

**ACDI Farmer-to-Farmer Program
Cooperative Agreement No.: FAO-0705-A-00-2093-00
Annual Activity Report for October 1, 1993 - September 30, 1994**

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I. EXECUTIVE SUMMARY

The goal of ACDI's Farmer-to-Farmer (FtF) project is to increase income from agriculture and provide greater investment in the sector. FtF assists in developing of a functioning agricultural credit system increasing growth opportunities for private producers and agribusinesses.

Project activities began September 30, 1992. This report covers the second year of the project from October 1, 1993 to September 30, 1994.

The second year of project implementation was a year of transition where most of the underlying assumptions of the project were drastically altered by economic difficulties in the agricultural sector and the lack of a clear strategy for agricultural reform. The year was also marked by staff changes and the development of a new strategy designed to respond to the changes in the agricultural credit system in Russia.

The AKKOR peasant banks had been a primary focus of the project during the first year. As the AKKOR banks began failing, ACDI began to reformulate the project strategy. The resulting strategy focuses on:

1. banks with an interest in serving agriculture;
2. agribusinesses; and,
3. private farmers and privatized state and collective farms.

Fifty volunteers traveled to Russia, Moldova, Kazakhstan and Kyrgyzstan covering 11 Oblasts in Russia and one oblast in each of Moldova, Kazakhstan and Kyrgyzstan. ACDI's FtF project resulted in impact in several areas:

1. **Credit terms have been extended.** Twenty five (25) ACDI volunteers provided credit training to senior bank officials. The impact of these assignments is often significant with important direct and indirect benefits. The most frequent issues addressed by ACDI volunteers included the establishment of a credit policy, credit risk analysis, managing problem loans, and the establishment and management of credit files. Two volunteers worked with Regiobank in Khabarovsk, Russia. They developed a mission Statement and Strategic Plan in collaboration with bank management. The bank has extended credit terms from 90 day loans and is now providing commercial loans on a 6 to 12 month basis.

2. Farmers now have the financial data necessary to secure credit. Fourteen (14) volunteers worked directly with Russian training centers. Two volunteers worked with the Povolzhsky Training Center in Saratov, Russia to create an agricultural information database. This database is now the prime information center for agriculture in Saratov. In Dimitrov, two volunteers created a record keeping system for 12 private farmers.

3. Legislation for land title registration has been drafted. A team of ACDI volunteers contributed specific language for legislation on the development of a Land Title Registration System for the Russian Federation. This legislation has been proposed to the lower house of the Russian Parliament (Duma) and is currently under review by appropriate committees.

Project work included 15 bank management/institution building assignments, 1 policy oriented mission with the Land Titling Committee and 5 training assignments totalling 21 projects.

The ACDI Moscow office has concluded a successful marketing campaign to publicize the revised project strategy. The Farmer to Farmer program is client-driven. ACDI staff visited over 30 banks and 10 agricultural enterprises and privatized state and collective farms. Staff work with senior level management to develop project goals and scopes of work with measurable impact. ACDI has taken a results oriented approach towards developing program activities through September 30, 1995.

ACDI attributes the accomplishments of the FtF program to the high caliber of volunteers who participated in the program. The Moscow and Washington office staff work together to ensure that each volunteer receives complete pre-project briefing. Each volunteer attends two orientation sessions, one in Washington D.C. and the second in the field.

Despite the transitional nature of the second year of the ACDI FtF program, significant impact was seen in the majority of the client bank, policy, and academic organizations. ACDI will continue to seek out reform-minded organizations and to support private farmers and privatized former state and collective farms.

Lessons learned from the first two years of project implementation

The lessons learned in the first two years of project activities are important to the plan and implementation of the project for year three. The lessons learned are:

1. The AKKOR banks will not be a significant provider of agricultural credit in Russia. While great hopes had been pinned on the AKKOR system as the foundation for an agricultural credit system modeled, in part, after the U.S. Farm Credit System, economic conditions, the lack of a policy and regulatory framework upon which to base such a system are simply not in place. The one-time influx of capital to these banks has been used up. The surviving AKKOR banks have begun diversifying their portfolio away from solely serving agriculture.

2. Russia will not create a farm credit system in the short term. Rather, agricultural loans will be made on commercial terms or, on a decreasing scale, financed through directed credits from the Central Bank through the Agroprombank system or other commercial banks.
3. Agricultural producers will not be able to participate in a commercial credit system which must charge interest rates in excess of 170%. Alternative means and intermediary institutions must serve the credit needs of private farmers. Agricultural enterprises engaged in value-added processing, packaging and/or marketing will, if properly managed, have the capacity to utilize commercial credit. Agribusinesses extending credit to producers of their required raw product is one avenue to explore in providing credit services to private producers.
4. The banking industry in Russia has made dramatic, albeit uneven, progress in the development of essential services and support for their clients. In many cases, banks have been working out in front of developing rules and regulations in order to be prepared to work in a changing environment. Competition for attracting new capital is driving a rapid change and commercial orientation in the industry.

In addition, the policy and regulatory framework is rapidly developing in Russia. In 1995, we expect the passage of a revised civil code, and consideration of laws dealing with cooperatives, credit unions, banking law, enterprise development and land titling. In addition, work is already underway to create a central filing system for real estate.

5. ACDI volunteers continue to perform well. We consistently receive positive feedback on our teams and what they are able to accomplish in a brief period.
6. The Moscow office is integrating its activities well with other U.S. government programs, other donor programs as well as the farmer-to-farmer implementors.
7. The effectiveness of FtF programs is significantly enhanced where ACDI is able to develop follow-on programs with the same client. **In 1993-94, 81% of ACDI's assignments were either follow-on activities, resulted in a follow-on request or both.**
8. Training activities must be focused on a few institutions that have the resources and capacity to utilize and transfer to their participants, the information provided by ACDI volunteers. For that reason, training activities will be limited to the Academy of National Economy and the Central Bank's network of training institutes.
9. Careful monitoring and evaluation of FtF programs is needed in order to identify and track project impact and refine future programming. ACDI has done well at

collecting basic information and is currently developing more systematic approaches to project monitoring.

10. ACDI encourages the participation of women volunteers but find that they are difficult to attract into the program. However, when working in the banking industry, nearly two thirds of the direct beneficiaries of our programs are women. Women make up a substantial part of the banking industry's workforce and ACDI's teams frequently work in banks where the majority of senior managers are women.

II. NEW PROJECT FOCUS

By late 1993, it was apparent that the AKKOR peasant banks were in serious jeopardy and that the Russian government would not be providing a second tranche of seed money to stimulate and agricultural credit system via AKKOR. Since the AKKOR banks and related training had been a primary focus of the ACDI Farmer-to-Farmer program, ACDI has made significant adjustments to its implementation of the program to continue to work towards the projects goal of fostering a functioning agricultural credit system.

The result has been a strategy which evolved over several months and which has rekindled interest and activities of the project. ACDI now focuses on 1) institutional development and related training activities for banks with an interest in serving agriculture; 2) agribusinesses seeking investment and credit on commercial terms from Russian and international sources; and 3) establishing credit services for private farmers and privatized state and collective farms.

ACDI's approach to the bank management program is to work with commercial banks with an interest in agriculture or with branches of the Agroprombank to enhance bank management practices and procedures. Improved bank management and a profitable commercial banking sector will result in a banking industry better able to serve the agricultural sector.

A key objective for the program is to also focus on the development of key agricultural industries with the capacity to attract and manage credit on commercial terms. At least initially, commercial lenders will target agricultural industries until production agriculture becomes a profitable enterprise. The agro-industrial node in the agricultural system will generate demand for production and will have to identify and exploit markets for their goods.

ACDI will continue to support private farmers and privatized former state and collective farms. Agricultural producers face severe resource constraints in purchasing inputs, upgrading or maintaining equipment, or critical cash flow shortages. ACDI continues to work with private producers to access critically needed resources and capital.

III. THE PAST YEAR'S ACTIVITY

A. HIGHLIGHTS OF PROJECT IMPACT

ACDI attributes the accomplishments of the FtF program to the high caliber of volunteers who participated in the program. The volunteers representing ACDI were experienced professionals who had to adapt to a changing landscape for the provision of agricultural credit in Russia.

Even though this has been a transitional year for the ACDI FtF program, significant impact has been achieved over the past year. The following areas broadly describe the areas where

the ACDI program has made impact or will have impact on Russian banking in the near future:

1. Bank Management: During the fiscal year, ACDI provided 25 volunteers on 11 assignments to work directly on bank management issues. Typically, these programs took the form of a workshop with the bank's management staff and included planned and unplanned interactions between ACDI volunteers and bank staff on specific problems confronting the bank at the time of the assignment. The impact of these assignments is often significant with important direct and indirect benefits. The programs serve as a valuable professional exchange between U.S. bankers and their Russian counterparts. Volunteers continue to be impressed by the capacity and talents of their hosts. Volunteers transfer specific skills, but also provide an affirmation that banks are conducting appropriate credit analyses and responding to the evolving Russian banking system in a positive and practical manner.

Programs where initial seminars provide an overview of bank management procedures are almost always followed by assignments that are more specific in nature. This philosophy forms the basis of our Central Asian program which was initiated in September. ACDI provides an initial team to conduct an overview seminar and informal needs assessment which is then used to establish a workplan for a series of volunteer assignments designed to strengthen critical elements of the bank's management procedures.

The most frequent issues addressed by ACDI teams is the establishment of a credit policy, credit risk analysis, management of problem loans and the establishment and management of credit files. In Central Asia, ACDI is increasingly involved in the formulation of mission statements and strategic plans for agricultural lenders.

a. Specific Project Impact

Russo-Asian Bank, Irkutsk, Russia

Two volunteers developed a Reimbursement Agreement to be used with foreign correspondent banks in the conduct of international trade.

Regiobank, Khabarovsk, Russia

Two volunteers developed a Mission Statement and Strategic plan in collaboration with bank management. As a result of the credit training that the volunteers provided, the bank is now providing commercial loans on a 6 to 12 month basis.

Turanbank, Almaty, Kazakhstan

The bank is currently implementing the management and marketing techniques that an ACDI volunteer team developed with bank management. ACDI will send a second team to assist the bank in December of 1994.

2. Mortgage and Real Estate Finance: Most bank loans in Russia are character loans based upon some knowledge of the client and their capacity to repay the loan. As Russia proceeds with the development of a land registration and titling system, the development of land markets and the use of land as collateral will become an important source of collateral for agricultural loans. While no system formally exists to perfect loans at this stage, many banks are developing systems and procedures to respond to the development of a land titling system and the use of land and property as collateral on loans. On an ad hoc basis, this is occurring in several areas already where local arbitration boards have been established to arbitrate loan repayment decisions between banks and their clients. ACDI specialists have typically performed a training function in these assignments. Occasionally the bank is unable to implement the recommendations of our specialists until the policy framework is in place to implement a real estate market.

The impact of these assignments is to assist the banks to prepare for the day when a land market is established. The ability to use land holdings as collateral on agricultural loans is widely regarded as an important step in the development of a system that can successfully and consistently provide credit to the agricultural sector on commercial terms. Mortgage and real estate finance formed part of the assignment for 11 volunteers at 5 banks and 2 volunteers conducted a training session at the Academy of National Economy.

a. Specific Project Impact

Siberian Farmers Bank, Novosibirsk, Russia

On a repeat assignment to the bank, a team of volunteers helped establish appraisal and mortgage lending policies which the bank now uses for mortgage finance business. In addition, the volunteers evaluated the bank's progress in implementing the recommendations of a previous volunteer team. They reported that as a result of the initial recommendations, the bank modified its management structure. Bank managers created written job descriptions, performance expectations and evaluations for each employee. The bank had also increased its loan analysis and developed loan underwriting standards.

Academy of National Economy V, Moscow, Russia

4 volunteers taught bank managers how to establish appraisal and mortgage lending policies which Agroprombank now uses for mortgage finance business.

3. Training Activities: ACDI has conducted 5 assignments involving 14 volunteers in training activities over the last year. Three of the assignments were conducted at the Academy of National Economy. Over the years, ACDI specialists have formed an important component of the Academy's Graduate School of International Business' Agribusiness Program. Three assignments were conducted at the Academy between October 1, 1993 and September 30, 1994. Assignments were conducted on a range of

topics including: 1) auditing agricultural credit programs; 2) agricultural economics; 3) organization of farmer cooperatives; 4) agricultural finance; 5) land appraisal; and 6) mortgages in crop finance. ACDI has established a strong relationship with the Academy and has received additional requests for assistance.

In other training programs, ACDI volunteers conducted an agricultural banking seminar at the Higher School of Management and Agribusiness for economics and banking teachers. In addition, ACDI conducted a farm financial management program for private farmers in Dimitrov. This program was organized in conjunction with VOCA and the Russian Farms project of Churches United in Global Missions.

a. Specific Project Impact

Academy of National Economy V

Largely as a result of contact with ACDI volunteers and the perception of a market niche for the Academy, the Graduate School of International Business is planning to revise its agribusiness curriculum to focus on agricultural finance. Future activities will be designed to foster the development of the new curriculum.

Povolzhsky Training Center, Saratov, Russia

Two volunteers worked with the Center to develop an information technology training program. Together with bank staff, they designed a Local Area Network (LAN). The design was taken to Moscow, where some of the equipment needed for the LAN was purchased. The Center will have a state of the art Local Area Network when all the equipment is installed. The Center is now the prime resource for agricultural information in the Saratov Region.

4. Land Titling: In ACDI's third assignment on land titling, a team of two volunteers contributed specific language for legislation on the development of a Land Title Registration System for the Russian Federation. This legislation has been proposed to the lower house of the Russian Parliament (Duma) and is currently under review by appropriate committees.

B. SUB-PROJECT FIELD ACTIVITY

ACDI conducted project work in three principle technical areas: (a) **policy issues** with government ministries; (b) **institutional building** with agricultural credit and financial organizations; and (c) **training projects** with educational institutions.

The Sub-Project Field Activity Table summarizes ACDI's projects by subject and provides an explanation of the purpose of the project, the accomplishments and potential impact.

SUB-PROJECT FIELD ACTIVITY TABLE

PROJECT NAME:	PURPOSE:	ACCOMPLISHMENTS:	FOLLOW ON and BENEFICIARIES
AGRICULTURAL CREDIT AND FINANCIAL INSTITUTIONS			
Geya Center Ryazan 9-10/94 2 vols.	To assist Geya in developing an in-house credit function at the joint-stock farm, Murminskoye	Developed accounting procedures and estimate start-up capital costs for establishing a credit revolving fund under the management of the joint-stock company.	Initial visit Follow-on activity requested Beneficiaries: 150
Russo-Asian Bank Irkutsk 9-10/94 2 vols.	To assist the Russo-Asian Bank in developing new clients, correspondent banking relationships human resource management, planning, credit administration and training, and international banking issues.	Provided both class instruction and hands-on assistance to the bank in each of the defined topics.	Initial visit Beneficiaries: 25
Regiobank Vladivostok 9/94 2 vols.	To assist the management and staff of Regiobank in the following areas: development of a mission statement and strategic plan, human resource management, accounting, internal auditing, credit and commercial banking and marketing	Developed both a mission statement and strategic plan; Advised the bank on personnel issues such as recruitment, training, compensation and benefits; Worked closely with the accounting/auditing staff and left documents such as the AICPA Audit Guide for Banks; Assisted the marketing department in the development of new product identification, economic evaluation and marketing plans.	Initial visit Follow-on activity requested Beneficiaries: 47 12 males 37 females
Turanbank Almaty, Kazakhstan 9/94 2 vols.	To conduct a seminar for home office and branch managers on bank management systems, bank marketing, personnel management, branch/headquarters relations, international accounting standards and bank international activity	Presented a overview seminar on bank management, accounting systems and marketing; On the basis of team recommendations, a workplan has been developed for 7 follow-on assignments to assist the bank in developing a strategic plan, credit policies and their implementation.	Initial visit Follow-on activity requested Beneficiaries: 35 18 males 17 females

PROJECT NAME:	PURPOSE:	ACCOMPLISHMENTS:	FOLLOW ON and BENEFICIARIES
<p>Kyrgyzagroprom bank</p> <p>Bishkek, Kyrgyzstan</p> <p>9/94</p> <p>3 vols.</p>	<p>To provide 2 overview seminars on bank management and accounting procedures and to work with senior staff to assess bank technical assistance needs.</p>	<p>Assessed credit risk analysis, problem loans, financial analysis in credit decision-making, problem loans, loan classification systems, auditing/accounting, marketing bank products and human resource management.</p>	<p>Initial visit</p> <p>Workplan for multiple follow-on visits in process</p> <p>Beneficiaries: 69 Bishkek: 8 males 25 females Osh: 25 males 11 females</p>
<p>Conekagroprom-bank</p> <p>Khabarovsk</p> <p>8/94</p> <p>2 vols.</p>	<p>To conduct two workshops on the credit process, international finance and bank management</p>	<p>Conducted two seminars to assist bank management in developing and implementing a new credit policy, international banking procedures and general bank management</p>	<p>Initial assignment</p> <p>Beneficiaries: 30</p>
<p>Agroprombank</p> <p>Omsk</p> <p>3 vols.</p>	<p>To conduct a workshop on bank management, real estate appraisal and agricultural finance.</p>	<p>Conducted a workshop for bank staff on the development of a collateral based lending procedures; Discussed real estate appraisal and mortgage finance.</p>	<p>Initial assignment</p> <p>Beneficiaries: 38 7 males 31 females</p>
<p>Municipal Mortgage Bank</p> <p>Saratov</p> <p>6/94</p> <p>2 vols.</p>	<p>To participate in bank start-up operations and assist the bank in strategic planning and mortgage finance for real estate. To assist loan officers with loan analysis</p>	<p>Assisted bank management in the development of a strategic plan and conducted a workshop on real estate and mortgage finance for bank staff</p>	<p>Initial assignment</p> <p>Follow-on activity requested</p> <p>Beneficiaries: 18</p>
<p>Commercial Agroprombank</p> <p>Volgograd</p> <p>5/94</p> <p>2 vols.</p>	<p>To conduct two workshops on bank management to the middle echelons of bank staff.</p>	<p>Worked with the bank's middle management covering bank management, credit risk analysis, loan classification and financial analysis in the credit process.</p>	<p>Initial assignment</p> <p>Beneficiaries: 20</p>

PROJECT NAME:	PURPOSE:	ACCOMPLISHMENTS:	FOLLOW ON and BENEFICIARIES
Siberian Farmer's Bank Novosibirsk 4/94 2 vols.	The assignment was a follow-on to a previous activity dealing with credit analysis and management procedures. The team held discussions with bank staff on real estate lending and appraisal, commercial and consumer lending and bank marketing.	Discussed real estate lending and mortgage lending with bank management; Followed up on recommendations of a previous volunteer team; Recent actions to set forth the legal framework for a real estate market have resulted in a new request for assistance from the bank.	Follow-on activity Follow-on activity requested Beneficiaries: 28
Agroindbank Chishinau, Moldova 3-4/94 3 vols.	To assist senior bank management and department managers to develop credit analysis skills and bank management.	Worked closely with both senior and middle management to enhance the bank's capacity to conduct credit analysis, develop real estate lending and appraisal programs, initiate new services and address bankruptcy issues.	Initial assignment Follow-on activity requested Beneficiaries: 40
Farmer's Bank Smolensk 10-11/93 3 vols.	To assist the Farmer's Bank to upgrade bank management	Prepared a draft business plan with financial projections, prepared a draft marketing plan; developed agricultural lending policies and procedures, evaluated existing farmer loans and made recommendations on how to improve loan quality; Conducted a short course on how to make, document and collect guaranteed farm loans.	Follow-on activity Beneficiaries: 75
Rosselkhozbank Buryatia 3/94 2 vols.	To advise bank on loan portfolio, agricultural lending and training program, business planning and real estate mortgage lending.	Prepared a loan officer training program and delivered it to the loan office staff of approximately 10 branches of the Rosselkhozbank in the Buryat Republic.	Follow-on activity Beneficiaries: 77
EDUCATIONAL INSTITUTIONS			
Academy of National Economy, V Moscow 9/94 4 vols.	To develop and conduct two seminars on mortgage appraisal and mortgage finance to participants from Agroprombank, Ministry of Agriculture and the private sector agribusinesses.	Presented two courses on mortgage lending, appraisal and real estate finance using training manuals, videotapes and U.S. forms as training guides; Provided participants with exposure to the U.S. system of appraisal and real estate finance which is then likely to be molded into existing Russian systems.	Follow-on activity Follow-on activity requested Beneficiaries: 30 15 males 15 females

PROJECT NAME:	PURPOSE:	ACCOMPLISHMENTS:	FOLLOW ON and BENEFICIARIES
Povolzhsky Training Center Saratov 9/94 3 vols.	To assist the training center in planning the development of a 5000 ha farm and associated agricultural enterprises into training facilities and revenue generating activities for the training center	Developed a technological and business plan which the center will use to secure approximately \$2 million in grants to establish crop production and food processing facilities.	Follow-on activity Beneficiaries: 35 17 males 18 females
Povolzhsky Training Center Saratov 5/94 2 vols.	To assist Povolzhsky Training Center with an information technology plan so that it can become the prime information center for agriculture in Saratov.	Focused on the development of particular computer hardware and software technologies to strengthen and maintain existing facilities; Assisted in the development of an agricultural information database.	Initial assignment Follow-on activity requested Beneficiaries: 18 9 males 9 females
Academy of National Economy, IV Moscow 1/94 3 vols.	To develop and conduct three courses: 1) macro-and micro-agricultural economies in a market economy; 2) history, organization, and use of farmer cooperatives; and 3) agricultural finance.	Developed and taught each of the courses requested; Developed an outline of training materials for the Academy to use in a training of trainers program; Several participants expressed interest in organizing new coops in Russia.	Follow-on activity New follow-on activity requested Beneficiaries: 24
Russian Farms Project Dimitrov 3/94 2 vols.	To conduct a workshop on farm financial management for private farmers in Dimitrov.	Developed and conducted a workshop on farm financial management for 12 private farmers. The participants are now better able to analyze the financial aspects of their farm business and use credit more effectively.	Initial activity Follow-on activity requested Beneficiaries: 12
Academy of National Economy, III Moscow 10/93 2 vols.	To develop and conduct a course on auditing procedures in the credit process.	Developed and conducted a workshop during which the participants were taught the basic methods to review loans in the farm credit system and commercial bank environments; Gave participants a glossary of commonly used words along with forms on how to review a commercial loan.	Follow-on activity Follow-on activity requested Beneficiaries: 23

PROJECT NAME:	PURPOSE:	ACCOMPLISHMENTS.	FOLLOW ON and BENEFICIARIES
Higher School of Management and Agribusiness Moscow 11/93 3 vols.	To conduct a seminar on agricultural banking for teachers and professional bankers.	Developed and conducted a workshop which provided an overview of banking in a market economy with emphasis on agricultural credit, bank organizational structure and the use of information technology.	Follow-on activity Beneficiaries: 12
GOVERNMENT/POLICY			
Land Titling III Moscow 10/93 2 vols.	To develop legislative language for a Land Title Registration System for the Russian Federation.	Developed forms and procedures for registering land titles, much of which is reflected in draft legislation; Provided a plan for automating the process of registration.	Follow-on activity Beneficiaries: National impact if draft legislation becomes law

C. FIELD OFFICE SUPPORT ACTIVITY

The Moscow Field office has conducted an aggressive marketing campaign to publicize the revised project strategy and recruit new clients for our services. Site visits have been conducted to approximately 30 banks, identified as being commercially oriented banks with an interest in lending in the agricultural sector. In addition, we have initiated discussions at 10 agricultural enterprises and privatized state and collective farms. Response has been extremely favorable from both the banking and agribusiness sectors. Recently, marketing has been less of a priority than rationing volunteer activities and developing programs with high likelihood of significant impact. In addition, the Moscow Field Office, with the assistance of ACDI's Almaty Field Office, has begun implementation of a major bank management program in Central Asia. The Central Asia initiative is getting started with five assignments which will result in workplans for continued assistance at each bank in Kazakhstan and Kyrgyzstan. Plans call for a total of 50 volunteers to conduct bank management assignments at 3 banks in Kazakhstan and 2 banks in Kyrgyzstan.

1. Project Development

ACDI's project work now focuses on the development of ongoing programs of assistance with each client. During discussions with potential clients, ACDI field staff identify specific goals and objectives to achieve with each client and then develop a program of assistance designed to achieve stated goals. ACDI then commits the estimated resources, which may include one or several assignments. This results oriented approach will form the basis for our program development activities through

September 30, 1995. New programs will commit resources to support implementation of ACDI's revised project strategy.

2. Prospecting Visits/Preliminary Site Visits

ACDI's farmer-to-farmer project is client-driven. Once contact with a potential client has been established, ACDI conducts a site visit to meet with the potential host, government officials and other related projects and agencies working in the area. During this visit, the client and ACDI identify the objectives for an assignment and estimate the resources required for project implementation. Based upon these initial discussions, ACDI then prepares an Agreement for Technical Assistance which sets forth the scope of work for the first assignment, the obligations of both the client and ACDI, and a schedule of work for the assignment.

During the most recent quarter, ACDI staff traveled to:

- Almaty and Bishkek to establish initial visits to the Kyrgyzagroprombank, Dyikenbank, Kazagroindustrialbank, Altyndenbank and Turanbank. Discussions were also held with USAID/Almaty staff to set forth the parameters for ACDI's Farmer-to-Farmer program involvement in Central Asia;
- The Russo-Asian Bank in Irkutsk to establish an initial assignment which was implemented in September;
- Sochi to establish a program of activity with Sochi bank and to assess the possibilities for future activities in Krasnodar Krai;
- St. Petersburg to discuss possible activities with several banks in the region and to visit the Central Bank Training School; and
- Ryazan to visit the GEYA Institute and Murminskoye joint-stock company to establish the objectives for an ACDI assignment to identify the institutional requirements for a revolving fund to provide credit to Murminskoye employees.

In addition to field visits, ACDI has had discussions with numerous potential clients passing through Moscow. Discussions for future assistance have been held with the Russian Academy of Agricultural Sciences, the Academy of National Economy, Agroprombank Headquarters, the Central Bank Training Schools, the Bolotov Foundation and a charitable organization called Intellect.

3. Volunteer Field Orientation

A staff member meets all incoming volunteers at the airport and accompanies the group to the hotel to assist them with check-in and money exchange. An informal orientation

begins at the airport pick-up to help volunteers get acclimated into a new culture and environment. The following day, ACDI conducts a formal orientation session at the Moscow office.

Occasionally, assignments do not lend themselves to travel through the Moscow office. In these instances, ACDI makes alternative arrangements for briefings and ensures that logistics of volunteer arrivals are managed by the host. In Almaty, the Farmer-to-Farmer program now utilizes 50% of Roman Belokonev's time. Roman is the Administrative Assistant in ACDI's Almaty Field Office. He is responsible for volunteer logistics in Central Asia.

4. Continued Project Support

The Moscow office is accessible to volunteers during the assignment via phone or fax. Occasionally a staff member will travel to a project site at the mid-point of a project to provide additional support to the volunteers and host institution. Volunteers are urged to work independently and to remain flexible in dealing with their hosts. The focus is for the volunteer to respond to the best of their ability to the client's requests.

5. Volunteer Field Debriefing

At the conclusion of each project, the Moscow office conducts a debriefing session. Volunteers present their report to ACDI staff and invited representatives from USAID, and USDA in Moscow. This is also an opportunity for the volunteers to evaluate both the project and the logistical arrangements made by ACDI.

D. WASHINGTON OFFICE SUPPORT ACTIVITIES

The ACDI Washington Office works closely with the Moscow field office in each component of the Farmer-to-Farmer Project. The Washington Office facilitates volunteer preparation with preliminary information and an orientation session. Projects are continuously monitored through ACDI's reports to USAID, the Project Matrix, and the reports received from the volunteers. ACDI ensures that every volunteer has the opportunity to discuss the Farmer-to-Farmer program with his or her Congressional Representative, highlighting the volunteer's experience.

1. Volunteer Recruiting

The ACDI Washington staff has assisted in the recruitment of one hundred twenty Farmer-to-Farmer volunteers who have been fielded from program start-up through the end of September on a total of forty-five assignments. ACDI's Assistant Recruiter visited the Moscow field office in March. ACDI is continually updating a potential volunteer database to aid in future recruiting. The database currently has over 400

applications. ACDI representatives also attended the annual meeting of National Council of Farmer Cooperatives (NCFC) and the Farm Credit Council (FCC) to recruit for the FtF program.

2. Project Monitoring Matrix

ACDI developed a matrix which tracks volunteer project assignments, the purpose of assignment, the dates of assignment, the positions required, the potential recruits, the volunteer team, the initial volunteer orientation, the project debriefing and actions needed. This system intends to facilitate smooth coordination between the local participating organizations, ACDI/Washington and ACDI/Moscow. ACDI also has a project database which complements the project matrix.

3. Project Preparation

ACDI Washington provides extensive pre-departure briefing information to all outbound volunteers. The project briefing books were completely updated in September 1994. Volunteers are also provided with a set of training materials prepared by previous volunteer teams. ACDI Washington conducts orientation sessions for each group of outbound volunteers. The Washington staff presents a half-day program to help define the project goals.

4. Project Logistics/Support

The Washington office obtains visas, travel advances, and airline tickets for all outbound volunteers. A staff member is continuously available to answer any questions of prospective and former volunteers. The Washington staff facilitates communication between former volunteers and their host institutions. This communication helps build project sustainability.

5. Project Debriefing

ACDI Washington conducts debriefing sessions with all returning volunteers. Representatives from USAID, The Department of State, and USDA Cochran Fellowship Program are encouraged to attend these sessions. A summary is prepared to highlight the impact of the project and the volunteer recommendations. ACDI Washington arranges congressional visits for all returning volunteers and provides each congressional office with information on the Farmer-to-Farmer program. An ACDI staff member accompanies the volunteer to promote the program.

E. PROJECT MANAGEMENT ACTIVITIES

1. Staff

Over the past 12 months, ACDI's Farmer-to-Farmer program has seen significant staff turnover. Mr. Larry Buegler, original Chief-of-Party, completed his one-year commitment on October 15, 1993 and was replaced in November by Mr. Charles Taylor. Mr. Bob Brennan completed his assignment with ACDI in March, 1994 and was replaced by Dr. Fred Smith in June. Finally, Ms. Carmen Censky completed her service as the Recruiter in the Washington office in June, 1994. Ms. Kristen Nelson was promoted from Assistant Recruiter to Recruiter in August and Ms. Lauren Sroczynski was hired as the Assistant Recruiter.

Throughout this period of transition, ACDI has concentrated on maintaining program quality and developing a new strategy for Year 3 of the project. The new team has emerged with a redefined mission and the program has developed a renewed vigor which will continue into year 3.

2. Office

ACDI Moscow has remained in the same location for the past year. However, at the request of our landlord, the Moscow office has begun a search for new office space and is likely to move to a new location by the end of the calendar year.

3. Vehicle

ACDI continue to lease a car with a driver rather than purchase a vehicle to offer logistical support to volunteers and the Moscow office.

4. Volunteer Database

ACDI continues to maintain its database of experienced volunteers. It is always preferable to utilize proven volunteers interested in returning to the NIS and the database remains invaluable as a source of new volunteers and referrals. Recently, the database has expanded as the project has begun work in new technical areas.

5. Volunteer Recruiting

Work proceeds as planned. See the year three workplan for details.

F. COORDINATION WITH USAID AND OTHER ORGANIZATIONS

ACDI Moscow staff meets regularly with USAID Moscow, USAID FtF implementors, the World Bank and the European Bank for Reconstruction and Development (EBRD). These meetings seek to leverage project resources and improve coordination of volunteer assignments. ACDI enjoys excellent relations with the mission, other FtF implementors and the other donors.

In Kazakhstan and Kyrgyzstan, the ACDI bank management program will support the mission's activities in financial reform with ACDI providing resources to agricultural banks in coordination with USAID's efforts at policy reform and bank management training.

G. MONITORING AND EVALUATION

Debriefing sessions conducted in Moscow and Washington provide FtF volunteers with an opportunity to evaluate all components of ACDI's FtF program. The debriefing summary and the final project reports are a valuable tool in project evaluation. In addition, volunteer assignments are followed by direct telephone conversations with clients and questionnaires are sent to each client thirty days after program completion.

IV. REVIEW OF PROGRAM TO DATE

A. OVERALL PROJECT

During the past year, 50 volunteers traveled to Russia, covering 11 Oblasts in Russia and one assignment each in Moldova, Kazakhstan and Kyrgyzstan. Project work included 1 policy oriented mission with the Land Titling committee, 13 agricultural credit/banking missions and 6 training assignments totalling 20 projects.

While ACDI consistently received positive reports from volunteers and host organizations, some host organizations have expressed concern that they cannot apply the knowledge until the legal and economic environment in Russia changes. At the close of this fiscal year, we are optimistic that the legal and regulatory framework allowing banks and agricultural enterprises to use our technical assistance is rapidly falling into place and in year 3 of the project we anticipate that our clients will more directly adapt and apply the recommendations of ACDI's specialists.

B. NUMBER OF VOLUNTEERS BY PROGRAM ACTIVITY

# OF VOLUNTEERS BY PROGRAM ACTIVITY	
Type of Project	Number of Volunteers
Government/Policy	2
Ag Credit & Finance	32
Educational/Training	16
TOTAL	50

ACDI conducted 45 volunteer assignments in Russia, 3 volunteer assignments in Kyrgyzstan, and 2 volunteer assignments in Kazakhstan.

Two (2) of the volunteers were female and 48 were male.

C. NUMBER OF VOLUNTEER PROJECT ASSIGNMENTS

ACDI conducted 21 projects during the course of the second year.

D. NUMBER OF PROJECT BENEFICIARIES

The number of beneficiaries has been collected for direct beneficiaries. It is extremely difficult to track indirect benefits associated with improved loan policies or better loans made as a result of improved bank management. Similarly, the indirect benefits of training trainers are also difficult to quantify. However, volunteer feedback clearly identifies the exchange of ideas and information as a continued benefit of this type of program.

- Direct beneficiaries: 806

E. GENDER OF PROJECT BENEFICIARIES

Gender of volunteers was not specifically mentioned by all of our volunteer teams. Of the four reporting gender information, direct beneficiaries of project activity included 64% women. This is not an unusual figure for the banking industry in the NIS where women frequently hold positions of high responsibility and a majority of the staff are women.

- Estimated female beneficiaries: 515

F. FOLLOW-ON ACTIVITIES

ACDI has focused on the development of ongoing programs with our clients to enhance our potential impact with each client. Out of 21 projects conducted over the course of the year, 9 (43%) were follow-on activities and 12 (57%) assignments resulted in requests for continued assistance.

V. ANNUAL EXPENDITURES REPORT

A. USAID BUDGET LINE ITEM

USAID CONTRACT LINE ITEM	TOTAL BUDGET	ACTUAL EXPENDITURES	UNLIQUIDATED
Salaries	618,831	349,173	269,658
Payroll Added	174,944	88,841	86,103
Allowances	179,099	42,128	136,971
Travel, Transportation, Per Diem	2,145,275	815,853	1,329,422
Evaluation	38,730	21	38,709
Commodities	121,450	85,448	36,002
Other Direct Costs	380,669	219,474	161,195
Total Direct Costs	3,658,998	1,600,936	2,053,062
Indirect Costs	1,339,193	585,943	753,250
TOTAL USAID COSTS	4,998,190	2,186,879	2,811,311
In Kind Contributions	986,350	578,155	408,195
Total Estimated Program Costs	5,984,541	2,765,034	3,219,507

B. Cost sharing Information

In Kind Contributions total \$578,155 as of September 30, 1994.

C. Budget Projections

ACDI projects an acceleration in spending during the third year of the project. Funds spent to date on project preparation have resulted in increased activity and expenses. **As a result, funds will be completely depleted by the end of the project.** See the year three Annual Workplan for details.

PROJECT TRACKING INFORMATION

Attachment A

	<u>Omsk Regional Branch of Agroprombank</u>	<u>Commercial Bank CONEKAGROPROM</u>	<u>Regiobank</u>	<u>Academy of National Economy V</u>	<u>Turanbank</u>
NIS Republic	Russia	Russia	Russia	Russia	Kazakhstan
Beneficiary Organization	Omsk Regional Branch of Agroprombank	Commercial Bank CONEKAGROPROM	Regiobank	Academy of National Economy	Turanbank
Project Sites	Omsk, Russia	Khabarovsk, Russia	Khabarovsk, Russia	Moscow, Russia	Almaty, Kazakhstan
T.A. Objectives	Agricultural Credit and Finance (4)	Agricultural Credit and Finance (4)	Agricultural Credit and Finance (4)	Educational Institutions (6)	Agricultural Credit and Finance (4)
Dates of Assignment	25-Jul-94 to 18-Aug- 94	25-Jul-94 to 18-Aug- 94	28-Aug-94 to 22- Sep-94	5-Sep-94 to 28-Sep- 94	5-Sep-94 to 29-Sep- 94
Direct Beneficiaries	Total: 38 7 Males 31 Females	Total: 30	Total: 47 12 Males 37 Females	Total: 30 15 Males 15 Females	Total: 35 18 Males 17 Females

	<u>Kyrgyzagro-</u> <u>prombank</u>	<u>Polvolzsky Training</u> <u>Center</u>	<u>Geya Center-</u> <u>Ryazan</u>
NIS Republic	Kyrgyzstan	Russia	Russia
Beneficiary Organization	Kyrgyzagroprombank Joint Stock Comm	Polvolzsky Regional Training Center	Geya Center
Project Sites	Bishkek, Kyrgyzstan	Saratov, Russia	Ryazan, Russia
T.A. Objectives	Agricultural Credit and Finance (4)	Agricultural Credit and Finance (4)	Educational Institutions (6)
Dates of Assignment	18-Sep-94 to 13-Oct-94	21-Sep-94 to 14-Oct-94	25-Sep-94 to 27-Oct-94
Direct Beneficiaries	Total: 69 33 Males 36 Females	Total: 35 17 Males 18 Females	Total: 150

Volunteer Information

Project	Volunteer Name	State	Institution	Gender
Omsk Regional Branch of Agroprombank	Billy Harmon	TX	Lubbock Production Credit	Male
	Robert Hiatt	NE	Farm Credit Administration	Male
	Bill Herr	IL	Southern Illinois U.	Male
Commercial Bank CONEKAGROPROM Khabarovsk	Richard Lewis	PA	Lafayette Bank	Male
	Bruce Howard	KS	FLBA of Garden City	Male
Regiobank	Roger Lindland	CA	Great American Bank	Male
	Barry Newman	CA	Great American Bank	Male
Academy of National Economy V	David Knutson	ND	Vogel, Brantner, Kelly, Knutson, Wier & Bye, Ltd.	Male
	Larry Leier	ND	USDA\FmHA of Valley City	Male
	Carl Leigel	WI	Credit Services of E.C. WI.	Male
	Bud Scranton	CO	Retired Land Appraiser	Male
Turanbank	John Thomson	SD	1st Midwest Bank	Male
	Paul Draughn	LA	OSIRIS Corp.	Male
Kyrgyzagroprom Bank Joint Stock Commercial	Herbert Balderston	CO	1st Nat'l Bank of Longmont	Male
	Alan Thometz	MN	Norwest Bank	Male
	Howard Wirth	CO	1st Nat'l Bank of Longmont	Male
Polvolzsky Training Center	Barry Bjornson	ND	Nordak Farms	Male
	Bill Nelson	ND	North Dakota State U.	Male
	Howard Weber	MN	Grain Consultant	Male
Irkutsk	George Sugden	MN	Norwest Bank	Male
	Joseph Wiesenthal	NY	Marine Midland Bank	Male
Geya Center- Ryazan	Bob Stricker	CO	Farm Credit Administration	Male
	Galen VanVleet	CO	Farm Credit Administration	Male