



Agriterra



‘FARMERS FIGHTING POVERTY’

— *approach and results 2011-2015* —

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This review of 2011-2015 is part of a trilogy. The other parts are the annual report of 2015 and a preview of 2016 - 2020.

COLOFON

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RESULTS

2011-2015



FUNCTIONAL
ENTERPRISES



BANKABLE
BUSINESS PLANS



23
MILLION
IN LOANS FOR WORKING
CAPITAL MOBILISED



65
POLICY PROPOSALS AIMED
AT CAPITALISING ON
DEVELOPMENT AID FUNDS



7,8
MILLION
IN LOANS FOR
INVESTMENT MOBILISED

FARMERS FIGHTING POVERTY:

Focus on entrepreneurship

THE BEST WAY TO TACKLE POVERTY IS TO CREATE ECONOMIC GROWTH. IN DEVELOPING COUNTRIES, THAT MEANS STRENGTHENING THE AGRICULTURAL SECTOR. THE MAJORITY OF THE POPULATIONS OF THESE COUNTRIES LIVE IN THE COUNTRYSIDE, AND THERE IS A GROWING DEMAND FOR FOOD THROUGHOUT THE WORLD.

Agriterra was founded in 1997 by Dutch farmers' organisations, and is explicitly committed to the professionalisation of cooperatives and farmers' organisations in developing countries.

Knowledge exchange

We have our roots in the Dutch agricultural sector, which is a world leader thanks to the cooperation between agriculture, business, the government and research. What sets us apart is the exceptional contribution of experts from our Agripool: agricultural entrepreneurs and professionals from agribusinesses who ensure high-value peer-to-peer knowledge exchange.

Drawing on entrepreneurship

In the past, development cooperation focused on projects that were initiated at the request of the farmers' organisations. The modern approach draws much more strongly on the entrepreneurship of producers in developing countries, and demands active cooperation with their chain partners and investors. This is why Agriterra has refined its approach by focusing on three working areas: Farmer-led enterprises, Farmers' Entrepreneurship and Farmers' Advocacy. This publication is a report on the period 2011–2015, with great results and some inspiring examples.

Concrete BUSINESS PLANS, *stronger* GROUPS and *better* ADVOCACY

SINCE 2011, AGRITERRA HAS REFINED ITS APPROACH TO OPERATIONS. THIS IS TRANSLATED INTO BUSINESS PLANS AND FUNDING AWARDED TO COOPERATIVES, TO FARMERS' GROUPS THAT PROVIDE BETTER EXTENSION SERVICES AND COOPERATE MORE, AND TO FUNDS WHICH HAVE BECOME AVAILABLE AS A RESULT OF STRUCTURED ADVOCACY.

Attention for agriculture is growing throughout the world, both in the international community and in the business sector and among investors. The global population is growing, increasing the demand for food. In wealthy countries there is an increasing need for high-value, sustainable resources, and family-owned companies in developing countries are becoming more important in meeting the growing market demand.

At the same time, the role of development cooperation is changing, with the availability of money no longer being the biggest problem. New capital flows are rendering the donor contributions of the 'old' development aid model less important. These days, the limiting factors are mainly government policy and gaining access to capital. That calls for decisive advocates, organisations which strengthen farmers' entrepreneurship, and creditworthy cooperatives.

'FARMERS FIGHTING POVERTY'

Agriterra's refined approach capitalises on this. Our work is driven by demand. With our experience in the field, we actively seek out ambitious clients and support them to realise their ambitions independently.

Those qualities form the core of the Farmers Fighting Poverty (FFP) programme, on which Agriterra has collaborated since 2007 with the Ministry of Foreign Affairs (Directorate-General for International Cooperation, DGIS) and a number of sister organisations.

A REFINED PROGRAMME

In 2010, this programme was further refined. Since 2011 Agriterra has explicitly selected entrepreneurial farmers, both men and women, who set themselves apart from subsistence farmers who are forced to be active in agriculture because they can see no other choice. In addition, we are becoming more selective in the organisations we work with, and the way in which we finance activities.

THREE WORKING AREAS

Since 2011, Agriterra has concentrated on three working areas: Farmer-led enterprises, Farmers' Entrepreneurship and Farmers' Advocacy.

Farmer-led enterprises

Farmer-led enterprises are cooperatives or other enterprises that operate in the interests of the agricultural



producer. Our goal is to support these businesses in their entrepreneurial ambitions, emphasising the development of business plans, improvements in overall management and governance, and financial management, ensuring that the cooperatives are bankable and can attract outside capital (working capital and investments) on their own merits.

Farmers' Entrepreneurship

Farmers' Entrepreneurship is concerned with establishing and strengthening farmers' groups and supporting joint activities. These activities include training and extension services in crop/cultivation specialisation and increasing production, but also market research and sales. We offer support at the organisational level, so that our clients are better able to train their members.

Farmers' Advocacy

In the Farmers' Advocacy working area, we work with regional and national farmers' organisations that focus on a better business climate for their members. Our work focuses on more effective lobbying, the development of well-founded policy proposals and the use of public funds for agricultural entrepreneurs. Agriterra has developed its own methodology for this work: the Farmers Advocacy and Consultancy Tool (FACT). This method consists of four phases: member consultation for a broad consensus, participatory research, drawing up good proposals, and focused lobbying based on stakeholder analysis.

REGIONS

Agriterra is active with Farmer-led enterprises in Peru, Indonesia, Kenya, Tanzania, Uganda and Ethiopia. In the 2011–2015 period, Business Advisors started to work based in this area and local Business Advisors were engaged. Under the other two working areas, large projects have taken place in both East and West Africa and in various countries in Asia and Latin America.

AGRIPOOL

For our advisory work, in addition to expert Business Advisors we also have a pool of experienced experts from the agriculture and horticulture sectors and related agri-businesses in the Netherlands. In the 2011-2015 period, a total of 859 advisors were involved.

This unique peer-to-peer approach brings benefits to both parties. Agriterra's clients gain access to varied knowledge and experience, and for Agripoolers these missions are a great opportunity to fulfil their Corporate Social Responsibility (CSR) policy or to explore new cultures and markets abroad.

FACTS & FIGURES

2011



2011

The new approach brings visible results

Although 2011 was a start-up year for the renewed Farmers Fighting Poverty programme, a number of great results were directly achieved.

We drew up an investment-ready business plan with 15 agribusinesses. The 2011 goal for Farmers' Entrepreneurship was easily exceeded: with 97 clients, in 2011 we reached around 3,100 local farmers' groups. The plan was to reach 2,500.

In terms of Farmers' Advocacy, the structured approach to lobbying processes took more shape. Based on the experience of the preceding 10 years, a method for participatory generation of policy proposals (PGPP) was created, which was reintroduced in 2012 under the name of FACT.

FARMER-LED ENTERPRISES



FARMERS' ENTREPRENEURSHIP



FARMERS' ADVOCACY



ORIGIN OF THE FUNDS

GOVERNMENT (DGIS)	€ 8.100.323
OTHER DONORS	€ 1.561.728
CLIENT CONTRIBUTIONS	€ 6.070.575
TOTAL:	€ 15.732.626

FACTS & FIGURES

2012



2012

Growth in activities

In 2012 the Farmers Fighting Poverty programme was gaining steam. That was demonstrated in the greater number of clients, the strong growth in project incomes and the greater deployment of Agripoolers in advisory missions.

The tasks surrounding Farmer-led enterprises resulted in loans totalling € 1.8 million, mainly to cooperative organisations in Peru, Uganda and Ethiopia. The Farmers' Entrepreneurship working area reached 5,600 groups through 39 clients, almost double what was achieved in 2011.

In terms of Farmers' Advocacy, there were successes in India, East Africa and Bolivia. The FACT methodology was further developed and tested. Reactions from clients were glowing.

FARMER-LED ENTERPRISES



FARMERS' ENTREPRENEURSHIP



FARMERS' ADVOCACY



ORIGIN OF THE FUNDS

GOVERNMENT (DGIS)	€ 12.103.836
OTHER DONORS	€ 1.461.772
CLIENT CONTRIBUTIONS	€ 7.559.461
TOTAL:	€ 21.125.069



'New opportunities for our cooperatives'

John Nuwagaba,
general manager ACPCU

"The collaboration with Agriterra has brought our union new opportunities. Agriterra helped us to identify the weak spots in our organisation and provided the resources to improve ourselves. One example is the financial administration. They helped us with a proper accounting, both at the cooperative societies and the union.

Agriterra also linked us with international partners. We have strengthened the relationship with our existing buyers and gained access to new potential customers and financiers."

RESULTS:

- Development of a business plan
- Organisational strengthening
- Access to loans totalling US\$ 1.5 million
- New processing factory opened operations in 2015



COFFEE COOPERATIVE STRONGER THANKS TO INVESTMENT IN PROCESSING

STARTING YOUR OWN FACILITY TO PROCESS COFFEE BEANS TAKES AMBITION, BUT YOU ALSO NEED A CREDITWORTHY, PROFESSIONAL ORGANISATION AND ACCESS TO OUTSIDE CAPITAL. TO THIS END AGRITERRA SUPERVISED ACPCU, A UNION OF LOCAL COOPERATIVES.

As a supplier of certified Fair Trade coffee to European coffee roasters, the Ankole Coffee Producers Cooperative Union Ltd (ACPCU) already had a good sales channel for its members. This union of local cooperatives had the ambition to grow further, both in turnover and in added value.

Their dream was to run their own processing plant. The cooperative's members add extra value to the coffee by sorting the beans themselves, upgrading them and packaging them to export-quality standards. This also creates employment.

WORKING TOGETHER SINCE 2012

Through 17 affiliated cooperatives, ACPCU represents more than 6,000 small-scale coffee producers in the Bushenyi district in Southwest Uganda. As their partner, in the 2012–2015 period Agriterra was involved in this cooperative to help realise their ambitious investment plan.

As usual, the collaboration began with the screening of the organisation via a company assessment, then in 2012 Agriterra carried out a feasibility study for the proposed investment. During the 2013–2014 period, various Agripoolers contributed to the business plan. Over

the course of a number of advisory missions, they offered support in drawing up sales projections and cash flow calculations and gave advice on financial management, internal control and HR policy. In addition, a training course was provided in order to increase member engagement. This is important, because a factory can only become profitable if it has a reliable supply of raw material.



- Uganda
- ACPCU
- coffee
- 6000 members

IN 2015 THE CHIMNEY IS SMOKING

In 2013 ACPCU's management came to the Netherlands and Germany on a working visit, to establish links with buyers and to pitch the investment plan to financial institutions (the Rabobank and Triodos Bank). The pitch was successful and the collaboration is bearing fruit. Financing was arranged in 2013, building began in the following year, and the processing plant's chimney has been smoking since 2015.

FACTS & FIGURES

2013



2013

Refined course bears fruit

In 2013 the new capital flows for agriculture in developing countries were becoming clearer. That is shown in the larger share in financing taken by clients themselves.

Cooperatives value the network of external experts (Agripool) and the possibilities to develop bankable businesses themselves. The Farmer-led enterprises team – with clear results in Kenya, Uganda, Ethiopia and Peru – also showed its first results in Tanzania and Indonesia.

This year the FACT methodology, developed for more effective advocacy and lobbying processes, became available in nine languages, sparking a great deal of interest. The FACT4budget variant was made especially for African advocacy organisations. It helps organisations to remind governments that in 2003 (Maputo Declaration) their leaders committed to spending a minimum of 10% of the public budget on investments in agriculture.

FARMER-LED ENTERPRISES



FARMERS' ENTREPRENEURSHIP



FARMERS' ADVOCACY



ORIGIN OF THE FUNDS

GOVERNMENT (DGIS)	€ 13.960.708
OTHER DONORS	€ 2.191.140
CLIENT CONTRIBUTIONS	€ 10.417.236
TOTAL	€ 26.569.084

FACTS & FIGURES

2014



2014

Even more focus on business

In 2014 it had already become clear that in the 2015–2020 period Agriterra wanted to focus even more strongly on business development. In the Farmer-led enterprises working area there was an increase in the number of clients, especially among cooperatives. The total outside capital mobilised reached the amount of € 9.4 million, almost double the planned volume.

By the time, Farmers' Entrepreneurship had worked with over 8,000 groups, and Farmers' Advocacy had also seen remarkable numbers. The total amount of funding which became available thanks to the efforts of Agriterra's clients reached € 63 million, far more than the initial target of € 35 million.

Officially, 2014 was the last year of the Farmers Fighting Poverty programme, but not all the planned results had as yet been achieved and only 90% of the budget had been spent. For this reason, the programme was extended into 2015.

FARMER-LED ENTERPRISES



FARMERS' ENTREPRENEURSHIP



FARMERS' ADVOCACY



ORIGIN OF THE FUNDS

GOVERNMENT (DGIS)	€ 13.116.984
OTHER DONORS	€ 1.945.254
CLIENT CONTRIBUTIONS	€ 10.351.910
TOTAL	€ 25.414.148

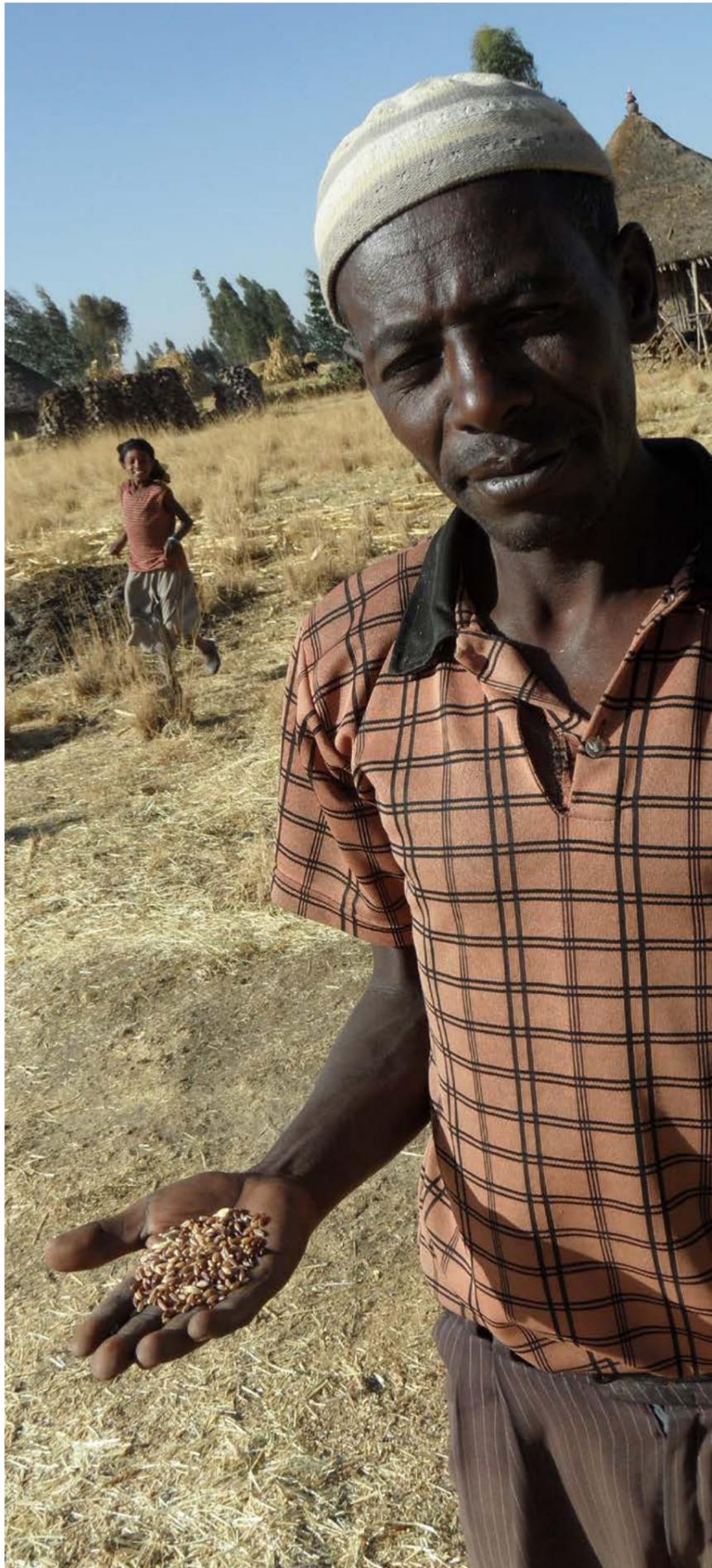


'Financial health has improved considerably'

Melkamu Fentahun,
manager Ras Gayint Union

"Starting from its establishment in 2005 up to the start of C4C the capital of the union was stagnant and there was hardly any growth. 75% of our growth has occurred in the last three years thanks to the advice and guidance from C4C.

With regard to financial health the union is showing good results. Internal capitalisation has contributed enormously to capital growth: from US\$ 82,800 (3.2 million ETB) in 2012 to 391,000 US\$ (8.5 million ETB) in 2015."



COOPERATIVES FOR CHANGE:

AWAKENING SLEEPING GIANTS

COOPERATIVES ARE THE SLEEPING GIANTS OF THE ETHIOPIAN AGRICULTURAL SECTOR. ALTHOUGH THE GOVERNMENT AND OTHER STAKEHOLDERS SEE GREAT POTENTIAL IN THE ENTERPRISES, IN PRACTICE THEIR ROLE IS VERY LIMITED. OFTEN ONLY A FRACTION OF THE HARVEST FINDS ITS WAY TO THE MARKET VIA THE COOPERATIVES. THE COOPERATIVES FOR CHANGE (C4C) PROJECT, A COLLABORATION BETWEEN SNV ETHIOPIA AND AGRITERRA, IS AWAKENING THE GIANTS.

Ras Gayint Union, in the North-west of Ethiopia, is one of the 16 cooperative unions (with 42,000 members in total) taking part in the Cooperatives for Change (C4C) project. The enterprise is a union of local cooperatives in Northwest Ethiopia, and before 2012 they sold around 300 tons of product, mainly grains and white beans. From the moment that Ras Gayint took part in C4C, that volume exploded to 3,600 tons in 2015.

In this period, the union also started their own processing facility for white beans. C4C advised Ras Gayint to add value to the beans by selecting and cleaning them, and the enterprise decided to do that themselves, to create employment and to increase their profit. The cooperative now produces export-worthy beans of premium quality, and processing the beans provides work for 200 women.

ORGANISATIONAL STRENGTHENING AND INVESTMENTS

C4C is a collaboration between Agriterra and development organisation SNV



- Ethiopia
- C4C
- white beans
- 42.000 members

in Ethiopia. From 2012 to 2016, C4C helped cooperatives with strengthening their organisation, improving extension services, engaging members and attracting outside capital for investment. Agriterra's contribution to the partnership is expertise in drawing up business plans, financial management and organisational matters (HR and governance). Agriterra is also the driving force behind the programmes for the financial engagement of the cooperative's members. Member financing strengthens the financial situation, putting unions such as Ras Gayint in a better position to attract outside capital for investments.

SUCCESSFUL FOR 16 UNIONS

The C4C project was also a success

for the other unions. The total sales volume of the 16 participating unions has more than doubled, from 8,000 tons in 2012 to 17,000 tons in 2015. The members' increased trust in the union is also demonstrated in the fact that four cooperative organisations have been able to add a total of US\$ 900,000 to their equity capital by issuing (voluntary) shares to members. 13 of the participating cooperatives gained access to a total of US\$ 14 million in outside capital.

RESULTS:

- Sales volume has doubled
- 4,000 experimental enterprises and 600 extensionists received training
- The programmes working with member financing led to US\$ 900,000 extra equity capital
- Access to outside capital worth US\$ 14 million

THE HARVEST OF FARMERS FIGHTING POVERTY 2011-2015

THE FARMERS FIGHTING POVERTY PROGRAMME IN 2011–2015 MARKS A SUCCESSFUL CHANGE IN THE APPROACH TO DEVELOPMENT COOPERATION.

WHEREAS IN THE PAST THE EMPHASIS WAS ON PROJECT FINANCING INITIATED BY THE FARMERS' ORGANISATIONS, IN THE 2011–2015 PERIOD OUR OPERATIONS INCREASINGLY APPLIED A DEMAND-DRIVEN APPROACH TO FARMER-LED ENTERPRISES, FARMERS' ENTREPRENEURSHIP AND FARMERS' ADVOCACY.

Each of the three working areas has contributed to great results, as demonstrated by the table at the bottom of this page and the 'Facts & Figures' section on the next page.

Indicators of success

The success of Farmer-led enterprises in the period 2011–2015 can be read in the audited annual accounts. Agriterra has kept records on the key performance indicators (KPI) of a number of clients in four countries (Ethiopia, Kenya, Nepal and Peru) over the years 2011–2014. Details

of membership numbers, turnover, working capital and equity capital are available for 12 companies, and all these indicators show that the average development is positive.

At the end of 2015, the counter for the total number of active clients in the Farmer-led enterprises working area stands at 71, well above the programme's target of 58. Thanks to the collaboration with Agriterra, throughout the whole programme period agribusinesses have been able to attract more than € 30 million in outside capital and draw up 95 business plans, and in 14 cases there has been investment in the productive infrastructure (14 smoking chimneys).

In the area of Farmers' Entrepreneurship, by supporting about 40 organisations we contributed to the training or strengthening of more than 8,000 local producers' groups. Cooperation in these groups helps farmers and horticulturalists to improve their position by improving their productivity or gaining better market access.

Partly thanks to the FACT methodology, organisations with which Agriterra collaborates are in a position to make well-founded policy proposals. This methodology has helped lobbying processes to contribute to the mobilisation of € 120 million in development funds.

TABLE: 'FARMERS FIGHTING POVERTY' 2011 - 2015 RESULTS

	2011	2012	2013	2014	2015	2011-2015
CLIENTS PARTICIPATING IN PROJECTS						
Farmers' organisations	78	82	60	55	43	AVERAGE 64
Cooperative enterprises	22	44	63	57	71	AVERAGE 51
PROJECT INCOMES						
Total	15,7 mln	21,1 mln	26,6 mln	25,4 mln	14,5 mln	TOTAL € 103,3 MLN
Contribution from clients	6,07 mln	7,56 mln	10,42 mln	10,35 mln	5,04 mln	TOTAL € 39,44 MLN
FARMER-LED ENTERPRISES						
Term loans mobilised for investments	-	1,1 mln	2,2 mln	1,8 mln	2,7 mln	TOTAL € 7,8 MLN
Mobilised working capital	45.000	750.000	5,1 mln	7,6 mln	9,6 mln	TOTAL € 23,0 MLN
Bankable business plans	15	10	14	26	45	TOTAL 110
FARMERS' ENTREPRENEURSHIP						
Local farmers' groups supported	3.144	5.935	7.584	8.362	6.591	MAXIMUM 8.362
FARMERS' ADVOCACY						
Lobbying trajectories focusing on funds	5	5	16	23	18	TOTAL 67
Policy proposals	-	12	6	26	21	TOTAL 65

FACTS & FIGURES

2015

2015

The transition to even more business

2015 was a transition year. On the one hand, Farmers Fighting Poverty received a bonus: the programme should have ended in 2014, but not all goals had been achieved and the budget had not yet been entirely used.

On the other hand, 2015 witnessed a reorganisation. The development of a refined course and the adaptation of the organisation demanded a great deal of attention.

As a result of these developments the income of the projects over 2015 was lower than in previous years, while at the same time other donors' contributions were much higher. A lot also changed in the client base. Agriterra will focus more on business development and work more as an advisory

organisation. For this reason, the project-based collaboration with a number of farmers' organisations was reduced or terminated. This is balanced by the addition of new clients through targeted scoping of cooperatives and other Farmer-led enterprises in particular countries. Despite all this, at the end of 2015 both the number of clients and, in consequence, the number of projects were higher than a year earlier. Out of 164 clients, 100 organisations fall under Farmer-led enterprises.



DGIS' contribution doubled

Over the entire period of the programme, the expenses came to € 103 million, of which € 53.29 million came from DGIS (core programme) and € 10.4 million from other donors. In this period clients mobilised € 39.4 million, thereby making a significant contribution to the projects that were implemented.

Agriterra implemented the DGIS budget according to the plan, realised the planned results and mobilised many more additional resources than predicted. DGIS's funding contribution has been almost doubled.

Even more market-oriented

The Farmers Fighting Poverty programme ended in 2015. In the period up to 2020, Agriterra will concentrate even more on the ambitions of enterprises that operate in the

interests of farmers, and on better business operations for these companies. Agriterra will develop itself even more as a market-oriented organisation, with client advisory services from Agripoolers and Agriterra Business Advisors as its core business.

The collaboration with Dutch farmers' organisations, farmers' cooperatives and other enterprises in agribusiness will gain an even more significant role.

The starting point remains the same: we believe that entrepreneurial farmers and horticulturalists become more successful when they work together in cooperatives and farmers' organisations. In that way, they make an important contribution to economic development, employment generation, democratisation and the fight against poverty in their countries.



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