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MIDPOINT EVALUATION
OF
AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL
AGRIBUSINESS EXCHANGE PROGRAM (ABE)
(EUR-0024-G-00-1066-00)
FOR
CENTRAL AND EASTERN EUROPE

Submitted
to
U.S. Agency for International Development
Bureau for Europe (ENE/TR/ARD)
and
A.I.D. Missions in Poland, Romania and Bulgaria

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Summary of Findings, Conclusions and Recommendations

Agricultural Cooperative Development International (ACDI) is currently carrying out a three year training program, known as the Agribusiness Exchange Program (ABE) in Central and Eastern Europe. The project grant totals \$7.1 million for the period of April 23, 1991 to August 1, 1994. Its purpose is to increase the efficiency and effectiveness of private agriculture through technical and on-the-job training and short-courses; and in-country training in agribusiness management and rural credit.

The midpoint evaluation took place in July and August, 1993. It was carried out by an external evaluator (Ted Weihe), the ABE Project Director (Lee Rosner) both of whom travelled to Poland, Bulgaria and Romania; and by the ACDI Vice President for Training (Jerrold Keilson) and the Polish cooperative bank project advisor (Warren Gerber) who travelled to the three Baltic countries. It concluded with a two-day retreat to review the evaluation findings, prepare a logical framework and integrated work plan, and improve project management, coordination and evaluation systems.

The methodology included extensive interviews with trainees, project staff, project collaborators, A.I.D. staff and others which was compiled into a base evaluation document. A questionnaire was prepared and reviewed by project staff. It was administered to a broad sample of trainees through in-depth field interviews. The evaluator also reviewed quarterly project reports, end-of-course/training and six month follow-up evaluations.

Overall findings and conclusions:

■ The ABE training project was a good entry approach to assist the development of private agriculture in Eastern Europe. It has operated effectively with VOCA, USDA and other technical assistance providers. The initial training focus has resulted in the following impacts:

(1) initiated a national debate in Poland to prohibit cooperative employees from serving on boards of directors necessary to convert old style cooperatives to member control (legislation was subsequently vetoed by the president over this issue).

(2) facilitated the drafting and passage of a new cooperative law in Lithuania, growing out of the shared experiences of U.S. training participants.

(3) strengthened small agribusiness companies and cooperatives including an outstanding private poultry processing plant in Poland which uses U.S. packaging, processing and other techniques;

(4) trained the "best and brightest" extension agents, farm organizational leaders and government officials who constitute a strong institutional base to promote farmer-controlled agribusinesses especially in Eastern Poland;

(5) helped create regional policies favorable to the formation of farmer-controlled cooperatives by strengthening regional foundations; and

(6) strengthened 500 Polish rural cooperative banks and three recently formed regional banks by training key bank officials, managers, boards of directors and over 285 loan officers, as well as rural lending institutions in Estonia and Romania, especially in credit lending practices for private agribusinesses.

■ ACIDI is in the process of shifting resources to Southern Tier countries and has the opportunity to benefit from lessons-learned from its earlier programs which have successfully linked small agribusinesses with sources of capital.

■ U.S. training has been particularly effective in developing new patterns of free enterprise thinking and opening the minds of trainees to what is possible. Repeated in-country courses have created a strong cadre of private entrepreneurs, extension agents, rural bankers and others committed to private sector cooperatives and farmer-controlled agribusinesses.

■ ABE will need to focus more tightly on a clear strategy and concentrate on change agents to enhance measurable impacts. ABE is ready to shift from generalized, diagnostic training to highly targeted training interventions at an enterprise level.

■ The project has an excellent evaluation system and is well coordinated with VOCA, USDA and other providers of training and technical assistance. The linkage of VOCA volunteers for short-term technical assistance and to carry out U.S. training has been highly successful. This approach was extended to the USDA extension project in Poland. Trainees have rated their U.S. training as highly effective because programs are coordinated by volunteers and others who are familiar with Central and Eastern European agriculture and have adapted it to their needs. In-country training has been reinforced with one-on-one VOCA volunteer technical assistance.

Recommendations include:

■ The basic ABE strategy should be adjusted to work more intensively with agribusiness entrepreneurs who are emerging in value-added activities and who can access either private capital (individual/family) or bank/foundation loans.

■ ABE should consolidate and institutionalize its cooperative training efforts through extension centers and local foundations and should no longer be directly responsible for carrying out such training.

■ In Poland, ABE should shift its emphasis to help private agribusinesses carrying out cash-flow analysis, management and financial strengthening, business plans and loan applications for credit from rural cooperative banks and other institutions engaged in agricultural lending. It should continue to provide institutional training to cooperative banks especially for improved agricultural lending.

■ In Romania, ABE should institutionally strengthen and put in place a training program within the Romanian Bank for Development and carry out a series of integrated in-country training courses for loan officers and "bankable" agribusiness entrepreneurs. Sustained and repeated training, with VOCA technical assistance, should focus on the most promising agribusiness activities (i.e., small meat processors, bakeries).

■ In Bulgaria, ABE should focus on financial and business training for emerging entrepreneurs in meat processing through in-country courses.

■ In shifting its emphasis to the Southern Tier countries, ABE should redeploy its staff and resources to focus more attention on Romania, compared to Bulgaria or Albania, where the greatest opportunity for immediate impact is most promising because of easier access to rural credit in conjunction with the World Bank's agricultural sector loan.

■ ABE should implement this revised project strategy for ABE through: (1) country-specific implementation plans, (2) baseline and improved measurable impact criteria, (3) preparation of a logical framework, and (4) revised staffing and resource allocations.

Among the lessons learned are that training programs in Central and Eastern Europe are effective in helping the transition to a market economy through a "shift in thinking" by participants. However, demonstrated impacts require a series of training interventions, one-on-one technical assistance and, in the case of entrepreneurs, access to finance. Generally, a training strategy should target emerging entrepreneurs (based on baseline surveys) in specific

sectors of small-scale, value-added agricultural activities. Stand-alone training projects should be linked closely with other collaborators to provide a full range of interventions (e.g., policy and legislative reform, banking services and complementary short and long-term technical assistance).

Successful factors for effective training include: (1) trainers who are well prepared and have a strong familiarity with local conditions; (2) trainers who are credible with practical experience in course subjects; (3) courses that are taught consistent with generally high education levels in Central and Eastern Europe; (4) careful selection of participants who can serve as models and effectively utilize new learning and skills; (5) a series of courses that are presented in a logical and progressive sequence, with one-on-one technical assistance in between courses for the adoption of new knowledge; (6) courses which are team taught with U.S. and local trainers/experts to make sure materials are applicable to local circumstances; and (7) training which is institutionalized in extension centers, foundations, local colleges, major banks and other institutions through train-the-trainers courses, preparation of training manuals and course curriculum.

MIDPOINT EVALUATION

AGRIBUSINESS EXCHANGE PROGRAM (ABE) (EUR-0024-G-00-1066-00)

I. GOAL AND PURPOSE OF THE PROJECT

Agricultural Cooperative Development International (ACDI) is currently carrying out a three year training program, known as the Agribusiness Exchange Program (ABE) in Central and Eastern Europe. The project grant totals \$7.1 million for the period of April 23, 1991 to August 1, 1994.

The purpose of the project is to increase the efficiency and effectiveness of the production and business sectors of the agricultural economies of Central and Eastern Europe. The objectives are to:

- provide cooperative managers and leaders, agribusiness people and the staff of rural credit organizations with the management, financial and technical skills appropriate to a market economy;
- provide training in specific technical areas to increase productivity and efficiency; and
- extend the benefits of existing technical assistance and the Farmer-to-Farmer programs by providing a quick response to identified training needs.

The project scope focuses on five areas: (1) new private agribusinesses and associations; (2) enhanced economic results for existing private enterprises; (3) credit and banking services; (4) extension services; and (5) privatization of state agricultural enterprises. The grant provides for not less than 62 U.S. training participants per year and, to date, 174 participants have been trained in the following areas: 21% from new private agribusinesses and associations; 24% for enhanced economic results of existing firms, 20% from the banking sector, 10% from extension services, and 25% involved in privatization of state agricultural enterprises. Thirty-four percent of U.S. participants have been women. Direct U.S. training costs per participant have averaged about \$6,500.

In-country training workshops of two to six days emphasize: (1) agribusiness management and technical operations (i.e., accounting, marketing, distribution, transport and logistics), and (2) rural credit (i.e., cooperative business principles, role of directors and training of trainers). To date, there have been 35 in-country training courses with 955 participants (16 courses in banking, 14 in cooperatives, six in marketing, four in agribusiness management and two in training of trainers). Forty percent (381) of in-country participants have been women.

II. PURPOSE OF EVALUATION AND METHODOLOGY

The midpoint evaluation took place from July 17 to August 9, 1993 as required by the terms of the grant. It was carried out by an external evaluator (Ted Weihe), the project director (Lee Rosner), ACIDI's Vice President for Training (Jerrold Keilson) and ACIDI's Resident Bank Advisor in Poland (Warren Gerber). The evaluation concluded with a two-day strategic planning retreat for in-country and key home office training staff to review its findings; prepare a project logical framework and integrated work plan; and make improvements in project management, coordination and evaluation systems.

The methodology included:

1. a review of all project documents including quarterly reports, and 349 end-of-training and six month follow-on evaluations;

2. preparation of a standard questionnaire for interviews which was reviewed by ACIDI training staff, and which covered:

- how participants' business/activity changed as a result of the transition to a market economy,
- highlights and usefulness of training programs,
- how training has been applied and examples of changes implemented as a result of training,
- extent and nature of follow-on contacts among trainees, with trainers and project staff,
- suggestions for improvements and new training subjects.

3. travel to Poland (July 17-21), Romania (July 22-24), Bulgaria (July 25-29) and the Baltics Republics (August 2-9) for interviews with trainees, field staff, project collaborators and USAID staff;

4. strategic planning/evaluation workshop (July 30-31) for home office and field training staff to:

discuss project impressions, interviews and impacts, develop overall and country-specific ABE strategies for the coming year,

prepare a logical framework,

develop project implementation and detailed work plans (and management tool) for remainder of grant period,

review field and home office project changes and responsibilities (personnel shifts, recruitment, job

descriptions, allocation of training targets for U.S. and in-country courses, and monthly work plans by country), and

improve coordination, project management and evaluation systems for identification of impacts, discuss the evaluation report (e.g., content, appendixes, tone, distribution).

The evaluator interviewed 37 training participants: 21 who participated in U.S.-based training and 16 who were in-country participants. He also interviewed 25 others (e.g., project collaborator and A.I.D. staff) in Poland, Bulgaria and Romania. Interviews with trainees were conducted individually and in groups, and lasted about two hours each. The approach was to put participants at ease, encourage frequent interaction among interviewees, and attempt to draw out training impacts through delving into trainee responses. For example, if a trainee said that they had a "shift in thinking" through U.S. training, the evaluator tried to explore such changes in more detail for ascertaining concrete applications.

ACDI's Assistant Vice President for Training traveled to Lithuania and Latvia and conducted similar interviews with eight of 16 participants of U.S.-based training. ACDI's Resident Bank Advisor in Warsaw also went to Estonia and evaluated the impact of in-country training for bank and loan officers. The results of these evaluations are incorporated into this report.

Notes on the interviews were organized by groups under the five questions to create a base document for analysis and in order for ABE training staff to review responses in detail. Along with project evaluations, this document provides the foundation for the evaluation conclusions.

A draft of the evaluation was shared with project staff for their comments and suggestions.

III. HIGHLIGHTS OF INTERVIEWS

A. Poland

The evaluator interviewed parliamentarians, entrepreneurs and extensions agents, several of whom had participated in both U.S. and in-country ABE training.

U.S. participants were impressed by farmers' control over cooperatives and their lobbying ability. As one participant said: "Everyone in the U.S. thinks they can influence legislation while we have the post-communist disease which is that we still do not believe that we have rights." Participants said that as long as employees control cooperatives, farmers will not join them. Because of extensive U.S. training in cooperatives, a participant said, there is a greater awareness of the problem of manager

control which is not true in other cooperative sectors such as housing.

An entrepreneur said:

I have changed his way of thinking. Before we thought that if you were a good producer, you would make money and it was easy to find a market. But, we learned it is different. We had no idea before how to survive in a free market economy. We were born and grew up in the old system. We didn't like it and wanted it to change, but we didn't know what to do when it did change.

Another U.S. participant said, "I learned that American farmers calculate everything!"

An extension agent said she learned that "everything before was top down and that now we must learn to serve farmers and meet their needs. Before I took orders and made presentations to farmers. Now I do market research to find out their needs." Another extension agent said that extension used to be a way to "shape small farms to meet the ideas of the state. Now, we make our own lists of priorities based on discussions with farmers and local self-governments." As a result of training, a participant said that he has a "different attitude about economists. Before, I thought they were unnecessary."

The extension agents indicated that only a few cooperatives in their districts were really farmer-controlled, mostly in dairy and fruit. There are large numbers of private agribusiness entrepreneurs, especially "mom and pop" operations in farm supply.

U.S. participants universally said that the training programs were flexible. They especially enjoyed marketing subjects and how cooperatives really work. They noted that U.S. training is more practical than that offered by the European Commission.

Examples of how participants used their new skills include:

(1) a number of Parliamentarians worked together in drafting new cooperative legislation based on their experience in the U.S.;

(2) an entrepreneur said that without U.S. training, it would have been impossible to obtain a loan for her poultry plants, and she now uses U.S. packaging and marketing techniques in her business.

(3) an extension agent said that she had formed five new member-controlled cooperatives as a result of U.S. training.

(4) another extension agent said that the training changed the entire way she does her job. "I gained many new perspectives, for example, rather than to start from production, I learned that you

start from the customer and markets, then, work backwards."

(5) Based on U.S. training, an extension agent has held seminars for 30-40 farmers and lectures for 170 participants on how to improve milk production and quality.

6) A participant said, "I learned that American farmers realize that only by his work and by decreasing unit prices is he able to survive."

All of the participants indicated many follow-on contacts among fellow participants including joint projects. As one said, "We shifted our thinking and want to support each other as a group."

B. Romania

In Romania, the evaluator discussed proposed in-country training with two banks which are lending in agriculture. Delegations of senior bank officials for both banks were either in the U.S. at the time or preparing to depart. The evaluator observed the ABE departure briefing for a bankers group which included lengthy participation by the U.S. Ambassador. Interviews confirmed ABE's decision to focus its training on the Romania Bank for Development which is more reform-minded; has a strong interest in creating a training capacity directly under the bank's president; and provides agricultural loans through 30 bank offices.

Field interviews took place with private entrepreneurs which indicated that meat processing and bakeries are dynamic private agribusiness sectors in Romania. Currently planned bank loan officer courses will be modified to include private entrepreneurs as case studies.

C. Bulgaria

The evaluator interviewed U.S. participants in cooperative management and poultry programs; and four local village groups who had just completed an in-country course in the formation of fruit and vegetable associations.

The manager of a poultry plant said that his training had "changed his way of thinking." He now knows the importance of a work ethic, quality controls, profit motivation ("Americans think of profit in a more general sense - helping society and not just themselves") and the importance of information in decision making. Another participant said that the most important lesson was that "all problems can be solved in a single, rational and efficient way." He said that Americans had "achieved trust without ideology." Another said that Americans have a high degree of tolerance and humanity as well as high standards.

A participant said that her life is changed because she now realizes that everything in Bulgaria can not change right away and she is more philosophical about working for achievable goals.

Another participant said that his ambition is "to penetrate the brains of people who are working around him and try to get them prepared to carry out change." In a similar vein, a participant said: "I am more optimistic and came to the conclusion that to realize change, we have to do it."

An agrarian reformer said that she uses her training everyday. She has reached over 12,000 farmers since she returned through her lectures and writing on the importance of forming Western-style cooperatives. The leader of a national union of poultry producers said that he used his training to change the by-laws and make them more democratic.

Several poultry participants indicated that training had resulted in the better processing of feeds, quality controls over chemicals which result in safer chickens for the customer, preparation of computer program for predicting future consumption, how to establish a marketing network and improved slaughtering techniques.

A village participant said that the in-country course taught him "a new way of thinking." Many participants said they learned the importance of marketing. They appreciated that participatory learning style which has taught us "the idea of reaching consensus" and "practical ways to persuade people to work together." Other village participants said that they now know a different way of forming an association for marketing and supply inputs. They understand the importance of strong management and marketing.

D. Baltic countries

A Latvian participant described how he began last year with 27 hectares of land and 15 dairy cows and, using his new skills, had expanded his dairy operations to 70 hectares and 70 cows, and had taken over a former state-owned dairy barn. He said his U.S. training had taught him to think in "real terms and to take responsibility for himself." Another Latvian trainee said that he now understands the U.S. farm credit system and the "whole business side of farming" from management to how private agribusinesses should relate to government.

Another participant, the current Latvian Deputy Minister of Agriculture, said that U.S. training had helped him and other participants in redrafting the law on privatization. Currently they are advocating the removal of employees and managers from cooperative boards of directors. He had written two articles about his U.S. experiences in the largest newspaper in Latvia. Another trainee, who is a newly-elected member of Parliament, said that marketing and management topics had opened his own thinking. He

said his legislative priority will be to address the farm credit problem which he now better understands within a market economy from his U.S. training.

In Lithuania, five U.S. participants who are regional directors or chairs of Farmer's Union said they had learned the importance of extension, business-oriented farm accounting and cooperative operations. Through Farmers Union, the group is attempting to form supply cooperatives which one participant characterized as the "greatest example of democracy." One of the trainees said he had played a critical role in writing new cooperative legislation and had used the training group for a sounding board on the draft bill.

In Estonia, participants of the banker training course said it was "one of the best courses they had attended." They said the course materials were extensively prepared (and translated prior to the course) to make them relevant to the situation in Estonia. The trainees evidenced a new understanding of key concepts which were reflected in three year cash flow and appropriate evaluations of bank loan applications.

IV. ANALYSIS OF TRAINING COURSE EVALUATIONS

A. In-country training

In reviewing 280 written evaluations, the evaluator found that participants rated all in-country courses extremely high - averaging about 4.5 on a scale of 5. A sample of four in-country training course evaluations were analyzed including three courses held in Poland on basic farmer cooperative principles, organizing a cooperative, and being an effective board member; and a course which took place in Bulgaria on the formation of fruit and vegetable marketing associations. In all of the courses, trainees provided very high marks on meeting course objectives, course content, quality of instructors and usefulness to the participants' jobs.

For the course on basic farmer cooperative principles, participants scored in the range of 4 to 4.6 on a 5 point scale the extent that course objectives were achieved. Course content varied from an average of 3.8 on relevance and 4.5 on timeliness, course organization and usefulness. The quality of instructor was rated 5 in all categories. Training results averaged about 4.5 in usefulness to participants' jobs and skills improvement. Nearly all written comments were highly laudatory. Several trainees were concerned that materials were too basic and not fully relevant to local conditions.

The course on how to organize a farmer cooperative received similarly high marks with participants who all gave 5 for quality of instructors and either a 5 or 4 on quality of training materials and course content. Trainees gave an average of 4.5 for usefulness

of training to their profession. Comments for this course noted an "excellent combination of theory and practice." Several trainees thought the course could be more relevant to Polish reality especially in terms of Polish cooperative law. Most participants said the course would help them organize or strengthen cooperatives.

The course on how to be an effective board (council) member also received high marks. Trainees rated it on average at 4.5 in achieving course objectives. Course content was given a 4 with course relevance at 3.6. Quality of instructors rated at about 4.2 and usefulness to participant jobs at 4.2. Again, trainees gave good scores to how the course had changed their knowledge and attitudes at about 4. Comments were favorable in which most thought the course was "well presented" without any need for changes. Trainees said the course helped increase their understanding of Western-style cooperatives.

The Bulgarian course on formation of fruit and vegetable marketing cooperatives also received strong marks with all participants who said the course had achieved its objectives and nearly all rated the course content and interest at highest levels of "very beneficial" and "very interesting." Trainees said the instructor was "very well prepared." One participant said that while "I personally believe that the goals of the course were achieved...many of the problems remain unsolved." Trainees appreciated the interactive training method of the instructor who, through "leading questions and tasks probed our thinking so that we can come to the solution on our own." Trainees generally thought the course provided them with knowledge and information that they could use and helped them get "better oriented in the very complicated situation the Bulgarian village is facing right now." A participant said the course was "especially useful ... in changing the old way of thinking." A trainee said they needed help in forming production cooperatives, based on land ownership and how to organize its management. Another said "what I learned about the market economy was most useful."

B. U.S. training

The evaluator reviewed both individual and summaries of end-of-training evaluations for eight U.S. participant groups, totaling 68 participants. Participants rated the overall quality of the training at either a 5 or 4 (with only a single trainee at 3).

The Polish parliamentarians said that they learned about cooperative principles, laws, governance and structures, the role of lobbying, the farm credit system and the prevalence and use of advertising. One participant called for the creation of a strong cooperative lobby and another suggested the need for successful cooperatives so farmers can see how they can serve their needs, rather than those of employees. An advisor to the Deputy Marshall

of the Polish Senate said that her training helped "when I participate in the debates of the Extraordinary Commission responsible for the revision of bills on amendments to the cooperative law." She helped put ABE staff in touch with key farm reform organizations.

The Polish extension participants noted that they learned about cooperative management, youth education programs, the importance of public relations, professionalism in cooperatives, client-focused production, marketing and the relationship between extension services and cooperatives. Plans for using their new knowledge include: designing and conducting training courses, meetings with colleagues and publishing articles. Two participants mentioned that they expect their efforts to result in "the creation of rural entrepreneurship" and to "release farmers' energy to oppcse what's negative in the Polish economy."

The Polish bankers group said their new technical skills would help in determining borrowers' credit worthiness and business acumen, and understanding farm financial analysis, importance of management skills for farm success, and the principles behind cash flow analysis. All said they planned to use their new knowledge in their local banks. Several indicated they would be preparing training programs and manuals for their organizations.

A second Polish bankers group said they had learned about the role of trade associations and lobbying and that they would now engage more actively in lobbying efforts in Poland. They said they learned about business management and the role of business plans in successful operations. They also said they need to develop better relationships with their own association of cooperative banks and to improve services to farmers.

A Bulgarian agricultural management group said they learned a great deal about management and technical subjects. Several in the poultry industry said they were particularly impressed with production and processing techniques in the U.S. Several said they learned the importance of marketing and want to establish American-style cooperatives in Bulgaria to address the needs of farmers. Another poultry trainee on a specialized program said that he learned about new types of feed, ways to treat bakery product waste to use as feed, how to improve quality control, and meeting customer needs for feed. He said that Bulgarian poultry producers should vary the final product, selling chicken parts as well as whole chickens.

An Albanian marketing group indicated that they had learned how to use Western farm equipment, planting densities for fruit trees, use of herbicides taking environment factors into consideration, and the relationship among cooperatives, research institutes and universities. Several pointed out the importance of cooperatives for marketing and how cooperatives share profits and make

investments for members. They also learned the importance of extension agents as sources of information for farmers.

A Czech and Slovakian agricultural marketing group said they learned about marketing, management, the need for planning and that business should benefit all partners (not what they expected to hear in a capitalist society). Several said they learned about new technical approaches such as construction of more efficient dairy barns. Participants planned to use their new skills by becoming "agents of change" through conducting training courses for farmers; by modifying their cooperative structures, and carrying out new management practices and marketing efforts. One participant said that he is on a commission of the Slovak Ministry of Agriculture and he will be lobbying for a new law on cooperatives. Another participant said he planned to "set up a joint venture with a U.S. company to make dehydrated potatoes to sell to Russia for timber which will then be sold in Germany."

C. Six month follow-up evaluations to U.S. training

The evaluator reviewed two six month follow-up evaluations for extension training and marketing programs in the U.S. Examples of how they said that they used their new skills include:

- My experience in the U.S. is a wonderful base for meeting with farmers and helping them lower their production costs.
- I shared my U.S. experiences with all extension agents in my area with special attention to what could be applied in Poland.
- I'm using the materials in my course and published an agricultural guidebook based in information gained from the U.S. training.
- Shared my knowledge at regional meetings.
- Based on my training, I have proposed training for youths as the most effective way to develop pre-cooperative activities.
- I am preparing a book from my experience to share with other extension centers.
- Prepared a few articles for publishing, held discussion on radio and am preparing training courses for self-government agricultural committee.
- Carried out training for employees of the extension center.

A review of six month evaluations for U.S. training participants in marketing, dairy and milk processing indicated the following applications of new skills:

- Now carrying out more effective marketing and advertising.
- I prepared 11 seminars for farmers and milk producers and use my new knowledge every day on the job.
- Started to feed my cows according to American advice and am getting better results.
- I introduced American agriculture to all of my cooperative members and published my comments in local newspaper.
- Prepared a report on my U.S. visit for the board.

The evaluator found that the six month reports were valuable in ascertaining project impacts. While the documentation is helpful, ABE staff should consider oral interviews on specific activities to better draw out examples of skills utilization. ABE should consider holding a forum and/or creating an organization of participants in Poland as a way to support trainees in the use of new skills and to assure greater training impact. Similar efforts should be considered in Romania and Bulgaria as training programs are put in place.

V. FINDINGS AND CONCLUSIONS

A. Project Impact

1. Climate for Private Agribusiness

While it is difficult to measure the impact of training programs, the evaluator has found that U.S. and in-country participants have experienced a "shift in thinking" for promoting or adapting private sector solutions to agriculture. Through repeated follow-up in-country training, ABE has developed a strong core of private-sector oriented agricultural leaders in the region.

ABE has been successful in promoting cooperative formation in Poland and other Central and Eastern European (CEE) countries; and has achieved notable progress at national and regional levels by training national and regional advocates, farm leaders, bank officials, extension agents and others who are in key leadership positions to reorient farmer organizations (associations and cooperatives) to serve the interests of farmer/members.

ABE training has been particularly effective in influencing the national and regional climate in CEE countries by creating a cadre of change agents who have new patterns of free enterprise thinking and are implementing programs and private activities to bring competition into the agricultural systems.

Given that only one-year remains on the project, the evaluator concludes that ABE is refocusing its strategy for measurable

impacts by combining training with sources of finance for entrepreneurs and their agribusinesses. Cooperative training programs are now being appropriately institutionalized in extension centers and local foundations.

2. Examples of project impact

Given the emphasis of training, the evaluation found the following examples of concrete impacts:

(1) Through ABE training of Polish Parliamentarians (in conjunction with VOCA technical assistance), a new cooperative law passed the Parliament which was later vetoed by the President. The key issue in the veto is at the crux of the problem with old style cooperatives which are now manager/employee controlled. The new law would have prohibited manager/employees from being board members. It would have resulted in the shift of over \$1 billion in cooperative assets to serve farmer-members. Only through ABE training in the U.S. was this issue fully understood by key and politically diverse parliamentarians who were sponsors of the legislation. As a result, the issue has now been raised to the highest levels of Polish government and is being hotly debated in upcoming elections. It has generated a nationwide awareness upon which the future of private cooperatives hinges.

(2) In Poland, ABE-sponsored U.S. and in-country training has resulted in the creation of a private poultry processing facility which is using packaging, processing and other techniques learned in the U.S. and with help of VOCA volunteers. Other trainees have begun their own small agribusiness companies, or are now in a position to provide advice within the extension service, foundations and other groups to promote agribusiness formation.

(3) U.S. and in-country ABE training for Polish extension agents has provided a strong institutional base for the promotion of cooperative and farmer-controlled agribusinesses in Eastern Poland. With a total shake-up of the extension service and long-term institutional strengthening by USDA, ACIDI selected the "best and brightest" for extensive training in extension and cooperative management. The program was well-adapted to Polish needs because it was designed and carried out by a Pennsylvania extension agent who had spent six months in the USDA Poland project. The ABE project is now institutionalizing its cooperative training and other course materials with the support, understanding and leadership of these key extension agents.

(4) ABE training has dramatically shifted and created favorable regional policies for the promotion, organization and support of farmer-controlled cooperatives by strengthening regional foundations (e.g., Rural Solidarity foundations in Olsztyn and Rzeszow) in Poland. These foundations are now providing on-going assistance to farmers groups who have or are in the process of

forming Western-style cooperatives. Several cooperatives are currently functioning as member-controlled agribusinesses.

(5) ABE training has strongly supported the ACDI Cooperative Bank Strengthening Project to assist rural cooperative banks which have now formed three regional banks. ABE has provided extensive U.S. and in-country training for managers and senior staff and boards of directors. The training has been particularly effective in training rural bank loan officers in which 285 have been trained to date. An assessment by the World Bank validates this impact analysis by concluding that:

the private cooperative banks are at present actively improving their services, have set up a sound method for credit applications and financial analysis of investments to be financed, are a major participant in the banking sector for rural and agricultural credit, and therefore are considered as important intermediaries for ADP (World Bank) and other similar credit lines.

(6) Two trainees are now currently members of the Latvian Parliament and agricultural Ministry, and are taking major leadership roles in reforming the agricultural sector. They helped pass the law on privatization and are attempting to remove employees from old style cooperative boards of directors to convert them to member control. One of the trainees has been particularly successful in operating a major private dairy operation and three small grocery shops. Another participant had established a grocery and other shops following his training program.

(7) Lithuanian ABE training participants played a key role in writing new cooperative legislation which will make possible member-controlled agribusiness formation. Now, the group is providing a leadership role in changing the mentality of farmers for promoting greater cooperation.

(8) ABE bank training for Maapank (land bank) in Estonia has had a major impact where agribusiness loan applications now show a three year cash flow and ratios for evaluation applicants which resulted from the course in basic bank credit concepts. The land bank has been restructured into several banks and the new procedures are in place in all of them.

B. Project Strategy

The ABE training project was a good entry approach to assist the development of private agriculture in Central and Eastern Europe. This entry strategy was appropriate given the lack of forward planning, rapid start-up and uncertainty of the transformation process. The program evolved to focus training on extension agents, cooperative promoters, rural banks, entrepreneurs and policy-makers.

As originally designed, ABE has operated effectively with VOCA throughout the region. This linkage has been effectively extended to provide training in support of USDA extension and ACDI's rural cooperative bank projects in Poland. Training participants have been identified by VOCA and other technical assistance providers. U.S. training has been more effective when participants are sent to farms and agribusinesses of VOCA volunteers or others who have provided short-term technical assistance in the countries of participants. Training has been especially effective when participants are provided with several training interventions and follow-up technical assistance by VOCA volunteers and others.

The evaluator found that a combination of U.S. and in-country training with VOCA, ACDI or other short-term technical assistance providers has been particularly successful when it provides an ability and critical skills for entrepreneurs to access and appropriately utilize sources of rural finance.

The project has had a strong focus on the formation of private cooperatives for small farmers. However, the development of effective farmer associations/agribusinesses and/or the shift of manager-controlled to member-controlled cooperatives will take a long time and require sustained efforts. The project has developed a strong core of cooperative promoters and extension agents and is appropriately shifting away from direct cooperative training to institutional strengthening of regional foundations and extension centers through train the trainer courses and providing them with well-tested training manuals and course materials.

ABE is refocusing its training efforts to assist emerging entrepreneurs from dynamic private agricultural sectors who need new skills in business management, planning, finance and marketing. Training is being provided so that entrepreneurs can access sources of capital from rural banks, foundations and others.

C. Shift to Southern CEE Countries

1. Major Finding

In keeping with A.I.D. policies, the ABE program is now shifting more resources to southern tier CEE countries, linking its programs with the World Bank and concentrating on agribusiness finance. Based on the evaluation, it appears that ABE training should place its greatest emphasis on Romania where there are two strong national banks which are providing \$100 million in World Bank credits to private agribusinesses. ABE has developed a strong training program for Romania to institutionally strengthen the Romanian Bank for Development especially in training of bank loan officers.

In contrast, there is no World Bank agricultural sector program in place in Bulgaria and very little lending is taking place in rural

areas. ABE emphasis in Bulgaria will be in the meat processing sector where private entrepreneurs are able to secure family financing as well as small loans from private foundations.

The Romanian and Bulgarian training programs are likely to benefit from lessons-learned in Poland where training has been most successful when targeted to the nexus between loan officers and emerging private entrepreneurs.

2. Romania

The ACDI country training strategy for Romania is to strengthen rural credit banks for reaching private agribusiness enterprises, including U.S. training for key senior officials of the Banca Agricola and the Romanian Bank for Development. Following U.S. training, ACDI will carry out a series of four in-country training courses for loan officers of 30 branch offices which are currently providing agricultural loans. Course contents are: farm financial analysis, business planning, loan administration and financial systems. Between each set of courses (held separately for Eastern and Western Romania), VOCA volunteers will reinforce new skills learned in training by working with entrepreneurs and bank loan officers to provide short-term technical assistance to prepare their companies for bank loans.

The evaluator found that this targeted approach to support private entrepreneurs is well designed, supports A.I.D.'s policy directions in agriculture, and will effectively combine training, technical assistance and finance. It is targeted to 6,000 "associations" (groups of registered private farmers, often family members) who are identified and require access to credit to compete against existing state monopolies.

3. Bulgaria

In Bulgaria, ABE has carried out two U.S. training programs and a series of in-country training for four villages. This generalized cooperative training has been effective in developing new attitudes about private-sector cooperatives and similar associations.

With only one-year to run on the project, the evaluator found and ABE staff agreed that the project needs to shift its emphasis to existing small private entrepreneurs in meat processing. These entrepreneurs appear to be breaking through the generally passive and depressed agricultural situation where major policy and political reforms at the national level have not taken place, and very little agribusiness finance is available.

C. Evaluation system

The ABE project has an excellent project evaluation system including end-of-training evaluations and strong follow-up with six

months written evaluations and personal contacts. The evaluator was impressed with the extent of contact among trainees and the excellent combination of U.S. training and in-country courses for building a cadre of agricultural change agents.

ABE can improve its evaluation system by putting in place more detailed evaluation procedures which track the utilization of new skills by trainees and their impact on advancing private agriculture. A computer-based tracking system of trainees with courses and impact data should be created and maintained.

D. Management and coordination

The evaluator found that the ABE project is well managed and carried out with excellent coordination between headquarters and field staff. Several issues were raised during the evaluation workshop for improvements in field design and input into U.S. training, earlier notification of U.S. training schedules and better arrangements for translators.

The project is well coordinated with ACIDI's Polish cooperative bank project, VOCA volunteers, USDA's Polish extension program; EC-PHARE, World Bank, and other providers of training, technical assistance and rural finance. For example, the ABE in-country training program in Romania was designed in collaboration with the EC-PHARE representative and both banks that ABE selected for training assistance are receiving World Bank funds for agricultural credit. The project linkage of ABE training and short-term technical assistance by VOCA volunteers has worked especially well. It has been particularly effective to send participants to the States where the same VOCA volunteers carry out hands-on training in their farms, communities, local cooperatives and agribusinesses.

This project linkage was successfully extended to the USDA extension agents who spend up to a year in Poland and, on their return have conducted extension and other training courses for Polish participants. Trainees rated their U.S. training as highly effective because programs were coordinated and conducted by volunteers and others who are familiar with Eastern European agriculture and have adapted training programs to their needs.

VI. RECOMMENDATIONS

A. ABE Training Strategy

The project should focus its training on the nexus of rural financial institutions and emerging small and medium size agribusinesses in value-added activities by concentrating on agribusiness finance, business plan development, and banker training.

Private agribusiness training is likely to have impact only when it is appropriate to the circumstances of entrepreneurs who can access technology and capital. Training should be linked to sources of finance (i.e., World Bank, EBRD, agricultural and rural banks, enterprise funds, family finance) so that entrepreneurs and model private agribusinesses can prosper and grow as the transition to a private market deepens.

ABE should no longer directly conduct cooperative training programs in Poland and, instead, institutionalize these courses (with manuals and curriculum) through support for cooperative training by extension centers. Training of trainers courses to extend these courses beyond the initial eight targeted extension centers also should be considered.

More project resources should be shifted from U.S. to in-country training, and tied to other donor activities and technical assistance providers to assure strong follow-up to training courses and improved impact. U.S. training should be de-emphasized and used for sending the "best and brightest" entrepreneurs to the U.S. after in-country training.

ABE should remain flexible to carry out U.S. and in-country training for key persons geared either to individuals who are in positions to reach large audiences of private farmers or key officials in government and private agribusiness banks. However, such programs should be the exception and tightly focused on demonstrable early impacts.

Given A.I.D. directions and limited resources, ABE should carry out limited, if any, training activities in the Baltic countries, Albania or the Czech and Slovak Republics.

B. Emphasis on Romania

The evaluator recommends concentrating ACIDI's limited training assistance resources on the Romanian Bank for Development whose senior staff is more reform-minded and receptive to training and other technical assistance. Further, the evaluator suggests integrating courses of bank loan officers with entrepreneurs of small agribusiness with 5 or more employees from the same regions. A case study methodology should be based on real examples and geared to local conditions.

ACDI should institutionally strengthen the Romanian Bank for Development through assistance for an in-bank training program, now under preparation. ACIDI should limit training to loan officers of Banca Agricola in branches which are carrying out agricultural loans. ACIDI also should consider providing training for agribusiness entrepreneurs in dynamic private sectors (e.g., meat processing) in cash flow analysis, small business finance, marketing and business planning, and loan applications.

C. In-country only training in Bulgaria

Given staffing and resource limitations, the ABE program in Bulgaria should focus on in-country training for entrepreneurs. ABE should initially identify successful small entrepreneurs in meat processing through an early and rapid base-line survey and the identification of training needs and sites in the field.

A series of four training courses should be developed from the survey; would target about 50 of the larger private meat processors; and would likely focus on: (1) cash-flow analysis and small business finance, (2) quality control and increased productivity, (3) marketing and distribution, and (4) health and safety issues. VOCA volunteers would be interspersed with training for extensive one-on-one follow-up. Where feasible, the training should be linked to sources of credit (i.e., Opportunities International, Bulgarian American Enterprise Fund, rural banks).

D. Project management and coordination

Based on the evaluation and subsequent implementation workshop, ABE should: (1) refine its country-specific implementation plans, (2) use it as a management tool to track project progress (and for team building) and (3) strengthen its evaluation system by preparing more precise measurements of impacts in the logical framework.

ABE should complete its reallocation of project resources including the shift of the project director from Poland to Romania, and rely on local staff for the project in Bulgaria. ABE should hire a deputy so that the regional project director can concentrate on implementation of the Romanian program and to provide stronger oversight and management of ABE activities in Poland, Bulgaria and other CEE countries.

The ABE project can strengthen its collaborative approach with other providers of training, technical assistance and enterprise finance through sharing with them its strategies, work plans and coordinated methodology for providing a range of interventions. Working with USAID representatives in each country, ABE staff should encourage all training providers to develop a catalogue and a central depository/library of training materials (e.g., curriculum, manuals, course outlines, evaluation formats).

ABE should consider the creation of an association of trainees in Poland to strengthen their interaction, provide on-going project assistance and help institutionalize the ABE training program.

E. Project Conference

As part of its strategy to strengthen networks among participants, ABE should consider holding a conference in Romania entitled: "Lessons-Learned for Agriculturalists in the Transition to a Market

Economy." The conference would bring together participants in ABE training, ABE trainers, key A.I.D. staff and others to share lessons-learned from their training experiences. Participants would be encouraged to discuss their successes and failures as they applied new skills and knowledge; suggest ways to overcome current barriers (including institutionalization of training programs); and propose strategies to speed the transition to market economies.

The conference would develop an action plan, based on short papers, to support the reform process, improve training interventions and link participants and U.S. organizations/institutions involved in ABE training for exchanges of information, trade and other commercial purposes.

VII. LESSONS LEARNED

A. Training in Central and Eastern Europe

Training strategies in Central and Eastern Europe are effective in helping the transition to a market economy through a "shift in thinking" by participants. However, demonstrated impacts of training require a series of training interventions, one-on-one technical assistance and, in the case of entrepreneurs, access to finance. Generally, a training strategy should target emerging entrepreneurs, based on baseline surveys, in specific sectors of small-scale, value-added agricultural activities (e.g., meat processing). Stand-alone training projects should be linked closely with other collaborators who together can provide a fuller range of interventions (e.g., policy and legislative reform, banking services and complementary short and long-term technical assistance).

Successful factors for effective training include:

- trainers who are well prepared and have a strong familiarity with local conditions;
- trainers who are credible with practical experience in course subjects;
- careful selection of participants who are matched with course materials and work together harmoniously.
- planning and conducting of training which is interactive and experience-based to maximize relevance and participant interest/investment in the process;
- courses that are taught consistent with generally high education levels in Central and Eastern Europe;
- a series of courses that are presented in a logical and progressive sequence, with one-on-one technical assistance in

between courses for the adoption of new knowledge;

- courses which are team taught with U.S. and local trainers/experts to make sure materials are applicable to local circumstances; and

- training which is institutionalized in extension centers, foundations, local colleges, major banks and other institutions through train-the-trainers, preparation of training manuals and course curriculum.

B. Climate for Cooperative Development

In Central and Eastern Europe (with the exception of Poland), the break-up of state collectives (called cooperatives) has resulted in a fragmentation of small plot holders who are engaged in diversified farming. The assumption is that these small-holders need Western-style cooperatives to operate more efficiently. However, the conditions for successful cooperative development are hampered by slow land restitution processes and lack of land titling. Further, it is difficult to form cooperatives to serve the diversified needs of these farmers in which internal conflicts over priorities and objectives can lead to fractionating.

Initial efforts to transform private associations of farmers into cooperatives may not be appropriate because they tend to be premised on forming production cooperatives with which the farmers are familiar and is their most immediate concern. However, a different strategy for cooperative formation may be more appropriately focused on small scale processing of value-added commodities with a readily identifiable market.

In general, the climate for cooperative formation is better in Poland where there is a strong network of rural cooperative banks and major programs by the U.S. and E.C. whose advisors have concentrated on outreach and training to farmers on the importance, need and structures of Western-style cooperatives. Farmer-controlled cooperatives appear to be emerging more quickly in the dairy sector. These farmers have more contact with dairy cooperatives because they require the daily processing of fluid milk; and they receive immediate cash benefits.

C. Conversion of Polish Cooperatives

In Poland, entrenched "old guard" managers and employees control the selection of boards of directors, serve on boards as paid employees, and generally control the day-to-day operations of the so-called cooperatives. Many "cooperatives" have few farm members and the vast majority of farmers are not interested in joining an organization which they view as having little regard for their interests.

Under the existing cooperative law, the manager and employees are members of the board who control the cooperative. To convert these cooperatives to farmer control will require new legislation which prohibits cooperative employees from serving on cooperative boards of directors. Recent legislation to achieve this objective was vetoed by the Polish President because of heavy lobbying by cooperative managers and labor groups. Until new cooperative legislation with this ban is enacted, it is unlikely that a major conversion of existing cooperatives to member-control will take place.