

SEMI-ANNUAL CDP REPORT

January 1, to June 31, 2007

PARAGUAY COMPONENT

The semi-annual report of the Cooperative Development Program (CDP) is presented by ACDI/VOCA Paraguay for the period from January, 1 to June 31, 2007. This report provides information on the activities in the implementation of the CDP Programs, following the program objectives. ACDI/VOCA's CDP Program in Paraguay supports USAID/Paraguay's Strategic Objective 526-007: "Increased Income for the Poor in Selected Economic Regions".

CDP technical assistance activities are carried out in the following target departments of Paraguay: Caaguazu, Concepcion and San Pedro. This support that the CDP program provides the Paraguayan cooperative sector is relevant to USAID/Paraguay's Strategic Objective 526-007 as it provides innovative technical assistance and training in important topics (e.g. financial management, product processing, etc) necessary to the economic development of cooperatives. The agreements and ongoing relationships with second level cooperative organizations and their associated cooperatives further extend the CDP assistance and reach to other departments of eastern Paraguay. All technical assistance provided to cooperatives takes a value chain approach as it is fundamental to enhance the cooperatives' position within their respective operating environments.

Activities

The main activities this semester were as follows:

- 3) Coordinate with National Institution of Cooperatives – INCOOP;
- 4) Coordinate with BARA from the University of Arizona,
- 5) Participate in ACDI/VOCA's Latin America and Food Security Portfolios Regional Meeting in Guayaquil, Ecuador.
- 6) Share Paraguayan Cooperative experience with officials from La Paz, Bolivia.

Technical Assistance Assignments

Assignments realized by ACDI/VOCA consultant volunteers during this semester were in the following areas: financial analysis; cattle herd genetic improvement; nutrition, pastures, and forages; and a slaughter house feasibility study. The agriculture and livestock management, cattle forage systems, and nutrition and production systems assignments were part of the *Implementation of the Strategic Plan of Cattle Production in the Southern Region of Paraguay*.

The volunteers showed a high level of dedication with their assignments, working 12-hour days and weekends. The volunteers also suggested follow-up assignments that could

benefit cooperatives in the future. During this semester, one scope of work was developed for a cooperative's reorganization and several requests by cooperatives and cooperative centers are being developed into scopes of work. The requests from the cooperatives are in palm conditioning, handicrafts, strategic planning for banana production, and specific technical areas to be addressed based on results of the strategic planning for banana production assignment.

Coordination with Cooperative Centers

Meetings and communications were held with partner organizations such as Credicoop and Cepacoop. The purpose of these activities was to determine the areas of ACDI/VOCA assistance that match the needs of the cooperative centers and their members. Coordination with the National Institution of Cooperative (Incoop) president is on-going in regard to the seminar planned with the Colombian Coffee Federation (FEDERACAFE) representative from the Cooperative Department. These meetings are a valuable way to share lessons learned from other organizations established to serve farmers.

Operations Activities

A number of activities in the administrative, planning and operational areas were carried out during this semester. Coordination meetings were held with cooperative centers and rural cooperatives in order to set up the different activities planned. Meetings were held with the USAID Mission. Activities have the following objectives: to define 1) likelihood of technical assistance; 2) coordination for assignment development; 3) request for assistance; 4) information sharing with regard to the conference that will be developed in Paraguay with Incoop and the Paraguayan cooperative movement. The United States Ambassador was invited to participate during CDP volunteer assistance to cooperatives, as well as USAID officials. The Latin American and Caribbean project assistant from our Headquarters, David Lindgren, visited our office and participated in several activities. Mr. Lindgren visited Paraguayan authorities, met with USAID officials and visited several cooperatives in the countryside.

Field work includes assistance to volunteer consultants during assignments and coordination for future assignment development. Jointly with Amelia Moro, we traveled to La Paz in order to share our experience managing volunteer's assistance to cooperatives and the Paraguayan cooperative characteristics with ACDI/VOCA Bolivian officials. A team made up of Glenn Blumhorst, Treena Bishop, David Lindgren and the two Paraguayan staff then traveled to Guayaquil, Ecuador to participate in the joint Annual Meeting of the LAC and FSSC Divisions.

Among administrative activities, the tasks completed include SOW development, administrative assistance to volunteers, volunteer performance evaluation development, report writing, volunteer report revision, and coordination with the recruitment center, Headquarters and the ACDI/VOCA-Bolivia office. Weekly meetings are held with local staff to address different aspects of our local office activities.

The coordination with Credicoop aims to assist small and micro entrepreneurs from rural and semi-urban areas. The Credicoop manager is expecting advances in the proposal presented to the board and the different organizations involved in the project.

With the Cepacoop – Central Paraguaya de Cooperative, contacts are being made to assist fruit producers of banana and pineapple. The best strategy is being defined in order to assist banana producers from Guayaibi. A strategic plan for banana production is foreseen followed by specific assistance to contribute to the sector strengthening.

Follow-up activities to the cooperative assistance consist of volunteer recommendations and suggestions. It also includes visits and interviews with cooperative directors and managers.

Coordination with the Bureau of Applied Research in Anthropology (BARA) from the University of Arizona takes place as part of the follow-up studies of the cooperatives being studied in Paraguay. In order to share the methodological approach used in these studies with the cooperatives, we are cooperating with the Sociology Department of the Catholic University of Asunción. Students from the University of Arizona and the Catholic University will work jointly to carry out steps of these studies, which will analyze in detail the value chain in which each cooperative participates.

Cooperatives assisted during this six-month period

Cooperative Ycua Bolaños, from Caazapá Department, a member of Credicoop, received the assistance of a volunteer financial management specialist. The volunteer performed a series of activities such as meeting with the cooperative board of directors and manager, and with cooperative consultants to discuss strategic planning and information technology. After the plan of activities was set, the volunteer, diagnosed, discussed and analyzed the cooperative's current situation. The volunteer considered as well the financial indicators set for INCOOP, the institution that oversees cooperative functioning. The organizational structure and flow of communication was also considered by the specialist. At the end of the assignment the volunteer did a presentation to the board of directors and managers of his findings and the recommendations appropriate for each issue addressed by the volunteer.

Cooperative Coopafiol was supported by two simultaneous assignments in areas of cattle herd genetic improvement, nutrition, pastures, and forages and slaughter house feasibility studies. The two assignments complemented each other in order and determined the viability for a slaughter house installation by cooperative members from Coronel Oviedo area. The volunteers visited several ranches that were considered to represent the different types of production systems adopted in the area. Meetings were held with producers, and inputs stores, artificial insemination centers and slaughter house facilities were visited. Upon completion of their work, the volunteer did a public presentation of their finding, and cooperative directors, managers, members and employees participated. The US ambassador in Paraguay and the USAID Economic Development official from

the local mission participated in the event. Local and national media gave coverage to this event as well.

Cooperative San Juan Bautista (COOPERSANJUBA) in the Misiones Department, the most important multipurpose cooperative in the department, received three simultaneous volunteers to develop the following assignments for the *Implementation of the Strategic Plan of Cattle Production in the Southern Region of Paraguay*. The specific themes addresses were: agriculture and livestock management, cattle forage systems, and nutrition and production systems. In order to develop this assignment, the cooperative established a special connection with the Veterinarian College of San Juan Bautista from the National University of Asunción. The Veterinarian College Director and two professors worked closely with the volunteer and the cooperative technician. The activities developed during the two week assignments included a meeting with the board of directors, managers, the university director and professors. Ranches were visited in the San Juan Bautista, San Ignacio and San Miguel Districts. The management of the cattle ranches, pastures and administration were observed and analyzed during this period. The volunteer determined that several actions needed to be done in Misiones in order to lay the foundation for appropriate technology, pastures and nutrition that better fit the unique condition of the zone, management of cattle and the management of the activity as a business.

Contributions of CDP to cooperatives assisted

Cooperative Ycua Bolaños received the support of a financial analysis specialist. The volunteer looked at the cooperative structure and analyzed its businesses which mainly concentrate in savings and loans, production and other small-scale services. The volunteer gave several recommendations having to do with the need to better organize the cooperative structure. The volunteer suggested a reorganization of the accounting system, and accurate and timely recording of registration. The financial aspect of the assignment was analyzed taking into consideration the established Incoop set of financial indicators. The volunteer used the data provided by the cooperative and developed formats in Excel which will maintain the cooperative's financial situation at any time, given the data is accurate and updated. The volunteer worked with the cooperative information technology advisor and gave him information on the kind of functional and key components of the new software he is developing for Cooperative Ycua Bolaños. The financial indicator format developed for Cooperative Ycua Bolaños is considered an excellent tool that can be used as an example by other cooperatives. One copy of the format was provided to Incoop with the permission of the CDP volunteer.

From its birth, Cooperative Coopafiol, a multipurpose cooperative with strength in savings and loans, had requested support from ACDI/VOCA's Cooperative Development Program. Assistance to Cooperative Coopafiol consisted of an analysis of the cooperative's potential to install a slaughter house. As a result, two simultaneous assignments were carried out. During the analysis of the production system, grasses and cattle genetics, the volunteer determined that the farmers needed to use the resources

available to improve cattle breeding (procuring hybrids with European/American and Hindu breed). As for pasture quality, the volunteer recommend implementation of a rotational grazing system and hay production from summer grass surpluses for the challenging winter period. Another area that required improvement was parasites and diseases control. It was suggested that cultural practices such as late castration and lactation should be modified in order to reduce the age in which the cattle are ready for slaughter. These findings were considered key for the slaughterhouse specialist who found out that the cooperative had great potential to install a slaughter house. The volunteer requested that the cooperative president update the data of their original plan. He also suggested a different structure that requires less investment for the initial operation of the slaughter house facility. The cooperative believes that in the mid-term they will have an improved cattle herd and improved access to funding for enterprise building.

The Cooperative San Juan Bautista received of three volunteer specialists from the business management, pastures and animal sciences fields. They support Coopersanjuba in their effort to contribute to the improvement of cattle in the Misiones Department. Local information is not available with regard to key practices for the livestock production sector. In spite of having a Veterinarian College, their facilities and infrastructure is minimal. In the first meeting, held with the Cooperative board of directors, the college representative and the volunteers, it was found that it is necessary to generate information in order to guide cattle industry development in Misiones. The volunteer recommended steps that the Veterinarian College should follow, with the Cooperative's support, to establish rotational grazing trials and experimental plots for grasses. Rotational grazing will allow them to find the right way to manage the system, and the grasses plot, enabling them to find the grasses and legumes that best adapt to the Misiones Department. The volunteer agriculture management specialist developed an interactive file in Excel that will help the rancher register inventory, costs and income of its operation. This document was shared with the president of the cooperative, who is also a teacher of business administration in several institutions in San Juan Bautista.

Advances of assisted Value Chains

The Cooperative Manduvira, which participates in the sugar value chain sector, is undergoing a tremendous advance following their entrance as a producer of organic sugar and not just as a provider of raw material. The first year, the cooperative only produced 230 tons, the following year 1600 tons and this year the projection is 4,500 tons of organic sugar. In this context, more producers are able to get better prices and access to the premium established for the Fair Trade system, where the cooperative participates. The challenge faced by the cooperative is to fulfill the increased demand for sugar cane which is not possible at its current capacity. In order to do so, the cooperative is in the process of developing the project or business plan for its own sugar mill processing plant in the near future.

Cooperative Guayaibi Unido, which participates in the fruit and vegetable value chain, accomplished an increase in exports of bananas to different cities from the Argentinean markets. This year the cooperative doubled the amount of bananas exported. In spite of facing some difficulties in the Argentinean borders, the farmers were able to overcome those hardships. The fruit value chain is not only looking promising for the banana. Other products such as pineapple, tomatoes and watermelons are other crops with potential to reach exports markets. In order to access those markets, an in-country thermo plant is needed to eliminate the risk of taking the “fruit fly” pest to foreign countries. Several organizations in which the cooperative participates are contributing to the increased export of bananas.

The cattle industry is doing well in Paraguay. According to the US Ambassador, efforts is being made to introduce Paraguay-processed meat to the American market. Several cooperatives that operate in that sector should consider the need to improve the cattle production system. Along those lines, Cooperative Coopafiol established a group of young and innovative ranches in order to follow through with the recommendations given by the volunteer and to improve the feed availability for cattle during winter season - the three to four most critical months for cattle producers. The genetic aspect was considered an area needing improvement, and the cooperative’s members are doing just that. In order to improve the cattle sector, Cooperative Coopersanjuba is supporting producers who provide economic support to their members, which will eventually improve pastures varieties and qualities. Service of agriculture machinery is provided to their members when it’s required.

Cooperative Capiibary had a significant advance in the grain sector. The new silo-drier facility paid for itself through investments. Through this service provided by the cooperative, the members and producers have found success. Furthermore, the cooperative would like to use the raw material produced by its membership for cattle feed production, which will provide added value to its members’ products. In addition, value will be added to other products which contain the appropriate ingredients and quality available for both members and non-members who are in the cattle industry sector.

Future activities in the next six-month period

It is planned to realize CDP volunteer assignments during the next semester in the following areas: strategic planning for banana sector in the Guayaibi district, cattle feed production, cooperative structure re-organization and assistance to a group of female artisans. Further support to the fruit and vegetable producing value chains is being analyzed with cooperative centers and other institutions.

A follow-on workshop, based on the Cooperative Business Culture Modernization Seminar held in Colombia in 2006 and the “change management” approach will take place in the coming semester. The Paraguayan cooperative institutions that will support this activity are Incoop and Conpacoop (Paraguayan Confederation of Cooperatives). It is expected that a significant number of cooperative directors and other representatives from the public and private sectors will attend this event. This event is currently being

developed in coordination with ACDI/VOCA-Paraguay, ACDI/VOCA-Colombia and the Colombian Coffee Federation (FEDERACAFE).

A change management seminar conducted by BARA is also planned in the coming semester that will once again bring together cooperative representatives from the different CDP participant countries. ACDI/VOCA-Bolivia will play host to the participants and plans to share the vast work and experience of producer cooperatives in Bolivia with the participating CDP representatives.

Coordination with cooperatives, institutions and organizations from the country will continue in order to define work plans and scopes of work. Local public institutions like municipalities and technical mission like GTZ are being contacted in order to further CDP-Paraguay's effectiveness.

The BARA team is expected to return to Paraguay to continue the work on the "change management" approach with cooperatives. This visit is yet to be determined but once dates are decided upon, logistics and coordination work will be done with several cooperatives and institutions in order to maximize the BARA team visit and investigations.