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***Quarterly Report July 1 - September 30, 1993***

***Poland: Cooperative Bank Development Project  
Contract Number: EUR-0024-G-00-1069-00***

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September 1993

**COOPERATIVE BANK DEVELOPMENT PROJECT  
GRANT NO. EUR-0024-G-00-1069-00  
PROGRAM PERFORMANCE REPORT  
JULY - SEPTEMBER 1993**

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**ADMINISTRATIVE DATA**

Country: Poland

Implementing Agency/Point of Contact:

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AID Project Officer: Dr. JAMES G. SNELL

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Chief of Party in Country: Burgee O. Amdahl

Employees in Country: FIVE (2 U.S. Advisers, 3 Polish Staff)

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## I. Summary

The Cooperative Bank Development Project provides technical assistance and development programs for Local Cooperative Banks (LCBs) in Poland. The project's efforts are focussed on assisting LCBs as they rebuild and equip themselves to serve as safe depositories and dependable sources of credit to farmers and rural communities. The strategy of offering LCBs the alternative of becoming independent of the government system has proven effective. This alternative has produced an organizational structure where more than five hundred LCBs have formed and linked themselves operationally with three new Regional Cooperative Banks (RCBs) and developed their own national trade and service organization, the National Union of Cooperative Banks (NUCB).

Highlighted below are the major activities undertaken during the quarter to achieve the project's purpose:

- Developed a Banker to Banker program which may be available to all affiliated LCBs. This program will offer LCBs professional training and assistance in developing and implementing key performance areas in their operations, as well as transfer much needed business knowledge. More specifically, this program is designed to provide training and technical assistance to a large number of LCBs over a two year period in the areas of: (1) Strategic and operational planning, (2) Credit operations, (3) Personnel management, (4) Council member development, (5) Financial performance, and (6) Marketing. The Banker to Banker program will also assist the LCBs in improving credit lending activities and evaluating credit worthy projects.
- Continued developing a video series presentation on "How to Be an Effective Council Member (board of director in U.S. terminology) of a Cooperative Bank". Tailored to Polish banking practices, the video series will become tools for both the technical assistance providers in the Banker to Banker program and local/branch banks in their training programs.
- Selected and visited six affiliated LCBs throughout Poland. An executive from each selected LCB will spend one week with two U.S. banking specialists to help improve methodology and banking skills. These executives will be among the first ten participants in the Banker to Banker Program scheduled to begin next quarter.
- Developed and presented four training seminars designed to improve human resource management. These were for regional or branch bank personnel supervising more than two employees. Each was two and one-half days long, held in the ACIDI conference room, and graduated 72 students. These seminars will also be converted to video presentations and become effective tools for the technical assistance specialists in the Banker to Banker program.

A recent statement from the World Bank reflects the positive impact this project has had on agricultural credit. In draft findings for its Agricultural Development Project (ADP) line, the Bank commented that private cooperative banks in Poland are presently "...actively improving their services... have set up a sound method for credit applications and financial analysis of investments to be financed... are major participants in the banking sector for the rural and agricultural market, and therefore are to be considered as important intermediaries for ADP and other similar lines."

The transformation to an effective, independent cooperative banking system has an excellent beginning. This system clearly has the potential of becoming the premier source of short and intermediate-term credit, related services, and depository for funds throughout rural Poland. To realize this potential, further improvements in bank operations should continue. The Cooperative Bank Development Project remains focused on providing such professional assistance.

## **II. Project Purpose and Progress Towards Objective**

The objective of the Cooperative Bank Development Project is to help rebuild Local Cooperative Banks (LCBs) free from government control and to help equip them to serve as safe depositories and dependable sources of credit for farmers and rural communities. Progress towards this objective should be evaluated from both a structural and operational standpoint. The strategy of developing an independent system of Regional Cooperative Banks (RCBs) continues to develop and show both structural and operational progress. LCBs now have the alternative to the government controlled system by affiliating with regional banks.

Over the past two years, a new independent cooperative bank structure has developed. Nearly half of Poland's 1,660 cooperative banks have reorganized and become shareholder-owners of three new regional banks (RCBs). About one-third of the nation's LCBs have left the government's bank, the Bank for Food Economy (BFE), to affiliate and link their operations with a regional bank. Substantial progress has been made in designing and developing a sound, sustainable structure.

The Cooperative Bank Development Project has also focused efforts on developing seminars, training courses, and programs to help develop RCB and LCB operations. These activities have concentrated on improving credit, human resource management, business planning, and council member performance.

The World Bank's statements in its draft analysis of the ADP line describes the project's impact on improved operational results for the banks. In effect, the Bank states that the private cooperative banks clearly demonstrate improvements in services, methodologies for credit applications and analysis; and they are becoming major participants in the banking sector for Poland's rural and agricultural market.

Additionally, the independent system of regional banks is becoming more responsive to member needs. For example, the regional banks quickly responded to the depressed agricultural economy by providing input to form the National Agricultural Debt Restructuring Fund and subsidized Drought Program. They subsequently provided more than 8,000 loans under these programs to distressed farmer members. NUCB is also becoming a respected voice for its membership to, among others, the National Bank of Poland, Ministers of Finance and Agriculture, and key Parliament members.

### III. Situation

Less than three years ago Poland's 1,660 rural cooperative banks existed under a centrally controlled system. The central bank used the banks to draw capital from rural communities to finance state enterprises. Controls remained tight for so long that financial management and credit granting skills were lost and member-owners had little say in bank policies and operations. In the late 1980s, rural leadership groups began forming with the objective of re-building a private, independent system of cooperative banks that would eventually finance private farms and rural enterprise on a true business basis.

As the privatization process continues, significant changes are taking place throughout Poland. The agribusiness cooperative and rural financial systems are undergoing changes critical to the future of Poland's rural sector. The rural financial system has the potential to restore an existing infrastructure of banks. These banks need to be restructured and given the tools and assistance to help organize successful bank operations. The transformation of the rural financial system can also play a strong role in assisting farmers and cooperatives to develop a competitive infrastructure.

Early in the privatization process, rural leadership developed two initial strategies that have made today's progress possible:

- \* Liberate Cooperative Banks. This gave the banks an alternative to the state-controlled Bank for Food Economy (BFE) and an opportunity to join a private cooperative banking system. The development of regional banks was the key to this strategy.
- \* Develop a National Trade Association. The National Union of Cooperative Banks (NUCB) was established to represent the interests of all the banks, to coordinate regional bank start-ups, and to create and set standards.

There has been substantial structural progress under these strategies. Today, three new member-owned and controlled regional banks have the initial capacities to provide apex banking services. Also, a trade association is in place to provide coordination and to represent banking interests and policy issues to the government. Presently, the NUCB

leadership is encouraging the formation of a fourth regional bank to assure uniform service areas and efficient services for all of Poland's LCBs. The necessary local support and leadership, however, needs to be further mobilized to make this fourth bank possible.

Although, the new, independent cooperative banking system's financial condition is not yet up to Western standards, it is making substantial progress. To date, the LCBs have not been audited. However, the three RCBs and their 500 LCB affiliates meet the National Bank of Poland's (NBP) requirements on a consolidated basis. Although consolidation agreements have been developed, risk and assistance fund agreements have not yet incorporated into these agreements. When this happens, for NBP regulatory purposes, the independent banks' assets can be consolidated as if the RCBs and LCBs were merged. This process will most likely be required by the NBP when the transformation of BFE and its affiliates occurs. Currently, the three regional and 500 LCB affiliates collectively control over 17 trillion PZL (\$1 billion) of assets and more than 1 trillion PZL (\$58.8 million) of capital (mostly farmer net worth). This makes them the tenth largest bank group in Poland.

The independent cooperative bank system has also made substantial progress designing and developing a sound structure and new customer programs and services. The system's development has received assistance from the AID-funded Cooperative Bank Development Project as well as support from the Polish government, the World Bank, U.S. and European foreign cooperative banks, the European Community, other USAID-funded programs such as the ACIDI Agribusiness Exchange Program (ABE), and nearly \$12 million of capital assistance through U.S. in-kind contributions. Much has been invested and greater success lies ahead, provided the system's leadership will continue receiving the current levels of support and assistance.

#### **IV. Implementation Methodology and Actions During the Quarter**

The project was approved in August 1991 and began full operation in February 1992. The following three objectives outline the methodology to achieve the project's mission during the past quarter:

***Objective I: Participate in the Implementation of the NUCB's Training Programs.***

##### **Strategies:**

1. Participate in training programs for council members of local cooperative banks using previously developed materials.
2. Participate in training programs for local bank credit officers using methodology and the manual developed earlier by the project.

3. Participate and coordinate with other training programs directed at collection of common farm financial information through the use of the Farm Record Book developed last year.

Activities During the Quarter to Achieve Objective:

- Began converting the training material on "How to be an Effective Council Member (board of director in US terminology) of a Cooperative Bank" into video instruction. These videos will be used extensively as one of the tools available to the U.S. technical assistance providers and LCB directors in the Banker to Banker Program. The videos will also be available for local cooperative banks, regional bank branches, and the NUCB for training programs and presentations.
- Helped develop and participated in two-day board/council member training development program for NUCB at Blazejewko, Poland.
- Began developing a credit and marketing training seminar for Warsaw Regional Cooperative Bank School of Banking. The project's interests go beyond this seminar to developing basic marketing tools for U.S. technical assistants and LCB directors in the Banker to Banker Program.
- Printed 16,000 Farm Record Books at the banks' request for distribution to their customers.

***Objective II: Assist the NUCB Efforts to Coordinate Policies and Institutional Development of Local and Regional Cooperative Banks.***

Strategies:

1. Facilitate and assist in the development and monitoring of the local and regional banks' 1993 business plans using the previously developed planning process.
2. Assist in team building and planning strategies of the NUCB and its members.
3. Assist in the development of a legislative strategy to improve the long-term legal environment for cooperative banks in Poland.
4. Assist the NUCB in its development of a system for collecting financial and operating information on cooperative banks and issuing appropriate reports.

5. Assist in expediting the further use of the Capital Fund to strengthen regional banks.
6. Assist in conducting a corporate image development program for regional and local banks in the new independent cooperative banking system.

Activities During the Quarter to Achieve Objective:

- Participated in Warsaw Regional Cooperative Bank's (BUG) monthly council meeting. Subsequently, project staff met with BUG's president and council member chairman regarding project assistance for developing a 1994-95 business and operational plan for BUG.
- Participated in Wroclaw Regional Cooperative Bank's (GBPZ) monthly council meeting and development seminar. Subsequently, project staff met with GBPZ's president regarding project assistance for developing 1994-95 business and operational plan for GBPZ.
- Attended and participated in the NUCB board meeting. The "Summary of ACDI Activities - January through June 30, 1993" and "Summary of ACDI Defined Programs from June 30-December 31, 1993" were distributed and presented as a mid-term project technical assistance report. "ACDI 1993 Objective / Strategies" for providing technical assistance through NUCB for its membership during 1993 had been presented in February.
- During the quarter, substantial progress was made on the audit programs for regional and local cooperative banks underwritten by the EC. The RCB audits were started in August and LCB audits began in September. Audit contracts were agreed to by NUCB for: 1) KPMG Peat Marwick to conduct audits for BUG and five of its LCB members; 2) Price Waterhouse to conduct audits for the Poznan Regional Cooperative Bank (GBW) and five of its LCB members, and 3) Coopers Lybrand to conduct audits for GBPZ and five of its LCB members.
- The NUCB entered into a contract for design, development and implementation of a local cooperative bank auditing function. This is funded by a grant from EC/PHARE. Several European cooperative banks bid for the project with NUCB and PHARE awarding the contact to Credit Mutuel. Credit Mutuel's efforts began in September and its representatives met with project staff in September.

**Objective III: Assist the NUCB and Regional Cooperative Banks to Enhance Operations and Effectiveness.**

**Strategies:**

1. Provide expertise and consultation for specific NUCB and regional bank projects.
2. Promote cooperative bank financing of the agribusiness sector with particular attention to financing rural cooperative and farmers.

**Activities During the Quarter to Achieve Objective:**

- Four training seminars on improving management of human resources were designed for regional and branch bank personnel with supervisory responsibilities. The seminars were lead by an experienced U.S. Human Resource technical advisor. They were the second phase of the Human Resource technical assistance intervention implemented during the last quarter as a "pilot project" at the Poznan Regional Cooperative Bank.
- Efforts have been underway to design and implement a program to provide technical assistance to the RCBs for developing and implementing short to mid-term business plans. An experienced U.S. technical assistance specialist has been recruited to help complete this objective during the month of November.
- Selected, interviewed and visited six LCBs that had been nominated by the RCBs. These six LCBs were selected to be among the first ten participants in the Banker to Banker program.
- Continued working on the Banker to Banker program. This program is designed to provide technical assistance and personnel development in key performance areas and transfer business knowledge. More specifically this program will assist development of improved competencies of local cooperative bankers in the following areas: (1) Strategic and operational planning, (2) Credit granting and monitoring skills, (3) Personnel management, (4) Council member development, (5) Financial performance, and (6) Marketing.

The Banker to Banker program will identify at least ten directors from ten LCBs who will participate in a three week training and development program in the U.S. The U.S. component will be contracted with a Farm Credit Bank to focus on the six specific identified skill areas. The Polish in-country component would include six weeks on-site assistance from U.S. banking specialists recruited by VOCA. The specialists will help the LCB directors develop functional business plans, and reinforce and assist implementing the six key performance areas described above. Additionally, each selected director in the program will agree to help another LCB in

their development. The three regional banks' supervisory staff and branch office managers will also assist LCBs that are not able to participate in the Banker to Banker program.

- Five VOCA volunteers have been invited to Poland to help further design the methodology for the field portion of the Banker to Banker program and provide initial input for the U.S. training portion. The five volunteers include two experienced Farm Credit Bank loan officers, two Farm Credit Bank training directors and a rural commercial banker.

The VOCA Volunteers will be asked to:

1. Attend briefings at ACDI and VOCA to receive preliminary data, business plan formats etc.
2. Divide into two teams with each team spending five days in each of three selected LCBs (6 total).
3. Assist in developing business plans for the six LCBs. This should involve maintaining basic project and RCB plan objectives, while recognizing the realities at the LCB operational level.
4. Collect information and submit recommendations for the 3-week U.S. pre-training portion of the program.

**V. Activities Scheduled for Next Quarter**

- Continue training programs for local cooperative bank council members. Develop and implement video-based council member training programs for Banker to Banker and NUCB.
- Implement a council member training and planning program for the regional cooperative banks in October-December.
- Continue to provide technical assistance in the development of human resource management systems in the regional banks.
- Adapt training programs already developed and implemented by the project. For example, the project's staff is developing training materials and a Business Planning Package into a consistent format and methodology. This will be used by VOCA volunteers and technical assistance providers while working directly with local banks.

- Implement Banker to Banker program by having at least ten LCB directors finish their U.S. training and development component by year's end, providing that the program is approved by USAID.
- Develop training programs and tools for the Banker to Banker program and direct RCB/LCB development in the areas of financial performance and marketing.
- Continue to develop and implement technical assistance programs to accelerate the pace regional and local cooperative banks acquire and implement improved skills and operations. The effectiveness of these organizations can and must be accelerated.
- Assist the NUCB in implementing their mid-term strategic plans.
- Coordinate with other donors to make the best use of all resources available to the cooperative bank system.

## VI. Additional Observations

The following points are not all inclusive or in priority order. They emphasize the many opportunities and hurdles facing Poland's independent Cooperative Banking System.

- Training needs remain a high priority covering a broad scope from credit extension to council member training. Immediate needs are met primarily through coordinated efforts from this project along with the AID-funded ABE and the EC group. While these activities remain on-going, the NUCB continues negotiating with the EC group for funding for a National Training Center to design and deliver training for its membership's regional long-term needs.
- Reliable auditing, monitoring and supervisory systems need to be established. The NUCB is in the beginning stages of implementing an EC-funded professional audit service for the LCBs. The audit process will most likely identify a need for mergers and consolidations among the LCBs to form more viable, sustainable units.
- An urgent need exists for most, if not all, of the present 500 LCB affiliates to implement logical business plans addressing operational success in a least those critical areas mandated by NBP regulations for bank operations: solvency, liquidity and profitability levels, as well as credit extension, monitoring, human resource development, council member involvement, financial performance, and marketing. The Banker to Banker program is designed specifically to confront this need.
- ACIDI anticipates that a number of the business plans will actually become operational turn-around plans for troubled banks. This need will be more apparent after the planning audit processes begin.

- The coordination role of NUCB will continue to be critical to the cooperative banking system's consistency and cost effectiveness. Coordination and representation have improved, but remain fragile and will require on-going assistance. NUCB will continually negotiate with the EC for the resources to develop a coordinated and standardized MIS and communications system for all member banks. This includes bank hardware financing on revolving credit that would return to the NUCB as capital when repaid.
- Credit extension during the current economic transition has been difficult. However, as the privatization and reformation processes continue, there will be legitimate needs for credit and acceptable risk levels for borrowers and lenders. The RCBs have responded by providing their membership access to available risk reduction programs like the National Debt Restructuring Fund, Drought Funds, loan consortiums, the EC's Agroline and the World Bank's ADP loans.
- As agribusiness cooperatives transform, they will require credit and financial assistance and counseling. This market could most logically be filled by the independent cooperative banking system. However, resources are currently limited for this purpose.
- International financing has been identified as a needed service to offer customers. As markets expand, cooperative banks will need to be able to follow their customers. GBW has obtained a license to provide limited international banking services. The Wroclaw Regional Cooperative Bank is planning to have similar authorities. Yet, the regional cooperative banks need more affiliations with foreign banks and assistance in international banking. The project will soon offer assistance in this area.
- Services that are financially related can and should become an important part of the cooperative bank system's operations and member services. The experience of western financial institutions shows that services must be selected carefully, while bearing in mind they need to be competitively priced to the customer and generate profits for the banks. Although this may not seem a high priority based on limited resources and assistance, some leaders in Poland have a keen interest in this and foresee rewards for starting earlier rather than later.
- Marketing programs could be timely additions for a new progressive independent cooperative banking system that cannot be distinguished yet from the still existing government controlled BFE group. ACDI plans to start providing marketing assistance through the Banker to Banker program.
- The cooperative banking system was originally designed for short and intermediate-term lending. It has the depository mechanisms in place for this funding. However, in order to provide longer-term credit needs (like real estate), other sources of long-term funding beyond deposits need to be considered.

**ATTACHMENT 1**

**Agricultural Development Support Project**

**EXPENDITURES THROUGH SEPTEMBER 30TH, 1993**

<b>Description</b>	<b>Budget</b>	<b>Actual Cost</b>	<b>Unliquidated</b>
Salaries	663,942.00	336,723.63	327,218.37
Other Payroll			
Added Costs	154,129.00	112,207.85	41,921.15
Other Allowances	209,642.00	133,080.31	76,561.69
Other Travel	178,690.00	76,840.63	102,119.37
Consultant Fees	384,224.00	42,588.59	341,635.41
Equipment/Commodities	50,000.00	37,407.44	12,592.56
Other Direct Costs	75,707.84	98,335.10	-22,627.26
Indirect Costs	669,478.67	307,038.44	362,440.23
Subcontractors	31,432.00	0.00	31,432.00
	<b>2,417,515.51</b>	<b>1,144,221.99</b>	<b>1,273,293.52</b>

## SUMMARY OF ACDI ACTIVITIES

January through September 30, 1993

- Prepared and conducted 13 training programs for LCB loan officers on farm financial analysis for a total of 285 graduates for the first half of the year which came by regional bank groups as follows:
  - GBPZ (Wrocław) 49 loan officers
  - GBW (Poznań) 100 loan officers
  - BUG (Warszawa) 87 loan officers
  - Extension Proj. 49 trainees\*
  - Total 285 Graduates
  - \*most from GBPZ area
  
- Developed a three-week U. S. study program for a group of ten selected key leaders from independent cooperative bank system which took place March 13-April 1. Mr. Amdahl attended and participated.
  
- Conducted four sessions with 70 graduates for council presidents and trainers on "How to be an effective council member of a cooperative bank" with Tom Mueller of Madison, Wisconsin as presenter. These were a follow-up of the four sessions held in Fall of 1992 when Claudia Parliment and Cliff Buekist from the U.S. were presenters.
  
- Conducted three seminars (one for each RCB area) in June by Dr. Glenn Pederson, University of Minnesota on Valuation of Agricultural Property.
  
- Implemented "Pilot" Human Resource (H.R.) technical assistance project during first three weeks of May at GBW. It utilized two well seasoned H. R. specialists from the U.S. and assessed needs, recommended enhancements and assisted in implementing beginning bank approved changes. It also submitted recommendations for further assistance and development.
  
- At request of NUCB, prepared a paper describing the development and potential of the cooperative bank system in Poland and a second paper addressing issues surrounding transformation of the Bank for Food Economy.

- Printed 2,000 copies of "How to be an Effective Council Member of a Cooperative Bank" and distributed training manual to LCBs.
- Over 5,000 copies of cooperative bank farm record books were printed and made available for LCB "preferred customers" for 1993.
- Printed 16,000 copies of 1994 Cooperative Bank Farm Record books.
- Provided information and assistance to World Bank assessment and medium-term development program report and their ADP credit line review.
- Provided information and assistance to consultant David Pilcher in his preparation for recommendations to further define EC commitments and resources.
- Assisted in developing an agenda and program for a joint meeting of RCB council, presidents and LCB-BFE council members on June 7-8 and attended meetings.
- Assisted in the development of a mid-term (1993/1996) Business Plan for the NUCB.
- Developed and prepared requests for funding for Banker to Banker Program for November/December 1993 implementation.
- Visited six LCBs in development work for Banker to Banker. Selected and brought five U.S. technical assistants to Poland for three weeks to work with the six selected LCBs for developing final recommendations for Banker to Banker implementation, methodology etc.

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- **Meetings with BUG and GBPZ and recruited Don Hovendick of U.S. to help design assistance for banks as they develop their three year business plan . . . as a "Pilot Regional Bank" program for ACDI for November implementation.**
- **Selected and interviewed first 13 participants for Banker to Banker who will leave for three weeks U.S. Training and Observation Tour on November 27-December 18.**
- **Developed, contacted and help negotiate for U.S. Training for Banker to Banker Program with U. S. banks - Agrobank of St. Paul, and Farm Credit Banks of Baltimore, Md. These two banks will alternate the training requirements every other calendar quarter.**
- **Prepared and conducted four training seminars in September designed to improve the management of human resources. These seminars were designed for regional or branch bank personnel supervising more than two employees and interested in improving their human resource management skills. The four sessions were conducted from September 16 through September 30 in ACDI's conference room with Betty Krakau as presenter who graduated 65 students.**

**SUMMARY OF ACDI DEFINED PROGRAMS  
(to date) for last three months of 1993-1995**

- **Implement Banker to Banker Technical Assistance Program which involves about a two million US\$ additional resource to the Cooperative Bank Development Project.**

**This project would identify at least 10 directors/presidents from 10 LCBs (and or some RB branch directors) each quarter to participate in 3 weeks U.S. Training and observation. Upon their return at least 10 on site U.S. Technical Assistants will be made available for 6 weeks to assist these directors in implementing specific management skills and business practices through the LCB's business plan.**

**Project Methodology to be completed in October 1993, first group of 13 participants have been selected and will leave for U.S. Training on November 27, 1993 and first technical assistants will arrive February 1994, at same time (Feb.) second group of LCB directors will leave for U.S. which is repeated every 3 months. Program to run consecutively for at least 80 or more LCB directors through June 1995.**

**Selected and engaged Polish interpreters for U.S. quarterly seminars, will develop, select, and train a pool of interpreters for Polish segment of program to assist U.S. technical assistants on their six-week assignments.**

- **Implement "Pilot" Regional Bank Business Planning Assistance Program.**

An experienced U.S. Technical Assistant in Don Hovendick has been recruited to assist Amdahl and Gerber to complete most of this objective during the month of November. The "pilot" project will assist BUG and GBPZ in preparing their 3 year business plans. It will also develop formats and methodologies that will be available for all regional banks in their future planning processes. This could hopefully develop into a national planning process transferred to the NUCB at an appropriate time to become the systems national planning department.

- **Develop Tools to assist U.S. Technical Assistants and LCB directors in the Banker to Banker Program to be successful in implementing LCB business plans. It is envisioned that these tools will include at least the following:**

- (1) **The materials from Council Member Training are being converted into three videos. These videos will be available for the U.S. technical assistants and LCBs in Banker to Banker to show and discuss with LCB council members during the implementation period.**
- (2) **The materials from ACDI's Human Resource Pilot Project and training seminars will be converted into videos. These videos will be available for the U.S. technical assistants and LCBs in Banker to Banker to show and discuss during implementation.**

- (3) Marketing training programs will be developed and converted to videos. These videos will be available for the U.S. technical assistants and LCBs in Banker to Banker to show and discuss during implementation.
  - (4) Further training and video production will be developed. These will be in other areas as and if ACIDI becomes convinced through Banker to Banker experience these would assist U.S. technical assistants and LCB directors in the Banker to Banker program
- Develop, obtain funding and implement a Banker to Borrower program as soon as possible. This would be implemented as a one year "pilot" program. It would be designed to source (find) Polish business projects or ventures that may be credit worthy. They would be sourced (found) and then referred directly to the appropriate independent cooperative banks through ACIDI. This project proposes adding a small new loan business and capital sourcing (ADP, venture capital etc.) department for the independent cooperative bank system for one year through ACIDI's Cooperative Bank Development Project. It will also provide additional U.S. consultants for those "large projects" which could require additional credit expertise when such projects are identified. After one year this project would either be extended, transferred to NUCB, a RB, or discontinued based upon results. This new project has been submitted for USAID and World Bank funding by ACIDI.
  - Assist in developing LCB success criteria through Banker to Banker Program. And provide further U.S. consultant experience for assistance for LCB merger - consolidation discussions where appropriate as requested by regional banks or NUCB.

- Develop and conduct training programs in marketing and other areas as needs are identified through Banker to Banker and NUCB. Many of these programs would become videos for Banker to Banker but training programs for NUCB members.

First basic marketing program will be a pilot ACDI is hosting for the BUG Graduate School of Banking on November 10 1993. Peat Marwich Mitchell of Warszawa and Prague has been engaged by ACDI to conduct this first experiment session.

- Keep independent cooperative bank system (especially RBs) informed and assist them to be prepared to participate in U.S. guaranteed (GSM) and non-guaranteed US international credit when approved for Poland. GSM guaranteed credit approval should be available by late 1994 or before. Needs assessment through US international finance specialists for RBs will be started in early to mid 1994.
- Keep informed by the independent cooperative bank system for any possible needs that may be developing for cooperative system security sales (like Farm Credit's). Should such needs develop provide assistance through U.S. consultants etc.
- Provide expertise through U.S. consultants for a needs assessment study for lease financing by the independent cooperative bank system if requested.
- Committed to assist in the formation and development of a fourth regional bank when and if such a project appears feasible through local leadership and support.
- Committed to being supportive and will assist NUCB leadership as they explore BFE membership alternatives and gather information so LCBs can make decisions based on facts.
- Committed to keep informed of the needs of the independent cooperative bank system and responsive to reasonable requests within ACDI's funding capacities through USAID.