



Cooperative Development Program (CDP)

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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, knowledge and cooperative development learning.

CDP activities in the first semester of Year 2 focused mainly on implementing training and technical assistance in accordance with the strategic plans and/or needs assessments of the cooperatives. Some of the key themes that emerged during the past six months of project implementation were:

- **Technical Assistance** for struggling cooperatives must be provided based on their self-defined needs to encourage ownership over the change process. However, this is not always sufficient for groups to take action on what they learn. CDP is encouraging follow-up after each training session or volunteer assignment with the goal of realizing impact. Where staff resources are limited, this is being done through cooperative promoters, paid either by the project (in the case of Kenya), or the government (in Ethiopia).
- **Gender integration** into cooperative activities is critical since agriculture cooperatives can serve as a mechanism for improving the livelihoods of female farmers, and female farmers can help to strengthen cooperatives. CDP has been working to improve gender integration, and has found that cooperative leaders respond best to the "business case" for incorporating women: more members registered and involved in activities, both female and male, means more income for the cooperative.
- **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 have continued to face challenges with cooperatives that are not committed to taking the necessary steps to achieve the goals and objectives of their organization. It is critical to improve the knowledge of cooperative leaders and members around cooperative governance and principles. At the same time, it is also important to clearly communicate CDP's role, and the responsibilities of both parties in working together.

The following report outlines activities that took place in Paraguay, Kenya, and Ethiopia between January 1 and June 30, 2012. Each section describes specific technical assistance as well as pertinent lessons learned and modifications for next steps.

II. PARAGUAY

1. Introduction

Paraguay is a small landlocked country with a population of 6.6 million. According to Paraguayan census data, one-fifth of the population lives in extreme poverty, the majority of which lives in rural areas. 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.

In Paraguay, ACDI/VOCA has been managing CDP for almost ten years to improve the ability of cooperatives 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 regions of the country and work to provide technical assistance related to the fresh fruits and vegetables, dairy and organic sugar value chains as well as general Good Agricultural Practices (GAP). The key issues that the program will continue to address under CDP are: a) principles of 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.

2. Approach

The baseline survey CDP Paraguay conducted in January-June 2011 highlighted technical assistance needs for agricultural cooperatives in the areas of revenue generation and cooperative organization. Their main constraints are in the areas of production, processing, all stages of marketing, financial planning and leadership. The baseline survey highlighted that while the cooperative movement is strong, 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; however, for struggling cooperatives it leads to more problems.

Taking these factors into account, CDP Paraguay works to create sustainable cooperatives, adapt them to market-driven conditions and provide them all necessary tools to be competitive. Through the baseline, CDP identified 16 cooperatives to participate in the project, defined a vision for each and then helped develop a technical assistance program tailored to the cooperative's specific vision and needs.

CDP Paraguay is aware that agriculture cooperatives serve as an important mechanism for improving the living conditions of female farmers. In order to pursue this aim, the project has developed a gender strategy that is applied across all of our program work (see below for more details).

CDP Paraguay is also carrying 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 lack the knowledge and skills to sell to regional and international markets. This will include collaborations with the *Paraguayan Center of Cooperatives (CEPACOOOP)*, *Federation of Production Cooperatives (FECOPROD)* as well as public entities such as the *Export and Investment Network (REDIEX)*, a branch of the Department of Trade and Industry.

3. Volunteer Assignments

Each volunteer assignment is based on the results of the M3 baseline survey, the cooperative's strategic vision and the jointly-developed action plan that defines CDP's goals. This semester (January-June 2012), nine volunteer assignments were completed. These are detailed under five main areas of technical assistance, below. Please note that the impact from these volunteer assignments will be captured next semester through a qualitative assessment, and included in the next semi-annual report.

A. Financial Analysis

Cooperatives are business enterprises. To survive and thrive they must adapt to changing environments, innovate, take measured risks and consistently seek to meet and exceed the expectations of their owners. This entails both progressive strengthening of management and planning capacity. Cooperative development should be based on a carefully considered competitive strategy. One main deficiency found in the cooperative movement in Paraguay is that poor bookkeeping and transparency in accounting affects members' confidence in the credibility of the cooperative. While the concepts of traditional cooperative education (e.g. principles, responsibilities, benefit to members) remain important, there is a need to emphasize the education of cooperative leaders in financial management.

CDP Paraguay is encouraging its beneficiaries to improve this situation by introducing them to financial tools, criteria and transparent systems. These include basic training to understand management decisions, the establishment of financial models for the cooperative, and implementation of accounting systems. CDP Paraguay is also helping cooperative directors and administrators learn how to apply those tools in their specific context, assess appropriate resource allocation across their institutions, and build capacity across their organizations for sustainable growth. During this semester three cooperatives benefited from technical interventions in this area.

Perpetuo Socorro and *Jhechapyra* Cooperatives, located in the Itapúa Department of southern Paraguay, are both primarily involved in the production and marketing of corn and soybeans and, to a lesser extent, other agricultural products. The cooperatives are attempting to move up the value chain and diversify their product line away from raw products. However, over the last few years, both organizations have endured various periods of critical financial conditions. These were due to an enormous debt load, resulting in a crisis of confidence among the members. In order to develop strategies for managing future growth, the cooperatives requested technical assistance.

The volunteer *Daniel Olaya* provided these two institutions with tailored technical assistance. He conducted a detailed analysis of each financial department and the activities currently carried out by each cooperative. To assist them in improving their finances, Mr Olaya carried out meetings and trainings to introduce the board of directors, managers and accountants to new financial

criteria and tools necessary to stabilize the cooperatives. Mr. Olaya recommended the cooperatives adopt: a) delinquent loan collection; b) a data processing system; and c) monthly administrative board reports. The cooperatives are now in the process of implementing the recommendations given by the consultant.

San Luis Cooperative is a 46 year-old cooperative comprised of about 200 members dedicated mainly to the production of rice. The cooperative needs to improve its financial performance, as it is facing a high delinquency rate and is thus in debt, and it needs to establish a system that provides increased transparency to improve membership confidence. The board of directors is committed to turning around the financial situation of the cooperative.

Nicolla Pommella was recruited as a finance specialist to assist *San Luis Cooperative*. Mr Pommella met with directors, and conducted analyses and training sessions. These trainings covered financial and management tools that would help the cooperative stabilize its current situation and develop strategies for managing future growth. Among the recommendations given by the volunteer consultant were: conducting a strong campaign to reduce the rate of delinquency, establishing regulations for granting credits, and limiting the credits to associates with outstanding debt.

B. Good Agricultural Practices (GAP)

CDP's beneficiaries emphasize that good markets exist for their agricultural products (horticulture in particular), but they face challenges in terms of production and commercialization. Production needs to be improved by strengthening the capacity of cooperative members in cultivation and processing. Also, accesses to production credits and loans for the purchase of equipment are critical needs. Related to commercialization, Paraguayan products face growing competition and stringent regulations, especially in Argentina's and Brazil's markets, making it necessary for cooperatives to adapt to the existing regulations and adopt new mechanisms to avoid losing market share.

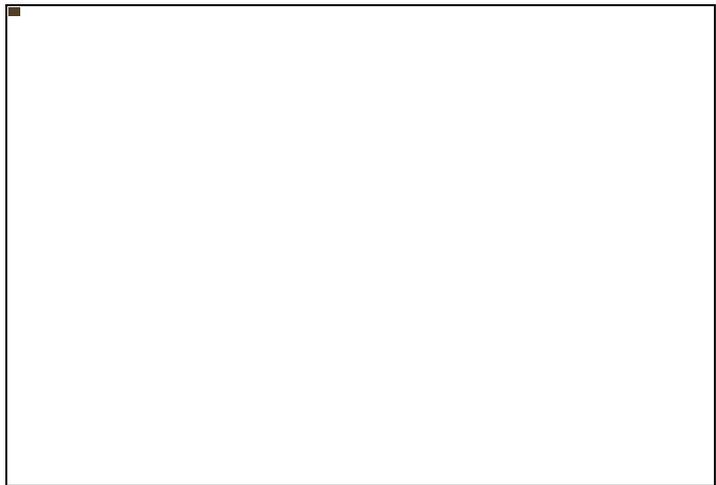


Figure 1: Henry Liscano Introducing GAP to REDIEX

CDP Paraguay believes in the importance of linking agricultural cooperatives to private and public sector actors to facilitate the provision of capital and technical training. For example, the project is working with the Bureau of Fruits and Vegetables from REDIEX (Export and Investment Network), a branch of the Department of Trade and Industry whose main goal is to improve the standard of production to achieve international competitiveness.

CDP Paraguay and REDIEX jointly developed a long-term plan for the implementation of Good Agricultural Practices (GAP) in the country. This plan will be carried out through technical interventions supported by CDP for technicians from the cooperatives and the public sector,

including organizations like the Department of Agriculture and the Department of Trade and Industry. These technicians will then disseminate the information in the field through a “training of trainers” methodology.

CDP also has an agreement with SENA Colombia (the National Learning Center), which serves as a regional training center, in order to bring qualified consultants to support Paraguay’s technicians and farmers. SENA is a Colombian government entity that invests in social and technical development by providing and implementing comprehensive, professional training in productive activities that contribute to social growth.

This semester, Henry Liscano, Director of the Sustainable Development Department in SENA, traveled to Paraguay as a volunteer. Since he developed the GAP Implementation Plan for Colombia, he assisted REDIEX with conducting the first phase of their GAP plan. This consisted of developing a diagnosis of the current agricultural situation as well as defining the methodology for compiling training modules. The assignment included visits to farms in different regions of the country, and meetings and interviews with public sector representatives linked to the agricultural sector.

Result: As a result of this assignment, Henry Liscano helped to support continued collaboration between REDIEX and SENA Colombia. The parties, including CDP, will sign a cooperation agreement to channel funds, training and specialists for the implementation of GAP practices nation-wide. This three-party alliance established the following objectives:

- Improve competitiveness of small-scale producers of fruits and vegetables (exporters and non-exporters to the main market, Argentina) through the adoption and implementation of improved technologies in GAP.
- Design and implement a nation-wide plan in GAP, post-harvest and improved technologies for agriculture. The main goal of the plan is the capacity building of technicians from public and private entities to establish a group of well-trained professionals that can disseminate information on GAP to small-scale producers.
- Creation of an Agriculture School in GAP and post-harvest handling (at a location that will be determined by REDIEX). This school will be developed through online courses and site visits. The objective of the school will be to train the implementers, technicians, certifiers and internal auditors for GAP regulations. The school will be able to provide brochures, posters and radio programs in Spanish and the Guarani language that promote GAP regulations.
- Implement Pilot Projects that will consist of small test plots on farms that will demonstrate GAP to support producers in beginning to implement the practices. The test plots will be located in regions to be selected, and the parties will carry out internal audits of the pilots.

Ricardo Montoya, a specialist with experience in GAP, assisted the *Guaira Producers Network* by introducing general concepts in the key aspects of soil management under the terms of GAP. The cooperative originated out of necessity among a group of farmers to produce higher income-

generating cash crops to rise above subsistence farming. The primary activity of the network's members is the production of sugar cane and yerba mate (the main cash crop in the region). In the last few years, production yields have decreased among the Guaira Producers Network, primarily due to soil depletion. During his assignment, Mr. Montoya trained the farmers and technicians to: a) diagnose the physical properties of soil such as: structure, texture and soil components; b) conduct soil sample analysis; c) identify optimum vegetable species or pastures to supply nutrients to the soil; and d) use GAP practices on the farm.

C. Organic Fertilizer Plant

Organic matter constitutes between 30 and 60% of household waste and more than 85% of agricultural waste. Organic fertilizer is obtained through low-cost biotechnology that maintains the raw material's natural cycle, preventing erosion and improving crop production. Organic matter extends the yield period of the crop, allowing the soil to more efficiently use the existing nutrients.

Manduvira Cooperative is a sugar cooperative with fair trade organic certification and more than 1,300 members, located in the city of Arroyos y Esteros, Cordillera Department. Since becoming certified, Manduvira established long-term relationships with more than 30 international buyers. As Manduvira's connection to international markets strengthened, membership grew by about 44%.

Since its beginning, the cooperative planned to install an Organic Sugar Mill Plant. Currently, the plant is in the construction process and is expected to start running in May 2013. The construction of this sugar mill will create about 150 seasonal jobs and 30 permanent jobs, and is projected to generate \$4 million in revenue once it is completed.

Manduvira was aware of the need to increase and improve organic sugar cane production. A key component of this is improving fertilizer quality, because the better the organic fertilizer used, the better the quality of the organic sugar cane. For Manduvira, building an organic fertilizer plant has thus become crucial to meet the international market demand, and so the directors requested a specialist in organic fertilizer. The ACDI/VOCA volunteer *Edgar Blandon* had previously provided technical assistance to Manduvira where he suggested the cooperative build a "Gaicashi" fertilizer plant (Gaicashi is a type of organic fertilizer that can be produced quickly and transformed into compost for application directly on the soil). He was thus recruited to provide additional assistance to the cooperative to a) design the low-cost construction of an organic fertilizer plant, to be built next to the organic sugar mill; b) assist Manduvira in



Figure 2: Edgar Blandon and Manduvira Directors Discussing Construction of Fertilizer Plant

coordinating the necessary steps to build the plant, and c) meet with the board of directors to adjust relevant details for the construction.

It is important to note that in the last seven years CDP Paraguay has supported Manduvira through volunteer technical assistance in sustainable business planning, technical assistance in organic production and connection to financiers for large-scale infrastructure. In that time, Manduvira has made significant progress and experienced significant growth. As reported in the previous semi-annual report, Jackie Theriot, a sugar expert and general manager of the Louisiana Sugar Cane Cooperative, encouraged Manduvira to invest in its own sugar mill and organic processing plant. This was a key turning point for the cooperative to improve its commercial endeavors, and the plant is now on track to be operational in May 2013.

D. Renewable Energies

The Apex organization FECOPROD develops projects with the aim of improving the standards of agriculture cooperatives and the environment. Among these projects is the Marketing and Production Initiative (ECOP). Since January 2010, ECOP has been involved in distributing fuel to 17 gas stations. This semester, ECOP, through FECOPROD, requested technical assistance from CDP in two technical interventions related to renewable energies. The first was for guidance in innovative technologies for biodiesel production, since biodiesel is distributed to all of the agricultural cooperatives associated with FECOPROD at a lower price than the local market. The second assignment was to produce biodiesels from waste animal fat. Both assignments were carried out by *Julio Araya*, an ACDI/VOCA volunteer. FECOPROD expects to use the biodiesel produced from waste animal fat to supply all of the gas stations associated with FECOPROD in the domestic market.

Guidance in innovative technologies for biodiesel production: There is a real potential to produce biodiesel in Paraguay, particularly for export, by processing parts of oilseeds produced industrially. Exporters of unprocessed grain could greatly increase profits by processing the grain. Mr. Araya carried out an assessment of the activities undertaken in biodiesel production in Paraguay and provided advice and guidance on the development of raw material for biodiesel production for both agriculture and family farming.

Biodiesel production from waste animal fat: FECOPROD owns three large slaughterhouses in the Chaco Region, where a large amount of animal fat becomes a waste product. Animal fat is an excellent, cost-competitive raw material for biodiesel production, but there is a lack of knowledge about how to process it for this purpose. Mr. Araya assessed and evaluated the technologies used in-country for biodiesel production, carried out visits to the region and recommended innovative technologies for biodiesel production from waste animal fat.

Result: Based on the recommendations given by the consultant, ECOP is in the process of buying a small processing plant for waste animal fat. The plant will be installed in a small community close to one of the slaughterhouses in the Chaco Region. This plant will provide the community with seasonal jobs, increasing farmers' income and improving the standard of life.

Mr. Araya also carried out a volunteer assignment related to renewable energies for REDIEX. In Paraguay there are many materials available and appropriate for producing biodiesel, but it is

necessary to take certain steps to promote their production as new sources of income and employment generation. The *Bureau of Biodiesel* requested advice on biodiesel production in Paraguay, so Mr. Araya held sessions for both public and private entities focused on the processing, conversion and quality (through the implementation of improved technology) and commercialization of biodiesel from waste animal fat.

E. Gender Analysis

In Paraguay, women constitute 49% of the total population. More than half of female-headed rural households have fewer than 5 hectares of land; only 14% receive technical assistance and 13% access to credit. The roles and responsibilities of women and men, and their relationship with one another, affect productivity and household well-being.

CDP Paraguay is aware that agriculture cooperatives can serve as a mechanism for improving the living conditions of female farmers. Based on CDP's experience working with cooperatives, the program developed a gender strategy with the main goal of enabling cooperatives to become more inclusive of and responsive to women farmers. In order for this strategy to become more effective, a gender analysis was required to define the role, constraints and opportunities of women farmers in production cooperatives.

This semester, *Natalia Hernandez* was recruited as a volunteer gender specialist to work with four cooperatives in four different regions of the country—two women's sub-committees and two cooperatives—to conduct a gender analysis. Ms. Hernandez gathered relevant information to further develop CDP Paraguay's gender strategy. The gender analysis utilized tools such as the *Harvard Analytical Framework* to analyze the gender division of labor and gender roles in value chains, and the *Daily Activity Clock from the FAO Socio-economic and Gender Analysis Toolkit* to explore gender roles in terms of productive and reproductive labor. Ms. Hernandez also developed tools, in collaboration with ACIDI/VOCA's Global Gender Advisor (see below), such as a questionnaire for key actors/leaders. The volunteer conducted small and large focus groups for women and men that addressed key topics such as leadership, gender equity concepts, and gender integration into the cooperative activities.

“The ACIDI/VOCA Paraguay gender analysis assignment has been an incredible opportunity to expand my academic knowledge and personal skills in gender and women’s empowerment in Latin America. This volunteer opportunity allowed me to work with an exceptionally prepared team and discover new personal abilities that I didn’t even know I had. It also expanded my career horizons and personal networks. I consider this opportunity a lifetime experience where I was able to learn and practice first hand field experience and further hone my passion towards gender equity and women’s empowerment. I will be eternally grateful to ACIDI/VOCA for this remarkable opportunity, and I would volunteer for them again without a doubt because they have given me the opportunity to grow as a professional and as a person through this assignment. I would recommend volunteering for them if you seek to work towards true meaningful and sustainable development.”

— *Nathalia Patricia Hernandez Ochoa, volunteer-Paraguay Cooperative Development Program (CDP II), 2012*

According to the context and the cooperative structure, the specialist developed customized strategies for each co-op. Below are some of the preliminary findings:

- Women play a significant and active role in banana and pineapple production. However, the community and women themselves do not perceive women’s agricultural work as “official work or real work.” When women were asked about their work in the field, they described the same work as men, but at the end they would say “I only help my husband in the field.” In other words, they identified themselves as “only housewives not as female producers.”
- Women expressed that their self-esteem gradually improved after they joined and participated in leadership activities in their communities.
- Women said they would like to have training on gender equity targeted specifically to men, because it is difficult for the women to bring up these issues. If an outsider (like a gender specialist) talked to the family and community, it could help lead to more conversations on this issue.
- During the focus groups, women expressed that the main barrier they faced to participate in co-op activities and leadership roles is that their husbands did not give them permission to go to meetings and trainings.
- The topic of domestic violence and alcoholism came up in some communities. These facts show that there are significant problems and demonstrate that women considered the group sessions to be a “safe space” to talk about these issues.

F. Other Activities and Trainings in Gender

1. International Women’s Day (IWD)

To celebrate, support and promote the unique and important role of women, CDP Paraguay carried out a series of workshops and discussion groups on Gender and Cooperatives throughout the month of March to commemorate IWD on March 8, 2012. The theme of IWD, sponsored by the United Nations, was to “Empower Rural Women-End Hunger and Poverty.” CDP’s activities also corresponded with the theme of the International Year of the Cooperative: “Cooperative Enterprises Build a Better World.”



Figure 3: Gender and Cooperative Workshop with Paraiso Poty Women's Committee

The workshops focused on conveying that women contribute significantly to the agricultural sector and hence to the national economy, and that cooperatives constitute a vehicle to promote gender equality in the rural sector. The workshops also emphasized that gender constraints need to be addressed to encourage women’s full participation in cooperative activities.

The activity was carried out with a total of 100 women and men from four cooperatives in the northern and southern regions of the country:

1. Yataity Artisans Network, Guairá Department
2. Women’s Sub-Committee Paraiso Poty, San Pedro Department

3. Colonias Unidas Cooperative, Itapúa Department
4. Oñondivepá Cooperative, Itapúa Department

Realizing the importance of women's role in agriculture cooperatives as a result of these activities, Oñondivepa Cooperative decided during the workshop to create a women's sub-committee to empower and increase women's participation.

2. Gender and Cooperatives Documentary

In order to capture the current roles, constraints, and opportunities of female farmers in agriculture cooperatives and promote the activities that CDP Paraguay is carrying out to empower these women, the project undertook the development of a documentary on Gender and Cooperatives.

The documentary included visits to five cooperatives and interviews with female and male farmers, and managers of Apex organizations. The documentary also emphasizes the political, social, economic and psychological context of women in Paraguay. The documentary will be finalized in the following semester, and is expected to be used as a material to promote the importance of gender equity to our beneficiaries and other stakeholders.

3. Visit of ACDI/VOCA's Global Gender Advisor

In order to support the gender initiatives of the project, Lindsey Jones, ACDI/VOCA's Global Gender Advisor, visited Paraguay. During the visit, Ms. Jones conducted a gender analysis workshop for the staff, carried out a visit to a Paraiso Poty Women's Committee in San Pedro Department (see Annex C for more information) and a meeting with the USAID mission.

The Gender Advisor and CDP Paraguay Director jointly reviewed and discussed the CDP Paraguay Gender Strategy. They agreed to revise the gender strategy goal to make it more robust and less threatening: *cooperatives in Paraguay become a mechanism through which women can empower themselves*. The revised strategy is attached as Annex D, and key lessons learned are included in section 5, below.

4. Monitoring and Evaluation

In order to track activities and their results, CDP monitors progress against baseline indicators, the M3 assessment and the Performance Monitoring Plan (PMP). Below is an analysis of CDP Paraguay's general progress on the M3 and PMP indicators for 2011; please refer to Annex B for the complete PMP. The results reported were achieved in a one-year timeframe. The specific technical interventions of CDP Paraguay in areas such as production, management and finance contributed to the positive results detailed below. Also, the first four indicators reflect the high yield of production during the semester from January-June 2011. Among the products whose yields impacted these indicators were: banana, soybeans, wheat, corn and organic sugar cane. Another factor that contributed to the positive results was the high price received for products, especially for bananas in the Argentine market and organic sugar cane in the European market. Please note all results below are reported in cumulative total values.

A. PMP Outcome Indicators Analysis

1. *Percentage increase in dividends distributed to cooperative male and female members*

In Paraguay, according to the National Institute of Cooperatives (INCOOP)—the public entity that oversees cooperatives—and according to cooperatives’ bylaws, “dividends” refer to “surplus or excess” revenue. By the local cooperative regulations, surpluses may be paid in to the cooperative’s reserve. They may also be paid to members in the form of patronage returns proportional to the business done by each member with the cooperative. Some legislation also allows cooperatives that issue investment shares to allocate part of their surpluses as dividends on those shares.

A total of 11 cooperatives were assisted by the project in 2011 and during the first semester of 2012. Of these, 7 cooperatives registered an increase in surpluses, but only 2 cooperatives distributed dividends among the membership. The distribution of dividends is carried out according to the regulations of the Paraguayan Institute of Cooperatives (INCOOP) and the annual General Assembly of the cooperatives. The value of dividends represented in the PMP is the total, cumulative value and for this indicator the program exceeded its target.

2. *Percentage increase in volume of outputs purchased by cooperatives from male and female members*

This is a proxy indicator for member income and increased trade. For this indicator, all 11 cooperatives reported, of which 9 reported in tons, 2 reported in liters and 1 in unit measure. Although the average volume of outputs purchased by the cooperatives increased from 7,583 tons (at the baseline) to 8,833 tons in 2011, the total volume in tons actually decreased from 87,897.17 to 79,503. This is because in 2010 the yield per hectare was very high because of weather conditions that were beneficial for agriculture. In 2011, the yield was still good but not sufficient to reach the levels from 2010. The total volume in units and liters, however, increased from 260 to 826 and from 13,000,000 to 27,227,164, respectively.

3. *Percentage increase in value of outputs purchased by cooperatives from male and female members*

All 11 cooperatives also reported on the value of outputs. These increased from the baseline total of US\$14,002,910.67 to \$21,490,752.87 in 2011.

4. *Percentage Increase in Volume of inputs sold by cooperatives to male and female members*

Under this indicator, a total of 7 cooperatives reported the volume of inputs in kilograms. The increase is due to the increased demand for agricultural inputs, such as fertilizer, among members to enable them to expand their cultivation. In the specific case of Manduvira, the cooperative is building its own sugar mill and is expected to finish in May, 2013. In order to have enough raw materials when the sugar mill is finished, the cooperative carried out a strong campaign among its membership to grow a new variety of improved organic sugar cane seeds. The CDP volunteer *Edgar Blandon* also introduced new and improved techniques in the implementation of organic fertilizer. As a result, Manduvira sold the membership increased amounts of fertilizer and improved organic sugar seed, and the indicator overall increased by approximately 91%.

5. *Percentage increase in cooperative M3 Score*

All cooperatives participated in the M3 assessment. The PMP table indicates an increase of nearly 14% to the overall M3 scores (see below for more detail).

B. M3 Score Tool Analysis

The M3 tool allows the cooperatives to conduct a rapid self-assessment as they build capacity to design and implement action plans. The M3 tool is built on critical agriculture cooperative-specific questions that are converted into a numerical score. M3 is used by CDP Paraguay to help small cooperatives learn the basic principles of cooperative development to enhance capacity and sustainable operations.

Below is a brief description of the M3 scores in each category (Money, Membership and Management) as of 2011.

Section	Baseline	Year 1
Money	186.00	218.00
Membership	234.00	250.00
Management	246.00	289.00
Total	666.00	757.00

Figure 4: Total Cumulative M3 Scores

- **MONEY:** A slight increment is reflected, since many of the cooperatives hired a professional accountant to keep track of revenues, expenses and fixed costs, and they achieved increased profitability due to high production yields.
- **MEMBERSHIP:** The membership scores basically remained stable. Two areas need to be strengthened: 1) the majority of cooperatives do not have formal membership campaigns or any informal efforts to attract new membership and; 2) there are not accurate records of membership participation. This will be an area of focus in the upcoming semesters.

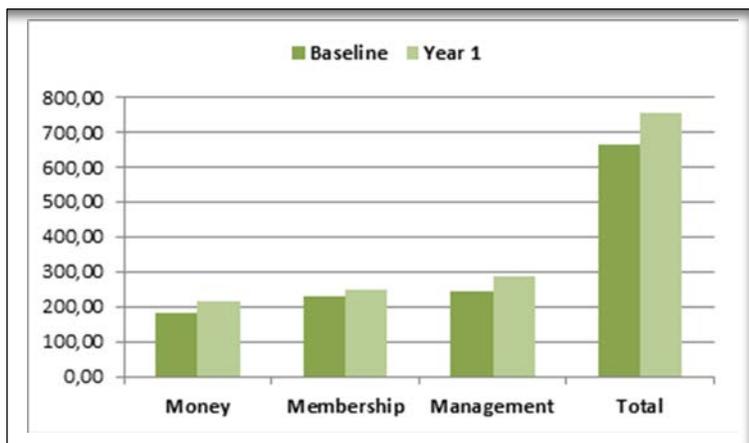


Figure 5: M3 Comparison with Baseline

- **MANAGEMENT:** The management scores increased, mainly because some of the cooperatives became more aware and acted upon the need to hire an administrative assistant to control the day-to-day operations, implement the by-laws to election protocols and form new sub-committees to meet the needs of the cooperatives.

C. M&E Follow-up Narrative

Although the program’s approach is at the cooperative level and analysis is based primarily on quantitative data, the M&E Specialist worked with focus groups to gather first-hand narratives of program impact on the lives of members. This dynamic provides an opportunity to explore

unintended consequences, both positive and negative, and enrich the interpretation of quantitative figures.

This semester the M&E Specialist followed up with the eleven cooperatives assisted in the last semester (June-December 2011) through on-site visits to measure or capture the results or constraints at the household level, for both women and men, in the implementation of the recommendations given by CDP volunteers. Since technical assistance was provided based on the Action Plans developed with each cooperative, the main topics of assistance last semester focused on GAP, cooperative good governance (in the areas of leadership, management, and accounting), and building the dairy value chain. Below are the highlights from these focus groups.

1. *Good Agricultural Practices*: Five cooperatives whose main activity is banana production received training in the implementation of Good Agricultural Practices (GAP). In total, around 23 members among the five cooperatives—each of which has an average of 65 members—implemented the practices of GAP. The training helped them to reduce the use of pesticides and fertilizer in their farms as well as the adoption of improved techniques in farming.
2. *Cooperative Good Governance*
 - *Leadership*: Three cooperatives benefited from training in leadership and cooperative capacity building. After this intervention, the interviewed directors confirmed an incremental increase in membership, the formation of new committees (Credit, Services and Youth) and the improved performance of the cooperative leaders.
 - *Management*: This technical training was divided in learning modules by a specialist to disseminate the concepts and good practices of governance to the cooperative directors and manager. According to the leaders, the training resulted in better communication between the Board of Directors and the manager, as well as the development of a Strategic Plan. In general, this helped the directors to facilitate efficient and responsible business decisions.
 - *Accounting*: Through training in record-keeping and basic accounting, the cooperative started to implement basic computer skills and basic accounting concepts to track its financial operations. This allows them to develop a sense of transparency in day-to-day operations.
3. *Dairy Value Chain*: Two cooperatives were assisted by the same specialist. The two presented different scenarios.
 - *Scenario 1*: The cooperative has its own refrigerated tank but due to the lack of knowledge and the need of a design system to meet the member conditions it was not used. The specialist provided them with a clear definition of what to do and how to do it in the short, medium and long-term by designing an efficient dairy system that included: animal nutrition, dairy product handling and actions to be implemented to fully achieve commercialization. As a result of the assignment, the co-op began to operate the milk production as a business, replaced the criollo and zebu cows with improved breeds and increased the quality and volume of dairy production.
 - *Scenario 2*: The dairy production in this cooperative presented constraints such as problems with acid milk, milk quality and volume. The deficiencies resulted in losses for both the producers and the cooperative. Through the recommendations of the

consultant the cooperative solved the acid milk problem and implemented an improved management system for dairy production.

NOTE: Farmers and farmers' cooperatives are exposed to more external risk factors and unknowns than many other commercial sectors. These include weather disruptions from climate change, agricultural losses due to insects and diseases, financial losses that result from economic downturns and unpredictable market demand. This harvest season presented the worst drought in five years. The spread of mouth disease (Aftosa) also affected the cattle and subsequently, the export of Paraguayan beef.

According to economic analysis, it is expected that there will be 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 the winter season that adversely affected the banana production in the northern region.

Analysts thus believe that the GDP for 2012 will decrease significantly. CDP Paraguay expects that this situation will affect the PMP indicators for next semester, lowering purchase and sale volumes.

D. Monitoring Results from the Gender Strategy

Since the original PMP did not include indicators to track the impact of the gender strategy, CDP Paraguay has identified additional indicators, including the following:

- # and % of women registered members of cooperatives, disaggregated by cooperative
- # of women running for an elected position in a cooperative, disaggregated by cooperative
- # of cooperatives with at least one woman in an elected leadership position in a cooperative
- # of cooperatives with at least two women in an elected leadership position in a cooperative
- # of cooperatives with women's committee established or formed

In the upcoming semester, CDP Paraguay will establish a baseline for these indicators and begin to track them.

5. Challenges, Successes and Lessons Learned

Over the past semester, CDP Paraguay faced the following challenges:

1. *Strengthen cooperative governance:* despite the progress and success achieved over the last ten years of the project, cooperative governance is still considered a big challenge for CDP. Leadership is a determined factor of cooperative success, but there is a lack of commitment to the cooperatives' goals and objectives among cooperative "leaders." There is also a massive migration of young people from rural communities to urban areas or abroad, weak cooperative financial systems and high rates of delinquency, which slows the sustainable development of cooperatives.
2. *Inclusion of female farmers in decision-making positions:* Particularly in rural communities, gender gaps are evident in patterns of employment, income, access to

credit, control over assessments and decision-making. Agricultural cooperatives are based on principles of equity, but there are gender imbalances within the co-op structure. CDP Paraguay found that women are largely under-represented in cooperatives. To deal with this issue, CDP is emphasizing gender balance throughout its activities and through targeted workshops and assessments (see above).

3. *Obtain reliable, accurate and quality data:* Record keeping is not a usual practice in Paraguayan cooperatives. The CDP office must put in significant effort to get valid and reliable information. Cooperatives also have their Annual Report in April of every year, meaning it is not easy to get information according to the CDP project cycle (starting October 1st and finishing September 30th). This delays the reporting of results in the PMP, however CDP Paraguay staff conduct qualitative surveys and the M3 assessment to also gauge progress against activity targets.

During this semester the program has *learned* the following *lessons*:

1. The last harvest season in Paraguay presented the worst drought in years, which affected production of cooperative members. The CDP Paraguay team feels it is necessary to create awareness among farmers about the importance of *climate change* in order to train them to take the proper agricultural steps to reduce the consequences. CDP will work with the cooperatives to incorporate important steps to mitigate climate change into the strategic plans.
2. It is important to establish solid *links with public and private sector organizations* to engage them in the program's activities and get their support to disseminate and/or implement the recommendations made. This also helps ensure project interventions are more sustainable and wider in scale. For these reasons, CDP Paraguay began engaging more rigorously this semester with organizations such as FECOPROD and REDIEX.
3. The *M3* evaluates the *Money, Membership and Management* capacity of the cooperatives involved in CDP activities. While the M3 is relatively short, it still contains critical questions that have been converted into a numerical score to ease longitudinal and comparable evaluations. M3 assesses the consistent use of sound businesses practices, financial performance and strong commitment to a cooperative's membership. For CDP Paraguay's activities, M3 helped to identify the areas in need of assistance and based on it develop a customized action plan for each beneficiary that includes the priority areas of actions to be strengthened in the cooperative structure. During the implementation of this tool in the field we have learned two primary lessons around follow-up and the need for supporting information. The time available for key contacts of the cooperatives to undertake the M3 is too short compared to the time that it takes to review and evaluate the M3. Consequently, the project team asked the relevant questions in each section of the tool and asked for relevant documentation (balance sheets, financial reports, membership reports) to support the reliability of the information obtained. Also, to track the implementation of recommendations given by volunteers, the M&E assistant consistently follows up with the cooperatives.

4. *Gender integration* is still a challenge for CDP Paraguay but in the process of carrying out gender trainings/sessions with the cooperative members we have learned the following: **1.** Achieving gender equity requires initiatives that will change the perceptions of the Board of Directors and membership (female and male). **2.** Men feel threatened by the language “*women in leadership positions*,” so in order to be effective, we use language that communicates what women’s participation will do for the men, i.e. if there are more women in the Board of Directors then the cooperative can attract more members. This is the “business case:” more members registered, both female and male, means more income for the cooperative.

6. *Next Steps*

The United Nations has designated 2012 as the International Year of Cooperatives in order to raise public awareness of the invaluable contributions of cooperative enterprises to poverty reduction, employment generation and social integration. Next semester, CDP Paraguay plans to carry out an event that will bring together international and local representatives of the cooperative sector. The proposed event aims to disseminate technical information that is important to promote the sustainability of agriculture cooperatives. Technical sessions will include topics such as Global GAP regulations; Fair Trade standards; renewable energy; climate change, and efficient rural extension.

In addition to the IYC event, CDP will continue to follow the same model of providing technical assistance to cooperatives during the next semester.

III. KENYA

1. Introduction

The following is a report of CDP Kenya activities from January 1 – June 30, 2012. 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, ACIDI/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 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/Approach

A. Training Needs Assessment, January 2012

CDP's goal is to support cooperatives and pre-cooperative groups to improve their capacity in order to provide improved benefits to members. It is thus critically important that all project activities and trainings respond to what the groups feel are their constraints and needs, and align with the vision of the groups' leaders. In this regard, the first activity of this semester was to carry out a training needs assessment for the five groups brought into the program to date.

The needs assessment was conducted by an independent consultant, assisted by the CDP Program Manager. The two methods used in determining the self-defined needs of each group were key informant interviews and focus group discussions. During the key informant interviews, the committee members and group patrons were interviewed individually for their opinions of the capacities and existing gaps of their cooperative or group. The focus group discussions were held with groups of 9-17 participants—members and leaders of the groups—who discussed the key issues as they saw them. For both processes a structured questionnaire was used to guide the needs assessment interviews.

A detailed report on the findings of the training needs assessment is attached as Annex E. In general, it was found that most of the cooperatives' and groups' members and leaders do not realize the critical role they play in the growth of their organizations. While a cooperative may

be registered, the members and leaders of the cooperative do not really understand what the principles of a cooperative are, or how cooperatives should operate. Instead, they carry out their activities on a trial and error basis. In most cases, this is even more of a challenge for groups that are not formally registered as a cooperative.

Specifically, the training needs assessment established that training is required in the technical areas of: production; value addition; business skills; organizational development; communication strategy; management skills; participatory monitoring; contractual agreements; conflict resolution; market research and intelligence.

B. Update on Current Groups/Cooperatives

This semester, CDP worked with five groups: Kiirua Dairy Cooperative Society (formerly a Self Help Group), Gathage Farmers' Cooperative, MAPROMA Self Help Group, Gaikundo Poultry Project Self Help Group, and the Zombe Womens' Multipurpose Cooperative. While many of these groups have not lived up to CDP's full expectations of them, CDP does not plan at this stage to "cut off" any of the groups. Those that are showing the weakest initiative will receive less technical assistance than the other groups, however CDP still hopes to learn from them and continue monitoring their progress.

CDP plans to include additional cooperatives under Phase Two of the program (see below).

Kiirua Dairy Cooperative Society

The most successful group so far in terms of its adoption of technical assistance has been the Kiirua Dairy Cooperative Society. When CDP started working with them, one of the first challenges that needed to be overcome was a land dispute. The Kiirua group had been started by members of a dairy cooperative that had collapsed, called Naari Dairy. Naari Dairy had members from several centers, Kiirua being one of them. In Kiirua Center, the Naari Dairy owned a piece of land and had constructed a milk collection point. However, after Naari Dairy's collapse, the Kiirua members decided to register a self-help group to enable them to continue collectively selling their milk. While they argued that the collection point belonged to them, when Naari Dairy later was re-established, they also claimed rights to the plot of land.



Figure 6: Kiirua Dairy Cooperative

Resolving this conflict was obviously an important step for the group to take, so CDP supported the group in planning a way forward, including moving locations while simultaneously pursuing court action. Although the case is still in court, the Kiirua group did decide to carry out their business from an independent location until the dispute is resolved.

Through CDP, the Kiirua group received several trainings on the importance of proper record keeping, and on ensuring that their farming activities would be profitable. Transferring knowledge to action is often a long process, and it is commendable that the Kiirua group has adopted monthly ledgers of recording individual milk deliveries. The ledgers are now prepared daily by the clerk, whereas previously the officials compiled the deliveries from each farmer at the end of the month—a very tedious and inefficient process.

The group has been implementing these and other changes based on the strategic plan that CDP worked with them to develop. One of the most significant accomplishments of the strategic planning process has been that the Kiirua group pursued—and succeeded at—registering as a cooperative. They have also begun providing animal feed to the Kiirua members, and even non-members, on credit. (See Annex C for the Kiirua Success Story).

Gathage Farmers' Cooperative.

The Gathage Farmers' Cooperative is made up of coffee growers. It is the oldest cooperative among the five groups, and was registered thirty six years ago. Because of its long cooperative history, it is the most reluctant to change. Most of the members are very old; only a minority percentage are under sixty years. Membership to the cooperative is contingent upon coffee ownership, which in turn is contingent on land ownership. For this reason, women were originally not members since they did not own land. With time, the women have joined the



Figure 7: Gathage Management Committee

membership of Gathage, although it is mainly when their husbands or parents pass away. In rare cases, men will ‘give’ their wives some coffee trees to allow them to join the cooperative.

The coffee sector has experienced recent hardships, but currently the market is doing well. For this reason, there is a renewed interest in coffee farming, as it increasingly promises good returns.

Gathage has received several trainings through CDP, but their adoption rate of recommended practices is very low. The leaders don’t seem to realize how much the cooperative and coffee sectors have changed since the time when the government was in charge of marketing coffee. Instead, they look to other sources, including CDP, to solve their financial problems, rather than taking responsibility to resolve Gathage’s debt problem.

MAPROMA Self Help Group

The Manyatta Producers and Marketing Group (MAPROMA) group has been in existence for about ten years, and focuses primarily on the potato crop. Members work together to jointly lease

a piece of land, plant potatoes, and sell the crop. The group has also attempted to produce seed potatoes commercially, since that is more profitable than the potatoes sold for human consumption (see section F below). While the number of members fluctuates, and is currently at only ten people, MAPROMA has remained in existence. The level of trust among members is exceptional, potentially because the requirements for labor, inputs and other costs are shared evenly, and so are the profits and losses.

After MAPROMA did a strategic plan, one of the milestones was for the group to build a store for their potatoes, so that they would not have to dispose of them immediately after harvesting, resulting in losses. They did successfully construct a store for storing their jointly produced potatoes. The result was that members were able to receive Kes 500 more per bag than they would have if they had sold immediately after harvesting. This has greatly encouraged the members, who now aim to construct more stores so that they can also keep their individual produce sheltered, to sell when market prices have improved.

One of the concerns of CDP is that MAPROMA has significant potential to improve member profits by working together to jointly market the produce they grow individually, but to date they are yet to do so. However, the success they had with the group storage facility is motivating them to start working as a cooperative.

Gaikundo Poultry Project Self-Help Group

While the Gaikundo Poultry Self-Help Group has significant potential for improvement, they have not met the targets they set for themselves in their business plan. It is the most recently formed out of the five CDP groups, since it was established only two years ago. The originators of the group were motivated by the goal of reducing poverty in their area, and agreed to focus on poultry, which involves little up-front capital.

Because the group was originally 30 men, CDP focused many initial discussions with them on including women. CDP explained to the group about why involving women would strengthen the group and empower the entire household. The men did bring their spouses into the group, immediately increasing membership to 60 people, but over time the membership has transformed. Some of the couples decided that only one could continue with the group, other members—both men and women—dropped out, while some people technically remain members but are not committed to attaining the targets set forth in their business plan (even with the support of CDP).

While membership is currently at 27, the group has yet to make a single joint sale of produce or joint purchase of inputs. They have received trainings on poultry production and disease-free control feed preparation. They also received group dynamics training, with the goal of preparing them for future changes in membership. The training taught them how a group normally has four stages of development: forming, storming, norming and performing, but many members realized that they were not ready to face these development challenges and decided to leave the group. CDP is watching to see if they will improve their performance as a group.

Zombe Multi-Purpose Women's Cooperative Society

Zombe has been the weakest group in terms of performance. The cooperative had worked with CDP in developing a strategic plan, however they have done little to implement it. For example, one of the activities they had agreed on in the strategic plan was for members to plant trees as the rainy season set in, yet none of the members actually planted any trees.

The group's primary activity is honey production and seedling grafting. All the members are therefore meant to have hives at home. Although they used to perform well eight years ago, they have since dealt with embezzlement by an officer, and some of the members abandoned their hives. The group is attempting to recover from these past problems, but progress is slow. CDP sent a volunteer last year to show them how to make proper hives, but again these technical recommendations have not been implemented.

Nevertheless, Zombe has begun to add new members, and has started buying unrefined honey to refine and sell for a profit.

C. Recruitment and Induction of Promoters, April 2012

Given the challenges described above in assisting many of the groups to achieve positive change, CDP Kenya hired a promoter in each of the five regions. The promoters will work more closely than the Program Manager can in supporting follow-up from trainings, collecting data, and encouraging strong linkages between the groups and the CDP project office.

The promoters will provide coaching and support for the group or cooperative assigned to them. Some of the promoters' tasks include:

- Assisting the groups/cooperatives in planning their activities by guiding them in decision making
- Collecting data on the group to help track progress
- Providing monthly reports to the CDP manager on activities and progress of the group/cooperative
- Conducting one-on-one visits with individual members to understand their attitudes towards the progress of the group
- Assisting in organizing and conducting trainings for the groups/cooperatives assigned to them, or as may be assigned by the CDP manager
- Providing logistical support for volunteers/consultants who are assigned to a group/cooperative in their area
- Maintaining contact and good relations with partner organizations and cooperatives in the area

D. Farming as a Family Business Training, February 2012

This is one of the flagship trainings that ACDI/VOCA has been providing to farmer groups for the last ten years in Kenya and around the world. It has proven a great tool to teach business skills to farmers, so that the farmer can shift from subsistence farming to farming for profit. Originally it was called "Farming as a Business," but has since been modified to "Farming as a Family Business." The revised version incorporates the efforts of all the members of a household, including women, since farming often involves the whole family. If a household

conducts their farming as a business, they are more likely to ensure that their cooperative will also run as a business.

Since CDP aims to help groups operate as more efficient business, in February 2012 representatives from the five groups were trained on the FaaFB course. In turn, they were expected to go back and train the other members of their group on what they had learned. The participants were brought together to a central place, and resided for six nights in a hotel in the town of Thika. Though the calculations in the course are quite basic, the farmers, most of whom were elderly, found them challenging. With continuous guidance and explanations, however, most of the farmers understood the material in the end. After the training, several farmers made comments about how they now realize they waste a lot of effort at home, and plan to make changes in how they farm so that they operate as a business.

After the FaaFB training, the CDP Program Manager visited farms in the Kiirua community and met a farmer, Samuel Danieri. When the Program Manager explained she was with CDP, Mr. Danieri exclaimed “Ah, you are the people who trained my wife? Her production has improved by three liters since the training. I am so glad.”

One of the core lessons taught in FaaFB is that in order to make a profit, one needs to maximize returns and minimize costs. During the training, the importance of working in groups is demonstrated by showing how the cost of production and marketing come down by combining the efforts of the farmers in the group.

E. Kiirua Membership Training

As mentioned above, CDP uses a Training of Trainers approach to achieve scale in providing technical knowledge to cooperative/group members. After the FaaFB training, the team from Kiirua Dairy Cooperative returned to their communities and held three, one-day trainings for the other cooperative members. The trainings had a very good turnout, and the farmers were excited to have access to a forum where they could learn more about their farming practices and about the cooperative. CDP expects the promoters in each region to encourage more sessions like this in the future. They will be asked to assist people who have received training in conducting this training for other members of their group.

F. Potato seed training for MAPROMA group, March 2012

The area where MAPROMA is located has been having problems getting clean, disease-free seed for the farmers. Because of this, the MAPROMA group decided to venture into seed potato growing, so that one of the members would benefit from access to disease-free seed potatoes. With support from the Ministry of Agriculture, the group obtained certified seed potatoes to multiply and provide to the members and the community. Due to a lack of know-how to track the clean seed and sell it as such, the members only multiplied the seed potatoes once. After that, they sold the seed as potatoes for consumption, which means they received less profit from it than if they had sold it as seed.

To equip them with information needed to produce and market clean or certified seed potatoes, CDP organized a training session on seed potato growing for the group. The training was carried out by a team from Kenya’s Health Inspectorate Service (Kephis), which is mandated with the

responsibility of protecting Kenya's agriculture from pests and diseases that could impact the environment, economy and human health.

A seed multiplier farmer was also invited to talk to the farmers and give them her perspective on the seed business. Based on these sessions, the farmers from MAPROMA realized that in order to produce seed potatoes commercially, they need to make a lot of technical and structural changes. Currently they are weighing the information they received in through these discussions and considering whether this is something they wish to pursue.

G. Establishing the Cooperative Learning Information Center (CLIC)

During this quarter, CDP made significant progress in planning the establishment of the CLICs. The CLICs aim to expand access to knowledge around cooperative training and development through a properly designed, ICT-enabled learning system. In collaboration with Communications Cooperative International (CCI), ACIDI/VOCA developed a SOW for CCI to carry out an assessment in Kenya and Ethiopia that would examine current communication patterns and interview key stakeholders to determine the appropriate logistical set-up for the CLICs. The assessment aimed to look at the following elements:

- Existing patterns of communicating information;
- Existing training contexts and potential complementarity of ICT-based learning platforms;
- Disposition toward/capacity for ICT-based learning in the target environment;
- Current utilization of ICTs, status of existing ICT infrastructure and potential for new ICT solutions;
- Human resource, financial and ICT skills capacity at potential CLIC sites
- Potential linkages to ACIDI/VOCA's Center of Excellence website (<http://www.acdivocacoopex.org/>)
- Adaptability of existing training materials and resources to ICT-enabled distributed learning environments.

As previously mentioned, ACIDI/VOCA has already conducted needs assessments to guide the technical topics of most use to cooperatives and those that support cooperatives, which will guide the technical content of the CLICs. Following the assessment, the CDP programs will develop appropriate learning modules to make available through the CLIC.

The CCI team visited Kenya at the end of June to carry out the assessment. The results will be shared in the next report.

3. Volunteer Assignments

For the first semester of 2012, CDP had one volunteer, Dr. Nancy Walker. Dr. Walker's mandate was to conduct a rapid gender assessment and work closely with CDP staff to create an action-oriented gender strategy focusing on goals and activities that 1) reflect local context and current gender constraints/opportunities; 2) are achievable and feasible under the program mandate and 3) are created through the active participation of CDP staff and project beneficiaries.

To begin, Dr. Walker facilitated three intensive focus groups/trainings with men (15 participants), women (17 participants) and the management committee (7 participants) from the Gathage Farmers' Cooperative Society. She also conducted a two-day intensive training on Transformation, Gender and Cooperatives with 7 female and 12 male participants selected from the five CDP Kenya cooperatives. The training was very well-received, and opened the eyes of the participants to appreciate that men and women should and need to work together to strengthen their cooperatives. One woman even commented that after the training, she is now aware that she can also lead, and would be willing to offer herself for leadership in future.

Lastly, Dr. Walker developed a gender and youth strategy in consultation with the CDP Program Manager and the Gender and Youth Specialist for the Kenya Maize Development Project II. Key elements of the strategy included:

- Placing gender and youth in the forefront of all CDP program development, implementation and evaluation activities (including incorporating gender into the strategic plans of the 5 cooperatives)
- Identifying and facilitating gender-specific activities and training events to encourage and increase transformative participation of women and men in CDP member groups



Figure 8: Transformation, Gender and Cooperative Training

The strategy is now in place and CDP is in the process of incorporating key components into project activities for the upcoming semesters.

4. Monitoring and Evaluation

An updated Performance Monitoring Plan is attached as Annex B to this semi-annual report. Over the last two months, CDP worked to gather data for 2011 from the groups. The promoters have been highly instrumental in carrying out this task. They visited the offices of the groups and worked directly with them to review the records and compile the data into soft copies. This data was then sent to the Nairobi Office to be compiled and analyzed.

The groups that CDP has been working with do not distribute dividends to their members, so CDP has not been able to collect data on this indicator. Most of the groups do not yet make a profit after paying their costs. For some, like Gathage, even the maximum percentage that the government allows cooperatives to deduct from the farmers' sales (20%) is not enough to run the affairs of the cooperative, so they still need to borrow money for operations.

The cooperatives under CDP do not purchase outputs from the farmer members or sell inputs to members. Rather, they aggregate the produce and sell it on behalf of the farmers and also

purchase the inputs on behalf of the farmers, then deduct this amount from the farmers' sales. The figures used in the PMP are therefore tracking the percentage increase in outputs delivered to the cooperatives and the inputs purchased by the cooperative on behalf of the farmers.

So far, only two groups have results to report in these categories as the others have not yet sold anything through the cooperative. These are Gathage (coffee) and Kiirua (dairy). Both have shown a tremendous increase, surpassing the targets. Gathage has recorded a 35% increase among women, and a 73% increase among men in the volume of outputs delivered to the cooperative. Incidentally, the men have recorded no increase in the amount of fertilizer purchased, while the women have purchased much less than they did the previous year. Under the circumstances, this is not necessarily a negative sign, since farmers have been able to provide more products to the cooperative without buying more inputs. In some cases, farmers also use manure from their dairy farming instead of purchasing fertilizer. The increase in the coffee values can be attributed to the improving world prices for coffee, and Gathage's commitment to improve their efficiency. However, the increase in values is not quite as high as the increase in volume. This is due to international price fluctuations for coffee and the fluctuation of the Kenyan shilling, which resulted in higher losses for farmers who had been advanced fertilizer.

The dairy sector has been stabilizing in the last few years, and the Kiirua group has greatly benefited. Kiirua has been recruiting members, and improving efficiency, which contributes to the huge increase in the volume of milk delivered. During the baseline, 66 members delivered milk during 2010, and in 2011, there were 247 members that delivered milk. Although this means each member is delivering a smaller quantity, or not delivering milk regularly, it is nevertheless a positive sign that the cooperative is growing and women, in particular, have joined in large numbers. For Kiirua, the increase in the value of the outputs is directly proportional to the increase in volumes, because the market has been relatively constant.

Regarding the M3 scores, Gaikundo recorded the highest increase, while Zombe recorded a decrease in the score. Because it was a new group, Gaikundo scored very poorly at the baseline. Zombe, however, had been on the road to recovery, and the baseline figures represented their situation when they used to sell honey. When gauged on the 2011 actuals, Zombe's score actually decreased because they have been very slow in implementing their resolves. The others made small improvements: Gathage recorded a 1% increment, while MAPROMA recorded 4% and Kiirua recorded a 25% increment.

Cooperative	Baseline	2011 Target	2011 Actual
Gaikundo	43	67	56%
Kiirua Naari	60	75	25%
Gathage	85	86	1%
Zombe	71	56	-21%
Maproma	74	77	4%
<i>Cumulative</i>	333	361	8.4%

Figure 9: Cumulative M3 Scores, Kenya

5. Challenges, Successes and Lessons Learned

Below are some specific successes, challenges and lessons learned from CDP Kenya in this semester:

Cooperative Successes

- When CDP Kenya began working with Kiirua/Naari, it was registered as a self-help group. This semester, with the support of the strategic planning process through CDP, Kiirua decided to pursue formal registration as a cooperative, and was successful. This gives the organization a legal life, meaning it can engage in formal contracts, and raises the required level of professionalism since by law, cooperatives must be audited annually.
- CDP encouraged women's empowerment and demonstrated the ways in which cooperatives can benefit from the inclusion of women. In part due to this encouragement, for the first time since Gathage was registered 36 years ago, the cooperative elected a woman to the supervisory committee.
- Although the Zombe Multipurpose Women's group cooperative used to buy honey from the community, refine it and sell it for a profit, this activity ended when the group lost money. With the support of the strategic planning process with CDP, Zombe has again begun to refine and sell honey, and this is a positive indicator that the group is willing to work toward positive change.
- As mentioned above, MAPROMA constructed a small store to keep their potatoes for longer. As a result, they were able to obtain Kes 500 more per 1110 kg bag than if they had sold the potatoes immediately after harvest.

Challenges

- A group will only develop if they are committed to the change process and are willing to work hard to make it happen. While the trainings and technical assistance have directly benefitted the groups, they do not yet appear to "own" the development process. The Gathage chairman once commented in a meeting: "I know CDP has been working with us, and am sure they will reward us for our good job." This demonstrates a common mentality among the cooperatives and the farmers, that direct funding or provision of physical assistance is what the groups expect of CDP. While the mentality is difficult to change, CDP will continue to provide training in leadership and cooperative principles to encourage commitment among the cooperative leaders and members.
- Because it is a campaign year in Kenya, there is the possibility that the activities of the groups could become entwined in politics. Politicians often start projects so that the community will re-elect them, and sometimes do not see the projects through to completion. There is a danger that the groups could be exploited by politicians, and in fact the chairmen sometimes seek out these opportunities. While CDP can continue to provide training in leadership and cooperative principles, certain situations, like this, are not in the control of the program. CDP will monitor for signs of political involvement with the groups and will determine an appropriate strategy for continued engagement if necessary.

Lessons Learned

- Transferring knowledge into action is one of the critical constraints to the improvement of the groups. CDP has and will continue to insist on giving guidance, rather than implementing decisions or activities for the groups. Moving forward, CDP plans to include groups that have a better performance record, and use certain groups to serve as learning models for the other groups.

6. *Next Steps*

CDP Kenya has targeted to work with 15 groups by the end of the project. Given the experience over the first year and a half of implementation, it takes a long time for CDP to understand how a group works, for the group to understand the program's role and objectives, and for both to work collaboratively in making positive steps towards creating change. For this reason, CDP plans to identify and begin working with an additional ten groups before the end of the year, instead of bringing them on in specific phases, as originally envisioned.

With the help of the promoters who are now on board, it will be much easier to coordinate the activities in each region, including the identification of new groups. CDP will recruit the additional groups in the same regions as the first five, so that the same promoters can support all of the new groups.

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 Agricultural Growth Program-Agribusiness and Marketing Development (AGP-AMDe) 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.

Unfortunately the first year of CDP Ethiopia has been primarily focused on the administrative establishment of the program, including obtaining government approval to begin implementing project activities due to the rigorous regulations imposed by national and regional government entities on development agencies and projects.

2. Activities

A. Document preparation

In the previous semester, CDP Ethiopia selected regions and specific unions that would be most appropriate for CDP's activities. These were partly chosen for their ability to leverage ACDI/VOCA's other, larger projects in Ethiopia. Consequently, the five regions selected were: Amhara, Tigray, Oromia, Benshangul-gumuz and SNNP. In each region, CDP selected one union and three primary cooperatives to work with directly, representing a total of 40,240 households. The unions are: Deber Assa, Merkeb, Becho Woliso, Sidama Elito, and Asosa Union.

To operate in each region, there are strict requirements of the Ethiopian government that require approvals both at the federal and regional levels. Consequently, the CDP Ethiopia Program Manager spent the beginning of this semester preparing the required budget and project information to submit for government approval. The project documentation was based on the CDP proposal and needs assessment, and the Program Manager put together annual as well as four-year plans for project activities in each region. Regional budgets were compiled based on the approved CDP award budget, and adapted to meet the government's regulation that only 30% of the budget be used for administrative costs, and 70% go directly to program activities (see the "Challenges" section below for more information).

The Program Manager submitted the documents to the Federal Cooperative Agency (FCA) and to the five CDP target regions for their review and comments. Three of the six signatories, including the FCA, responded that critical, significant costs, such as the salary and benefits of the

Program Manager, as well as the purchase of cameras for training and documentation, should be included in the administrative rather than program budget category. Due to the small size of the CDP Ethiopia budget, this would have made it impossible to meet the 30/70 budget regulation. However, after thorough discussions and negotiations, primarily on the issue of budget allocation, CDP was successful in obtaining the approvals of the FCA and four out of the five regions (Benshangul Gumuz, Oromia, Southern Nations and Tigray).

Unfortunately, the Amhara region rejected the distribution of the vehicle budget among the five regions. According to their regional law, budgets can never be shared between zones within the Amhara region, let alone between other regions. As a result, the Amhara region has not signed the project agreement to date and CDP Ethiopia is currently awaiting their formal response to the project request. ACIDI/VOCA has a long-standing working relationship with the Amhara region, so negotiations will continue while activities begin elsewhere.

B. Training of Trainers (TOT)

In November 2011, CDP worked with a local consultant to conduct a baseline survey of each of the 5 unions and 15 cooperatives. The baseline survey found that there are huge capacity gaps both at the levels of the unions/cooperatives and government promoters in Ethiopia that constrain cooperative development across the country and in the intervention districts. Given that promoters are mandated by the government to provide support to cooperatives, CDP Ethiopia plans to use them as a leverage point. By building the capacity of the promoters to support cooperatives, in effect “training the trainers,” CDP Ethiopia can more effectively and sustainably reach a larger number of beneficiaries.

The baseline survey identified critical areas for capacity building of promoters as well as those for the unions/cooperatives. CDP Ethiopia thus identified the following technical topics that will improve the knowledge of promoters in needed areas and be critical for the unions and cooperatives to become stronger, more efficient institutions that can provide benefits to their members:

- Cooperative leadership, good governance and membership development
- Business skill development (entrepreneurship, value chain analysis, business planning, marketing management and record keeping)
- Financial management, cooperative accounting and auditing
- Women’s empowerment and gender mainstreaming
- Pre-and post-harvest handling and warehouse management
- Good agricultural practice through proper utilization of agricultural technologies
- Saving and credit management

The Program Manager prepared a solicitation for a local consulting firm to review existing training manuals from ACIDI/VOCA’s long history in Ethiopia, and adapt them into training of trainer (ToT) modules for CDP’s purpose. The firm would then be required to deliver the ToT sessions to 42 cooperative promoters (2 from FCA and 8 from each target region). 22 bidders submitted financial and technical proposals, and as of the end of the semester, this was undergoing contractual review.

C. Cooperative Learning Information Centers (CLICs)

As mentioned above under the activities for Kenya, CDP Ethiopia also prepared for the assessment of CCI to plan the establishment of CLICs in Ethiopia. As opposed to Kenya, where learning modules are anticipated to be directed at cooperatives themselves, Ethiopia will likely target the CLICs to build the capacity of promoters to support cooperatives. CDP hopes this will increase the scale and sustainability of impact of the CLICs. The findings of this assessment will be reported next semester.

D. Consultation on Increasing Women's Participation in Agricultural Cooperatives

CDP Ethiopia played an important role in supporting the Consultation on Increasing Women's Participation in Cooperatives in Ethiopia in January 2012, which was sponsored by AGP-AMDe in collaboration with the Agricultural Transformation Authority. The consultation brought together key partners to review and discuss the following: i) situation analysis of socio-cultural constraints and enabling environment constraints to women's participation in cooperatives in Ethiopia; ii) case studies on promising interventions; iii) dialogue on priorities and strategies for actions required. The consultation focused on information sharing—presenting results of analysis and innovative interventions, and brainstorming—for prioritizing future work and intervention strategies. Key learning from this consultation is described in the text box below.

The CDP program manager secured participation by key players in the Ethiopian cooperative sector, including the representative of the FCA and the general manager of the Becho Woliso cooperative. In addition to the ATA, FCA and Becho Woliso, other key partners at the consultation included the International Food Policy Research Institute (IFPRI) the Ethiopian Chamber of Commerce, and the Organization for Women in Self-Employment. ACDI/VOCA's Global Gender Advisor, Lindsey Jones, represented CDP by presenting on successes and challenges in promoting gender equity in cooperatives from ACDI/VOCA experience and available literature.

Learning from Consultation on Increasing Women's Participation in Cooperatives in Ethiopia, January 2012

- Evidence shows that the most successful and sustainable cooperative are those that are both (1) heterogeneous in members – including in terms of gender – and are (2) competitive with long-term investments.
- Women are more likely to be members of cooperatives if they are considered to be the head of the household, suggesting that power relations of men and women within the household play a critical role. Women are also more likely to be members of cooperatives where the other members are from the same kebele.
- Cooperatives whose leaders are literate and have received some sort of training are more likely to have higher participation rates of women, suggesting that educated leaders are more supportive of women's participation.
- Despite that cooperative law allows multiple members of a household to be members of a cooperative, female spouses are less likely to be members of the cooperative if their husbands are members.
- Women's overwhelming workload and labor burdens likely play a factor in preventing women from being members of cooperatives, as demonstrated by the fact that women from families with greater numbers of women living in the household who share the workload are more likely to be members of cooperatives.

For more information, please see the consultation proceedings at the ACDI/VOCA Cooperative Center of Excellence Webpage:
<http://www.acdivocacoopex.org/acdivoca/CoopLib.nsf/whycoopsandassociations/gender-consultation-ethiopia-2012?opendocument>

Implications and recommended next steps for CDP Ethiopia in collaboration with the AMDe program are discussed in the aforementioned Cooperative Center of Excellence webpage on the consultation. CDP Ethiopia will focus on collaborating with AMDe on implementing some of these recommendations in the next year of the program.

E. Collaborative Activities

In collaboration with the AGP-AMDe team, the Program Manager conducted an M3 assessment in one of CDP's target unions in the Oromia Region (Becho-Woliso Union). Given that a local consultant conducted the baseline assessment, including the initial M3, this provided an opportunity for the Program Manager to become more familiar with the M3 tool. The Program Manager found the M3 to be a very useful tool to measure progress and improvements of cooperatives.

The Program Manager also participated in a Sell More for More training given by Mr. Paul Guenette, Senior Vice President for Corporate Affairs at ACDI/VOCA headquarters. The training was delivered to ACDI/VOCA staff, including those from AGP-AMDe and the Ethiopian Coffee Development Program. Sell More for More is a sales strategy that encourages farmers to focus on the quality of products and customer satisfaction, since this will attract buyers and increase the profit. Specific training topics include, market assessments, pricing and book keeping. Parts of this training may be adapted for use in CDP's ToT modules for promoters, and overall it will assist in our future endeavors in relation to cooperative marketing.

3. Challenges, Successes and Lessons Learned

The main challenge that CDP Ethiopia has faced thus far has been the difficulty in obtaining the required approvals from the regional government authorities to commence project activities, particularly with the Bureau of Finance and Economic Development (BoFED). The main cause of these issues is the 30/70% budget allocation.

In accordance with existing Ethiopian law, an NGO that wants to operate in any of the regions in Ethiopia is expected to sign a project agreement with at least two regional bureaus, depending on the objective of the project. In the case of CDP, the project is supposed to sign project agreements with two bureaus (the Cooperative Agency and BoFED) in each region. The Regional Cooperative Agencies are concerned mainly with the technical aspects of the project. If they believe that the objective of a project is in line with their overall objectives, they will most often sign the project agreement.

BoFED, on the other hand, is concerned mainly with the budget allocation and utilization proposed by the project. BoFED is the final authority that permits an NGO to operate in a given region. For BoFED to sign a project agreement, it has to be convinced that 70% of the budget is allocated for program activities and only 30% for administrative expenses. Each regional state has an autonomous right to formulate its own regional rules and regulations. Hence, there is no uniformity/agreement among regions as to what is considered a project activity and what is an

administrative cost. Furthermore, in some of the regions, BoFED deals only with projects that have budgets amounting to Birr five million and above and zonal offices handle projects with smaller budgets. In other regions, regardless of the budget amount, every project is handled by regional authorities. CDP's budget is less than Birr five million, so in some cases the project had to undergo a lengthy process of negotiation to obtain approval, while in others it was much simpler. As stated above, CDP currently has approval from the FCA and four out of the five regions (Benshangul Gumuz, Oromia, Southern Nations and Tigray), with only Amhara outstanding.

Another significant challenge is CDP's ability to reach 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 and coordination more efficient.

4. Next Steps

In the next semester, CDP's main focus will be to develop and deliver the ToT sessions. Pertinent materials for the TOT training were gathered from ACDI/VOCA's current and previous cooperative development projects and will be submitted to the selected consulting firm for adaptation as identified by the needs assessment. The 12-day training is planned to be conducted from July 30, 2012 – August 10, 2012 with 42 cooperative promoters and leaders. The participants will be selected from the FCA and the five target regions. Thereafter, CDP Ethiopia, in collaboration with the unions, cooperatives and regional government partners, will collaboratively set training programs for each region. The TOT trainees will deliver the trainings, as needed, to leaders of the target unions and cooperatives in their respective regions.

The formation of the CLICs will also be a major focus next semester. Based on the results of CCI's field assessment, CDP will work to establish a network of CLICs at the Federal Cooperative Agency and at the regional Cooperative Bureaus. The CLICs will serve as centers of excellence where cooperative promoters and cooperative leaders can easily access reference and training materials.

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 a strategy that includes pairing a US-based legal expert familiar with the scorecard with a Tanzanian legal specialist familiar with the local cooperative regulatory environment. The two will work remotely to analyze the Cooperative Societies Act, and through frequent communication and joint analysis, will come to consensus on the scorecard. Once that process is complete, the Tanzanian legal specialist will conduct a workshop with stakeholders in the government, private sector, and INGO communities to explore the results together.

Because of staff turnover at both organizations, this process was delayed from its anticipated timeframe of spring 2012. The team now expects to begin this assessment in fall 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 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 ODCDC 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. This semester, CDP Kenya and Paraguay re-evaluated the M3 scores of the cooperatives and groups involved in the program. A key lesson that emerged is the need to gather evidence that supports the score. While cooperative leaders may not have either the time or interest to prove their responses to each question, it is important to request this evidence and have staff physically review it, when possible. CDP Kenya, for example, found that one group based their M3 responses on how the organization used to function. This time, when CDP reviewed their actual situation, the M3 score decreased.

2. **Gender Strategy.** CDP Paraguay developed a gender strategy with the goal of improving women’s access to leadership and decision-making positions in agricultural cooperatives. The strategy was reviewed this semester, and was revised so it would be less threatening to male cooperative leaders, but also more robust in terms of the goal. The revised goal of the gender strategy is that: *cooperatives in Paraguay become a mechanism through which women can empower themselves.* CDP Kenya also had a volunteer, Nancy Walker, conduct a rapid gender assessment and carry out activities to promote women’s integration into cooperatives. Her work also led to the conclusion that it is important to communicate clearly with men, using explanations about why gender integration will further the goals of the cooperatives. Both programs will continue to look at strategies to improve women’s participation in cooperative activities, both as members and leaders. They have also recognized the need to monitor this work specifically, and are looking at ways to add questions to the M3 tool that would focus on women’s participation. The result of this learning will also be shared with CDP Ethiopia as the program activities are now ramping up.

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 promoters paid by the program, or a government focal person.

4. **CLICs.** A key component of CDP will be the creation of CLICs that will provide an online (and potentially physical) space for cooperative leaders and members to improve their skills and knowledge for cooperative management. As a next step, each country component of CDP will review the results of CCI’s assessment. Although the assessment only took place in Ethiopia and

Kenya, CDP Paraguay may be able to take away important lessons from the on-the-ground research and adapt them to Paraguay's particular circumstances. CDP will then focus simultaneously on carrying out the necessary actions to logistically establish the CLICs (online and/or physically), as well as creating the targeted learning modules that the CLICs will host. These learning modules will incorporate both existing material from ACDI/VOCA's long history of cooperative development and new material from the training of volunteers and consultants conducted in each CDP country. In both cases, materials will only be included that correspond with the self-identified needs of cooperatives, as documented in the baseline studies, and will be adapted to the specific audience and communication patterns in Kenya, Ethiopia and Paraguay.

VII. PERFORMANCE MONITORING PLAN

Throughout each country section, ACIDI/VOCA has provided an analysis of the PMP results for the year 2011, or in the case of Ethiopia, the baseline established. ACIDI/VOCA thus submits this revised PMP for USAID review and approval.

VIII. ANNEXES

Please see attached.