



TERMS OF REFERENCE

Annex 1 Contract no.

The "Cooperative Assessment" (AS.11422 and AS.11423) is under Project 19AT-8140 Scoping Vietnam where Agriterra conducting scoping assignment in the search for new and potential clients for collaboration.

The Agriterra business advisor responsible for this assignment is Nguyen Ba Cuong.

Project numbers: 19AT-8140

Mission number: AS.11422; AS.11423

Date: 15 days between August to Sep. 10, 2019.

Facilitation team: Nguyen Ba Cuong – National Business Advisor; and another BA (TBC)

Venue: Thua Thien Hue Province, Vietnam

Participants: Quang Tho II Cooperative (Centella); An Lo cooperative (organic rice)



Objectives cooperative assessment

Two scopings of Quang Tho II Cooperative (QTCO) and An Lo cooperative (ALCO) have been executed in March and Apr 2019 and the outcome is to perform a cooperative assessment with these cooperatives. Executing this assessment is the next step in the potential collaboration between these cooperatives and Agriterra. The assessment will be carried out by an Agriterra assessment team, during two week's visit to the cooperatives, using the Agriterra Cooperative Assessment Tool for farmer-led organisations.

Main objective

To identify and screen the cooperative organisations with business and development potential and to assess opportunities for a partnership in business development with Agriterra. At the end of the weeks the Agriterra assessment team will evaluate the results, give recommendations and strives (depending on the outcome) to develop a plan with which services Agriterra can support the two cooperatives to realise their BHAG1 (Big Hairy Audacious Goal).

Specific objectives

- Assess the current and future business case of the organisations in terms of the value chain, service delivery to members, marketing and risks.
- Assess the financial performance and the financial sustainability and to conduct a financial health check on the status of the financial management.
- Conduct an appraisal of the current performance of the organisations in terms of governance, with a governance health check, human resource management and management information.
- Review the reputation of the cooperative by talking with members and stakeholders of the cooperatives.
- Give recommendations to the cooperatives on how to improve on above mentioned topics.

To be able to meet these objectives the Agriterra assessment team will have interviews with the two Boards, managements, staff, members and stakeholders during the two weeks. The team will also review formal documents (constitution, minutes of last held AGM, financial statements, audit reports, etc.).

¹ A Big Hairy Audacious Goal (BHAG) is a strategic business statement similar to a vision statement which is created to focus an organisation on a single medium-long term organisation-wide goal, which is audacious, likely to be externally questionable, but not internally regarded as impossible.

A BHAG encourages companies to define visionary goals which are more strategic and emotionally compelling. Many businesses set goals which describe what they hope to accomplish over the coming days, months or years. These goals help align employees of the business to work together more effectively. Often these goals are very tactical, such as "achieve 10% revenue growth in the next 3 months." In contrast, Collins and Porras define a BHAG (pronounced BEE-hag) as "...an audacious 10-to-30-year goal to progress towards an envisioned future." The authors claim that a company may have more than one BHAG; there may be one over-reaching BHAG and other shorter term BHAGs. "A true BHAG is clear and compelling, serves as a unifying focal point of effort, and acts as a clear catalyst for team spirit. It has a clear finish line, so the organisation will know when it has achieved the goal; people like to shoot for finishing lines."



Introduction cooperative

Quang Tho II Agricultural Cooperative (QTCO):

QTCO is a multi-sectors services/business cooperative. QTCO is located in Quang Tho commune, Phong Dien district, Thua Thien Hue Province, central region of Vietnam. Established since 1978, the number of members of QTCO is 604 household members producing agricultural products. The main production and business activities of the cooperative include:

Provision of services for agricultural production for 4 villages: i) Irrigation service; ii) Land preparation services; iii) Plant protection services; iv) production management and execution services; v) intra-field toll collection service;

The services of QTCO are similar to other traditional agricultural cooperatives in Vietnam. The role of cooperatives here is considered as an extension arm of the government to manage and direct agricultural production in the village. They provide of services for agricultural production for 4 villages: i) Irrigation service; ii) Land preparation services; iii) Plant protection services; iv) production management and execution services; v) intra-field toll collection service;

Business activities including: i) Planting, processing and trading centella ii) purchasing and selling agricultural products (Quang Tho's rice); iii) trading agricultural inputs (fertiliser, seed and seedling).

Among those, the cultivation, processing and trading of centella is the most outstanding. Currently the cooperative has grown 42.5 ha centella; the average yield of 48 ton/year; and included 200 households participating in centella cultivation. After purchasing centella from the farmers at 25%, the cooperative will do the sorting, cleaning and processing. Average they sell 1 ton of fresh centella per day and 500 dried kg per year.

In 2018, the turnover was 4,236,774,483 VND (equivalent 160,000 €), net profit was 44.940.818 VND (equivalent 1,700 €).

An Lo Cooperative (ALCO):

ALCO is an agricultural service cooperative situated in An Lo village, Phong Hien commune, Phong Dien district, Thua Thien Hue province, center region of Vietnam. The cooperative was established in 1994 and already converted to new Coop Law 2012. The number of member of ALCO is 185 households living in An Lo village.

ALCO provides services to their members and trading, including: i) Irrigation for the entire area of the village; ii) Land preparation services; iii) Plant protection services; iv) production management and execution services; v) intra-field toll collection service; vi) Land lease service of members; vii) loan support services; viii) land accumulation services; ix) Rice



harvesting service; x) Planting and trading organic rice, combining duck raising on organic rice cultivation area; xi) Growing and trading chili; xii) purchasing and selling agricultural products; xiii) trading agricultural inputs.

Among those, the cultivation and trading of organic rice is the most outstanding. Currently the cooperative has grown 22 ha organic rice with 2 crops per year; the average yield of 5 ton/ha; and included 96 households participating in organic rice cultivation.

In 2018, the turnover was 2,151,700,000 VND (equivalent 82,000 €), net profit was 275,131,000 VND (equivalent 30,500 €)

Mission details

- Composition of the Agriterra assessment team:
 - 2 Agri-poolers – NL experts
 - Nguyen Ba Cuong (Agriterra Business Advisor).
 - Another BA (TBC)
- Duration of the mission: The time frame of the mission will be 15 days (including international and domestic travel) in the period of from beginning August till beginning of Sep., 2019.
- Arrangements: Agriterra will arrange and cater for flight, hotel, transport, program for the Agriterra assessment team.

Expected results

1. Two completed cooperatives assessment reports based on the Agriterra cooperative assessment tool ®.
2. Advice whether to start up partnership between Agriterra and the assessed cooperatives.
3. If the cooperative assessment shows possible partnership between Agriterra and the assessed cooperatives, defining the BHAG of the collaboration between Agriterra and the two cooperatives.



Tentative programme

Day	Date/day	Program	Available
Day 1	Beginning of August (Mon.)	<ul style="list-style-type: none"> Briefing of Mission Preparation templates, presentations and logistics 	<ul style="list-style-type: none"> Agripooler & Bertine
Day 2	Mid. August (Mon.)	<ul style="list-style-type: none"> Flight from NL to Da Nang, Vietnam 	<ul style="list-style-type: none"> Agripooler
Day 3	Tue.	<ul style="list-style-type: none"> AM: NBAs Flight from Hanoi to Hue city; Agri-poolers travel to Hue City. PM: Agripooler Briefing & fine-tuning program for the weeks 	<ul style="list-style-type: none"> Agripooler NBAs
I		QTC assessment	<ul style="list-style-type: none">
Day 4	Wed.	<ul style="list-style-type: none"> Introduction of Agriterra & OA BHAG of QTC: Vision, Mission, Strategy Review of Annex 1 (Cooperative scoping), collection of basic information of the cooperative Chapter 2 Business case 	<ul style="list-style-type: none"> Agripooler NBAs Board/ management
Day 5	Thu.	<ul style="list-style-type: none"> AM: Chapter 3 Finance (annex 2 and 3) PM: Chapter 4 Governance and management (annex 4) 	<ul style="list-style-type: none"> Manager/ accountant/ chairperson/ treasurer Board/ management/staff/ Supervisory Board
Day 6	Fri.	<ul style="list-style-type: none"> Chapter 5 Reputation Sessions with members (member commitment assessment annex 5) and stakeholders 	<ul style="list-style-type: none"> Members/ stakeholders (buyers, suppliers, financial institutions, government)
Day 7	Sat.	<ul style="list-style-type: none"> Loose ends from previous days Define conclusions, recommendations and a small action plan. Final presentation (annex 6) conclusions and recommendations 	<ul style="list-style-type: none"> Board/ management/ supervisory board Agripooler, NBAs
II		ALC assessment	
Day 8	Sun.	<ul style="list-style-type: none"> Introduction of Agriterra & OA BHAG of QTC: Vision, Mission, Strategy Review of Annex 1 (Cooperative scoping), collection of basic information of the cooperative Chapter 2 Business case 	<ul style="list-style-type: none"> Agripooler NBAs Board/ management



Day 9	Mon.	<ul style="list-style-type: none"> • AM: Chapter 3 Finance (annex 2 and 3) • PM: Chapter 4 Governance and management (annex 4) 	<ul style="list-style-type: none"> • Manager/ accountant/ chairperson/ treasurer • Board/ management/staff/ Supervisory Board
Day 10	Tue.	<ul style="list-style-type: none"> • Chapter 5 Reputation • Sessions with members (member commitment assessment annex 5) and stakeholders • 	<ul style="list-style-type: none"> • Members/ stakeholders (buyers, suppliers, financial institutions, government) •
Day 11	Wed.	<ul style="list-style-type: none"> • Loose ends from previous days • Define conclusions, recommendations and a small action plan. • Final presentation (annex 6) conclusions and recommendations 	<ul style="list-style-type: none"> • Board/ management/ supervisory board • Agripooler, NBAs
Day 12-13	Thu. – Fri.	<ul style="list-style-type: none"> • Flight back to Hanoi • Return to NL 	<ul style="list-style-type: none"> • NBAs • Agripooler
Day 14-15	Beginning of Sep.	<ul style="list-style-type: none"> • Reporting 	<ul style="list-style-type: none"> • Agripooler, NBAs



About Agriterra

Agriterra is a network organisation of Dutch agri-employers' organisations and Companies. It has a vision that farmers' associations and cooperatives can have a positive influence on development through speeding up the process and ensuring a more equal distribution of income and an enhancement of democratic decision-making and relations. This vision has become almost undisputed, the mechanisms are understood, and the mission derived from it - the strengthening of farmers' organisations - is the only logical one.

Agriterra mobilises hands-on experience from the Dutch agricultural sector via the so-called Agripool. Experience-based knowledge is increasingly important to fulfil the demands of private enterprise wishing to connect with smallholders, so we are developing a new business strategy to reflect the changing business environment.

The aim of Agriterra is making cooperatives bankable. By focusing on few clients within a limited number of countries, Agriterra is able to target those cooperatives or other farmer owned enterprises, who are ambitious, have good management, have been economically active, have more than 1,000 members and who have plans to invest in order to expand their business. Agriterra's support is especially based on technical support from experts from the Dutch agricultural and cooperative sector combined with limited project funding. The advisory services can be applied to all aspects of the business planning process, access to finance trajectory or the implementation phase

Annexes

1. Agriterra cooperative assessment tool
2. QTCO scoping report
3. ALCO scoping report