PD-AA2-152

A.I.D. EVALUATION SUMMARY - PART I

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE.

IDENTIFICATION DATA

A. Reporting A.I.D. Unit:

Mission or AID/W Office USAID/India
(ES# _____)

B. Was Evaluation Scheduled In Current FY Annual Evaluation Plan?
Yes [X] Slipped [ ] Ad Hoc [ ]
Evaluation Plan Submission Date: FY ____ Q ____

C. Evaluation Timing
Interim [ ] Final [X] Ex Post [ ] Other [ ]

D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)

Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
0498-251	CLUSA/India Program & Development Support OPG	4/11/83	9/30/89	1,030	1,030
0398-251	National Cooperative Development Corp./CLUSA Oilseed Processing Management Development Project (II)	9/29/86	9/30/89	1,200	1,200
TA 9647 TA 6649	National Dairy Development Board Oilseed Grower's Cooperative Project (NDDB-OGCP)	1/2/79	6/19/87	$145,800	145,800

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director

Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed
1. Send a letter to CLUSA/India Representative, Tom Carter, informing him of USAID/India's decision not to continue providing financial support to CLUSA/INDIA beyond current commitments (9/89).	Ron Ullrich FFD	1/30/89
2. Close out the CLUSA Program and Development Support OPG when grant funds are expended, in late FY89. Obtain end of project report from CLUSA.	Ron Ullrich FFD	10/1/89
3. Terminate National Cooperative Development Corporation (NCDC) Phase II OPG at current 9/89 PACD. Obtain end of project report. Deobligate any unspent funds at PACD.	Ron Ullrich FFD	10/1/89
4. Negotiate appropriate contribution to severance pay to CLUSA for employees paid by USAID grants.	Ron Ullrich FFD Mike Snyder RCO	10/1/89
5. Communicate to National Dairy Development Board (NDDB) USAID/India's decision not to provide support to NDDB for Oilseed Growers Cooperative Project (OGCP) beyond the 160,000 MT of Title II Vegetable oil already committed.	Ron Ullrich FFD	12/1/89

(Attach extra sheet if necessary)

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation: (Month) December (Day) 14 (Year) 1988

G. Approvals of Evaluation Summary And Action Decisions:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Name (Typed)	Ron Ullrich, FFD		John Grant, DPP/E	Robert N.Bakley,D
Signature	[signature]		[signature]	[signature]
Date	March 29, 1989		March 29, 1989	March 31, 1989

ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

The initial impetus for this evaluation was the need for an end of project review of the USAID/India Program and Development Support OPG to the Cooperative League of the USA (CLUSA) India program. However, given the fact that the Mission was preparing its CDSS and rethinking its future program directions at the time of the evaluation, the SOW was broadened to include a review of the full range of USAID supported activities with CLUSA in the cooperative sector and an assessment of potential directions for future USAID support to the CLUSA/India Program. The four different USAID assisted activities with CLUSA reviewed by this evaluation are : 1) Program and Development Support OPG, 2)National Cooperative Development Corporation (NCDC) Phase II OPG, 3)National Dairy Development Board (NDDB) Oilseed Growers Cooperative Project (OGCP), 4)Cooperative Business International (CBI) Cooperative to Cooperative Trade Program in India

The data collection and descriptive analysis was performed by a consultant from Management Systems International (MSI) in May, 1989 who used personal interviews and monitoring reports to draw conclusions about general and specific aspects of cooperative development support in India.

The major findings and conclusions include:

- Any decision by AID regarding CLUSA is irrevocably related to its attitude toward future involvement with cooperatives. If AID does not want to support cooperatives there is no reason to continue funding CLUSA. Conversely, if future AID support is to be provided it is inconceivable that AID could accomplish that objective without CLUSA which has been consistently an "honest broker" between AID and the U.S. and Indian Cooperative movements.
- CLUSA has achieved the basic objectives of the Program and Development Support OPG and has successfully completed most of the activities in the grant's implementation plan. CLUSA has been an effective intermediary, providing technical support and monitoring of USAID supported projects with the Indian cooperative sector, including in particular the NDDB Oilseed Growers Cooperative Project.
- Progress has been slow in implementing the NCDC-Phase II OPG in both expenditure levels and the training and consultancy aspects.
- The monitoring and evaluation mechanisms have not been in place to objectively evaluate NDDB-OGCP.
- CBI working through the CLUSA-India office has initiated business transactions with the export of nigerseed to the U.S. A separate, new entity should be established to promote a cooperative to cooperative trade, financed by the Indian and American cooperative movements without USAID support.

COSTS

I. Evaluation Costs

1. Evaluation Team

Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. $)	Source of Funds
Tony Schwartzwalder	Management Systems International (MIS)	386-0000-G-00-3024-00	$16,019	Project Funds

2. Mission/Office Professional Staff Person-Days (Estimate) 20

3. Borrower/Grantee Professional Staff Person-Days (Estimate) 15

A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)
Address the following items:

- Purpose of evaluation and methodology used
- Purpose of activity(ies) evaluated
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office:	Date This Summary Prepared:	Title And Date Of Full Evaluation Report:
USAID/NEW DELHI	March 24, 1989	"Review of CLUSA/New Delhi Program and Recommendations for Future Actions" June 10, 19

1. Purpose of the Activity Evaluated

The overall purpose of the Cooperative League of the USA (CLUSA) Program in India is to increase the economic and social return to India's lower income producers and consumers through the provision of requested technical management, educational, material, and financial resources to Indian cooperatives. The specific purposes of the four different USAID assisted activities with CLUSA reviewed by this evaluation are summarized below:

a) The Program and Development Support OPG for CLUSA : This grant provides financing to the CLUSA/India office to support a wide range of technical assistance and advisory activities for the cooperative sector in India. The primary purpose is the provision of technical support, management training, monitoring, and evaluation services for the National Dairy Development Board (NDDB) Oilseed Growers Cooperative Project (OGCP).

b) National Cooperative Development Corporation (NCDC), Phase II OPG : The purpose of this grant is to support the accelerated development of NCDC's institutional capacity to provide technical assistance and training to the Indian cooperative oilseed processing sector in improved operating procedures and modern management systems.

c) Oilseed Growers' Cooperative Project (OGCP) : The purpose of the OGCP is to establish an integrated oilseeds and vegetable oil production, procurement, processing and marketing system within a cooperative structure controlled by farmer members. The OGCP is financed by NDDB with the monetization resources from the sale of PL480 Title II vegetable oil donated by USAID.

d) Cooperative to Cooperative Trade and Cooperative Business International (CBI) : The purpose of this activity promoted by CBI, a for profit subsidiary of NCBA (CLUSA), and CLUSA/India, is to develop inter-cooperative trading and joint ventures between U.S. and third world cooperatives.

2. Purpose of the Evaluation and Methodology Used

The purpose of the evaluation was to conduct a review of the CLUSA/India program and to make recommendations related to future USAID support to the CLUSA/India program. The initial impetus for this evaluation was the need for an end of project review of the USAID Program and Development Support OPG to CLUSA/India. However, given the fact that the Mission was preparing its CDSS and rethinking its program directions at the time of the evaluation, the scope of work was broadened to an assessment of the full range of AID supported CLUSA activities in India (both USAID and AID/W supported activities) and the effectiveness of CLUSA's role in supporting cooperative development in India. The evaluation was to review a broad range of issues related to potential future directions for USAID support to the CLUSA program including :

a)appropriateness of program concept and level of USAID support, b) goals, purposes and output of future grant support, if appropriate, as well as the nature and sources of the inputs to be applied; c)specific planning, management/or technical issues; and d) specific areas of concern to be addressed on a long term basis.

Four major AID supported CLUSA activities were identified for review in this evaluation: CLUSA Program and Development Support OPG; National Cooperative Development Corporation Phase II OPG; the Oilseed Growers Cooperative Project (OGCP) with the National Dairy Development Board; and the Cooperative Business International (CBI) Cooperative to Cooperative Trade Program. An important objective of the evaluation was to assess the achievements to date of each of these four AID supported activities in relation to project objectives, and to identify any areas that might require more indepth evaluation in the future.

This evaluation was conducted by a consultant from Management Systems International. The data were obtained through personal interviews and review of existing project documentation focussing on technical and management issues related to the oilseeds economy in India. A wide spectrum of organizations were interviewed including official Government of India offices, cooperatives, non-governmental agencies -- both Indian and American -- and U.S. and Canadian government agencies .

3. Findings and Conclusions

General Findings/Conclusions

The key conclusion of the evaluation is cited verbatim below :

"Any decision by AID regarding CLUSA is irrevocably related to its attitude toward future involvement with cooperatives. If AID does not want to support cooperatives there is no reason to continue funding CLUSA. Conversely, if future assistance is to be provided, it is inconceivable that AID could accomplish that objective without CLUSA which consistently has been an "honest broker" between AID and the U.S. and Indian cooperative movements. This has been the single most important benefit of the OPGs, far surpassing their contribution to CLUSA's role as a manager of commodities and a provider of technical assistance." (Emphasis added).

The evaluation concluded that there were three major reasons why USAID/India should give serious consideration to a role for cooperatives in its future strategy:

a) There is a long-standing, relatively successful base of experience on which to build future plans;

b) U.S. cooperatives have much to offer USAID's current framework for its CDSS and;

c) Continued growth and development of Indian cooperatives seems certain.

Activity Specific Findings

a) Program and Development Support OPG

CLUSA has met the basic objectives of the grant and successfully completed most of the activities included in the grant's implementation plan. "No other organization could accomplish the variety of tasks which have been expected of CLUSA."

In particular, CLUSA/India has been an effective intermediary between USAID and NDDB, monitoring and reporting on AID funded activities with NDDB and providing technical, management, training monitoring and evaluation services to NDDB to help achieve its objective of establishing an integrated system of oilseed production, processing and marketing, owned and controlled by cooperatives of small farmers. CLUSA has provided the expertise necessary to monitor and evaluate the NDDB OGCP project to ensure effective implementation of its program in achieving targets in procurement, storage, processing and marketing of vegetable oil.

CLUSA has provided useful assistance to other cooperative organizations such as the National Cooperative Union of India (NCUI), National Federation of State Cooperative Banks (NAFSCOB) and the Credit Union Promotion Committees of India CUPCI in management training, membership education and technical information. CLUSA has also been successful in providing continuing liaison services between U.S. cooperatives and Indian cooperatives, including coordination of exchange visits, technical, procedural and organizational information and services.

There are two areas where improvements might be made. First the need for more evaluative/analytical information (for example, the documentation provided to AID should more thoroughly report on reasons for delays, likely remedies and possible timetables). Second, the format of the Quarterly Report and the Multi-Year Operational Plan (MYOP) should be revised to permit AID managers to quickly come to some conclusions about issues of greatest priority to them. (See Annex D of Evaluation Report for details)

b) NCDC Phase II OPG:

Progress on this activity has been slow. Slightly more than 25% of the budget has been spent while about 52% of the time has elapsed. This is due in part to a six month delay in project start up.

According to CLUSA's report of NCDC's performance many objectives have been only partially achieved at best and key training and technical consultancy aspects of the project have not yet been implemented.

For example, one of the key objectives of the grant was the establishment and operation of a full time Training and Technical Consultancy Cell, to promote and support the use of improved management systems and operating procedures throughout the cooperative oilseed processing sector. The Cell has been established and fully staffed but the Cell's plan and program have not been established, and Core plant operators have not yet been trained. The planned integrated training and technical consultancy program is not yet operational, and the planned operating manuals and training materials have not yet been published. (See Annex E of Evaluation Report for details).

c) NDDB and the OGCP :

In AID terms, the OGCP has not been a project. There are no formal agreements defining a time limited set of undertakings with a financial plan showing contributions by all parties including an implementation plan, an initial list of expected results, and evaluation criteria. This is due in large part to the fact that this activity was considered experimental when it was initiated. However, this has resulted in some operational confusion and has limited USAID's abilities to objectively evaluate the activities given the lack of baseline data and consistent gathering of quantitative information. The main mechanism for monitoring, evaluating and planning has been by default an Multi Year Operational Plan, prepared by NDDB (MYOP) which has had as its planning horizon, the ten-year period 1979-89. Despite lack of USAID concurrence in the established targets for planning and evaluation, a series of reports tracking progress towards MYOP End of Project Status (EOPS) indicators have shown levels of inputs and outputs have been essentially on target.

d. Cooperative Business International (CBI) and Cooperative-to-Cooperative Trade:

The concept of cooperative to cooperative trade was endorsed by everyone interviewed. Cooperative Business International (CBI) was established in 1984 by NCBA to develop inter-cooperative trading and joint ventures and its start up activities were financed in part by a 3 year, $1.8 million grant from AID/W. NCBA/CBI members have made 15 visits to India to encourage this concept and the CLUSA/India office has worked with CBI to develop possible projects.

CBI has successfully promoted the export of Nigerseed through NAFED to Universal Cooperatives which accounts for 50% of U.S. imports. Similar potential exists for other commodities, especially cashews and psyllium husks from India and peas and lentils from the U.S.

Two factors impede CBI's progress in promoting cooperative to cooperative trade between India and U.S.: 1) As an organization with a world wide charter CBI cannot allocate enough time and energy solely to U.S. - Indian issues and, 2) money is required beyond CBI's three year start up grant from AID to develop and promote long term marketing arrangements.

4. Principal Recommendations

Principal recommendations for each of the four major AID funded CLUSA activities are summarized below. It is important to note that the evaluation report explicitly states that these recommendations are based on the assumption that USAID/India will decide to continue its work in the cooperative sector.

a) CLUSA Program and Development OPG

1) USAID should continue Program and Development OPG support to CLUSA for the next three to five years. A new OPG should be negotiated with CLUSA in FY 1989.

2) Under the new OPG, USAID should consider gradually phasing down its level of support to the CLUSA/India office from 50% to 25% encouraging NCBA, Indian Cooperatives and GOI to increase their contributions.

b) NCDC Phase II OPG

USAID should carry out a mid term evaluation of the NCDC Phase II OPG to assess the progress to date and to identify the issues to be faced in the coming year. In particular, the evaluation should examine the reasons for the slow expenditure rate, and obtain the information necessary for USAID to reach a decision as to whether to extend the PACD beyond the September 1989 or deob./reob the funds.

c) NDDB Oilseed Grower's Cooperative Project (OGCP)

1. If AID has definitely decided that no additional vegetable oil is to be provided to NDDB for support of OGCP, this decision should clearly and formally be communicated to NDDB.

2. USAID should review an anticipated evaluation by CIDA of its support to NDDB's oilseed project and based on this review make a decision as to whether the Mission should carry out its own evaluation of specific issues.

3. USAID should conduct a strategic planning effort with NDDB, to identify possibilities for future AID collaboration with NDDB;s broad range of new and planned activities including: fruits and vegetables; electric power generation; tree farming; psyllium husks; commercial food imports; and management of buffer stocks.

d) Cooperative-to-Cooperative Trade:

1) Increased cooperative to cooperative trade should be encouraged in the future. However, plans in this area should be based on clearly established principles. The most important is a commitment to long term trading arrangements rather than to short term targets of opportunity.

2) A new entity, organizationally separate from CLUSA and CBI, should be established to promote cooperative to cooperative trade between India and the U.S. This organization could be chartered in the U.S., have an equity base which is 51% Indian, and have its main office in New Delhi. However, the Indian and American cooperative movements should finance this trading organization without USAID support.

Important Note: See section L, Mission comments, and attached "Minutes of Mission Review Committee" for USAID/India decisions about the recommendations.

ATTACHMENTS

K. **Attachments** (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

1. Evaluation Report: "Review of CLUSA/New Delhi Program and Recommendations for Future Actions", June 10, 1988.

2. Minutes of USAID/India Mission Review Committee Meeting on the CLUSA Evaluation, December 14, 1988.

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

USAID/India decided, at the Mission Review Committee Meeting on the CLUSA Evaluation report that cooperatives do not have a central role to play in the Mission's development priorities for the foreseeable future. Therefore, USAID/India will not continue to support cooperatives through CLUSA beyond the current commitments which end in September, 1989.

The Evaluation Report recognizes that AID's decisions regarding CLUSA are "irrevocably related" to its attitude toward future involvement with cooperatives. "If AID does not want to support cooperatives, there is no reason to continue funding CLUSA". The evaluation's recommendations are explicitly predicted on the assumption that USAID/India would decide to continue major involvement with the cooperative sector in India. This has not proved to be the case. Therefore, the evaluation's specific recommendations about future USAID support to CLUSA and NDDB are no longer relevant, and have not been accepted by USAID/India.

The reasons for USAID/India's decision not to continue major involvement with the cooperative sector in India, and the specific decisions with respect to each of the USAID supported CLUSA activities are summarized in the "Minutes of the Mission Review Committee on the CLUSA Evaluation", attached.

Minutes of the Mission Review Committee

Cooperative League of the USA (CLUSA) Evaluation

December 14, 1988

Introduction

A Mission Review Committee (MRC) meeting chaired by the Mission Director was held on December 14, 1988 to review the independent evaluation of the CLUSA program carried out by Management Systems International in June, 1988. This forum provided a broader opportunity to address the central issue of USAID's future involvement with cooperatives in India. The outcome of this discussion is directly linked to the future status of USAID's funding commitments to various components of cooperative development.

General Conclusions

A general consensus was reached that cooperatives do not have a central role to play in the Mission's developmental priorities for the foreseeable future. First, the recently completed Agriculture Sector Strategy, which has been reviewed and approved by AID/W, is completely silent on the role of cooperatives in its program orientation over the next five years. Second, support to cooperatives has been marginally defined within the new CDSS Science and Technology (S&T) framework. Even within a limited (S&T/Trade and Investment) context, the Mission agreed with the recommendation of the CLUSA evaluation that the Cooperative Business International (CBI) program should be funded independently from the Mission. Finally, the reality of dramatically reduced levels of DA, serious mortgage problems and general tightening of USAID/India's program and staff have necessitated the redefinition and establishment of a few key priority areas which direct the use of constrained resources. While this concentrated focus does not include cooperatives, limited future assistance to cooperatives may be considered on a case by case basis . The governing criteria for any such proposals would include the degree of fit with the CDSS and existing priority projects and/or activities.

The decision not to continue support to cooperatives through CLUSA beyond the current commitments has direct effects on the scope and remaining actvities within each of the projects. The following specific decisions were reached:

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1. National Cooperative Development Corporation (NCDC) Phase II OPG:

In line with the decision not to fund future cooperative development, the PACD will not be extended beyond September 1989. Given the slow rate of expenditure to date, it may be necessary to de-obligate the unspent funds if the activities do not accelerate. Since the grant will not be extended beyond the PACD, a decision was made not to invest Mission resources in an evaluation of this project. If a need for more information arises, an internal review may be undertaken to address specific issues.

2. Cooperative Business International (CBI)

USAID/India has not been directly involved in CBI activities beyond the recognition of its operation under the CLUSA umbrella. Questions were raised about the type and extent of CBI's involvement with Indian cooperatives in trading commodities. The most recent example of a CBI agreement with the State Trading Corporation (STC) in exporting jute to the U.S. and selling it on the spot market represents a clear departure from cooperative-to-cooperative exchanges. The Mission confirmed its position of refraining from subsidizing strictly commercial organizations such as CBI.

3. National Dairy Development Board (NDDB)
Oilseed Growers Cooperatives Project (OGCP):

The prior decision not to continue support to NDDB beyond the 160,000 MT of vegetable oil for the OGCP was reconfirmed. This action is to be communicated to NDDB in due course. An independent evaluation of the project is not warranted given the termination status of the activity.

4. CLUSA Program and Development Support OPG

Given USAID/India's decision to terminate cooperative funding through CLUSA, Mission support to CLUSA/New Delhi will also naturally cease once the current Program and Development OPG expires late in FY89. CLUSA has had a long relationship with USAID in playing an important intermediary and monitoring role in the Indian cooperative sector.

As part of the close-out of existing OPG's, USAID has initiated a discussion with CLUSA to provide appropriate contribution to severance pay ~~compensation~~ to CLUSA for employees paid by USAID grants. A letter will be sent to Tom Carter, director of CLUSA, informing him of USAID's decision. End-of-project summary reports will be requested from CLUSA in connection with the NCDC OPG and CLUSA Development Support OPG.

Attendance at the MRC

R. Bakley, D
D.Pfeiffer, DD
C.D. Crowley, DPP
J.Ruducha, DPP
J. Grant, DPP
J.Becker, AR
M.Snyder, RCO
G.Thompson, PRJ
W.Graham, CO
R.Ullrich, FFD
S.Rajan, FFD
R.Beckman, TDE
B.Primm, RM

Clearances :

John Grant DPP/E		Date	1/25/89
R. Ullrich, FFD		Date	1/25/89
C. Crowley, DPP		Date	1/25/89
M. Snyder, RCO		Date	1/27/89
for W. Graham, CO		Date	1/27/89
D. Pfeiffer, DD		Date	1/31/89
R. Bakley, D		Date	1-31-89

DPP:JG:ag:FFD:REU:sr:1/17/89:2169E

XD-AAZ-121-A

60617

REVIEW OF CLUSA/NEW DELHI PROGRAM AND RECOMMENDATIONS FOR FUTURE ACTIONS

Submitted to:

June 10, 1988

USAID/New Delhi
and
National Cooperative Business Association

MANAGEMENT SYSTEMS INTERNATIONAL

600 Water Street S.W., NBU 7-7
Washington, D.C. 20024

telephone: (202) 484-7170
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COMMONLY USED ACRONYMS

Agency for International Development	AID
Cooperative Business International	CBI
Cooperative League of the U.S.A.	CLUSA
Country Development Strategy Statement	CDSS
Government of India	GOI
Indian Farmers Fertiliser Cooperative	IFFCO
Indo-American Cooperative Technology, Trade and Investment Corporation	ICTTIC
International Cooperative Alliance	ICA
Multi-Year Operational Plan	MYOP
National Agricultural Cooperative Marketing Federation of India Ltd.	NAFED
National Cooperative Business Association	NCBA
National Cooperative Development Corporation	NCDC
National Dairy Development Board	NDDB
Project Activity Completion Date	PACD
United States Agency for International Development/New Delhi	USAID

SCOPE OF WORK

Based on discussions with USAID/New Delhi it was agreed that this report would be broader than the original Scope of Work. Specifically a review was requested which would also take the form of a "think piece" addressing future issues of interest to USAID/New Delhi and NCBA/CLUSA as planning is undertaken in conjunction with the USAID's Country Development Strategy Statement (CDSS). Field work for this review was conducted from May 23 to June 4, 1988 at New Delhi and Anand.

Listed below is the original Scope of Work and where its specific points are addressed in the report.

	Reference Page(s)
1. Recommendations related to future AID support to the CLUSA/India program including:	
a) Appropriateness or otherwise of the program concept and the level of USAID support requested	19-20
b) If appropriate, recommended goal, purposes and outputs of future grant support as well as the nature and sources of the inputs to be applied	21, Annexes H and I
c) Recommendations related to specific planning, management/or technical issues	16-21
d) Analysis and recommendations related to any policy issues	16-21
e) Specific areas of concern to be addressed on a long-term basis	5-6; 20
2. General assessment of achievements against grant objectives and activities as presented in Attachment 2 to the Grant. In addition, this assessment should also comment as to how well integrated CLUSA's activities have been with the Mission's overall strategy and program.	7-9
3. Recommendations as to what areas of CLUSA's activities, if any, require a further more in-depth examination in a subsequent evaluation.	17-19

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ANNEXES:

A. Government of India Finance Outlays to Cooperatives

B. CLUSA Activities in India: A Brief History

C. Summary of USAID Assistance to CLUSA and Indian Cooperatives

D. CLUSA's Compliance with Program Development and Support OPG Objectives

E. CLUSA's Compliance with NCDC Phase II OPG Objectives

F. OGCP Budget Expenditures to Date and Projected Shortfall (CLUSA Sponsored Activities)

G. Two Concept Papers on Cooperative-to- Cooperative Trading and Technology Transfer

H. Suggested Objectives for a Future OPG

I. Illustrative Outputs for Indo-American Cooperative Technology, Trade and Investment Corporation

J. Interviews Held

EXECUTIVE SUMMARY

Cooperatives have been an integral part of India's development since Independence and their growth can be expected to increase in the next decade. CLUSA has provided continuous support to Indian cooperatives since 1954. As an honest broker between AID and the U.S. and Indian cooperative movement, it has played a unique role -- one that has been fully appreciated by all of its clients.

AID is developing a new Country Development Strategy Statement (CDSS) which will alter its approach to future program development. In making a transition to its new strategy, the USAID will be faced with comparatively low annual assistance levels and a limited capacity to begin new projects. However, CLUSA's current and planned activities are consistent with the main themes of AID's CDSS and should be considered for future funding.

The current status of four major activities was reviewed and recommendations made regarding possible future actions.

The Development Support OPG should continue for an additional 3-5 years with AID progressively reducing the percentage of the budget which it funds. Other sources of revenue should be sought to make up the difference. An evaluation of the NCDC Phase II OPG should take place as planned. The pace of implementation has been slow and the evaluation will provide the basis for future funding decisions by the USAID.

Soybean oil in excess of the 160,000 MT already provided to support the Oilseed Growers' Cooperative Project (OGCP) does not seem likely. Therefore, it is recommended that NDDB's planning take this reality into account. At the same time, NDDB is diversifying and AID should review with NDDB its future plans as well as its overall experience in oilseeds. However, to lay the groundwork for a more comprehensive relationship unencumbered by the misunderstandings which have characterized the OGCP two actions are recommended. First, the USAID should review an evaluation to be completed shortly by the Canadian International Development Association (CIDA) of its support to NDDB's oil seeds project and decide if further review of specific issues would be helpful. If additional review seems justified, it should be undertaken as soon as possible. Second, a strategic planning consultancy with NDDB is suggested. It would take into account the degree to which NDDB has grown and its planned for diversification. These two actions would provide the basis for a solid future relationship between USAID and NDDB.

Cooperative-to-cooperative trade will open up new opportunities of mutual interest to Indian and U.S. cooperatives. As plans are formulated several principles should be kept in mind. First, trading arrangements should be based on long term commitments from both

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sides. Second, technical assistance should be a necessary component of the long term relationship. Third, development criteria could be used to help determine which products to trade. Examples would be the relative labor intensivity of competing products and the socio-economic status of the members of the cooperatives producing the product. An organization is suggested which would be chartered in the U.S., have 51% of its equity base in India and have its home office in New Delhi. Products traded should not be limited solely to agricultural commodities. The final size and scope of such an organization is likely to be clarified in the fall in connection with a Cooperative Trade Mission. The Indian and American cooperative movements should be encouraged to finance the trading office without AID support.

Action steps are listed along with a Purpose statement which could apply to all current and future activities supporting cooperatives.

OVERVIEW

Cooperatives have been an integral part of the Government of India's development strategy since Independence. Indeed, the Indian cooperative movement is well known and respected as a model for other countries. They have received consistent political and financial support from the center and from state governments and are expected to continue to play a critical role in future development plans. Annex A contains information on the financial support to cooperatives during India's seven Development Plans. It shows an increase from Rs.7.11 crore in the First Plan to Rs.1,400.58 crore for the Seventh Plan (1985- 90).

The Cooperative League of the USA (CLUSA), now the National Cooperative Business Association (NCBA), has played a unique role in assisting the cooperative movement to grow and mature.* CLUSA has had a continued relationship with Indian cooperatives since 1954 which is discussed in detail in Annex B. Some of its highlights are:

- Support of an experimental project in 1956 on integrated agriculture credit, supplies and extension services which led to the development of the Intensive Agricultural District Programme

- An association with The National Cooperative Development Corporation (NCDC) which dates from 1963

- Technical support for the establishment of rural electrification cooperatives

- A pre-feasibility study and provision of more than 40 specialists in support of India's first fertilizer cooperative, The Indian Farmers Fertiliser Cooperative Limited (IFFCO)

- Association with cooperative dairy and oilseeds projects through its collaboration with the National Dairy Development Board (NDDB)

- Initiation of cooperative-to-cooperative trading through Cooperative Business International (CBI), a component of NCBA

* NCBA's office in New Delhi is referred to throughout the report as CLUSA since that is how it is known in India. The parent organization based in Washington will always be referred to as NCBA.

The Agency for International Development (AID), has provided substantial assistance to the growth and development of Indian cooperatives. Altogether it has provided in excess of $ 220 million worth of dollars, rupees and commodities, mostly in the form of commodities. Annex C details AID's support to CLUSA and the Indian cooperative movement, the main features of which are:

- Continuous support of CLUSA's presence in India
- Provision through CLUSA of extensive technical assistance to Indian cooperatives
- Capital assistance to groups such as IFFCO
- Using CLUSA as an intermediary, commodities have been provided to support directly, and through the monetization of the food, the growth of several cooperative organizations including NDDB and the National Agricultural Marketing Federation of India (NAFED).

AID is at a critical juncture in its program in India and is in the process of formulating a new Country Development Strategy Statement (CDSS). An important consideration regarding the nature and shape of any future assistance from AID to CLUSA and the Indian cooperative movement will be the environment in which AID must develop its plans.

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THE CURRENT AID ENVIRONMENT

PROGRAM CONSIDERATIONS

The overall framework within which future AID programs will be developed has been revised and redirected. Activities will consider India's strides toward modernization and its strong industrial and science and technology base. One measure of this is India's burgeoning middle class which now numbers more people than the entire population of either Italy of Spain. At the same time, the duality of an economy in which 350 million people live below the poverty level cannot be completely ignored. Thus, the program will be making a transition from a traditional one emphasizing field-oriented projects to one which will stress:

- New relations in science and technology (especially the trade and investment implications)
- Human resources development within institutions which will support the management of science and technology and
- An accelerated attack on poverty

These themes are not viewed as mutually exclusive but rather as being intimately related. Thus, whenever feasible, science and technology and human resources development activities should be directly linked to employment generation and the alleviation of poverty.

There are several characteristics of the new strategy as articulated in AID/Washington guidance which are relevant to the considerations contained in this report.

First, AID interventions should help produce changes in basic systems designed to improve efficiency, incentives, resource allocations and technological changes which will significantly alter investment decisions, production systems and the productivity of labor. Thus, efficiency and sustainability of basic systems are particularly important in a country where resource mobilization is already quite high.

Second, AID's program should promote long-term relationships with other U.S. government agencies, the U.S. research community and the private sector. Inter-institutional ties (rather than institution building per se) should be supported. Of particular interest are mutually beneficial long-term relationships which will bring U.S. technology to bear in an institutional rather than an isolated context to address Indian development problems.

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Third, while addressing poverty issues, P.L.480 resources should also focus on the improvement of basic systems. The relationships between systemic improvements and more rapid growth, increased income and better access to resources must also be demonstrated.

OPERATIONAL CONSIDERATIONS

For a variety of reasons AID's bilateral levels are at comparatively low levels. This is because the Development Assistance budget is quite low and the P.L.480 Title II level has remained roughly constant. At present, AID ranks ninth among donors in terms of its annual commitment levels. While minor increases may be expected in future years, forward planning must assume little or no growth in real terms. In addition, a certain portion of each new budget is already "mortgaged" by virtue of prior year commitments to earlier agreed upon activities. For example, less than 1/3 of this year's budget was actually available to fund new activities of any sort.

USAID/New Delhi had planned to reprogram some resources from existing projects which have had poor implementation records to other activities through a de-ob/re-ob authority. However, current AID/Washington guidance indicates that this authority will be drastically curtailed for all country programs during the remainder of FY-88 and possibly for FY-89. The recommendations have assumed that this will be the case and does not discuss options which might be possible if the de-ob/re-ob authority were reinstated. This limits USAID/New Delhi's programming flexibility and, along with the low budget levels, will severely limit its ability to initiate new starts.

SUMMARY AND ASSESSMENT OF CURRENT ACTIVITIES

This section will review AID's major activities in which CLUSA is involved. It was agreed that a detailed technical evaluation of sub-activities would not serve USAID's needs. Therefore, what follows is a summary of each activity and an assessment of those aspects most relevant for future policy making.

OPERATIONAL PROGRAM GRANTS (OPGs)

The maintenance of CLUSA's office in New Delhi and the undertaking of much of its work is support by two AID-funded OPGs:

- The CLUSA/India Program Development and Support OPG was signed in April 1983. Total proceeds are $930,000 of which $731,727 supports rupee costs and the balance ($198,273) funds foreign exchange expenditures. Originally the Project Activity Completion Date (PACD) was December 31, 1987. However, a no cost extension was made until June 30, 1988. As of April 30, 1988 $780,797 had been expended leaving a balance of $149,021.

  The NCDC Phase II OPG was signed in September 1986 in the amount of $1,200,000 and is composed of $1,006,505 for foreign exchange expenditures and $193,495 for rupee expenditures. The PACD termination date is September 30, 1989. As of April 30, 1988, $308,059 had been expended leaving a balance of $891,941.

CLUSA also receives direct financial support from NCBA, NDDB, IFFCO and Kribhco and indirect support from the Government of India (GOI) in the form of tax exemptions and the payment of duty in imported consumables. Since inception of the OPG in 1983, AID has funded approximately 50% of CLUSA's total operating budget.

Work conducted under both OPGs has been consistent with and supported several USAID priorities during the period of their implementation. They were: (a) import substitution to conserve foreign exchange (b) support for dryland agriculture and (c) the development of alternative systems to deliver goods and services to the rural areas.

Program and Development Support OPG. Much of work of the OPG is focused on NDDB's Oilseed Growers' Cooperative Project (OGCP) as can be seen by the grant objectives which are to:

- Provide expertise necessary to monitor and evaluate the on-going NDDB's Oilseed Growers' Cooperative Project to ensure efficient implementation of its program in achieving targets in production, procurement, storage, processing and marketing of vegetable oil.

- Provide regular, in-depth, analytical CLUSA reports of project progress, constraints and recommendations for consideration of AID administration.

- Provide technical, management, training, monitoring and evaluation services to NDDB to help achieve its objective of establishing an integrated system of oilseed production, processing and marketing, owned and controlled by cooperatives of small farmers.

- Assist in planning, designing and implementation of oilseed processing, management and development activities of the National Cooperative Development Corporation (NCDC).

- Provide assistance to other cooperative organizations, such as the National Cooperative Union of India (NCUI), in management training, membership education, technical information, etc.

- Represent CLUSA members and other U.S. cooperatives as appropriate to provide continuing liaison with Indian cooperatives, including coordination of exchange visits, technical, procedural and organizational information, and services.

- Promote direct cooperative-to-cooperative trade and associated technical, investment and marketing arrangements.

- Advise and assist Government of India (GOI) agencies, such as NCDC and NDDB, in the formulation of long range plans for the development of the Indian cooperative sector.

- Provide backstopping and logistic support to U.S. expatriates assigned by CLUSA to AID - financed projects, such as the NDDB Oilseed Growers' Cooperative Project, the PL 480 Title II Vegetable Oil Program, as well as other U.S. cooperative technical assistance activities in India.

The grant's implementation plan called for CLUSA to:

- Assign its Resident Representative in India, pay his salary and other dollar expenses from its own resources, except for dollar-funded costs of shipment of his household effects and personally-owned vehicle, and post differential, and also rupee-funded costs for education allowance, international travel and transportation which will be payable from this Grant;

- Authorize its Resident Representative to act as the Chief consultant and overall coordinator in the implementation of this Grant;

- Maintain its office in New Delhi and with addition of appropriate professional staff to support the Resident Representative's work and for monitoring of NDDB-OGCP project;

- Engage in the activities listed under specific objectives in paragraph B above, with priority given to B.1, B.2 and B.3 (supervision/monitoring/reporting on NDDB/OGCP project);

- Maintain liaison with Indian cooperatives, agencies of the Government of India, international development agencies and U.S. cooperatives;

- Follow up and evaluate completed projects; and

- Report on the general development of the Indian cooperative sector as a part of normal reporting requirements.

Essentially, CLUSA has met the objectives of the grant and the implementation plan. Annex D lists examples of actions taken in connection with each of the objectives.

There are two areas in which improvement might be made. First, the need for more evaluative/analytical information (for example, the documentation provided to AID should more thoroughly report on reasons for delays, likely remedies and possible timetables). Second, the format of the Quarterly Report and the Multi-Year Operational Plan (MYOP) should be revised to permit AID managers to quickly come to some conclusions about issues of greatest priority to them.

NCDC Phase II OPG. The purpose of the OPG is to support accelerated development of NCDC's institutional capacity to provide technical assistance and training to the Indian cooperative oilseed processing sector in improved operating procedures and modern management systems.

This training and technical assistance is designed to promote effective professional management and efficient technical operation of 50 existing and planned cooperative processing units with a total annual oilseeds crushing/preparatory capacity of 1.6 million metric tons. A major component of the project is application of the extensive U.S. cooperative experience in soybean processing to assist the rapidly expanding Indian cooperative processing of oilseeds.

Its specific objectives are outlined below:

- Establishment and operation of an Oilseed Processing Training and Technical Consultancy Cell within NCDC to improve the management and technical performance of cooperative oilseed processing units.

- The Training and Technical Consultancy Cell will focus on:

i) Development, testing and implementation of an integrated training and technical assistance program to include technical consultant services and an ongoing evaluation program.

ii) Development of improved management and plant operating systems addressing areas of interest specific to Indian cooperative processing units.

iii) Development, publication and distribution of operating manuals appropriate to the needs of major categories of processing plant management and operating staff.

- Establishment of model groundnut, cottonseed, rice bran and soybean processing units to serve as on-the-job training centers. Model plants will test recommended management and technical procedures as developed by the Training and Technical Consultancy Cell.

The activities outlined in the Grant Agreement were expressed entirely in terms of actions to be taken by NCDC, not by CLUSA. They are as follows:

- Establishment of a full time Oilseed Processing Training and Technical Consultancy Cell of an ongoing Training and Technical Assistance Program.

- Familiarization/Planning and Coordination tour to the United States for NCDC Senior Management officials, Cell Manager and one or two staff members to provide them with background information on U.S. cooperative oilseed processing management and operating systems and procedures as well as to strengthen NCDC-CLUSA coordination on project implementation - total 12 person months.

- Recruitment and assignment of short term technical consultants in fields identified by NCDC, in coordination with CLUSA, to work in India with the Training and Technical Consultancy Cell staff for providing assistance in development and introduction of suitable training, and technical support in specialized subject areas - total 36 person months.

- A long term coordinating consultant, based in the United States, will make two to three trips to India annually during the life of the project. This long term consultant will provide overall coordination between the NCDC Training and Technical Consultancy Cell and CLUSA's U.S. based efforts to ensure effective and appropriate management of inputs - total 30 person months.

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- An intensive in-service training will be provided for NCDC Cell staff and Indian cooperative processing personnel in U.S., and where appropriate in third country processing units. The in-service training will promote development of the management and technical skills necessary for the participants to develop and adapt systems, procedures and methods appropriate to Indian cooperative processing equipment, operating conditions, personnel, etc. - total 26 person months.

- Development and distribution of operating manuals, guides and training material for objective-based training program.

- Development of model groundnut, cottonseed, rice bran and soybean processing plants as training centers.

- Members of CLUSA's standing voluntary advisory committee on oilseeds processing will facilitate transfer of U.S. cooperative oilseed processing expertise to the NCDC Training and Technical Consultancy Cell through participation in recruitment and selection of technical consultants, organization of in-service training; participation in NCDC workshops and seminars, and assistance with project evaluations - total 4 person months.

- Short term consultants will be assigned to assess project progress and make recommendations necessary to achieve project purpose and goal - total 2 person months.

Progress on this activity has been slow. Slightly more than 25% of the budget has been spent while about 52% of the time has elapsed. Annex E contains CLUSA's most recent summary of project status.

OILSEED GROWERS' COOPERATIVE PROJECT (OGCP).

The bulk of AID's support to the cooperative sector has been to the NDDB in support of the OGCP. Beginning in June 1979, soybean oil was provided under Title II to be sold and the monetized resources used to support the NDDB. During the first quarter of FY 88, 11,775 MTs were received to bring the total delivered to 160,000 MT valued at over $148 million (including ocean freight). The purpose of the OGCP is to establish an integrated oilseeds and vegetable oil production, procurement, processing and marketing system within a cooperative structure controlled by farmer members. The NDDB is the project authority while CLUSA monitors the project under the terms of the Development and Support OPG.

In AID terms, the OGCP has not been a project. There are no formal agreements defining a time limited set of undertakings with a financial plan showing contributions by all parties involved, an implementation plan, an initial list of expected results and evaluation criteria. Since when it was started the activity was viewed as experimental, this approach is understandable when put in its historical context. However, this has resulted in considerable operational confusion along the way, especially within AID. For example, although the project has many agriculture-related objectives (and challenges) its' management has been in the Food for Development Division and has involved only limited participation by the Agricultural Division.

The main mechanism for monitoring, evaluating and planning the project has been an MYOP which has had as its planning horizon the ten-year period 1979-89. The MYOP is revised periodically with the last one prepared in October, 1985. It is an extensive document setting out Phase I (1979-83) and Phase II objectives for all aspects of the project, the latter being based on a Phase I evaluation conducted in 1983. However, while AID was interested in specific measures of success there is no indication that it accepted the concept of a ten year project or agreed to the specific targets as a measure of project progress. The MYOP has been augmented by an annual plan, the last one being submitted to the USAID in February 1988. The annual reports have tracked progress toward End of Project Status (EOPS) identified in the MYOP/annual report cycle for every aspect of the project. The initiative seems to have come from CLUSA to set the EOPS and, apparently, AID never concurred in these targets as a basis for either planning or evaluation.

A number of key ratios were devised from basic data to measure progress. With the exception of those dealing with procurement, they are equal to or greater than the percentage of elapsed time (80%):

Ratio	% of EOP
Member/Society	81%
Oilseed Area/Society	113%
Oilseed Area/Member	139%
Procurement/Society	48%
Procurement/Member	58%
Procurement/Hectare	43%

The procurement ratios are particularly sensitive to the severe drought conditions of the past two years. For example, at the end of Project Year 6, the procurement ratios were 45%, 65% and 45% respectively.

Expenditures for the activity have lagged behind original expectations. For example, a 10 year indicative budget called for expenditures of Rs.2.160 billion while as of March 1988 expenditures have been Rs.1.492 billion (or roughly 69%). Annex F contains a breakdown by category of budget expenditures through March 1988 and NDDB's calculations of a Rs. 206 million shortfall against budget targets unless soybean oil in excess of 160,000 MT is provided.

The NDDB cites several reasons for the slow expenditure rate. First, the drought decreased yields and hence the levels of procurement and processing. Second, NDDB has undergone a major re-organization involving: (a) the merger of the Indian Dairy Corporation and the NDDB, (b) integration of the responsibilities of the former OVOW throughout the organization; and (c) the elimination of 400 positions; (d) need for review by the full Board of Directors of all aspects of its overall oilseeds project which has been hampered by pending appointments to vacant spots on the Board. Third, the practice of purchasing and renovating 4 of the 8 refining mills in the project. This resulted in a savings of approximately Rs.127 million. Fourth, the introduction of a secondary tier of elected cooperative leadership at the union level to bring the project fully in line with the Anand model. This has involved considerable time and effort without spending large sums of money to insure that the process proceeds correctly. Fifth, the uncertain availability of Title II soybean oil beyond the 160,000 MT level. The uncertainty results from the 1985 project evaluation conducted by Smallwood and Hankins which recommended the provision 12,000 MT of soybean oil over and above the 160,000 MT. The recommendation was intended to meet a perceived funding gap but did not explore any alternatives to fully meeting that requirement. Although there was no reason for NDDB to assume the availability of the additional oil, it should also be noted that AID did not formally tell NDDB that it would not be available.

Regarding the last point, NDDB has taken some steps to adjust the budget for CLUSA-associated activities. For example, a planned Rs.80 million expenditure to renovate one of the oil refineries has been switched to the portion of the program funded by Canadian International Development Assistance (CIDA). NDDB has been encouraged to develop budget contingencies which assume no additional rupee resources for the foreseeable future beyond those generated by the 160,000 MT.

The OGCP has generated extensive discussion among a wide range of interested parties in India and the U.S. Given the framework in which the activity was developed, quantitative measures and collection of baseline data were not part of the agreed upon approach. Therefore, it is difficult, if not impossible, to draw any firm conclusions which would lead to a cost/benefit analysis, or to measure results at the Purpose level of AID's Logical Framework. Unfortunately, this often causes proponents and opponents of the activity to resort to impressionistic or partially documented

arguments to support their case. What is known, however, is that Inputs were delivered and Outputs realized which, when measured against 10 year EOPS, are essentially on target.

Also, because of the staggering foreign exchange costs associated with the import of edible oils, the need to increase local production and processing of oilseeds was given extremely high priority by the GOI. Thus, NDDB had to address many technical problems which were entirely different from those in the dairy industry. Examples would be handling and storage practices for a non-perishable commodity, cropping pattern trade-offs (e.g. whether to plan oilseeds or a different crop), volatile price fluctuations and little research resulting in higher crop yields. In the face of these problems and two of the worst drought years in the last 100 years, NDDB's overall record has been remarkable.

COOPERATIVE BUSINESS INTERNATIONAL

CBI was established in 1984 by NCBA to develop inter-cooperative trading and joint ventures. Initial discussions on the concept were held in India in 1983. Fifteen visits to India have been made by NCBA members to encourage this concept and to begin to structure operational arrangements. In addition, the CLUSA office has spent considerable time developing possible projects. Among the products discussed are: nigerseed, gum karaya, cashews, marine products, spices, fruits, psyllium husks, sisal twine, phosphoric acid and handicrafts.

An agreement was reached on May 30, 1986 to export nigerseed through NAFED to Universal Cooperatives, a major U.S. regional cooperative. Nigerseed is used in birdseed and chicken feed. This trade accounts for more than 50% of all U.S. imports and has now exceeded an annual level of 3,000 MT and $4 million. The approach used for the export of nigerseed is seen as a possible model for other commodities, especially cashews and psyllium husks, from India and peas and lentils from the U.S.

NCBA feels that CBI has not been able to take full advantage of the opportunities which exist in India for two reasons. First, CBI is not owned directly by U.S. or Indian cooperatives. As an organization with a worldwide charter it cannot allocate enough time and energies solely to US-Indian issues. Second, money is required beyond CBI's three year start up grant from AID to aggressively develop and promote long-term marketing relationships. Against this background, two concept papers have been informally developed by senior officers at NCBA and shared with the USAID and interested Indians. Annex G contains a copy of each paper. No organized review of either or both together has yet been undertaken.

On May 19, 1988 NCBA submitted a proposal to The Bureau for Private Enterprise and the Asia Near East Bureau in AID/Washington which would provide support to its worldwide efforts to increase cooperative trade and investment. It requests a $10 million loan (15 year repayment 5 year grace period at 8%) and an accompanying $710,000 grant to finance start up costs of trade related loan programs.

The loan funds would be used for re-lending for up to 5 years with a maximum one year grace period. Interest charges would reflect local lending rates for similar transactions. The loans would finance:

- Purchase of equipment and technology
- Short-term credits for seasonal imports
- Export financing
- Technical assistance/feasibility studies
- Product development and marketing promotion

The likelihood of financing from AID is uncertain at best. Hence, current planning should not assume its availability. However, the existence of such a loan fund could unquestionably accelerate the pace of future activity in India.

CONCLUSIONS AND RECOMMENDATIONS

Any decision by AID regarding CLUSA is irrevocably related to its attitude toward future involvement with cooperatives. If AID does not want to support cooperatives there is no reason to continue funding CLUSA. Conversely, if future assistance is to be provided, it is inconceivable that AID could accomplish that objective without CLUSA which consistently has been an "honest broker" between AID and the U.S. and Indian cooperative movements. This has been the single most important benefit of the OPGs, far surpassing their contribution to CLUSA's role as a manager of commodities and a provider of technical assistance. Every Indian interviewed noted with appreciation this aspect of CLUSA's long term presence in the country.

Thus, the basic question for AID is how it believes cooperatives relate to its future strategy. Apparently, this question has not been addressed in the CDSS; however, several points are relevant to this consideration. First, there is a long- standing, relatively successful base of experience upon which to build future plans. Second, U.S. cooperatives have much to offer to all three aspects of USAID's current framework for its CDSS. They can:

- Be the vehicle for the useful transfer of science and technology, especially through trade and investment
- Help Indian cooperatives develop stronger, more efficient systems of management and production
- Contribute to the alleviation of poverty by improving the standards of living of their members who are often from the economically disadvantage segments of the society

Third, continued growth and development of Indian cooperatives seems certain. Like most governments throughout the world, the GOI must consider the human resource and budgetary constraints which limit its role. Thus, future allocative decisions affecting the public, cooperative and private sectors are likely to be based increasingly on pragmatic rather than ideological criteria. At the same time, India's political and economic traditions are not likely to encourage rapid divestment of certain activities directly from the public to the private sector. Thus, for the foreseeable future, cooperatives will be seen by many as the appropriate "way-station".

A final decision on this question is, of course, outside the scope of this report. However, assuming that the current CDSS review reaffirms AID's commitment to work in this sector, a discussion follows regarding options to be considered.

OPG SUPPORT

No other organization could accomplish the variety of tasks which have been expected of CLUSA. Thus, the issue is not whether or not CLUSA should continue to receive assistance but on what basis. This presents the USAID with a dilemma since: (a) financial mechanisms outside the bilateral budget heretofore used to finance CLUSA are likely to be quite limited and (b) the bilateral budget is small and heavily mortgaged.

The PACD of the Development Support OPG is June 30, 1988. However, unexpended funds appear to be adequate to cover activities until November or December. Therefore, USAID should give priority attention to continuing OPG support for a 3-5 year period, even though budgetary constraints might require annual funding. A further evaluation as a prerequisite for a new OPG is not needed. AID has certainly received its money's worth for this relatively low cost item. Annex H contains suggested objectives for the new OPG.

CLUSA faces a number of extraordinary expenditures during the next year. Examples are: (a) an automatic 15% increase in office rent (b) the need to renegotiate a long term lease of the Resident Representative's house and (c) an increase in severance pay reserves required by Indian law. Based on these considerations, a preliminary review of CLUSA's budget indicates that approximately $265,000 of additional money (plus the unexpended balance of about $149,000) would be required to support CLUSA from now until September 30, 1989. However, this estimate needs immediate clarification and the necessary documentation prepared with a view toward obligating funds this fiscal year, if conditions permit.

The PACD for the NCDC OPG is September 30, 1989. As noted previously, the expenditure rate has been slow. This is due in part to a six month delay in project start up. A mid-term evaluation was scheduled for February, 1988 and should be conducted by September to give the USAID a clear picture on how the project is progressing and what issues must be faced over the next year. For example, unless expenditure rates increase significantly, it appears that a decision will need to be made whether to extend the PACD or, if the authority is available, to de- ob/re-ob the funds.

Since 1983, when the first OPG was signed, AID funding has accounted for slightly less than 50% of CLUSA's budget (excluding the GOI's indirect contributions). A case can be made that it would be desirable to reduce that percentage. Many Indians interviewed, while fully recognizing CLUSA's unique role, felt that its independence was limited, and its image tarnished, by financial reliance on the U.S. Government. From AID's point of view, CLUSA has been a highly cost effective investment of a relatively small amount of money. However, it has supported the CLUSA office for a long time and U.S. cooperatives possess large financial resources. In other words, NCBA has relationships and interests which would continue irrespective of

AID. Indeed, NCBA/CLUSA would be a likely candidate for the long term institutional relationship which AID seeks to foster in its CDSS framework. In addition to NCBA, increased contributions might be sought from Indian cooperatives and the GOI in the form of direct support. To give this process some impetus, the new OPG could mandate a declining AID contribution to bring its contribution down to 25% by the end of the grant.

NDDB AND THE OGCP

Apparently budget constraints and policy differences within the U.S. Government make it highly unlikely that additional edible oil in support of the CLUSA-assisted OGCP will be provided in the near future. If that is the case, USAID/Delhi should clearly and formally convey this to NDDB so that budget adjustments can be made and, if necessary, other sources of support sought. The NDDB estimated budgetary shortfall, which is no larger than Rs.220 million, seems manageable. For example, CIDA, which has provided assistance roughly equal to that of the U.S., is interested in assuming responsibility for activities in CLUSA sponsored areas when USAID funding ceases.

Such a decision should not be considered to reflect negatively on NDDB or prejudice consideration of possible future assistance. Indeed, this step could clear the air and lay the groundwork for a broader AID supported strategic planning effort with NDDB which would take into full account its new and planned activities:

- fruits and vegetables
- electric power generation
- tree farming
- psyllium husks
- commercial food imports
- management of buffer stocks

The new effort could begin with a review of CIDA's soon to be completed evaluation of its component of the oil seeds project. If A.I.D. deemed it important to do so, it could then take an in depth look at selected issues to augment the CIDA work. Examples would be specific technical or financial issues or NDDB's progression from its dairy operations to the application of the Anand framework to another large and important sector. The latter organizational/management concern could be highly relevant as NDDB undertakes its current expansion into new and equally challenging endeavors. The reasons for AID's participation would be threefold. First, to capture in an orderly way the many development lessons to be learned from the NDDB. Second, to work with NDDB on its strategic planning capacity which will be needed as it enters a phase of rapid diversification. Third, to identify future opportunities for AID-NDDB collaboration (including the possibility of oil seeds at some later date) to be provided within AID's usual project framework.

There appear to be a number of interesting future collaborations between AID and NDDB especially those involving complementarities in NDDB's program. First, tree growing and electrification cooperatives might be brought together on a long term scheme in which firewood would be sold to the electrification cooperative and burned in a dendro-thermal plant to generate electricity. Second, psyllium plants (the husks from which are likely to be part of the cooperative-to-cooperative trading) are grown as a second crop by oilseed farmers, raising interesting agriculture and managerial issues.

COOPERATIVE-TO-COOPERATIVE TRADING

The concept of cooperative-to-cooperative trading was enthusiastically endorsed by everyone interviewed. Thus, the task for the USAID is to put forward its ideas of how such an effort would operate. The discussion below suggests some considerations.

The most important principle is the need for a commitment to long term trading arrangements rather than to short term targets of opportunities. Without this, developmental impact will be reduced and CLUSA might be viewed as solely a trading operation. This would be contrary to a repetition nurtured over more than 30 years in India. A long term commitment might involve a trading agreement which committed both sides to a five year arrangement coupled with the provision of technical assistance designed to help the Indian cooperative improve its organizational and productive capacity. This would be mutually beneficial as it would permit trade in the product to increase.

Since a wide variety of products might be considered, it might be useful to use some criteria to select those products to be traded. In addition to normal business criteria developmental measures could also be employed. For example, products that have high labor intensivity might be selected as might products produced by cooperatives whose members are poor, e.g., most fishing cooperatives. These cooperatives might most benefit from the technical assistance component of a long term agreement.

An operational model involving an entity which is organizationally separate from CLUSA's current activities seems desirable. Such an entity could be chartered in the U.S., have an equity base which would be 51% Indian and have its main office in New Delhi. A suggested name is The Indo-American Cooperative Technology, Trade and Investment Corporation (ICTTIC). Membership could be open to Indian and American cooperatives committed to developing permanent business relationships between the two countries. In the early phases, emphasis would probably be on commodity trade which would then provide a base for more extensive technology transfers and investment. While much of the initial discussion has concentrated on

agricultural products, future planning should not be limited to this sector alone.

There are several potential barriers to be addressed. First, current AID legislation is restrictive on support to the export of any commodities which could compete with U.S. production. This should be considered carefully to see how it might affect product selection; presumably a case can be made that importation by a U.S. cooperative for use in the U.S. is not contrary to the law. Second, countertrade, while highly desirable, may be difficult to arrange due, in part, to GOI regulations which limit such trade to commodities which do not already have an established trading pattern with the importing country.

It is possible that the proposed Corporation will eventually be complementary to some of the activities of the new AID supported Center for Technology Development, especially in the area of food processing. As the two activities proceed, USAID should be alert to possibilities for collaboration or coordination.

The size and scope of the ICTTIC is likely to be clarified during a Cooperative Trading Mission which is tentatively planned for this fall. An important question for the Trading Mission should be whether or not to seek U.S. assistance in establishing the ICTTIC. If it can be started without such assistance, it would be on a more solid and flexible operating base. This would seem to be a reasonable objective given the potential which the two cooperative movements would have to make financial contributions to an operation which is clearly in their own best interest.

ACTIONS REQUIRED

As a result of the above mentioned recommendations, the following actions will be required to be taken by the USAID.

Action	Date
Sign a new OPG with CLUSA	4th Quarter FY 88/ 1st Quarter FY 89
Evaluate the NCDC Phase II OPG	1st Quarter FY 89
Evaluate NDDB's Overall Efforts in Oilseeds	1st or 2nd Quarter FY 89
Conduct overall strategic planing review with NDDB	2nd Quarter FY 89
Seek clarification on NCBA's loan proposal submitted to AID/W	3rd Quarter FY 88

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If appropriate, prepare a Project Paper for support to Indo-American Cooperative Technology, Trade and Investment Corporation	2nd or 3rd Quarter FY 89

These actions would result in a package of activities which would move A.I.D.'s relationship with CLUSA to a more comprehensive basis. This could be expressed in a Purpose Statement applicable to each activity as follows:

> To improve the ability of selected Indian cooperatives to both better serve the needy and remain financially viable through long term cooperative-to-cooperative arrangements with their U.S. counterparts stressing trade, investment and technical assistance.

The statement adequately reflects how these specific activities would contribute to the USAID's CDSS. It could also be used to determine the feasibility of any future cooperative sector activities.

ANNEX A

GOVERNMENT OF INDIA
FINANCIAL OUTLAYS TO COOPERATIVES

	Central sector (Rs crores)	Centrally sponsored (Rs crores)	State sector (Rs crores)	Total
FIRST PLAN 1951-56	0.50		6.61	7.11
SECOND PLAN 1956-61	0.50		33.33	33.83
THIRD PLAN 1961-66	9.00		71.10	80.10
FOURTH PLAN 1969-74	30.25	24.50	123.82	178.57
FIFTH PLAN 1974-78	**		**	375.70
SIXTH PLAN 1980-85	330.15		584.08	914.23
SEVENTH PLAN 1985-90	500.00		900.58	1,400.58

** Not Available

THE COOPERATIVE LEAGUE OF THE USA (CLUSA) ACTIVITIES IN INDIA: A BRIEF HISTORY

Founded in 1916, the Cooperative League of the USA (CLUSA) is a federation of U.S. cooperatives representing all sectors of that country's movement. At present its membership includes more than 300 primary, state, regional and national cooperative organizations representing more than 60 million primary members of agricultural, credit, insurance, housing, consumer, electricity, communications, industrial and oil producing cooperatives. Combined assets represented by CLUSA's member cooperatives substantially exceed U.S. $200 billion.

As the U.S. representative in the International Cooperative Alliance (ICA), CLUSA has had a long-standing commitment to support for cooperative growth world-wide. After the Second World War, CLUSA was instrumental in the creation of CARE (Cooperatives for American Relief Everywhere), and remains a strong supporter and member of that organisation. CLUSA also mobilised financial and technical resources to assist in reconstruction of the European cooperative movement after that continent had been devastated by war.

CLUSA in India:

Dr. Allie C. Felder, Jr., CLUSA's Senior Vice President (Emeritus), who served for twelve years as its Representative in India, has defined CLUSA's role as "student first, then only consultant." This is an accurate characterisation of CLUSA's two-way relationship in India. Much that the organisation has learned in India has proved beneficial to its work with U.S. cooperatives and in its other international programs. The Indian cooperative movement, with the strong support of Government, has been in the forefront of innovation in many areas of cooperation, innovation that has been adopted by and benefitted the American and other movements through CLUSA's ongoing participation in India.

The Cooperative League's program in India began in 1953 and was initially focused on support of research and training activities conducted by the All-India Cooperative Union (now NCUI) and the Indian Cooperative Union. From 1953 through 1960, consulting and financial support was provided to the Central Cottage Industries Emporium whose sales increased from U.S.$50,000 to U.S.$3 million during that period.

In 1956, CLUSA initiated its support of the "Mehrauli Project", an experiment in integrated agricultural credit, input supplies and extension services. This, in turn, influenced the design of the Ford Foundation financed Intensive Agricultural District Programme (IADP) in which, from 1960 onwards, CLUSA also participated. The initial effort involved training of key IADP officers and, ultimately, in training and extension support to seven IADP districts. Subsequently CLUSA experts in cooperative education and agricultural marketing served as advisors to the project.

Between 1956 and 1965, the CLUSA Representative, Dr. Allie G. Felder, Jr., served as an instructor at the National Centre for Cooperative Education and also helped mobilise financial and material support for the NCCE programme.

A central event in CLUSA's collaboration with the Indian movement occured in 1960 when the late Prime Minister, Pandit Jawaharlal Nehru, requested the CLUSA Chairman, Mr. Murray Lincoln to visit India. Mr. Lincoln, one of the pioneers of the U.S. cooperative movement, was unable to make the trip because of his advanced age and poor health. However, he arranged for a team of U.S. cooperative leaders to represent him in India. That team, in close collaboration with Government of India and cooperative leaders, outlined ways in which the U.S. cooperative movement might support cooperative growth and expansion in India. CLUSA's participation in the IADP programme as well as subsequent support for cooperative oilseed processing, consumer cooperatives, rural electrification and the creation of IFFCO, all resulted from the 1960 Team recommendations.

CLUSA's association with NCDC began in 1963 when a CLUSA specialist was assigned to work with NCDC and state marketing federations in cooperative marketing, processing, storage and inpts supply. The initial two-year programme was augmented between 1966-70 when a CLUSA oilseed processing specialist worked with NCDC in the introduction of solvent extraction units in the cooperative sector. This work was continued by the CLUSA Representative, Mr. Rex Wingard, between 1970 and 1982, and by the provision of two additional specialists between 1978 and 1982. NCDC and CLUSA have recently initiated a new $1.3 million programme in this field which includes technical support, training and management assistance to cooperative oilseed processing units financed by the corporation.

Beginning in 1965 and extending through 1970, CLUSA coordinated technical suppot for the establishment of pilot rural electric cooperatives in several states, work carried out by technicians provided through the National Rural Electric Cooperative Association (NRECA), a CLUSA member.

The 1960 CLUSA leadership team also recommended consideration of cooperative manufacture and marketing of fertilizer. This idea captured the imagination of both cooperative and government leaders leading in 1966 to a CLUSA-sponsored pre-feasibility study. This was followed in 1967 by CLUSA's coordination of a more detailed economic analysis and creation of a U.S. body, Cooperative Fertilisers International, which would subsequently provide more than 40 specialists in support of the IFFCO project. CLUSA and CFI raised $1 million from the U.S. cooperative movement in support of the project and worked closely with the U.S. Agency for International Development to raise a loan of $21 million. This financing supplemented Government of India equity participation and loans of $14.5 and $24 million respectively and cooperative equity of $12 million equivalent. IFFCO stands today as a model of

cooperative enterprise and CLUSA takes great pride in the fact that IFFCO and its sister cooperative, Kribhco, are both League members.

CLUSA has also been associated with the cooperative dairy and oilseeds movement through its collaboration with the National Dairy Development Board. In 1971, CLUSA provided cooperative dairy specialists who participated in the planning for the Operation Flood II National Milk Grid concept. In 1978, CLUSA undertook the role of cooperating sponsor in NDDB's Project to Restructure Edible Oil and Oilseeds Production and Marketing. To date some 159,545 mt of refined soybean oil, valued at approximately $148 million, has been donated in support of this project which, to date, has organised some 395,000 oilseed growers into 3,100 cooperatives in seven states.

In 1983, CLUSA again assumed the role of cooperating sponsor in a project to provide 20,000 mt of skim milk powder to the Indian Dairy Corporation in support of that organisations National Buffer Stock programme.

In 1987-88, CLUSA has worked with the U.S. Government, NDDB, the Delhi Mother Dairy and NAFED to assist in mobilizing various resources in support of drought-relief and related programs. To date some 2,400 mt of butter oil has been donated to the Delhi Mother Dairy under the Section 416 Sugar Quota Offset Program. This butter oil has been monetized with the proceeds being used to help finance the Mother Dairy's innovative new Fruit and Vegetable Project. An additional 5,195 mt of butter oil have been donated to NDDB under a special Section 416 drought relief program. The proceeds, less handling costs, will be donated to the Prime Minister's Relief Fund. Agreement has been reached on an initial tranche of 100,000 mt of yellow corn as a Section 416 donation to NAFED (75,000) and NDDB (25,000). An additional 300,000 mt are scheduled to be donated on the same proportions, along with 25,000 mt of soybeans (to NDDB). The major portion of proceeds from the sale of these commodities will be used in drought relief and drought proofing activities.

Throughout the years of CLUSA's collaboration in India, it has acted as a coordinator for cooperative delegations between the two countries, with more than 150 Indian cooperative leaders having visited the U.S. during this period and an equal number of U.S. cooperators visiting this country. Annually, CLUSA also receives and responds to several hundred requests for information on cooperative and technical questions, often drawing on U.S. cooperatives for detailed information. More recently, CLUSA has begun circulating information on current international market requirements and tenders for commodities produced and processed by Indian cooperative organisations.

Currently CLUSA is exploring additional collaborations with cooperative organisations. Among these:

Financing for Oilseed Processing R&D, Training and Consultancy Support: Efforts are underway to secure a grant of approximately U.S.$ 3 million to finance dollar costs for R&D, training and technical consultancy in support of NDDB's Project to Restructure Edible Oil and Oilseed Production and Marketing.

Cooperative to Cooperative Trade:

Nigerseed: CLUSA has worked closely with NAFED to facilitate the latter's export of nigerseed directly to Universal, a major U.S. cooperative and CLUSA member. This now accounts for well over 50 percent of U.S. nigerseed imports, while the total cooperative-to-cooperative trade in this commodity has passed 3,000 mt and more than $4 million.

Gum Karaya: CLUSA is working with TRIFED and Sunkist, a major U.S. citrus cooperative, on export of Gum Karaya

Cashews: An effort is underway to adapt the nigerseed arrangement to facilitate NAFED and CAPEX participation in the spot cashew market.

Marine Products: Discussions have been held with Matsyafed (Kerala State Fisheries Cooperative Federation) on the feasibility of a joint venture in trawler operation as well as in processing of marine products for the U.S. market.

Processed and Packaged Spices: Potential for processing and packaging of spices for the U.S. market is being explored with the Spices Board. Marketing of finished products forms the crucial link involvement of U.S. cooperatives. Kerala Markfed, NAFED, and other cooperative organisations in India have expressed an interest in exploiting the substantial (400% to 2000%) price differential between C&F values of raw spices and retail prices in the U.S. It is hoped one or more U.S. cooperatives with national marketing systems can be involved in such a programme.

Fruit Processing: Discussions have taken place between CLUSA and major U.S. processing cooperatives such as Sunkist and Ocean Spray to determine their interest in technological collaboration in fruit processing with organisations such as NAFED and its member state cooperative marketing federations as also with the Delhi Mother Dairy's Vegetable and Fruit Project. There appears to be initial interest on both sides.

Psyllium Husk: India is the major world supplier of psyllium husk, for which the United States is the major consumer. Vast new marketing areas are emerging for this increasingly high value product. Replication of the nigerseed marketing program in the case of psyllium husk is being jointly considered by NAFED and Universal.

Sisal Twine: Universal, a major U.S. Regional Cooperative is the world's largest single importer and seller of sisal twine which is used in hay baling equipment. CLUSA is exploring with TRIFED and Universal the possible procurement and production of baling twine in India.

Phosphoric Acid Supply: Farmland Industries, the largest U.S. agricultural supply and marketing cooperative (annual sales $3 billion), and CFI have both expressed an interest in participating in sales of phosphoric acid to India outside the Phoschem consortium. The modalities of such supply will be discussed in the near future.

Phosphate Joint Venture: Both CF Industries and Farmland Industries own and operate Phosphatic fertilizer plants in Florida. Both have suggested IFFCO consideration of a joint venture with a guaranteed purchase agreement and fixed price pool to offset fluctuations in the world market.

National Federation of Industrial Cooperatives: CLUSA has worked extensively with NAFIC on creation of export markets for handicrafts, uniforms, coir products, and tea. The Smithsonian Institution has made an initial purchase of NAFIC handicrafts. Cooperative Business International has purchased NAFIC-produced packed tea which is now being test marketed in the United States. Other areas of mutual exploration include brass products and uniforms.

Vegetable Oil: CLUSA worked with the U.S. Department of Agriculture to obtain an Export Enhancement Program bonus for the commercial sale of Crude Degummed Soybean Oil to the National Dairy Development Board. This was the first time that this program had been applied to vegetable oil and for a sale of commodities to India. The approximate value of the bonus was $1 million. Subsequently CLUSA assisted NDDB with the completion of arrangements and shipping of the oil.

Peas and Lentils: The U.S. Peas and Lentils Council, a CLUSA member, has proposed a collaboration with NAFED which could operate on a principle similar to NAFED's nigerseed exports to the U.S. enabling both to benefit from lower off-season prices for the commodity. Over the longer-term, efforts will be made to encourage U.S. cooperatives in this field to produce for the Indian market.

Third-Country Collaborations

CLUSA presently has collaborative programmes with cooperative organizations and governments in Asia, Africa and Latin America. In many countries, India's cooperative achievements are well-known and respected. For example, the Anand Pattern is internationally regarded as one of the most successful examples of cooperation as a vehicle for development; NCDC is seen as a model for cooperative

business financing institutions; IFFCO stands as the most successful fertilizer producing cooperative in Asia. There would appear to be opportunities where CLUSA would be in a position to mobilize U.S. and international agency financing, as well as commodities, in support of projects which would replicate Anand Pattern, NCDC, IFFCO and other Indian cooperative models. The active technical collaboration of these Indian institutions could be an important factor in the ultimate success of such efforts. During the next several months it is expected that a group of Rwandan women cooperators may visit India to study the activities of similar cooperatives in this country and also that Nepalese cooperators may receive training from institutions such as IFFCO.

Commodity Assistance Programmes: CLUSA is continuing to work in collaboration with the National Dairy Development Board to support NDDB's requirement for up to 100,000 mt of additional vegetable oil to strengthen and expand the Project to Restructure Edible Oil and Oileed Production and Marketing.

ANNEX C

Summary of USAID Assistance
to
CLUSA and Indian Cooperatives

Recipient	Period From	Period To	Number	Type *	Dollar Amount	Rupee Amount	Dollar Equivalent	Food MT	Food Dollar	Total Dollar	Value
CLUSA	Sep-66	Mar-70	AID-386-843	C		751,255	$93,907			$93,907	
CLUSA	Jun-66	Jun-69	AID-CSD-267 #16	TO	$70,140					$70,140	Oilseed
CLUSA	Jun-66	Feb-67	AID-CSD-267 #17	TO	$19,000					$19,000	Fertili
CLUSA	Mar-67	Jun-67	AID-CSD-267 #26	TO	$2,119					$2,119	Fertili
CLUSA	Jun-67	Aug-67	AID-CSD-683 #6	TO	$16,435					$16,435	Fertili
CLUSA	Sep-69	Jun-70	AID-CSD-267 #30	TO	$27,000					$27,000	Oilseed
CLUSA	Apr-70	Mar-71	AID-386-1606	G		295,035				$36,879	
CLUSA	Aug-71	Nov-71	AID-CSD-2901 #3	TO	$10,000					$10,000	Dairy
CLUSA	Apr-71	Mar-72	AID-386-1774	G		332,729				$41,591	
CLUSA	Mar-72	Mar-73	AID-386-1968	G		256,886				$32,111	
CLUSA	Apr-73	Jan-76	AID/CSD/2901 #649	TO	$87,245					$87,245	
CLUSA	Jan-76	Dec-78	AID/pha/BOA-#1	TO	$192,820					$192,820	
CLUSA	Jan-79	Mar-83	AID-386-2135	G	$303,600					$303,600	
CLUSA	Apr-83	Present	386-0000-G-00-3024	G						$930,000	
NRECA			AID-CSD-225 #53	TO	$123,792					$123,792	Electri
NRECA	Aug-67	Sept-70	AID-CSD-1504 #5	TO	$82,304					$82,304	Electri
NRECA	Aug-67	Sep-70	AID-CSD-1504 #11	TO	$380,904					$380,904	Electri
CLUSA/NCDC	Aug-78	Feb-82	AID-386-2127	G	$475,200					$475,200	
CLUSA/NCDC	Sep-86	Sep-89	AID-0000-G-00-6064	G						$1,200,000	Oilseed
CLUSA/NDDB	Aug-79	Sep-85	AID-386-2144	G	$374,800					$374,800	
CLUSA/NDDB	Aug-79		386-421-000-9647	TA}				160,000	$148,567,018	$148,567,018	Soybean
CLUSA/NDDB		Present	386-XXX-000-6649	TA}							

* C=Contract, G=Grant, TO=Task Order,
TA=Transfer Authorization, DSGM=

Recipient	Period From	Period To	Number	Type	Dollar Amount	Rupee Amount	Dollar Equivalent	Food MT	Food Dollar	Total Dollar	Value
CLUSA/IDC	May-84	Mar-88	386-XXX-000-4648	TA				20,000	$15,391,185	$15,391,185	NFDM
Mother Dairy	Aug-87	Aug-90	G-386-7/934-00	DSGM				2,305	$3,249,275	$3,249,275	Butter O
NAFED	Feb-88	Feb-91	G-386-8/802-00	DSGM				75,000	$10,500,000	$10,500,000	Corn
	Feb-88	Feb-91	G-386-8/802-00	DSGM				25,000	$3,500,000	$3,500,000	Corn
NDDB	Not Yet Signed							25,000	$6,949,000	$6,949,000	Soybeans
NDDB	Oct-87			DSGM				5,200	$7,302,275	$7,302,275	Butter O
IFFCO	Jun-71	Jul-87	386-H-201	L	$21,000,000					$21,000,000	
					$25,295,359	1,635,905	$204,488	312,505	$195,458,752	$220,958,600	

CLUSA/INDIA LOCAL COST SUPPORT GRANT
(Grant No. 386-0000-G-00-3024-00)
Status of Specific Objectives (Attachment 2)
As on May 30, 1988

OBJECTIVES

Objective 1: To provide the expertise necessary to monitor and evaluate the on-going NDDB Oilseed Growers' Cooperative Project to ensure efficient implementation of its program in achieving targets in production, procurement, storage, processing and marketing of vegetable oil.

Status:

In 1984 CLUSA/India employed a financial management specialist and an agricultural specialist to supplement the Representative's, Project Officer's and Commodities Officer's monitoring and evaluation activities.

In addition to monitoring and evaluation, the CLUSA staff supported the project with a variety of research and analysis activities related to processing plant and federation financial analyses, farmer return on investment, production constraints, etc. (See Status Report [SR], pp 2-3, Obj. 3).

During the course of the grant, CLUSA has worked with NDDB to complete one major revision of the Multi-Year Operational Plan (See SR, p. 1, Obj. 1).

Objective 2: To provide regular, in-depth, analytical CLUSA reports of project progress, constraints and recommendations for consideration of A.I.D. administration.

Status:

Twenty-one Quarterly OGCP Project Reports, and four Annual Reviews have been prepared and submitted to USAID along with eleven Quarterly and one Final Report on the NDDB (Technical Assistance and Training) Operational Program Grant. These reports have been supplemented by letters and other analyses provided to USAID both at CLUSA's instance and in response to specific questions. (See SR, p. 2, Obj. 1). Additionally, a total of 117 commodity reports have been submitted to USAID.

Objective 3: To provide technical, management, training, monitoring and evaluation services to NDDB to help achieve its objective of establishing an integrated system of oilseed production, processing and marketing, owned and controlled by cooperatives of small

farmers.

Status:

A substantial number of personmonths of CLUSA staff time have been dedicated to provision of technical support to the NDDB project (see SR, pp 7-10, Obj. 7). Three personmonths of expatriate consulting support was allso provided to the project (SR, pp 19-20, Obj. 2). Twelve NDDB (7) and growers' federation (5) officers received 70 personweeks of training in the United States during the grant period (SR, pp 22-23, Obj. 2).

One Mid-term Evaluation (1983) and one Management Assessment (1985) were conducted during the grant period (SR, pp 3-6, Objs 1-4).

Objective 4: To assist in planning, designing and implementation of oilseed processing, management and development activities of the National Cooperative Development Corporation.

Status:

An NCDC Operational Program Grant proposal was prepared in collaboration with NCDC, submitted to USAID and the Government of India, and was approved in September 1986 (SR, p. 16, Obj. 3).

To date the NCDC OPG has provided a total of 5 personmonths of expatriate technical assistance to NCDC in the oilseed processing area (SR, pp. 19-21, Obj. 2) as well as 65 personweeks of U.S. In-Service Training for fifteen NCDC (5) and cooperative (10) staff (SR, pp 22-23, Obj. 2).

Objective 5: To provide assistance to other cooperative organizations, such as the National Cooperative Union of India (NCUI), in management training, membership education, technical information, etc.

Status:

CLUSA has participated in a number of training activities sponsored by the National Centre for Cooperative Education (an arm of NCUI) and also has provided consulting and training support to the National Federation of State Cooperative Banks (NAFSCOB), Samakhya (a cooperative promotional body in Andhra Pradesh), the Credit Union Promotion Committee of India (CUPCI). CLUSA has also participated on the committee responsible for the design of Project TOPIC, a World Bank-financed training and consultancy support project managed by NCDC and operated through state cooperative banks. (SR, p. 17, Obj. 6; p. 17, Obj. 7; pp 19-21, Obj. 2; p. 22, Obj. 2; p. 24, Obj. 3).

Objective 6: To represent CLUSA members and other U.S. cooperatives as appropriate to provide continuing liaison

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with Indian cooperatives, including coordination of exchange visits, technical, procedural and organizational information and services.

Status:

A total of 59 Indian (19) and American (40) cooperative leaders and executives have participated in a variety of exchange visits coordinated by CLUSA during the grant period (SR, p. 25, Obj. 4). Innumerable responses to requests for technical, management and general information relating to U.S. cooperatives has been provided to Indian cooperatives, promotional bodies and individuals (SR, p. 24, Obj. 2). Information on trade opportunities has been provided periodically to such cooperatives as NAFED, CAMPCO, state marketing federations, NAFIC, NDDB/OVOW, oilseed growers' federations, FISHCOPFED and others. CLUSA has also developed inventories of various technical and financial resources to assist Indian cooperative and related bodies to obtain such support (SR, p. 25, Obj. 6). CLUSA staff participate in cooperative meetings, functions, workshops and other events on a regular basis (SR, p. 24, Obj. 3).

Objective 7: To promote direct cooperative-to-cooperative trade and associated technical, investment and marketing arrangements.

Status:

CLUSA has played a major role in the commercial import of 25,000 mt of soybean oil by the National Dairy Development Board (NDDB) and in NDDB's subsequent commercial purchase of 10,000 mt of Non-Fat Dry Milk. CLUSA has also been instrumental in the export of nigerseed by NAFED to Universal, a major U.S. interregional cooperative. Presently a variety of trade and other collaborative ventures are under development involving U.S. cooperatives, Cooperative Business International and such Indian cooperatives as NAFED, NAFIC, and TRIFED.

CLUSA has also supported USDA/Delhi and U.S. cooperator efforts in the trade area.

Objective 8: To advise and assist Government of India (GOI) agencies, such as the National Cooperative Development Corporation (NCDC) and the National Dairy Development Board (NDDB), in the formulation of long range plans for the development of the Indian cooperative sector.

Status:

CLUSA's role in relation to this objective is informal and is limited to participating in dialogues with such institutions as

NCUI, NDDB, NCDC, and NAFSCOB.

Objective 9: To provide backstopping and logistic support to U.S. expatriates assigned by CLUSA to A.I.D.-financed projects such as the NDDB Oilseed Growers Cooperative Project, the PL 480 Titlee II Vegetable Oil Program, as well as other U.S. cooperative technical assistance activities in India.

Status:

CLUSA has provided backstopping for a total of 3 personmonths of expatriate technical assistance to the NDDB OGCP and 5 personmonths of consultant support to the NCDC project. Additionally, CLUSA has supported the identification and fielding of consultants from such organizations as NRECA, the World Council of credit Unions, Ford Foundation, the Volunteer Development Corps and from private consulting firms in support of cooperative activity in power generation and distribution, fruit and vegetables, cooperative management and evaluation, credit unions, spice processing, etc.

Note:

Though not envisioned in either the CLUSA OPG proposal or Attachment 2 to the Grant Agreement, CLUSA has provided assistance to USAID/Food for Development Staff in the design and negotiation of Section 416 agreements for butter oil (sugar quota compensation and Prime Minister's Relief Fund), corn and soybeans.

STATUS OF MID-TERM EVALUATION RECOMMENDATIONS

The Mid-Term Evaluation completed in December, 1984, made the following recommendations:

1) CLUSA should draft a plan for future activities...beyond the termination of this Grant in 1986 anticipating the continuing need for support for the OGCP project for several years.

   Status: A plan has been drafted (1985) and revised (1986 and 1987)

2) Specific (plan) objectives for the balance of this Grant period should include:

   (a) Conduct an intensive review with USAID to establish what information is needed by USAID and for what purposes and, then, to reach agreement on a reporting format that will satisfy those requirements.

   Status: Regrettably, no significant progress was made on this very important objective. New formats have been introduced and tested, including one proposed by the 1985 Management Assessment. However, an agreed-upon format still remains an important unmet objective.

   (b) In developing the format for the reports USAID and CLUSA should take account of the information generated by NDDB/OVOW's MIS and avoid imposing additional data requirements on that system.

   Status: The reporting formats remain as they were in 1984.

   (c) Use the augmented professional staff to carry out more frequent site visits and regular district project reviews, coordinating these with NDDB/OVOW.

   Status: A total of 9 site visits/district reviews have been carried out since 1984. These have been supplemented by the Checchi & Company Management Assessment and by continued and extensive dialogue with NDDB.

   (d) Assist NDDB to develop a financial "self-sufficiency" model for federation level operations.

   Status: Complete.

   (e) Continue to modify the Commodity System and Procedures manual to introduce monitoring and reporting procedures that ensure accuracy and speed up the reporting process.

Status of Mid-Term Evaluation Recommendations

Status: There is now a lag time of approximately 45 to 60 days between the end of a quarter and receipt of reports from NDDB/OVOW.

(f) Review with NDDB/OVOW possible additional requirements for technical assistance. If assistance is required, prepare and submit a proposal justifying funding under this OPG or other appropriate mechanism.

Status: NDDB/OVOW and CLUSA have developed an outline project that would include consultancy support, finances for R&D efforts that must be partially managed outside India; for in-service training; and for prototype equipment. However, given the uncertainty that surrounded the project until the latter part of 1987, no further work was done to advance this proposal.

(g) Follow-up the proposal for a new NCDC OPG cleared by the GOI.

Status: The NCDC Grant was approved and the agreement signed with USAID on September 29, 1986.

(h) Continue to explore opportunities for cooperative-to cooperative trade and investment opportunities with the Ministry of Agriculture, Department of Cooperation and with Indian cooperative organizations as well as with American cooperatives.

Status: A Memorandum of Understanding has been signed between the National Agricultural Cooperative Marketing Federation (NAFED) and Universal, covering the export of nigerseed. In 1986-87 a total of 1,540 mt valued at Rs. 16.7 million were exported under this MOU. During 1987-88 the tonnage increased to 3,727.5 mt worth Rs. 44.87 million.

The National Federation of Industrial Cooperatives (NAFIC) has reached agreement to export handicrafts to the Smithsonian Institution Museum Shops; NAFIC has also exported an initial sample of their member-produced tea for test marketing in the U.S.

Arrangements were made for an initial export of electronic milk testers by the Rajasthan Electronics Corporation (REIL) to a cooperative dairy project in Indonesia.

Status of Mid-Term Evaluation Recommendations

Universal and Cooperative Business International are presently negotiating agreements for the import of:

Psyllium Husk from NAFED and Rajfed
Cashews from NAFED, TRIFED and CAPEX
Canned Mushrooms from NAFED
Sisal Baler Twine from TRIFED

In 1987 the National Dairy Development Board imported 25,000 mt of crude degummed soybean oil from the United States using Cooperative Business International as their agent. Discussions are now underway with Ag Processing to explore a long-term CDSBO sale agreement with NDDB. (NDDB has also purchased 10,000 mt of NFDM from USDA/CCC and is trying to negotiate the purchase of an additional 10,000 mt either directly or from a U.S. cooperative under the DEIP).

Oilseed Growers' Cooperative Federations have been exporting oilseed extractions through Alfred C. Toepfer, a trading firm 50% owned by U.S. and Canadian cooperatives.

The following exports by Indian cooperatives are presently being studied:

NAFED and its member state marketing federations

Pepper
Processed and packaged spices
Fruit and vegetable juice concentrates
Cashew kernels
Basmati Rice

CAMPCO

Instant chocolate drink and other cocoa products

NAFIC

Brass railings and fittings
Uniforms
Shoe uppers and farm work gloves

Status of Mid-Term Evaluation Recommendations

TRIFED

Gum Karaya
Nigerseed
Other forest products

FISHCOPFED and its member state federations

Trawler operation collaborations
Tuna
Dried shrimp

IFFCO and KRIBHCO: discussions have been underway for some time to determine the feasibility of IFFCO's direct immport of phosphoric acid from one or more U.S. fertilizer cooperatives. Kribhco and IFFCO have both indicated an interest in the purchase of U.S. bulk handling technology. Initial discussions have taken place concerning possible equity participation by IFFCO in a U.S. cooperative phosphate operation.

In October/November 1988 a delegation of U.S. cooperative executives is scheduled to visit India to identify areas of possible collaboration.

(i) Continue to work with organizations such as Samakhya and the National Cooperative Union of India, assisting them in management, planning, training, membership education, etc.

Status: CLUSA has continued to work with Samakhya on a variety of projects and activities including planning; development of an association of employee thrift cooperatives; design of criterion-referenced training; cooperative law; assessment of maize and paddy processing projects; etc. CLUSA continues to work with NCUI on a variety of activities with emphasis being on helping in the creation and strengthening of that organization's export promotion cell.

END OF PROJECT CONDITIONS

The Local Cost Support Grant proposal suggested the following end of project conditions:

EOP Condition	Status
NDDB Oilseed Growers' Cooperative Project	
1) Successful achievement of the OGCP Objectives as indicated in the NDDB Proposal to Restructure Edible Oil and Oilseed Production and Marketing	Partial
2) Submission of all program, commodity and financial reports stipulated in the agreements governing the project.	Complete through March 31, 1988
3) Completion of one/two mid-term evaluations and one end-of-project evaluation validating achievements of project objectives.	One mid-term evaluation and one Management Assessment completed
4) Completion of an analysis of the NDDB approach to project expansion/replication and preparation of a description of the approach suitable for use by practioners.	Not achieved
Other Involvement	
1) Initiation of a technical consultancy/training project in support of NCDC-financed/other oilseed processing technology and management	Project initiated
2) Successful promotion of one or more direct cooperative-to-cooperative trade agreements.	One agreement operational; others under development
3) Successful promotion of one or more technical assistance/investment/marketing agreements between U.S. and Indian cooperative organizations.	Achieved.
4) Initiation of a project in support of cooperative management and/or membership education.	Not achieved.
5) Submission of all reporting to the Government of India, USAID and any other concerned organisation.	Current through March 31, 1988
6) Completion of one mid-term and one final project evaluation validating achievement	Mid-Term Evaluation completed 12/84;

of the objectives specified in this proposal.

Final Scheduled

NATIONAL COOPERATIVE DEVELOPMENT CORPORATION/CLUSA OILSEED PROCESSING MANAGEMENT DEVELOPMENT PROJECT (II)

LOGICAL FRAMEWORK: STATUS

Inputs

A. Technical Support to the Project

1) Familiarization/Planning and Coordination Tours

a) Description: Travel to the United States for the NCDC Senior Management officials, Cell Manager, and one or two staff members (12 personmonths).

b) Status: The initial familiarization/planning and coordination tour took place in April 1987 and included the Managing Director, General Manager and Chief Director (Processing). The latter two officers visited potential training locations and interviewed proposed consultant candidates.

2) Technical Consultants

a) Description: Short-term technical consultants identified by NCDC in oordination with CLUSA, to work in India with NCDC's Training and Technical Consultancy Cell staff on specialised subjects. (36 personmonths)

b) Status: A total of 12 consultants have been identified and proposed. Of these three have carried out consulting assignments in cottonseed processing (6 weeks), storage (5 weeks) and proteins (4 weeks), for a total of 3.5 to 4 personmonths.

3) Coordinating Consultant

a) Description: A long-term consultant, based in the United States, who would make two to three tips to India annually during the life of the project and would coordinate recruitment, selection and fielding of consultants as well as the design and management of In-Service Training (30 personmonths.)

b) Status: The Coordinating Consultant, Carl Peterson, was employed in early 1987. He has identified the project consultants, coordinated the initial familiarization/planning tour, designed, arranged and conducted three In-Service Training Programs and made his initial trip to India.

4) In-Service Training

a) Description: Intensive Training for NCDC Cell and Indan cooperative processing personnel at U.S., and, where appropriate, third-country processing units (up to 26 personmonths)

b) Status: A total of five NCDC and ten cooperative personnel have participated in three In-Service Training programs in the United States, involving fifteen personmonths of training.

5) Evaluation

a) Description: Personnel qualified to assess the progress/achievements of the project against objectives and to recommend mid-course corrections (two personmonths).

b) Status: The evaluation is scheduled for October 1987.

B. NCDC Personnel and Services

1) Training and Technical Consultancy Cell

a) Description: A cell Manager and minimum of four professionally qualified full-time staff plus office space, support personnel, transport, communications and supplies (180 personmonths).

b) Status: The cell has been created with the Chief Director (Processing) as manager and a qualified, professional staff of five. To date the staff has accumulated more than 60 personmonths of activity.

2) Training and Consultancy Program

a) Description: An integrated program of training and technical consultancy to support the development and diffusion of improved management, technical systems, procedures and methods.

b) Status: Training and Consultancy Cell staff members are providing consultancy services to NCDC-financed processing units. To date no training has been conducted. Nor has an integrated program of training and consultancy been designed and planned.

Outputs and Indicators

A. Training and Technical Consultancy Cell

1) Output: Establishment and operation of a full-time Training and Technical Consultancy Cell, to promote and support the use of improved management systems and operating procedures throughout the cooperative oilseed processing sector.

2) Indicators and Status:

Indicator	Status
Cell Established	Complete
Cell Fully-Staffed	Complete
Established Plan and Program	Not Done
Core NCDC Personnel Trained	Partial
Core Plant Operators Trained	Not Done

B. Integrated Training and Technical Consultancy Program

1) Output: Operation of an integrated Training and Technical Consultancy Program

2) Indicators:

Indicator	Status
Detailed needs analysis	Not Done
Training and Consultancy Objectives	Not Done
Training and Consultancy Strategy	
a) For Sector	Not Done
b) For Each Plant	Not Done
Training/Consultancy Evaluation Methods Developed and Used to Improve	Not Done
Four model plants in operation and Training Centres	Plants Identified
Four two-week training courses conducted at each model plant	Not Done

C. Published Operating Manuals and Training Materials

1) Output: Preparation and distribution of published operating manuals and guides as well as training materials specifically tailored to the needs of major categories of processing plant management and operating staff.

2) Indicators:

Indicator	Status
Manuals Printed	Not Done
Guides Printed	Not Done
Training Materials Printed	Not Done
Manuals Distributed	Not Done
Guides Distributed	Not Done
Training Materials Distributed	Not Done

D. Model Soybean Processing Plant

1) Output: Development of a model soybean processing plant for that component of the training and technical consultancy program.

2) Indicators:

Indicator	Status
Operating cooperative soybean processing plant with all management systems and operating procedures in place	Plant Identified

E. Specialised Training

1) Output: Development and delivery of specialised sub-programs responsive to specific training needs identified during the course of the project.

2) Indicators:

Indicator	Status
Five new training programs designed	Not Done
Additional five programs under development	Not Done
Improved systems and procedures designed and documented	Not Done

F. Improved Plant Performance

1) Output: There will be measurable qualitative and quantitative improvements in the management, technical and financial performance of the NCDC-financed plants in the subject matter areas addressed by the project.

?) Indicators:

Indicator	Status
Measurable performance objectives for each processing system established (End of Year I)	Underway
Model Plants Achieve an average of 80% of these objectives (EOP)	
Other NCDC-financed plants achieve an average of 65% of these objectives (EOP)	

Project Purpose: . The Project Purpose is accelerated development of the National Cooperative Development Corporation's (NCDC) institutional capacity to provide technical assistance and training to the Indian cooperative oilseed processing sector in improved operating procedures and modern management systems. This training and technical assistance is designed to promote effective professional management and efficient technical operation of 50 existing and planned cooperative processing units with a total annual crushing/preparatory capacity of 1.6 million metric tons.

Project Goal: The Project Goal is the improved technical and financial performance of cooperatively-owned oilseed processing units, resulting in increased income to an estimated 750,000 farm families.

ANNEX F

OGCP Budget Expenditures to Date

CLUSA Sponsored Activities *

(Rs. in Million)

ACTION ITEM	END PROJECT TARGET	EXPENDITURE UPTO MAR'88	YET TO BE SPENT
PROCESSING FACILITIES	998	659	339
OR & CIS	17	10	7
MKT RESEARCH	22	4	18
PRODN. ENHANCEMENT	297	133	164
PROD. & PROCESS. DEPARTMENT	8	5	3
MANPOWER DEVPT.	20	5	15
PROJECT MNGT.	166	132	34
SHARE CAPITAL	90	72	18
MNGT. TRNG.	1	1	0
PROCUREMENT SUPPORT	500	447	53
CO-OPERATIVE DEVPT.	40	26	14
TOTAL	2,160	1,492	668

* Numbers may not total due to rounding

PROJECT OUTLAY AND RESOURCES

		(Rs. in Million)
I	Total Project Requirement	2,160
	Expenditure upto Mar'88	1,492
	Therefore, Commitments yet to be fulfilled	668
II	Balance funds available as on March'88	110
	Value of Oil-in-stock	352
	Therefore, Total likely balance funds avalaible	462
III	Funding Shortfall	206

which would require approximately 12,000 MT oil to generate the additional rupees

CONCEPT PAPER
INDIA/U.S. COOPERATIVE BUSINESS ORGANIZATION (CBO)

Introduction

As opportunities for inter-cooperative trade and joint ventures increase, it is essential that Indian and U.S. cooperatives structure themselves to 1) identify project opportunities quickly; 2) develop and promote the projects efficiently; and 3) maximize the resulting benefits for the cooperative movements of both countries. If the cooperatives of both countries can bring to fruition some of the real inter-cooperative business opportunities that exist, they will evidence the viability of cooperative businesses in a highly competitive international market place, and thereby strengthen the international cooperative movement.

During its first 3 1/2 operating years, Cooperative Business International (CBI®) has had some success in developing trade and business relationships among U.S. and India cooperatives. CBI has not, however, been able to take full advantage of commercial opportunities for two principal reasons.

1. CBI is not owned directly by U.S. or Indian Cooperatives. Therefore, while CBI was established by NCBA to develop inter-cooperative trade and investment, a lack of individual cooperative ownership and commitment makes it difficult at times for CBI to marshall the resources of both sides in pursuit of feasible business opportunities. On the other side of the coin, ownership of CBI by only a few powerful cooperatives would reduce its operating scope and geographical diversity.

2. It takes money to aggressively develop and promote long-term marketing relationships. While CBI's 3-year start-up costs were funded by USAID and CBI is now self-sustaining from an oeprating cost standpoint, there is no funding for technical assistance, and other key product development costs such as market research and travel.

To overcome the above constraints and in view of the special commercial opportunities that exist for U.S. and Indian cooperatives, CBI proposes that the first joint cooperative trade organization be established between our two countries. Following is an outline of the proposed organization for discussion purposes:

Purpose and Goal:

The primary purpose of the new cooperative organization will be to promote trade and investment among its member organizations. It will engage in business activities with non-member clients only when these activities do not conflict with member interests but serve to strengthen the economic and financial position of the organization.

The overall goal of the organization will be to strengthen the business/commercial potential of its member cooperatives, thereby enhancing their prospects for expanding membership and, in turn, their political, economic and overall influence.

Brief Description of the Organization:

1. The CBO would be chartered in the U.S. but its equity base would be 5 percent Indian. The CBO would have its headquarters in New Delhi.

2. Membership in the CBO would be open to both Indian and U.S. cooperatives which have a vital interest in developing permanent business relationships between the two countries.

3. Voting would be based on the amount of business conducted by a member with the organization.

4. The CBO will start-up with minimum equity of $800,000 to cover approximately 4 years of operations. Each member cooperative will invest $100,000 payable over four years. Indian cooperatives will be permitted to pay up to 50 percent of their equity in rupees.

5. It is anticipated that the CBO will receive some dollar and rupee cos financing from AID, channelled through CLUSA/India, to fund costs related to product development and market promotion.

6. The CBO will be managed by Cooperative Business International under a minimum 5-year contract.

7. During its initial 2 operating years, the CBO will focus on business development in the following key sectors:

a. Fruits and Vegetables - joint venture/technology transfer;
b. Fertilizer - joint venture/trade;
c. Vegetable Oil/oilseeds;
d. Spices/tea;
e. Nigerseed, psyllium husk, cashews;
f. Shrimp;
g. Mushrooms.

8. Profits from Import/Export transactions and other investments will be returned in the CBO or retained to the members based on a majority decision of the Board of Directors.

COOPERATIVE TECHNOLOGY, TRADE AND INVESTMENT (CTTI) PROJECT

The proposed Cooperative Technology, Trade and Investment project (CTTI) conforms to a USAID strategy which emphasizes enduring technology, trade, investment and institutional relationships between India and the United States. Cooperatives, which are a major element of the Indian economy, have an important role to play in each area of emphasis. The CTTI is designed to foster and expand that role.

Participating Indian Cooperative and Promotional Bodies

National Dairy Development Board (NDDB) -- The National Dairy Development Board, and the cooperative system it supports, could have a significant role in each of the three areas of emphasis:

-- NDDB is on the leading edge of technological advance in dairy, livestock, oilseed, fruit and vegetable production and processing. It is also actively involved in public health, rural electrification, and other areas susceptible to linking technology and professional management with farmer-owned organizations.

-- Through its Institute of Rural Management (IRMA), NDDB plays an increasing role in transfering modern management technology to a variety of rural enterprises.

-- NDDB has become an importer of agricultural commodities. In the past year, NDDB has purchased 25,000 tons of soybean oil and 10,000 tons of Non-fat Dry Milk from the United States. An additional 10,000 tons of NFDM are likely to be purchased later this year.

-- Subject to final government decision, NDDB may be authorized to import and administer an edible oil buffer stock of 200,000 tons.

-- Collaborative ventures with American produce and dairy cooperatives (e.g. Land O'Lakes, Worldwide Sires, Blue Anchor, Ocean Spray) are a distinct possibility during the next several years.

National Agricultural Cooperative Marketing Federation (NAFED)-- NAFED is already active in trade and its role is likely to grow.

-- In 1986-87 NAFED exported $1.4 million worth of nigerseed to Universal Cooperatives, a major interregional farm supply cooperative; in the current year the nigerseed exports to Universal have increased to $3.45 million. In 1988-89 the list of NAFED exports to Universal is likely to increase and diversify, including such products as psyllium husk, cashew, pepper and other spices, canned mushrooms and sisal twine.

Project Duration

The Cooperative Trade, Technology and Investment activity would cover five-years; USAID funding of the Indo-U.S. cooperative would be limited to three years.

Staffing and Budget

NCNA/CLUSA/Cooperative Business International would be organized into two groups: a Technology Group and a Trade and Investment Group. NCBA/CLUSA would contribute $60,000 and Cooperative Business International $75,000 annually to the costs of the project. NCBA/CLUSA/Cooperative Business International also are exploring a services contract with the National Dairy Development Board which would generate as much as $75,000 toward the annual project cost. An annual USAID contribution of $570,000 is proposed.

SUGGESTED OBJECTIVES FOR FOLLOW-ON OPG

- Provide technical, management, monitoring and evaluation services contributive to achievement of the NDDB Projects in oilseeds and edible oil; dairy; fruits and vegetables; and rural electrification.

- Manage, monitor and evaluate the NCDC technical consultancy and training program in oilseed processing.

- Represent the U.S. cooperative movement to the Indian cooperative movement, including: coordination of fraternal and business visits; planning and participation in working meetings on subjects of mutual concern to the two movements; satisfying informational requirements from the Indian movement; assisting in development and funding of financial, educational and technical assistance programs requested by the Indian movement; coordination of international trade and related activities with NCUI and the International Cooperative Alliance Regional Office.

- Completion of all required planning, monitoring, reporting, support and evaluation activities stipulated in the agreements between CLUSA and the U.S. Agency for International Development Board and the National Cooperative Development Corporation as they relate to the NDDB Oilseed Growers' Cooperative Project, the NDDB Skim Milk Powder Buffer Stock project; the Mother Dairy Fruits and Vegetable Project; and the NCDC II Technical Assistance and Training Operation Program Grant.

ANNEX I

ILLUSTRATIVE OUTPUTS FOR INDO-AMERICAN COOPERATIVE TECHNOLOGY, TRADE AND INVESTMENT CORPORATION

- Achieve an annual Indo-U.S. Cooperative-to-Cooperative trade volume of $50 million by 1991.

- Conclude at least one joint-venture investment by a U.S. cooperative in India, or by an Indian cooperative in the United States.

- By 1990 provide the following in support of Indian cooperative trade capability with regard to market identification and development; procurement; financing; product processing and packaging; export management:

  ____ persondays of technical assistance

  ____ persondays of training

- Conclude agreement on at least one new commodity project which explicitly includes both donated and commercially procured commodities in appropriate proportions and which earmarks a portion of generations for purchase of U.S. services and/or equipment.

- Determine the feasibility, develop and conclude one import or export-related loan agreement between a U.S. and Indian cooperative institution.

- Reach agreement for provision of services and facilities, with the cooperative organization(s) designated by the Government of India as responsible for promotion of trade and international joint-ventures.

ANNEX J

INTERVIEWS HELD

INDIAN ORGANIZATIONS

GOVERNMENTAL ORGANIZATIONS

Ministry of Agriculture

Dr. P.V. Shenoi, Additional Secretary

Ministry of Finance

Mr. V. Subramaniam, Director (ECB & EC)
Department of Economic Affairs

Special Advisor to the Prime Minister on Technology Missions

Mr. Satyen G. Pitroda, Advisor, Project Board
Center for Development of Telematics (C-DOT)

COOPERATIVE ORGANIZATIONS

Indian Farmers Fertiliser Cooperative Limited (IFFCO)

Mr. C.P. Mathur, Executive Director (Technical)
Mr. V.K. Sikund, General Manager

International Cooperative Alliance (ICA)

Mr. G.K. Sharma, Regional Director
(and former Managing Director, NAFED)

National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED)

Mr. S.S. Dawra, Managing Director
Mr. S.K. Iyer, Additional Managing Director

National Cooperative Development Corporation (NCDC)

Mr. R.V. Gupta, Managing Director

National Dairy Development Board (NDDB)

Dr. V. Kurien, Chairman of the Board
Ms Amrita Patel, Secretary of the Board
Mr. S.P. Aggrawal, General Manager, Portfolio Management
Dr. (Mrs.) Uma Vyas, Secretary to the Board of Trustees
and Director in Clinic, Tribhuvandas Foundation

NON-GOVERNMENTAL ORGANIZATIONS

Center for Advancement of People's Action and Rural Technology

Mr. Ashok Jaitly, Deputy Director General

Center for Policy Research

Dr. V.A. Pai Panandikar, Director

Industrial Development Services

Mr. L.C. Jain, Chairman (and former Secretary, Indian Cooperative Union)
Mr. B.L. Dhar, Director

UNITED STATES ORGANIZATIONS

UNITED STATES GOVERNMENT

USAID

Mr. Robert Bakley, Director
Mr. Christopher Crowley, Acting Deputy Director
Mr. Charles Antholt, Director, Office of Agriculture
Mr. Robert Beckman, Director, Office of Technology, Development and Enterprise
Mr. Douglas Broome, Director, Program Office
Mr. Ronald Ullrich, Director, Office of Food for Development

Embassy

Mr. Lyle Sebranek, Agricultural Counsellor

NON-GOVERNMENTAL

National Cooperative Business Association

Mr. Lawrence Harrison, Vice President, International Development

Cooperative Business International

Mr. Leonard Yaeger, Vice President and Chief Operating Officer, CBI

Cooperative League of the USA/New Delhi

Mr. Thomas Carter, Resident Representative

CANADIAN GOVERNMENT

GOVERNMENTAL

Canadian International Development Association (CIDA)

Ms Linda McDonald