



Root Capacity: Bringing Business Training to the Countryside *January 2008 Update*

Root Capital launched Root Capacity, its financial education program, in January 2006 through its first business training initiative, Porvenir Financiero (Financial Future) or "PorFin." A partnership between Root Capital and EARTH University of Costa Rica, PorFin's objective is to provide much-needed financial management and basic business training to managers and farmer members of grassroots businesses working in environmentally-sensitive rural areas of northern Latin America.

PorFin is funded through grants from the Multilateral Investment Fund of the InterAmerican Development Bank as well as leading foundation and corporate partners. Funding partners include Citi Foundation, Green Mountain Coffee Roasters, JPMorgan Chase Foundation, Starbucks Coffee Company, The Rohatyn Group and the Unitarian Universalist Service Committee.

The activities during 2006, the first year of PorFin, were focused on developing the curriculum, hiring key personnel and setting up the structures to begin training in Guatemala, Mexico and Nicaragua. With its infrastructure and curriculum in place – including ePorFin (<http://eporfin.rootcapital.org>), an innovative online educational platform – PorFin began conducting its training courses in 2007. A total of 1,300 participants (33 percent women), representing the 24 grassroots enterprises depicted in Figure 1 and listed in Table 1, took part in 57 PorFin workshops in 2007.

Figure 1: Locations of Enterprises Participating in PorFin, 2007



Table 1: Summary of Enterprises Participating in PorFin, 2007

Country	Organization	Product	Location	# of members
Guatemala	ASOBAGRI	Coffee	Barillas, Huehuetenango	893
	FEDECOCAGUA	Coffee	Throughout Guatemala	1,288
	Manos Campesinas	Coffee	Western highlands of Guatemala	1,260
	Rio Azul	Coffee	Jacaltenango, Huehuetenango	170
	Cooperativa Cuilco	Honey	Cuilco, Huehuetenango	125
	APODIP and APROCOM (ForesTrade)	Spices	Cobán, Alta Verapaz	1,662
	COPIASURO, R.L.	Honey	Catarina, San Marcos	132
	Cooperativa Mujeres Mayas Tejidos Guadalupe	Textiles	Poaquil, Chimaltenango	75
Mexico	21 de Septiembre	Coffee	Putla de Guerrero, Oaxaca	971
	CESMACH	Coffee	Corzo, Chiapas	270
	Huatusco	Coffee	Huatusco, Veracruz	1,988
	Más Café	Coffee	Comitán, Chiapas	2,206
	Kiee Iuu	Hibiscus	Oaxaca, Oaxaca	133
	Productores Agropecuarios de la Selva Lacandona	Honey	Ocosingo, Chiapas	344
	Sociedad de Silvicultores de Coapilla SC (UNPROFOREC)	Wooden products	Coapilla, Chiapas	260
	Tzeltal Tzotzil SSS	Honey	Pantelho, Chiapas	284
Nicaragua	CECOCAFEN/ UCA San Ramón	Coffee	Matagalpa, Matagalpa	2,078
	PRODECOOP/ Coop. Base	Coffee	Estelí, Estela	2,300
	SOPPEXCCA	Coffee	Jinotega, Jinotega	650
	UCPCO	Coffee	San Juan de Río Coco, Madriz	250
	Asociación de Productores de No Tradicionales (APRONOT)	Fruit pulp	San Marcos, Carazo	126
	Central de Cooperativa del Campo	Sesame	León, León	2,940
	COMAMNUVI R.L. (Zona Franca Masill SA)	Textiles	Ciudad Sandino, Managua	70
	COSATIN/ Tierra Nueva	Honey	Boaco, Boaco	620
Total	24 cooperatives			21,095

PorFin's financial education and business training is delivered through four types of programs:

1. Centralized workshops

In 2007, 365 members and managers of grassroots businesses participated in PorFin's five-day centralized workshops, which are courses held in central locations with participants from a range of grassroots enterprises. The centralized workshops use a standardized instruction methodology to deliver training on a variety of topics. Courses offered in 2007 include Business Basics, Internal Credit Management, Financial Management, Training of Trainers, and Financial Literacy. Participants are given an exam at the end of the workshops to test their knowledge and to ensure that they are equipped to bring the lessons from the workshops back to their day-to-day work at their enterprises.

2. De-centralized workshops

The PorFin team conducted de-centralized workshops on particular topics of interest – such as Creating a Business Plan, Motivation and Leadership, Portfolio Evaluation, and Rural Microcredit Analysis – to one or two grassroots businesses at a time. A total of 333 people participated in 16 de-centralized workshops in 2007. These workshops take various forms: Some replicate the complete five-day centralized workshop module while others are shorter, one- or two-day workshops.

3. Inter-organizational exchanges

These “farmer-to-farmer learning” programs allow enterprises to share practical experiences and knowledge beyond what can be learned in the classroom. The PorFin team held a total of two inter-organizational exchanges in 2007 in Nicaragua and Mexico.

4. Customized advisory services

In addition to formal workshops and exchanges, PorFin delivers its financial education and business training through technical assistance customized to the particular needs of the grassroots enterprises. Eighteen consultants with expertise in management, accounting and other organizational development skills spent a total of 735 days providing technical assistance to participating enterprises.

As the participants return to their respective organizations, they have made a series of improvements to their internal efficiencies with the knowledge they gained. For example, many have implemented more rigorous accounting systems, professionalized overall organizational financial management and trained their peers in business skills. Therefore, all members of the participating organizations – a total of 22,000 farmers and artisans – have benefited from PorFin in 2007 alone.

In 2008, the Root Capacity team will take the lessons learned in Guatemala, Mexico and Nicaragua to extend its activities into Costa Rica, El Salvador and Honduras. As we look to expand Root Capacity to these new markets and beyond, the following activities provide a sample of the initiatives that have made up the success of the program thus far and will be a model going forward.

Building Strong Organizations from the Inside: Training of Trainers Workshop in Guatemala

For five days this summer, 25 staff members from partner organizations of the PorFin project gathered in central Guatemala for a “Training of Trainers” workshop. Participants, whose average age was 30 years, represented 14 producer organizations.



The workshop provided attendees with a “methodological toolbox” of skills and techniques they could use to help their organizations. Whenever possible, the workshop was experiential, drawing on participants’ knowledge and involving them in activities to prompt discussion and analysis. Students carried out three training practice sessions to develop the skills they’ll need to deliver workshops that will benefit their organizations. But the most crucial test will come after the workshop itself has ended when the participants plan, perform and evaluate a training workshop within their respective organizations. This experience will be the most important part of what they’ve learned, and ultimately determine whether they will be certified as trainers. After all, PorFin’s goal is always to ensure that the skills imparted are practical, effective, and applicable in the real world.

Practical Coursework Key to Successful Financial Management Workshop in Nicaragua

This August in Managua, Nicaragua, 18 men and women attended a five-day Financial Management workshop. Participants—who hold finance positions in their organizations—tackled one intensive subject per day, including accounting; analysis and interpretation of financial statements; costs and the break even point; financial planning; and investment analysis.

As the workshop emphasized real-life applications, the attendees brought their organizations’ financial statements with them so they could work and practice with their actual data. This approach helped participants master skills they could immediately put into practice, such as preparing accounting records and controls based on the procedures actually used at their organizations. They also undertook exercises such as reclassifying costs into fixed and variable for the purpose of calculating the break even point, and making plans for the re-negotiation of their organizations’ debt for a one-year period.



These lessons will have real applications at work: participants ranked it either a short or medium-term priority to improve their organizations’ financial planning, budgets, and analysis, and to strengthen their capacity to evaluate investment alternatives.

During the course, attendees assessed their progress each day, which helped in correcting any mistakes and keeping participants focused on the learning objectives. Every student successfully passed the final exam, and returned home with financial management tools that will bring long-term benefits to their organizations.

Mexican Workshop Delivers Tangible Finance Skills

Recently, 28 participants from 11 organizations gathered for five days in Mexico for courses in Business Basics and Financial Management. The courses, focused on both managers and technical staff, taught basic accounting, organizational analysis and financial management. One of the goals of the workshop was to establish an efficient control mechanism for financial resources and participants learned to present their finances to their farmer members in an understandable and transparent way. Importantly, participants left the workshop equipped with an understanding of market dynamics and how they relate to the commercialization of their particular products.



To leverage lessons learned from other trainings – a hallmark of the PorFin approach -- Roger Castellón, an experienced facilitator from Nicaragua, taught the course, while Guatemalan consultant Marco Antonio Subuyuj attended to learn best practices for replicating the training with PorFin groups in Guatemala.

Participants zeroed in on the dynamism, flexibility and dedication of the facilitators as one of the best aspects of the training. They also noted the practical approach of the trainers, who encouraged students to focus on issues relevant to their own businesses. As you can see from the photos of students huddled over their laptops and course materials, participants put forth intense effort throughout the workshop.

Creation of Methodological Team Ensures On-going Quality and Rigor

Since PorFin's conception, ensuring consistent educational quality has been a priority. This commitment led to the creation of the PorFin Methodological Team, which established a structured way to ensure that the courses are fulfilling the objectives of the curricula and meeting the overall goal of strengthening the financial capabilities of the organizations served.

The Methodological Team closely studied course materials—from an initial module proposal to the agenda content, and from descriptive materials to admission and exit reports—and compared them to the stated objectives of PorFin. The team helped identify areas where the curriculum could be made more directly applicable, and made the relevant modifications. Finally, the modules were placed on PorFin's website, ePorFin. The work was very productive, and PorFin now offers ten courses, with plans to increase course offerings in the future in response to the growing demand.

EARTH University / PorFin Interns Offer Customized Support to Beneficiary Organizations

From the first week of September to mid-December 2007, six third-year students at EARTH University in Costa Rica interned at different organizations affiliated with the PorFin project. The students' assignments include delivering training sessions on organizational management to growers; working on special projects to improve competitiveness; and providing financial management support to the organizations. The interns' performance is regularly evaluated by PorFin's national coordinators and their immediate supervisors to ensure that they are reaching their goals and helping to make a difference.



Says Martha Tuquerres, an Ecuadorean intern at the women's cooperative Tejidos Guadalupe in Guatemala, "This is a very valuable experience for me... Through conversations with different people in the organization, I have learned about their needs in business and finance, which allows me to put my internship and the work I'm doing into context. I am sharing financial management expertise with the group, helping them develop their own skills, and raising their interest in continuing to practice better financial accounting and controls. Overall, I'm excited to offer my energy and knowledge to contribute to the good of the organization."