Cooperative Development Program (CDP)

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Semi-Annual Report for Reporting Period:
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I. EXECUTIVE SUMMARY

ACDI/VOCA's Cooperative Development Program (CDP) aims to improve the governance, management and advocacy capacity of business-oriented, professionally managed, farmer-owned and operated organizations to better meet the needs of their male and female members through market-driven activities. ACDI/VOCA focuses on the institutional strengthening and capacity building of cooperatives to plan for and implement changes that catalyze increased production and sales. Program activities include trainings, technical assistance, strategic management and mentorships to facilitate increased agricultural productivity, strengthened cooperatives and pre-cooperative groups, captured knowledge and disseminated cooperative learning.

Year 1 CDP activities focused mainly on conducting baseline assessments of cooperatives that assessed each group's strengths and weaknesses. The next step was to work with the groups to identify their vision for the future, and using this strategic plan to create an action plan that would define ACDI/VOCA's role in supporting the group to reach those goals. While this approach has reduced the pace of implementation in the first year, activities should increase in momentum during Year 2.

Some of the key themes that emerged during the past six months of project implementation were:

- **Strategic Planning** for struggling cooperatives not only can help the group define their goals for the future and the steps to get there, but can also build community will to make the enterprise succeed. An inclusive planning process can rejuvenate member ownership and energize leaders.

- **Follow-up** after each training session or volunteer assistance is critical to create impact. Because full-time staff membres have limited time to conduct this follow-up, each CDP component must find a creative solution to monitor cooperative action after technical assistance.

- **Buy-in from both leaders and members** to the CDP approach is critical to success. Unlike many development programs, CDP does not provide financial assistance. Instead, ACDI/VOCA works with each cooperative to strategically fill gaps in their capacity. Program staff has found that some cooperatives begin a partnership with ACDI/VOCA expecting financial support, and are less willing to participate in capacity building activities. Through the rigorous M3 assessment and strategic planning process, CDP hopes to avoid situations where cooperatives are not a good fit for the program. This requires clear communication with both cooperative leaders and members of the goals for CDP, and responsibilities of both parties in working together.

The following report outlines activities that took place in Paraguay, Kenya, and Ethiopia between July 1 and December 31, 2011. Each section describes specific technical assistance as well as pertinent lessons learned and modifications for next steps.

II. PARAGUAY

1. Introduction

ACDI/VOCA Paraguay presents its semi-annual report of the Cooperative Development Program (CDP) for the period July 1st, 2011- December 31st, 2011. The report presents the activities undertaken in the implementation of the second semester of the CDP Program. CDP Paraguay supports USAID/Paraguay´s Strategic Objective 526-007: "Increased Income for the Poor in Selected Economic Regions".

In Paraguay, ACDI/VOCA has been managing CDP for the last nine years to improve the ability of cooperative to increase their members' income through the provision of technical assistance and training to foster sustainable market-based relationships. CDP in Paraguay will continue to focus on the eastern and southern portion of the country in fresh fruits and vegetables, dairy and organic sugar value chain and general Good Agricultural Practices (GAP). The key issues that the program will continue to address under CDP as a whole are: a) Principles sound cooperative law and strategies to improve the legislative and regulatory environments b) Strengthening cooperative participation and governance c) Planning and information systems and d) Replication, scale and salience.

CDP Paraguay has developed a gender strategy which is applied across all of our program work. The program will employ tools that enable cooperatives to become more inclusive of and responsive to women farmers.

CDP Paraguay will carry forward its successful work with second–tier cooperatives to act as model mentors to medium-sized cooperatives and associations that have promising business models but a lack of knowledge and skills to sell to regional and international markets. This will include collaborations with *Paraguayan Center of Cooperatives* (CEPACOOP), *Federation of Production Cooperatives* (FECOPROD) and public entities.

2. Approach

In Paraguay, agricultural activities represented about 22.3% of GDP in 2009. The agricultural sector employs nearly a third of the country's population, and more than 200,000 families depend on subsistence farming. The cooperative sector is particularly strong in Paraguay; in 2010 there were more than one million cooperative members, or around 20% of the population. Cooperative development represents an effective means to improve the livelihoods of those one million smallholder members, especially since a market exists for increased production.

The baseline surveys CDP Paraguay conducted in January-June 2011 showed many agricultural cooperatives with major educational and technical assistance needs for both revenue generation and cooperative organization. Their problems arise in production, processing and all other stages of marketing, as well as financial planning and leadership. We found that while the cooperative movement is strong and able, many groups are overextended. Paraguayan cooperatives are often multi-purpose: they take on functions of production and marketing, savings and credit, and other services. For well-managed cooperatives this multi-functionality can be a strength; for struggling cooperatives it leads to more problems.

The baseline with the 16 cooperatives in six Departments in Paraguay (Concepcion, San Pedro, Cordillera, Caaguazú, Guairá and Itapúa) we conducted in early 2011 focused the remainder of CDP Paraguay's 2011 activities around four themes:

a. **Good governance**: Improving cooperative management with emphasis in leadership training and strategic planning.
b. **Cooperative Salience and Competitiveness**: Improving marketing capacity, product quality and analysis of productive chains
c. **Good Agricultural Practices (GAP):** The start-up process for the implementation of best practices in agriculture for exporting products.
d. **Gender Approach:** CDP carried out activities that enable cooperatives to become more inclusive and responsive of and to female famer.

3. *Volunteer Assignments*

Each volunteer assignment is based on results of the M3 baseline survey, the cooperative's strategic vision, and the jointly-developed action plan that defines CDP's goals. This semester (June-December) nine volunteer assignments were completed:

1. Good Agricultural Practices (GAP): There is a strong international market for pineapple, banana and melon produced in Paraguay. In recent years, international buyers have increasingly demanded stricter requirements in the production and processing of fruits. Paraguay must meet these international standards to sell to those markets. In particular, Paraguayan products face growing competition and more stringent regulations in the Argentine markets, making it necessary to adapt the existing regulation and adopt new mechanisms to avoid losing market share.

In order to support the production cooperatives to be more competitive and to adapt its system to the new agricultural practices for the production, CDP Paraguay carried out a technical intervention in four production cooperatives located in two strategic areas of the country.

Guayaibi Unido, Guayaibi Poty and Paraiso Poty cooperatives located in the northern region of the country in San Pedro Department focuses on the production and commercialization of banana. Manduvira located in Cordillera Department and provides a variety of services to its members including support to sugarcane production, facilities for processing of raw sugarcane, organic and fair trade certifications and marketing of organic sugar marketing.

The introduction of GAP, as has happened in other countries, is expected to improve the quality of the products, thus contributing to better prices and a strengthened position of these products in the local and international markets. The technical assistance was delivered by Jesus Ma. Pedraza.

Impact/Result: The result of this assignment is the alliance between CDP Paraguay and REDIEX (the Export and Investment Network). CDP Paraguay will work with REDIEX to create a three-year plan to introduce smallholder producers to GAP through training from field agronomists. The impact of this partnership will be nation-wide, and will strengthen Paraguay's place in the international market. (For more on this result, see section 3 below.)

2. Good Governance: Institutional strengthening of the cooperative movement requires both general cooperative education and business education. Based on its experience, CDP Paraguay has learned to find an appropriate balance for both education activities and technical assistance planning with cooperatives.

During this semester two cooperatives were assisted to strengthen institutional capacity.

- *Accounting Training:* The lack of proper record keeping at the cooperative level is one of the challenges successfully overcome by CDP Paraguay. The Cooperative Pakova Poty located in

Tembiaporá Colony, Department of Caaguazú, is considered the most important banana-producing regions in Paraguay. But the lack of knowledge in accounting and bookkeeping also the necessary skills to computerize the records became a problem for the cooperative at the time to prepare monthly organizational financial reports.

CDP Paraguay met this need with much-needed accounting training. The specialist Bibiana Fandiño trained the manager and secretary in the use of basic computer skills, excel use, and basic accounting concepts.

Impact/Result: The training created in the cooperative membership the need to develop a sense of transparency in its day-to-day business operations. As a result the cooperative started new accounting processes. Currently, Pakova Poty is able to provide accurate data to its membership. Pakova Poty commercialized a monthly average of 500 boxes of banana which generated a total income of $70,000.

- *Cooperative Management*: Management is an important aspect that needs to be strengthened in the cooperative movement in Paraguay. Over the years CDP Paraguay has worked closely with board members and managers to accurately define member roles, rights, and responsibilities. This is an important process to help the cooperative enable solid cooperative values, as well as ensure effective operational and administrative systems.

  San Luis Cooperative is dedicated mainly to rice production, but over the past few years the Cooperative's market share has declined, negatively affecting the overall organization. The main issues are weak of management body and the lack of managerial skills to make sound business decisions.

  CDP Paraguay addressed those issues providing specialist Juan Fernando Alvarez who divided the technical training in Learning Modules to disseminate the concepts and good practices of governance. The assistance developed streamlined management system to facilitate efficient and responsible decision-making.

  Impact/Result: The assistance resulted into a better communication system between the Board of Directors and the Cooperative Manager, which improved the marketing decision-making of the institution. This helps the cooperative to explore new business opportunities: they are currently planning to open a cooperative-run gas station.

3. **Cooperative Salience and Competitiveness**: CDP Paraguay strategy views technical assistance in production and commercialization as complementary with education, training and other services to improve individual cooperatives. The strategy also gives priority to volunteer assistance on specific crops and/or products and related cooperatives. CDP Paraguay support cooperative education and technical assistance that addresses commodity-specific production and marketing problems and increases agricultural cooperative capacity to assess profitability and plan investment.

   Four technical assistances were delivered to promote the trade capacity building to our beneficiaries.

- *Sugar Mill Construction*: Since 2006, Manduvira Cooperative has received technical support from CDP Paraguay. Manduvira is a multiservice cooperative located in Cordillera Department that provides services that include organic sugar cane production, processing and marketing for members of the cooperative. As international demand for sugar from Manduvira grew, the

cooperative sought ways to sustainably meet it. Previously, the system of collecting and processing sugarcane from hundreds of producers was riddled with inefficiencies. The cooperative rented a processing plant 90 kilometers away from most farmers' fields, leading to high transport costs and longer processing times—which reduced sugar quality and lowered the amount of sugar extracted from the cane.

A CDP volunteer, sugar expert Jackie Thierot, recommended that Manduvira invest in its own sugar mill. Currently, the sugar mill is in its initial process of construction. This semester Jackie Theriot carried out two technical visits to supervise and define important details of the construction contract. The sugar mill should be ready to start to operate in January 2013.

Impact/Result: It is important to notice the collaboration between Manduvira and USAID initiatives CDP Paraguay and Paraguay Productivo will result in $4.0 million increased income for the smallholder sugarcane producers in Paraguay. The plant will create 150 direct new jobs during the 200 days of sugar processing, 30 permanent jobs, and more importantly the cooperative will generate immediately an estimated gross income of at least US$ 4.0 million that will impact positively to the living conditions of its members.

- *Compost Tea:* Compost quality is critical to organic production. Sustainable farming is possible if each year soil quality is renewed and productivity increases. Without techniques to improve soil conditions, smallholder productivity will decline.

  Manduvira Cooperative produces organic sugar cane which is exported to Asia and Europe. In order to complement the cycle of production of raw material for Manduvira, CDP Paraguay provided technical assistance to produce their own organic fertilizer and at the same time the specialist carried out a diagnosis to build a "Gaicashi" plant. Gaicashi is a type of organic fertilizer that requires less time to produce, and that can be transformed into compost for application directly on the soil, or application as a liquid "tea" that producers can spray. Colombian expert Edgar Blandon was the specialist who delivered the assistance.

  Impact/Result: After the assistance the cooperative understood the benefits of having their own compost plant in order to have enough raw materials at the time the sugar mill will start to run. In February 2012 a second technical assistance in compost production is expected in order to start the construction of the compost plant. Through this compost plant Manduvira cooperative will be able to produce sufficient organic fertilizer.

- *Dairy Farm Program*: Colonias Unidas is a multipurpose cooperative located in the southern region of Paraguay in Itapúa Department. Colonias Unidas Cooperative is considered a leader in industrial production in Paraguay.

  The cooperative provides technical assistance to milk producers who sell their milk to the cooperative's own dairy plant. Despite this, constraints at farm level include high incidence of acid milk, poor milk quality and low milk yields. The deficiencies result in losses for both the milk producers themselves and their cooperative.

  CDP Paraguay assisted with the design of an efficient Dairy Farm Program. The Program included training for the field technicians in animal nutrition and dairy farm management. The specialist in dairy production Elizabeth Alderson carried out a series of visits and interviews with milk-producing members and constructed a model adequately responsive to the needs of the members and appropriate to the reality of the community

Impact/Result: The identification of problems in dairy cow feeding practices and the implementation of a comprehensive extension plan focused on dairy cow nutrition as recommended by the consultant greatly improved the farmers' knowledge and implementation of correct dairy cow feeding techniques.

After the consultancy the cooperative expected that a pilot program be implemented with the objective of strengthening the milk production. The program will be replicated in the 37 milk collection centers which supply the cooperative.

- *Carbon Capture and Sequestration*: Climate change is a concern that touches all producers in Paraguay. There are a variety of possibilities for reducing carbon emissions, ranging from the enhancement of energy efficiency to the replacement of fossil based energy production by zero-carbon technologies. For producers, the carbon capture market may also represent an alternative income strategy.

  Colonias Unidas Cooperative requested a specialist in Carbon Capture and Sequestration from Yerba Mate to provide guidance on the initial concepts of carbon sequestration to the yerba mate producers. The specialist; Luciano Montoya carried out visits to the yerba mate farms and delivered a half-day session to producers and technicians. A total of 320 families are direct beneficiaries of the yerba mate production.

- *Fair Trade Certification for Yerba Mate Production*: Fair Trade certification guarantees a minimum price, and supports the principles of ethical purchasing. The Fair Trade certification system covers a growing range of products.

  With the purpose to start a certification process for yerba mate production and introduce the small farmers the concept and standards of fair trade as well as the benefits of being certified, Colonias Unidas Cooperative requested to CDP Paraguay an expert to carry out this assistance. Fernando Soleibe provided the technical intervention and conducted a half-day introductory session to the farmers.

4. **Gender Approach:** CDP Paraguay understands that equality between women and men can have economic as well as social benefits. But the majority of project beneficiaries need to define the role of female member in production to better understand this.

   In order to achieve successful integration of women farmers into the value chain, CDP provided a technical half-day session on the definition of the role of women in dairy production. The assistance was delivered by Elizabeth Alderson to Colonias Unidas Cooperative. The session was attended by 40 women; members and non-members.

   Impact/Result: After the session women felt motivated and have a clear perspective of their role in dairy production. They understood the importance of their role in the value chain as a whole.

4. *Other Activities and Trainings*

1. GOOD AGRICULTURAL PRACTICES (GAP) IN PARAGUAY

CDP Paraguay understands that to achieve sustainability, alliances with private and public sectors should be developed. CDP Paraguay is involved with the Bureau of Fruit and Vegetables from REDIEX (Export and Investment Network). REDIEX is a branch section of the Department of Trade and Industry.

The Bureau is comprised of public institutions and representatives engaged in the domestic and international marketing of fruits and vegetables. Its main goal is to improve the standard of production to achieve international competitiveness.

In order for REDIEX improve the standard quality of production they plan to promote Good Agricultural Practices (GAP) in the sector. The implementation of GAP is a voluntary and gradual process, but the stricter requirements of the international market have made speeding adoption necessary. Markets have become increasingly demanding and by not adopting the new requirements in the processing of fruits, the producers will have a harder time entering and staying in these markets – initially in international markets but eventually local markets as well.

This semester, CDP Paraguay developed a plan for the implementation of GAP to create more sustainable markets. With this proposal, REDIEX and CDP Paraguay plan to jointly promote the implementation of GAP in country through technical interventions from CDP to the technicians and those will disseminate the information in the field through "train the trainers" methodology. This activity will involve public sector representatives such as the Department of Trade and Industry and Department of Agriculture, among others.

2. REGIONAL AGREEMENT

ACDI/VOCA through the Cooperative Development Program in Paraguay is strengthening the link and enhancing regional cooperation with the Brazilian Cooperative Organization (OCB). OCB is the highest apex organization representing all cooperatives in the country.

It is structured in order to promote democratic and transparent governance. The OCB is responsible for promoting, stimulating and defending the cooperative system, at all political and institutional instances. It also has the responsibility for preserving and enhancing the cooperative system.

A cooperation agreement was signed last November in Cancun, Mexico during the General Assembly of ICA (International Co-operative Alliance).

This agreement enables to collaborate in the capacity building of assistance to agricultural cooperatives to strengthen organizational and financial structures through access to training and technical assistance. The collaboration will involve:

- Technical Cooperation
- Technical assistance
- Management Development
- Marketing Cooperation

3. GENDER EQUALITY AND WOMEN´S EMPOWERMENT

In Paraguay, 43% of women are farmers dedicated to agricultural activities but only 14% of those women have access to technical assistance. CDP Paraguay designed a gender strategy with the main goal is of increasing women's access to leadership and decision-making positions in rural cooperatives.

To achieve the goal mentioned above this semester a series of activities were developed by the local staff:

a. *Gender Sensitivity Workshops*: Creating gender sensitivity awareness to the leaders (the majority of them are men) is a gradual process, but, throughout the year CDP Paraguay staff carried out very intensive workshops campaigns with both Board of Directors (BOD) and members (female and male). As a result of this sensitivity campaign the program achieved the following results: a)

Number of female members increased b) The BOD (majority men) agreed to include women´s sub-committee to support women´s income generation activities.

b. *Leadership Trainings*: In order to increase the access of female farmers to technical assistance and increase women's access to leadership in agricultural cooperatives, CDP Paraguay carried out leadership trainings with two women´s sub-committees. As a result of the training female members become more involved and leadership skills were strengthened.

c. *"Women and the Productive sector"*: CDP Paraguay delivered a presentation called "Women and the productive sector" at the event carried out by USAID´s Program Iniciativa Zona Norte (IZN). The event gathered local representatives from public and private sectors. The presentation delivered by CDP Paraguay contains relevant information on the current situation of female farmers and ideas to promote gender integration in agriculture.

During this semester USAID/Paraguay assessed the gender approach of the programs funded by them through a team of gender specialist. CDP Paraguay is one of the two projects in Paraguay which obtained the outstanding recognition for its gender strategy by USAID.

4. MONITORING AND EVALUATION

During the beginning of this semester CDP Paraguay carried out two separate work sessions with the apex organizations CEPACOOP (Paraguayan Center of Cooperatives) and FECOPROD (Federation of Production Cooperatives).

The purpose of the work sessions were: 1) Introduction of the baseline results which reflects the situation of our beneficiaries before to start the program assistance 2) Introduce the CDP Performance Monitoring Plan (PMP) indicators that will be applied to our beneficiaries to measure the impact of the technical assistance conducted to our beneficiaries 3) Introduce the Action Plan which was designed in coordination with the board of directors of each selected cooperative. The Action Plan contains the strategic basis from which technical assistance and training programs will be delivered and will include annual performance measures.

With this activity CDP Paraguay fully involved and committed the participation of the apex organizations in the process of strengthening the institutional structure at the household level through interventions at the cooperative level.

- *M&E Follow–up*

Data is drawn from regular program activities, staff follow-up in the field, volunteer consultants' reports, and government records.

During this semester the M&E Specialist followed up with the five cooperatives assisted in the first semester (Jan-Jun 2011). The follow-up consisted on site visits to five cooperatives that received technical assistance in the first semester in order to measure or capture the results or constraints at the household level, for both women and men, in the implementation of the recommendation given by the consultant.

The cooperatives assisted during the first semester are located in the Departments of San Pedro, Concepcion, Guairá, Caaguazú and Itapúa.

a) Results

- The leadership assistance started to slightly strengthen the cooperative structure

- Improved communication between the board and the members
- Improved management and techniques in dairy production
- Improved planning from farmers for production
- Cooperatives setting goals in the short, mid and long term

b) Constraints

- Need to increase involvement of members in cooperative activities
- Reluctant behavior to change the old techniques for improved and new techniques in agriculture
- Lack of self-management
- Sustainability

This harvest season the production cooperatives are going through to the worst drought in five years. According to economic analysis, we expect a 50% loss in yield of products such as: soybeans, corn, cotton, horticulture and forage for cattle. This situation comes on the heels of frost during winter season that adversely affected the banana production in the northern region. Analysts believe the GDP for 2012 will decrease significantly. CDP Paraguay expects that this climate situation will affect our PMP indicators for the next semester, lowering purchase and sale volumes.

Also, it is important to notice that CDP Paraguay will collect data for the PMP in April 2012, the reporting period for production cooperatives.

5. OTHER ACTIVITIES

1. *ACDI/VOCA´s Technical Summit:* In October CDP Paraguay attended the ACDI/VOCA´s Technical Summit carried out in South Africa. The Technical Summit brought together leaders from across the organization to enhance ACDI/VOCA's ability to effectively design and implement projects. During the Summit, CDP Paraguay carried out a session on Gender in which the Paraguay Gender Strategy and the activities carried out to promote was presented.

2. *Technical Advisor Visit:* To plan the activities for the next semester (Jan-Jun 2012) CDP Paraguay received the visit of our Senior Technical Advisor; Luis Cuellar. The visit had the following objectives:
    - Assessment and review of the activities undertaken during the CDP Phase II; second semester of calendar 2011
    - Review the technical proposal with the team, to assess progress and highlight program areas that need development
    - Schedule the activities to be developed during the second year of the project which include: setting short and long term goals, planning of technical interventions, developing alliances with counterparts

3. *Agro Fair*: CDP Paraguay participated in the event that is carried out annually and is considered one of the most important events in Paraguay to promote production cooperatives, agriculture technology and innovations. The event is supported by the Federation of Production Cooperatives (FECOPRPROD) took place in the Department of Itapúa (Southern region of the country). The Cooperative Development Program (CDP) had a stand to promote its activities in Paraguay. Also, two of our ACDI/VOCA´s volunteer consultants conducted two technical sessions there: *Luciano Montoya*: Yerba Mate Carbon Capture and Sequestration and *Fernando Soleibe:* Fair Trade Standards.

4. Challenges, Successes and Lessons Learned

Challenges

In the implementation of the first year program, CDP Paraguay dealt with the following challenges:

- Inclusion of women in decision-making positions
- Obtain reliable, accurate and quality data for PMP measure and results
- Achieve sustainable technical assistance that can impact our beneficiaries in the short term.

Success

Impact of business planning: After receiving technical assistance in Dairy Design Production System, Oñondivepa Cooperative got the tools to start to explore the milk business production. Oñondivepa's main activity is the marketing of grains. But with 20 committed milk producers, the cooperative wishes to add the commercialization of milk as a thriving business improve cooperative revenue and member incomes.

As a result of the assignment, the cooperative began to operate milk production as a business and carried out the following activities to achieve this goal:

1. Obtained a loan of $200,000
2. Started to replace the criollo and zebu cows with improved dairy breeds such as Holanda
3. Hired the services of a professional veterinarian
4. Increased the yield and quality of milk production

Lessons Learned

1) Large agricultural cooperatives play an important role in the Paraguayan economy but Paraguay also has many small cooperatives that are not commercially viable for a variety of reasons. While CDP may be tempted to work with these smaller cooperatives, past experience has taught the program to concentrate resources on viable and more sustainable cooperatives. CDP Paraguay applied established criteria for assessing viability of cooperatives and assigns volunteer consultants only to viable institutions and those able to achieve viability trough modest financial and human investment.

2) Previous experience has shown that a follow-up is required to measure impacts and results, and to use that information to target effective technical assistance. Unfortunately, we have learned that this time-consuming process is not possible through CDP staff alone. To achieve adequate follow-up, local staff has the opportunity to coordinate with Peace Corps volunteers. Utilizing this resource will improve future technical assistance

3) It is necessary to increase efforts to coordinate jointly activities with the several government programs for rural women that already are implemented in country. CDP Paraguay must ensure that there is no duplication; instead the program can add and build existing programs.

5. Modification to the Approach

CDP Paraguay needs to refine its Gender Strategy through more thorough understanding of the role of women in each value chain, in order to adjust interventions accordingly. Because of this

need, CDP Paraguay is planning to work with a volunteer in summer 2012 to conduct an analysis of gender in production. This study will become a tool that CDP can use to implement its gender strategy more effectively at all levels of cooperative operations.

III. KENYA

1. *Introduction*

The following is a report of CDP Kenya activities from July 1 – December 31, 2011. CDP Kenya is a four year program that began in January 2011, which supports USAID/Kenya's objective to improve the productivity and competitiveness in key agricultural sectors. In Kenya, ACDI/VOCA focuses on supporting food security through increased productivity, reduction of post-harvest losses, and improved market access.

Agriculture makes up approximately 25% of Kenya's GDP, and employs about 70% of the rural population. Cooperatives are an important part of the agricultural sector, with about 20% of the population registered as members of a cooperative. According to the International Cooperative Alliance, cooperatives are responsible for 45% of Kenya's GDP. Despite these strengths, the the cooperative movement suffered upheaval after liberalization of the economy in 1997. Formerly state-run cooperatives suddenly were autonomously run, and the change led to corruption and mismanagement, loss of credibility, and decline of profitability.

As a result, many members decided to leave their cooperatives and an estimated 35% of registered cooperatives are currently inactive. Dissatisfied members form new groups that often are "pre-cooperatives," community-based organizations (CBOs) or self-help groups. CDP Kenya works with both registered cooperatives struggling to rebuild, and nascent pre-cooperatives establishing operations. With each type of group, CDP Kenya focuses on building good governance and leadership, as well as helping the groups improve revenue through training in production and marketing.

2. *Activities with each cooperative*

a. Kiirua Community Based Organization (CBO)

Kiirua CBO collects and markets its members milk in the Meru region. Formed in 2006, group scored low points in both the "Money" and "Membership" categories during their first M3 assessment. This semester, the group was trained on financial management, record keeping, time management and human resource management by a local consultant in collaboration with the CDP manger. This overview training was administered to 20 leaders of the group which included the management committee. The main focus was to show the leaders the importance of keeping records, and being aware how money was being used on the farm as well as by the CBO, in order to calculate their profit and loss.

The group also formulated their strategic plan, with the help of a local consultant. The group was very happy with the process of the strategic plan, and also being able to harmonize their ideas and goals in order to achieve their mission. Strategic planning was quite powerful for this group. They even closed a venture they had started -- running a hotel at their collection center-- after they discovered during the strategic planning process that the enterprise was making a loss.

The group then had two volunteer assignments, which were carried out simultaneously. Both assignments were focused on assisting the members of the CBO to improve their dairy operations.

The officials of the CBO are fully invested in these changes, and they now realize that their success depends on how efficiently they run the affairs of the CBO. As a first step, for example, the group shifted their office to a more secure rented space, rather than remaining in their previous tenuous situation on a piece of land with a court case pending. That was an important, positive decision--made after CDP explained to them how much they stood to lose if the court ruled against them.

There is a lot of work that needs to be done to strengthen the group, especially on membership education. The members view the CBO as a ready market for their milk, and they are willing to stay there as long as they are getting good prices. They do not fully understand the dynamics of the market or operations that determine the price they get for their milk. There is need to train the members on what it means to belong to a cooperative, and take ownership of its operations. The members must be willing to take responsibility for the growth and development of the CBO, and treat the management committee as stewards only. Members are the real owners, as well as users, of the group.

b. Gaikundo Poultry Project Self Help Group

This group is one year old, and the teething problems to be expected for a new enterprise have begun to emerge. Some members have started to show diminished enthusiasm, and the membership levels have come down. Unfortunately, there is still lack of clarity in the exact number of active members.

There is, however, a strong core group believed to total thirty that is determined to take their poultry business to the next level. It was with the enthusiasm of these committed members that CDP organized a one week training. The first section focused on technical skills of raising poultry, including feed formulation, housing, poultry equipment, disease control measures, parasite control, brooding procedures, incubation and hatching. The training was interactive with practical examples including a field visit. They formulated a food ration and brought in a hen to observe how it was responding to the feed.

The other part was a business planning stage, where the farmers sat down to plan how they will run their poultry business. Each farmer had to set their own target, as the group is banking on selling the produce that will come from the individual farmers. The group is yet to make any sales as a group, but as individuals, some of the farmers have started increasing their sales as a result of improving the efficiency of their operations. The group's vision is to be the region's leading poultry producer and they are actively working towards accomplishing that goal.

c. Gathage Farmers' Cooperative society

Gathage is a coffee cooperative with a long history that suffered massive losses during the collapse of the coffee market in the early 2000s. The group is currently rebuilding, expanding its membership and trying to improve its capacity utilization which is currently at 10%.

Before working with CDP, the cooperative had been receiving reports from their millers that they were unable to interpret. They wanted to understand the miller's indication of their coffee quality, but did not know how to read data. CDP organized training for the management and the factory workers on quality control and overview of the wet mill. They were trained on all the

stages that the coffee goes through at the factory, and what is expected at each stage. The management committee and the workers had very little knowledge on how to safeguard the quality of their coffee at the factory, and on learning to read and interpret the millers reports, it was evident that they had been practicing some errors as they handled the coffee. After the training, the team agreed to rectify their errors and maintain high standards to ensure that they did not lower the quality of the coffee at the factory. This adoption of quality control will ensure higher equality and therefore higher prices.

Some of the biggest hindrances to membership education and expansion are age and education levels. The average age of the members is 65, and more than 95% are illiterate. The cooperative sees the need to draw in youth members to avoid the eventual decline of the co-operative. Unfortunately there is high mistrust between the two generations; CDP foresees the need for open communication forums to bring the two groups together.

The Ministry of Co-operative Development and Marketing of Kenya, the entity charged with regulating the co-operatives, demands that each co-operative should have a strategic plan. But most co-operatives do not have the capacity to develop one. The Gathage co-operative society was supported by CDP to develop their strategic plan for the next five years. The plan was then presented to the members in a special general meeting, and the document was received with appreciation for articulating a shared vision for the cooperative's future.

d. Manyatta Producers and Marketing Association (MAPROMA)

This group has been involved in reproducing clean potato seed. The country has been experiencing insufficient supply of clean potato seed. The group got a grant from the Ministry of Agriculture, to facilitate their multiplication of the clean potato seed.

The group leased a plot of land, and communally planted and took care of the seed. The idea was to ensure that each member got enough seed to plant at their homes, and also to sell the seed at a premium price, as long as they could be certified. According the group, the officer from the Ministry of Agriculture who was helping them with the process was not very keen, and they ended up not getting certified. The farmers then sold the very clean potato seed as ware, which was quite a waste, as they still sold at throw away prices dues to a glut in the market.

The members deliberated on their actions, even as they formulated their strategic plan. They requested CDP to support their efforts to get certification as potato seed producers. They also decided to construct a store so that they can be storing their potatoes from their individual farms, and wait for better prices before selling.

e. Zombe Multipurpose Co-operative Society

This group, a honey production cooperative, requested support from the Ministry of Co-operative Development and Marketing, and the Ministry referred the cooperative to CDP. The group was formed eight years ago to refine and market members' honey, but due to lack of leadership and management skills the co-operative could not sustain its activities and it became dormant.

Since most of the communication from a co-operative comes in through the officials, CDP and the Ministry agreed to give the group the technical capacity to enable them to resuscitate their

co-operative. Zombe is located in an arid region, and since rains had failed for three consecutive years, there was no honey to harvest. As a result, very low levels group activity was observed and CDP decided to assist the group to create a strategic plan to map out their course of action.
CDP also sourced a volunteer to train members in the basics of honey production, in an effort to jump start their co-op activities. After that technical training, it became clear that member demand is low, and it seems that leaders may be pushing their own agenda rather than presenting the will of the group. During meetings, the members do not appear as enthusiastic about reviving the cooperative. CDP will investigate this situation to determine whether the cooperative has the full support of its members, or whether providing technical assistance to the group should be halted.

3. *Volunteer Assignments*

Kenya CDP worked with three volunteers during this period. Two went to Kiirua CBO, in Meru to help improve their dairy operations. The third assignment was by a beekeeping specialist, Ms. Ann Harman, who went to Zombe Multipurpose Co-operative society, in Kitui.

a. Maria Bendixen, Dairy and Livestock Specialist.

Maria holds a Masters in Agricultural Education focused on Sustainable Community Development. She works with the University of Wisconsin as an Extension Dairy and Livestock Agent. The three major recommendations from Maria for Kiirua CBO were as follows:

1. Improve Feed Quality and Quantity
2. Improve Operations of the CBO to include education and value added for patrons and customers
3. Improve financial management skills

For a long time, all the farmers believed was that their cows were not producing high yields of milk because they had the traditional cows, which produce less than non-native breeds like Friesian. The farmers therefore believed that all they needed was to improve the breeds, and their problems with the quantity of milk produced would be over. But Maria told them that the biggest problem they were facing was not genetics, it was the quality and the quantity of the feeds their animals were getting. She said that the cows had the potential to produce a lot more than they were currently doing just by changing the feeding regime they have.

Another challenge observed was that most of the members view the CBO as a place to sell their milk, and wait for their payment at the end of the month. They do not view the group as their own organization needing their support and effort to flourish. They leave the running of the organization to the management committee, and only do what the committee asked them to. Some members would quickly join another dairy group if they were to get better prices for their milk. This is something that CDP had already identified as a weakness, and the assignment was also meant to instill the sense of ownership to the members, as the volunteers went visiting selected individual farmers.

There is still a need for the members to benefit more than just getting a ready market for their milk produce. The CBO management committee has to think of ways making its members feel like owners of the group, and also come up with ideas of improving the benefits that the members accrue from the CBO.

b. Sabine Hartmann, DVM Veterinarian

Sabine is a member of the American Veterinary Medical Association and runs her own veterinary practice serving the local community with the health care needs of their animals in Wisconsin.

Her main recommendation was that farmers need to understand the importance of twelve month calving interval to improve reproductive performance. She also recommended that farmers improve milking hygiene and cow stall cleanliness as it impacts udder health and milk quantity and quality.

c. Ann Harman, Bee keeping specialist

Ann worked with the Zombe (mainly women) members to teach them the basics of honey production. Kitui area is semi-arid, and until this year, the area has gone through drought for three consecutive years. According to Ann, there was not much enthusiasm on the part of the members. The officials seem to be the ones driving the demand for training and technical support. There was no activity observed in terms of honey production, and it would seem that the members may not be seeing honey production as the way to go.
There is a lot of potential in the area, as even in the nearest market, all the honey sellers said that the honey came from Zombe, the area that the coop operates in. The members however need to understand that without their willingness the coop cannot grow on its own.

4. *Other Activities*

The Second Regional Co-operative Value Chain symposium 29th and 30th September, Nairobi

The local partner for CDP, the Agri and Coop Training and co-operative Centre, organized a value chain symposium focusing on value chain financing and youth involvement in cooperatives. The theme of the symposium was innovation – bridging the gap in value chains.

CDP sponsored ten farmers to attend, two from each cooperative. At the conference, the representatives networked with other farmers and stakeholders in the cooperative sector in the country. They were also able to see the various options available for their coops back at home. CDP also presented a short talk on one of the groups its working with, Gathage, and the importance of involving youth in cooperative management.

5. *Challenges, Successes, and Lessons Learned*

Strong leaders. The major lesson for this period has been that leadership is often the determining factor of cooperative success. If the leadership is determined to improve the group, despite the many challenges the group may have, they are bound to eventually succeed. But if the leadership does not have the group's best interest at heart, there will ultimately not be positive impact.

Active members. Most of the farmers are not aware of the role of members in a cooperative. The management often behaves like owners of the group, and the members as customers. This is especially evident in Kiirua, Gathage and Zombe. Maproma and Gaikundo show more group ownership. With training and exposure, this is bound to change. In Gathage, the members were

observed to be engaging in healthy discussions, especially what to do with members who do not take good care of their coffee, and effectively lowering the quality of coffee the factory sells. Even the officer from the Ministry of Cooperative Development and Marketing, Ms. Lucy Wairimu commented on this as a major milestone.

Consistent Follow-up. Another issue that is a challenge in working with the groups is follow-up. After a training event, the trainees are usually very excited at what they have learnt, and vow to put to use what they have learnt. However, when they get back to their farms, and begin to catch up what the various chores, they usually forget to go to the group and teach them. It happens that a training event took place on a particular date, and the trainees agreed to teach their fellow members; and when CDP goes back to the same farmers say two months later, it turns out that the last time the group had met was during the training.

Getting to know the true state of affairs is hard, especially if the officials hide the problems that they are facing. CDP has found that most cooperative leaders to portray a positive situation to ACDI/VOCA, even when their outlook is negative.

6. *Modifications to the Approach*

Starting in March 2012, CDP plans to employ five village-based promoters to assist with follow-up and data collection. This will to support the groups to better implement the plans they have set for themselves, and to act an independent source of information on how the group is really doing. These promoters will be based in the communities where cooperatives operate, and will be selected through interviews held jointly each cooperative. This will ensure that the promoters will be able to effectively work with the groups, conducting follow-up trainings, work with both leaders and members, and support CDP Kenya to effectively monitor group progress.

IV. ETHIOPIA

1. *Introduction*

Cooperative history in Ethiopia includes many decades of state-run enterprise, involuntary membership regulations, and centralized fixed prices. The cooperative sector has changed substantially in the past decade, and entered into a period of democratic governance and free-market reform. The sector remains distinctly different from the situation in Kenya or Paraguay. Cooperative Unions, which were initially formed in the late 1990s, serve as umbrella organizations for primary-level cooperatives. There are currently over 100 Unions in Ethiopia that represent hundreds of thousands of smallholder farmers.

CDP Ethiopia started up in July 2011, and has been designed to leverage the resources of the large-scale AGP-AMDe program to work directly with Unions as well as the primary cooperatives underneath them. This will allow the program's relatively small budget to realize large impact.

The first six months of CDP Ethiopia were mainly focused on the administrative establishment of the program, selecting cooperatives, and conducting a baseline cooperative assessment.

2. *Activities*

A. **Cooperative Selection**. CDP Ethiopia Director worked with ACDI/VOCA's Country Representative Bick Riley to determine which regions were most appropriate for CDP's activities. Because ACDI/VOCA operates other, larger projects in country, CDP will work in the same regions to take advantages of efficiency and concentration in one area. CDP Ethiopia will work in five regions: Amhara, Tigray, Oromia, Benshangul-gumuz and SNNP. In each region, CDP selected one Union and three primary cooperatives that it will train directly. We expect dissemination of training materials to extend beyond these direct beneficiaries, but the initial focus will be for these five unions and fifteen cooperatives that represent 40,240 households. Those Unions are:

- Deber Assa
- Merkeb
- Becho Woliso
- Sidama Elito
- Asosa Union

B. **Government Buy-In.** CDP will work closely with the Federal Cooperative Agency (FCA) nationally and at the regional level to implement program activities. Within each region, the FCA has assigned a permanent focal person who will work with CDP to coordinate activities and ensure sustainability. In addition, CDP must ensure government of Ethiopia approval at each level. ACDI/VOCA has submitted a project description, annual work plans, and budgets for that government approval, without which CDP cannot operate. Initial approval has been granted, but additional government bodies must sign an agreement in order for CDP to fully begin activities.

C. **Baseline Assessment**. In November 2011, CDP worked with a local consultant to conduct a baseline survey of each of the 5 Unions and 15 cooperatives. The results are currently being analyzed, in order to best target CDP activities to meet Unions' needs. Initial results show, for example, need for strategic planning and membership development as well as financial processes which can be improved. We expect CDP Ethiopia to focus on a combination of these "soft skills" like leadership and strategic thinking, as well as specific technical assistance in financial management or post-harvest handling.

3. *Challenges, Successes, Lessons Learned*

The main challenge that CDP Ethiopia has faced thus far has been the difficulty in reaching every region with limited staff and resources. We anticipate that this challenge will only increase as training activities begin. The limitation of resources is one reason for the strategy of leveraging existing ACDI/VOCA projects, allowing for improved communication and contact with Unions. CDP Ethiopia also expects to procure a vehicle for use in the coming months, which will make field visits more efficient.

4. *Next Steps*

Once the government approves CDP project documents, "Training of Trainers" leaders (TOTs) will be selected. ACDI/VOCA has a wide network of trainers to draw from, who will be able to provide training on cooperative management, leadership, accounting, business planning, and marketing to name a few modules. These TOT sessions will be given to 42 individuals from Unions who will then in turn train others in their own regions.

V. TANZANIA

The Tanzania component of the project is a CLARITY scorecard assessment, which will be presented to cooperative sector stakeholders as a tool for future advocacy efforts, as well as a decision-making tool for nascent groups trying to understand the legal registration that fits their needs.

Since July 2011, ACDI/VOCA and Land O'Lakes have partnered to refine the assessment scope and implementation strategy. Through conversations with previous implementers of the CLARITY scorecard (ICMIF and CHF), the team developed strategy that includes pairing a US-based legal expert familiar with the scorecard with a Tanzanian lawyer familiar with the local cooperative regulatory environment. The two will work remotely to analyze the Cooperative Societies Act, and through brainstorming conversations will come to consensus on the scorecard. Once that process is complete, the Tanzanian legal expert will conduct a workshop with stakeholders in the government, private sector, and INGO communities to explore the results together.

The team expects to begin this assessment in spring 2012.

VI. DISSEMINATING RESULTS

CDP represents an opportunity for ACDI/VOCA to experiment and integrate results more broadly into other related programs, disseminate results to other cooperatives beyond of the program partners, and share results with other development organizations. In this first year of CDP, the majority of activities focused on experimentation with the "M3" assessment and innovating ways to have a significant impact with a large numbers of partners using relatively few resources. The following is a summary of the major themes of learning from Year 1 of CDP, and strategies to disseminate those results.

1. **M3**. In 2011, ACDI/VOCA modified the OCDC METRICS assessment tool. The condensed assessment, called M3: Money, Management, Membership, is shorter and simpler than METIRCS, but contains critical indicators enabling CDP to evaluate changes across time and between organizations. One question that arose in this first year of testing out the tool was the usefulness in M3 for determining the potential of cooperatives for change. For example, in Kenya the Zombe Multipurpose Cooperative Society scored 71 total points—above the 66 average for the five Kenyan cooperatives surveyed. However, that cooperative had been largely inactive and group members were apparently not invested in reviving operations. In this case, the M3 did not indicate those looming challenges. Potential room for improvement includes quality control during the data collection process. Another potential would be adding a participatory evaluation from cooperative members, to ensure it is not just cooperative leaders who provide the perspective on cooperative strengths and weaknesses. CDP Kenya will investigate ways to improve the M3 tool in the coming year, and spread those lessons learned to other CDP country components.

2. **Gender Strategy.** CDP Paraguay has developing a gender strategy with the goal of improving women's access to leadership and decision-making positions in agricultural cooperatives. The gender approach has received recognition from USAID as well as the global ACDI/VOCA community for its rigor and commitment to gender equality. Initially, it was intended for this strategy to be replicated in Kenya and Ethiopia to ensure a similar gender approach in each component country. In working with Program Directors there, however, it became clear that the strategy must come from not only the local ACDI/VOCA office, but from cooperatives themselves in order to be effective. As a result, the coming months will include gender-focused activities to design unique gender strategy for each. In Kenya, consultant Nancy Walker will volunteer to conduct a gender training and action planning with cooperative leaders. In Ethiopia, CDP staff and Union leaders will participate in a Gender in Cooperatives Consultation, document results, and transform best practices discussed there into action. CDP Paraguay as well has initiated further research into gender at the production level in order to better target activities. Behind each gender strategy is the theory that participation in cooperatives can improve women's empowerment, but also that gender equity with the cooperative can be an engine for economic success. CDP will be testing out that theory in context-specific ways over the next year.

3. **Training Follow-Up.** Each country component of CDP has recognized the importance of consistent follow up with each cooperative after technical assistance, to monitor the effectiveness

of the training and to assist with any problems that may arise. Each also has found a different strategy for ensuring this happens, whether Peace Corps volunteers or a government focal person.

4. **CLICs**. A key component of CDP will be the creation of CLICs, or Cooperative Learning Information Centers that will provide an online (and potentially physical) space for cooperative leaders and members to improve their skills and knowledge for cooperative management. The first step in this process will be to create learning modules for the cooperative. In CDP's first year, leadership skills have been a main focus. While improving business process—like financial planning and market linkages—are clearly valuable technical assistance, "soft" skills like leadership are often overlooked. CDP will be focusing on creating more effective leaders who can manage meetings, help members come to consensus, and articulate a strategic vision. One challenge in the coming year will be translating the targeted training for each cooperative into learning modules that can serve as a general education, and incorporating soft as well as technical skills into the curriculum.

FEDERAL FINANCIAL REPORT

1. Submitted to: **USAID** **ODP/OD/PVC** **RRB, Rm 6.07.092** **1300 Pennsylvania Ave., NW** **Washington, DC 20523-7600**	2. Federal Identifying Number: **AID-OAA-A-10-00027-00** Technical Office : **ODP/OD/PVC**	Page 1	of 1 pages
3. Recipient Organization: ACDI VOCA	**50 F Street, NW, Suite 1075** **Washington, DC 20001**		
4a. DUNS: **08-351-0842** 4b. EIN: **52-0811461**	5. ACDI/VOCA ID: **J679** Recipient note: **LOC HHS-08A1P**	6. Report Type ☑ Quarterly	7. Basis ☑ Cash ☐ Accrual
8. Funding/Grant Period		9. Reporting Period End Date	
From: **29-Sep-2010**	To: **29-Sep-2015**	**31-Dec-2011**	

10. **Transactions:**	Cumulative
Federal Cash:	
a. Cash Receipts	**n/a**
b. Cash Disbursements	**n/a**
c. Cash on Hand (line a minus b)	**n/a**
Federal Expenditures and Unobligated Balance:	
d. Total Federal funds authorized	**1,409,553.00**
e. Federal share of expenditures	**626,507.01**
f. Federal share of unliquidated obligations	**0.00**
g. Total Federal share (sum of lines e and f)	**626,507.01**
h. Unobligated balance of Federal funds (line d minus g)	**783,045.99**
Recipient Share:	
i. Total recipient share required	**693,914.98**
j. Recipient share of expenditures	**48,170.54**
k. Remaining recipient share to be provided (line i minus j)	**645,744.44**
Program income:	
l. Total Federal program income earned	**0.00**
m. Program income expended in accordance with the deduction alternative	**0.00**
n. Program income expended in accordance with the addition alternative	**0.00**
o. Unexpended program income (line l minus line m or line n)	**0.00**

11. Indirect Expense	a. Type	b. Rate	c. Period from	Period to	d. Base	e. Amount charged	f. Federal Share
				g. Totals:	**468,068.64**	**158,438.37**	**158,438.37**

12. Remarks:	
Prgm mgmt:	**122,324.40**
Paraguay:	**347,656.92**
Ethopia:	**35,407.69**
Kenya:	**120,975.05**
Tanzania:	**142.95**

13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

a. Frank J Wellner Office of Accounting and Finance	c. Telephone: (202) 383-9766 d. Email: FWellner@acdivoca.org
b. Frank J Wellner	e. Date report submitted: **30-Jan-2012**
	14. Agency use only:

facsimile of Standard Form 425

CDP Kenya Baseline Household Survey 2011

1. Household Overview

Demographic information

172 households participated in this survey. 93 of the respondents were female and 79 were male; the average age of respondents was 59.8. Each respondent provided information about the demographic makeup of her or his household as a whole.

The average household size was 4.85 people, including 2.25 children and 0.67 grandchildren. On average, 53% of household members were listed as "economically dependent." The average education level for the household (including children), was at the Primary level, although younger members tended to average more education (Secondary level) than older members. 78% of all household members could read and write. 72.8% of the households reported male heads of household.

Housing Conditions

The majority of respondents reported housing with brick or cement (58.7%), and walls of bricks/cement (33.1%) or wood (23.8%) and roofed with iron sheets (65.1%). These houses mainly had two (42.4%) or three (29.7%) rooms.

The vast majority of houses (87.7%) include a pit latrine. Water sources were rarely piped to the household (14%); instead the majority of water sources included river/lake/pond (32.6%), spring/well water (18.6%), and public tap (26.7%). The majority of households report using kerosene lamps (62.8%) for lighting, and firewood (93%) for cooking.

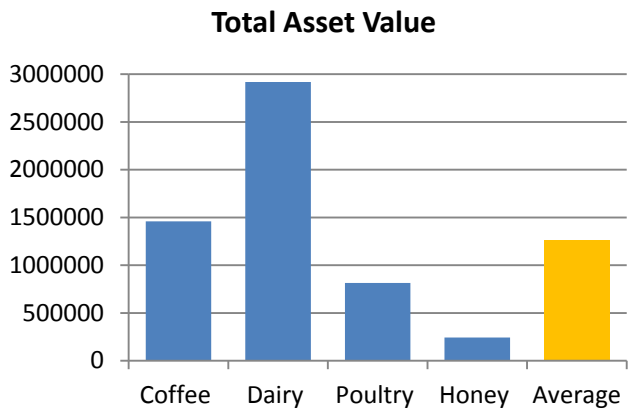
Assets

The average total for each household's total assets was KES 1,263,856, or USD $12,810. Below is a table of the most common asset type and % of households that own each.

Main Assets

Land	98.8%
Furniture	98.3%
Lantern	83.7%
Mobile Phone	82%
Radio	80.8%
Cattle-Improved	66.3%
Irons (charcoal or electric)	46.5%
Television	44.8%

Bicycle	32.6%



Members of the Honey enterprise owned less value than average, while Dairy enterprise members earned more—a logical distribution, since dairy cows are high value assets.

2. HOUSEHOLD INCOME

Income sources

Households reported average total income in 2010 was 48,283 KES, or approximately USD $584. Reported incomes ranged widely, from 0 KES to 311,000 KES (USD $3,762).

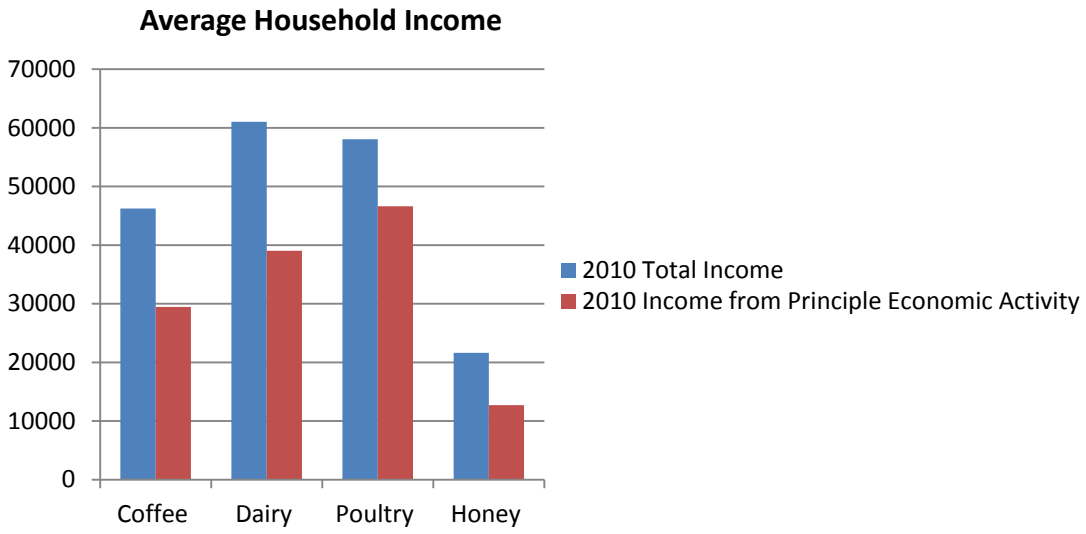
Participants reported basic information on each household member, including "Principle Economic Activity." Among households (including responses for all members), 49% of households included Farming (land owners) as a principle economic activity for at least one member (52% of all members). 18% of households listed casual labor (21% of all members), and 12% listed "Self-employed".

	% HH Members	% HHs
Farming(own land)	52%	49%
Casual labor	21%	18%
Self-employed in business	10%	12%
Private sector employee	6%	7%
Government Employee	2%	3%
Poultry and livestock rearing	2%	3%
Domestic employee	2%	2%
Non-agricultural day labor	2%	2%
Agricultural Day Labor	2%	2%

We took the head of household's reported primary economic activity as a proxy for household primary economic activity, and examined average annual incomes by activity.

Primary Economic Activity	**Average of Total Income (KES)**	**N**
Poultry/Livestock	62704	5
Government Employee	54260	3
Self-employed	52044	10
Farming	49815	119
Private Sector Employee	43861	3
Casual Labor	40965	14
Non-agricultural day labor	13000	2

Examining total income by cooperative, the Zombe group members report much lower levels than the other three enterprises.



Use of Incomes

The majority of respondents reported spending on educational expenses and food.

How did you use the majority of the income made from the sale of the products?	
Expenses	% of Households
Household Needs	
education	24%
purchase food	24%
medical costs	5%
Investment in Agricultural Enterprise	
purchase land	1%
agricultural inputs	9%
Other	
other	5%
purchase other assets	5%
purchase clothes	7%
paying debts	19%

Savings and Loans

66% of respondents reported not saving any of their income in 2010. 25% of respondents report that they are currently paying off a loan. Of those, 44% reported a seasonal loan (duration 1 year or less). 44% (the vast majority) report that the loans purpose was to pay for agricultural inputs. The average amount was 41,939 KES, or USD $507.

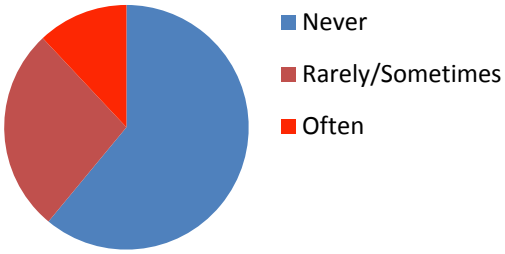
Loan source:

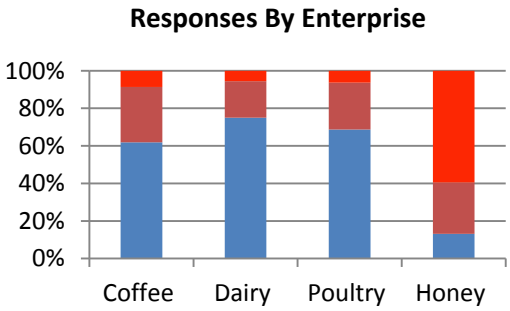
Commercial Bank	20%
Group/Cooperative Savings	57%
Merry-Go-Round	23%

3. FOOD SECURITY

Respondents were asked a series of questions about their preferred foods, food security, and coping strategies. First, households characterized their food security over the past 12-month period and responded about their coping strategies. 39% of respondents reported skipping an entire meal, while 56% of respondents reported eating less in a meal due to scarcity of food. More than two-thirds of households had bought food on credit from a local store, while more than one-third had borrowed food from a neighbor or relative. Breaking results down by enterprise shows that those in the Zombe cooperative are much more likely to experience food insecurity.

How often did you or any of your family skip entire meals due to the scarcity of food?





Respondents also answered questions about their food security in the 4-weeks prior to participating in the survey. They rated the frequency that they lacked food of any kind, that they or someone in their household had gone to sleep hungry because there was not enough food, and that they or someone in the household had gone a whole day and night without eating. Responses to these three questions make up the Household Hunger Score, creating categories of food insecurity among survey participants. Among the sample, 24% of participants experienced moderate to severe hunger.

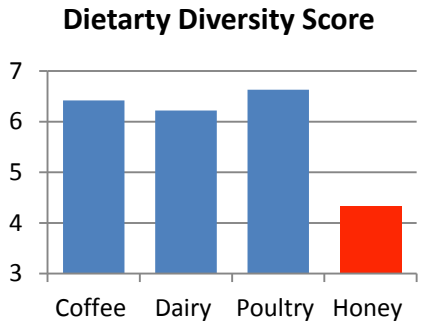
Category	% Households
Little to no hunger	76%
Moderate hunger	15%
Severe hunger	9%

Respondents also listed the types of food that they had consumed in the last 24 hours. The percentage of respondents to have consumed each category is listed in the table below:

Food Category	% Households
Grain	93.6%
Roots/Tubers	70.9%
Vegetables	65.1%

Fruit	37.8%
Meats	9.9%
Fish	4.1%
Legumes	59.9%
Dairy	52.3%
Oil	78.5%
Sugar/honey	69.2%
Other (coffee, condiments, etc.)	80.2%

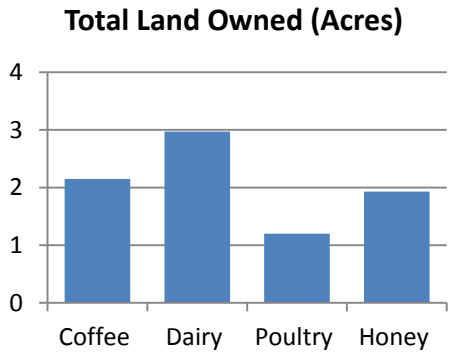
Adding up the number of categories that respondents reported consuming gives the dietary diversity score. The average score was 6.2, or just over 6 categories consumed. Among the households involved in different enterprises, members of the Zombe group showed markedly lower dietary diversity scores than other households, at 4.3.



4. AGRICULTURAL PRODUCTION

Land Ownership

90% of respondents own land. On average, they own 1.62 acres of arable land, 0.12 Acres of forest/wood lot, .33 acres homestead, and 0.3 acres for Other.



Principle crops and livestock enterprise

Household economic activities center around a variety of agricultural enterprises, including food products, livestock, and cash crops. Households are involved in an average of 2.75 different activities.

Enterprise	No. of HHs
Coffee	119
Dairy	108
Poultry	91
Potatoes	72
Maize	47
Bee-keeping	10
Beans	4
Sheep	3
Wheat	2
Bananas	2
Cassava	1
Sopatum	1

Production Constraints / Challenges

Across all production activities, most households cite lack of money as a major challenge. Other common constraints are labor, lack of information and skills, and the high cost of inputs.

Coffee	Money	35.7%
	Labor	9%
Potato	Money	15.6%

	Labor	4.4%
	High cost of inputs	4.2%
	Pests and diseases	4.2%
Livestock	Money	42.%
	Lack of Information	5%
	Lack of Skills	5.2%
	High cost of inputs	4.6%
Poultry	Money	14.6%
	Lack of information	2.2%
	Pests and diseases	5.4%
	Poor quality of feeds	4.8%
Beekeeping	Lack of Skills	0.9%
	Weather	1.1%

40% of respondents reported post-harvest losses in 2009/2010. 43% of those listed natural disasters as the main reason, followed by diseases (17%), poor storage (9%), and a late harvest (7%).

5. Gender

Among participants were 43 women-headed households. While these households reported on average slightly lower income levels (50,576 for male-headed households versus 42,567 for women-headed households) and slightly lower diet diversity (6.34 versus 5.95), these differences were not statistically significant. Education levels, on the other hand, varied more widely (2.16 for male heads of household and 1.23 for female heads of households, where a higher number equals more levels of schooling), and the difference was statistically significant (p=0.00).

Among households with a couple at its head, the majority of participants reported that both the husband and wife are involved in most inter-household decisions, including production. The exceptions are cooking and food purchases (women decide), selling produce (men decide), participation in trainings (men decide), and construction (men decide).

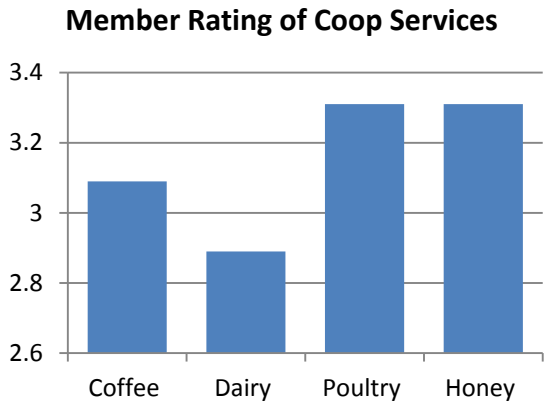
Inter-Household Decision Making

	Husband	Wife	Both
Meals to cook	11%	81%	7%
Food purchase	22%	46%	32%
Medical expenses	27%	9%	64%
Children's education	29%	8%	63%
Which crops to produce	31%	16%	53%
How to produce	33%	11%	56%
Purchase inputs	36%	7%	57%
Selling produce	37%	20%	43%
Selling outputs (livestock and crops)	37%	9%	54%
Training participation	40%	14%	46%
Cooperative participation	35%	13%	52%
Utilizing cooperative services	39%	10%	52%
Request for credit	41%	10%	48%
Construction	52%	6%	41%
Other	38%	6%	56%

6. Cooperative Services & Training

	% of HHs that received agricultural training over last year	% HHs that received assistance (technical, materials, finance, etc.)
Coffee	40	12.4
Dairy	44.4	2.8
Poultry	62.5	18.8
Honey	40	0

Participants were asked to rate the services their cooperatives provide on a scale of 1 to 5, with 1 defined as "poor" and 5 defined as "very good." The Dairy Cooperative scored lowest in its members' opinion, followed by the Coffee Cooperative.



Member reporting of cooperative services provided:

	Coffee	Dairy	Poultry	Honey	Total
Sells members' products	86%	81%	69%	53%	**80%**
Buys members' products	43%	56%	50%	33%	**45%**
Aggregates members' products	47%	25%	38%	7%	**38%**
Loans	19%	36%	44%	13%	**24%**
Sells agricultural inputs	30%	3%	0%	0%	**19%**
Provides training	10%	25%	19%	20%	**15%**
Transports products	12%	25%	0%	0%	**13%**
Provides discounts on inputs	12%	6%	13%	0%	**10%**

Services that members report needing, but that the coop does not provide

	Coffee	Dairy	Poultry	Honey	Total
Credit for input purchase	60%	61%	56%	27%	**58%**
Loans for school fees	13%	42%	38%	27%	**23%**
Medical services	12%	17%	0%	13%	**12%**
Marketing of farm produce	7%	14%	0%	13%	**8%**
Market linkages	5%	14%	6%	20%	**8%**

Providing inputs	11%	6%	0%	0%	**8%**
Links to service providers	3%	17%	6%	7%	**6%**
Timely payments	6%	3%	13%	7%	**6%**
Low interest rates	4%	8%	6%	13%	**6%**
Loans	6%	3%	13%	0%	**5%**

How does the cooperative communicate to you?

	Coffee	Dairy	Poultry	Honey	Total
Announcement in other meeting	56%	31%	44%	13%	46%
Word of mouth	33%	67%	50%	60%	44%
Letters	41%	36%	25%	20%	37%
Group meetings	27%	44%	50%	27%	33%
Displayed notice	44%	17%	13%	7%	32%
Telephone	2%	28%	13%	13%	9%
Visits	1%	6%	13%	0%	3%
Local publication or newspaper	3%	0%	0%	0%	2%
Radio	0%	3%	0%	0%	1%

Reason for membership in the cooperative

	Coffee	Dairy	Poultry	Honey	Total
Markets my products	79%	69%	63%	40%	**72%**
Market linkages	42%	31%	31%	7%	**35%**
Social status	14%	19%	19%	33%	**17%**
Provides BDS	12%	6%	25%	7%	**12%**
Only source of market	6%	6%	19%	7%	**7%**
Tradition	9%	6%	0%	0%	**6%**
Better and more timely payments	0%	17%	0%	7%	**4%**
Can get help as a group	3%	6%	0%	7%	**3%**

How can the cooperative improve its services?

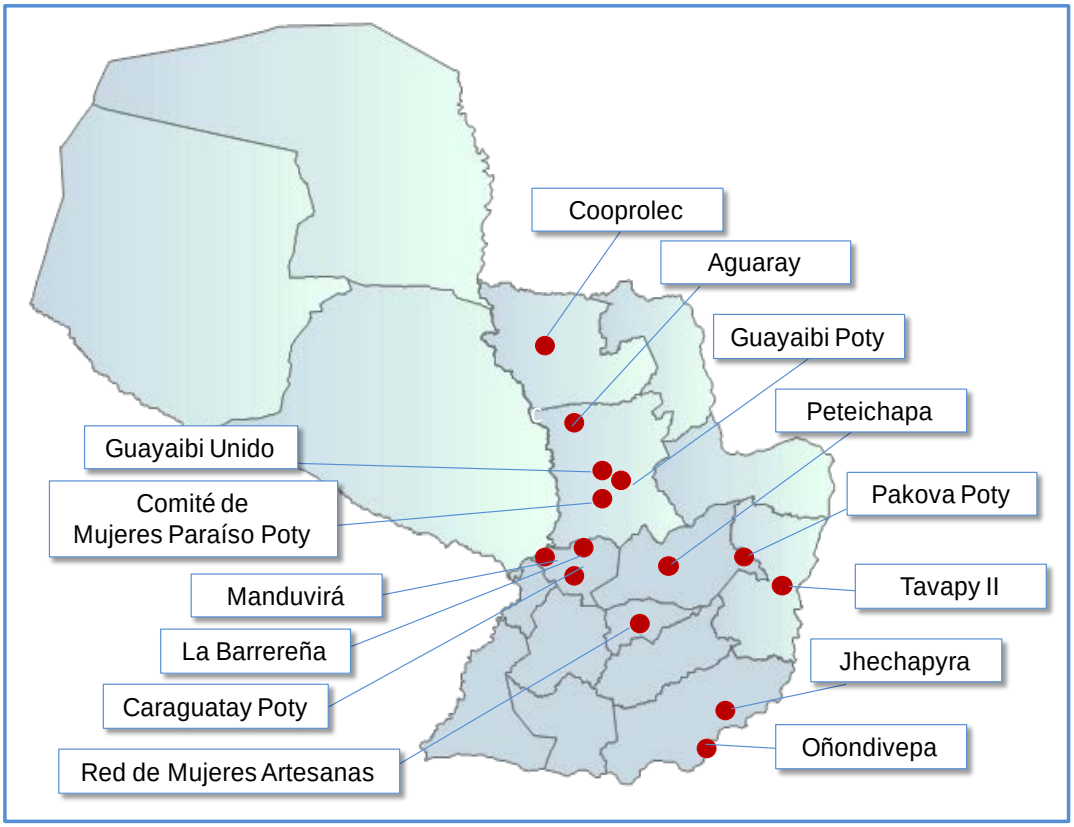
	Coffee	Dairy`	Poultry	Honey	Total
Provide loans	17%	28%	13%	27%	**20%**
Provide timely cash payments	15%	22%	6%	7%	**15%**
Provide inputs	20%	6%	13%	0%	**15%**
Provide loans for inputs	15%	11%	13%	7%	**13%**
Higher prices	11%	19%	6%	7%	**12%**
Cheaper inputs	11%	6%	38%	0%	**12%**
Improve management	11%	8%	6%	20%	**11%**
Provide training	9%	6%	19%	13%	**9%**
Provide loans with low interest	6%	8%	13%	0%	**6%**
Provide medical services	7%	6%	0%	0%	**5%**

Summary of CDP Paraguay Household Baseline Survey 2011

1. Overview

In 2011, household surveys were conducted in 19 Districts throughout the country in areas where 13 CDP-supported cooperatives operate.

Cooperative Name	No. Surveys
AGUARAY	10
CARAGUATAY POTY	15
COMITÉ DE MUJERES PARAISO POTY	15
COPROLEC LTDA.	16
GUAYAIBI POTY	15
GUAYAIBI UNIDO	16
JHECHAPYRA	15
LA BARREREÑA	8
MANDUVIRA	19
OÑONDIVEPA	18
PAKOVA POTY	15
PETEICHAPA	15
RED DE MUJ. ARTESANAS DEL PY.	10
TAVAPY 2	13
	200



200 households participated in the study, representing 883 individual household members. Average age among all household members was 31, and average age for the head of household was 52.

On average, households own 10-15 hectares of which 70% is arable land. Only 65% of participants have clear title to the land, the rest are in a variety of situations including provisionary documentation or renters.

The most commonly planted crop was banana (28% of households reported this as their primary crop), but most households reported planting a variety of crops including soy, tomato, sugar cane, yerba mate, sesame, cassava, and pineapple. As principle buyer of their crop, 50% of participants listed the cooperative, while 18% named a middle-man and 5% a direct buyer.

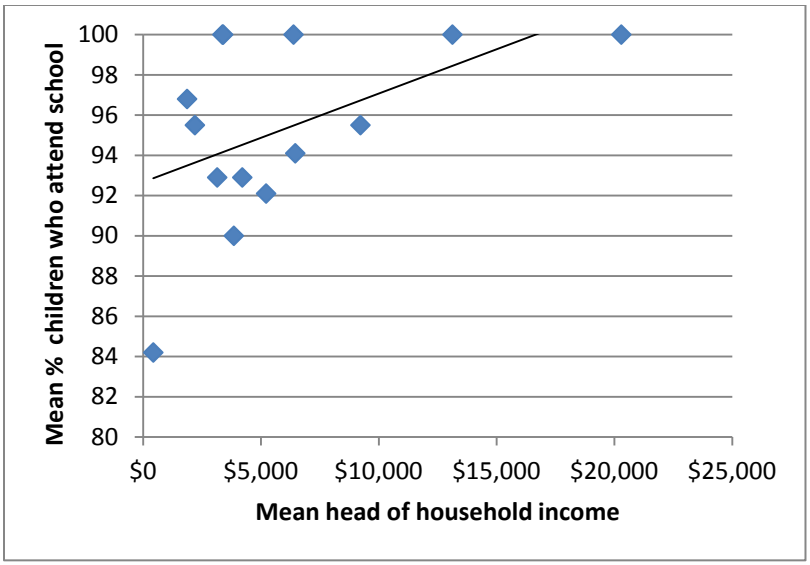
The majority of participants (nearly 60%) reported that the biggest problem they faced for production was low prices. Participants also mentioned lack of market linkages, price fluctuations, and issues with transport.

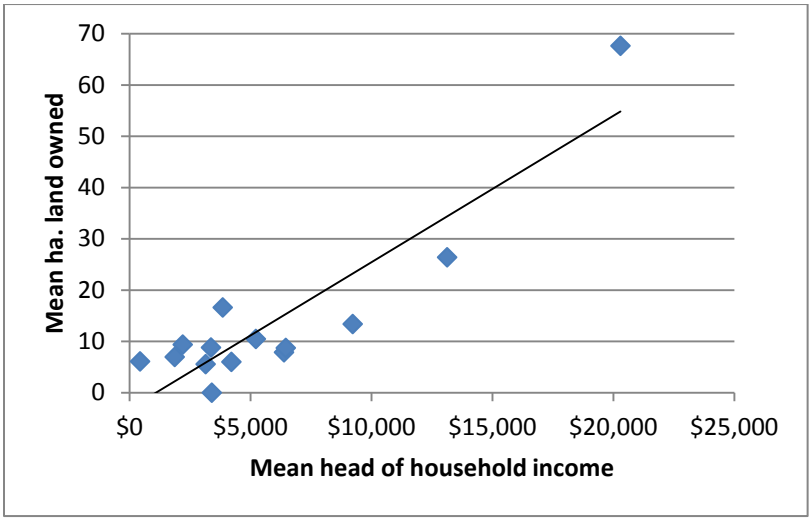
2. Income

Participants reported head of household incomes, with an average of $5,937. Incomes varied widely, from $430 for Aguaray to $20,290 for Cooprolec Ltda.

Cooperative	**Mean Income (Head of HH)**
Aguaray	$430
Comite de Mujeres Paraiso Poty	$1,863
Tavapy II	$2,194
Caraguatay Poty	$3,141
Guayaibi Poty	$3,362
Red de Mujeres Artesanas	$3,395
Onondivepa	$3,847
Manduvira	$4,206
Pakova Poty	$5,217
La Barrerena	$6,381
Peteichapa	$6,454
Guayaibi Unido	$9,220
Jhechapyra	$13,124
Cooprolec Ltda.	$20,290
Average	$5,937

Income levels were positively correlated with the percentage of children age 5-17 who attended school, and with amount of land owned. On the other hand, there was no clear pattern between income and type of product the cooperative focuses on, or income and the M3 score for each cooperative.





Participants reported that they used their earnings from agricultural activities to pay for food, medical expenses, education, and agricultural inputs.

36.6% of participants were “unbanked,” while 42.6% reported themselves as account holders with their cooperative bank. 52.2% of heads of households reported holding a loan at the time of the survey, of which 46.6% went to pay for agricultural inputs.

3. Household Decision making

Participants reported the majority of household decisions being taken by the (presumably male) head of household. Decisions like how to spend money and the sale of agricultural products are managed by the head of household in 63% and 62.4% of cases respectively. Decisions related

to participation in the cooperative are more biased towards head of household, including decision to participate in meetings (75%) and utilization of cooperative services (80.2%).

4. Training and Cooperative Services

65% of respondents had participated in some kind of training. 32% of participants listed technical assistance as a necessary service for production, along with credit (22%) and inputs (20%).

For their motivation to become members of a cooperative, members listed marketing (48.5%) as an important reason along with the services the cooperative offers (19.5%), assistance for production (15.5%), and access to credit (12.5%). The services that participants were most often asked for were medical and dental services, technical assistance, and credit.

Members listed the positive aspects of their cooperatives (services – 23%; marketing —14%; credit—5%) and negative aspects (some aspects of marketing-- 17%; lack of administrative clarity-- 16%; lack of technical assistance—7%; lack of organization—5%).