

# Company Assessment for Wodera Farmers Multipurpose Cooperative Union

*Version 05-01-2017*

Company assessment for Wodera Farmers Multipurpose Cooperative union is an assignment within the framework of project 17at- 7018 Ethiopia. Liaison officer responsible for this assignment is Desiree Oude Groeniger. In case of changes in the assignment and/or programme the liaison officer has to be consulted immediately.

## **Agriterra**

Agriterra is a network organization of Dutch farmers and their organisations. It has a vision that farmers' associations and cooperatives can have a positive influence on the development of colleague organisations in developing countries through speeding up the process, and ensuring a more equal distribution of income and an enhancement of democratic decision making and relations. The key area of action for Agriterra is the support to these organizations in enhancing the entrepreneurship of their members, improving their advocacy results on the basis of members' interests, and making cooperatives with investment plans bankable. Agriterra uses three approaches; grassroots entrepreneurship, advocacy and agribusiness development.

Agriterra developed a new strategy, laid down in the programme "Farmer Common Sense in Business", that runs from 2016 – 2019. Agriterra focuses no longer on capturing funds to grant to farmers' organizations, but its focus is on the transfer of knowledge by offering the hands-on expertise needed to take advantage of funds available from different sources, and to produce financial strategies that underpin their priorities for action in favour of members' interests. Expertise that is sourced from a vast network of agribusiness and farmers' organizations in The Netherlands and abroad. To be more effective Agriterra concentrates its efforts on a smaller number of countries, where it is also preparing a local presence. In Africa, Agriterra has selected Ethiopia as one of its appr. 26 focus countries to strengthen entrepreneurial/business oriented farmers organizations in the coming years. 80% of resources (financial and human) will be targeting farmer organizations and cooperatives in these countries.

## **Background**

Wodera Multipurpose Framers Cooperatives Union is situated in North Showa zone, Debre Birhan town of Amhara regional state. The union was founded in 2004. During the establishment the union was having 18 primary cooperative members, 14,000 smallholder member farmers and 724,000 ETB capital. But now the number of PCs reached to 82, the number of member farmers has become 78, 000 and the union capital is estimated around 44 million ETB. The union mainly purchases Teff, wheat, chick pea, mug bean and malt barley from its members. It also supplies agricultural inputs, like improved seeds, pesticide, fertilizer and herbicides and consumer goods to the members and non-members. Furthermore, the union has been engaged in agro processing activities. It has its own Flour mill plant and animal feed production factory.

Apart from these the union already lead down the foundation stone for establishing a pasta, biscuit and macaroni processing factory. Furthermore, the union has the following future ambitions:

- Establishing a pasta, biscuit and macaroni processing factory
- Starting exporting of chick pea and mug bean to other countries
- Purchasing wheat threshing equipment -Mechanization service provision to farmers
- Starting importing of consumer goods from forging countries
- Increase the malt barley production

It is known that in Amhara region Agriterra has been supporting 5 cooperative unions for the past four years. However, some of them might be graduated by the end of 2016. Hence, there is a clear need to add new client from this region. Agriterra was showing an interest at Wodera union previously and scoping has been done 05 March 2013. However, at that time the scoping result gave not yet reason to conduct for a company assessment. But for the past 3 years the union has been bringing a lot of progress and has been showing a keen interest to be part of the Agriterra capacity building project. Hence, with the advisory service the union will be assessed whether it could become Agriterra client or not and final decision will be made.

### **Mission details**

General:

- 1 Agripooler accompanied by one local Agriterra business advisor and one SNV Business linkage expert.
- Agriterra will arrange and cater for flight, hotel, transport, program etc.
- The time frame of the mission will be approximately 9 days (incl. travel) in the period of 28 January to 05 February, 2017.

Profile of the Agripooler:

- Business oriented and entrepreneurial
- Business economics/marketing/procurement background
- Familiar with cooperative business entity
- Experience and skills on conducting company assessment
- Speaks and writes well in English
- Flexible and adventurous

### **Expected results**

One mission report containing the following information:

- Completed company assessment report about Wodera
- Advice whether to start up partnership between Agriterra and Wodera.
- If the company assessment shows possible partnership opportunities between Wodera and Agriterra, elaboration of an action plan for one year.

## Program

Day	Date	Activity
	28 Jan, 2017	Arival at Addis Ababa
Day 1	29 Jan, 2017 - Sunday	Travelling to Debre Brihan and preparation
Day 2	30 Feb, 2017 - Monday	Morning: Introduction of the team and explanation of the week - Section 1 Company profile Afternoon: Section 4 Business Case
Day 3	31 Feb, 2017 - Tuesday	Morning: Section 2 (finance) Afternoon: - Completion Business Case - Start section 3 (management and governance)
Day 4	1 Feb, 2017 - Wednesday	Morning: Start section 5 - Visiting members (2 PCs) – scoping PC  Afternoon: - Meeting bank - Meeting buyer - Meeting CPA
Day 5	2 Feb, 2017 - Thursday	Finalizing sections 1-3 - Work on section 4 (business case) and start developing action plan
Day 6	3 Feb, 2017 - Firyday	- Finalize action plan, present results and finalize report Travel back to Addis Ababa
Day 7	4 Feb, 2017 - Saterdag	- Debriefing at Agriterra Ethiopia office, if possible

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# Outline company assessment for farmers-led enterprises

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## **1. Company profile (=scopings document)**

- a. Basic information
- b. Services
- c. Membership base
- d. Governance structure
- e. Ownership structure
- f. General procedures
- g. Human resource management
- h. ICT
- i. Business track record

## **2. Finance**

- a. Financial indicators
- b. Financial health check
- c. Loan/grant history
- d. Cooperative capitalization models
- e. Summary of financial indicators and recommendations for follow up

## **3. Management and Governance**

- a. Management capacity
- b. Human Resource Management
- c. Targeting, Planning, Monitoring and Evaluations

## **4. The Business**

- a. Product / Service
- b. Context and value chain analysis
- c. Production & supply
- d. Processing & Value addition
- e. Marketing & Sales
- f. Finance requirements
- g. Risk analysis and conclusions
- h. External support required

## **5. Reputation**

- a. Members
- b. Financial institutions
- c. Buyers
- d. Suppliers
- e. Mapping of other stakeholders

## **6. Conclusions**

- a. Organisation
- b. Business case