

ANNUAL REPORT 2017

AMBITIOUS GOALS 2020 WITHIN REACH



**AGRI
TERRA**



FOR COOPERATIVES



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COLOPHON

'Ambitious goals 2020 within reach'
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BIG IMPACT WITH LITTLE CAPITAL

Our program Common Sense in Business has resulted in good statistics so far. Looking back on the second year of this program, I count 145 new clients, 296 new projects and 134 training programmes and workshops. Agriterra is now an advisory organisation. We completed 612 advice assignments involving 1,124 persons, and more specifically 373 Agripoolers, 185 consultants and (local) Agriterra staff.

In short, progress is more solid in the area of making cooperatives bankable. It needs extra attention when it comes to improving advocacy and services to members of general farmers' unions. This annual report for 2017 shows us that the goals that have been set for 2020 are already coming within reach.

Still, these numbers tell us nothing about our impact on the economic growth in countries where we operate, or about the influence on income distribution or democratic relations. Yet, there is powerful evidence of this impact. The statistics from the cooperative sector in Ethiopia show an increase of at least 50% in contributions of members to the equity of their cooperatives over two years (2015-2017). The number of members increased by only 8% in the same period. The growth therefore corresponds to new capital inlays from existing members and has increased by €200 million.

This impact can be attributed to a large extent to Agriterra, because the Federal Cooperative Agency of Ethiopia printed and distributed our methods on internal capitalisation for cooperatives to all cooperative unions in the country. The Ethiopian chief of this Agency summarised its appreciation for Agriterra: "Agriterra realises big impact with little capital."

A working relation with government proves to be key, although our customers are farmers' unions and cooperatives. Therefore, Agriterra is very happy to have signed the Masterplan for Cooperative Development with the Cooperative Alliance and the government of Vietnam and to have renewed our agreement with the Ethiopian government. In both countries we are involved in ambitious agricultural reforms, with cooperatives in the lead. More agreements are in the making.

I am confident that this will strengthen our approach to support farmer advocacy, to make farmer-led businesses bankable and to improve farmers' unions' services. My aim is to get many governments, intergovernmental organisations and even companies interested in connecting with cooperatives and farmers' organisations and in involving Agriterra in these processes, because we know how.



Kees Blokland,
managing director

■ UNIQUE APPROACH



SPECIALIST IN COOPERATIVES

Professional cooperatives and farmer organisations are key for sustainable economic development. It leads to a stable and prosperous agri-sector and economy as a whole. Agriterra strengthens farmer ownership to stimulate strong and vibrant rural areas.

As an international specialist in cooperative development, we work according to a three-track approach. We make cooperatives bankable and create real farmer-led businesses. We support in improving services to members and enhance farmer-government dialogue through lobby and advocacy. Agriterra does this through peer-to-peer involvement in advisory services, training and exchange visits. Our training focuses on Management & Organisation, Financial Management, Governance, Business Development and Lobby/Advocacy. We perform advice assignments for governments, banks, investors and donors and act as a direct sourcing broker for agrifood businesses.

- Agriterra is an international, not-for-profit agri-agency
- Agriterra works in emerging and developing economies
- Agriterra was founded by Dutch farmers' organisations and cooperatives 20 years ago as an organisation for international peer-to-peer agricultural cooperation

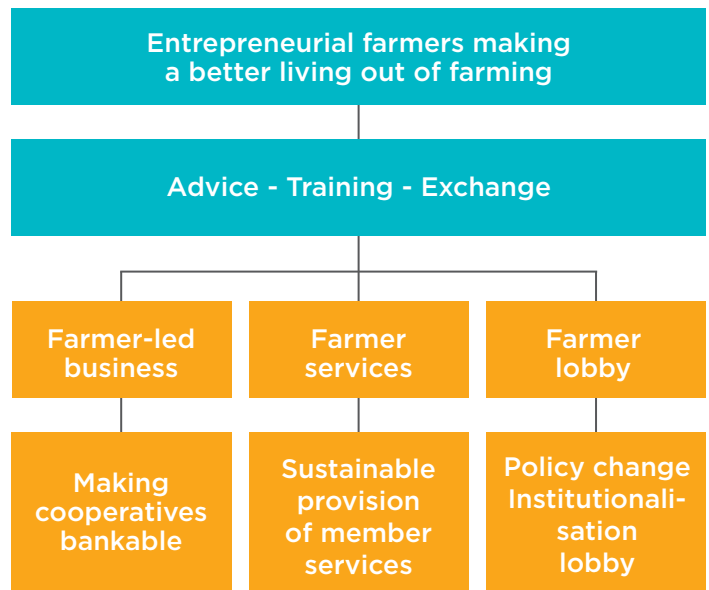


FIGURE 1: The Agriterra approach

WHAT MAKES US UNIQUE?

FOCUSED

- Unique experience and knowledge of cooperatives and farmer organisations

QUALITY

- Peer-to-peer advice, training and exchange

LOCAL

- Strong local presence & farmer-led

CONNECTED

- Extensive network in cooperatives, farmer organisations and agribusiness



MAJOR STEPS TOWARDS 2020 GOALS

Our program focuses on realising the ambitious 2020 goals. In 2017, we made some major steps towards realising these goals.

1

REACHING 1 MILLION UNIQUE FARMERS

GOAL: 1,000,000

2017: 700,000

Almost 700,000 farmers

The number of farmers (active members of local cooperatives and farmers' organisations) we reached was almost 700,000 (677,785) at the end of 2017, 26% of whom were women. In the first year of our program we reached 400,000 farmers, 30% of whom were women.

2

CONNECTING 50 COOPERATIVES SUCCESSFULLY TO BANKS, INCLUDING 25 'SMOKING CHIMNEYS'

CONNECTING TO BANKS

GOAL: 50

2017: 63

SMOKING CHIMNEYS

GOAL: 25

2017: 11

78 business plans with loans or grants

In 2017, 63 cooperatives obtained a loan or grant for their business plans. This brings the total number for 2016 and 2017 to 78.

11 'smoking chimneys'

Agriterra counts 36 clients with at least one processing facility, 20 of which also benefit from a loan. We define a 'smoking chimney' as a newly established processing facility that Agriterra assisted with mobilising investment capital. In at least half of the cases, Agriterra has also been instrumental in establishing the facility. There are 11 'smoking chimneys' among all processing facilities (including three factories which became operational in 2018).

3

MOBILISING €55 MILLION INVESTMENTS AND WORKING CAPITAL

GOAL: €55 mln

2017: €24 mln

€24 million mobilised

In 2017, our clients were able to mobilise an amount of €27.45 million in external assets. This amount consists for a large part (68%) of loans for working capital. Grants account for 7% and investment loans for 25%. In addition, an amount of €1.33 million internal capital was added in 2017. In total, the amount of mobilised external capital in 2016 and 2017 amounts to €48 million. The amount achieved thanks to Agriterra is €24 million.



4

€100 MILLION INVESTED AS A RESULT OF POLICY CHANGE

GOAL: €100 million

2017: €22,65 million

Advocacy resulted in €22.65 million public expenditure

In 2016 and 2017, Agriterra clients advocated successfully for €22.65 million in public funds to be invested in agriculture. Most successful was the Vietnamese National Farmers Union. VNFU continued its FACT-inspired lobbying initiatives and added € 2.2 million to the amount of €17 million mobilised in 2016. Other clients reporting public expenditures obtained with support from Agriterra are: CTFC in Nepal (€1.39 million), EAFF in East Africa (€65,000) and UCORIBU in Rwanda (€2 million).

5

30% GROWTH IN PAYING MEMBERS

GOAL: 30%

2017: 25%

25% increase in paying members

From the point of view of an organisation's financial autonomy, it is important that the number of paying members increases. Registration of active and paying members improved in 2017 thanks to the new client module on agro-info.net. For 76 clients, reliable data on paying members is available for 2016-2017. These figures show an increase of 25% in paying members.

6

COVERING 30% OF THE OPERATIONAL COSTS OF AGRICULTURAL ORGANISATIONS BY PRIVATE SECTOR INCOME

GOAL: 30%

2017: 47%

47% of costs covered

The ultimate goal is to make agricultural organisations less dependent on (donor) subsidies. This can be realised when agreements ('deals') are made with the private sector. Agriterra has data on 'service income', revenue besides subsidies or sales, from 22 agricultural organisations and cooperative federations. The funding ratio - service income in relation to operational costs - is 47% on average, which exceeds our target of 30%. Donor dependence of these agricultural organisations decreased slightly (from 11% to 9%).

7

OPERATIONAL YOUTH COUNCIL IN 50% OF OUR CLIENTS

GOAL: 50%

2017: 7%

Youth council in 7% of our clients

The Agriterra efforts to ensure larger youth participation in cooperatives and farmers' organisations has started in 2016. In 2017, we facilitated 11 workshops. This resulted in more attention for young people. At the end of 2017, 20 clients (7%) had a youth council, of which 15 (6%) were operational. It should be noted that a trade-off exists between the existence of a youth council and the statutory presence of youth on the board (goal 9). Clients usually opt for either a youth council or presence of youth in the board - normally they do not have both.





In Peru, coffee cooperative Sol & Café obtained a new credit line of \$ 2,000,000 for working capital.

8

PARTICIPATION OF WOMEN (30%) IN GOVERNANCE

GOAL: 30%

2017: 24%

24% women on the board

Agriterra wants to stimulate the influence of women and young people on the board of cooperatives and agricultural organisations. Our initial goal was a 15% participation of women in the board. We raised this to 30%, because the participation of women on the board was already 17% in 2015. At the end of 2017, 24% of board members were women.

9

PARTICIPATION OF YOUNG PEOPLE (10%) IN GOVERNANCE

GOAL: 10%

2017: 10%

10% youth on the board

The share of young people on the board at the end of 2017 is 10%. This is an increase compared to 2015 and also in line with our target of 10%. Most interestingly however, 46% of clients had youth representation on the board. Combined with the 6% of clients with a youth council, this signifies that for over 50% of our clients' youth participation is a reality.

10

30% OF AGRITERRA BUDGET FROM SOURCES OTHER THAN AGRITERRA

GOAL: 30%

2017: 10%

10% contribution of other sponsors

In 2016 and 2017, 10% of Agriterra's budget came from other sources than the Dutch government (DGIS). The total expenditure was lower than budgeted (-7%). During this period, the funding from DGIS was as planned. The contribution of other donors to our programme only reached 62% of the expected amounts in 2016 and 2017. Fundraising got a boost in 2017 with the recruitment of a market development officer and a more active acquisition policy.

IMPROVING RESULTS WITHOUT GOVERNMENT GRANTS

The agriculture sector in Asia has seen significant growth in the past 50 years, but produces lower yields compared to most other regions, because of depleting resources and a growing population. In many countries, people are working hard to catch up using a market-oriented approach.

Agriterra has country offices in China, Indonesia, Nepal, Vietnam and, more recently, in Myanmar and the Philippines.

Agriterra's role differs in every country. In Nepal, Agriterra successfully works together with the well-structured large national and sub-national cooperative organisations. In Indonesia, we are working with, among others, the Dutch cooperative Royal FrieslandCampina in its dairy development program (see also page 20-21). Also, Agriterra is cooperating with the Ministry of Cooperative and SME in developing and promoting a cooperative model for the industrialization of the agricultural sector. Our target is the realisation of 5 smoking chimneys by the end of 2020. In China, we have the role of knowledge broker, while in Myanmar we reached an agreement with the Cooperative Department to prioritise boosting member commitment and work together with ambitious producers' groups and cooperatives. In the Philippines, we advise primary cooperatives, but we have also renewed the cooperation with Pakisama, the national umbrella organisation for agriculture.

“Agriterra believes in ‘the tipping point’, where farmers take responsibility and produce, sell and cooperate without government involvement or help. However, the Asian cooperative sector is often regulated, and many NGOs are involved, which complicates things. Our priority is the farmers’ autonomy.”



Tjandra Irawan,
business advisor/cooperative
microfinance expert,
Agriterra Indonesia

HIGHLIGHTS IN ASIA

- In Vietnam, at Aigh Nghia cooperative, a rice paper processing plant was installed, and the first rice paper has been put on the shelves in the region.
- Shree Dumarwana Milk Producer Cooperative Limited (SDMPCL) in Nepal received NPR 8.7 million (€68,000) in 2018 as a grant from the Nepalese government to establish a feed factory. A major part of the grant proposal was the feasibility study carried out by Agripool experts from De Samenwerking in 2017.
- In China, we signed a Memorandum of Understanding with Sichuan Provincial Agricultural Department about our cooperation and reimbursement of our projects in Sichuan. We also increased our paid services to Chongqing Provincial Agricultural Department.

ASIA

64 CLIENTS:

- primary cooperatives, cooperative unions, associations

COMMODITIES:

- Rice, dairy, coffee, peanuts, cassava, fruits, vegetables



COOPERATIVE FEDERATION SUPPORTS 22,000 FARMERS IN NEPAL



The cooperative federation in the Nepalese district Makwanpur wants to support farmers in receiving a better revenue through connected cooperatives. Some of their issues are record keeping, and marketing.



The Small Farmers Agricultural Cooperative Federation (SFACF) Makwanpur is a federation of agricultural cooperatives in the Makwanpur district in Nepal. After its founding in 2010, around 50 local cooperatives joined the organisation, with a total of more than 22,000 farmers. Agriterra has been working together with SFACF Makwanpur since 2014. Most of the members are smallholders. Their harvest is partly used for home consumption. An increasing number of farmers realise that producing for the market is interesting in order to generate more income for the household. The cooperative wants to support farmers in doing so.

Agripool expert promotes record keeping

One of the competences the cooperative wants to support is proper field registration. For this purpose, we enlisted the help of experts in our Agripool, like Dutch farmer Henk Meijer, who is active in the Dutch cooperative Cosun. Meijer says: "Our task was to explain how we manage registration in the Netherlands and to talk about the results in small study groups. Together with the potato farmers, we looked at the data they had filled out. We saw that some of them used 300 kilograms of chemicals and others 600. Why was that?"

Henk Meijer gives practical tips to members of SFACF

This way they could learn from each other." Meijer also gave a presentation on how he manages his own registration. "Just like my Nepalese colleagues, I started with a notebook. Now I do everything on my computer." Because Meijer is a farmer himself, he was able to give some practical tips, for example the use of seed potatoes and the application of crop rotation. The participants appreciated this. Meijer organised two workshops for groups of lead farmers. These lead farmers were able to pass on what they learned to their own following. A perfect formula, according to Meijer.

Branding for better prices

Agriterra has been doing other projects in Makwanpur in cooperation with business partner ENZA Zaden. Currently, three member cooperatives work together to improve the local seeds of broad leaf mustard, hot pepper and black beans. The federation also started a collaboration with ENZA and Agriterra in marketing the products turmeric, maize flour and honey. The brand name 'Kisan Ko' (literally: farmers) was introduced. Six primary cooperatives are involved in this project and the goal is to realise better prices for farmers and to generate more income for the district cooperative.



IMPROVING PERFORMANCE AND PROCESSING AMBITIONS

The Eastern Africa (EA) region is characterised by low agricultural productivity and as a result, food insecurity. Commercialising agriculture means encouraging and assisting African farmers to transition from farming as a way of life to farming as a business.

Agriterra contributes to commercialising agriculture by its support to cooperatives and farmer organisations, thus enabling farmer-led modernisation of agriculture. Healthy management, paired with solid business plans, will improve performance and enable clients to realise their processing ambitions. In 2017, the East Africa team consisted of 31 business advisors. Agriterra is represented by country offices in Kenya, Uganda, Tanzania, Zambia, Rwanda and is supporting a large project with SSAPU in South Sudan.

“We focus on farmer-led businesses. But sometimes, it is difficult for farmers to be patient: cooperatives grow and improve, but the family income can still be low. So we provide advice on production, quality and price and we help farmers choose the right crop.”



Brenda Syanangama,
business advisor/agronomist,
Agriterra Zambia



HIGHLIGHTS EASTERN AFRICA

- **Uganda Cooperative Alliance (UCA)** is part of a successful lobby that led to a 10-year tax exemption for Uganda SACCO's (Saving and Credit Cooperatives), worth USD 14,500,000 every year. UCA was among the Uganda partners trained in the FACT methodology by Agriterra.
- **4,500 farmers of SSAPU in South Sudan** were trained in agronomic practices, entrepreneurial skills, group leadership, cooperative management and marketing and group finance. 2,500 farmers were linked to traders.
- **The HortInvest program in Great Lakes** was launched on December 1st, 2017. The project will run from 2018 to 2021 and funding is provided by the Dutch Embassy in Kigali. Agriterra's role is to support small scale horticulture cooperatives in developing their business cases in a consortium with SNV, Holland Greentech, IDH and CDI.
- **Kiambaa dairy cooperative in Kenya** completed a new 40,000 kg processing plant.
- **RSTGA-SACCOS in Tanzania** was able to connect all 5 satellite offices to the main office, through the implementation of a new accounting software system. This resulted in a transparent client & loan portfolio. More people will have access to financial services.
- **MVIWAMBI in Tanzania** was able to get a loan for coffee-cherry processing equipment. In 5 villages coffee-cherries are now being processed directly, which results in higher income for the members.

EASTERN AFRICA

174 CLIENTS:

- primary cooperatives, cooperative unions, associations

COMMODITIES:

- Dairy, coffee, maize, potatoes, beans, barley, chickpea, onions

BUILDING A COFFEE BUSINESS IN UGANDA



Kibinge Coffee Farmers' Cooperative Society, in the Masaka district in the south of Uganda, was founded in 1995 and has approximately 2,300 members and 47 employees.



Coffee cooperative Kibinge is ambitious: “We want to be a leading coffee coop with exceptional quality and excellent prices, processing at our own facility”, says general manager David Lukwata. Kibinge considers providing coffee to Fairtrade and Utz certified buyers in Europe and the USA their core business. To realise this ambition, Kibinge invested to establish their own factory to roast, process and package coffee.

Access to external funds

This investment was made possible thanks to a €1.5 million loan. The cooperative was able to gain access to these external funds because of improved management and improvements in their internal capitalisation. The member capital increased 74%: from €236,785 in 2014 to €411,436 in 2016.

The cooperation with Agriterra, which started in 2013, has been a decisive factor. Lukwata says: “The overall objective Kibinge had in working with Agriterra was to help and make Kibinge a bankable organisation. Now we have access to finances by different institutions, beyond our own commercial banks.”



RUTH NAMAGANDA ROLE MODEL FOR YOUTH AND WOMEN

Ruth Namaganda (29) joined the Kibinge cooperative in 2015 after they offered trainings for youth to get involved in agriculture. Nowadays, she is a volunteer and a youth trainer herself. Within the cooperative she has a leading role, which brings her economic independence and employment. Additionally, being a woman with a voice gives other women the feeling of being represented. “We feel we have the power.” Namaganda expects that there will be an increased membership of women in the cooperatives and that women will take up important leadership roles. According to Namaganda, the key aspects to get more young women involved, are “girls’ education, raising awareness and giving more training”. Namaganda’s wish is to build a youth learning centre on her own piece of land. She is very ambitious and wants to become a role model in her community.

Ruth Namaganda’s testimonial is 1 of 14 inspiring stories in the publication #Powerwomen by Agriterra.

MAKING COOPERATIVE UNIONS BANKABLE

Ethiopia is one of the fastest growing economies in Africa. Many economic activities depend on agriculture, including marketing, processing and export of agricultural products. Small-scale farmers and enterprises produce the majority of agricultural products.

In Ethiopia we work in four regions: Amhara, Tigray, SNNP and Oromia. 23 out of 24 clients are cooperative district unions, specialised in wheat, oilseeds, teff, malting barley and dairy. Agriterra supports these unions in their ambition to establish processing plants and to add value to the agricultural produce procured from farmer members. Agriterra supports its clients in drawing up bankable business plans. It turns out that mobilising internal capital is important for this purpose and our expertise in this field has turned out to be very valuable.

“Ethiopia’s potential is enormous. For us it is a huge challenge to make sure the processing factories are better capitalised and even more productive. This attracts buyers and sourcing parties. We motivate members to contribute to internal capitalisation. Ethiopia needs more member commitment.”



Ysakor Haileselassie Hailu,
business advisor/
marketing expert
Agriterra Ethiopia



HIGHLIGHTS ETHIOPIA

- Three processing plants became operational during 2017: **Admass Union** (Niger seed oil), **Uta Wayu Union** (wheat flour and pulse processing), **Raya Wakena Union** (wheat flour).
- We have been professionalising the management and service provision of 46 primary cooperatives through the employment of professional staff on a cost sharing basis. This greatly improved the service provision to members.
- A Market Linkage Agreement was signed between **Gamo Gofa cooperatives union** and **Nigat consumer cooperative**. The agreement involves renting a warehouse in Addis Ababa and supplying better quality for a competitive price. The products mainly consist of bananas and in the future, mangos. The volume is still small but has the potential to grow rapidly.



MEMBER CAPITAL KEY TO THE ADMASS PLANT

After mobilising additional equity capital from its members, cooperative Admass was able to get access to external investors.

Admass farmers' cooperative union was established in 2003 in the Gurage Zone at Wolkit city. The union currently has 119 associated cooperatives, with 45,000 farmers growing maize, chickpea, red kidney bean, coffee and Niger seed.

Before 2012, the union's activities were mostly dominated by input marketing. In 2012, the collaboration with Agriterra started. Support from Agriterra focused on business organisation and improving production and supply. As the production of oilseeds increased, the union started to think about creating added value. It developed a business plan to set up an edible oil refinery.

Investment

The union had clear ambitions and a strong commitment, yet it lacked the required capital, as is the reality for almost all unions in Ethiopia. Agriterra has played a pivotal role in making their ambitions come true. We advised the union to mobilise their own internal capital from their its members.

Awareness creation workshops were organised at different levels. The result was impressive; the members purchased new shares both in kind and in cash. The union was able to mobilise 4 million ETB additional equity capital from its members.

Cash guarantee

Subsequently, Admass got access to a 5 million ETB cash guarantee through social investors. The union has completed the oil processing plant, which was opened on September 18, 2017. At present, the union has created employment opportunities, supplies pure oil to the market, and above all, created a sustainable market for its members' oil seed crops.

Agriterra considers Admass union as a pioneer in terms of internal capitalisation. The pilot has become a success story and nowadays, different cooperative unions are learning from Admass, where remarkable results are visible.



AGRITERRA MODERNISES COOPERATIVES IN ETHIOPIA

In November 2017, the Ethiopian Ministry of Agriculture and Agriterra signed an agreement to modernise and strengthen the cooperative sector.

The government in Ethiopia has created a 5-year plan. Agricultural productivity remains important, but the focus is shifting towards market-oriented production of export-worthy crops and livestock farming. The cooperatives should play an important role in this reform. Ethiopia has around 381 cooperative Unions and more than 80,000 cooperatives. The big challenge is to strengthen entrepreneurship and professional management. The cooperatives will have to make the transition to modern enterprises where

farmers decide, invest and benefit. As a leading international specialist in the field of cooperative management, Agriterra is ideally suited to commit itself to this change. "Agriterra is known in Ethiopia as a club without money, but with great impact. They see us as a centre of innovation and would like us to be active in all regions," says Agriterra director Kees Blokland. "Ethiopia is the second country where we have received an appeal from the government to roll out our advisory approach."

IMPROVED ACCESS TO CREDIT AND MARKETS

The productivity level in Latin America is above the global average due to investment in technology and infrastructure. Cooperatives and producer organisations prove to be successful in helping the region's farmers get better access to information, credit and markets.



Agriterra has country offices in Peru and Bolivia and collaborates with sister agri-agency ACODEA in Nicaragua and Colombia. At the end of 2017, the Latin America team consisted of 10 business advisors (6 Agriterra and 4 ACODEA). Agriterra supports its client cooperatives and associations with business aspirations in financial management, cooperative governance and lobbying tools. Major commodity specialisations of our clients are coffee, cocoa, cattle (milk and meat), poultry (eggs), vegetables and soy. Interesting and typical Latin American products are alpaca fibre and quinoa.

“When looking at Peru and Bolivia, a distinction can be made between Peru with its emphasis on cooperatives and Bolivia, where clients are often commodity associations with a business model and service provision as their main objectives. This means our advice has to be tailor-made.”



Guido Guerra,
business advisor/
economist
Agriterra Bolivia



HIGHLIGHTS LATIN AMERICA

- With ACODEA we advised 4 organisations and 4 trajectories using the Farmers Advocacy Consultation Tool (FACT). Following a successful FACT lobby by the federation of cattle ranchers FEGASACRUZ, the Bolivian Government decided to include meat in the top 100 premium export product portfolios.
- FAGANIC, the federation of stock breeders' associations in Nicaragua, organised a FACT Training inviting all relevant actors in Nicaragua's cattle sector. A project called 'The Cattle Sector United' was created.
- We gave the Cooperative union Cosatin in Nicaragua advice on the use of organic fertilizers, on quality, production and storage of inocula (fungi for composting) both for coffee and turmeric and training in measurement techniques. In one of the model farms there has been a 2,5 productivity increase in turmeric cultivation.
- Cooperative union Ceibo in Bolivia was linked with Royal Duyvis Wiener BV, a Dutch leading enterprise of equipment and machinery for cocoa nibs and chocolate, in order to provide advisory services for the new production lines.
- In Peru, coffee cooperative Sol & Café obtained a new credit line of \$ 2,000,000 for working capital. At the same time, they keep on investing their own capital in productive infrastructure and offices for a total amount of \$ 900,000.

LATIN AMERICA

40 CLIENTS:

- primary cooperatives, cooperative unions, associations

COMMODITIES:

- Coffee, cacao, alpaca, quinoa, nuts, palm hearts

FROM SEMI-MANUFACTURED WOOL TO QUALITY YARNS

Alpaca wool cooperative Coopecan has evolved into a supplier of semi-manufactured product for the spinning industry. Thanks to their new factory they will be producing their own yarns, as well as developing new products.



Coopecan is a cooperative situated in 4 regions of the Andean highlands in Peru: Arequipa, Apurímac, Ayacucho and Cusco. Its business is the marketing of Alpaca tops (washed, combed and carded fibre). It also provides services to members, such as shearing, storage and transport of fibre and technical assistance. At this moment, the cooperative has over 2,300 members. The collaboration with Agriterra started in 2011. The cooperative wanted to improve the productivity and work on value addition. Agriterra provided support in the strengthening of marketing and commercial operations and training on financial management (in all its aspects) and governance.

Quality

Coopecan's strategy is based on delivering quality. Their products meet both national and international quality standards. This is due to their short lines with the material suppliers. "As a cooperative, we continue to improve grass quality and genetics to increase the fibres' quality. As a result, the production has improved both in the fields and in the factory, generating a price between 30 to 35% above the market", says Giovanna Ope, assistant general manager at Coopecan.

2017

In 2017, preparations have been made for a new factory for yarn production.



3 credit lines for working capital
USD 1,200,000

long-term credit for another
USD 1,200,000



(Alterfin and Peru Opportunity Fund)

2018

The building of the new manufacturing location has started in 2018. If the processing plant is realised, Coopecan will start producing yarn. It will also have the possibility of developing new and innovative products. For example, mixing alpaca wool with other products, such as organic cotton, has a lot of potential on the market.

alpaca wool  + other products = \$



CREATING SPACE FOR YOUTH

Youth participation is key to a sustainable future for agriculture and cooperatives. That is why Agriterra developed the Agriterra Youth Programme. In 2017, we have actively worked with clients who are willing to take a step towards increasing youth involvement in their organisations.

Workshop Youth participation

Agriterra developed a two-day Kick-Off Workshop for youth participation to stimulate interactive discussions and knowledge sharing about youth involvement, in an environment of mutual understanding and openness among the participants. Also, a follow-up day was developed to support clients in obtaining sustainable results from the workshop. The follow-up day is planned 3 to 4 months after the workshop has taken place, which means that the organisations have been working on their action plans for quite some time.

Small Farmers, Big Deal

Youth was also an important theme in the Small Farmers, Big Deal campaign 2017. A selected group of seven highly motivated young farmers from five different countries traveled to the Netherlands for the Youth Leadership Masterclass 2017. The objective of the study tour was to show the young role models future leaders different aspects of youth participation and youth leadership.

Results

With the Workshop for youth participation Agriterra reached: 1 national association, 3 federations, 5 unions and 31 primary cooperatives. The workshops were given in Nepal, Vietnam, Rwanda, Uganda, Zambia, Kenya, Ethiopia and Peru.



Kick-Off workshop NAJK

HIGHLIGHTS

- ‘Youth Focal Points’ were appointed for the youth programme. The newly developed training module ‘Kick-off workshop Youth Participation’ has been conducted in 8 different countries (Nepal, Rwanda, Uganda, Zambia, Vietnam, Kenya, Ethiopia and Peru) involving 31 primary cooperatives, 5 cooperative unions, 3 federations, and 1 national association.
- From 7-17 October 2017, a Youth Leadership Masterclass took place in the Netherlands. Highly motivated participants were carefully selected from our clients.

Youth councils or similar sections were set-up in :

- **Rwanda:** 1 at IABM and 5 at primary cooperatives under Ucoribu Rice Union
- **Zambia:** a constitution change at DAZ (Dairy Association of Zambia)
- **Uganda:** Kibinge, Twezimbe
- **Kenya:** Ndumberi, Lelan, Muruny, Mumberes
- **Indonesia:** KPG and Saluyu
- **Nepal:** 4 youth (ad-hoc) committees

“The best promotion of the implementation of youth participation is through showing cases of organisations which have successfully implemented activities to enhance youth participation. Sharing local or regional success stories from clients or organisations outside of our client portfolio can create a spin-off among our clients.”



Nicole Slood,
business advisor/coordinator
youth programme
Agriterra Arnhem

MASTERPLAN TO REFORM VIETNAM'S AGRICULTURE



Managing director of Agriterra, Kees Blokland signs an agreement with the Vietnamese Cooperative Alliance regarding a national Masterplan on cooperative support.

Transformation of cooperatives; from traditional government-led associations to businesses led by farmers who invest and benefit. That is the objective of the National Masterplan on Cooperative support in Vietnam.

Vietnam offers enormous opportunities for farmers. The country is opening its markets rapidly and has a favourable climate for growing many high value crops. However, farmers need to be organised in order get access to the more profitable markets.

Key role cooperatives

Cooperatives should play a key role in this. The Vietnamese government aims to have 15,000 effective agricultural cooperatives by the end of 2020. This is truly challenging within the current context. Currently, there are about 11,000 agricultural cooperatives. Only 45% of these cooperatives are considered effective. Member participation is very limited due to a lack of trust. Cooperative management and governance are issues. This leads to limitations with regard to access to finance. At this moment, the government's priority is modernising agricultural cooperatives. The Vietnam Cooperative Alliance (VCA) will take the lead in a major reform of the cooperative

agenda. In March 2017 the VCA and Agriterra signed an agreement for a Cooperative Development Plan for Vietnam.

The Cooperative Development Plan has been endorsed by the Ministry of Agriculture and Rural Development, the Ministry of Planning and Investment, various Provincial People's Committees and the Dutch Embassy in Vietnam.

Partnerships

Agriterra wants to join forces with the VCA, national ministries, provincial government, non-governmental organisations and (inter) national private companies to implement a comprehensive capacity building program. In the coming months, partnerships will be formed. For that, Agriterra is looking for the best supporters, financers, businesses and knowledge institutes. Agriterra and VCA will start cooperating with innovative cooperatives in four regions and scale up immediately after the first successes have been reached, to eventually cover the whole country.



STRUCTURED AND STANDARDISED TRAINING PROGRAMMES



Training programmes play an increasingly prominent role in Agriterra's advice processes. This past year, our range of training programmes has been structured as clearly defined products, so we can deliver the same quality everywhere.

To ensure sustainable development, our clients are in the driver's seat. They have to build relationships with financiers and buyers, organise successful lobby processes or provide sustainable and valuable services to their members. In order to enable the farmers' organisations and cooperatives to do this, training programmes to support them in these activities are of vital importance.

The number is growing

In 2016 we organised 99 training programmes. Those numbers are growing. In 2017, this number grew to 134 training programmes and workshops. 297 experts and 4,406 participants were involved. For 2018, 142 trainings are planned.

Structured range of programmes

According to Agriterra's vision, organising training programmes is part of the advice process. In the past, the content was often determined on-site as part of a project. Agriterra has gained a lot of experience and has used that experience to structure our range of trainings and workshops into standardised products.

Dik van de Koolwijk, trainer/advisor: "By using standardised products, we can deliver the same quality to different clients in different parts of the world. Take for example training programmes about financial management or governance. The content and cultural setting will always be customisable, but the objectives and methodology are similar, whether the training program is offered in Zambia, Peru or Indonesia."

We have structured our range of training programmes, focusing on 5 disciplines. The training modules focus on capacity strengthening of the organisation through:

- Financial management
- Management & organisation
- Governance & leadership
- Lobby (FACT)
- Business development.

We also offer modules for training of trainers, in financial management, marketing and the cooperative governance programme. And there is the MY.COOP training of trainers, a specific (online) training module developed for cooperatives by Agriterra, ILO and other partners. In 'governance & leadership' we have specific tools that were developed to promote female and youth leadership and participation. A new product in this range is the 'Kick-off workshop youth participation'. This is the result of the extra attention given to youth participation in the past year.

Peers exchanging experiences

The range of training programmes matches our threefold approach: strengthening farmer-led businesses, supporting lobbying and advocacy and improving sustainable farmer services. Peer-to-peer relationships are characteristic of Agriterra's approach. This is reflected in our training programmes as well: no theoretical schooling by academics, but rather peers sharing experiences. Our Agripool concept is a unique feature in this approach. The Agripool expert is an experienced expert who ensures the training programmes remain hands-on to generate change, based on farmers' common sense.



EXPERIENCES FROM PARTICIPANTS



"Transparency, trust and loyalty are the best choices in sustainable entrepreneurship!"
on Basic Financial management

Financial management

"Self-financing is an important principle for cooperatives; if members have trust, they are willing to invest capital in their cooperative."
on Internal capitalisation for farmers' cooperatives

Management & organisation

"FACT is a practical and purposeful tool to improve one's position in negotiations."
on Farmers Advocacy Consultation Tool (FACT)

Lobby

"The workshop 'female leadership' offers greater insight in the positions of men and women."
on Female leadership

Training of trainers

Governance & leadership

This training helps us to understand marketing and how to implement it in my cooperative. I learned a lot about my customers, their demands and preferences, so I can now adapt my product to their wishes."
on Marketing basics training

"It's easy for me to understand the lectures with good practical exercises. I find it easy to work on marketing now. I hope our cooperative will develop much more now."
on Marketing basics training



Business Development

UNIQUE POSSIBILITIES FOR CLIENTS AND BUSINESS PARTNERS



Partnerships with Dutch enterprises are of great value in Agriterra's line of work. Agriterra's clients profit due to the knowledge and network of our business partners. On the other hand, parties in the Dutch agribusiness also have distinct advantages, such as unique sourcing opportunities and extraordinary chances to exchange knowledge.

In 2017 new partnerships were developed with Maas International, ForFarmers and Nautilus. Collaboration with FrieslandCampina and Enza Zaden continued as before.



Sourcing unique quality from Nepal

The Dutch company **MAAS international** supplies professional users with coffee and tea. This private company does not only want to provide good service but wants to provide distinct quality as well. MAAS believes this improves the quality of life. "We feel responsible to give people access to high quality products, everywhere and at any time." This is also the philosophy behind the program **IMPACT@ORIGIN**, aimed at sourcing raw materials. "We create economic value by investing locally and ensuring that the local communities' quality of life strongly improves." MAAS's goal is to source 100% of its products and ingredients based on **IMPACT@ORIGIN** by 2022. For its tea brand Harper's Single Origin, MAAS searched in Nepal to make a product with a distinct taste and quality, as well as a partner to realise this ambition.

Company assessment

Agriterra played a significant role in connecting the Dutch tea buyer to Tinjure Tea Cooperative. We did a company assessment and developed an action plan for the production, processing and packaging of the tea. MAAS invested approximately €55,000 in Tinjure for their infrastructure enhancement, Rainforest Alliance Certification, packaging line establishment and staff development. Last year, Tinjure Tea Cooperative started the process of packaging tea for MAAS International. In 2018, MAAS introduced the brand to their clients on the Dutch market.



Compliance with quality standards

In Indonesia, Agriterra collaborates with the international dairy company **Royal FrieslandCampina** in implementing its dairy development program. This program supports local cooperatives and is aimed at a higher milk production and quality improvement. We work with FrieslandCampina on the Farmer2Farmer project in other countries as well. For this project, 26 Dutch dairy farmers have



If you want to know more about becoming an Agriterra partner, please contact Cees van Rij: vanrij@agriterra.org



Cees van Rij,
manager agri-advice

been selected, trained and certified to train and advise dairy farmers in Asia (Vietnam, Indonesia, Malaysia and Thailand) and Africa (Nigeria). For FrieslandCampina these activities are part of the Corporate Responsibility Program. With this, the Dutch based dairy manufacturer complies with the government's wish to increase local supply. The program helps local producers to comply with FrieslandCampina's quality standards.



New partnerships

The past year, Agriterra entered into new cooperation agreements with **ForFarmers** and **Nautilus Organic**.

ForFarmers is an internationally operating feed company. Its mission 'For the Future of Farming' is ForFarmers' promise to farmers: to work side by side with them for the long-term good of their farms and of the industry as a whole. Agriterra and ForFarmers have entered into a partnership to help professionalise farmers' organisations and cooperatives in emerging markets. In August 2017 the memorandum to this effect was signed. Within this partnership, ForFarmers gives experts the opportunity to use their skills for advice jobs and training programmes of Agriterra.

The cooperation with Nautilus Organic involves sharing knowledge and experience with the organic cultivation of fruit and vegetables. In April 2017, Nautilus and Agriterra signed a cooperation agreement for at least 3 years.

Nautilus Organic is the leading cooperative organic growers association in the Netherlands. Its members are growing 100% organic or biodynamic fruit and vegetables. Hein Wollf, managing director of Nautilus Organic: "As an organic growing cooperative we feel a largesocial responsibility. By working together with Agriterra, we see a possibility to give substance to this value. We are enthusiastic about the projects that Agriterra organises and we hope that we can add value to them."

AGRIPOOL, SUPPLIER OF PEER-TO-PEER EXPERTISE

Agripool is our network of experts from Dutch agricultural organisations and agribusinesses. Agripool experts are a unique feature in Agriterra's approach. Their role is to give advice and share experiences on a peer-to-peer basis. In 2017, 373 experts with an Agripool status realised an expert assignment, in addition to 185 other consultants and 26 trainees. 231 (62%) Agripool experts came from Dutch companies or organisations. Top 4 suppliers of Agripool expertise are ZLTO, ABN AMRO, Flynth and LTO Noord.



BALANCE

After appropriation of the income and expenditures balance

Amounts in euros	31-12-2017	31-12-2016
ASSETS		
FIXED ASSETS		
Tangible fixed assets	197,379	199,931
Financial fixed assets	10,703	9,848
TOTAL FIXED ASSETS	208,082	209,779
CURRENT ASSETS		
Receivables	99,840	99,661
Prepayments and accrued income	39,180	32,866
Liquid assets	2,691,075	3,963,899
Earmarked project funds	1,188,797	613,260
TOTAL CURRENT ASSETS	4,018,892	4,709,686
TOTAL ASSETS	4,226,974	4,919,465

	31-12-2017	31-12-2016
LIABILITIES		
RESERVES AND FUNDS		
Reserves		
• Continuity reserve	1,248,295	791,977
• Appropriation reserve	0	0
• Revaluation reserve	4,838	3,983
Funds		
• Appropriated funds	217,781	250,000
• Experts funds	43,644	26,400
TOTAL RESERVES AND FUNDS	1,514,558	1,072,360
SHORT-TERM LIABILITIES		
Other liabilities	645,955	525,265
Accrued liabilities	335,259	314,357
Earmarked project commitments	1,731,202	964,544
TOTAL SHORT-TERM LIABILITIES	2,712,416	3,847,105
TOTAL LIABILITIES	4,226,974	4,919,465

FACTS & FIGURES



116
AGRITERRA
EMPLOYEES



584
EXTERNAL
EXPERTS



17
NUMBER OF
COUNTRY
OFFICES



14,8 MILLION

DUTCH MINISTRY
(CORE FINANCER) **13,1**
OTHER DONORS **1,7**

612

ASSIGNMENTS FOR
ADVISORY OR TRAINING

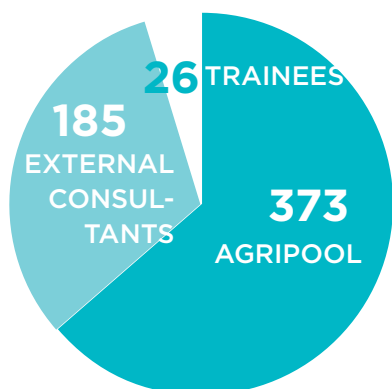


1,095,556
MEMBERS

HAVE **BENEFITED** FROM
IMPROVED CLIENT PERFORMANCE

2017

EXTERNAL EXPERTS ON ASSIGNMENT



CLIENTS PER REGION



677,785 FARMERS

DIRECTLY REACHED THROUGH LOCAL COOPERATIVES AND FARMERS' ORGANISATIONS

INCOME AND EXPENDITURES ACCOUNT

Amounts in euros	ACTUAL 2017	BUDGETED 2017	ACTUAL 2016
ASSETS			
INCOME			
Subsidies from governments	14,114,798	11,500,000	10,714,163
Income from institutional organisations and companies	249,866	2,635,567	368,537
Income from third-party activities	165,472	0	76,112
Income from own fundraising	249,687	35,000	46,270
Income from investments	2,172	38,611	8,290
Other income	0	0	302
TOTAL INCOME	14,781,995	14,209,178	11,213,674
EXPENDITURES			
To achieve objectives			
• Farmers Common Sense in Business programme	11,165,505	14,174,178	11,165,505
• Appropriated funds for programmes	264,662	285,000	69,409
TOTAL SPENT ON ACHIEVING OBJECTIVES	14,795,350	14,459,178	11,234,914
Costs for generating income			
• Own fundraising	0	0	0
• Third-party activities	0	0	0
• Procurement of government subsidies	0	0	0
• Investments	10,550	2,000	2,150
TOTAL COSTS FOR GENERATING INCOME	10,550	2,000	2,150
Management and administration			
• Personnel	5,299,338	5,235,000	4,217,412
• Depreciation	89,889	84,000	76,335
• Housing and premises	194,129	192,000	189,274
• Office	427,715	332,000	268,897
• General costs	355,686	296,000	410,709
• Charged to objectives	-6,832,860	-6,669,00	-5,259,797
TOTAL MANAGEMENT AND ADMINISTRATION COSTS	-466,103	-530,000	-97,170
TOTAL EXPENDITURES	14,339,797	13,931,178	11,139,894
SURPLUS (+), DEFICIT (-)	442,198	278,000	73,780



Agriterra is an agri-agency founded by the Dutch agricultural sector and professionalises cooperatives and farmer organisations worldwide to better serve the needs and interests of their members. By their success they make an important contribution to employment and sustainable economic development.