

ACDI



VOCA

We are pleased to introduce the first annual report of the consolidated ACDI/VOCA. For ease of readership, the report is presented in two sections—the long-term projects previously associated with Agricultural Cooperative Development International (*beginning on page 6*) and the short-term, volunteer initiatives advanced by Volunteers in Overseas Cooperative Assistance (*beginning on page 22*).



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A UNITED APPROACH TO DEVELOPMENT & TRADE

ACDI/VOCA is a private, nonprofit international development organization providing high-quality expertise at the request of agribusinesses, cooperatives, and private and government agencies abroad.

Committed to expanding economic opportunities in the developing and emerging economies, ACDI/VOCA combines the advantages of long- and short-term technical assistance to offer a united approach to development and trade. Its program of support fosters growth at the grass-roots level where long-lasting advancement begins and democratic traditions take hold.

With the integral participation of counterparts overseas, ACDI/VOCA consultants and volunteers provide an array of technical skills that introduces new ideas, improved technologies and proven management practices. This expertise supports the development of democratic societies and addresses the pressing economic and food production concerns of nations taking steps to become stronger players in the global marketplace.

ACDI/VOCA programs promote:

- > *small- and medium-scale agribusinesses and enterprises;*
- > *democratically based private farmer associations;*
- > *networks for future world trade alliances;*
- > *rural credit and banking systems;*
- > *the transfer of skills through in-country training and overseas exchange programs; and,*
- > *the sustainable management of natural resources and the environment through assistance to farmers, nonprofit organizations and governments.*

A member-owned and supported organization, ACDI/VOCA collaborated on 33 long-term projects and 775 short-term, volunteer assignments in emerging market and developing countries in 1996. 



MESSAGE FROM THE PRESIDENT

1996 was truly a milestone year. We saw the union of Agricultural Cooperative Development International (ACDI) and Volunteers in Overseas Cooperative Assistance (VOCA). In June 1996, it was my privilege to join these two highly respected organizations to serve as president of the consolidated ACDI/VOCA organization. These complementary international agricultural development organizations are now united to create new synergies and efficiencies from our more than 60 years of combined experience in 110 countries throughout the world.



Like a good marriage, our consolidation has brought together the best qualities of two entities. ACDI is widely known for its food systems approach to development that has helped link all sectors, including rural finance, production, marketing and more that are needed to create sustainable group-based businesses. Meanwhile, VOCA is a showcase of the amazing results that take place through American volunteerism. We have the largest agricultural volunteer network in the United States with more than 4,000 Americans who stand ready to donate their time and talent overseas. Together, ACDI/VOCA is integrating these volunteer assignments with the long-term partnerships of ACDI projects.

Just as the consolidation has brought change to our organization, we recognize that ACDI/VOCA must be poised for a world that is undergoing rapid change as well. We are a dynamic organization. This is proven by the record number of significant grants and contracts won by ACDI/VOCA in 1996 in countries ranging from Poland to the Philippines even as the funding for international economic assistance was curtailed.

Furthermore, our clients have captured the spirit of the expanding global marketplace. Developing and emerging market nations are graduating from being aid

recipients and are becoming U.S. trading partners. A prime example is South Korea, which imports three times as much in U.S. goods annually as it received in U.S. aid during the entire decade of the 1960s. ACDI/VOCA is at the front end of the chain reaction that occurs when countries seek the same qualities of life and products that we Americans enjoy. Through our deep ties with the world's new crop of entrepreneurs and U.S. businesses, ACDI/VOCA forges win-win relationships for both.

In fact, maybe it would be more appropriate to say 1996 wasn't as much a milestone year as it was a year where we set a new milemarker. We look forward to many more.

Handwritten signature of Michael W. Deegan.

Michael Deegan

President

IN THE ANDEAN FOOTHILLS OF BOLIVIA, ACDI/VOCA PRESIDENT MIKE DEEGAN MEETS WITH SMALL-SCALE PRODUCERS WHO ARE USING A NUMBER OF ORGANIC METHODS TO CULTIVATE THEIR VEGETABLE GARDENS. COLLABORATING WITH A LOCAL ORGANIZATION IN THE REGION, ACDI/VOCA VOLUNTEERS ALVARO HERNANDEZ AND RONALD ESTRADA HELPED DESIGN AN INTEGRATED PEST MANAGEMENT PROGRAM. TODAY, PRODUCERS ARE APPLYING A VARIETY OF TECHNIQUES WITHOUT THE USE OF PESTICIDES TO HARVEST 900 KILOS OF VEGETABLES A MONTH. THEY SELL THE ORGANIC PRODUCE AT UPSCALE MARKETS IN SANTA CRUZ.

MESSAGE FROM THE CHAIRMAN

The saying goes that some people are born leaders, but I think that organizations can be created to lead as well. Such was the case with ACDI and VOCA, now the consolidated ACDI/VOCA. Agricultural cooperative representatives founded these two organizations some 30 years ago with the intent of promoting international cooperation. They recognized the value of improving lives of the people in developing countries and emerging democracies, and that this would be good for the United States as well.

Cooperative leaders are pleased that nations around the globe have benefited from ACDI/VOCA's success in assisting countries in feeding themselves, improving their environments and adopting democratic principles. ACDI/VOCA has helped enable millions of people abroad to share in the satisfaction of personal responsibility for their destinies through member-controlled businesses and associations.

Here on our own shores, the wisdom of fostering such international ties was reinforced with the passage of the Food and Agriculture Improvement and Reform (FAIR) Act of 1996. This export-oriented Farm Bill made U.S. agriculture's commitment to international activities more important than ever.



I have a unique vantage point on this issue having served as the chairman of the board of ACDI/VOCA and now in my new role as chief executive officer of Southern States Cooperative. The time has never been better for U.S. cooperatives and other businesses to integrate their efforts to create mutually beneficial international relationships through ACDI/VOCA. This organization has paved a path of democracy to countries and assisted entrepreneurs in places where U.S. agricultural cooperatives and other businesses now seek trading partners.

The pace of this work will be astonishing. World population is currently at 5.7 billion and is expected to increase by 90 million people each year. The United Nations projects that by the year 2025 world population will exceed 7.6 billion, thereby creating the opportunities and challenges that have made ACDI/VOCA a global leader.

It was an honor to serve as chairman of ACDI and VOCA during my tenure as chief executive officer of the National Council of Farmer Cooperatives (NCFC). I and the organization owe deep thanks to Acting Board Chairman James Krzyminski and offer best wishes to David Graves as he takes the reins as the new chairman.

Wayne Boutwell

Chairman

THE EFFECTIVE ACDI/VOCA METHOD

The expertise of a committed corps of professionals working on projects developed through ACDI/VOCA's proven methodology offers unique benefits in fostering viable economic development:

DEMAND-DRIVEN ASSISTANCE MEETS CLIENTS' REAL NEEDS

The clients themselves seek ACDI/VOCA advice. A formal request for assistance from the host organization is needed to begin the process.

COST-EFFECTIVENESS

ACDI/VOCA projects maximize resources by delivering assistance at minimal cost. Long-term projects may use a mix of volunteers and consultants. ACDI/VOCA's strong volunteer program is built upon the willingness of professionals who donate their time and talent for two-week to three-month assignments. Contributed services from volunteers and host organizations such as transportation, housing and other noncash donations can more than double the value of the initial donor investment.

CREDIBILITY

ACDI/VOCA experts work at the grass-roots level on behalf of the requesting organizations and are required to abide by a code of professional conduct.



ACDI/VOCA works with farmers deep in the Amazon's rain forest to encourage the careful stewardship of natural resources.

COMMERCIAL BRIDGES

ACDI/VOCA helps build long-term commercial bridges between the client and enterprises both within the country and region and with U.S. firms.

COOPERATIVE PRINCIPLES

In close alliance with the U.S. cooperative community, ACDI/VOCA works with private farmer associations worldwide, transferring cooperative principles and the wealth of cooperative experience that have fostered the economic development of rural areas in the United States.

ACDI/VOCA SUPPORTS

SMALL-SCALE ENTREPRENEURS

LIKE THIS TAILOR.

Member-owned associations foster democracy, free enterprise and self-reliance as members create the laws and determine the services that will enable them to compete successfully in a free-market system.

PROVEN IMPACT

With technical assistance needs clearly defined and tailored to each client, assignments produce immediate, quantifiable results.

ONGOING SUPPORT

Whether through long-term systemic projects or successive assignments by consultants and volunteers to the same client, ACDI/VOCA provides individual enterprises with a broad variety of expertise over time, enhancing the client's potential for sustained economic viability. Moreover, consultants and volunteers, independently of ACDI/VOCA, frequently sustain relationships with their clients once they have returned home by continuing to provide their counterparts with both expertise and goods.

ENTERPRISE STRENGTHENING

ACDI/VOCA promotes a process that leads to independence, not dependency, by providing practical advice and counsel to clients who then implement the recommendations as appropriate to their own needs.

UNIQUE RESOURCES FOR INTERNATIONAL DEVELOPMENT

Most ACDI/VOCA consultants and volunteers come from the private sector and are people who would not otherwise be involved in global economic development.

SUSTAINABLE DEVELOPMENT

ACDI/VOCA consultants and volunteers offer a broad range of expertise to encourage the careful stewardship of natural resources ranging from promoting sustainable agriculture to designing national park management plans.

FOOD SYSTEMS APPROACH

Food is produced through a complex system of interrelated institutions with the farmer at the center. Farmers depend upon the availability of affordable farm supplies and ready markets for their products. They also rely on a host of supporting organizations for information, financial services, logistics, processing and marketing. ACDI/VOCA projects are carried out with full awareness of these interdependencies.

Furthermore, ACDI/VOCA administers U.S.-donated food aid commodities in a way that stimulates local economies and agricultural markets and promotes long-term food security.



ACDI/VOCA's flexible food systems approach stimulates local economies and agricultural markets and promotes long-term food security.

SHARING THE EXPERIENCE

Upon returning home, volunteers share their experiences with their communities and their professional peers. They deliver the important

message that economic prosperity in developing countries and emerging democracies is the foundation for global peace and prosperity.

KAZAK FISHERMEN

SIZE UP THE DAY'S

CATCH.



PROMOTING AGRICULTURE & TRADE FOR THE GLOBAL ECONOMY

1996 was a year of continued growth of the global food economy—an environment conducive to ACDI/VOCA's agribusiness-oriented international development approach. ACDI/VOCA has long recognized that private sector business activity is the engine that drives economic development. Because food production and distribution systems are basic to the development of any economy, it is essential that agribusiness activity be promoted. U.S. Secretary of Agriculture Dan Glickman stated, "Productive agricultural sectors spur strong overall economic growth in developing nations, increasing incomes, promoting political stability, and setting off a chain reaction in trade that benefits both countries."

The industrialized countries of the world have a major stake in agribusiness and trade development. Increasingly productive farmers in the developed world face stagnating population growth in traditional markets while in the nonindustrialized world food demand is escalating rapidly. U.S. agricultural trade with developing economies currently exceeds that with Europe and Japan. The World Bank forecasts that during the next decade developing economies will have growth rates twice those of industrialized ones. As agribusinesses and trade flows develop in these emerging democracies, millions of additional consumers will join the middle class and demand more, diverse, and better food and fiber.

ACDI/VOCA is uniquely positioned to provide the resources and impetus for private sector agribusiness formation and trade in developing economies. An authority on organizing the agriculture sector, ACDI/VOCA has more than 60 years of combined experience in international development. ACDI/VOCA is owned by agribusinesses and farmer organizations that read like a "Who's Who in U.S. Agriculture." Among them are U.S. farm credit banks that provide all-important financing for America's agriculture.

By accessing and utilizing the resources and business interests of our member cooperatives and other U.S. agribusinesses, ACDI/VOCA catalyzes private sector agribusiness and trade development in emerging economies. In so doing, ACDI/VOCA creates a win-win result for both the developing nation and for the United States.

Specifically, ACDI/VOCA:

- *provides business management training through U.S. agribusiness firms;*
- *enlists U.S. experts to advise and assist with agribusiness formation and development;*
- *facilitates business investment and joint ventures;*
- *sources products and materials for trade; and,*
- *assists with trade and investment financing.*



1996 was a record year for agricultural exports with almost \$60 billion of U.S. productivity moving offshore. ACDI/VOCA is helping U.S. agribusiness tap growing markets abroad.

BUSINESS TRAINING

ACDI/VOCA's member firms and other U.S. agribusinesses provide the setting for many budding business entrepreneurs from developing nations to learn business management principles first hand. Take for example OLMi Milk Products company of Kumanovo, Macedonia. Olivera Spasic, the entrepreneurial owner of this yogurt and cheese company, participated in an ACDI/VOCA-sponsored U.S. study tour where she had the opportunity to visit dairy farms and cheese and yogurt factories, and attend a university short course. Within a week after returning home, Spasic had implemented many of the practices learned on her study tour. Her small business realized a 25 percent sustained increase in production with no increase in labor. OLMi now profitably processes, packages and markets dairy products to more than 80 retail stores. Olivera Spasic has increased her business capacity by over 200 percent due to the training she received in the U.S.

**ASSISTING WITH
AGRIBUSINESS FORMATION
THROUGH BUSINESS LINKAGES**

One of the more successful ACDI/VOCA agribusiness and trade development programs has been the USAID-funded program in Hungary where 67 Hungarian agribusiness firms have been matched with 60 U.S. agribusinesses. As a result, 25 trade transactions, two joint venture agreements and several strategic marketing agreements have taken place. For example, Califrance, Inc. and Barrel Builders, Inc. of Napa Valley, Calif., purchased wine barrels from Budapesti Kadar. Barrel Builders is brokering and providing warranty service for barrels produced by Budapesti Kadar and has offered to provide technical assistance to help the Hungarian firm mechanize and standardize production.

Executives from each of the U.S. companies have traveled to Hungary for up to two weeks to explore trade and business opportunities and assist their counterpart firm with improved business management capabilities. Afterward, executives from each Hungarian firm traveled to the United States to attend a workshop on free enterprise and visit their U.S. counterpart business firm.

ACDI/VOCA, responding to the Gore-Mubarak initiative aimed at building U.S. commercial ties with Egypt, led a team of U.S. cooperative and agribusiness leaders to Cairo to explore trade opportunities. ACDI/VOCA participation this year in the Sahara Agricultural Exhibition also fostered ties between U.S. and Egyptian agribusinesses. Countrymark, one of the participating cooperatives, reports that the exhibit generated over 100 inquiries from Egyptian business interests relating to trade and investment.

In late December, ACDI/VOCA embarked on a major USAID-funded project in Egypt that will link Egyptian farmers and U.S. experts, provide for bilateral business-to-business exchanges, facilitate Egyptian farmer training tours to the United States, and sponsor seminars and training sessions.

**PURSUING JOINT
VENTURE OPPORTUNITIES**

Through the USAID-funded Food Systems Restructuring Project (FSRP), ACDI/VOCA has played a pivotal role in the creation of a new joint venture in Central Asia. In February 1996, ACDI/VOCA introduced Koch Supplies Inc. to a Kazakstan agribusiness named Tsesna Corporation. During the initial meetings, it was decided that the two companies would pursue the establishment of a meat processing joint venture. Under a grant from FSRP, ACDI/VOCA helped Koch to complete this joint venture in record time.

In July, Koch began negotiating the structure and financing of the meat processing joint venture with the Central Asian-American Enterprise Fund (CAAEF), Tsesna and FSRP. In early September, the joint venture was created. It established a new joint stock company, IRIS, Inc. IRIS will operate a meat processing plant in Akmola which is expected to be operational in mid 1997.

Capitalization consists of \$1.2 million of shareholder equity and a \$1.5 million 4 1/2-year loan supplied by the CAAEF. Once operational, ACDI/VOCA will provide another grant to Koch for training in Western finance and accounting practices.

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"KAZAKSTAN HAS AN EXTREMELY TREACHEROUS BUSINESS ENVIRONMENT, AND WE COULD NOT AND WOULD NOT HAVE VENTURED INTO THIS MARKET WITHOUT THE HAND-HOLDING AND SUPPORT FROM YOUR ORGANIZATION. WITHOUT ACDI HELPING TO MINIMIZE OUR UP-FRONT INVESTMENT RISK, THIS NEW COMPANY WOULD HAVE NEVER BEEN FORMED."

— JOHN STARR, CHIEF OPERATING OFFICER,
KOCH SUPPLIES INC.

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**VOLUNTEER LEROY VANICEK
CHECKS THE QUALITY OF THE
GRAIN AVAILABLE AT A LOCAL
MARKET IN ETHIOPIA.**

Groundbreaking for the one-year IRIS plant construction project occurred in October. Tsesna will retail the products out of its own retail stores and other outlets. Anticipated production of the finished product will be nearly 40 metric tons per month. The financial projections for IRIS show return on investment growing from 27.1 percent in year one to 48.9 percent in year six.

Training of the work force and management of the new plant is a crucial element of the plan to provide improved quantity and quality of meat in local markets. Therefore, Koch received an ACDI/VOCA grant to train IRIS managers in finance, accounting and information systems.

SOURCING AGRICULTURAL COMMODITIES AND PRODUCTS FOR TRADE

ACDI/VOCA routinely refers trade opportunities to its member cooperatives and other U.S. agribusinesses. Also, ACDI/VOCA regularly suggests sources of foreign country products to U.S. agribusinesses. Recently, Farmland Industries, Inc., a U.S. cooperative member of ACDI/VOCA, provided 7,500 tons of wheat under the U.S. Food for Progress program to the Kyrgyz Republic where it will be monetized. The local currency proceeds will be used to support economic development activities.

A recent ACDI/VOCA Latin America project sourced off-season fruits and vegetables for several U.S. agribusinesses and contributed more than \$12 million in foreign exchange earnings for agribusinesses in four Latin American countries.



Tom Garnett, vice president for international sales of Southern States Cooperative, tours a model farm as part of an ACDI/VOCA team of U.S. cooperative and agribusiness leaders that explored trade opportunities in Egypt.

ACDI/VOCA also has sourced commodities such as thistle for use as bird feed, herbs and spices, and other specialty products for U.S. agribusinesses seeking sources for their customers. Many of the arrangements which result from this activity become long-lasting trade relationships between U.S. and offshore agribusinesses.

ACDI/VOCA recently completed a soybean market assessment for the American Soybean Association in South Africa. It found that many South African companies want to establish trade and business ties with U.S. companies and buy U.S. soybeans and soy products. ACDI/VOCA has negotiated with the American Soybean Association to further assist with their trade interests in South Africa.

DISSEMINATING MARKET INFORMATION

The ACDI/VOCA Marketing Information Project is the first project in Egypt to disseminate market prices through the mass media. This project, through daily broadcasting and publishing of wholesale fruit and vegetable prices, has become vital to farmers, local traders, and fruit and vegetable exporters in Egypt. It is used by Egyptian export companies and farmers producing for the export market as a guide for negotiating their prices. Data gathered by the project are used to develop fruit and vegetable time series information. 🌍



EXPANDING ACCESS TO RURAL FINANCIAL SERVICES

For more than 30 years, ACDI/VOCA has cultivated expertise in the development and strengthening of rural financial services. ACDI/VOCA was formed by U.S. cooperatives and farm credit banks that have played a central role in rural development in the United States. ACDI/VOCA's work has always followed an approach that integrates the experiences of its members and those of farmers and institutions overseas. Their common experiences lead to effective solutions that strengthen rural financial institutions.

Reliable financial services are vital to rural development. Sound loans allow farmers to invest in more profitable cropping patterns and technology and allow non-farm businesses to form and expand. Savings instruments help rural families to manage the risk and seasonality of their economy. Low-cost, modern payment systems expand commerce by cutting the costs and risks involved in simple commercial transactions.

Rural individuals and businesses have limited access to reliable, formal financial services. As bankers and rural residents in any part of the world attest, there are high risks and costs associated with providing services to dispersed populations who are often involved in the same risky and highly seasonal economic activities.

Reliable, rural financial services are possible. Despite the challenging environment, rural financial institutions flourish in all regions of the world. While they include a range of institutional structures—nonprofit foundation, credit union, finance company, cooperative bank, community bank, and commercial bank—the successful ones have all shared two qualities:

- *a systems approach in which the financial institution defines its services and procedures to fit within existing market realities: the demands of its customers, the economic activities in which they are involved, the relationships they have with suppliers and customers, the risks they face and incentives they respond to, and the range of financial services—deposit taking, loans, commercial financing, funds transfer—that are currently delivered or demanded in the region.*
- *sound fundamental financial practices, including:*
 - *economic incentives in all products and services: competitive cost structures, prices that cover costs, adequate security arrangements, and disbursement and collections schedules that recognize the cash flow patterns of the activities being financed;*

VOLUNTEER BRUCE DOLPH, A FORMER IBM SALES MANAGER AND SYSTEMS ENGINEER, WORKS WITH STAFF MEMBERS OF THE UGANDA OILSEED PROCESSOR'S ASSOCIATION ON DEVELOPING A MONITORING AND EVALUATION SYSTEM FOR THE ASSOCIATION.

- *effective screening of borrowers based on their character, capital, earning capacity, collateral and the soundness of the activity being financed; and,*
- *the effective monitoring and consistent enforcement of contracts and agreements.*

In 1996, ACDI/VOCA continued to act on the conviction that rural financial services are both vital and, when delivered effectively, profitable. The following case studies illustrate the impact of these financial programs.

AGROCAPITAL IN BOLIVIA

In 1992, ACDI joined a Bolivian government agency, the PL-480 Executive Secretariat, to form Agrocapital, a nonprofit foundation, to extend credit to rural Bolivia. Grant funds from USAID provided for ACDI technical assistance, and funds from the government of Bolivia financed the loans. Most of these loan funds arrived not in cash, but as part of a troubled loan portfolio once administered by the government. After a series of failed government programs and the bankruptcy of the government agricultural bank, many in Bolivia believed that rural finance was not feasible.

In five years of operation, Agrocapital has changed that perception. In that time, its loan portfolio grew from under \$1 million to \$9 million. With loans to microentrepreneurs, farmers, agribusinesses, and rural services, Agrocapital served some 3,500 customers in 1996. At the end of the year, only 2.3 percent of its portfolio was in arrears by one day or more. Agrocapital, through its rapid but solid growth, has demonstrated that a significant demand exists for sound rural financial services, that rural customers repay their debts as well as urban ones do, and that a rural

financial institution can be profitable and self-sustaining in Bolivia.

With growth constrained by its limited resources, Agrocapital began to borrow from commercial banks, expanding its base of loan funds. At the same time, it prepared an application to the Superintendency of Banks for a license to create, with other investors, a for-profit finance company that would continue Agrocapital's loans while branching out into new services, including savings accounts and certificates of deposits. The application will be reviewed by the Superintendency in 1997. With this license, Agrocapital FFP, as the new company will be called, will be poised to expand its already considerable impact to the rural residents of Bolivia.

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ACDI/VOCA'S ARVIN BUNKER EXPLAINS HOW AGROCAPITAL IS DIFFERENT FROM THE INSTITUTIONS THAT HAVE FAILED BEFORE: "FIRST OF ALL, WE LET THE CUSTOMER DETERMINE THE PURPOSE OF A LOAN. OUR LOAN OFFICERS WORK IN THE FIELD, WHERE OUR CUSTOMERS WORK AND LIVE, SO THEY ARE ABLE TO EVALUATE A LOAN PROPOSAL. IF IT IS VIABLE, WE DETERMINE THE LOAN AMOUNT AND TERM BASED ON REPAYMENT CAPACITY, NOT A PREORDAINED PAYMENT SCHEDULE. AND WE PROVIDE RAPID SERVICE, USE SIMPLE, TRANSPARENT PROCEDURES, AND CHARGE COMPETITIVE INTEREST RATES."

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COOPERATIVE BANK OF UGANDA

Instilling sound business practices is the focus of ACDI/VOCA's Cooperative Bank project in Uganda. Since early 1994 a team of bankers has implemented a radical restructuring and recapitalization plan, emphasizing strict financial discipline, staff

training, improved credit administration, retrenchment of redundant or dishonest staff, automation of accounting and portfolio management operations at all branches, aggressive savings mobilization and new capital formation.

As a result of ACDI's restructuring efforts over the last two years, the Cooperative Bank was able to reduce staff by 33 percent and significantly cut operating costs, while increasing revenues by 117 percent in 1994 and a further 85 percent in 1995. The bank turned a \$220,000 net profit in 1995, its first in nine years. As of August 1, it was running a net profit of \$910,000 for the first seven months of 1996. As a result of its strong performance, the bank is now expanding its operations from 24 to 30 branches in order to serve every corner of Uganda. It has become the largest profitable full-network bank in the nation.

COOPERATIVE BANK DEVELOPMENT IN POLAND

When ACDI began this project in 1991, it encountered a cooperative banking system dating back to 1861, when Raiffeisen Savings and Loan cooperatives were organized in the section of Poland that was then under Prussian rule. There were still 1,600 local banks 130 years later. With the fall of the government agricultural bank that had dominated them for 40 years, they faced their new-found independence depleted of capital and lacking credit and marketing skills.

The challenge in 1991 was how to develop these vital resources in so many institutions. The project instituted three regional banks, owned and controlled by participating local banks, that could effectively deliver financial and technical services to its members. Local bank employees received training

in such basic tools as cash-flow analysis and basic farm record keeping. A guarantee fund, established to provide financial assistance to troubled local banks, operated within a broader program that required participating banks to develop, monitor and comply with business plans.

As the local banks were strengthened, their demand for more sophisticated services grew. Business plans were developed using a financial projection model. The banks are using project-developed software to measure and compare their performance with other banks in a Cooperative Bank Peer

Group Analysis Program. The national bank regulator has begun to use the program in its monitoring of bank performance.

DESIGNING RURAL FINANCE PROJECTS

In 1996, the InterAmerican Development Bank contracted ACDI/VOCA to help develop a rural finance strategy. Similarly, the Asian Development Bank hired ACDI/VOCA to assist the Chinese government to develop a cooperative banking strategy. Together with its subcontractor, Price Waterhouse, and two Chinese banks, ACDI/VOCA has developed plans for this fast-growing, non-state sector. The plans cover areas such as banking structure, regulation and supervision, payment and clearing systems and rural banking, and include the design of training programs for rural cooperative managers. Finally, ACDI/VOCA is a subcontractor to the Japanese Central Union of Agricultural Cooperatives on a project in Indonesia. ACDI/VOCA is analyzing the demand for financial services by village cooperatives in seven provinces and assessing the formal financial sector's ability to meet this demand.

A SYSTEMS APPROACH: FROM MICROFINANCE TO FORWARD CONTRACTS

ACDI/VOCA helps rural institutions to deliver a range of effective services. In Bolivia, Egypt, Peru and Cape Verde, this has meant helping to develop loans for microenterprises. These loans range in value from \$100 to a few thousand dollars. Loans are processed more quickly and without the paperwork involved in collateral-based lending. Starting with small loans, and often with at least one cosigner, a borrower is able to develop a credit history, an asset that grows with his or her business.

**AN EGYPTIAN BORROWER OBTAINS A LOAN UNDER AN ACDI/VOCA PROJECT.
THE SUCCESS OF THE LOAN RECIPIENTS' ENTERPRISES AND THE REPAYMENT RATE OF THE
LOANS CONFIRM THAT CREDIT CAN PROFITABLY REACH GRASS-ROOTS BORROWERS.**

Through an innovative savings mobilization program introduced in Uganda by ACDI, the Bank for Cooperatives has doubled deposits in the last two years to more than \$39 million, or 8.8 percent of all bank deposits in the country. More than 110,000 rural depositors are participating. As of August 1, 1996, the bank had \$17 million of liquid assets in the form of treasury bills, short-term placements, and clearing accounts.

A country's regulation and policy framework is an important factor in the development of sustainable rural financial services. As in Poland, ACDI/VOCA has worked with national banks in the areas of information and banking standards. Under ACDI/VOCA's Farmer-to-Farmer Program, two volunteers worked with the National Bank of Kyrgyzstan to develop a chart of accounts, accounting policies and an accounting transition guide designed to help that nation's banking system adopt international banking standards.

Finally, volunteers and ACDI/VOCA advisors have played a key role in developing new and effective financial products and services: from state-of-the-art management information systems in Uganda and Bolivia, to forward contracts for grain and rice in Russia.

SUPPORTING WOMEN-OWNED ENTERPRISES

The Rural Cottage Industries Development (RCID) project is ACDI/VOCA's flagship project in Egypt to increase the participation of women in rural enterprises. RCID provides resources for women-owned businesses by means of a revolving credit scheme. For the past two years, the RCID project has trained more than 600 women in 39 rural villages

in establishing and managing their own businesses, from business plan to production to marketing. An integral part of this program is making credit accessible to them as needed through the project's credit fund.

A major benefit of the project has been raising the rural women's business and entrepreneurial skills to a level at which institutional credit is accessible to them. Although the project title suggests small-scale auxiliary income, many of the women's enterprises generate the major portion of the families' total earnings. The project's own revolving fund has provided a first step to understanding the use of credit and has provided a credit track record for these women. ♡

SAFAA FARES MOHAMED EL SAYED'S HOME-BASED CLOTHING MANUFACTURING BUSINESS HAS BENEFITED FROM BUSINESS TRAINING AND A SERIES OF LARGER AND LARGER LOANS UNDER ACDI/VOCA'S RURAL COTTAGE INDUSTRIES DEVELOPMENT PROJECT.



In 1996, ACDI/VOCA continued to manage customized training and exchange programs worldwide in agriculture, agribusiness, rural finance and institution-building. These programs foster the success and sustainability of private enterprises and financial institutions, identify future leaders, establish long-term relations and facilitate trade partnerships.

One of the first joint projects of ACDI/VOCA, the Private Agribusiness Development (PAD) program assists private agribusinesses in Central and Eastern Europe through an integrated program of short-term technical assistance and training. PAD conducted 214 training courses this year and, since September 1, 1994, has presented courses in Albania, Bulgaria, Macedonia, Poland, and Romania. USAID will raise funding levels in Romania and Bulgaria for 1997.

The training aims to:

- assist private farmers, privatized collective farms, and newly-formed private agribusinesses to develop their management and technical capabilities to succeed in market economies;
- foster the creation and growth of private agribusiness support systems, such as agribusiness trade and industry associations; and,
- promote the formulation and adoption of free-market policies and procedures in the agricultural sectors of the Central and Eastern European countries.

For the past two years, ACDI and VOCA have worked together to identify and focus on agribusiness sectors which offer good prospects for the development of small- and medium-scale private enterprises. ACDI and VOCA have jointly selected the Romanian milling, baking and meat



ACDI/VOCA's Jim Herne (left) meets with Mihai Visan of the Romanian Meat Processors Association behind the counter of Visan's retail shop, one of the many new private firms that are displacing state-run operations.

processing industries as those with the best opportunities to spawn viable agribusiness and food processing firms.

ACDI/VOCA began its assistance program in Bulgaria by focusing on the private meat processing industry. Many private firms and small businesses have benefited from a series of short, targeted, technical seminars, with materials presented by U.S. livestock and meat processing experts. One of the most important results of this assistance is the formation of the Private Meat Processors Association, which is now well established and working to promote the interests of its membership. Continued ACDI/VOCA assistance has helped the organization solidify its operations and gain market share.

As a result of PAD activities in the wheat milling industry, and in particular the study groups that were sent to the United States, a large American agribusiness firm will be

making a \$25 million investment in the Romanian wheat milling industry. This project will bring three of the private millers assisted by PAD in as local partners in the establishment of three modern flour mills which will use American-made equipment for handling and milling wheat.

JOINING RESOURCES FOR POLISH BUSINESS DEVELOPMENT

ACDI/VOCA, Land O'Lakes and CARESBAC are the partners in the SMART (Small and Medium Agribusiness Resource Triangle) consortium that is improving the operations and profitability of Poland's private small and medium agribusinesses. Operating since October 1995, its strategic approaches include:

- improving the performance of small and medium-sized enterprises committed to adopting modern management practices by sending

a core group of leaders to the U.S. for focused training.

- *Developing a cadre of trained Polish business service providers and institutionalized training programs so these Polish organizations can provide quality business services after SMART's conclusion.*
- *Developing quality business customers for Poland's independent cooperative banks.*

The SMART consortium has assisted in developing Agroszansa—a nationwide web of local service networks called Business Assistance Centers. These centers, linked to a central service and information hub, disseminate information and match targeted firms with equipment manufacturers, customers, suppliers,

marketing specialists, training providers, technical assistance providers, industry service programs and sources of capital. Currently on file are data on 800 firms, and the database is expected to soon grow to more than 1,200 firms.

The Business Support Program (BSP), SMART's follow-up project, seeks to help small and medium-sized enterprises address challenges to a competitive business environment. Since SMART's conclusion at the end of 1996, unclear or unfriendly government policies, lack of financing and lack of know-how have been identified as challenges to successful enterprise management. The three-year BSP will confront these challenges by

strengthening the network of business support organizations and linking small and medium-sized enterprises with tools and training to access information, markets and financing. More than 90 Polish business consultants and 30 business support organization managers will be partnered with expatriate consultants to deliver business consulting services.

ESTABLISHING MODEL ASSOCIATIONS AND SERVICE CENTERS

Under the auspices of a USAID cooperative agreement, ACDI/VOCA has implemented projects in conjunction with the Cooperative Housing Foundation and other members of the Overseas Cooperative Development Council. These have included the establishment of a Model Non-Governmental Organization (NGO) Project and Technical Service

**ROMANIAN BAKERS SHOW OFF A NEW
PRODUCT CREATED WITH THE ASSISTANCE
OF VOLUNTEER JAN NIJSSEN SR.**

Center in Timisoara. This project provides technical assistance and training to local NGOs and has kept ACDI/VOCA busy responding to task orders for training, including recommendations on the development of a small business loan program.

SPREADING THE AG MESSAGE

ACDI/VOCA's entertaining and informative agricultural television series in Egypt was called "phenomenally successful" by a World Bank media specialist. More than 65 percent of rural farmers watch *Serr El Ard* ("Secrets of the Land") compared with less than three percent who watch other agricultural programs on the same network, and 15 out of 20 women viewers have increased income by applying techniques taught in the show.

IMPROVING FARMER TECHNIQUES THROUGH EGYPT'S FARMER-TO-FARMER PROGRAM

The Farmer-to-Farmer Program's goal is to increase private sector agricultural investment, productivity and income. Since 1987, it has used a combination of technical assistance, U.S. and local participant training and outreach activities to provide Egyptian farmers and extension agents with improved farming technologies and farm management techniques. Operating in 12 governorates, the program transferred 543 new technologies to more than 15,000 Egyptian farmers.

A key component of the program was the technical assistance provided by farmers, researchers and extension agents serving as ACDI/VOCA volunteers. Over the life of the project, 125 volunteers spent an average of four weeks each working with Egyptian farmers and extension agents and conducting on-farm training sessions. An impact assessment conducted in 1996 showed that the program was a cost-effective and efficient approach to



Volunteer Jeff Hinshaw shows how to measure the oxygen content of water flowing into a fish pond in Macedonia.

transferring appropriate technology. It reported a return on investment, with respect to core farmer participants, of nearly \$3 for every \$1 of USAID grant funds. With non-core farmers added to the calculation, the return is raised significantly. It also proved that Farmer-to-Farmer's person-to-person approach, coupled with multiple interventions,

enabled Egyptian farmers to increase yields, decrease costs and improve the quality of their produce. 🌱

Throughout its various programs, ACDI/VOCA uses a food systems approach to agricultural development. In the food aid arena, ACDI/VOCA strives to focus on the impact of food aid commodities on the local marketplace and to channel funds generated from monetizing commodities to catalyze the development of the overall food production and delivery system. ACDI/VOCA's strategy in the area of food aid is designed to:

- establish private alternatives to public sector control of the food system;
- use the monetization process as a means of developing internal and external markets; and,
- integrate food aid projects with other projects addressing food security constraints.

The Food for Development Program emphasizes food as a development resource. The agricultural commodities themselves can be an important development tool in the institutional restructuring of free-market food systems.

An example of this is in Uganda where ACDI/VOCA created a program in which food aid, in the form of vegetable oil, is sold by public tender. Thus, a private wholesale market has been created where once all food imports were handled by a state-run marketing board.

ACDI has been successful in extending the Uganda model to other countries receiving food aid, even in one of the most difficult countries for developing self-sufficient food systems, Cape Verde. In good years this West African nation produces only 20 percent of its food needs. In September 1996, ACDI signed a five-year agreement with



At the signing ceremony for the new Cape Verde Food for Development project are (from left): Congressman Barney Frank, Senator John Kerry, USAID Administrator Brian Atwood, and Senators Claiborne Pell and Edward Kennedy. The congressional leaders described the ACDI/VOCA effort as an important bridge to addressing Cape Verde's food problem.

USAID and the government of Cape Verde to manage the importation of U.S. rice and corn into that country.

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 THIS INNOVATIVE PROGRAM WAS PRAISED IN AN EVALUATION: "THE UGANDA MONETIZATION EXPERIENCE DEMONSTRATES THE COMPARATIVE ADVANTAGE THAT BUSINESS-ORIENTED COOPERATIVES AND PVOs HAVE OVER OTHERS IN LEARNING ABOUT AND CARRYING OUT COMMODITY SALES. THIS LESSON HAS IMPORTANT IMPLICATIONS FOR BROADER AID MONETIZATION POLICIES."

Since USAID is closing its mission in Cape Verde, the project reflects the agency's confidence in ACDI to function independently. The commodities are sold in local markets for maximum economic development effect and to preclude Cape Verde

dependency on free food. The proceeds of the sales are invested in the entire food system, from soil and water conservation activities and farmer association building to credit programs for small rural businesses and microenterprises.

Food for Development has also extended its programs into Georgia and the Kyrgyz Republic under USDA's Food for Progress program. Food aid commodities are monetized via a public auction to the private sector, a first in both countries and a boon to creating a viable market economy. 🌍

MANAGING NATURAL RESOURCES



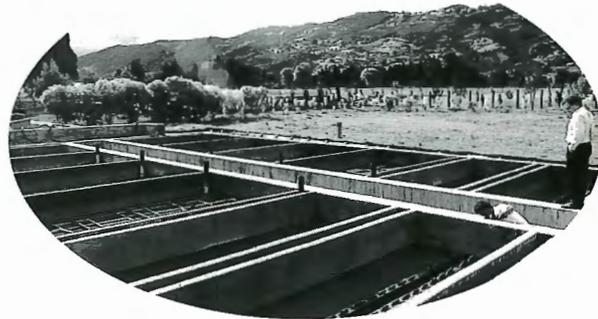
In developing countries, needy farmers often encroach upon environmentally sensitive areas such as parks, nature reserves and watersheds that are surrounded by agricultural land. By working with farmer organizations, community groups and local government officials, ACDI/VOCA has helped rural families to increase their incomes and recognize their stake in sustainable agricultural practices that help preserve natural areas.

ACDI/VOCA is working near Murchison Falls National Wildlife Park, one of Uganda's most spectacular parks, to help farmer associations increase their members' incomes while improving the local government's environmental planning capabilities. The goal is to provide settlers with economic incentives to move outside the park and cease their poaching and woodcutting activities. By providing them with land, roads and other resources, the project brings these families into the cash economy, freeing them from the subsistence farming that destroys the park's habitat and wildlife.

The West African nation of Cape Verde benefited from ACDI/VOCA's work to successfully link grass-roots organizations with large-scale soil and water conservation practices. ACDI/VOCA helped to form 16 democratically governed watershed associations, consisting of more than 1,000 members, that built high-quality check dams, irrigation canals and terraces at less cost than the government-run construction service. These earthworks help to stabilize the West African archipelago's fragile ecology while increasing farm income.

Director General of Cape Verde's Department of Agriculture, Silviculture, and Animal Husbandry, Joao Fonseca, noted: "Under ACDI, more has been accomplished in reaching local farmers in the last two years than in the previous 10."

In the Philippines, ACDI/VOCA helps fisherfolk associations gain better access to the political process so that the destructive fishing practices that diminish their livelihood can be stopped.



This wastewater treatment facility in Colombia handles the wastes from a town of 5,000 as well as those from a milk processing plant. It effectively removes 85 percent of pollutants for less than \$1,200 per year.

ACDI/VOCA compiled a report on low-cost wastewater treatment technologies for use by both agribusinesses and communities around the world. USAID praised the report, saying, "This report provides affordable and effective options for both the engineers and policy makers around the world." 🌍

FARMERS MEET AT KIRANDONGO, UGANDA. ACDI/VOCA-ASSISTED EFFORTS TO BOOST THEIR INCOMES WILL RELIEVE ENCROACHMENT ON THE NEARBY MURCHISON FALLS NATIONAL WILDLIFE PARK, ONCE THE HOME OF AFRICA'S LARGEST HERDS OF ELEPHANTS.



ACDI/VOCA's activities have included institutional strengthening of democratic organizations such as cooperatives and trade, water-user and farmer associations. These institutions interact with local and national governments to advocate policies and services which economically affect their members. Training and technical assistance implemented by ACDI/VOCA stress principles of democratic control.

With its roots in the American agricultural cooperative movement, ACDI/VOCA has a long history of fostering growth of member-controlled organizations based on democratic principles, work that continues in many projects around the world. It is therefore a small step for ACDI/VOCA to become involved in efforts to make the democratic process work better. Due to lack of knowledge and/or means, the voices of some segments of society are drowned out by others more influential and powerful.

With USAID assistance, ACDI/VOCA is helping non-governmental organizations in the Philippines understand how to influence public policy. Through the formation of coalitions or alliances of disadvantaged and under-represented constituent groups, the NGOs are more powerful participants in the democratic process.



ACDI/VOCA Regional Representative Roger Dimmell (left) and National Coordinator of NACFAR, Larry Manoag, brief USAID Administrator Brian Atwood (second from left) and the USAID Director, Asia and Near East Bureau, Margaret Carpenter, on ACDI/VOCA's fisherfolk advocacy project that stands to benefit a large Philippine constituency.

ACDI/VOCA is carrying out the Fisherfolk Advocacy for Sustainable Aquatic Reform project in partnership with a coalition of fisherfolk groups, NACFAR. This activity seeks to represent the rights and protect the welfare of small-scale fisherfolk, improve the income of NACFAR's 600,000 constituents, and promote the conservation, management and sustainable development of fishery and aquatic resources at the national, regional and local public policy levels.

Some 1996 highlights include:

- *NACFAR was appointed to the Technical Working Group of both the Congress and Senate to develop a Comprehensive Fisheries Code which will ensure sustainable fisheries practices and support the fisherfolk.*
- *NACFAR was appointed as a dialogue partner to the Asian Development Bank in the planning and development of the second phase of its Fisheries Support Project.*
- *The project's participative consultation process had many unanticipated positive impacts on municipal ordinances and practices which affect the well-being of the local fisherfolk.* 🌐



A SUCCESS STORY

ACDI/VOCA projects in 1996 spanned agribusiness and trade development, rural financial systems, democracy building, training and exchange, natural resources management, and food for development. Certain projects constitute broad-based cross-sectoral approaches that consider all the interconnected aspects of the agricultural economy.

SMALLHOLDER AGRIBUSINESS DEVELOPMENT PROGRAM

The Smallholder Agribusiness Development Program (SADP) in Malawi has provided assistance to 135,000 agricultural producers with small farms, commonly referred to as smallholders. It is proving to be a society-transforming comprehensive economic development program.

The government of Malawi, USAID, and the World Bank all consider SADP to be a great success as it has dramatically changed the distribution of income in the rural areas of the country. Today, due to the efforts of ACDI/VOCA's team of 50 in five agribusiness development offices strategically situated throughout Malawi, smallholders are close to producing 50 percent of the country's leading crop. Only six years ago, they had produced less than one percent.

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COMMENTING ON HIS NATION'S STRONG ECONOMIC GROWTH IN 1996, PARTICULARLY IN AGRICULTURE, MALAWI'S PRESIDENT BAKILI MULUZI SAID, "THIS CAME LARGELY FROM THE SMALLHOLDER SUBSECTOR WHICH GREW BY CLOSE TO 40 PERCENT."

.....

The work of the ACDI/VOCA-supported SADP team has resulted in more than \$48 million moving into smallholder households in 1996 alone. More rural children are going to school, more houses have tin roofs, rural residents are eating better and getting better medical treatment, and more households are involved in cooperative action as members of more than 4,800 pre-cooperatives. Many of the 130,000 SADP client farmers who have seen their incomes triple in recent years are investing in better inputs and agronomic practices for other cash and food crops, as well as in rural microenterprise activities to diversify their incomes away from a reliance on burley. This year ACDI/VOCA will add a new USAID-funded component to SADP to privatize smallholder coffee marketing and to assist in the development of the Malawian herb, spice and soybean industries. 🌍

ACDI/VOCA'S SMALLHOLDER AGRIBUSINESS DEVELOPMENT PROGRAM IN MALAWI ORGANIZES AND SUPPORTS FARMERS LIKE THESE. IT HAS DRAMATICALLY INCREASED THEIR PARTICIPATION IN THE AGRICULTURAL ECONOMY WHICH WAS ONCE DOMINATED BY LARGE-SCALE PLANTATIONS.

ACDI/VOCA carried out 33 long-term projects and 775 volunteer projects in fiscal year 1996.

**ACDI/VOCA
Overseas Offices**

- | | |
|---|--|
| Albania, Tirana
Kristin Giantris | Kazakstan, Almaty
Murat Zhunusov, ACDI
Ben Steinberg, VOCA |
| Armenia, Yerevan
Jim Cox | Kyrgyz Republic, Bishkek
Robert Rosengren |
| Azerbaijan, Baku
Tim Miller | Macedonia, Skopje
Neil Mozer |
| Belarus, Minsk
Sergei Terehov | Malawi, Lilongwe
John Engle |
| Bolivia
Arvin Bunker, ACDI
(Cochabamba)
Patricia Caffrey, VOCA
(Santa Cruz) | Moldova, Chisinau
Sean Carmody |
| Brazil, Brasilia
Celso Claro de Oliveira | Peru, Chicalayo
Jorge Noda |
| Bulgaria, Sofia
Madonna McGuire | Philippines, Quezon City
Roger Dimmell, ACDI
Jaime Chua, VOCA |
| Cape Verde, Praia
Iven Ose | Poland, Warsaw
June Lavelle, ACDI
Joe Allen, VOCA |
| Czech Republic, Prague
Dusan Cechvala | Romania, Bucharest
James Herne, ACDI
Mazen Fawzy, VOCA |
| Egypt, Cairo
John Warren Smith | Russia
Fred Smith, ACDI
(Moscow)
Jeff D. Ferry, VOCA
(Saratov) |
| Ethiopia, Addis Ababa
Werqu Mekasha, VOCA | Slovakia, Bratislava
Don Oelsigle |
| Georgia, Tbilisi
Todd King | Uganda, Kampala
Bernie Runnebaum
Dann Griffiths, VOCA |
| Honduras, Tegucigalpa
John Young | Ukraine, Kiev
Alberta Ashbrook |





LAYING FOUNDATIONS FOR ECONOMIC & DEMOCRATIC PROGRESS THROUGH VOLUNTEER INITIATIVES

As a people-to-people international development organization, ACDI/VOCA enlists the support of highly qualified volunteers to work at the grass-roots level with their counterparts in developing and transition economies. These volunteers work side by side with the people who are taking advantage of new market opportunities and setting the pace for democratic and economic reform. The process is often laboriously slow and painful, but change happens and the push for progress and development continues.

No doubt there is a long way to go for the people in most of the countries in which ACDI/VOCA works. Alongside the farmers and entrepreneurs who are at the forefront of democratic and economic change, ACDI/VOCA is committed to providing the tools and the volunteer expertise to help make their visions for the future a reality. That's what ACDI/VOCA is all about.



Sadek Ayoub (right) inspects greenhouse plants for insects as part of his volunteer assignment with Macedonia's Agro-Protect, an agricultural development and advisory service.

In fiscal 1996, 775 volunteer project assignments were carried out in Africa, Asia, Central and Eastern Europe, the New Independent States and Latin America and the Caribbean. Through a unified approach to development and

trade, ACDI/VOCA is collaborating with the farmers, cooperative leaders and agribusiness professionals worldwide who are eager to take the future in their hands and mold the national institutions which will provide political and economic freedom for all people. 🌍

**VOLUNTEER LOUIS LANDESMAN
CHECKS THE SUPPLY OF SMALL CARP
IN A KAZAKSTAN RIVER.**

PREPARING AGRIBUSINESS ENTREPRENEURS FOR NEW ECONOMIC OPPORTUNITIES

As part of its sustained commitment to agribusiness and trade development worldwide, ACDI/VOCA continued to work with entrepreneurs in the agricultural sector to improve, expand or launch new enterprises one venture at a time. The year stands out as one of innovation and opportunity, as more small- and medium-scale businesses, farmer associations and farmers made significant gains fostered by the technical assistance of ACDI/VOCA volunteer programs.

EXPLORING NEW VALUE-ADDED PRODUCT LINES

Volunteer programs support small- and medium-scale agribusinesses through a range of assistance that includes marketing and business management, product line development, processing and production improvement and export promotion.

In Bulgaria, ACDI/VOCA worked with two clients on a new venture that has broadened the respective companies' product lines, expanded value-added export options and formed trade alliances with U.S. companies. Volunteer Róger Huibregtse of Wisconsin helped both entrepreneurs assess the profitability of cultivating sweet corn and introducing it as a consumer item for Bulgarians. With the first harvest, the entrepreneurs sold 30,000 ears of corn to Bulgarian consumers and 5,000 cans of corn for the export market.



Teodor Ivanov shows some of the corn produced by Agrotime to U.S. Ambassador to Bulgaria Avis Bohlen, who visited his farm in November.

Their initial test-marketing proved so successful that both launched expansion programs. One has purchased several U.S.-made FMC corn cutters (valued at \$5,000 each) and a \$10,000 Hamachek corn husker that will enable the company to quadruple production to 400,000 cans of corn in 1997. The two clients recently met to compare their experiences and decided to combine some of their facilities and marketing contacts to further accelerate the growth of the business. Furthermore, they both participated in a training program that enabled them to visit the United States. During the visit, they met with representatives of Dean Foods to discuss joint investment opportunities to build a \$1.5 million cold storage plant.

EXPANDING THE SCALE AND VARIETY OF PRODUCTION

The immediate gains experienced by two Russian bakeries demonstrate just how valuable short-term assistance can be for ACDI/VOCA clients. When Art Fischer, a baking and milling specialist from Washington, visited a bakery in Bryansk, Russia, he recommended several improvements that reduced production costs for the business and increased sales. For example, bakers were using double the amount of

yeast required for bread and cutting short the fermentation time, making the bread too doughy. The improved bread tasted better and sales increased dramatically—the first batch of 71 loaves sold in 30 minutes. The volunteer and bakery staff also test-marketed other bakery products, like potato bread, which also sold in less than an hour.

Similarly, volunteer and owner of the Upper Crust Baking Company in Davis, Calif., Maurice Kalisky worked with the management and staff of the Kalezhe Bakery Company in Samara, Russia. Following his recommendations, the bakery experienced a 200 percent increase in sales after improving the overall quality of the bread and expanding its product line to include pastries, french bread and raisin rolls. In addition to increasing employee salaries by almost 300 percent, the owners also have purchased two other bakeries and hired 60 employees.

COLLABORATING FOR ENTERPRISE DEVELOPMENT

Through the Alliance for Collaboration on Enterprise Development in Ukraine and Moldova, ACDI/VOCA joined with the International Executive Service Corps, Citizens Democracy Corps and MBA Enterprise Corps to sign a \$9.6 million cooperative agreement with the U.S. Agency for International Development (USAID) in the fall. During the next three years, the alliance will provide technical assistance in the areas of small- and medium-scale enterprise development, agriculture, capital markets and mass privatization.

AUGMENTING FARMER INCOMES

At the farm level, volunteers continued to provide agricultural and marketing advice that enabled farmers to augment their incomes by practicing better farming, business and marketing strategies. For instance, ACDI/VOCA volunteers worked with farm managers at two newly privatized farms in Russia that dramatically resulted in sizable early profits. James Rushing of South Carolina addressed sanitation, storage and post-harvesting issues. He set up an on-farm research project that demonstrated the benefits of proper storage practices. The new procedures cut produce spoilage to less than 1 percent compared to a 56 percent spoilage rate following traditional practices.

Willis Brown, an agricultural marketing specialist formerly with the Ohio Department of Agriculture, provided

no-cost recommendations that produced immediate results for Russian farm managers. Specifically, Brown advised farm producers to clean and sort carrots by size for maximum profitability instead of delivering carrots to market in one load. He then rolled up his sleeves and demonstrated the cleaning and sorting process. The extra labor paid off—when the farmers reached market, instead of getting 1300 rubles/kilogram (\$.37), they sold the carrots for 1750 rubles (\$.50) for one grade and 2200 rubles (\$.57) for the other. At the second farm, Brown trained the farmers in grading cabbage into classes based on size—small, medium and large. They, too, collected more money for the same product. Furthermore, farm managers discovered that customers preferred the higher-priced products.

CULTIVATING NEW TRADE PARTNERSHIPS

ACDI/VOCA took a lead position in supporting trade ventures among its clients and U.S. cooperatives in 1996, a role it plans to expand as the organization looks to the 21st century.

For example, in May, ACDI/VOCA arranged a 13-day trade mission to the United States for senior leaders of the Organization of Cooperatives of Brazil. The trade mission enabled 25 of Brazil's top agricultural leaders to cultivate strategic alliances with cooperatives and other businesses in the United States.

The delegation met with representatives of Blue Diamond Growers, Cal/West Seeds, the American Soybean Association and attended meetings with the California Secretary of Agriculture, University of California at Davis, Chicago Board of Trade, the Chicago Mercantile Exchange, CoBank, Monsanto, the World Bank, NCFC, and members of the U.S. Congress.

FACILITATING TRADE ALLIANCES

In December, Country Representative for Russia Jeff Ferry participated in a USDA-sponsored trade delegation of U.S. poultry executives visiting Russia. Representing some of the largest poultry companies in the United States, including Carolina Turkey, Hudson Foods, Seaboard Farms, AJC International, Tyson Foods, ConAgra Poultry and Goldkist, the delegation was in Russia to explore ways to increase cooperation with the Russian poultry industry. The group toured the poultry operation of a client in Samara, where Ferry delivered a presentation on ACDI/VOCA's work with Russian poultry producers.

Establishing networks of support among similar agricultural businesses and organizations sets the stage for long-term economic growth. In April, ACDI/VOCA's office in Saratov helped establish Agro-Inform, a Russian non-profit organization that will serve as an information and consultation center for ACDI/VOCA clients. Agro-Inform is working with clients on creating

CALIFORNIA DELI OWNER
NORM EGGEN MARKETS HIS
NEW RUSSIAN SAUSAGE BASED ON
RECIPES DISCOVERED DURING HIS
VOLUNTEER ASSIGNMENT.

business plans, gathering market information and seeking out equipment dealers from the United States, Europe and in-country businesses. In addition, the organization is sponsoring seminars and workshops for clients and providing logistical support for businesses or others traveling to Russia to establish trade relationships. ACIDI/VOCA also furnished Agro-Inform with translated publications on cooperative, agribusiness and trade issues and opportunities.

LAUNCHING JOINT VENTURES

AgriEnterprises Inc. of Alabama has explored the potential for a poultry joint venture in Kazakhstan based on the opportunities discovered by two volunteers—Alabama businessman Hubert Christopher and Auburn University professor Dr. John Blake—during their assignment in May. After conducting a feasibility study for the business centers of Atyrau and Uralsk oblasts in the western part of the country, Christopher decided to look into a joint venture upon his return to the United States. He has written a business plan for an egg laying facility in Atyrau and a broiler plant in Uralsk and now is seeking investors. The \$9.4 million operation will supply poultry to Chevron and other Western oil firms located in the region as well as local markets. In addition, AgriEnterprises Inc. will import U.S. soybean meal and corn for poultry feed.

BRINGING BUSINESS BACK TO THE UNITED STATES

Louisiana equipment manufacturers have opened markets in Bolivia based on trade relationships created by Louisiana volunteer Jackie Theriot. The volunteer helped guide a group of managers to privatize a Bolivian factory which in 1996 processed 750,000 tons of sugarcane.



Volunteer Jackie Theriot (left) evaluates equipment at Bolivia's Guabira Sugar Factory. Since serving as a volunteer in 1992 and 1993, Theriot forged trade ties that have resulted in collective sales of up to \$3 million for seven different Louisiana companies.

Since his assignments in 1992 and 1993, Theriot has forged trade ties that have resulted in collective sales of up to \$3 million for seven different Louisiana companies, including Arkel International, Cameco, IBF, HOHPAK, Baddley Chemical, Agri-Visions and J&L Engineering. Furthermore, based on the volunteer's recommendations, a Bolivian sugarcane producer purchased a Louisiana-made chopper harvester that was the first of its kind in Bolivia. The machines sell for about \$250,000 each in the United States and more sales are expected based on the success of this initial purchase.

LEARNING FROM CLIENTS

The flow of information goes both ways: when volunteers return from assignments, they often come back with new product ideas, indigenous technologies and fresh outlooks that they can apply to their own businesses. For example, Norm Eggen of California began producing and selling two meat products using recipes he learned while on assignment in Russia last February. The owner of Old Country Deli in San Luis Obispo, Eggen offers Smoked Russian Sausage and Moskovsky Sausage at his deli and retail store and reports that sales are good. 🍷

CREATING FOUNDATIONS FOR AGRICULTURAL SYSTEMS

A pilot program in Poland is enabling Polish farmers to use crops as collateral to obtain bank loans through a collateralized warehouse receipt system developed by an ACDI/VOCA volunteer. The new system takes advantage of an untapped resource that greatly expands agricultural financing by allowing farmers to deposit grain in licensed warehouses in exchange for a receipt that they can use as collateral at selected banks. Soon farmers throughout Poland will have access to operating capital, facilitating the accelerated growth of the country's agribusiness sector. Without a licensed storage and marketing system, farmers worldwide often sell crops at depressed harvest prices because of an immediate need for cash.

The \$1.7 million grain storage and marketing project is providing for a system of 24 licensed and inspected grain elevators that will serve as the foundation for a Polish warehouse receipt plan. *The Warsaw Business Journal* featured the system on page one of its paper in July. In that article, Joe Allen, senior project adviser and the volunteer who devised the plan, explained that farmers could have earned 31 percent more from their crops (using 1995 grain prices) if they had sold their produce in January rather than August—a sizable profit for farmers. The organization of grain trading through warehouse receipts also will facilitate Poland's futures market on the Board of Trade because warehouse receipts can be used as the delivery document.



Senior Project Adviser Joe Allen (far right) meets with Polish grain company representatives to discuss initiatives under the ACDI/VOCA grain storage and marketing project.

Further demonstrating the government's commitment to agricultural reform, Poland's Agency for Agriculture Markets signed a Memorandum of Understanding with ACDI/VOCA in November. That landmark agreement outlines the government's objectives to change government intervention in the marketing of agricultural commodities, which can distort the free-market environment.

In addition to reforming the agribusiness sector in Poland, the ACDI/VOCA project is serving as a model for other countries interested in improving the performance and effectiveness of commodity trading. For example, USAID has funded an ACDI/VOCA project in Hungary based on the success of the project

in Poland, and plans are under way to apply the model in Lithuania, Russia, Czech Republic, Zimbabwe, Tanzania and Ukraine. In all, 14 other countries have requested ACDI/VOCA staff to discuss the project. Recently, representatives from the Uganda Coffee Development Authority visited the warehousing project in Poland to examine the viability of setting up a warehouse receipt system for its coffee industry. Furthermore, Oklahoma, Illinois, Minnesota, Missouri and Ohio Department of Agriculture offices have invited Polish grain examiners to train with their U.S. counterparts, an exchange that will benefit both U.S. and Polish inspectors. 🌍

CREATING EXPORT MARKETS WITH INDIGENOUS TECHNOLOGY IN ARMENIA

New export markets for sun-dried tomatoes and grape leaves are changing the agricultural landscape for thousands of small-scale Armenian farmers as a result of the efforts of a series of U.S. volunteers, Armenian volunteer experts and innovative technology.



Export marketing adviser Richard Kurtz (center) inspects Roma tomatoes for color, size and taste.

To increase incomes for small-scale farmers, ACDI/VOCA adjusted its country program in 1994 to focus on developing low-weight, high-value crops directed for the export market. By 1996, export opportunities for these farmers were taking shape where none had existed previously.

The first business venture involved the Roma tomato, a variety used in processing and only recently introduced and cultivated in Armenia in collaboration with the European Union Project. Volunteer Dr. Hany Khalil of California, a two-time ACDI/VOCA Armenia volunteer, began the effort working in collaboration with Dr. Michael Kalashian, a solar engineer and a founding member of VISTAA—Volunteers in Service to Armenians in Agriculture. (ACDI/VOCA Armenia includes VISTAA volunteers on all projects.) Together they erected a solar drying unit, produced the sun-dried tomatoes and determined that a vibrant export market existed.

By 1996, two tons of dried tomatoes (equivalent to 30 tons of fresh produce) were produced and buyers from Russia, Canada and the United States made offers to purchase the fruit. However, because most buyers for dried fruit procure orders in 10-ton containers, the need to expand production was immediate. Yet the cost of building solar drying units was too high for the hundreds of small-scale farmers in the Ararat Valley.

To find a creative, low-cost solution, Dr. Kalashian conducted a series of experiments using pre-existing local greenhouses to dry the tomatoes. The greenhouse method proved highly efficient, taking only 20 to 25 percent longer than the solar drying unit but without involving extra costs because hundreds of greenhouses lie idle on family farms during the summer months. The implications of this experiment are enormous for increasing family incomes—15 kilos of fresh tomatoes sell for \$1.05. The same amount of tomatoes sold as a dried commodity sells for \$2.70.

The second export venture involved a product that is as old as the region's civilization, grape leaves. Long a household food, leaves are selected from special vines, boiled in a salt brine solution and packed in air-tight jars for use throughout the year. They serve as a wrapping for dolma, a delicacy consisting of rice, ground meat or vegetables. The demand for processed grape leaves is spreading throughout Europe and the United States as Mediterranean cuisine and health foods grow in popularity.

ACDI/VOCA sought ways to increase the incomes of 80,000 to 100,000 small-scale commercial grape growers in Armenia. Creating an export market for the grape leaves seemed an

exciting idea. An Armenian-American businessman expressed interest in importing Armenian grape leaves based on their competitive price but was concerned about the quality. Volunteer Jeff Koligian, a grape grower from California, worked with the Ararat Farmers' Association to oversee quality control and to ensure that the grape leaves met international standards. Within three weeks, farmers produced 7,500 kilograms of premium quality grape leaves for inspection by a North American importer in early 1997. The estimated net profit for that first shipment is \$5,000. If the market expands as expected, thousands of families will be able to add to their incomes from their vineyard enterprises. 🌱

SMALL-SCALE ARMENIAN FARMERS CAN EARN MORE THAN DOUBLE THE INCOME FROM THEIR TOMATO HARVESTS BY PROCESSING THE PRODUCE INTO SUN-DRIED TOMATOES, A LOW-WEIGHT, HIGH-VALUE EXPORT.

Promoting the development of strong and fair civil societies and instilling democratic principles—fairness, equality, justice and individual rights—constitute core elements of ACDI/VOCA volunteer programs worldwide. Through its assistance to inherently democratic institutions like cooperatives and producer associations, ACDI/VOCA increases the voice and power of individual farmers, entrepreneurs and all citizens. By supporting nascent nonprofit organizations, the volunteer programs of ACDI/VOCA foster political involvement, ensure that special concerns are represented and articulated for consideration by policymakers and guarantee that citizens have access to the information they need for informed decisions.

In 1996, ACDI/VOCA embarked on a whole range of new programs and projects that further supports the development of democratic governance through advocacy, equity and opportunity.

ADVOCATING JUSTICE FOR COCONUT FARMERS

In July, USAID's Office of Governance and Participation in the Philippines awarded ACDI/VOCA a \$1 million grant to address advocacy and rights issues on behalf of coconut farmers and farm workers. Through the 2½-year project, Building Unity for Continuing Coconut Industry Reform (BUCO), ACDI/VOCA staff are launching a host of advocacy, legislative, coalition-building and media efforts on behalf of 3.4 million coconut producers, most of whom are small-scale farmers. The objective of the project is to broaden the influence and participation of small-scale coconut farmers and farm workers in public policy processes at the national, regional and local levels.



Philippine President Fidel Ramos (right) meets with small-scale coconut farmers at Malacanang Palace in Manila where they asked for his support to resolve the coconut levy issue. BUCO project administrators arranged the meeting as part of its advocacy activities on behalf of coconut farmers. Also shown is Ka Efren Villasenor (left), national president of PKSMMN, a coalition partner.

BUCO will prepare these farmers and workers to steer the direction of their industry by providing training in strategic planning, leadership and skills development, policy and research development, coalition building, lobbying and political advocacy.

The Philippines is the world's largest single coconut supplier, exporting 70 percent of all world-traded coconut products and providing the country with \$1.1 billion in foreign exchange. During ceremonies for National Coconut Week held in Manila in August, Philippine President Fidel Ramos addressed the inequities suffered by coconut farmers: "Despite the tremendous wealth derived from coconut products, millions of coconut farmers whose toil produces the wealth remain poor and powerless." Almost 20 million Filipinos, nearly a third of the population, depend directly or

indirectly on the industry for their livelihood. Underprivileged and under-represented, these farmers—many of them women—are the largest marginalized sector in the Philippine society.

One of the long-standing issues affecting coconut farmers concerns 70 billion pesos (\$2.7 billion) of assets derived from a levy on coconut farmers from 1972 to 1982. The levy was intended to serve as a fund to benefit coconut farmers. Total collections amounted to 9.7 billion pesos (\$375 million), most of which was mismanaged or misappropriated by corrupt administrators. However, part of the levy collection was invested and grew to 70 billion. Fund managers now claim that those funds are private. Philippine courts have been unable to

resolve the issue since 1986. Through negotiations and dialogue at the executive, legislative and judicial levels, the leaders of the two coalition partners (the Coconut Industry Reform Movement and the Pambansang Koalisyon Ng Mga Samahang Magsasaka at Manggagawa Sa Niyugan) and BUCO staff are pressing for a resolution declaring the levy fund to be a public trust fund to benefit coconut farmers and farm workers.

With BUCO project assistance, the coalition partners and farmer leaders have posted important gains for the coconut farmers within a few months of signing the USAID grant. In September, a farmer leader of one of the farmer organizations was appointed by the president of the Philippines as a member of the Governing Board of the Philippine Coconut Authority (PCA), a policymaking body for the industry. By November, representatives of the coconut farmers, United Coconut Planters Bank, Cocolife, and PCA signed an agreement to extend yearly renewable term insurance in the amount of 5,000 pesos (\$192) for about two million coconut farmers. Furthermore, farmer leaders filed position papers and voiced their objections during a legislative committee hearing on behalf of the farmers. They registered opposition to several bills now under consideration by the Philippine legislature to amend the agrarian reform law to exempt coconut farmlands. Further committee hearings were scheduled and voting on one proposed bill was delayed as a result of the opposition to enable the legislators to further consider the issues.

TRANSFERRING LAND TO THE LANDLESS

In Bulgaria, the Roma people (Gypsies) make up an ethnic community that has been discriminated against and isolated throughout the centuries. For the most part, the Roma people represent the country's lowest income group and lack marketable skills. Illiteracy is high, as most were not educated within the formal school system.

ACDI/VOCA is collaborating with the ROMA Foundation to offer new opportunities to the Roma as landowners and farmers. A Bulgarian nonprofit organization originally established in 1992 to distribute food in the cities, the ROMA Foundation broadened its mission this year to assist the Roma in becoming landowners by taking advantage of a government land privatization program. Some 200 to 300 Roma families have signed up to participate, and many will have title to the land and can begin farming in 1997.

ACDI/VOCA will provide ROMA clients with the technical services they will need to become successful. Two Virginia volunteers, Wade Gregory and Bill Moorman, have met with directors for the Land Commission, town mayors and the new landowners to develop a comprehensive agricultural extension program. Future volunteers will conduct training sessions in agricultural practices and assist the new farmers in setting up demonstration plots. ACDI/VOCA plans to provide two to three volunteers to work with ROMA clients in 1997.



Volunteer Donna Kerner of Maryland answers a question during a training class for former soldiers in Uganda. The objective of the training is to assist veterans in creating self-employment opportunities through business management and marketing workshops as the country makes the transition to a civil society.

REINTEGRATING SOLDIERS INTO CIVIL SOCIETY

In Uganda civil war in the seventies and eighties debilitated the country, and human rights abuses during the cruel leadership of Idi Amin were a way of life. Since 1986, Uganda has marched along the road of democracy and free enterprise, making it one of Africa's leading success stories. ACDI/VOCA is supporting the country's transformation to a civil society through two separate training programs designed to assist demobilized soldiers as they prepare to shape new futures. It is truly a "swords into plowshares" story.

In April, USAID's mission in Uganda provided just over \$1 million for ACDI/VOCA to conduct a two-year business training program for the soldiers. The objective of the training is to assist veterans in creating self-employment opportunities and linking them to the financial resources to set in motion these activities. Volunteers conducted the first "training of trainers" classes in November.

Veteran leaders and representatives from local nonprofit organizations attended the training sessions and then returned to local communities to carry out training for participants in their districts. Veterans in two districts participated in the five-day workshops conducted in December, and more classes are scheduled for early 1997. Through the workshops, Ugandan veterans are analyzing the feasibility of entrepreneurial ventures and learning how to develop business plans for employment options. Apiculture, poultry, retail, carpentry, dairy, weaving, brick making and tree planting represent some of the potential business endeavors.

Through a similar program in collaboration with World Learning's Veteran's Reintegration Program, ACDI/VOCA volunteer David Hammond of Ohio helped design business development training materials for classes and conducted pilot training sessions. Hammond received the highest praise of his career from one of the trainees who participated in the program and wrote on an evaluation report: "I feel like the king of knowledge."

COVERING FARMER INTERESTS

For farmers and all business people to succeed at what they do, access to timely, accurate and objective information provides the framework with which they can make informed decisions. In many of the countries of Central and Eastern Europe and the New Independent States, the state controlled major media outlets, making news yet another prong of government jurisdiction. Years of faulty reporting damaged the credibility of journalists and thwarted the ability of farmers to improve their farm operations.



Last March, Wisconsin volunteer Julie Runge (posing with members of the Chautara Women's Handicraft Cooperative) spent three months teaching members advanced spinning skills. Formed in November 1995, the cooperative has more than doubled in size and is now supporting its members. Furthermore, the women's cooperative has stimulated the agricultural production of rabbits in the surrounding area and the overall economy of the village. Nine other weaving groups have been established in surrounding villages based on the Chautara model—a true spin-off effect.

In Albania, National Public Radio Editor for Europe Robert Duncan collaborated with the Association of Agriculture Journalists of Albania (AAJA) to provide technical assistance to broadcasters on internationally accepted standards of broadcast journalism. This helped the association develop its professional capabilities and its commitment to providing a freer forum of exchange for Albanian agriculturists. The volunteer met with radio and television reporters, journalism trainees, agricultural extension agents and farmers and urged association members to develop a mission statement with concrete proposals to demonstrate their commitment to rural development and find innovative methods of delivering information to farmers who depend on it.

EMPOWERING WOMEN WITH ECONOMIC OPPORTUNITY AND FULL PARTICIPATION

Though women contribute greatly to the labor force in developing and emerging market economies, they often lack the power to make decisions and rarely reap the full benefits of their toil. This is commonly due to societal and cultural reasons rather than individual competence or motivation.

ACDI/VOCA addresses gender inequities by including women in all projects and training activities and by providing novel ways to develop their capabilities. A 1996 volunteer project in Nepal (*see photo above*) illustrates just how much women—even exceptionally poor women with limited educational backgrounds—can accomplish when opportunity knocks. 🌱

TRAINING: INVESTING IN PEOPLE

The essence of every volunteer project involves one-on-one instruction and training. It is, in part, an investment that enables people to address short-term problems while learning the analytical processes for mapping out long-term plans. It is a transfer of technical know-how and business savvy that enables clients to make decisions that take into account new economic realities and results in programs that are sustainable over the long run. In an effort to reach more cooperatives, businesses and entrepreneurs, ACIDI/VOCA launched a series of training seminars, workshops and exchange opportunities to meet the needs of client organizations.

TRANSFERRING THE SKILLS OF THE TRADE

Through the Private Agribusiness Development Project in Central and Eastern Europe, ACIDI/VOCA oversees training and exchange activities in Romania, Bulgaria, Macedonia and Albania. The project combines direct technical assistance with in-country

seminars and study programs abroad. In fiscal 1996, 244 entrepreneurs received in-country training through this grant. For example, in conjunction with the Romanian National Private Millers and Bakers Association, ACIDI/VOCA is providing volunteers to individual enterprises and setting up in-country seminars attended by association members. In the meat processing sector, ACIDI/VOCA consultants have assisted more than 30 meat processing enterprises. Results show dramatic improvements in the operations of private meat processors. In May, individual meat entrepreneurs formed the Association of Private Meat Processors in Romania, which is now taking an active role in organizing seminars funded through the training program.



Bakery specialist Lucas Gallegos teaches the secrets of the trade to a baker in Romania.

Similarly, in Russia ACIDI/VOCA provided instruction to 596 entrepreneurs, 30 percent of whom were women, through 13 seminars, conferences and training sessions. Seminars addressed issues ranging from business plan writing, financial management and farm management to “Why Form Cooperatives?”

In Azerbaijan, where ACIDI/VOCA established a formal presence in the country by opening an office in Baku in February, ACIDI/VOCA is working directly with progressive producers and entrepreneurs in building capacities in production, management, processing and marketing. A team of several volunteers presented seminars on crop and livestock management and cooperative development. Wisconsin volunteer Randy Gottfredson developed an education and training program on modern sheep management to complement a sheep distribution program sponsored by the International Rescue Committee. The collaborative initiative will provide income for 1,200 displaced and refugee families taking part in the program.

VOLUNTEER DORAN KETZ PROVIDES
ONE-ON-ONE ADVICE TO THE MANAGER
OF A FARM IN AZERBAIJAN.

CHANGING THE FACE OF COOPERATIVE BUSINESS

In Ethiopia, training opportunities for Ministry of Agriculture representatives in the region of Oromiya have transformed cooperative business as the country departs from a state-controlled economy to a free-market system. In 1995, a team of four cooperative specialists carried out a “training of trainers” workshop for 67 cooperative promoters. The intensive training focused on cooperative management, marketing, credit and finance/accounting. The cooperative promoters trained other ministry promoters, service cooperative members and board members. Since the initial sessions, more than 110,000 cooperative members, 900 board members and 400 staff members have been trained in the role of member-owned business cooperatives in a free market.

The impact has been dramatic: cooperatives in Oromiya have improved their short-term loan recovery rate to the Commercial Bank of Ethiopia and the Development Bank of Ethiopia from 50 percent to 98.5 percent during the 1995-1996 crop season. And for the first time in 3,000 years of Ethiopian history, six cooperatives in the 12 zones of Oromiya have paid an aggregate dividend of more than \$3,600 to some 900 farmers. The impact is best expressed by a farmer who received a dividend: “Cooperative members in the past were forced to sell their farm products at low prices on a quota system and had to send their sons and daughters for the war in the north. But today, you are giving us a dividend for the product we sold to the cooperative. According to our tradition, we simply say to you, God bless you.”



In Ethiopia, trainees learn principles of cooperative management, marketing, credit and finance.

SUPPORTING EDUCATION AND COOPERATIVE INSTITUTES

Volunteers continued to provide assistance to academic institutes responsible for preparing students for careers in agricultural and cooperative business. In Ethiopia, a team of five ACDI/VOCA cooperative education specialists helped develop a two-year cooperative curriculum in management, marketing, accounting, auditing and finance for the Yekatit 25 Cooperative Institute, the only academic institution in Ethiopia solely devoted to cooperative business.

Enrollment at the institute had declined significantly in recent years because the school’s curriculum included a substantial amount of socialist doctrine, which no longer reflected the realities of Ethiopia’s economic philosophy. Furthermore, the school’s curriculum lacked the technical content that students would need to succeed in private cooperative business. By instituting the new curriculum provided by the volunteer team, the cooperative institute now stands poised to provide students with the background they will need to rehabilitate the country’s agricultural sector. 🌍

FINANCING GROWTH: CREDIT FOR SMALL- & MEDIUM-SCALE FARMERS & ENTREPRENEURS

For many small- and medium-scale farmers, the lack of available credit in rural areas constitutes a major obstacle to growth and farm investment. Officers at traditional banking institutions often view farmers as poor credit candidates for several reasons, including the uncertain nature of farming year to year. And in cash-poor regions, producers often receive compensation with non-cash items, which further strains their ability to pay loans on time. ACDI/VOCA introduced two landmark credit programs in 1996 designed to enable farmers and other entrepreneurs to pursue investment and growth opportunities.

In Macedonia, ACDI/VOCA collaborated with the Open Society Institute to design the Small Credit Program for Private Agriculture, a credit fund to serve private enterprises and agribusinesses. Open Society provided \$100,000 for the initial capital and negotiated the participation of a local commercial bank to run the program. ACDI/VOCA volunteers provided technical expertise to bank officials in collateral and loan analysis and loan approval. Since the fund began in September 1995, bank officers have approved 17 loans, securing land, chattel and other physical assets as acceptable collateral. With a credit ceiling of \$5,000, borrowers have purchased cows, pigs, milk processing equipment, combine parts or funded farm construction projects. In the first



In October, U.S. Ambassador to Macedonia Christopher Hill (second from left) visited the Vevcani Agricultural Cooperative to learn more about volunteer initiatives in the countryside and to discuss credit problems of farmers. The cooperative owners recently borrowed money to buy dairy equipment through ACDI/VOCA's Small Credit Program for Private Agriculture in Macedonia. With the ambassador are cooperative members (from left) Snezana Bebekoska and Gavril Bebekoski, ACDI/VOCA Country Representative for Macedonia Neil Mozer, the Director of Forestry and Pasture Management Blagoja Dejkoski, and Cooperative Manager Goce Bebekoski.

year, no defaults were reported, and 87 percent of creditors have repaid their loans on time. (The typical repayment rate for Macedonian banking institutions is about 40 percent.)

The fund's initial success is gaining national and international attention as the only fund of its kind for private farmers in the Balkan peninsula. The International Fund for Agricultural Development has expressed interest in participating in the development of the agricultural banking sector and the capital base of the fund. The Open Society Institute is considering advancing a second \$100,000 grant.

EXTENDING CREDIT TO MICROENTREPRENEURS

In October, ACDI/VOCA launched a loan program designed for microentrepreneurs in Kazakstan. With initial funding from USAID's Global Bureau, the Open Door Society and the Eurasia Foundation, ACDI/VOCA is working with the Institute for Cooperative Community Development to set up a financial intermediary—the Kazakstan Community Loan Fund—to support a peer group lending program.

The loan program provides networking opportunities and business education that will support participants in their business ventures. New Hampshire volunteer Judith Kaufman devised the program and now serves as the U.S.-based adviser to the activity.

To take part in the program, five to 10 business owners form a group, meeting regularly to network and enhance management skills. They function as their own credit officers by analyzing each other's loan applications. If approved, first-time borrowers receive initial loans of \$100. Each successive loan cycle affords the borrowers the chance to increase their line of credit—up to a maximum of \$3,000. Incentives for repayment are continued access to more credit and business services.

By year's end, project administrators have accomplished preliminary tasks, including hiring staff and providing staff training. Initial informational meetings for potential participants also were held. Formation of the lending groups and approval of the first-tier loans are expected to take place early in 1997. 

TECHNICAL ASSISTANCE TO LOCAL COOPERATIVE CREDIT INSTITUTIONS
ENABLES FARMERS AND SMALL- AND MEDIUM-SCALE ENTREPRENEURS
TO CARRY OUT INVESTMENT PLANS.

ENCOURAGING THE STEWARDSHIP OF NATURAL RESOURCES & THE ENVIRONMENT



Sergei Kuratov (center) of the Green Salvation Ecological Society discusses ways to improve the Ile Alatau National Park in Kazakstan with Oregon volunteers John Butruille (left) and William Leavell.

PRESERVING PRISTINE PARKLANDS

ACDI/VOCA collaborated with Green Salvation Ecological Society to achieve a notable environmental success last February. Green Salvation is the first nonprofit organization in Kazakstan to protest its government's environmental policies. (Under Soviet rule, Kazakstan was a site of extensive atomic testing that caused severe health problems for the people of Kazakstan and resulted in considerable environmental damage throughout the country.) In 1994, Green Salvation sought ACDI/VOCA's assistance in advocating the national protection of Ile Alatau, a 600,000-acre mountain region that provides a majestic backdrop to the capital, Almaty.

Volunteers Bill Leavell, an environmental specialist, and John Butruille, a retired regional forester with the U.S. Forest Service, surveyed the proposed park region and met with national, state and city government leaders and parliamentary representatives directly involved in ratifying the legislative effort. They stimulated interest in claiming the area as a national park and discussed the economic benefits of preserving the habitat of endangered species living in the mountain area. On February 22, after several years of legislative work, the Prime Minister of Kazakstan Akezhan Kazhegeldin signed legislation that placed the Ile Alatau mountain region under national management and regulation, effectively launching a new environmental era in Kazakstan.

BOLSTERING CONSERVATION EFFORTS THROUGH COMMUNITY PARTICIPATION

ACDI/VOCA also helped strengthen the institutional capacities of environmental nonprofit organizations in Indonesia where deforestation, water pollution and the loss of biodiversity threaten the country's vast natural wealth. Through a new initiative introduced in late 1995, ACDI/VOCA is collaborating with three nonprofit clients to develop comprehensive training seminars for other less-developed local environmental organizations or other community groups in Kalimantan. Volunteers have concentrated on institutional management, proposal design and writing, financial management and strategic planning. In March 1996, a work plan was developed, and, by year's end, four seminar and training sessions had been completed in each of the focus areas. By providing extensive training to staff members of some 100 environmental groups that provide a range of services at the community level, ACDI/VOCA is complementing the government of Indonesia's goal to decentralize the management of natural resources to those who can directly gain by its preservation.

ACDI/VOCA inaugurated an alliance with The Nature Conservancy to support "green" enterprises throughout Latin America. Through the Nature Conservancy's "Enterprises for the Environment" program, 10 volunteers worked with nonprofit organizations involved in ecotourism, publications, natural handicrafts and commercial reforestation. The volunteers provided business planning and development assistance.

Lasting economic development depends on the long-term sustainability of the world's natural resources. The degradation of agricultural lands, forests and water resources severely jeopardizes the livelihood of most people living in Africa, Asia and Latin America—and the quality of life for people everywhere.

ACDI/VOCA promotes the sound and sustainable management of natural resources through programs aimed at farmers and farm households, nonprofit organizations dedicated to the environment, and governments enacting initiatives that conserve and protect national resources.



ACDI/VOCA supports the development of Indonesian nonprofits addressing sustainable agriculture, deforestation, water pollution and the loss of biodiversity.

ADVOCATING SUSTAINABLE AGRICULTURE IN THE AMAZON

In the vast regions of the Brazilian Amazon, ACDI/VOCA is providing technical assistance to isolated and at-risk communities lacking information on sustainable agriculture and natural resources management. Current agricultural practices—like slash-and-burn land clearing—threaten the long-term economic viability of the land that sustains most of the rural population. To address these challenges, ACDI/VOCA implemented the Program of Sustainable Development for the Amazon (PRODESAM). Through this initiative, volunteers provide assistance to small- and medium-scale farmers with two objectives: generating agricultural income in an environmentally sound manner and helping people and farmer cooperatives succeed in the market economy. PRODESAM takes advantage of the role cooperatives play in socio-economic development in Brazil. It also represents a successful partnership as the government of Brazil pays for 100 percent of in-country costs for volunteers sent to the Amazon. In 1996, ACDI/VOCA volunteers completed 19 projects through this program.

DEVISING ACTION PLANS FOR WASTEWATER DISPOSAL

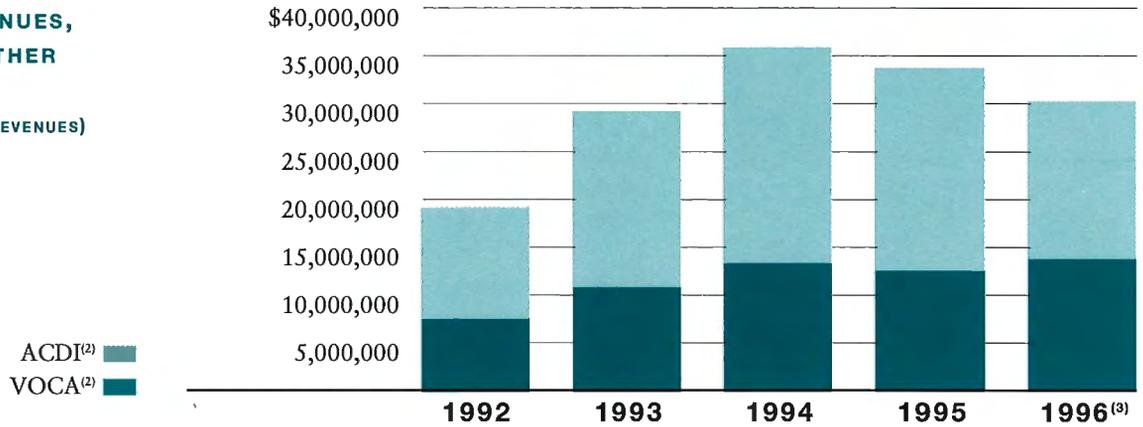
Environmental engineer and Wisconsin volunteer Paul Johnson prepared a feasibility study and plan of action for wastewater handling and treatment for four coastal cities in El Salvador that directly could improve the health and sanitation of more than 180,000 people. At the request of the Salvadoran Executive Secretariat of the Environment, Johnson conducted interviews with industrial representatives, government officials and individuals in La Union, Acajutla, La Libertad and Puerto El Triunfo and visited all wastewater sources and problem areas. In his 80-page report, he compiled lists of problems requiring action, costs of implementation and prepared lists of alternative solutions to alleviate the coastal cities' serious wastewater situation. Johnson also trained 15 technicians responsible for carrying out future assessments and action plans in three of the cities. The InterAmerican Development Bank is incorporating Johnson's work in its planning for future coastal projects. 🌍

IN BRAZIL, DR. JERRY NAMKEN, SENIOR RESOURCE ECONOMIST OF THE U.S. DEPARTMENT OF AGRICULTURE, PROVIDES TRAINING IN COOPERATIVE MANAGEMENT AND MARKETING TO MEMBERS AND DIRECTORS OF A NUT GROWER'S COOPERATIVE IN THE AMAZON. VOCA IS WORKING WITH FARMERS TO FIND WAYS TO INCREASE THE COMMERCIALIZATION OF NUT TREES WHILE INSTITUTING PRACTICES THAT RESTORE THE BALANCE OF THE ECOSYSTEM THAT FOSTERS NUT PRODUCTION.

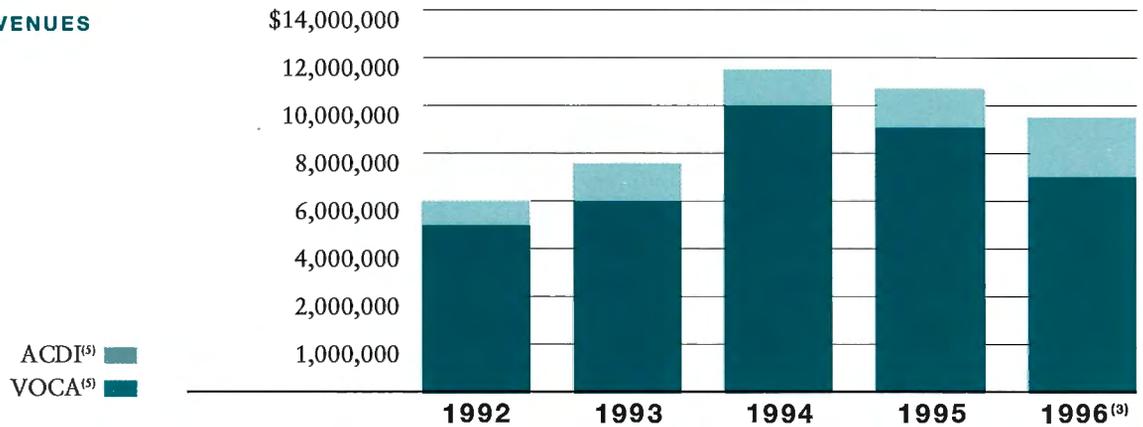


FINANCIAL HIGHLIGHTS

PROGRAM AWARD REVENUES, CONTRIBUTIONS AND OTHER INCOME 1992 - 1996⁽¹⁾ (EXCLUDES DONATED SERVICES REVENUES)



DONATED SERVICES REVENUES 1992 TO 1996⁽⁴⁾



DONATED SERVICES LEVERAGE⁽⁶⁾ (AVERAGE FOR 1992 - 1996)



By taking advantage of donated services, ACDI and VOCA are able to extend the value of every dollar received. On average, \$1 received by ACDI and VOCA resulted in \$1.29 of service provided to the international community.

Note 1: For 1992 through 1995, VOCA was on a fiscal year ending September 30, and ACDI was on a calendar year. During 1996, VOCA switched to a calendar-year reporting basis and is reporting 15 months of activity for the period Oct. 1, 1995, through Dec. 31, 1996.

Note 2: Intercompany amounts have not been eliminated. These intercompany amounts stem from various subawards between the two organizations and are not deemed to have a significant impact on this presentation.

Note 3: Amounts shown for 1992-1995 are audited. 1996 amounts are unaudited.

Note 4: Both VOCA and ACDI report the value (revenues and expenses) of donated services in accordance with generally accepted accounting principles (GAAP). VOCA's donated services are higher because VOCA uses volunteers extensively to perform its overseas assignments, and GAAP permits an organization to value the time contributed by these volunteers.

Note 5: Intercompany amounts have not been eliminated. These intercompany amounts stem from various subawards between the two organizations that involve volunteer assignments and are not deemed to have a significant impact on this presentation.

Note 6: This average was derived by dividing ACDI's and VOCA's combined Total Revenues (including donated services) by Program Award Revenues Contributions and Other Income for the past five years.



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The Volunteer Advisory Council is composed of individuals representing the variety of skills and experience inherent in ACDI/VOCA volunteers. Each has served on one or more volunteer assignments and established a track record of innovation and success. Volunteer Advisory Council members serve three-year terms and draw upon their field experience as volunteers to provide advice on the organization's operations. They also play a leadership role in fundraising and marketing, membership, public affairs and media, and volunteer relations.

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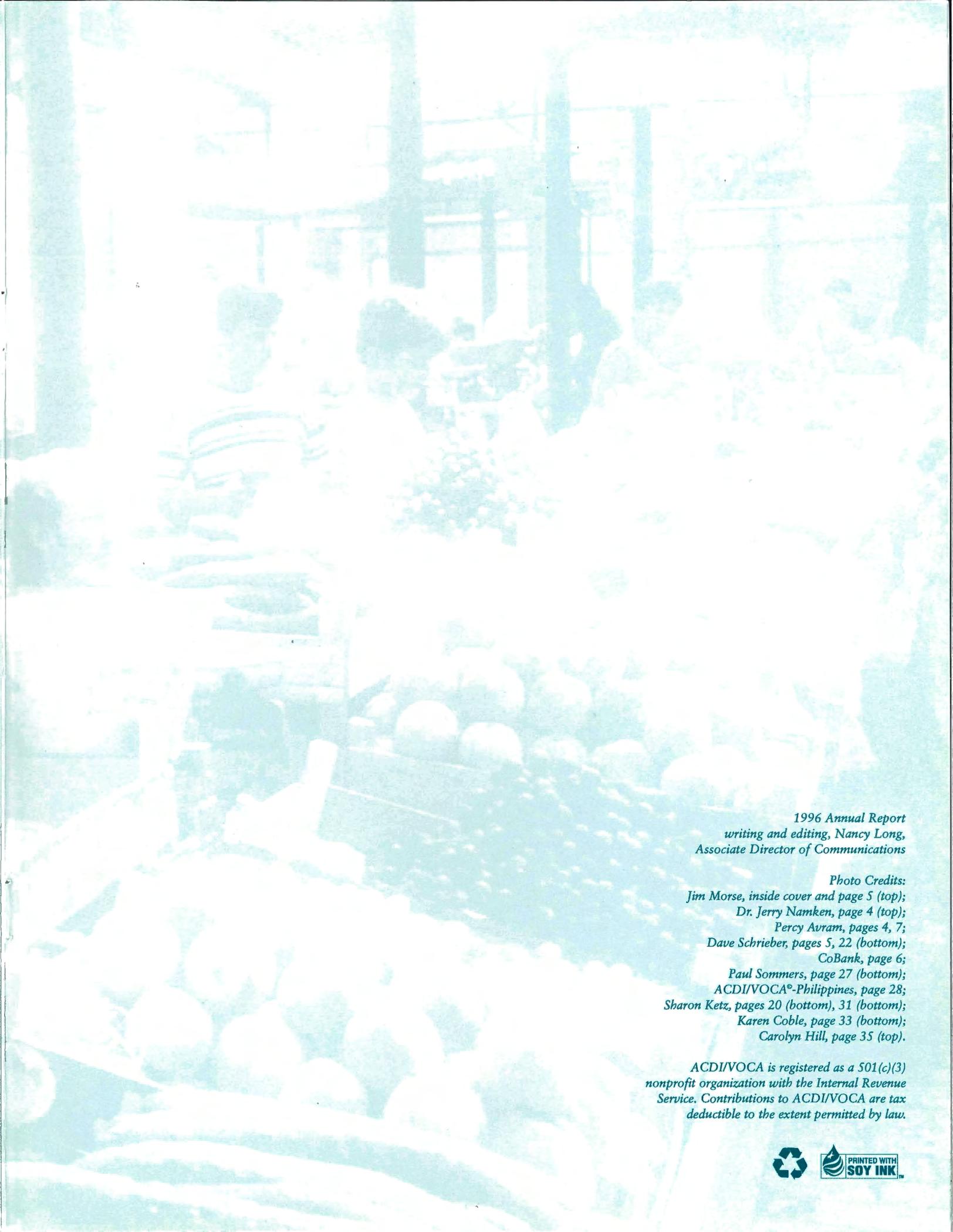
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