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Internal Evaluation
and
Implementation Workshop
for
Farmer-to-Farmer Program in Russia
of
Tri Valley Growers, Inc.

Submitted

to

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by

Ted Weihe, Evaluator

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Executive Summary

Findings, Conclusions and Recommendations

With the University of California, Tri Valley Growers, Inc. (TVG) is currently carrying out a three year Farmer-to-Farmer Program to provide technical assistance by U.S. volunteers in the Voronezh/Pushchino region of Western Russia and the Vladivostok region of the Russian Far East. To date, TVG has fielded 40 of 110 volunteers and is at the midpoint of its project.

The goal of the project is to help restructure the agricultural and food systems in Russia from administrative-command control to a market basis through assistance to emerging private agribusinesses. The program emphasis is post-harvest storage, processing and marketing, especially of fruits and vegetables. It offers private agribusinesses in the targeted regions technical assistance from leading American experts to address their specific business needs. Technical assistance is provided for a period of three weeks to six months.

The internal evaluation, implementation workshop and follow-up activities took place from March 13-24, 1994 in Voronezh and Moscow which was led by the evaluator, Ted Weihe, and involved home office and field staff.

The methodology included in-depth interviews with four assisted agribusinesses in the Voronezh area that received eight volunteer assignments, and a review of project-related documents, including volunteer reports. The two and one-half day implementation workshop in Moscow focused on improved project impacts and refined goal, purpose, outputs, methodologies, post-assignment evaluation and a revised 1994 work plan.

Findings and Conclusions

TVG's Farmer-to-Farmer Program is having demonstrative impact and is achieving its goal to help restructure Russian agriculture to a market-based system. American volunteers have provided valuable technical assistance to emerging private agribusinesses in the Voronezh region with the following results:

- Dramatically reduced post-harvest losses of large private joint venture farm and agribusiness (Novonadezhninsky Sad) through changes in storage procedures (temperature, ventilation, humidity control) which have increased apple marketing by one-third (extending from two to three months) and pear marketing by one-half (from two to four weeks). In addition, introduced Western accounting and financial record keeping which has reduced costs through better calculation of business costs and made possible consideration of joint ventures with foreign companies for juice processing, and the opening of a dollar bank account.

- Helped increase productivity of private fruit and vegetable storage facility (Kominternovskoe) by five times through better employee incentives (shifting employees from salaries to piece work) and better selection procedures for new employees.

- Provided technical assistance to the Diana company to narrow its options for processing honey into confectionery from 80 to three initial valued-added products, including recommendations on the appropriate location of the processing plant, its design and improvements in honey bee technologies.

- Introduced futures trading concepts and procedures for the Black Earth Commodity Exchange including the application of new computer programming techniques for commodity trading.

TVG has established a strong presence and network in the Voronezh area which is the richest agricultural region of Russia, known as the Black Earth region (Chernozemye). TVG staff have done an excellent job in the preparation of volunteer assignments and targeting technical assistance to emerging private agribusinesses. The home office has recruited well-matched and highly experienced volunteers for the technical assistance assignments.

With highly motivated headquarters and field staff, TVG provides extraordinary field support for volunteers (personal contact at least four times a week), and nearly flawless logistics from briefings to transportation (air, train and car). Despite its project location at cities with poor telecommunications, TVG has a well-integrated E-mail system which supports regular communications and coordination.

TVG has established an extensive documentation system including a volunteer checklist, project description, briefing materials (political and agricultural background), impact evaluation and pre-departure assessment. Volunteers provide a full written report on their recommendations which is frequently translated and provided to host organizations.

The evaluation recommendations were developed during the implementation workshop which included the full participation of TVG project staff. Recommendations included the need to clarify TVG's corporate and development goals; revise project goals, purposes and outputs; better refine the strategy to achieve the outputs; improve methodologies for volunteer technical assistance; develop a new implementation work plan and tracking system for 1994; and resolve a number of implementation issues.

A review of the most successful projects resulted in lessons learned which should be shared with other implementors. Stronger impacts appeared to result when projects fit the following criteria: (1) good match between volunteer and host organizations; (2) energetic and receptive counterpart

organization; (3) assignments where impacts are quantifiable and within the capacity of the host organization to implement; (4) highly competent volunteer who is well-prepared for the assignment, asks good questions and understands local conditions prior to making recommendations, possesses outgoing personality and preferably has previous international experience; (5) energetic staff of host organization who are willing to work full-time with volunteer and are mentally ready and seek change; (6) host organization that is profit oriented and truly wants technical assistance (not expecting investment); (7) provision of multiple volunteer assignments to same host organization; and (8) projects that incorporate secondary (broadcasting) activities to share information and results with farmer's associations, agribusinesses and others including via television, radio and print media.

I. Goal and Purpose of the Project

Tri Valley Growers, Inc. (TVG) is currently carrying out a three year Farmer-to-Farmer Program to provide technical assistance by U.S. volunteers in the Voronezh/Pushchino region of Western Russia and the Vladivostok region of the Russian Far East. To date, TVG has fielded 40 of 110 volunteers and is at the midpoint of its project.

The goal of the project is to help restructure the agricultural and food systems in Russia from an administrative-command control to a market basis through technical assistance to emerging private agribusinesses. The program emphasizes post-harvest storage, processing and marketing, especially for fruits and vegetables. It offers private agribusinesses and institutions in the targeted areas assistance from leading American experts to address their specific business needs. Technical assistance is provided for a period of three weeks to six months.

TVG has fielded staff in Voronezh, Pushchino and Vladivostok to help identify and work closely with local private agribusinesses in preparing appropriate assignments for U.S. volunteers. Local partners are asked to defray translation and housing; the project funds travel and living expenses of the volunteers.

Tri Valley Growers is a farmer-owned association started in the Great Depression of the 1930s when California peach farmers were unable to find a plant to process their crops. Today, TVG has grown into a major U.S. fruit, tomato and vegetable processor with canned and bottled food and drinks. In addition, TVG is collaborating with the University of California and its Division of Agricultural and Natural Resources which consists of nearly 1,100 research scientists and educators on three campuses, nine field stations and 64 Cooperative Extension offices that provide practical solutions to farmers.

II. Purpose of Evaluation and Methodology

The internal evaluation and implementation workshop took place from March 13-24, 1994 in Voronezh and Moscow. The evaluator, Ted Weihe, travelled to Voronezh with the program manager, Derek Brown and his assistant, Christine Pascal, from TVG headquarters in San Francisco. In addition, Betsy Jacobs who is the current field director of the Pushchino and Voronezh, and her replacement, Dennis Vincent, participated in the field work for the evaluation.

This staff was joined by Richard Klein and Konstantin Nasonov from Vladivostok, Asya Tarakanva of the Voronezh office, Anna Shipkova from the Pushchino office and long-term volunteer Kathy Gelhar for a two and one-half evaluation and implementation workshop in Moscow. Paula Colozzi and Terry Cornelison of TVG's Food Systems Restructuring Project also participated in part of the workshop.

the process plant, its design and improvements in honey bee technologies.

- Introduced futures trading concepts and procedures for Black Earth Commodity Exchange including new computer programming techniques.

3. Strong presence and management systems

TVG has established an excellent network in the Voronezh Oblast, located in the heart of the fertile Black Earth region.

TVG staff have done an excellent job in the preparation of volunteer assignments and targeting technical assistance to emerging private agribusinesses. The home office has recruited well-matched and highly experienced volunteers for the technical assistance assignments.

As project manager, Betsy Jacobs has demonstrated initiative and leadership. She has developed a strong network of reform-minded individuals and institutions in establishing the Farmer-to-Farmer Program as a well-known and well-regarded U.S. assistance effort in a region where few Americans have been present. She has provided an extraordinary level of field support for volunteers (personal contact at least four times a week), and nearly flawless logistics from briefings to transportation (air, train and car).

Despite its project location at cities with poor telephone communications, TVG has developed an excellent E-mail system which supports regular communications and coordination. TVG has established an extensive documentation system including a volunteer checklist, project description, briefing materials (political and agricultural background), impact evaluation and pre-departure assessment. Volunteers provide a full written report on their recommendations which is translated and provided to host organizations.

IV. Details on Project Impacts

The evaluator visited four agribusinesses which had received eight volunteers during 1993 and 1994. Interviews with managers and staff counterparts at each of the agribusinesses lasted from two to three hours (see methodology above).

1. Novonadezhninsky Sad

The former state farm is located approximately 100 kilometers from Voronezh. The farm complex produces apples, pears, cherries, blueberries and blackberries on about 900 hectares; 1,000 hectares of wheat; and 500 head of dairy cattle. It has been converted into a joint stock company in which about 200 of its 1,500 employees are stock holders. The complex is managed by a director and his son.

Its storage facilities are modern with cold storage for 6,000 tons. The prefabricated facilities were acquired from Germany (4) and Italy (1) through an oil barter deal.

The purposes of the three volunteer assignments were: (1) to reduce large losses (over 30%) due to handling and storage procedures; (2) modernize financial record-keeping based on Western concepts; and (3) assess plant diseases uncovered by an earlier volunteer.

The conversion to a private stock company appeared to be genuine, not merely a paper transaction. Stocks were issued to employees based on years of service and wage level. Many recently arrived ethnic Russian employees from the Central Asian republics of the former Soviet Union have not received any stock. They may be able to acquire stock in the future. Stock can be sold. Two members of the farm were provided individual farms, but are considering reintegrating with the farm complex given their lack of sufficient land and capital to be viable. Milk and meat are subsidized, but fruits and vegetables are not.

Products of the farm originally went to state owned enterprises (SOEs) for sale or processing, but more product is now going through private channels. The farm has trouble with payments from SOEs and is shifting to "cash and carry" in which private wholesalers are picking up products at their storage facilities. They also have done barter deals (i.e. apples for crop protection chemicals), but do not like these types of transactions. The operations are more profitable than last year especially in apples and grains.

The farm is providing some apples to a new processing plant (Spartan) and is in discussion with several foreign companies for joint ventures in juicing equipment.

The major recommendations of volunteer Dan Thomas were to reduce their storage temperature for apples by about two degrees. This has resulted in huge savings from post-harvest losses of 30% and extended their marketing season by one month (April). He also helped them in better ventilation procedures for improved quality of produce, but results are not yet apparent. The volunteer recommended new techniques for humidity control but additional energy costs appear to offset savings.

In addition, Dan Thomas is a specialist in pears and recommended lowering their storage temperatures by four degrees (two degrees below freezing). They tested two tons of early variety pears which resulted in doubling the length of storage (two to four weeks).

Volunteer Sukhpal Basrai worked with financial staff to prepare a business plan, and improve ways to calculate operating costs. Her recommendations have been accepted and for the first time the farm has "real numbers" on costs which take into account inflation. The

business plan and financial accounting on Western standards has been critical in discussions with foreign firms for joint ventures and made possible the opening of a dollar account at the local bank. The financial staff was particularly impressed with spread sheets, but senior management appeared reluctant to buy computers.

Volunteer Beth Teviotdale identified ways to control apple scab, and educated technical staff with an understanding of the disease which was not in their textbooks. But, her recommendations have not been followed up because of lack of equipment to remove leaves where apple scab spores are located.

The evaluator concludes that the three assignments were successful and major cost savings were achieved. A full analysis of financial impacts of the assistance can not be determined until the end of April for apple storage and next year for pears. Given the context of agriculture in the region, the large farm complex appeared to be rapidly shifting towards a greater reliance on private markets and Western management, accounting and technology.

2. Kominternovskoe Vegetable Storage

This former state owned "municipal enterprise" was fully privatized on March 6, 1994 at an open auction and now is an "open" joint stock company, owned by 203 of its 230 employees. However, the biggest shareholders are the management through a "closed" joint venture holding company (71% of shares). Prior to being privatized, the company had to fulfill state orders.

The facility sits on 10 hectares of land and includes several storage lockers, two processing facilities, service shops and an administrative building. They store up to 12,000 tons of vegetables including refrigerated and non-refrigerated storage. Products include apples, potatoes, onions, cabbage, etc. The company processes canned tomatoes, fruits and sunflower oil. They also owned eight private grocery stores.

The company prefers to buy higher quality produce from private farmers. For example, potatoes are organically grown by private farmers and are superior because of lack of chemicals and hand cultivation. However, several of their crops, such as onions, were bought up by other buyers. It also receives produce from state farms (cabbage, sugarbeets, onions).

The dynamic woman manager, Alexandra Nikolaevna Mogilevskaya, said she looks forward to being private since they will be free to make their own decisions. (She has been selected for the reverse Farmer-to-Farmer Program in the U.S.) She indicated that employees are more concerned about the company's success since their salaries are now paid by the company rather than the state. She said that the quality of her employees is her biggest problem.

From June 9-24, 1993, volunteer Greg Billikopf worked with senior staff on improved labor management. He also provided advice on employee selection procedures such as work references and interview techniques. While some of his recommendations could not be applied (formal application processes for new employees), they have adopted many of the incentive programs which he suggested.

The senior staff accepted suggestions on how to apply two types of pay: regular salary and incentive pay. Through shifting more employees to "piece work" (from 100 to 170 employees, out of a total of 230), they have increased their yearly gross turnover from about 7.5 million rubles to 3 billion rubles. Allowing for inflation, the company today is doing "five times more per month in transactions." With these new incentives, employees for the firm earn 2.5 to 3 times more than at equivalent positions in the state sector. Employees understand that their salaries are tied to the profitability of the company.

In addition, the staff gained valuable accounting and business planning expertise from volunteer Robert Ake from July 5-30, 1993. He helped them better identify their costs and assisted in preparation of a long-term business plan.

The evaluator found that the two volunteer assignment resulted in dramatic impacts as the company was becoming fully private. Billikopf addressed one of the toughest issues in Russia: improvements in worker productivity from the state system in which the saying goes, "they pretended to work." Ake's financial and corporate planning advice played a significant role in preparing the state firm for privatization.

3. Diana Honey Processing

The holding company is owned by a scientific group and by 30 joint stock shareholders. Two years ago, it had 40 subsidiaries and now has ten including "Diana." The major source of income for the holding company is commercial (trading) transactions. Diana has seven workers of which three are shareholders. The company plans to process honey into sweets. Much of honey production in the region is private, but the company will likely depend on higher quality honey from state farms.

Volunteer Walter Dienhelt is president of the largest specialty honey producer/processor in the U.S. His assignment was to work with the owners of Diana to narrow the list of commercial products. They only had ideas, many of which were not practical. He gave them a vision and helped them decide on their initial products (liquid honey in jars, cream-like honey and a honey/chocolate candy).

In addition, he recommended and they agreed to relocate their processing facility to a better site where it can be expanded over

capitalism" and replaces the bureaucratic command and control system. The managers of the exchange are committed to private markets and increasing the number of private businesses who "pay" on time. They are excellent guides for future Farmer-to-Farmer assignments.

V. Recommendations

The evaluation recommendations were developed during the implementation workshop and included the full participation of TVG project staff.

1. Clarification of TVG's corporate goals

During the workshop, it became apparent that field staff need to have a better vision of TVG's long-term corporate vision and goals. These goals need to be better articulated and related to their development efforts. The evaluator suggests that TVG review the integrated approach towards development and long-term corporate objectives now being undertaken by Land O'Lakes.

2. Revised project goals, purposes and outputs

TVG adopted a revised project goal: to help restructure Russian food systems through the application of market-based concepts and technologies. The purpose is to provide people-to-people technical assistance through American volunteers to private agribusinesses in several regions.

More performance-oriented and quantifiable project outputs were adopted:

- Reduce losses by 50% or more in at least 10 private fruit and vegetable storage facilities.
- At least 20 agribusinesses will have achieved greater profitability through improved financial management and business planning.
- At least 10 agribusinesses with expanded sales based upon improved linkages with local and regional markets.
- At least 6-8 agribusinesses with improved and developed processing facilities and greater productivity.
- At least 5 strengthened private farmers associations with increased productivity of members.
- At least 6 agricultural institutions (i.e., research, vocational/agricultural schools) with improved training programs and better understanding of market approaches.

3. New project strategy

Based on an analysis of early project performance, the new strategy to achieve these outputs is:

- To identify and assist key private value-added agribusinesses (especially storage and processing) which can demonstrate the benefits of market-oriented performance through properly matched volunteer assistance.
- To identify and assist the private linkages (businesses, associations, research institutes, exchanges, etc.), upstream and downstream, of the key targeted agribusinesses.

4. Improved methodologies

The evaluator recommends that the project staff identify key value-added private agribusinesses (especially, those involved in fruit and vegetable storage, processing and marketing) and provide sequential volunteer technical assistance based on an analysis of the agribusiness' management, financial and operational needs and technical bottlenecks. Subsequent volunteers should be provided, upstream and downstream of the targeted enterprises, based on developing a private system from private farmers associations and input suppliers to better marketing channels through private wholesalers, retailers, trucking, etc.

The workshop developed the following methodologies to accomplish project outputs:

- multiple interventions to same client
- repeat volunteers who have experience in providing technical assistance
- sequential volunteers to the same client based on analysis of agribusiness needs and results of early interventions
- link technical assistance with seminars to provide broader impacts and to "broadcast" project activities and lessons learned through television, radio and print media.
- leverage technical assistance with other A.I.D. and donor programs to enhance impacts, especially access to financial resources.
- use longer term volunteers

5. Project implementation

The workshop prepared a work plan for calendar year 1994. It provides a tracking system for volunteers to Western and Far East

Russia based on the six project outputs. The implementation plan provides for monthly targets in the allocation of volunteers based on previous monthly rates, seasonal factors (i.e., harvest, storage) and holidays (i.e., annual holidays in August, Christmas).

The evaluator recommends that the TVG project manager update monthly the implementation schedule and E-mail it to all field offices.

The following additional implementation issues were examined at the workshop: communications/timing issues, transportation/logistics and project documents. Recommendations include:

- TVG headquarters needs at least six to eight weeks from receipt of Request for Technical Assistance until the volunteer goes to assignment. To overcome timing issues, TVG will introduce weekly reports to provide field staff with updates on recruitment.
- Field staff will prepare increased background information on local agricultural conditions.
- Timing of projects should be host determined.
- Better availability of vehicles in Vladivostok and Moscow will be explored including shared use with other TVG projects.
- More emphasis will be placed on limiting volunteer luggage.
- TVG staff and volunteers without Russian fluency shall be accompanied on travel given rising crime against foreigners.
- TVG project documents will be reviewed (scope of work, request for technical assistance, host evaluation, post project evaluation, cover sheet for volunteer written reports)
- Various improvements were suggested for pre-departure and in-country briefings on cultural issues (i.e., security, accommodations, personal space, alcohol)

VI. Lessons Learned

A review of the most successful project impacts included the following types of criteria:

- good match between volunteer and host organizations
- energetic and receptive counterpart organization
- assignments where impacts are quantifiable and within the capacity of the host organization to implement
- highly competent volunteer who is well-prepared for the

assignment, asks good questions and understands local conditions prior to making recommendations, possesses outgoing personality and preferably has previous international experience

- energetic staff of host organization who is willing to work full-time with volunteer and is mentally ready and seeks change
- host organization that is profit oriented and truly wants technical assistance (not expecting investment)
- provision of multiple volunteer assignments to same host organization
- projects that incorporate secondary (broadcasting) activities to share information and results with farmers associations, agribusinesses and others including via television, radio and print media

The evaluator recommends that these criteria should be used in project identification and implementation. Project staff should continually review activities to maximize impacts and refine performance criteria for success. The criteria should be shared with other Farmer-to-Farmer providers and request their additional suggestions for factors which lead to successful projects.