photo: clean and rust-tolerant coffee plants being produced*). The nurseries became the focal point where farmers came together to produce high-quality and rust-resistant planting material. In the first year, each farmer received 1,000 coffee

plants as a loan, costed at 1.00 quetzal per plant, equivalent to \$0.13 (at \$1.00 per 7.72 quetzals). The loan was repaid later in the year to the administrator of the respective nursery. The loan money collected was placed in a fund and recorded in a ledger separate from SILC group records. The

proceeds of the fund were then used to cover the costs of producing plants for coffee renovation in the next season.

Using this system, 500,000 plants were produced in the first year with resources from the project. This investment—or seed capital—jump-started the renovation process. In the second and third years respectively, 370,000 and 270,000 plants were produced using the farmers' own resources.

The concept of seed capital, which had been tested successfully in the pilot project, proved to be an excellent way of motivating farmers and sharing the initial risk. Its use was conditioned on a commitment from farmers to repay the loan for reinvestment in coffee renovation in subsequent seasons, to which they readily agreed. This ensured continuity without the need for recurring injections of capital from the project.

STEP 2. FROM SILC GROUPS TO INFORMAL SILC CLUSTERS

Among the components of the Café Verde strategy for renovation and rehabilitation of coffee plantations was the management of soil pH. This practice is critical for increasing coffee production in acidic soils. In the project's first year, samples of farmers' soils were taken and analyzed, and each participating farmer received lime to apply to 400m² of adult coffee plants. This investment was also made on the condition that farmers would buy and apply lime in future years.

The immediate positive and visible response of coffee plants to the application of lime convinced farmers that continued application of lime was worthwhile. This common need was the spark that led to the creation of the Network of SILC groups, whose initial purpose was the bulk purchase of lime—and later other agricultural inputs—at discounted prices for distribution among SILC members.

To facilitate logistics and communication, the SILC Network divided into four sub-networks: three in El Progreso and one in La Reforma. Twenty of the 25 groups integrated themselves into the SILC Network (refer to Figure 6). Five SILC groups from the La Reforma municipality opted not to join the Network.

CRS and Caritas San Marcos facilitated the purchase of inputs. A bid for suppliers led to the selection of DISAGRO, an international supplier of agricultural inputs in Central America and Colombia. Caritas San Marcos holds the license through which the SILC Network can bulk purchase the inputs they require at discounted prices.

With the SILC Network in place, success in combating the coffee rust outbreak and farmers motivated by gains made in reducing costs through bulk buying of inputs, Café Verde looked to Borderlands for inspiration to move the SILC Network toward improving coffee quality that would command higher prices.

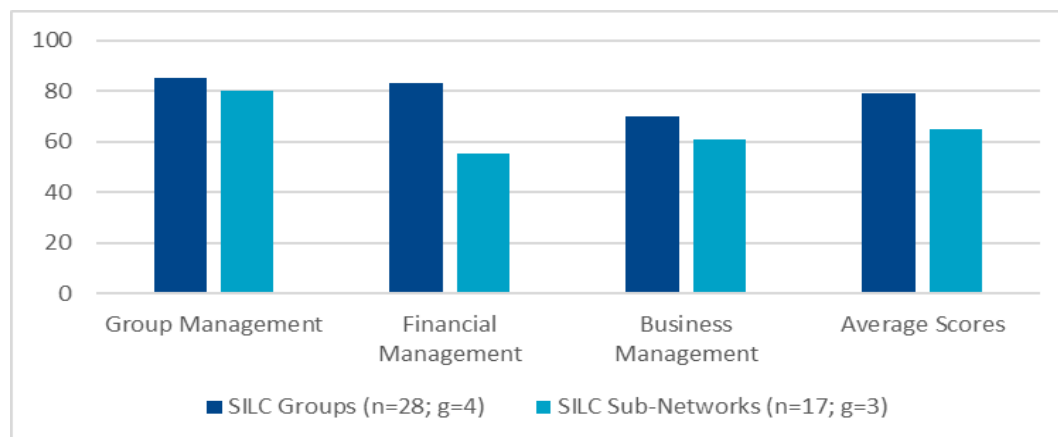
In mid-2016, Café Verde team members visited Borderlands to learn about the experience with the GAAPsazo and how to improve coffee quality. Subsequently, a coffee quality lab was established, young coffee-tasters were certified, coffees from El Progreso and La Reforma were analyzed for their physical and sensorial characteristics, and farmers were trained on good practices for wet and dry coffee processing and drying. During the 2017–2018 season, the La Suiza community in El Progreso sold a 60-quintal lot of coffee to De la Gente, a coffee roasting and exporting company, at a price 16% above that paid by the farmers' regular buyers. Despite this promising development, at the time of this study sales in the quality differentiated segment had yet to be consolidated.

STEP 3. FROM INFORMAL SILC CLUSTERS TO FORMAL SMALLHOLDER GROUP ENTERPRISES

The transition from an informal network of SILC groups to a formal smallholder group enterprise has yet to take place. While Café Verde obtained additional resources for broadening the technical interventions (income diversification, soil and water management, coffee processing and quality management) of the Initiative, it was unable to sustain a high level of investment in strengthening the SILC Network in business management and facilitating relationships with buyers.

FARMER SELF-EVALUATION OF THEIR ORGANIZATIONS

FIGURE 7. CAFÉ VERDE—MEMBER SELF-ASSESSMENT OF SILC GROUPS AND SILC SUB-NETWORKS



As in the case of Borderlands, the Study Team used the focal groups to self-evaluate strengths and weaknesses (Figure 7). In this case, the interest was a comparison between the SILC groups and their respective SILC sub-network, to appreciate the relative maturity of each and the extent to which a transfer of good practices is occurring between them. As might be expected, SILC groups scored higher in all three areas of practice, indicating a higher level of maturity. The most notable gap—of over nearly 30 points—is in financial management practices.

In ensuing discussions, farmers commented that the *lack of a shared vision* for the SILC sub-networks and the Network as a whole and *limited access to capital* for vigorously pursuing new coffee markets are two important aspects holding back the Network’s consolidation.

Network members also indicated their desire to lessen their dependence on Caritas San Marcos and CRS Guatemala to initiate and consolidate their commercial relationships with input suppliers and coffee buyers. They recognize that to become more independent, they need to formalize their organization into a legal entity and build their business skills.

This situation emphasizes the importance of investing in strengthening business management, administration and financial skills in the transition from an informal SILC cluster to a formal farmer business. At the small-to-medium size enterprise level, CRS and CRS partners have relatively little experience to provide training and mentoring in these skills areas and assistance from organizations with specialized expertise are needed.

SOCIAL COHESION AND SILC DESERTION

The review of the numbers of SILC members at the start and end of the Café Verde Initiative revealed a significant difference in desertion between the two municipalities: El Nuevo Progreso and La Reforma. Desertion rates in El Progreso municipality were low at two percent, while desertion rates in La Reforma municipality were high at over thirty percent, irrespective of whether the SILC groups were affiliated or not to the SILC Network (Table 6).

Information supplied by members of the technical team provide possible reasons for higher levels of desertion in La Reforma and the greater solidarity among participants in El Nuevo Progreso.

The first reason has to do with origin of the farm families. After the peace agreement ending the country’s civil conflict was signed in 1997, families returning from Mexico were resettled in El Progreso. Over several years, these families had to fight for their land rights and the culture of community solidarity continues to this day. In La Reforma, farm families are migrants from the East of the country and known for their greater independence.

The other reason may be the existence/non-existence of parallel farmer organizations. In El Progreso, the Study Team got the sense that existing farmer organizations are not strong, and the SILC Groups

and the SILC Network provide essential services to members. In La Reforma, there was the sense that existing organizations may be fulfilling the needs of farmers more fully, which could explain the non-affiliation of five SILC groups to the SILC Network.

TABLE 6. SILC GROUPS, SILC MEMBERS AND DESERTION RATE IN CAFÉ VERDE

MUNICIPALITY	NO. OF SILC GROUPS	SILC MEMBERS		% SILC MEMBER DESERTION
		INITIAL NUMBER	FINAL NUMBER	
El Nuevo Progreso—SILC affiliated to Network	15	294	288	2
La Reforma—SILC affiliated to Network	5	122	69	43
La Reforma—not affiliated to Network	5	98	69	30
Total	25	514	426	17

These interrogatives about socio-cultural and organizational motivators and barriers need to be understood as they are likely to have implications for the sustainability of whichever organizational development model is promoted.

Key findings—what we know

FINDING 1. SILC GROUPS PROVIDE AN EFFECTIVE VEHICLE FOR DELIVERING SERVICES TO IMPROVE SMALLHOLDER PRODUCTION AND MARKETING

The Pastoral Social Pasto in *Borderlands* and Caritas San Marcos in *Café Verde* used SILC as the focus for the organization of farmers into groups. The delivery of most of the projects' agricultural services were then channeled through the SILC groups.

Project team members and farmers mentioned several qualities of the SILC approach that make it particularly apt for organizing smallholder farmers. The following are four prominent benefits that they felt SILC brought to their respective project's execution.

PROVEN OPTION IN SITUATIONS OF EXTREME VULNERABILITY

The coffee growing regions of Nariño and San Marcos share the following characteristics that make farm families particularly vulnerable to economic, social or environmental shocks. These characteristics are 1) absence or weakness of existing farmer organizations, 2) suspicion of renewed efforts to promote collective action because of previous negative experiences, 3) social fabric and social cohesion weakened by different types of conflict and 4) limited or irregular access to agricultural and financial services.

The successful employment of SILC in these situations generated enthusiasm among the project team members and the farmers that participated in SILC groups. This occurred even in *Borderlands*, where, following Year Zero, the inclusion of SILC was considered an imposition by some members of the technical team.

ORGANIZATIONAL MANAGEMENT SKILLS EMBEDDED IN SILC

Critical to achieving SILC's primary aim of promoting a culture of saving and lending among vulnerable families is the establishment of well-functioning groups that have basic capabilities and procedures for internal democratic management (*see photo: saving and lending instills group discipline and good governance*).

These include how to develop a shared vision, define common objectives, build mutual trust through transparency and shared responsibilities, resolve conflict and sustain learning. SILC proved itself to be a sound vehicle for the development of many of these skills and, as a result, build solid groups.



PROMOTION OF SELF-DETERMINATION AND OWN INITIATIVE

Self-determination and the stimulation of farmers' own initiative are important elements of the guiding philosophy of both Borderlands and Café Verde. Their aim is to overcome a pervasive culture of paternalism generated by development agencies and service providers, which over the years had created expectation from project participants of handouts and ready-made solutions to problems.

The SILC process fits with and works in support of this aim. Its use demonstrates to group members their ability to save and to lend money without recourse to formal or non-formal financial services. The accumulation of monetary resources provides the means by which members can invest in resolving common problems, as in the case of the production of quality planting material to combat the rust outbreak in Café Verde. Also, in Café Verde, the provision of inputs and materials by the project as seed capital was clearly explained to farmers as a co-investment, where the ability to continue the renovation of their coffee plantations depends on the farmers paying off the in-kind loans they received in cash.

SELF-SELECTION CEMENTS TRUST AND COMMITMENT

The principle of self-selection of group members is one of the key elements to the overall success of the SILC approach. Participants in Borderlands and Café Verde mentioned the positive effect of the absence or gradual withdrawal of those they considered to be "opportunistic," accustomed to receiving handouts and reluctant to work toward a collective good. This was an advantage for the technical teams as it allowed them to deliver assistance and training more effectively to committed groups of farmers. Farmers benefit from being members of cohesive and motivated groups that share a desire to resolve common problems. It also lays the foundation for the federation of SILC groups, an endeavor whose success requires high levels of trust among and commitment from the members.

FINDING 2. SILC GROUPS PROVIDE A PLATFORM FOR COLLECTIVE ACTION BUT REQUIRES MOTIVATORS AND MOTIVATIONS

The clustering of SILC was not contemplated in the project design of either Borderlands or Café Verde. Clustering was sparked—or driven—by opportunities to reduce costs of production and increase prices. The Study Team identified the following four factors that drove the process of transition from individual SILC groups to informal SILC clusters.

PASSIONATE TECHNICAL TEAMS

In Borderlands and Café Verde the enthusiasm of projects' leaders and technical teams—who had prior experience using the SILC methodology or observed the rapid progress made in building cohesive and

committed groups—was a key factor in successful use of SILC in the organizational development process. The technical team members spoke with passion about the value and contribution of the SILC methodology in facilitating their work and achieving the respective projects’ objectives.

ECONOMIC DRIVERS

The prime “drivers” that motivate collective action are the potential gains that farmers can achieve through working together to source agricultural inputs at more favorable prices (Café Verde) or to achieve price premiums for their coffee (Borderlands). In both projects these were “quick wins” that gave immediate and tangible positive outcomes to sustain the organizational development process.

FARMER, BUYER AND INPUT SUPPLIER RELATIONS

The quick wins came about by Borderlands and Café Verde fostering and facilitating relationships between coffee farmers, coffee buyers and input suppliers. In Borderlands, the Advisory Council of six U.S.-based roasters and importers helped growers seize opportunities in *quality differentiated* and *certified* coffees market segments.²⁰ The Café Verde team facilitated the relationship between the SILC Network and DISAGRO for the purchase of inputs in bulk.

INFORMATION SYMMETRY AND THE PARTICIPATORY COFFEE VALUE CHAIN ANALYSIS

Key to identifying opportunities and bottlenecks to coffee production and marketing in Nariño was the participatory analysis of the coffee value chain, involving all the principal actors and undertaken in the project’s Year Zero. For example, the analysis informed the creation of the Advisory Council, in which several members have on-going relationships with the farmer organizations established by Borderlands.

The participatory nature of the analysis also improved the symmetry of information along the value chain and motivated chain actors—from farmers to government decision-makers, who felt that they had contributed in the construction of a project that could meet their respective needs.

FINDING 3. THE TRANSITION FROM INFORMAL CLUSTERS OF SILC TO FORMAL BUSINESS ORGANIZATIONS CONSUMES TIME AND REQUIRES INVESTMENT

The transition from informal clusters of SILC groups to formal business organizations is a necessary step if groups of smallholders farmers need to open a bank account, take a loan, hire employees or labor, enter into sales contracts with buyers and receive supplier discounts or tax benefits that they would not normally receive as an unregistered operation.

The experience of Borderlands and Café Verde shows that, for this transition to be successful, it must be intentional and well-planned. There needs to be adequate investment in strengthening human resources to turn budding enterprises into businesses with the potential to grow. Four factors stood out as being important in facilitating the transition process.

SELECTION OF BUSINESS TYPE

Business type can have lasting effects on the way an enterprise is run and operates. The choice of type is therefore a critical element in creating a solid and financially viable farmer group enterprise. In Borderlands, following consultation with the Chamber of Commerce in Pasto (the departmental capital) and analyzing the pros and cons of the different business types available, farmers considered that the SAS was the structure that fit best with the members’ commercial objectives and the need to capitalize their enterprises. This for-profit structure may not be appropriate in all cases. Selection needs to consider an organization’s vision and goals, and the capacity to put in place the corresponding legal and regulatory requirements of the business type chosen.

CAPACITY BUILDING

The selection of business type affects the skills that farmers will need to manage their organization. Consolidation of the SAS in Borderlands was accompanied by a series of trainings in business administration, finance and management skills. CRS and its implementing partners did not have the

experience to provide this training alone. Root Capital, an organization that specializes in supporting smallholder farmer enterprises, provided training in financial management and governance. This was complemented by an independent consultant, who supported the nascent enterprises by establishing internal control systems to ensure the proper execution of business activities within prevailing Colombian law.

FACILITATING GENERATIONAL CHANGE

Borderlands and Café Verde placed importance in involving the youth of the participating communities. One example was the formation of the cadres of young coffee-tasters in both projects. Their enthusiasm and drive gave impetus to the projects' initiatives to improve coffee quality during production and processing. Most importantly, their interactions with international coffee buyers enhanced their knowledge of the specialized coffee industry, making them part of a much-needed generational change in the small-farm coffee sector.

FOSTERING SELF-MANAGEMENT, REDUCING DEPENDENCY

Self-management—or taking responsibility for one's own actions—and, as a corollary, the reduction of dependence on others, are essential qualities of a successful farmer group enterprise. As mentioned previously, the process of SILC formation fosters self-management.

In Borderlands, yearly participatory monitoring and evaluation events strengthened self-learning and facilitated bottom-up adjustments to the organizational development process. Farmers, buyers, implementing partners and service providers participated in these events, which enhanced information-sharing/transparency and built farmers' confidence to interact one-on-one with these actors.

Despite these positive actions to strengthen self-management and reduce dependency, during focus group discussions farmers in Nariño and San Marcos expressed concern about the way implementing partners tended to maintain control of commercial relationships. This generated feelings of lack of transparency and accountability about the partners' dealings with these actors.

Knowledge gaps—what we need to know

The leaders and members of the technical teams of Borderlands and Café Verde were unanimous that the use of the SILC methodology was instrumental in providing the base for establishing functional and potentially sustainable smallholder farmer group enterprises. However, neither Borderlands nor Café Verde were designed to validate whether SILC is an appropriate platform for subsequent creation of solid and sustainable smallholder group enterprises.

The knowledge gleaned by the present study about this organizational development model provides useful information on what was achieved and what was learned. These can be used as an input into further development of the model. The following *knowledge gaps* need to be filled if the model is to take its place among the array of approaches to successful smallholder farmer group organization:

1. COMPARING BETWEEN ORGANIZATIONAL DEVELOPMENT MODELS

Besides producing better outcomes, a SILC-based organizational development model should also aspire to achieving these outcomes faster and at a lower cost. The SILC-based model should therefore be validated in further projects, and if possible, compared to other models under different socio-economic and institutional contexts. At the design phase or startup, these projects would need to characterize the performance of existing farmer organizations and the services available to them and diagnose potential drivers or obstacles to collective action. This will provide a baseline from which to compare the performance between existing organizational models and those introduced by the projects.

2. STARTING FROM ZERO OR RETROFITTING

In Borderlands and Café Verde, the starting point for introducing the SILC methodology was with families who were not part of a farmer organization or with families who decided to form a SILC group

apart from any affiliation they might already have had with another group. For example, many Café Verde families formed SILC in parallel to their participation in other forms of organization, often an agricultural cooperative.

In the two cases studied, the SILC-based organizational model was introduced from zero with individual farmers and not retrofitted into existing organizations. The experience of the Tanzanian chickpea project cited earlier indicated that retrofitting can be successful. In that project, SILC was introduced into previously established chickpea production and marketing groups. Therefore, without further investigation, it is not possible to state categorically that a SILC-based organizational development model should only be attempted when initiating from zero.

3. MOTIVATION FOR COLLECTIVE ACTION AND REASONS FOR DESERTION

What motivates farmers to come together for collective action and the reasons for farmer desertion during the process was not systematically pursued in the present study.

Seemingly, two factors play a part in sustaining collective action once SILC groups had been formed. These are: 1) promoting a culture of learning and co-investment, rather than a culture of handouts and top-down solutions to problems and 2) achieving quick wins, with tangible economic benefits for farmers.

In the same vein, four factors may inhibit farmers from participating or maintaining their participation in collective action: 1) the demands on discipline, commitment and co-investment to which some farmers were not accustomed; 2) cultural or historical reasons; 3) insufficient financial resources to maintain participation and 4) no felt need to participate.

To design effective/efficient organizational development processes oriented toward the most vulnerable—such as the SILC-based model—a greater understanding of these factors is required to avoid exclusion of targeted segments of the population.

4. INSTITUTIONALIZING THE MODEL

Both Borderlands and Café Verde collaborated with organizations that make and/or influence agricultural development policy (e.g., Anacafé in San Marcos and the Government of Nariño). The intent was to seek changes in the policies and programs of these or other organizations, either by directly incorporating the results of the projects into their respective programs or by providing incentives, through appropriate policies, for the incorporation of the results by others. There has been success in the transfer of results in technical areas and the SILC methodology has been incorporated in the work of CRS's Pastoral Social partners. However, the promotion and adoption of the SILC-based model to establish collective smallholder enterprises by public, private or civil society organizations has not occurred.

Institutionalization or replication of the SILC-based organizational development model will require:

- inclusion of the model in other projects to generate evidence that the model works effectively and efficiently in different socio-economic and institutional contexts and with different crops;
- use of the evidence generated to identify demand within and outside CRS for this type of model; and, should this demand exist,
- elaboration and execution of a dedicated plan to complete the model's development and to make it available to internal CRS and external development clients.

These tasks would seem congruent with strengthening CRS' ability to deliver on the Agricultural and Livelihood Theory of Change through the creation and consolidation of functional farmer organizations.

Endnotes

- ¹Ricciardi, V., Ramankutty, N., Mehrabi, Z., Jarvis, L., Chookolingo, B. 2018. How much of the world's food do smallholders produce? *Global Food Security* 17, 64–72.
- ²CRS. 2016. Theory of Change, Metrics and Learning Agenda. Agricultural Livelihoods Program. Catholic Relief Services, Baltimore, MD, USA. 25pp.
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- ⁵Asombobillah, R. 2011. Harnessing the Power of Savings and Lending Communities to Drive Agroenterprise Development in Ghana. Document prepared for the Cracking the Nut Conference on Overcoming Obstacles to Rural and Agricultural Finance held June 20–21, 2011 in Washington, D.C. Catholic Relief Services, Baltimore, USA. June. 18pp.
- ⁶Fowler, B. and Nelson, C. 2011. Beyond Financial Services. Combining Savings Groups with Agricultural Marketing in Tanzania. Aga Khan Foundation. 39 pp.
- ⁷The Borderlands Project was implemented in Nariño department, Colombia and Loreto and Sucumbíos departments in Ecuador. The SILC methodology was not introduced in Ecuador, so this study refers only to the organizational models employed in Colombia.
- ⁸For a complete set of good practices for each phase of the project cycle refer to Chapter III of the full report of this study (in Spanish only).
- ⁹Program Mundial de Alimentos (World Food Program). 2013. PMA distribuye alimentos a familias afectadas por la roya en América Central (PMA distributes food to families affected by coffee rust in Central America). World Food Program. Rome, Italy. 20 September 2013. 2pp.
- ¹⁰CRS and CIAT. 2012. Participatory value chain analysis and upgrading strategy for coffee in the Department of Nariño, Colombia. Executive summary. 12pp.
- ¹¹Borderlands was a five-year Project. The first year was designated as Year Zero which was dedicated to training the technical teams, undertaking the baseline and participatory value chain studies, and detailed planning of activities. Field implementation started in the second year of the project.
- ¹²Carcafe Ltd. is the Colombian affiliate of the multinational coffee trading company Volcafe Specialty Coffee. Carcafé purchases coffee from and provides farmers with technical assistance and credit for inputs.
- ¹³CIAT, based in Cali, Colombia, is one of the 15 centers belonging to the Consultative Group on International Agricultural Research. <https://ciat.cgiar.org/>.
- ¹⁴Asociación Nacional de Café (National Coffee Association), Anacafé. <https://www.anacafe.org/>.
- ¹⁵For more information on the Colombian experience in establishing savings and credit groups see: Fondo Multilateral de Inversiones (FOMIN). 2015. Grupos de Ahorro e Inclusión Financiera. Qué hemos aprendido vinculando grupos de ahorro y crédito a entidades financieras formales. Banco Interamericano de Desarrollo. 40pp.
- ¹⁶Root Capital works in Latin America, sub-Saharan Africa, and Southeast Asia. It supplies agricultural businesses with financial capital and training to help them grow. <https://rootcapital.org/>.
- ¹⁷Mentimeter is an interactive software application. <https://www.mentimeter.com/>. Since all focus group participants did not have smart phones, the information was generated manually on charts and later digitized by the Study Team members.
- ¹⁸The coffee price fell from \$2.56 per pound (454 grams) in January 2012 to \$1.61 per pound in December 2016, as per data from the Federación Nacional de Cafeteros, Colombia. External price for Colombian Excelso coffee. <https://federaciondecafeteros.org/wp/estadisticas-cafeteras/>.
- ¹⁹Vellema, W., Buritica C. A., Gonzalez, C., and D'Haese, M. 2015. The effect of specialty coffee certification on household livelihood strategies and specialization. *Food Policy* 57 (2015) 13–25.
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