



## Workshop Report

### *IDH Sustainable Coffee Program Field Level Projects - Implementing Partners Learning and Sharing*



E.D.E. Consulting



**NEDCOFFEE VIETNAM**  
Công ty TNHH Cà phê Hà Lan Việt Nam



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

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## **Abbreviations**

ACOM:	Atlantic Commodities Vietnam Ltd
ARMAJARO:	Armajaro Vietnam Ltd
EDE Consulting:	Embden Drishaus & Epping Consulting GmbH
FLPs:	Field Level Projects
FO:	Farmer Organisation
FTC:	Farmer Training Centre
IDH:	The Sustainable Trade Initiative
IPSARD:	Institute of Policy and Strategy for Agriculture and Rural Development
INTIMEX:	Intimex Ho Chi Minh
NEDCOFFE:	Nedcoffee Vietnam Ltd
NESTLE:	Nestlé Vietnam
RIAS:	Rabo International Advisory Services B.V
SCP:	Sustainable Coffee Program
SECO:	Swiss Secretariat for Economic Affairs
SIMEXCO:	Simexco Dak Lak Ltd
SNV:	SNV Netherlands Development Organisation

## **Introduction**

The Sustainable Coffee Program (SCP), managed by the Sustainable Trade Initiative (IDH), is a global, pre-competitive, public-private initiative, convening industry and trade partners, producers, (local) governments and research institutions, donors, NGOs and standard setting organisations in the coffee sector. The objective is to increase production, yields and export availability of coffee in a pre-competitive manner and make coffee farmers more resilient in an ever-changing market; especially in the context of global climate change and higher social disparities between rural people involved in agricultural production.

In Vietnam, the SCP supports the efforts of the Vietnam Ministry of Agriculture and Rural Development to promote sustainable development through a public-private partnership (PPP) approach to policy reform in the coffee sector. The SCP includes both national level programs which are coordinated by IPSARD; and field level projects (FLPs) coordinated by SNV and implemented by coffee companies and consultancies, in partnership with local organisations and government agencies, departments and institutions (including at the national, district and provincial levels). FLPs support farmers to change their farming practices to become more sustainable and resilient in an ever-changing market. FLPs also support farmers to produce high quality sustainable coffee at increased yields, to become better organised, to increase their incomes and to reduce the environmental impacts of coffee farming. Project activities include: (i) supporting farmers to reduce water usage, appropriately use chemical fertiliser and manage pests and diseases, (ii) strengthening and building the capacity of farmer organisations; and supporting farmers to record their income and expenditure, and (iii) helping farmers to rejuvenate their coffee farms with approved varieties.

The *Implementing partners learning and sharing workshop* is the first time in Vietnam that FLP's implementing partners have had a chance to meet and discuss about FLP's implementation. Over three years, implementing partners have developed valuable knowledge on how to effectively help farmers transition from traditional coffee farming practices to sustainable coffee growing practices. This knowledge can benefit both the public and private sectors as they work to improve the coffee sector in Vietnam to make it more sustainable.

## **I. Workshop design**

### **1.1 Time, location and participants**

The workshop was held in Ho Chi Minh City on 19 May 2015. The majority of participants were implementing partners, representing 6 coffee companies (4 internationals and 2 nationals) and 2 consultancies. In addition, representatives from IDH (Vietnam and the Netherlands), SNV and IPSARD were at the workshop, as well as representatives from funding organisations of the SCP: the Dutch Ministry of Foreign Affairs and the Swiss Secretariat for Economic Affairs (SECO). The list of participants is presented in Annex 1.

### **1.2 Preparation**

To identify the key topics of the workshop, implementing partners took part in a survey. They were asked to identify the most relevant topics in FLP implementation for discussion, focusing on successes, learning experiences and challenges. SNV analysed survey results to identify the key presentation topics and verified these with implementing partners.

Implementing partners were invited to present on topics they had nominated and were given detailed requirements for presentation content and length. A detailed agenda was designed by SNV and shared with IDH for approval. The full agenda is attached in Annex 2.

### **1.3 Workshop objectives, outcomes and outputs**

#### **a) Objectives:**

- For implementing partners: to better understand how to effectively work with farmers to increase sustainable coffee production and to strengthen coffee supply chains. This will enable implementing

partners to better implement existing projects, as well as future work on strengthening the sustainable coffee sector.

- For IDH, SNV and IPSARD - to understand how to more effectively design, implement and monitor FLPs and how to better incorporate results of FLPs with other SCP work.

**b) Outcomes:**

- Identification of specific and relevant cross-cutting topics for sustainable coffee production, starting from the lessons learned at FLP level, to inform workshop focus.
- Collection of learning and sharing experiences from implementing partners on cross cutting topics from FLP implementation through discussions and presentations that identify best practices and/or key learning experiences.
- Summary and dissemination the collected best practices and lessons learnt.

**c) Outputs:**

As a result of the workshop several outputs will be produced:

- This report – with details of key presentation and discussion points. This report will be distributed to implementing partners, IDH, SNV and IPSARD only. It will not be made public. Implementing partners were asked to comment before it was finalised.
- A short report and news article – both documents will be high level, focusing on workshop outcomes. They will not contain details of individual FLPs and will be made publically available.

## 1.4 Key topics

*Three key topics were identified:*

**Topic 1: Farmer organisation (FO) for sustainable coffee production.** This topic was about:

- FO establishment
- FO management
- FO other activities

**Topic 2: Strengthening the capacities of farmer groups on sustainable coffee production.** This was focused on:

- Transfer of knowledge/techniques to meet sustainable standards
- Capacity building for farmers/farmer groups
- Support on rejuvenation (technical and accessing finance)

**Topic 3: Farmer Group Models.** This topic focused on:

- Farmer Training Centres
- New Farmer Cooperatives
- Supporting FOs access financial services

SNV and IDH gave introductory presentations to provide context for discussions. At the end of the workshop they also presented on: FLP financial and technical reporting, the National Sustainability Curriculum and the new call for FLP proposals. The full agenda is in Annex 2.

## 1.5 Facilitation methodology

The workshop was facilitated by SNV and IDH and included presentations from all of the implementing partners on one or two of the key topics listed above. The key topics were the focus of the workshop, with SNV and IDH presentations providing mostly contextual information and summaries. After presentations on

each of the key topics, participants had the opportunity to ask questions and discuss key issues. The focus of the workshop was on discussion, and presentations were limited to 10 minutes.

## **II. Workshop organisation**

### **2.1 Introductory presentations**

IDH Vietnam opened the forum. The SCP is one of the focus programs of IDH in Vietnam. In Vietnam, coffee companies and coffee stakeholders involved in the SCP have a lot of knowledge and experience about how to support to improve the sustainable coffee sector. The workshop provided an opportunity to share information that could benefit the sector as a whole.

IDH Vietnam provided an overview of the key SCP activities at the national level. The Vietnam Coffee Coordination Board has been established and is the first commodity board with public and private representation in Vietnam. They are still learning how to operate effectively but are achieving good results, including a consultation process for the Coffee Development Fund – for the first time giving key stakeholders a chance to say what is needed and how the fund can be used to satisfy those needs. The annual Coffee Outlook is an opportunity for the board to engage with the coffee sector and set priorities for the year. Other activities include: the National Rejuvenation Action Plan being developed with the World Bank, which will look at both the technical and financial implications of rejuvenation; establishment of provincial level FOs in Lam Dong and Dak Lak; the National Sustainability Curriculum; Coffee and Climate initiatives.

SNV provided a brief overview of the FLPs. There are currently 9 projects with 8 organisations implementing them. FLPs include a number of activities including training of farmers, training of trainers and organisation of farmers. Importantly, FLP activities will increase value chain linkages. The progress to date has been very good – key KPIs for all FLPs are progressing well. There are some delays, but in 2013–2014 most FLPs met the key KPIs – number of farmers and trainers trained, amount of sustainable coffee produced and capacity building for farmer groups.

### **2.2 Topic one: Farmer organisation**

#### ***Presentations***

EDE Consulting presented on FOs, focusing on establishment, management and group saving schemes. In EDE Consulting's presentation, key points included:

- Key challenges in farmer organisation establishment: farmers are reluctant to work collaboratively; farmers have high expectations and are easily discouraged with poor results; farmers are reluctant to change their ways of farming and are scared of failure because of financial risks. There are also many other programs competing for farmer's participation in their programs
- EDE Consulting tries to overcome these challenges by: building trust with farmers by focusing on training 'farmer leaders' who have high standing in the community, and allowing farmers to select farmer group leaders; giving farmers responsibility to earn benefits themselves; building the capacities of farmer groups via regular meetings, coaching and monitoring; involving local authorities, who support the project and help to adapt meetings and training to the local context; ensuring farmer group meetings are fun with interesting content; encouraging competition amongst farmers and farmer groups.
- The most effective tools for management of farmer groups are those that publicly show progress, holding groups and individuals accountable.
- In relation to group saving schemes, EDE Consulting is working with farmers to help them understand their own economic situation and recommend contribution rates and provides a seed fund (more details will be explained in section 2.4 below). Transparency in financial management is key to ensuring group saving schemes work.

RIAS presented on new cooperative models and provided an overview of farmer cooperatives at the local, national and international scale and recommendations on how to successfully establish and maintain

cooperatives in Vietnam. Key points of RIAS' presentation include:

- The primary objective of a cooperative needs to be to maximise the benefits for members. Internationally, there are three types of cooperatives. One of these models is currently applied in Vietnam by RIAS which has a particular operational structure and is collectively owned by producer members. It operates for the benefit of members. In the past, Vietnam used a different model - members were volunteers and elected members were paid.
- New cooperative models distinguish themselves by three economic principles: 1) to serve members with the lowest cost; 2) members receive benefits proportional to their contribution; and 3) members fund cooperative activities. The price paid by the cooperative to the members is based on the price in the market minus a margin for operational costs and the surplus of the cooperative. The margin should be fixed and decided at the start of the year. A surplus reservation of 25% is required (to be used at the end of the year), the rest should go to operational costs (20%) and members.
- Key success factors: It is essential for the cooperatives to have clear economic principles (service at cost, proportion principle and principle of self-financing). Cooperatives also need a clear governance structure, and high level of transparency. There should be regular communication with members (once a week). There should also be voluntary group leaders, so members will not have unrealistic expectations of their role (which might happen if they are paid).
- There is currently government support for cooperatives throughout the policy systems such as Law for Cooperatives in Vietnam No 23/2012/QH13, Decree No 193/2013/NĐ-CP, Decision 2261/2014/QĐ-TTg about 2015-2020 Cooperative Development Program; therefore, cooperative members are becoming more committed and help to increase membership.
- Challenges: field level officials are still not aware of cooperative activities and are not participating (participation and awareness of provincial level officials are better than field level officials); the bad reputation of cooperatives in the past made farmers scared to be members of cooperative ; competition from other projects (which offer incentives) made members uncertain to join; farmers are not used to working in cooperatives, do not understand cooperative models and the coffee market; leaders, board members and staff have limited capacity; it is difficult to access loans for farmer cooperatives because of lack of collateral.
- RIAS is working to overcome these challenges by: raising awareness of key issues including cooperatives and voluntary leadership; training farmers, staff, leaders and managers to build their capacities and knowledge (for example in problem solving skills, communication and decision making); working to get more supportive policies from banks and better policies on rejuvenation; trying to recruit and keep capable staff. RIAS also provides loans to cooperatives before they are strong.

Nestlé presented on their PPP project - outlining the three pillars of their approach: demonstration plots, the PPP cooperative and agri finance.

- Demonstration plots are an effective way to train farmers and increase their trust in sustainable techniques, reducing their fears of reduced production because of less irrigation and chemical use. One section of the plot is for farmers who are requested not to copy all the regime demo such as fertiliser regime. The other section is for farmers manage according to Nestlé's instructions. In one year it was clear that the area managed according to Nestlé's instructions was much more productive, used less chemicals and water and increased income. Challenges in the demo plots include the low subsidies for extension workers (PPP had to invest in the demo plot) and their low education levels (managed by ToT sessions, having KPIs and tools for action plans, transfer of new technologies and attaching extension officer to plots).
- Farmers are able to transfer what they learn on the demo plots to other farmers through farmer groups. So far, one cooperative has been established with 7 farmer groups. The Nestlé model (flower model) is different because farmer group leaders are on the cooperative board. The cooperative does not carry out activities - farmer groups work as satellites that sell coffee and buy fertiliser and are

linked one central cooperative (one per province). Minimal money is needed. The board collects the price of inputs from companies, but the farmers pay money to the companies directly. The board does not handle money - this requires good communication between the farmers and the management board. This has been challenging. Some fertiliser companies scared farmers, claiming cooperatives charge more for fertiliser. Nestlé had to bring fertiliser companies into the process to address this challenge. Existing challenges include the low buy/sell volume, low financial and management skills of members and poor facilities. Support from the public sector is needed to increase the dissemination of sustainable farming practices and to connect PPP farmer groups to a central cooperative.

- Nestlé are currently looking at a way to pilot a financial solutions for farmer cooperatives. This will be run by the agro finance taskforce.

## **Discussion**

### ***Finance for FOs***

*Finance is one of the most important issues when developing FO's. FO's need money for inputs and many people assume they need good capital from the beginning. However, farmers alone cannot provide finance for a year's worth of inputs.*

- One experience from an IP partner is to use a multi-stakeholder approach, involving key stakeholders in the supply chain, including fertiliser companies, collectors and banks. This is important in making an organisation a success.
- The PPP cooperative was established using limited finance and limited capital. Accessing loans from banks to assist cooperatives purchase inputs at the beginning of the year was difficult. In Vietnam, Agribank was the only bank that agreed to give the cooperatives loans. It worked - farmers are paying off debts to cooperatives and the cooperatives repaying debts to banks. Cooperatives need to report to the banks to secure loans.
- Another experience is that IP partner can act as a guarantee for cooperatives. If the cooperatives have good implementation results and business results with the supporting of implementing partners, local banks might consider to provide credit for cooperatives.

### ***Farmer group membership***

*Once projects finish, membership of farmer cooperatives often decreases. What are the problems that cause this? What were recommendations and solutions to prevent this happening?*

- It is important that cooperatives provide farmers with a concrete and measurable increase in profit/kg of coffee. They can do this through lowering the cost of production by selling fertiliser at whole sale prices and giving access to lower interest rate loans, as well as providing surplus profits to farmers and giving them technical support to increase yields, which will encourage members to join and stay. Membership does go up and down, and some members who do not have the collective spirit, and who focus on the short term benefits only leave.
- Organising small cooperatives is important at the beginning of a project. Start small with people who want to be involved; then train them and ensure they meet every month. After time they will want to join larger groups. We should, step by step, build their trust and capacity. Good management is very important and we need good managers to increase the scale of cooperatives over time. With increased scale comes increased profits and increased membership.
- The fact that there is weak teamwork between farmers, they are not working together to produce high quality products. This is because of the common weaknesses of farmers in general in a sense that they get acquainted with working individually and have low cooperative spirit. The majority of them look at immediate benefits but not the long-term ones. That is a key reason why they need us as community developers. To overcome this, it is essential to work with them in a stepwise approach and put them



together in organisations with a view on changing gradually their mind and building their ownership sense of their own organisations.

### **Farmer group management**

*How to manage sustainable farmer groups without the support from projects and donors?*

- We should support farmer groups to operate in a similar way to cooperatives. To train the leaders to be business minded, in how to purchase cheap inputs, store inputs and then sell coffee at a high price. Train them to understand and work with coffee markets. This is what an FLP has been doing. Training leaders in business management is also important
- It is critical that the leaders do not have conflicting interests with the farmers. Experience in cocoa cooperatives where leaders become agents has shown that this model did not work because the leaders want to buy cheap and sell high, whereas farmers want to sell to the cooperatives at a high price. When there is a conflict of interest with the management, the cooperative will not survive. On the other hand, it is about the management structure of each cooperative – this needs to be strong for cooperatives to be a success. It also takes time, 7-8 years from now to see success in Vietnam. We need to be taking action and we will see results.
- The effectiveness of cooperatives in Vietnam – will they work? For example, in FLP's experience fertilisers are not an effective way for farmers to make savings through cooperatives. There are very complex issues related to tax, but at the end of the day the price at the village level is almost equal to wholesale level, with a savings of only few percentage points for cooperative members. Note that if the cooperative gets a better price from the wholesaler, they cannot set the wholesale price for the members as this creates problems between the local distributors and the wholesaler. The only option is to set a price just under the lowest village price and withhold the difference between this price and wholesale price for capitalisation in the cooperative.
- History shows cooperatives collapse without donor support, but many are also successful such as dairy and cocoa cooperative models

### **Markets**

- In Vietnam, the coffee market is very speculative and it is very difficult to forecast market tendencies and its fluctuations; as a consequence many cooperatives fail because they do not understand the markets in Vietnam and the fluctuations. Everyone thinks a high price is good and low prices discourage them. Therefore, awareness raising activities for farmers in this area are needed
- The coffee market is extremely transparent with farmers earning up to 95% of the FOB price. Hence there is little value to add with bulk marketing. At the input side, the market is also very transparent which again makes it hard to generate profits from buying fertilisers in bulk.

## **2.3 Topic two: Strengthening farmer group capacity for sustainable coffee production**

### **Presentations**

Nedcoffee presented on working with farmer groups.

- Advantages: the project has a lot of support, Nedcoffee and roasters are committed to sustainable coffee; standard setting organisations support the project; there is good policy support from local government; farmers are willing to apply certification standards; trainers have good capacity to deliver high quality training.
- Difficulties: the high competition from other programs; certification is expensive and difficult to implement over many individual farms; varied knowledge of farmers makes training difficult; farmers have developed bad habits that are hard to change; farmers do not fill in the farmer field books correctly, making monitoring difficult.
- Solutions: Develop a good work plan for project implementation; help farmers select a good leader;

engage farmers early in the project; training in GAP after each stage of coffee growing; follow up with farmers to remind them to record in farmer field books.

- Recommendations: need to focus on the long term, including training after the FLP is finished, strengthen farmer organisations and use a standard set of training materials.

#### Intimex also presented on their experiences working with farmer groups.

- Difficulties: Intimex project is working in remote areas with low productivity, low coverage and a high population of ethnic minority groups (80%). Many of the farmers have limited understanding of technical aspects of sustainable coffee production and because of their poverty, are not able to invest in equipment for sustainable production and are scared of the risks associated with change.
- Advantages: there is strong support locally and from IDH, SNV, EDE and mass organisations. Intimex are also committed to sustainable coffee and have experienced project staff.
- Lessons learnt: It is important to train farmers in a demonstration garden that is standardised. In remote areas, a different approach is needed, such as policies that provide incentives for households to change to sustainable production. Farmers need to be financially sustainable before participating in training so they can apply what they learn on their farms.

#### Simexco presented on the transfer of knowledge and technology to farmers to encourage sustainable production and how they have worked with young people to increase their interest in coffee farming.

##### Transferring knowledge to farmers

- Advantages: Experienced farmer group leaders, farmer management regulations are based on local farmer associations; high participation rate in farmer training sessions; support from local authorities.
- Difficulties: farmers have different levels of knowledge and literacy, they are reluctant to learn business skills and usually expect gifts and money to participate.
- Solutions: survey farmers on their level of knowledge and then design appropriate training materials; adapt training based on monitoring and evaluation results.

##### Transferring technology to farmers:

- Advantages: farmers are experienced and organised, enabling them to learn from each other; coffee experts are working with farmers, providing them with quality training.
- Difficulties: farmers do not keep records and they are conservative and scared to apply new techniques; limited funding means too much content is covered in one training session; too many farmers attend training, making training less effective.
- Solutions: keep training simple (one topic/session); encourage learning from each other; have practical training; limit class size; base training on the seasonal calendar.

##### Rejuvenation

- Advantages: there is high demand for rejuvenation activities and funding is available
- Difficulties: long rotation period (3 years), farmers lack the capital and techniques for effective rejuvenation.
- Solutions - training for rejuvenation, including knowledge transfer for the first three years, land preparation guidance, monitoring of plant care for young plants and careful seed selection. Rejuvenation should be kept at a consistent rate to maintain production levels: 20%/year.

Simexco also encourages youth to work in coffee farming, working with students in selected areas offering vocational training through high schools

#### Armajaro presented on how to strengthen farmer groups for sustainable coffee production:

- Difficulties: working with ethnic minorities – there is a large language barrier and a general lack of

understanding about sustainable production in ethnic minority groups; it is difficult to change attitudes and bad habits.

- Lessons learnt: provide regular training and ensure scientists who provide the training are very good and can give evidence for the benefits of sustainable growing techniques (statistics, demonstration plots); ensure government authorities support the project; do not spread money thinly, concentrate on making small farmer groups effective; give growers the opportunity to see where their coffee goes (traceability) - Armajaro has built brand loyalty by branding their coffee and paying higher than market price; use good agents recommended by local authorities; have simple and practical training materials; run training sessions with small numbers that are flexible around education levels; have good M&E.
- The most important thing is to build trust with the farmers. This is achieved by visiting farmers regularly for M&E; recruiting minority staff, who can communicate with farmers and also demonstrate a commitment to helping ethnic minority communities; allow farmers to choose their leaders; adapt the training content to suit different farmer demands and levels of understanding.

## **Discussion**

### **Training attendance:**

*How to mobilise participants in training courses and how to ensure the quality of training?*

- Providing high quality training is the key to farmer participation, where possible combine training with community development projects. In addition, monthly meetings with interesting topics encourage farmer attendance (for example market information). Do not try and make the workshops or training courses 2-3 days long, make them short and small.
- In our experience word of mouth is important – news of good training will spread and farmers will want to join. Visiting farmers and following up on how they have applied the training is very important. One coffee company shared their experience on buying 100% sustainable/certified coffee committed from last few years through legalised suppliers from their supply chain of certified and sustainable project. This builds relationships with farmers because it gives farmers a sense of connection with the international market.
- Paying farmers to join a training program/course is a very common practice for some companies and organisations to attract farmers to the events. Therefore, in some cases, farmers come to a class not for knowledge or skills necessary for the production but for a small envelope or presents. IPs do believe that if good quality training provided, farmers will come without asking for any money or gifts. Several IP partners have tried that way and it works, evidenced in very high rate of participant in their FFSs.
- Training plots enable farmers to see the benefits of sustainable production techniques and to avoid them having to take risks with their own farms.
- It is important to help farmers understand the market and how it impacts on them. There are many inaccurate rumours on the Internet about the markets that farmers listen to.

### **The support of local authorities:**

*How to involve the support of local authorities, especially farmer associations in project activities? How to work with local government and local extension services?*

- It is widely agreed that local authorities play an important role in the success of projects - all projects have to work with farmers and need the support of local farmer associations to do this.
- Farmer Associations provided local staff with information about what was happening in the field (for example disease outbreaks). This was very useful for coffee companies/or projects, informing their intervention activities. Many coffee companies are actively involved with local government. It is good to hear about local government initiatives because they can be linked to FLP work. For example,

farmer group members have been able to participate in local government workshops and have been able to access drying machines through their relationship with local government authorities.

- Another experience is when coffee companies/or projects worked with local authorities to help identify farmer needs. Local authorities also help monitor who is attending the training classes, so training can be tailored to participants' level of knowledge. In addition, coffee companies/or projects will involve local extension services in M&E activities and they will help to report on how farmers have implemented learnings from the training.
- Some projects work with local authorities at different levels to coordinate resources and deliver training in a systematic way, and they work to maximise resources to provide mass training to farmers.
- All investors involved in sustainable/certified projects should be recognised by local People's Committee/Ministry of Agriculture, Agricultural Extension and tax authorities and they should support those serious investors whenever they require any technical support from higher authorities.
- All investors should concentrate in certain area/commune of each provinces with certain number of farmers with a DEMO farm with different type of method and tools/equipment. Representatives of Ministry of Agriculture/IDH/SNV and World Bank representatives should be monitoring and evaluating the results and take the best proved result in terms of methods and tools. Government authorities should be strict enough with farmers to copy the proved product in the DEMO Farms of above 100 farms per province. Otherwise investors/donors will need to continue donating for years with no sustainable or scalable results. Much like with the weight control transportation system and strict procedures for helmet wearing in Vietnam, Government authorities should be strict enough with farmers to implement and execute the proved equipment and modern technology

#### ***Monitoring the content and adoption of training methods:***

*Currently, farmers receive a lot of training over a short time - how to monitor the contents and adaptation of training methods?*

- Keeping a database with farmers who attend training sessions and from this take a random sample of farmers and check if they have implemented sustainable farming techniques.
- Working with a sample group of farmers who keep daily records. These data are digitised, analysed and the results are shared with the beneficiaries as a tool to learn about farm economics based on own data
- Monitoring a pilot group of farmers who keep records on a daily basis. From this, compare the inputs (such as fertiliser and water) and outputs (coffee) to see if training techniques are being applied successfully. This is very good for testing the use of fertiliser.
- Training farmers on recording farmer field books. Farmer usually records their farming techniques in a book, soil analysis is taken to measure fertiliser application and input costs and outputs are also recorded. This helps train farmers in recording their spending and savings, demonstrating how useful business skills are.

## **2.4 Topic three: model farmer training centres**

### ***Presentations***

EDE Consulting presented on experiences, challenges and recommendations on how to link farmers with finance:

- Approach: first focus on organising farmers into effective farmer groups and developing the skills of farmers and leaders. Work with farmers to make them aware of why collective savings are important. Establish savings funds - the lowest level of farmer contribution has been 50,000 VND/month - and then provide a seed fund. Farmer groups are necessary for this process. This is not simple and takes time. EDE Consulting then works to help farmers access loans. EDE Consulting worked with

VietinBank who has been the most open to providing loans to farmer groups.

- Challenges: farmers have no collateral or credit evidence (no red book which means land use right certificate); banks delay approval of loans with low value, discouraging farmers; banking procedures are complicated especially for ethnic minority people and involve many meetings for loan approval; there is a long travel time between farms and banks - farmers give up after too much travel and the bank officials will not travel out to farms
- Solutions: work with farmers to extend the validity of their papers; ensure site officers are knowledgeable on banking procedures and can help farmers fill in forms correctly, reducing the need to travel to banks; collect farmer loan documents from all group members, so they can be reviewed at once by the bank; produce guidelines for farmers on how to extend land use certificates and prepare documents to save time; work with bank leaders to reduce service fees.
- Recommendation:
  - Recommendations for project and development organisations: provide farmers with skills on financial management; help farmers calculate loan demands and repayment times; encourage group saving schemes; simplify loan procedures; help farmers select banks.
  - Recommendations to banks and FOs: consider group lending models - saving time and transaction costs and reducing the likelihood people default on loans (they will have community pressure to pay them back); simplify loan procedures and have simple guidelines; consider coffee, pepper and other commodities as collateral.
  - Recommendations to authorities: more open policies and regulations as basis for banks and FOs to offer loans to farmers; clear regulations on service fee rates; policies on preferential interest rates for coffee farmers; involve local authorities.

ACOM presented on the Farmer Training Centre (FTC) they have established.

- The FTC offers training in sustainable coffee cultivation to improve quality, increase yield and volume, and reduce input costs. The FTC trains using standardised training materials and works with trainers who have skills in training and are coffee experts. FTC trainers deliver ToF with training partners.
- The FTC covers a range of topics using demonstration plots and theoretical training. The key is practical training - theory is delivered in the morning, and farmers apply their learnings in the afternoon on the FTC demo plot. Workshops give farmers the opportunity to learn from each other. The FTC training includes a focus on using drip irrigation and on grafting techniques for rejuvenation (providing seedlings to practice on).
- When working on farms away from the FTC, small demonstrations are set up to enable practical training. These demonstration plots are managed according to local conditions.

## **Discussion**

### **Role of extension services in FTC**

*What is the role of extension services in FTC and who are beneficiaries?*

- It is not difficult to include extension service workers in FLPs if we work closely with local authorities and related sectors and explain to them properly about the vision, objectives and potential impacts of our intervention/project. We can show where they are in need of improvements of their service quality and can bring new knowledge and expertise to them.
- Some projects hire local extension officers as local consultants. In trainer of training sessions, the best extension service workers are selected. They are trained to deliver high quality training to farmers, and are paid per training session delivered at local wage rates.
- Experience shows that FLPs should invite extension workers to ToT sessions then select the best extension service members to continue to work as consultants.

- Some FLPs cooperate extensively with the Lam Dong extension services and rely on this cooperation to operate the FTC. Annually, the FTC trains 1,500 farmers. It is hoped that these farmers will share the learnings from the training with the rest of the community. With this specific program, there was a focus on entrepreneurial skills, including a workshop on finance. Agribank attended the FTC to provide information on finance for coffee production and rejuvenation. Training on composting was very positively received. Recently, FTC have been trying to demonstrate the benefits of drip irrigation. FTC is happy to receive cooperative members and leaders who are not part of the ACOM project at the training centre.

### **Access to finance**

*Currently farmers have difficulty accessing finance for coffee production and rejuvenation, although a loan package for rejuvenation is being developed. What are some solutions and recommendations to support farmers?*

- When farmers demonstrate their ability to regularly save, the project will provide a seed fund. The seed fund is an initial investment in cash provided by the project to the groups which satisfy the project's participation rules, including (i) the group members have contributed to the savings scheme in 3 consecutive months and (ii) at least 80% of group members join the group's monthly meetings and other group's collective activities. The total seed fund is 5 million VND (~ \$250 USD) for each farmer group or cooperative. This model currently is working well. In the future, the project will consider giving farmers in kind support such as production tools or equipment which is better than giving them cash. This is based on experience in Indonesia.
- One project has found that the banks are willing to support farmers with loans. The banking sector prioritises ToT courses where they can market their loans packages. The project cannot interfere with the provision of loans to farmers. Banks ask for a list of farmers who have sold coffee to the project and at what rate. The project provides this and many of the farmers who have sold coffee to coffee company for 5 years can get loans. The coffee company does not give any endorsements. The PPP cooperative has a debit card system, if farmers store coffee in the warehouse they are given a debit card, from which they can access money in advance of the coffee being sold. They have a membership fee of 1 million VND.
- A project reported on their activities to set up nurseries and train farmers on how to breed new coffee varieties for rejuvenation. The project promotes new seedlings and the government is helping with this such as WASI is providing technical knowledge. The project used to distribute seedlings to farmers for free (project and the government would divide the price 50:50), but farmers were not caring for them. They now ask farmers to pay a small price and they have found farmers take more care of the seedlings.
- The idea is to send a list of farmers to the bank and the bank makes a decision on who they give loans to base on this. Banks provide different options for different groups of people. Different banks offer different interest rates and different incentives
- Currently, Agribank has a policy of up to 50 million VND for a loan but they are very selective. The banks should look at the whole project and work with the farmers participating in the project. Banks provide cash loans to grow seedlings. It is important for farmers to buy good quality seedlings, or the banks will lose their money.

### **Working with ethnic minorities**

- In recent years, some implementing partners tailor training sessions to meet specific ethnic minority farmer needs before training is delivered. They do this by evaluating farmer needs and understanding before the training. Training is also changed depending on what types of growing techniques farmers use and where they are from.
- Simple training needs to be given to ethnic minority groups. One implementing partner has been focusing on delivering very specific training to meet ethnic minority farmer needs. They have not been able to analyse the extent to which the training has been effective, but will do so in the future.

## **2.5 FLP administration issues**

### ***Presentation***

IDH Headquarters provided a brief overview of the current review of the KPIs for all FLPs. The new KPIs are for the new FLPs and will not be mandatory for existing FLPs, but can be used if implementing partners prefer. They will be available at the end of June. In addition, an overview of the new FLP call for proposals, outlining key information available in the prospectus, was given.

### ***Discussion***

Participants discussed issues regarding activity and financial monitoring and reporting, including timelines and templates. Key points from FLP implementers:

- KPIs need to be more concise and relevant to the national context, and should be reported annually. Some KPIs are very difficult to calculate/evaluate (for example nitrogen/kg of coffee). Indicators like yield cannot be reported in the middle of the year, they need to be collected after harvesting.
- The deadlines for submitting annual financial reports and supporting documents to SNV should be reconsidered. FLPs are not able to report before the end of the financial year.
- SNV requires 2 financial report templates to be filled out, the IDH template and SNV template. In addition, FLPs are doing their own financial reporting. It would be good to find templates that reduce the replication of work.
- Some of SNV cost norms required for financial reporting are not practical. For example, hiring of a local expert to run ToT sessions requires justification of cost and qualifications, when they were clearly the best person to run the training. This process should be improved.

### ***Feedback from IDH:***

- The new KPIs will be more concise. The revision process includes people with field experience to make the KPIs more realistic.
- In the future IDH will work directly with implementing partners, SNV will no longer be the national coordinator. SNV will continue to manage the finance for existing FLP contracts, but technical activities will be managed directly by IDH. Activity reporting will be done to IDH Vietnam and all new project will be contracted by IDH directly).
- Implementing partners can email suggestions for the revision of the reporting template to Mr. Paul Klein Hofmeijer or request to see the draft template. IDH will try to incorporate requests where possible and applicable

### ***Feedback from SNV:***

- SNV manages many projects, it takes a lot of time to collect and review financial documents. SNV needs to set the current deadlines to comply with internal procedures and to meet IDH requirements. In order to harmonise IDH financial reporting with SNV's accounting system, SNV needs to collect all financial reports and supporting documentation by 7 January so they can be finalized by mid-Jan. It then takes some time for the auditor to complete the process of field and desktop work and have a final result by 1 April for IDH.
- SNV can only use IDH's financial report for general figures as per budget lines, it is difficult to use the template to enter detailed costs as per items/ vouchers. Therefore, SNV's financial officer consulted the implementers about creating an excel spreadsheet with a list of project expenditures to add all cost items and voucher numbers. This aims to make it easier for the FLPs, SNV and auditors. These figures can be linked with IDH's template. This was not intended to create double work, but to make it easier.
- The agreements for reporting on cost norms (made at the beginning of the projects) cannot be changed. SNV works with IPs to try and make reporting for IDH requirements and SNV requirements

as easy as possible. We have to collect detailed information to ensure transparency and show the auditors. However, SNV is quite flexible on how to collect proper supporting documents.

## **2.6 Status of National Sustainability Curriculum**

A short presentation was given by SNV on the National Sustainability Curriculum promotion and communication activities. The National Sustainability Curriculum, which consists of 6 modules, is nearly complete. It has been endorsed by the Department of Crop Production and private sector stakeholders and is now owned by Vietnam Coffee Coordination Board. The National Agricultural Extension Centre are leading promotion and communication activities. The procedure for developing training of trainer and training of farmer materials was explained, as were the planned training of trainer and training of farmer sessions for 2015.

## **III. Conclusion and follow up activities**

### **3.1 Summary**

SNV provided a summary of the workshop. The workshop highlighted many challenges and solutions of significance for all FLP projects. While the focus of FLPs is on farmers, we cannot focus on farmers alone - many actors such as banks, agents, collectors, agribusinesses - need to be included in sustainable coffee reforms. In addition, we need to standardise our approaches; farmers are getting confused with all of the training offered and this threatens the effectiveness of our projects. We also need to adapt training to suit the needs of the different farmers we work with, in particular ethnic minorities, to make sure it is effective. Many challenges were discussed that still need solutions - the sustainability of cooperatives after the SCP is finished, the need for a fair competitive environment for farmer groups and cooperatives to operate in, access to finance for farmer groups and cooperatives, educating farmers and local authorities on the coffee market. All participants are committed to meet again to try and find solutions as a group.

### **3.2 Workshop evaluation**

All participants were asked to list the positive aspects of the workshop and the areas in need of improvement. In addition, participants were provided workshop evaluation form for further comments and suggestions. Details of workshop evaluation results is in Annex 3.

#### ***Recommendations:***

- Stakeholders who are directly involved in the activities of the FLPs should be invited. Suggested stakeholders included: banks and financial institutions (to help find solutions to finance issues, this was a key stakeholder group identified), standard setting organisations, educational institutions and consider to invite mass media organisations (if necessary because this will be a good way to advertise the efforts of the program), farmers and government.
  - Most participants wanted other stakeholders invited to the next workshop.
  - Some participants expressed concern at inviting other stakeholders. Concerns included: implementing partners might not be as willing to share information, representatives from banks will not share anything.
  - Everyone agreed that if we invite other stakeholders we should be selective in which stakeholders we invite. We can prepare some questions/key topics for them to discuss.
- IDH should meet implementing partners in the field to get more information on project implementation.
- We should discuss solutions to the issues raised and focus on market analysis. In addition, field visits should be included in the schedule of the workshop.
- The workshop should be annual.
- Information could be shared internationally, not just within Vietnam. However, we need to be careful with who we share the information with because of confidentiality issues.



### 3.3 Follow up activities

SNV will develop the report and distribute all outputs of workshop.

## Annex

### Annex 1. List of participants

No.	Name	Position	Organisation/Company
1.	Mr. Dave D'Haeye	General Manager Asia Pacific	EDE Consulting Representative Office Asia Pacific
2.	Mr. Do Thanh Chung	Country Director	EDE Consulting Representative Office Asia Pacific
3.	Mr. Le Ngoc Linh	Project Coordinator	EDE Consulting Representative Office Asia Pacific
4.	Mr. Vu Quoc Tuan,	Corporate Affairs Department	Nestlé Vietnam
5.	Mr. Serge Mantienne,	Sustainability Manager	ACOM Vietnam
6.	Mr. Poulouse Chacko	Managing Director	Armajaro Vietnam
7.	Mr. Cao Xuan Loc	Sustainability Manager	Armajaro Vietnam
8.	Mr. Do Ngoc Sy	Sourcing Manager Coffee, AP	Mondelez
9.	Mr. Nguyen Bach Chien	Project Coordinator	Intimex HCM
10.	Mr. Nguyen Van Ngoc	Sustainability Division	Intimex Buon Ma Thuot
11.	Mr. Do Thanh Duy	Administration Division	Intimex Buon Ma Thuot
12.	Mr. Do Duc Tan	Sustainability Division	Intimex Bao Loc
13.	Mr. Pham Ngoc Tung	Sustainability Manager	Ned Coffee Vietnam
14.	Mr. Le Hai Ky	Technical Staff	Ned Coffee Vietnam
15.	Mrs. Bui Thi Minh Phuong	Project Coordinator	RIAS
16.	Mr. Nguyen Quang Binh	Coffee Advisor	RIAS
17.	Mr. Nguyen Tien Dung	Head of Sustainability Division	Simexco Dak Lak
18.	Ms. Le Thi Ha Lien	Deputy Director of AGRO Information Centre	IPSARD
19.	Mr. Flavio Corsin	Country Director	IDH Vietnam

20.	Mrs. Tran Thi Quynh Chi	Manager of ISLA	IDH Vietnam
21.	Mr. Paul Klein Hofmeijer	Program Officer	IDH Netherlands
22.	Mr. Miroslav Delaporte	Program Officer	SECO Vietnam
23.	Mr. Caspar van der Horst	Deputy Ambassador	Netherlands Embassy in Vietnam
24.	Mr. Manoli Strecker	Business Development Officer	SNV Vietnam
25.	Mr. Le Anh Tuan	SCP Manager	SNV Vietnam
26.	Mr. Nguyen Chi Hieu	Market Advisor	SNV Vietnam
27.	Mr. Ho Van Loi	Field Coordinator	SNV Vietnam
28.	Mrs. Dao Thi Phuong	Administration and Finance Officer	SNV Vietnam
29.	Ms. Bonnie Learmonth	Program Officer	SNV Vietnam

## Annex 2. Workshop Agenda

#	Time	Content	Responsibility
1.	7.30 – 8.00	Registration	SNV Administration
2.	8.00 – 8.15	Opening speech	<b>Mr. Flavio Corsin</b> , Country Director IDH Vietnam
3.	8.15 – 8.40	All FLPs introduction (2 minutes per project)	FLP representatives
4.	8.40 – 9.00	Introduction: Sustainable Coffee Program 2012 – 2015.	<b>Mr. Flavio Corsin</b> , Country Director IDH Vietnam <b>Mr. Paul Klein Hofmeijer</b> , Program Officer, IDH Netherlands
5.	9.00 – 9.15	Presentation: Field Level Projects National Coordination	<b>Mr. Le Anh Tuan</b> , Coffee Program Manager, SNV
6.	9.15 – 10.10	<b><i>Presentations on Topic 1: Farmer Organisation</i></b>	
		(10 minutes) Farmer Organisation	<b>Mr. Dave A. D’haeze</b> , Regional Representative, EDE Consulting Company
		(10 minutes) Experience in cooperative establishment	<b>Ms. Bui Thi Minh Phuong</b> , Project Coordinator, RIAS

	(15 minutes)	Farmer Organisation & Farmer group strengthening	<b>Mr. Vu Quoc Tuan</b> , Corporate Affairs Department, Nestlé Vietnam
	(20 minutes)	Q&A and Discussion	
7.	10.10 – 10.30	<b>Tea break</b>	
8.	10.30 – 11.30	<b><i>Presentations on Topic 2: Farmer groups' strengthening capacities on sustainable coffee production</i></b>	
	(10 minutes)	Strengthening Farmer Group Capacity for Sustainable Coffee Production	<b>Mr. Pham Ngoc Tung</b> , Sustainability Manager, NEDCoffee Vietnam
	(10 minutes)	Advantages & Challenges in Project implementation	<b>Mr. Nguyen Bach Chien</b> , Project Coordinator, Intimex HCM
	(10 minutes)	Transferring knowledge to farmers, techniques to meet with sustainability standards	<b>Mr. Nguyen Tien Dzung</b> , Sustainability Manager, Simexco Dak Lak
	(10 minutes)	Strengthening farmer group capacities in sustainable coffee production in Vietnam	<b>Mr. Poulouse Chacko</b> , Managing Director, Armajaro Vietnam Limited
	(20 minutes)	Q&A and Discussion	
9.	11.30 – 12.10	<b><i>Presentation on Topic 3: Model farmer training centre</i></b>	
	(10 minutes)	Linking farmers with finance	<b>Mr. Dave A. D'haeze</b> , Regional Representative, EDE Consulting Company
	(10 minutes)	Farmer training centre	<b>Mr. Mantienne Serge</b> , Sustainability Manager, ACOM
	(20 minutes)	Q&A and Discussion.	
10.	12.10 – 12.30	Summary.	<b>Mr. Le Anh Tuan</b> , Coffee Program Manager, SNV
11.	12.30 – 13.30	<b>Lunch.</b>	
12.	13.30 – 14.30	Discussion on FLPs issues: <ul style="list-style-type: none"> <li>➢ Reporting templates (in both current technical and financial templates)</li> <li>➢ Reporting timeline</li> <li>➢ Other issues</li> </ul>	<b>Mr. Paul Klein Hofmeijer</b> , Program Officer, IDH Netherlands  <b>Mr. Ho Van Loi</b> , Field Coordinator, SNV  <b>Mrs. Dao Thi Phuong</b> , Administration and Finance Officer SNV
13.	14.30 – 15.00	Update NSC development, promotion and communication	<b>Mr. Le Anh Tuan</b> , Coffee Program Manager, SNV

14.	15.00 – 15.15	Information sharing about New call proposal for SCP in 2015: <ul style="list-style-type: none"> <li>➤ <i>How to apply</i></li> <li>➤ <i>Timeline and procedure</i></li> <li>➤ <i>Focus areas.</i></li> </ul>	<b>Mr. Paul Klein Hofmeijer</b> , Program Officer, IDH Netherlands
15.	15.15 – 15.30	Workshop Evaluation Workshop Conclusion	<b>Mr. Paul Klein Hofmeijer</b> , Program Officer, IDH Netherlands

### Annex 3. Evaluation results

#### Aggregation of Workshop Evaluation Form

- *Number of evaluation form sent out: 20 (in both English and Vietnamese)*
- *Number of evaluation form received: 20*

	<i>(1 = insufficient      5 = excellent)</i>										<b>Overall rate</b>
	<b>1</b>		<b>2</b>		<b>3</b>		<b>4</b>		<b>5</b>		
	#	%	#	%	#	%	#	%	#	%	
<input checked="" type="checkbox"/> The content of workshop was informative and well-presented					<b>0</b>	0	<b>14</b>	70	<b>6</b>	30	<b>4.3</b>
<input checked="" type="checkbox"/> The content of workshop was applicable to your organisation					<b>2</b>	10	<b>13</b>	65	<b>5</b>	25	<b>4.15</b>
<input checked="" type="checkbox"/> The presenters were knowledgeable on their topic					<b>0</b>	0	<b>14</b>	70	<b>6</b>	30	<b>4.3</b>
<input checked="" type="checkbox"/> The agenda was well paced within the allotted time					<b>1</b>	5	<b>15</b>	75	<b>4</b>	20	<b>4.15</b>
<input checked="" type="checkbox"/> The discussion was useful and facilitated well					<b>0</b>	0	<b>12</b>	60	<b>8</b>	40	<b>4.4</b>
<input checked="" type="checkbox"/> The hand-out was presented in an organised manner					<b>2</b>	10	<b>10</b>	50	<b>8</b>	40	<b>4.3</b>
<input checked="" type="checkbox"/> Meeting space and other logistics were organised well					<b>2</b>	10	<b>9</b>	45	<b>9</b>	45	<b>4.35</b>
<input checked="" type="checkbox"/> The workshop overall					<b>0</b>	0	<b>12</b>	60	<b>8</b>	40	<b>4.4</b>
	<b>Yes</b>		<b>Consideration</b>				<b>No</b>				
	#	%	#	%		#	%				
<input checked="" type="checkbox"/> I will apply what I have learnt today to my work	<b>17</b>	85	<b>3</b>	15		<b>0</b>	0				

<input checked="" type="checkbox"/> I will share the content of workshop with other people/organisations	<b>17</b>	85	<b>3</b>	15	<b>0</b>	0	
<input checked="" type="checkbox"/> I would be interested attending in the event next year	<b>20</b>	100	<b>0</b>	0	<b>0</b>	0	

**Which topics or aspects of the workshop did you find most interesting, useful and applicable? Why?**

- Q&A and discussion (6 comments)
- Topic of Farmer organisation (FO) because this is the core issue of sustainable development of organisation/company (10)
- Interesting to learn from other participants and companies (4)
- Finance access for farmer and FO (6)
- Cooperative models (6)
- Rising openly issues at management level. The openness of IDH to reflect about issues and look into solution.
- Experience in strengthen capacity for farmers (4)
- Implementation of sustainable projects
- Open workshop and friendly (3)
- Farmer Training Centre (3)
- FLPs issues: finance report (4)

**How do you think the workshop could have been made more effective?**

- More structured in Q&A
- Should invite policy makers, representative of banks, input companies and local partners (6)
- Dialogue with partners mentioned above (4)
- Many presentations were presented in general, should focus deeply and give solutions (3)
- Media
- Field trip to visit FOs or Coop models
- Should make action plan after discussion

**Other comments and suggestions?**

- Need more participation from IDH in the debate
- More time for presentation
- Much appreciated that the presentation time was kept short to leave large timeslots to discuss
- Aggregate lesson learn and experience to share after workshop

**What was good about the workshop?**

- Everyone actively participated in discussions and feedback
- People were honest and open in sharing information
- Everyone was friendly in their approach to discussions

- The logistics were well organised and materials well prepared
- The presentations were kept short and there was enough time for discussion
- Criticism was constructive and taken very well
- The attendance of some of the best companies in Vietnam made the workshop a success
- Feedback session at the end was very useful

***Interesting and informative topics***

- Linking farmers with financial assistance
- Financial reporting
- Farmer organisations and cooperative establishment
- Strengthening the capacities of trainers

***Logistics***

- Provide better tools for the presentation to avoid presenters having to move around to change slides
- Provide templates for the presentations so direct comparisons between key aspects of each project (example: KPIs, costs, objectives) can be made
- More time for presentations
- Have a forum not a work shop
- Have less presentations and more discussions on key topics