

The Agriterra logo consists of a blue square tilted to the right, with the word "Agriterra" in white sans-serif font. Below the square are three orange diagonal lines.

Agriterra



Sharper focus on

**MARKET AND
ADVISORY SERVICES**

— *annual report 2015* —

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

COLOFON

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CONTENT: Agriterra

CONCEPT AND PRODUCTION: JEEN communicatie

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FOREWORD



The new AGRITERRA is TAKING OFF

Farmers and horticulturalists play a key role in solving the problem of world nutrition, and they also ensure economic growth. In developing countries, agricultural producers face challenges familiar to us in the Netherlands. They depend on balanced policies, sustainable farming methods and better opportunities to earn a proper income. Agriterra supports organisations of entrepreneurial farmers in developing countries by stimulating cooperatives' business development, strengthening extension services within cooperatives and farmers' organisations and improving their advocacy. In addition, we focus on the situation of women and their 'double role' as both entrepreneur and member of the board. Keeping focus on young people is also high on our agenda.

Emphasis on advisory services

In 2015 Agriterra completed the reorganisation that had started the year before. Agriterra's service provision now definitively emphasises advisory services. The contribution of our Agripoolers is essential in this, as they offer professional, tailored business advice to their colleagues in farmers' businesses and agricultural organisations. We have taken new steps in the recruitment of experts from the Dutch farming and horticultural sectors and from the agricultural business world. With a number of companies, further agreements have been reached for concrete cooperation.

Agri-food sector

This collaboration allows farmers' organisations and agricultural cooperatives in developing countries to benefit from the knowledge, experience and technology which make the Dutch sector so successful in the world. There are also many other opportunities. The 'Small Farmers Big Deal' campaign which began in 2015 also opened up the possibilities for the Dutch Agri-food sector to invest in cooperation with farmers and their organisations in emerging economies. Agriterra is glad to play a role in promoting this international cooperation, and we are going further than the one-to-one, direct exchange of knowledge and experience. We are helping to expand successful initiatives founded on shared responsibility and interests. Working together in this way means we can accomplish a lot, and it is clearly achievable as shown in practice.

Albert Jan Maat,
Chairman Agriterra



RESOUNDING RESULTS IN TRANSITION YEAR

2015 WAS A TRANSITION YEAR. WE ARE CLOSING THE 'FARMERS FIGHTING POVERTY' PROGRAMME, WHICH WAS INITIALLY INTENDED TO RUN FROM 2011 TO 2014, BUT EXTENDED FOR A YEAR INTO 2015. IN ADDITION, 2015 IS ALSO THE YEAR IN WHICH WE FURTHER DEVELOPED A NEW COURSE AND ADJUSTED THE ORGANISATION.



Due to the changes, the turnover from projects was lower than previous years. The share in the core funding from the Dutch Government (DGIS) was also less than in the past. Other donors' contributions covered over 20% of the total funding, while the clients' contributions came to 30% (over € 5 million). Despite the lower turnover, there are great results to report. The number of our clients increased to 164 by the end of 2015, and is almost 40% higher than the average in previous years (120). Agriterra implemented projects with 114 of these organisations, and in 2015 these projects reached a total of 322,656 producers, of whom 44% were women.

Concentrating on cooperatives

With the new direction, the composition of the client base has seen noticeable changes. We concentrate ourselves to a greater degree on 'farmer-led' enterprises, mainly cooperatives. At the end of 2015, 100 of our 164 clients fit this description. Our cooperation, through large projects, with a number of more general farmers' organisations, has been phased down. Agriterra supported these clients in the field of Farmers' Entrepreneurship, which focuses on extension services, study groups, savings and credit groups and pre-cooperatives, during the 2011-2014 period through setting up and strengthening 8,362 groups and 652 pre-cooperatives. With that we realised 83% of what we intended to achieve in the programme. Despite this shift in focus, we still have strengthened 5,931 groups and 438 pre-cooperatives and reached 660 new groups in 2015.

Farmers' Advocacy

Our client portfolio was also updated in the field of Farmers' Advocacy. Perhaps partly due to the refined course, the expectations for the Farmers Fighting Poverty programme were comfortably exceeded. Our FACT methodology (for member consultation, policy generation and lobbying processes) has made visible contributions to influencing policy, by producing 47 policy proposals which resulted in a financial advantage of over € 12 million for the farmers who are members of the organisations supported by these FACT lobbying processes. This advantage consists of subsidies from (government) funds and the consequences of improved regulation (including fiscal benefits - see the showcase on page 10-11).

14 smoking chimneys

The farmer-led enterprises, largely cooperatives, are increasingly seen as Agriterra's flagship clients, and with them we commit to the professionalisation of their operational management. The number of farmer-led enterprises with which we have successfully worked to increase their turnover and profit comes to 24, of which 14 received investment in processing facilities (the 'smoking chimneys' - see the showcase on page 5). Altogether, in the 2011-2015 period the farmer-led enterprises received over € 30 million in loans for working capital and investment plans, of which almost € 12.3 million was received in 2015.

WOMEN'S VOICES: WOMEN RECRUITING WOMEN



IN ETHIOPIA, TOO FEW WOMEN TAKE PART IN FARMERS' COOPERATIVES, EVEN THOUGH MEMBERSHIP OFFERS THEM MANY PRACTICAL AND FINANCIAL ADVANTAGES. TOGETHER WITH SNV ETHIOPIA, AGRITERRA DEPLOYS ROLE MODELS TO INCREASE THE PERCENTAGE OF WOMEN WITHIN COOPERATIVES.



- Ethiopië
- More women
- Awash Bune
- 1,317 members

PILOT AWASH BUNE

The cooperative union Becho Woliso Farmers Cooperative Union appointed the Awash Bune cooperative, based around 70 km from Addis Ababa, to execute a pilot for Women's Voices. The pilot was held in a kebele, a local administrative region made up of several villages. Seven women who were already members were selected as role models and were deployed to promote the cooperative within the kebele.

No fewer than 141 women came to a one-day awareness session, including 124 non-members. During the session, the role models shared their experience of membership of Awash Bune, explained its advantages and answered questions.

Due to this session and additional promotional activities, 182 women became members, doubling the percentage of female members of Awash Bune from 12% to 24% in 2015. This shows that the deployment of role models as ambassadors is a very effective way to attract more women to the cooperative. Awash Bune and Becho Woliso Union are sharing this approach with other cooperatives looking to increase their percentage of female members.

RESULTS:

- Successful pilot to enlist women's membership in cooperatives
- 182 new female members; increase in women's participation from 12 to 24 percent in the pilot cooperative
- Method has been spread among other cooperatives

SHARPER FOCUS ON MARKET AND ADVISORY SERVICES

2015 SAW THE COMPLETION OF THE REORGANISATION WHICH HAD BEGUN AT THE START OF 2014. AGRITERRA NOW WORKS IN A MORE MARKET-ORIENTED WAY, AND THE FOCUS OF OUR SERVICE PROVISION IS ON ADVISORY SERVICES.

In the period up to 2020, Agriterra will concentrate on the ambitions and the operational management of enterprises which operate in the interest of farmers. Our core business will be client consultancy, utilising the contribution of Agripoolers and Agriterra's business advisors.



Agripool and collaboration with the Dutch business world

The Agripool, being experts from farmers' organisations and cooperatives, is our unique selling point. Great progress was made in the recruitment and deployment of Agripoolers in 2015. In total, 204 Agripoolers were deployed, including 138 from the Netherlands. The majority of these Agripoolers are sourced from Friesland-Campina, Flynth, Rabobank, LTO and associated organisations, rural women's associations, NAIJK and representatives of the cooperative business world such as Agrifirm, AVEBE and Agrico.

'Small Farmers, Big Deal' campaign

In the 'Small farmers, Big Deal' campaign, Agriterra works with representatives from business, social organisations and the government. This campaign, which began in 2015, invites businesses, governments and

knowledge institutions to actively seek collaboration with farmers' organisations and cooperatives in developing countries. Agriterra is the trigger for this campaign, which is partly funded by the Bill & Melinda Gates Foundation.

Women and young people

Agriterra consistently registers and monitors the participation of women. The projects implemented in 2015 reached 322,656 producers, of whom 44% are women. That percentage is higher than in the preceding years (which saw an average of 42%) and well above the Farmers Fighting Poverty programme's goal of 30%. The engagement and the interests of young people are recurring themes in our contact with clients. Young people's proportional contribution and participation in farmers' organisations, cooperatives and agricultural organisations is both necessary and desirable. Our new course also provides for significant attention to women and young people.

Internal organisation

Agriterra completed the reorganisation in the first half of 2015. The new structure is no longer made up of individual teams based within the three fields, but instead makes a distinction between (internal) operational management and agri-advice. The business advisors are split into teams based on the four regions: Asia, East Africa, Ethiopia and Latin America, while there are 3 approaches: Farmer-led enterprises, Farmer-led enterprises and Farmers' Advocacy. At the end of 2015, Agriterra had 66 employees.

Common Sense in Business

Agriterra's new course is formulated in the 'Common Sense in Business (2016-2020)' programme proposal. Agriterra wants to make the difference as a market-oriented consultancy organisation and as a knowledge broker linking cooperatives in developing countries with experts, farmers' organisations and businesses in the Netherlands. The starting point remains the same: We believe that entrepreneurial farmers and horticulturalists become more successful when they work together in cooperatives. In that way, they make an important contribution to economic development, employment generation and the fight against poverty.

COOPERATIVES COME TOGETHER TO PROFIT FROM YUNNAN'S REGIONAL IMAGE

IN THE SOUTHERN CHINESE PROVINCE OF YUNNAN, KNOWN FOR ITS TEA AND HEALTHY ORGANIC PRODUCE, SIX AGRICULTURAL COOPERATIVES WANTED TO FORM A FEDERATION: THE XISHUANGBANNA MENGHAI FEDERATION. AGRITERRA HELPED TO GET THE SET-UP PROCESS MOVING IN THE RIGHT DIRECTION.

Xishuangbanna is an autonomous prefecture (administrative region) in the south of the Yunnan province, which borders Laos and Myanmar. The request from Xishuangbanna came from three cooperatives Agriterra had worked with in 2012-2015, to help them form a federation together with three other cooperatives. The six cooperatives are active in rice cultivation (2), pig farming, vegetable cultivation (2) and tea.



- China
- Xishuangbanna Menghai Federation
- Tea, rice, pigs, vegetables, retail shops and agritourism
- 3,000 farmers' families

JOINING FORCES

The cooperatives want to use a strong federation to profit from the healthy image of products from the Yunnan region. By joining forces, they have more influence in lobbying processes and a better negotiating position in the market. Their cooperation also enables them to build a professional organisation for activities such as including branding, quality control and marketing of their products. In addition, the group also has ambitions to open organic shops for 'green' products from the region and to stimulate agritourism. In the long term, they also plan to open their own restaurant and hotel.

LACK OF EXPERIENCE

When it was founded, the Xishuangbanna Menghai Federation faced several challenges. They were not successful in getting loans from banks, the cooperatives offered too many different products

and they had problems in obtaining special seals of approval and certification for their organic products. Agriterra supported the cooperatives in the formulation of a vision for the development of the federation, in the development of a business plan and by providing training. Thanks to Agriterra, the Xishuangbanna Menghai Federation was founded at the end of 2015 and on this basis the six cooperatives supplied the federation with equity capital. Due to the good start the federation has achieved, the participating cooperatives have faith in the future.

RESULTS:

- Formation of a federation of six cooperatives
- The federation has a vision for its policy
- Business plan developed
- Faith in the future



REGIONAL HIGHLIGHTS



Ninoska González Herrera,
Business advisor Latin America



Niek Thijssen,
Business advisor East Africa



Bertken de Leede,
Business advisor Asia



Mascha Middelbeek,
Business advisor Ethiopia

AGRITERRA FOCUSES ITS ADVISORY AND PROJECT ACTIVITIES ON 14 COUNTRIES LOCATED IN FOUR REGIONS (EAST AFRICA, ETHIOPIA, ASIA AND LATIN AMERICA). IN 2015 AGRITERRA HAD REGIONAL OFFICES IN KENYA, UGANDA, TANZANIA, ZAMBIA, ETHIOPIA, CHINA, VIETNAM, INDONESIA AND PERU.

LATIN AMERICA

Agriterra has implemented 16 client-related projects together with 15 clients in Latin America. We also work together with our Spanish sister organisation, ACODEA, making it possible for us to support another 7 projects. Agriterra has been especially successful in Peru realising investments in production, procuring outside capital (almost € 5 million) and improving the key performance indicators of the farmer-led enterprises that Agriterra supports.

EAST AFRICA

In East Africa, Agriterra is active in Kenya, Uganda, the Great Lakes Region, South Sudan, Zambia and Tanzania. This is by far the most important region in terms of clientele, number of projects and results achieved (more than € 5 million procured in outside capital and more than € 10 million in financial advantages due to lobbying trajectories).

ASIA

Agriterra is active in China, Vietnam, Indonesia, Nepal and the Philippines. We achieved positive results in 2015 in the fields of farmers' entrepreneurship (almost 2,000 producers' groups strengthened), procurement of outside capital (ca. € 1.3 million) and lobbying trajectories (€ 1.54 million funds made available).

Two significant achievements were creating an independent federation of cooperatives in China (see the showcase on page 7) and successfully rolling out the FACT methodology in Vietnam's national farmers' organisation. Special mention should be made of the Nepalese federation of cooperatives, NACCFL, that effectively channelled the aid efforts for reconstruction following the 2015 earthquake.

ETHIOPIA

Agriterra supports cooperative unions in Ethiopia in organisational strengthening, investments, member bonding and extension services. We work together with SNV in the 'Cooperatives for Change' programme, C4C, which supports 16 of the 24 clients (see showcase on page 5). Along with Peru, Ethiopia accounts for most of the investments in production infrastructure (what we call 'smoking chimneys', 6 in Peru and 5 in Ethiopia).



- Coffee
- Cacao
- Livestock
- Dairy products

LATIN AMERICA	
CLIENTS	15
PROJECTS	16
PRODUCERS REACHED	17.687



- Dairy products
- Coffee
- Cacao
- Savings cooperatives
- Credit cooperatives
- Potatoes

EAST AFRICA	
CLIENTS	45
PROJECTS	49
PRODUCERS REACHED	214.385



- Dairy products
- Coffee
- Cacao
- Seed
- Potatoes
- Organisational improvements

ASIA	
CLIENTS	18
PROJECTS	23
PRODUCERS REACHED	40.946



- Dairy products
- Poultry
- Wheat
- Leguminous vegetables
- Oilseeds

ETHIOPIA	
CLIENTS	24
PROJECTS	9
PRODUCERS REACHED	10.680



'The FACT methodology was the reason for successful lobbying'

Ivan Asimwe, Agribusiness Manager in UCA Ltd.

"A lot of appreciation for the FACT methodology, which is helping me tackle issues of farmers through cooperatives in Uganda. To succeed in lobbying and advocating for sustainable policy proposals on behalf of farmers and farmer organisations, our organisations need better planning through the involvement and consultation of all stakeholders at all levels so that they can build accountability and are able to raise well-informed and relevant issues that are evidence-based.

It is also better to understand the interests and power of the person or persons you are lobbying and to give better alternatives than just asking."



COOPERATIVES SUCCESSFULLY PUSH FOR TAX AMENDMENT

SUCCESSFUL LOBBYING REQUIRES MORE THAN JUST ASSERTIVENESS. WITH A BROAD-BASED AND WELL-SUPPORTED PROPOSAL, THE UGANDAN COOPERATIVE GROUP UCA WAS SUCCESSFUL IN CONVINCING PARLIAMENT AND THE PRESIDENT TO BACK A TAX AMENDMENT WHICH IS FAVOURABLE FOR RURAL CREDIT UNIONS.

Cooperatives, especially savings and credit ones, are the engine of rural development in Uganda. The Ugandan government is also well disposed towards this form of enterprise, but at the same time a heavy tax burden limits the cooperatives' clout. The Uganda Co-operative Alliance (UCA) took on the challenge to obtain an exemption for cooperatives.

FACT METHODOLOGY
To do this, the organisation applied the FACT methodology. This approach, developed by Agriterra for lobbying processes, consists of four phases: member consultation for a broad consensus,

participatory research, the development of good (SMART) proposals and focused lobbying. UCA began with a comprehensive inventory, and by engaging a large number of its members in the process the arguments became more convincing.

This broad consultation is also the basis for the research that forms proposals which UCA has established in consultation with a number of large associated cooperatives. The result is a broad-based proposal, which has at its core a compensation for the tax exemption which is attractive for the government: the cooperatives offered to invest in a new national cooperative bank, which the government is keen to have. The government had allocated 15 billion Ugandan shillings in public funds for this bank. Thanks to the compensation from the credit cooperatives, the government could now make these funds available for other development projects.



- Uganda
- Tax amendment
- UCA

DISCUSSION PARTNER FOR POLITICS AND GOVERNMENT

During an extended lobbying process, the cooperatives gained broad support for their proposal. UCA emerged during this process as a discussion partner for local governments, ministries and Parliament. Hard work was needed in 2015, because elections were looming. With a 75% share of the population, farmers are an important political factor. In the end, these efforts seem to have delivered results. After various discussions, meetings and written petitions,

the President of Uganda wrote a letter requesting the government to abolish taxation for cooperatives. UCA also used the FACT methodology to bring a number of different bottlenecks for cooperatives in Uganda to the attention of politicians, with the result that a widely-supported petition with 10 action points was finally submitted to Parliament in 2016.

RESULTS:

- Lobbying programme to back a tax amendment on behalf of all members, based on the FACT methodology
- Drawing up of a broad-based alternative proposal
- Commitment by the government to abolish taxation for cooperatives.



'Moving forward together with the members'

Richard van der Maden,
Agriterra Business Advisor.

"After less than a year of working with Agriterra, the cooperative has taken significant steps forward. Now, even non-members are finding their way to KPSP Saluyu. Thanks to the cooperative's good-quality services, their technical advice and above all a transparent milk price, dozens of new dairy farmers have already joined, and even more farmers have shown interest in supplying KPSP Saluyu.

Trust is important in this process; not only the trust of the community, but especially the trust of the members. In 2016 we will continue to work alongside them. We want to investigate the options to increase internal capitalisation (member financing), something which is not yet widely implemented in Indonesia. There, too, trust is an important consideration. As cooperation guru Gert van Dijk once beautifully put it: the definition of cooperation is trust in action."



INDONESIAN DAIRY COOPERATIVE INCREASES THE TRUST OF FINANCIERS AND PUBLIC AUTHORITIES

THE INDONESIAN DAIRY COOPERATIVE KPSP SALUYU HAS THE AMBITION TO GROW IN EFFICIENCY. TO ACHIEVE THIS, THEY NEED INVESTMENT IN PROCESSING AND LOGISTICS AND IN PRODUCTIVITY ON THE FARM. AGRITERRA IS SUPPORTING THE COOPERATIVE WITH A STRATEGIC PLAN WHICH IS ALREADY BEARING FRUIT IN ITS INITIAL YEARS.



- Indonesia (West Java)
- Milk processing
- 500 members
- KPSP Saluyu Kuningan

K PSP Saluyu in Kuningan, West Java, is a small dairy cooperative which supplies to Friesland Flag Indonesia's facility in Jakarta, the Indonesian branch of FrieslandCampina. The cooperative is already able to supply

high-quality milk using good infrastructure with refrigerated milk collection centres, but the board sees opportunities for growth. To attract capital for this, KPSP Saluyu wants to become a strong, financially stable cooperative, with cost-effective production processes.

FIVE-YEAR STRATEGIC PLAN

In March 2015, Agriterra carried out a company assessment using Agripool experts from FrieslandCampina and ABN AMRO. On the basis of this assessment, a strategic plan was drawn up for the enterprise's course over the next five years. One of the considerations in this plan is the supplied volume.

If they could supply more milk, the cooperative would be able to use the existing transport options and refrigerated tanks more efficiently. The ambition is to expand from 6,000 kg of milk per day to 10,000 kg in 2017. To achieve this the cooperative wants to help cattle farmers to purchase cows and to improve the yield per cow by implementing a number of methods, amongst others using better feed concentrates. The cooperative can produce these concentrates themselves. The cooperative also wants to gain in strength at the organisational level, for example in financial management and the management structure.

A 200,000 EURO LOAN

On the basis of the strategic plan, Saluyu was successful in applying for a loan of 3.3 billion rupiahs (€ 200,000) from the Rabobank which helped Saluyu to support members to buy more than 100 extra cows and provide better feed concentrates. In addition, the organisation has invested in biogas production, a lorry and a milk tank. After nine months the production goal has already almost been achieved, with more than 9,000 litres currently being supplied every day. Saluyu also sets itself apart from other cooperatives which supply Friesland Flag Indonesia by providing better quality. Thanks to these developments, the cooperative is gaining more trust from investors and the government, which has resulted in an extra loan of 600 million Rp (€ 40,000) from the local bank Sucofindo, making it possible for the cooperative to purchase even more cows. The government has also pledged funds for other improvements including a silo and a mixer.

RESULTS:

- Increase in milk supplies from 6,000 to 9,000 kg a day
- More trust from financiers and public authorities
- Loans amounting to € 240,000

COOPERATION BENEFITS TEA GROWERS' CREDIT UNION

THE MEMBERSHIP OF THE SAVINGS AND CREDIT COOPERATIVE RSTGA-SACCO FOR TANZANIAN TEA FARMERS IS GROWING STRONGLY, AND AS A RESULT THE COOPERATIVE COULD NO LONGER MEET ALL THE CREDIT REQUESTS IT RECEIVED. AGRITERRA SUPERVISED THIS AGRICULTURAL CREDIT PROVIDER IN ITS GROWTH PROCESS, AND PROVIDED FINANCIAL TRAINING COURSES.

Savings and credit cooperative RSTGA-SACCO was founded in 2008 thanks to the efforts of the producers' association Rungwe Smallholder Tea Growers Association. RSTGA-SACCO offers savings accounts and current accounts and manages loans for its members, small-scale tea growers in Tukuyu. The credit they receive is mainly intended for agricultural purposes, such as the purchase of seeds and fertiliser. Between 2008 and 2015 this young financial cooperative has grown from just over 2,000 members in a single location to 10,000 members in five locations, and RSTGA-SACCO predicts that its membership will continue to grow in the coming years. The ambition is to reach 15,000 members, although the demand for loans is already greater than what RSTGA-SACCO can offer.

AGREEMENTS WITH CHAIN PARTNERS

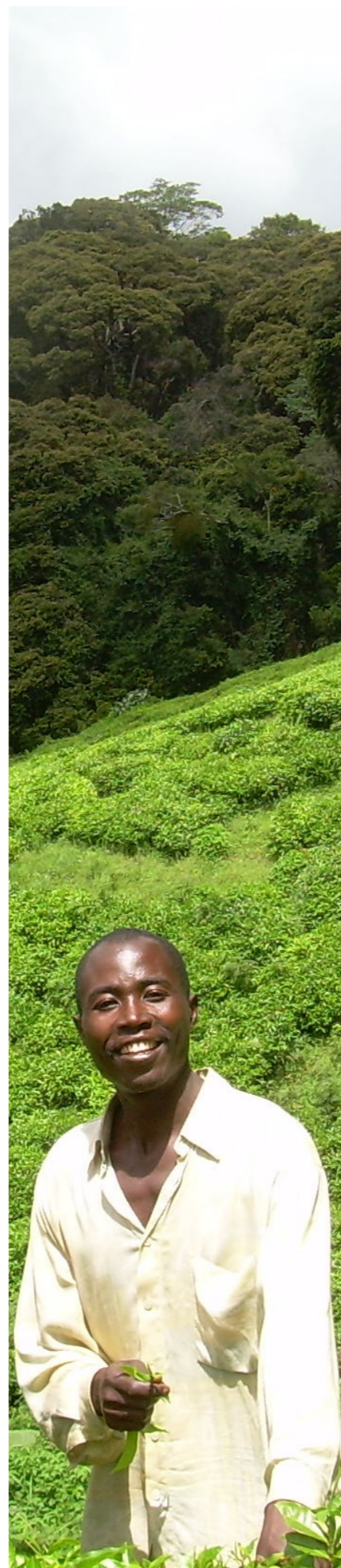
Together with Agriterra, in 2015 the cooperative took two important steps towards realising its ambitions. First, the agricultural credit provider was able to make arrangements with RSTGA and a large tea processor, WATCO, which will actively motivate their tea farmers to join RSTGA-SACCO and both have committed to process payments directly via the SACCO current account. This brings



more money into the cooperative's savings pot, which in turn increases the possibilities for extending credit. In addition, a plan has been made to professionalise the organisation itself. The five locations will work more closely together, and the organisation is investing in new automation and training for employees and management. Thanks to this collaboration, RSTGA-SACCO is becoming a well-known, professional cooperative and a role model in the region.

RESULTS:

- Commitment from key partners in the chain, the farmers' association and the tea processor
- Professionalisation by improving internal cooperation and automation



COOPERATIVE'S PROFESSIONALISATION MAKES PERUVIAN PALM HEART PROFITABLE



THE MEMBERS OF THE APROPAL COOPERATIVE PRODUCE THE RAW MATERIAL FOR THE DELICACY PALM HEARTS. THANKS TO ITS COOPERATION WITH AGRITERRA, THE COOPERATIVE IS IN A GOOD POSITION AND CAN ALSO PLAN AHEAD WITH CONFIDENCE, EVEN NOW, DURING A DIP IN THE MARKET.

In the past, the San Martín region, in the northern Amazon in Peru, suffered from terrorism and the drug trade. Now the region is flourishing partly thanks to the delicacy chonta, which is



the local Spanish term for 'palm heart'. More and more European consumers are falling in love with this speciality. 400 growers are organised in the Apropal cooperative, which Agriterra has advised since 2013. In recent years, the management and the board have transformed their somewhat informal producers' association into a profes-

sional cooperative, with Agriterra contributing advice and training. Thanks to improvements in financial management, Apropal received a significant financial windfall for the year 2015.

CERTIFICATION

Since the regional government transferred a parcel of land, Apropal's equity capital has increased and the cooperative has been able to obtain funding to modernise the processing plant. This investment has helped Apropal to achieve the International Food Standard (IFS) certification, which has a favourable effect on the selling price of the palm hearts. Board members have taken training courses, and a research trip to Uruguay brought them into contact with other cooperatives and their executives and managers. In 2015, they took on a new (female) director, who has laid out a clear course for the cooperative as a company with a social role and a long-term vision.

The price of palm hearts came under pressure in 2015, but thanks to the professionalisation of the organisation Apropal has the confidence to survive this crisis.

RESULTS:

- Fiscal advantages amounting to almost 280,000 due to improvements in financial management
- A new director was hired
- IFS certification thanks to investments in processing



'Members feel more ownership'

Bas Prins, Agriterra
Business Advisor in Peru.

"The main thing is to change people's mindset. Our role is to find the sensitive spots. We have formulated a number of actions in consultation with Sol & Café, such as taking training courses, making a business plan and automating their bookkeeping.

Member bonding is very important, and the management and the board wanted to tackle members' distrust of the cooperative by making everything transparent. They present quarterly figures regularly to the members in a really accessible way, which makes the members feel more ownership and increases their engagement. In the past they just supplied coffee, but now they are prepared to help build equity capital, which has allowed them to realise the necessary investments."



THE SUCCESS OF A REAL COFFEE CULTURE

THE SOL & CAFÉ COOPERATIVE WANTED TO INVEST IN DRYING FLOORS AND A WAREHOUSE, TO ENABLE THEM TO BETTER PROCESS THE HARVEST OF THE ASSOCIATED COFFEE GROWERS. COOPERATION WITH AGRITERRA MADE IT POSSIBLE TO OBTAIN A LONG-TERM LOAN TO ACHIEVE THIS GOAL.

Sol & Café is a cooperative in the north of Peru with over 1,000 members. The cooperative collects the harvest from their members and delivers it to another cooperative, located on the coast (Norandino), which has a facility for further processing.

INVESTOR SETS CONDITIONS
Global social credit lender Oikocredit saw potential in Sol & Café, but as an investor they attached conditions to the operational management. In cooperation with Agriterra, Sol & Café took a number of measures. First a company analysis was carried out, which identified points for improvement in financial management, accumulation



- Peru
- Sol & Cafe
- Coffee collection and processing
- 900 members

of equity capital and the professionalism of the management. Structural improvements were carried out, and in this way the cooperative is putting much more energy into engaging its members, motivating them to deliver and to invest in their cooperative. In addition, the

management has developed a system to sort the coffee into quality categories, and to supervise the whole process from purchase, storage and drying to transport and export. Finally, Sol & Café trains pioneers among the members to become professional agricultural extensionists themselves, so that these colleagues can give advice on how to achieve higher yields and better quality.

COFFEE CULTURE
With these developments Sol & Café is building a real culture of quality, so that the cooperative can continue to supply the demanding market with outstanding coffee. Oikocredit considered these improvements sufficient to justify

extending the loan, which was used to purchase land and to build a warehouse and concrete platforms on which the coffee is dried in the sun. The dried coffee is transported by road to Norandino, from where it is exported to Europe and the United States.

- RESULTS:**
- Long-term loan of US\$ 1.5 million
 - Increased drying and storage capacity

Balance

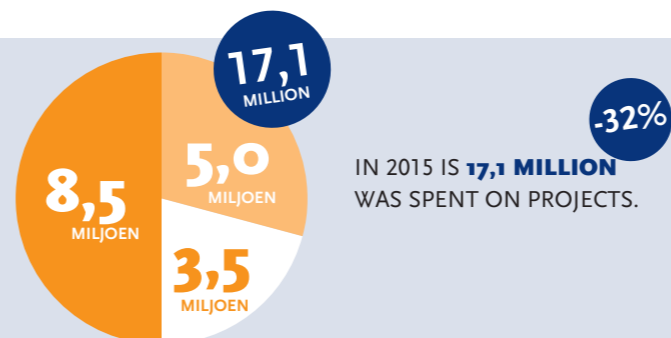
AFTER APPROPRIATION OF THE INCOME
AND EXPENDITURES BALANCE

Amounts in euros	31-12-2015	31-12-2014
ASSETS		
FIXED ASSETS		
Tangible fixed assets	149.038	94.998
Financial fixed assets	9.624	9.268
TOTAL FIXED ASSETS	158.662	104.266
CURRENT ASSETS		
Receivables	34.591	19.862
Prepayments and accrued income	124.170	156.951
Liquid assets	772.659	4.861.216
Earmarked project funds	1.738.970	475.686
TOTAL CURRENT ASSETS	2.670.390	5.513.715
TOTAL ASSETS	2.829.052	5.617.981

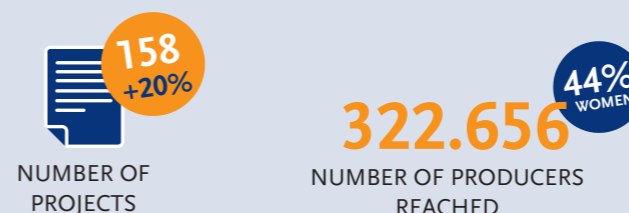
	31-12-2015	31-12-2014
LIABILITIES		
RESERVES AND FUNDS		
<i>Reserves</i>		
• Continuity reserve	695.282	1.743.801
• Appropriation reserve	0	132.294
• Revaluation reserve	3.759	3.403
<i>Funds</i>		
• Appropriated funds	281.854	529.326
• Experts funds	17.685	41.437
TOTAL RESERVES AND FUNDS	998.580	2.450.261
SHORT-TERM LIABILITIES		
Other liabilities	607.230	570.019
Accrued liabilities	258.698	195.855
Earmarked project commitments	964.544	2.401.846
TOTAL SHORT-TERM LIABILITIES	1.830.472	3.167.720
TOTAL LIABILITIES	2.829.052	5.617.981

FACTS & FIGURES

2015



THE SOURCES OF FINANCING WERE:
DGIS (CORE FINANCIER) **8,5 MILLION**,
OTHER DONORS **3,5 MILLION**
AND CONTRIBUTION FROM THE CLIENTS **5,0 MILLION**



IN 2015 A TOTAL OF
570 EXPERTS **+9%**
PARTICIPATED IN A WORKING VISIT

36% AGRIPOLLERS
31% EXTERNAL EXPERTS
33% AGRITERRA STAFF

A TOTAL OF **108 DIFFERENT**
AGRIPOLLERS and **22 other**
external consultants were involved
in these working visits

Agriterra organised
70 TRAINING COURSES
and workshops, covering the following important
fields and subjects: **financial management,**
FACT, cooperative management and
governance, internal capitalisation of
cooperatives and women's leadership.

158 projects
+20% compared to 2014
including 87 with a focus on
FARMER-LED ENTERPRISES

45 (bankable) **+73%**
business plans
DRAFTED

114 CLIENTS
PARTICIPATING IN AT LEAST
one project,
INCLUDING 71 FARMER-LED
ENTERPRISES

Income and expenditures account

Amounts in euros	ACTUAL 2015	BUDGETED 2015	ACTUAL 2014
ASSETS			
INCOME			
Subsidies from governments	8.573.834	10.097.652	14.571.243
Income from institutional organisations and companies	633.600	1.856.017	370.308
Income from third-party activities	240.023	PM	-171.444
Income from own fundraising	21.422	50.000	560.817
Income from investments	6.096	68.000	23.152
Other income	40.591	4.000	7.510
TOTAL INCOME	9.515.566	12.075.669	15.361.586
EXPENDITURES			
<i>To achieve objectives</i>			
• Farmers Fighting Poverty programme	9.517.880	12.021.669	14.787.467
• Appropriated funds for programmes	292.647	50.000	31.500
TOTAL SPENT ON ACHIEVING OBJECTIVES	9.810.527	12.071.669	14.818.967
<i>Costs for generating income</i>			
• Own fundraising	0	0	0
• Third-party activities	0	0	0
• Procurement of government subsidies	0	0	0
• Investments	2.966	1.000	2.298
TOTAL COSTS FOR GENERATING INCOME	2.966	1.000	2.298
<i>Management and administration</i>			
• Personnel	4.689.978	4.910.926	3.643.168
• Depreciation	53.005	52.500	48.329
• Housing and premises	215.057	247.500	261.302
• Office	276.982	43.800	211.494
• General costs	198.137	134.000	207.815
• Charged to objectives	-4.279.405	-4.149.277	-4.290.119
TOTAL MANAGEMENT AND ADMINISTRATIVE COSTS	1.153.754	1.239.449	81.989
TOTAL EXPENDITURES	10.967.247	13.312.118	14.903.254
SURPLUS (+), DEFICIT (-)	-1.451.681*	-1.236.449	458.332

* mainly because of the reorganisation, which was funded from reserves.



Willemsplein 42
6811 KD Arnhem

PO Box 58
6800 AD Arnhem
+31 (0)26 44 55 445

agriterra@agriterra.org
www.agriterra.org

 facebook.com/agriterra
 twitter.com/agriterra