



Sustainable and Inclusive Agri-based Enterprise Assessment and Planning Tool

Acknowledgement

Special thanks to the team of experts from Pambansang Kilusan ng mga Samahang Magsasaka (PAKISAMA), Aliansi Petani Indonesia (API) and Farmer and Nature Net (FNN) who contributed in the development of the AFA Sustainable and Inclusive Agri-based Enterprise Assessment and Planning Tool.

Special thanks to Collectif Strategies Alimentaires asbl (CSA) for supporting AFA in developing this tool as well as for pilot – testing in three countries: FNN in Cambodia, API in Indonesia and PAKISAMA in the Philippines.

1. Introduction

AFA members are engaging in various agri-based enterprises. There are FOs initiatives engaging in agri-enterprises with the objective of responding to the needs of their members specifically in accessing better market as a means to increasing farmers' income. Various initiatives such as consolidation of members' produce, processing and value addition, and marketing those products either as raw, processed or final products that enable them earn incremental income which helps them sustain their initiatives and/or expand FO services to members. However, not all enterprises were able to sustain their operation, some failed and some are generating income but not responding to other needs and concerns of their members. This latter initiative mostly focused on income generation without considering other elements of sustainable and inclusive enterprise model that are responding to members beyond income generation.

It is in this light that AFA has drafted the Agri-based Enterprise Assessment and Planning Tool to help FO members evaluate the members' enterprise initiatives based on key elements with defined indicators of a sustainable and inclusive enterprise. These key elements were based on the framework developed as a result of research conducted in selected countries in Southeast Asia.

The Agri-based enterprise assessment and planning tool was developed through sharing among internal experts from Cambodia, Indonesia, Philippines and AFA secretariat and pilot-testing by AFA members in 3 countries (Indonesia, Philippines and Cambodia) and enriched during AFA General Assembly in Bali, Indonesia held last May 2014. This tool shall be applied to other AFA members and shared to other FOs in the MTCP2 platform. This tool can be used in 2 ways: assessing the existing enterprise operation to identify important aspects of the operation that needs to be improved and /or changed; and to help FO in assessing their capacities in terms of organizational management, financial management (profitability and solvency, stability), marketing and business environment (inclusivity and sustainability) which allow smallholder FOs/smallholders' engaged in a specific commodity/industry value chain.



Furthermore, this tool can also be useful for (1) planning and conceptualizing a new agri-based enterprise including business plan and investment plan; and (2) for evaluating agri-investment policies and programs to make sure that investment policies and programs are consistent to the framework of a sustainable and inclusive enterprise /marketing models.

2. Objectives

Generally, the objective is to standardize the tool for assessing and planning the enterprise in a simple yet helpful to FOs the process of assessing the enterprise current performance both organizational and enterprise aspects.

Specifically, the objectives of this tool are:

- To help national FOs in assessing FO-led and FO-managed enterprises of members to capture the status and performance of agri-based enterprise operation based on key elements of sustainable and inclusive models and identify gaps, challenges and opportunities as well as key interventions to strengthen and enhance enterprise operation.
- To measure the capacity of local/member-organizations to improve in a manner that is both beneficial to farmer-members and its enterprise operation.
- To improve FO services to members based on the results of assessment; and
- To identify key interventions such as enterprise/business development, basis for recognition/incentive to good performers/entrepreneurs, showcasing good practices/innovations and periodic tracking of performance

3. What are the Key Elements of the Tool?

- Organizational Management.** This measures the organizational direction, plans, operational systems and policies, leadership and management, compliance to legal identity and reportorial requirements, etc.
- Profitability.** This measures the viability of the enterprise, service to members, optimization of benefits in the chain, product competitiveness (cost-efficient production tech), efficiency of enterprise operation
- Stability of the enterprise.** This measures the capacity to meet current financial obligations, returns on asset and equity, marketing contracts and other market opportunities as well as internal resource generation e.g. share capital, investment, savings of members
- Market access through value chain/industry approach.** This measures the level of engagement in the value chain, linkages established both formal and informal, influence among stakeholders, opportunities along the value chain that can create new opportunities to diversify or expand existing enterprise/s
- Inclusivity.** This measures on how the enterprise influences to policy makers to ensure equitable benefit-risk sharing and equal participation of poor or smallholder FOs in business endeavor. This also captures the ownership and the capacity of FOs to manage the enterprise, recognition and respects in engaging business with private sector/company, protection/insurance, security/mitigating measures, level of



participation and involvement in business processes such as negotiating and contracting e.g. price, terms and conditions, etc.

- f. **Sustainability. This measures** the capacity of the organization to sustain and expand their operation such capital

4. What are the processes/methodologies needed to ensure quality results?

a. Preparatory phase

It is highly recommended to coordinate with the leaders and the management of FO-led enterprise to ensure that all documents are prepared and/or available during the actual assessment. This tool can be sent earlier for them to familiarize and prepare documents that they see relevant in the discussions during the actual assessment.

a.1 Pre-assessment activity:

The following documents/ data/ information must be prepared or required 2 weeks before the actual conduct of the activity:

- List of Officers and Members
- Organizational Structure
- List of Committees
- VMGO and plans
- List of Members' CBU/savings
- Operations manual, human resources, accounting manual
- Policies/ procedures/ reporting system
- Program Guidelines
- Project designs, monitoring and evaluation reports,
- Business plan, Feasibility Study
- Management Information System/ MIS
- Minutes of meetings
- Attendance sheets
- Others enterprise related documents such as project progress and financial reports, activity report

a.2 Initial Meeting Preparation:

- Arrange for a meeting with the organization to discuss and prepare for the actual conduct of assessment
- Conduct a meeting with key officers, management staff and members to discuss clearly the objective and the process of the assessment proper as well as this assessment tool. This will help establish a positive and relaxed atmosphere that will make the assessment a good experience.

b. Primary Data gathering/ actual assessment:



- This step will be done through data gathering and review of documents, and Focus Group Discussion (FGD) with key officers, management staff and members. At least 50% of the members of the board/ officers, management staff (Manager, finance and supervisor/staff directly working) and representatives from members.
- The actual assessment will be done through FGD participated by key representatives identified above.
- During the meeting, the facilitator and the partner should go through formal introductions where objective of the assessment and planning must be presented clearly in an understandable way;
- The participants will have the opportunity to evaluate their enterprise operations based on key the elements and indicators defined in the assessment tool. The participants shall have the chance to discuss among themselves through the guidance of the facilitator and appraise the actual standing of their organization. After discussing each element and indicators, the participants shall all agree and choose the corresponding stage that best represents the status of their enterprise organization. See sheet "Scoring"
- Make a summary/overall result of rating and visual/ color coding-smileys (sheet "table & rating form") and spider web to see the level of performance based on the total average scores of each element. See sheet "Summary and Chart"
- Make a summary result of Members-affiliates' performance of their enterprises to identify key interventions and what support and strategies needed in support to their members. See sheet "FO Summary Results".
- These occasions should be treated as opportunities not just for data gathering but also for sharing, exchange of information and moving forward by identifying key concerns/challenges, areas for improvements and opportunities to move forward
- Using the planning tool, the group will prioritize key concerns and opportunities to re-plan by identifying innovations (strategies and approaches) to enhance the enterprise operation. See sheet "Plan Intervention"

c. Post Assessment:

- During primary data gathering/ actual assessment, the facilitator will present its observations to the partner as well as clarify other information not covered during the actual data gathering/ interviews.
- The partners will also have the opportunity to validate and clarify some observations presented.
- Sufficient time for planning/next steps is important to clearly define strategies and approaches in responding to key issues and challenges identified
- The facilitator shall present the corresponding equivalent score for each element and the over-all weighted score of the organization.

5. How to use the tool for assessing and planning agriculture enterprise

5.1 Who can administer?

- The tool can be self-managed or can be done by the leaders and/or the management staff of the cooperative or FOs either en-bank or as individual. But this is recommended to do it in a group represented by the board/leaders, management staff, project committees and shareholders/members to keep the balance and objectivity of assessing the actual performance of enterprise operation.



- Externally, it can be conducted by a team composed of OD, Finance and market/enterprise, technical (agriculture, credit, processing) experts. This can be a form of service that the national FOs can extend to their members to see the enterprise status as well as identify and discuss opportunities that can be translated into program or project to strengthen or expand their existing enterprise operation.

5.2 Who should participate?

The assessment should be participated by the representatives from the board of directors/officers, management and representatives from members/shareholders. If there are supporters/partners, it would be good if they can attend as observer during the assessment process

5.3 How to do the scoring, summarizing and interpreting the results?

- Rating should be done per indicator with the score range from 1, 2 or 3 depending on the real status or performance of enterprise organization
- To ensure that the ratings are objectively responded, probing questions will be asked by the facilitator
- Final score per indicator should be agreed upon among participants by consensus.
- To get the average rating per element, just add the rating of all indicators within the element and divided by the total number of indicators.
- To get the overall rating, just add the average score per element divided by number of elements.
- After getting the total average rating, check the overall ratings whether the total average rating falls under start-up, strengthening or consolidating based on the range written below:

OVERALL RATING	TOTAL SCORE
Start-up/Building-up	40 and below
Strengthening/Expanding	41 to 80
Consolidating	81 and above

- In addition to rating system, visual assessment per element will automatically define the performance of the enterprise. please see below:
 - smiley “red” – this signals the enterprise to “stop” for a while to allow the leaders/management to reflect on their situation, then discuss and define clearly what actions need to be taken based on lessons learned from the experiences (action-reflection-action). A clearly defined plan and strategies has to be prepared for at least 6 months to one – year implementation with close monitoring and evaluation as agreed among the leaders and management.
 - Smiley “yellow” (doing good but need to pause and assess the existing strategies whether to change strategies or approaches, or enhance existing strategies considering the direction of the organization if the



existing enterprise are responding to the needs of members as well as align in the overall direction of the organization. Further review on industry/commodity-specific studies to keep abreast on the development direction of the country, region and international level e.g. ASEAN Economic Integration, trade policies (FTAs/TPP, etc. and utilize all information in redefining strategies and approaches); and

- Smiley “green” - the enterprise performs in accordance with the plan and achieved the expected results/outcome. This means also that the enterprise should look at the opportunities to expand or diversify its existing enterprise operation.
- The overall assessment of the enterprise can be presented through the spider web based on the average score per element. The visual presentation can be easily analyzed which elements perform well; elements that need more attention/focus as well as the elements that need further improvement.
- It is very important to document important points raised e.g. gaps, needs and challenges as well as recommendation/areas for improvement
- As mentioned earlier, the objective of the tool should not end at getting the evaluation results of enterprise operation. The results will be used as an input for re-planning/next steps. Thus, there’s a need to identify appropriate strategies and approaches to key issues and concerns of the enterprise to help strengthen its existing operation as well as actions/resolutions to address urgent and important concerns.
- To facilitate the process, the facilitator will ask participants to rank issues and concerns identified based on importance and urgency. Top 3 key issues and concerns will be the focus of the group to discuss and identify key interventions/strategies for re-planning for the succeeding period.

6. Analysis and Recommendations

- Focused on the priority issues and concerns agreed by the participants
- Discuss and analyze key points arose during the assessment by focusing on the elements/factors that contribute or hinder (cause-effect) as well as gaps, challenges and opportunities.
- Identify and discuss clearly key recommendations/ ways forward by defining key activities/strategies/approaches, timeframe and person responsible, support organizations if needed

7. Planning tool

This planning tool is a translation of key issues, challenges and opportunities identified during the assessment. The results of assessment are imperative in coming-up with a SMART plan of action both short –term and mid/long-term plan of the enterprise. Thus, participants during the assessment should stay and participate in the planning process. Please see sheet "*Plan Intervention*".



Important information includes financial and human resources to calculate budget requirements and person who will work on particular tasks identified to implement the plan.

Support from partners/donors are also important information needed prior to planning activity to guide the officers and the management in defining key activities/strategies, expected results, budget and timelines of activities. It is good to define key indicators/parameters to measure expected results/outcome per activity. This will help in the monitoring of plan implementation and periodic evaluation of output/outcomes.

8. Monitoring, evaluation and sharing of learning

Part of the planning should identify responsible person to monitor and periodic evaluation and sharing of learning experiences within the organization and might organize knowledge sharing and learning with other members' enterprises.