



**EVALUATION OF AGRICULTURAL COOPERATIVE
DEVELOPMENT INTERNATIONAL'S**

FARMER TO FARMER PROGRAM

TO THE NEW INDEPENDENT STATES

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EXECUTIVE SUMMARY

The Farmer to Farmer program is now in its fourth year. During this time there have been significant shifts in emphasis and focus. Driving many of the changes has been an increasing understanding of the economic and political environment in which the project functions. The elimination of directed credits, a high rate of inflation, a disorganized privatization process and strong cultural determinants led ACDI to conclude that a number of the original targets were unrealistic or of secondary importance. Consequently, the project was adjusted to reflect its present emphases: agricultural and commercial bank management, assistance to agribusiness, assistance to training institutions and informal credit mechanisms. Certain earlier targeting was discontinued, such as land tenure, as the World Bank and other USAID initiatives began operations on these issues and decisions on land tenure bogged down politically. The early focus on agricultural banks was modified because many of the original agricultural banks became insolvent. ACDI has more recently started to focus on informal mechanisms and credit cooperatives as mechanisms to deliver rural finance. The programming of volunteers was modified to emphasize repeat visits to target institutions and to have a geographic concentration where feasible. In 1994, after considerable negotiation, the project was expanded to Kazakhstan and the Kyrgyz Republic with the caveat that it must be coordinated with the USAID program supporting financial sector reform. ACDI has recently inherited Tri Valley Growers' Farmer to Farmer program in the Republic of Georgia. Targets of opportunity in Ukraine, Moldova and Uzbekistan have also been addressed.

ACDI managed these changes well, adjusting the workplans annually to concentrate on activities which they judged would maximize the benefits accruing from the volunteers work. As of January 1996, 265 volunteers have participated in 121 assignments.

General Observations

- **Effectiveness** - Performance and impact of the program in Russia and Central Asia, indicates a high level of overall effectiveness when measured against the mission and program goals. Responsibilities are being carried out, substantive degrees of knowledge have been transferred, and new methods of management, and decision making are being adapted as a result of ACDI's efforts.
- **Flexibility** - As program needs and priorities have shifted, ACDI has responded. The work has become more technically oriented, more detailed, and in some cases, more subjective, all with continued high levels of effectiveness. While some projects have failed, most of these can be traced to lack of the host organization's initiative, resources (human, technical or financial), or political and social rationale. When a project fails or an institution does not seem genuinely dedicated, ACDI has been quick to recognize the problem and to cease activities when appropriate.
- **Good Image** - The overall approach and program success have resulted in a good image and

respect now enjoyed in Russia. Considerable effort has made ACDI a "Good Ambassador." This has occurred to a lesser extent in Central Asia.

- ***Clear Record of Overall Impact*** - The "hands-on" practical approach established in Russia, and now underway in Central Asia, has resulted in high levels of overall impact. The excellent support staff, continuous follow-up, solid working relationship and the hands-on volunteer approach, are the principle reasons for success. The direction and support activities of the Washington office are integral to the overall impact. Considerable skill is evident in establishing the appropriate project direction, and applying the necessary resources to do the job well.

Strengths and Challenges

ACDI's Farmer to Farmer program has many strengths. However, it also faces many challenges.

Strengths

- Solid recruitment of dedicated volunteers.
- ACDI has reacted deeply to the problems of agriculture, and at very low cost has made substantial impacts.
- Quiet visibility - without fanfare, a professional approach prevails, that has resulted in a visible record of accomplishment. ACDI is known in the right places.
- Assignments with individual institutions are designed to have a spread effect either through the use of developed training materials or through replication of actions to other companies or institutions.
- Geographic and institutional focus creates results oriented approach and interaction among clients.
- Regional field management of project facilitates the spread of training materials and successful interventions to other countries served by the project.

Challenges

- Higher profile technical assignments will make volunteering more difficult in the future.
- Integrating the vision and program support of the field staff versus program support and direction of ACDI/Washington.
- Maintaining a hands-on, practical, solutions oriented approach.
- Managing the ongoing process of change, while retaining focus on individual program success, and long-term impact.
- Quantifying impact of training activities and volunteer assignments that are oriented towards process and management procedures rather than definable actions.

Farmer-to-Farmer Impact

Impact on the Banking Sector

The major outcome of the program on agricultural and commercial banks has been an improvement in the internal management of the banks, and the transfer of the skills needed to properly evaluate credit applications.

- The **Siberian Farmer Bank**, which survived the demise of many **AKKOR** associated agricultural banks, has adopted a sound business plan and is judged to be an excellent institution by the volunteers. It is committed to lending to agriculture and is a major source of resources in the Novosibirsk area. The survival of this institution as a viable bank is a major positive impact of the program.
- The **Turan Bank** in Kazakstan has significantly revised its organization and human resources policies as a result of volunteer recommendations. The impact across the operations of this bank have been quantifiable and important.
- The program with the **Commercial Bank Moldova-Agroindbank S.A.** is a major success. As a result of volunteer advice the bank developed a business plan and installed numerous systems. As a result of these changes the bank has just received a loan of \$20 million from the EBRD for on loaning to agriculture.
- Less successful has been the impact to the **Agroprom Banks** in Kazakstan and the Kyrgyz Republic both of which are: 1) suffering financial distress; 2) under considerable scrutiny and pressure by National banks to reform; and 3) have been slow to implement volunteer recommendations. ACDI has suspended programming to these institutions until the fundamental decisions are made regarding their structure and role in the banking sector are clarified. Once a path is decided for these banks, ACDI recommendations and draft policies may in fact be utilized in the reform on the banks.

On balance, the evaluators conclude that the assistance to banks has been quite successful with the policy of targeting repeat visits one of the main determinants of this success. The confidence built in the volunteers by these repeat visits has reduced the lag between recommendation making and acceptance in these banks.

Impact on Agribusiness

Most of the agribusiness efforts of the program have had a positive impact. This aspect of the program focuses largely on the borrowers, providing training on how to access and manage credit. In addition, the program has facilitated the formation of relationships between agribusinesses and lending institutions.

- As part of the focus on the Krasnodar region, ASSOY, a large soybean enterprise, has benefited from advice in constructing business plans and revising their budgeting and financial planning format. They have obtained loans from several non US sources and are discussing the purchase of a large amount of US soybeans through USDA monetization programs.
- **The North Caucasus Grain Marketing Association** has successfully trained the management of their 16 constituent members in the creation of business plans and has become an active participant in the transformation of agriculture in the Krasnodar region, Russia's breadbasket. Their development as a viable and productive institution has been facilitated by the volunteers assistance in organizational training and advice. ACDI has begun to tie its efforts with the NCGA to **Krasnodar Bank**, which is one of the regions larger financial institutions.
- **The Russian Farms Project** is advancing credit successfully and could be a model for non bank financing of rural credit if its success continues.
- **The Interagrofund** is able to guarantee loans and is well organized with a strategy, business plan and documentation understandable to western financiers because of the volunteers. They are reviewing two transactions for the purchase of U.S. agricultural equipment, one for Italian equipment and several domestic investments.
- The impact of the program on the **Murminskoye Credit Cooperative** and the **Orientir Dairy** in Ryazan Oblast has been negligible because of internal problems experienced by both organizations.

Impact on Training Institutions

Assistance to training institutions has been extremely successful. Through its work with the training institutions, ACDI's efforts have the potential to have a serious systemic impact, having targeted both practicing and aspiring bankers.

- **The Russian Central Bank Training Schools** has thoroughly revised its curriculum and teaching methods to reflect the recommendations made by the volunteers. The individuals trained in their schools in turn train other Russian bankers, 100,000 of whom benefit from this training. This input was judged by several interviewees the most successful of the FTF program and the evaluators agree. The schools are the main conduit for transforming the Russian banking sector and ACDI has had a major influence on this.
- Programs at both the **Graduate School of International Business** and the **International Finance and Banking School** have resulted in their adopting new modules on agricultural finance and western financial concepts in their curriculums. Both of these institutions are training business persons and bankers and improvement in their functioning has a notable

spread effect.

Impact on Agricultural Policy

- The early years of the program worked on both **cooperative law and land tenure**. The evaluators were informed that the new cooperative law, although imperfect, owes much to the inputs provided by ACDI volunteers and training programs. In addition, ACDI volunteers are among the many other people and organizations that contributed to draft land legislation which is of great importance in the privatization of agricultural land. Since draft legislation was significantly amended and stalled in the State Duma, President Yeltsin issued a decree on March 7, 1996 permitting ownership of agricultural land. This project illustrates the principle that change is a process which occurs over time; the first ACDI land reform volunteer program occurred in February 1993

On balance, the team found that the program was having a meaningful positive people to people effect and was well managed. ACDI's strategy fits well with the USAID Russia strategy and its efforts are well integrated with the financial development approach being followed by the Central Asia USAID as well as with other USAID projects. ACDI is working to find alternative approaches for the extension of agricultural credit. They have identified bankable options and are currently seeking to work with or to collaborate in the creation of new institutions. The policies of following a geographical focus has been useful and quite productive in Krasnodar and less useful in Ryazan. Repeat volunteers are a clear success and have helped increase the effectiveness of the assistance. The regional approach to project management has facilitated the spread of successful initiatives between the countries served by the project.

I. INTRODUCTION

The Farmer to Farmer program was created by Congress in the late 1970s to utilize the considerable expertise of US farmers and individuals involved with the US agricultural sector in bringing about change in transforming economies. It was felt that volunteers familiar with the various problems encountered by their colleagues in emerging economies could advise on solutions and transfer technologies more effectively on many occasions than more highly paid full time advisors. The program also placed considerable importance on the increased understanding which was anticipated to result from the people to people interactions which would occur under the program. A third objective of the program was the eventual increase in the export of US agricultural products which would result from the adoption of US farming practices and an increased awareness of US products and processes.

With the dissolution of the Soviet Union and the movement toward the adoption of market systems by the newly independent states (NIS), the US Government committed to assist these states in making the transformation from command economies to market driven systems. Agriculture was one of the areas selected for assistance, based on the fact that the old system was both out of date technologically and would be one of the sectors which would be most in need of assistance in making the move to a market system. Several initiatives were undertaken by the USG to improve the functioning of the agricultural sectors of the various newly created nations. One of these initiatives was a farmer to farmer (FTF) program which was launched in September 1992.

The Farmer to Farmer program was to be carried out by six implementors, of which ACDI was one. Five implementors now remain and with the anticipated consolidation of ACDI and VOCA in the near future closer coordination between these two programs can be anticipated. One of the implementors, Tri Valley Growers decided in September 1995 to cease all international developmental activity and a portion of its program was transferred to ACDI. This program was separately evaluated and will not be addressed in this evaluation.

As stated in the Program Description of the original Cooperative Agreement the goal of the FTF program is "to assist in the development of a functioning agricultural credit system resulting in more opportunities for farmers and agribusinessmen that will result in higher incomes from agriculture and greater investment in this sector." In pursuit of this goal ACDI was to provide technical assistance in four categories: credit policy formation; training and technical assistance to credit institutions; training and technical assistance to borrowers; and food systems diagnostic studies on which policy and program planning were to be based. As noted in the next section these four tasks have been considerably altered based on the experience of the project.

A mid project evaluation was conducted of all six implementors activities and was carried out in late 1994. This evaluation will not review the conclusions of that evaluation. It will also not repeat the data and analysis contained in the various quarterly and annual reports which have been prepared by ACDI and submitted to USAID. It will focus on impacts and outcomes of the activity to date, with an emphasis on the more recent years (1994 and 1995) and will articulate the perceived strengths,

weaknesses and effectiveness of the activities. Areas in which the operation of the project could be improved will also be noted.

Changes in process will lead to quantifiable products over the long term and ACDI, to a large extent, has focussed on these processes and institutions rather than specific products. For example, it is difficult to quantify the impact of a new credit policy in a bank. In the transition from a system of directed credits to the implementation of a credit policy focused on client creditworthiness the ultimate impact is long term. The policy must be accepted, internalized by the organization, staff trained and loans made. It is only at the end of the loan term that a hard judgement on impact can be made. In addition, a new credit policy, while an essential component of improved bank management, must be overlaid on the policy and legal framework that affects both banks and agriculture, overall bank management and the state of the agricultural economy.

II. BACKGROUND

Year One

The original objectives of the project were pursued between October 1992 and September 1993. Central to ACDI's efforts at this stage of the project were assistance to AKKOR affiliated agricultural banks and Sberbank, the former to provide a whole range of assistance from business plans to lending policies and the latter to develop an agricultural lending program. Other efforts included assistance to the Academy of National Economy, the administration of Tula Oblast, assistance to the Center for Land Reform, food systems studies in Russia, TA to six regional commercial banks and attention to credit directed at women farmers.

Year Two

At the end of the year the project was reviewed and the strategy sharpened. Experience led to tighter definition of the targets to be addressed, with commercial banks becoming the main focus. The revised strategy focused on sustainability, and an effort was made to select commercial banks, that would survive and lend to both the agricultural and non-agricultural sector. AKKOR and its affiliated banks which had been expected to become one of the main collaborating institutions, was dropped from the program when it was determined that assistance would have a negligible impact. The agricultural banks had exhausted the initial seed capital provided by the Russian government and no new funds were available. At this stage the strategy was refined to: refocus the primary project emphasis toward commercial banks especially those interested in agricultural down stream activity (ie: food processing, storage, and commodity exchange) and mortgage finance; bank training institutions; and work with policy makers and donors at local and national levels.

It was determined at this stage that because of the difficult condition of the Russian and Kazak agriculture sectors direct interaction with farmers was probably not a wise objective. At this stage ACDI moved toward multiple assignments and coordination of the training institution efforts with those aimed at assisting banks which were involved in lending to the agricultural sector.

Year Three

In the plan for year three, October 1994 to September 1995 a major change in strategy occurred. The program was redefined to become more results oriented. While still targeting overall improvements in the functioning of the clients institutions as defined in previous workplans, the project committed to work with the client institution until defined goals were met. This meant that there would be multiple assignments based on a defined plan which would build on the work of previous volunteers and reinforce the work of those volunteers. Banks, agribusinesses, training institutes, and other credit providers were the targets.

Year three represented an expansion of project activity. Work with banks on bank management programs continued at approximately the same level in Russia. Bank management programs were

initiated in Central Asia in August 1994 and continue as the primary focus in that region. In Russia the project added program activities to work with agribusiness borrowers, target creation of credit facilities for private farmers, pursue work with non-financial institutions to focus on curriculum development and training of trainers rather than having volunteers offer seminars.

The main strategic change was the definition of priority programs as those which had direct impact on the development of commercial agriculture in Russia. During this period ACDI also revised its program to reflect a policy of geographic focus on areas of high promise. Exemplary of this focus was the concentration of both banking and agribusiness activities in the Krasnodar area of Southern Russia, the highly productive "black soil" country. A commitment to identify potential projects for funding by either the US-Russia Investment Fund, the Central Asian Enterprise Fund and other potential investors was also built into the workplan.

During this period a decision was made to expand the coverage of the project to Kazakhstan and the Kyrgyz Republic. With regard to the programs in the Central Asian Republics, the approach was worked out in a series of interactions with the regional USAID/Almaty mission and the National Banks of the cooperating countries. Based on these discussions, ACDI's program was placed under the financial reform program and activities were directed toward a group of five banks which had been selected by ACDI, the USAID and the National Banks.

Year Four

The workplan for the year starting October 1995 further defined the objectives spelled out in the previous workplan and is considered a bridging plan. Detailed indicators and targets are built into this plan. At this stage it is too early to attempt to measure the progress made against these targets, which are quite detailed. This workplan also continued the commitment of ACDI to create a formal monitoring system for the FTF program.

In addition to the changes in strategic focus, the realities of conditions in the banking and agricultural sectors in the three main countries in which the project was active had a considerable influence on the performance and impact of the volunteers.

Prior to the 1995 growing season, most of the banks which loaned to agriculture were pass throughs for central government directed credits. Under this system banks were directed to loan funds to institutions with little attention to the quality of business practices, the ability to farm, or repayment history. There was no penalty to the borrower for non performance in repayment. There was also no incentive for the banks to develop policies to assure creditworthiness of the borrowers as no matter what the conclusion, the borrower would often obtain a loan. In varying degrees the problem of directed loans and generally less than optimum banking practices existed in all countries in which the project operates.

Increased input costs, inflation, and delays in payment by middlemen resulted in more farmers than usual defaulting on their debts to the banks which traditionally loaned to the agricultural sector. As

contrasted with the US, the farmer in Russia has no internal resources to bridge cash flow gaps. In the absence of directed credits, declining government financial support of agriculture and banks investing funds in less risky, more profitable investment options, there was little finance available to agricultural producers. With some justification banks also reduced their lending to the agricultural sector with its high risk and low return, depriving the farmers of critical short term production financing. At present, the solution to this problem has not become apparent and it continues to hamper the performance of the agricultural sector. In addition a number of banks have experienced financial stress because of increased capital requirements, central bank intervention to stabilize ruble exchange and instability in interbank markets. Russia and the Central Asian Republics have each dealt with this in their own fashion.

Considerable distress in the agricultural sector has resulted from the unwillingness of many banks to lend to the sector, although recent trends indicate an increased willingness to lend to marketers and processors. Factors contributing to this situation include:

- Land cannot be used as collateral to secure loans
- Lack of banking infrastructure in rural areas, with the exception of Agroprom and Sberbank.
- Lack of skills on the part of farmers seeking commercial loans
- Continued uncertainty regarding agricultural policies, in particular restrictions on prices and trade which complicates the creditworthiness evaluation of farms
- Farmers attitudes, particularly the fact that under central planning credit to farms was seen as government transfers and were often forgiven

Non-Formal Credit Mechanisms

The situation in agriculture, when combined with the condition of the banking sector, has led to the conclusion by all parties concerned with the implementation of the FTF program that the orderly extension of agricultural credit by commercial banks to private farmers at this time would not be a prudent business decision. Instead, while exploring various policy options which will help modernize the banking and agricultural sectors, donors can make a meaningful contribution to the future health of both sectors by working to strengthen the underpinnings of both sectors. This will permit the banks and farmers to conduct business and extend agricultural credit in a profitable and productive manner once the difficult macro economic policy issues which are well beyond the scope of the FTF project are solved. This conclusion has led ACDI to explore non-formal credit mechanisms such as supplier credits and market contracts, and to consider involvement in start-up operations for credit associations.

It is important to note here that while the situations in both Kazakhstan and the Kyrgyz Republic are generally the same as the situation in Russia, the approaches taken by the authorities to deal with these matters is significantly different in each country. Thus, the strategies will differ by country. However, there is sufficient overlap in technical content of programming allowing the regional program to share information and resources amongst the five countries.

Cultural Factors

The performance of the volunteers and ACDI have also been influenced by unique cultural factors resulting from the changeover from the old political and economic system to new ways of doing business. Amongst the factors influencing the effectiveness of the volunteers are:

- The need for the collaborating partners to internalize complex management concepts
- Lack of experience in market economies and related business practices
- The need to learn a new system in a short period of time
- Resistance to change
- lag time in the legal framework as well as policies and procedures which influence the areas in which the volunteers and collaborators are working.

In early 1996 the ACDI program expanded to Ukraine where, using carryover funds from the original grant, it has begun working with the training schools of the National Bank of Ukraine and Bank Ukraine (the former Agroprombank). With the allocation of TVG funds for Georgia to ACDI a program has also been initiated in Georgia beginning in February 1996.

III. METHODOLOGY AND SCOPE

The objectives of this evaluation are:

- to assess the impacts, both qualitative and quantitative of the various programs undertaken by ACDI volunteers
- identify the strengths and weaknesses of the programs and
- identify changes, if any, needed to make the program more effective.

While the evaluation covered the entire period of the project, relatively less emphasis was given to those activities which occurred in 1992 and 1993 and more attention was directed at activities which took place in 1994 and 1995. Early activities which form a part of a continuing relationship such as those with the Graduate School of International Business of the Academy of the National Economy (ANE), the Central Bank or the Siberian Farmers Bank are covered in depth. An attempt was made to identify the factors which influenced the programs and to provide information on how these factors could or should be manipulated to permit the program to meet its objectives more effectively.

Techniques used by the evaluation team included the following:

- (1) Telephone interviews with returned volunteers in the US. A sample of 10 volunteers was selected from a list of all volunteers. Extensive phone interviews were conducted with them and their views on the program were solicited. Responses were solicited on both the substance of their interactions and their views of the administrative arrangements and qualifications of their counterparts. The substance of their responses are woven into the text at various points as well as into the findings
- (2) Personal interviews with volunteers working on Russian, Kazakstan and Ukrainian programs
- (3) Personal and in depth discussions with host country recipients of assistance in Moscow, St. Petersburg, Novosibirsk, Krasnodar, Almaty and Bishkek by team members. ACDI staff from the Moscow office conducted interviews in Chisnau, Moldova, Tula, Ryazan, and Smolensk using a specially designed questionnaire to guide the interviews
- (4) Discussions with USAID officers in Almaty, Bishkek, Moscow and Washington, and US embassy officials in Almaty
- (5) Discussions with ACDI staff, Russian, Kazak and American in Moscow, Almaty and Washington
- (6) Review of a sampling of final reports submitted by volunteers to ACDI and host organizations as well as ACDI planning and reporting documentation.

The evaluation considered the activities of a large number of the ACDI FtF projects which have been

carried out since the start of the program. Of the Russian activities, 28% of activities conducted in 1992/1993, 57% of those conducted in 1994, and 70% of those conducted in 1995 were reviewed. Almost all of the activities done in Central Asia were reviewed.

The team did not review projects for impact where ACDI terminated assistance to cut their losses, such as AKKOR, Bolotov Foundation and the Dyiken Bank. Some of these efforts did contribute to the lessons learned findings of the evaluation. The evaluation also did not review projects which were one time efforts or were too remotely located to reach.

The two person team conducting the evaluation consisted of a former USAID foreign service officer with extensive experience in project design, evaluation and management and a retired senior vice president of CoBank with extensive experience in all aspects of agricultural banking and bank management.

IV. DISCUSSION

The Russian and Central Asian ACDI FTF program activities can broadly be divided into: Support for Agribusiness, Training at the National Banks, Banking Technical Assistance, Central Training Institution assistance and Other Matters. Within each of these categories the evaluation has sought to identify project impacts and, to the extent possible, measurements of effectiveness defined by quantitative and qualitative assessments.

BANKING TECHNICAL ASSISTANCE

TRAINING AT THE NATIONAL BANKS

The ACDI volunteer program for the Central Bank of Russia and for the National Banks of the Republics has focused principally on (1) developing training modules that can be used for training both banking professionals, and the instructors of banking professionals; and (2) assistance in the conversion of national chart of accounts from the old system to international standards. ACDI has been highly effective in knowledge transfer and exchange, and in training trainers. These programs have matured to higher levels of need and sophistication, and more frequently to that of training other instructors at the various schools.

In addition to the comments below on individual ACDI work projects, we are informed that teaching modules developed by the volunteers, are to be exchanged between the Central Bank of Russia and the National Bank of Ukraine schools for program integration. One actual exchange has occurred and more are under review. Further credence to the value of this training among the 13 separate institutions, is this new revolutionary approach to training bankers. ACDI has made the most significant contribution to this process.

Discussion of the Central Bank Training Schools of the Russia Federation, and the National Bank of Ukraine can be found in the section titled "Training Institutions."

The National Bank of the Kyrgyz Republic

- The National Bank of the Kyrgyz Republic does not have a school at this time, but Larisa Nikolaevna, Economic Advisor to the Chairman states that ACDI has assisted other providers (Barents Group), in developing the International Standards of Accounting for promulgation to the 19 banks that the NBKR currently supervises. This new Chart of Accounts has, for the most part been adopted by the National Bank, and is presently undergoing final review. It is expected to become the standard by mid 1996, and will be the new required standard for all banks within a short time frame.

The National Bank also feels that ACDI has very positively impacted other banks in this Republic that have worked with volunteers. It was pointed out that the most influential agricultural bank of the Republic (*Agroprombank*) has implemented certain of the credit

management techniques recommended, and as such has refocused its' lending approach.

This National Bank is very pleased with ACDI technical assistance and has solicited it's assistance in teaching agribusiness training to banks that are presently making these loans as well as those that are contemplating such lending. The National Bank feels that only such training will change the mind set from the former directed loan approach and assist in the needed improvements in loan quality aspects.

AGRICULTURAL AND COMMERCIAL BANK ASSISTANCE

Igilik Bank

- On Feb 26, the evaluation team visited Igilik Bank in Almaty Kazakstan, and was received by Dr. Maral Kaskirova, chief of the marketing department. During the visit she was joined by four other associates. ACDI has sent two teams of volunteers to offer technical assistance in credit policy formation and asset-liability management; and secondly to develop and provide initial training for a human resource management system.
The bank received a solid and usable systems approach to asset and liability management. The volunteer also conducted appropriate staff training to assist in implementation. While most pleased with the product, the bank admits that the senior officers responsible for this project were unable to devote sufficient attention to the volunteers and therefore, the recommendations have not been implemented. The bank did not receive usable and adequately developed, credit policies and procedures.
The most recently completed work on a human resource management system has had a very substantial impact and will solve many difficult downsizing, grade level, and employee appraisal problems. Virtually all of the recommendations are being adopted, following instructive and informational seminars conducted for the banks' staff by the 2 volunteers on this project. These changes are expected to reduce losses and improve bank performance.

Kazkreditsourcebank

- Farid Khadiev Director of Credit Risk Management of Kazkreditsourcebank met with the team on Feb 26. The first volunteer team materially changed the methods of credit risk management and credit administration. The bank has implemented the recommended credit file format, adopted the contract documents developed by the volunteers, and revised credit policies and internal procedures in accordance with these recommendations. The team conducted seminars regarding these changes for 15 credit and other bank personnel, to assist in the knowledge transfer and implementation process. The bank reports a cultural change is under way at the bank as a result of this work, and feels that these newly adopted disciplines will allow the bank to now succeed in an environment of failing financial institutions.
The second team has only begun its work on converting the Chart of Accounts to international banking standards so results are not yet evident.

Kazak Joint Stock Agroindustrialbank

- Vice Chairman Mariyam Kumatova of Kazak Joint Stock Agroindustrialbank met with the evaluation team on Feb 27. ACDI has sent 5 volunteer teams to this bank. These teams have developed credit policies, a credit risk rating policy, a long range planning approach, studied the branch banking system, reviewed the banks' capital position, and reviewed the overall organizational system. Mrs. Kumatova States that due to the circumstance of the bank, none of the recommendations that were developed have been implemented to date. The bank is in a difficult financial position having very sizable non performing loans, and the only significant branch system in Kazakhstan that has the possibility of serving the farming sector under one policy. The insolvency a product of the directed credits, has made it impossible to progress. It is now felt by management here that these problems may soon be behind them. Despite this, the bank has implemented new policy for maximum credit to one borrower, now analyzes repayment ability, and feels that loan administration is improved as a result of the volunteers' work. Because of the bank's financial stress and administrative difficulties yet to be addressed ACDI's work has not made significant impact and has been suspended until the bank has the capacity and willingness to act on recommendations.

Turanbank

- Mr. Marat Ospanovich Tulepov, Head of the Personnel Department, of the Turanbank met with us on Feb 27. He was joined, during the discussions by two additional bank managers. The volunteer teams sent to this bank have been highly successful, and most of their work has been adopted with direct and positive impacts on the results of the bank. Loan repayments are improving with the adoption of the recommended problem loan department; and a legal department has been established. In addition, the work of another team has resulted in the formation of a securities operation. This team also made recommendations for a defined approach to human resources administration. These have been largely adopted, resulting in greater efficiency due to a 10% staff reduction.

A recently completed (February) study and recommended approach for profit center management has been recommended to the senior management and it is felt that the impact will be great in terms of added savings and improved administration.

Another volunteer also completed a study and related recommendations regarding capital formation beyond the traditional sources of profit and existing shareholders. Since the bank is unable to meet the requirements of financial disclosure and international standards of accounting, it is doubtful that these recommendations can have impact on the bank in the near term. The senior management has this review under advisement at this time. According to management of the bank, the training conducted by the volunteer in connection with this assignment, have changed the staff approach and attention to profit and loss and overall efficiencies.

Kyrgyz Joint Stock Commercial Agroindustrial Bank

- On Feb 28, the evaluation team met with Arstanbek O. Osmonaliev, chief economist of the Joint Stock Commercial Agroindustrial Bank of Bishkek Kyrgyzstan. ACDI has sent 3 teams of volunteers to this bank which has historically been the main source of agricultural credit in the Republic. The volunteers have worked on long range bank planning, a separate business plan designed to further develop the bank, and performed work to develop a credit policy for the bank. The management reports only minor adaptation of the recommendations made by the teams; with impact limited only to the implementation of a portion of the credit policies as recommended. The bank feels impact is limited principally to awareness and is prepared to accept an enhanced credit discipline should conditions permit. The bank is under substantial stress from directed credit activities, and is surviving principally under the supervision of the National Bank. ACDI's ability to make an impact on this bank is limited in this instance. Assistance has been suspended until policy problems are cleared up. It was noted by the National bank that the credit policy and practices transferred by the volunteers has been absorbed by the trainees and will be used by the National Bank by recommending reorganized credit practices in other Kyrgyz commercial banks. The potential, therefore, exists for a high degree of positive qualitative impact in the future, although not necessarily on the originally targeted institution.

Siberian Farmer Bank

- The evaluation of the Siberian Farmer Bank took place in Novosibirsk on Feb 23, and was conducted with Chairman Yuri F. Potekhin along with five other senior staff members. Mr. Potekhin participated on a one month study tour under Reverse Farmer-to-Farmer in the summer of 1995. The five teams that have worked for this bank have in aggregate, had significant positive impact on the processes, performance, and viability of the operation. The teams have presented seminars, lectures, and developed and implemented many new policies and standards. These addressed, the banks' short and long term business plan, new lending policies and procedures, establishment of business loan documentation and structuring, and operating philosophy, and interpretation of regulation and government policies.

The bank is committed to agricultural lending, and believes that the adoption of the volunteer's recommendations in these areas have resulted in a sound loan analysis program, solid credit administration and collection activities, and provided the bank the necessary organizational framework and policy base, to survive and succeed in this difficult lending situation.

Tula Agroprombank

- The Agroprombank of Tula received two volunteer teams through June 1995. Former Vice Chairman Valery Rozhkov stated that, in general, the impacts widened the organizations outlook on various banking issues. They are highly appreciative of the case studies and

workshops carried out by the volunteers. The bank was unable to implement the recommendation to adopt a conforming business plan and stated that this is not feasible with things changing rapidly. They noted that they could not plan for the long run. The bank has not been able to use the specific recommendations relative to capital growth.

The second team was more successful with recommendations regarding their task of establishing improved loan analysis and evaluation of the borrower's credit capacity.

The bank adopted the recommendations to formalize this process including loan applications, standardized farm record systems, and coordinated loan administration. The bank did adopt a new independent internal control system adjusted to the Russian reality. Loan analysis and administration aspects now apply to every borrower, breaking the former practice of these all passing by the Chief of the Board. This, along with the adoption of the recommended loan workout criteria, has resulted in a systems approach to lending, and the management feels that the bank is not going to lose money and likely profit from this approach. Finally, this training and implementation have resulted in a reorganization of banking procedures as well as a more effective organizational structure.

The volunteers also recommended many changes to the bank's marketing approach under a third assignment. The bank adopted new signage, descriptive brochures and improved marketing techniques. The visibility is enhanced and the bank feels these measures will be highly successful.

Radograd Bank

- Mr. A. N. Kireyev, Chief of the Marketing Department of the Radograd Bank in Saratov, offered his evaluation of the ACDI team that recommended improved lending practices and procedures. An improved internal control system was partially adopted but due to a scandal involving one person in the bank, difficult circumstances made full implementation impossible.

The recommendation to adopt cost basis balance sheets was premature relative to Central Bank guidelines.

The bank did adopt the recommendation to sell a portion of bank owned real estate, and thereby eased the dependence on the Central Bank's credit.

The recommendation to develop a strategic plan was also adopted with such plan to be implemented in 1996.

The volunteer team here was highly effective in developing the appropriate recommendations, and professionally coaching the bank management in workable methods of implementation. The bank is unable to calculate the numerical effect of the adopted proposals and recommendations, but believes in total, that these matters will enhance bank

profits on a long term basis.

Commercial Bank Moldova-Agroindbank S.A.

- Natalia Vrabie, Prime Deputy and Board Chairman, discussed ACDI's work with Commercial Bank Moldova-Agroindbank S.A., in Kishinev, Republic of Moldova. This bank was established in 1991 as a branch of the former USSR Agroprombank, and had sought ACDI volunteer assistance in improving lending procedures, business planning, and organizational structure issues. Adopted were recommendations for maintaining a credit file system, and a formalized planning process that complies with recognized standards. The information now delivered through the management system in both local and international standard amounts to 22 documents to date. This process includes objective setting for each department, and has resulted in a significantly revised and altered business planning framework, and is used as a guide to bank operations.

The credit approval, committee, administration, and loan workout procedures recommended by the volunteers, have been adopted as the standard, resulting in this banks' portfolio being of the highest quality in the Republic. Further, the bank has created an independent internal control officer position, reporting to the board as recommended. As well, a centralized salary administration system was adopted and implemented in 1995.

As a result of the adoption, implementation, and use of these new commercial systems, the Bank Moldova-Agroindbank S.A., has received a \$20 million loan through EBRD. These systems and new organizational approach are the result of the recommendations developed by the ACDI volunteers.

SUPPORT FOR AGRIBUSINESS

The evaluation team visited or interviewed several FTF project recipients wherein the scope of work defined the need for agricultural technical assistance. Most projects were deemed highly successful by the recipient coordinator and the following impacts were identified.

Interagrofund

- This joint stock company was established in 1994 to encourage investment in agribusiness and finance rural projects. Stockholders include banks and several agroindustries. ACDI has been the main provider of assistance to this institution and the officials with whom the evaluator met expressed appreciation for the advice and assistance which was provided. The fund has authority to guaranty loans, increasing the attractiveness of investment opportunities with which they choose to become associated.

The ACDI advisors assisted the fund in the creation of a business plan and strategy for the

institution. The volunteers also trained the fund management and staff in project evaluation techniques which have been adopted by the fund and are being applied in their appraisal of potential investments. In addition, documentation was adapted so it would be understandable to western investors. The senior management of the fund indicated that the advisors had strongly advised them to slow down their expansion plans and "learn to walk before they try to run." They noted that this advice was followed.

At the time of the evaluation the fund was on the verge of guaranteeing a portion of the leasing of approximately \$10 million of US farm equipment. This will be their first transaction and if, as expected, it is consummated it will indicate that ACDI assistance has had a meaningful and measurable impact on the fund. In addition to the above transaction, the fund is in final negotiations on extending guaranties on a packaging and technology leasing project, both of which would contribute to the modernization of the agricultural sector.

The evaluation team concluded that the volunteers have had a major impact on the operations of the fund by their assistance in establishing the framework for operational control and the parameters of capital formation. This work has contributed to the increased potential to significantly increase investment in the Russian agribusiness sector. Additional impact is expected once the loans on which the fund is presently negotiating are consummated.

The North Caucasus Grain Marketing Association

- The North Caucasus Grain Marketing Association (NCG) is comprised of 16 members who have joined together to modernize agriculture in the Krasnodar region of Russia and attract foreign investment in the process of doing it. In 1995, component enterprises and banks benefited from the advice of 13 volunteers. Volunteers gave intensive assistance to four participants in NCG, Fasta, Agrotech services, the North Caucasus Grain Marketing Company and Krasnodar bank.

Support to the Krasnodar bank is one of the elements of the effort to help the NCG, the other equally important element is to assist the potential borrowers from this bank and other sources of funds to organize themselves so that they are acceptable credit risks. ACDI volunteers assisted NCG in developing its structure, vision and plans. The objective of the NCG is not export oriented but to mobilize local resources to rejuvenate agriculture in Krasnodar Krai. Successful firms may become possible purchasers of US equipment and inputs. Staff were instructed on how to write business plans and seven have been done, three of which are considered ready for implementation.

One of NCG's members, "Vnedreniye", a seed and research business, has worked closely with NCG. The firm, through NCG and Interagrofund was introduced to Agroinkom, which has assisted them in arranging a \$14 million lease-buy option over ten years for a seed plant. It is expected, that the local city administration also will be a shareholder.

As a result of the assistance, NCG is in the initial stages of negotiation with the Interagrofund on guaranties supporting several of its members initiatives. Discussions are also in an advanced stage for the purchase of US grain storage equipment and tomato paste packaging equipment. The organization is also interested in purchasing second hand US manufactured agriculture equipment. It is a notable achievement that after only a short period of time the association has reached the stage where these types of transactions are possible. Officials of NCG give ACDI much credit for the structure and good business practices of the group. The successful conclusion of any of the above transactions will be concrete proof of the high impact of the ACDI assistance. At present it is clear to the evaluation team that there has been a positive qualitative impact on the NCG as a result of ACDI help.

A notable outcome of the ACDI interaction with NCG is the fact that for the first time, with the advice of volunteers, NCG is implementing forward grain trading. The use of this type of sophisticated technique to assist the farmers in locking in profits is an important step and holds the potential for high impact in this rich agricultural part of Russia.

Russian Farms International Fund

- Volunteers working with this project developed producer lending agreements and related documentation; trained credit givers; and implemented a lending program for 18 Oblast farmers. Two such loans have been granted to provide the working capital needed to plant, grow, and harvest potatoes. ACDI is playing an important role in the success of this farming and credit organizational concept. The 10 month loans carry a 50% carryover feature for 3 months, and are being administered by Andrei Danilenko Board Chairman, under the procedural guidelines established by the volunteers.

Murminskoye

- ACDI has sent three teams of volunteers to work with this joint stock Ryazan Oblast organization, to assist principally in the development of systems and mechanisms to provide credit to (cooperative) shareholders, and to source credit to agricultural producers. ACDI was also asked to offer assistance in establishing related operational, record keeping, and accounting systems. The host organization feels the recommendations were useful, but due to internal problems and conditions is unable to implement.

Orientir

- The dairy operation, Orientir was the focus and actual beneficiary of the volunteer work. This operation was one of the first cooperatively organized agribusinesses in Ryazan Oblast, the first in this raion, and had sought assistance from ACDI relative to overall operating matters. The work particularly focused on organizational structure, the management system, financial planning and capital formation, dairy operations, and the development of a marketing plan.

The dairy is owned by three joint stock companies, and accepts fluid milk from local farmers for processing into soft dairy products. The volunteers, made over 20 well developed recommendations to the management, that were generally directed to better organize and, through attention to detail, improve the operating approach and financial results. The only recommendation which was implemented, was an equity set aside. There was some knowledge transfer, but little follow through by management. The lack of overall success here appears due more to cultural determinants than to economic factors.

These efforts represent low impact, but the organization did adopt the volunteers' recommendation to establish a set-aside reserve fund with retainages to the cooperative set at 6% of net savings.

ASSOY

- ACDI has provided volunteers to ASSOY, an integrated soybean processing operation, over the past two years. The firm has adopted the recommended financial planning, and budgeting formats. In addition, the finance group is now more focused on the traditional modeling and record keeping disciplines, and is less process and project oriented.

Further, volunteers along with finance, accounting, and processing staff, developed a conforming loan application for \$5,000,000. This application was subsequently presented to the US Russian Investment Fund. The financing has not been provided as yet. In addition the team was advised that ASSOY had benefitted from two substantial investments, one German and one Russian, which could be directly traced to their skill in developing business plans which had been taught by ACDI volunteers.

At the time of the evaluation, ASSOY was initiating of negotiations with ACDI and USDA for the purchase of US soybeans for a monetization program which could eventually lead to commercial purchases of 300,000 tons per year, the capacity of ASSOY's processing operations. If these transactions occur, it will be a definite quantitative indicator of the success of the FTF program

BANK TRAINING INSTITUTIONS

Central Bank Training Schools of the Russian Federation

- Mr George Shuraev, Director of the Department of Personnel Training of the Central Bank in Moscow discussed the work of the 10 teams of volunteers that ACDI has sent to assist in the development of teaching modules. He is quite aware of the quality of such teaching approaches as the Central Bank also solicits foreign module teaching assistance from several Western European sources in addition to ACDI. Central Bank trains the training staff that, in turn trains bankers throughout Russia through its 13 nationwide schools.

Shuraev believes that ACDI's approach and impact on the overall program is the most successful of any of this type used, and that it has had very substantial impact on the content and focus of the overall program. ACDI volunteers take their work very seriously, understand the specific features of Russia's banking at this time, adjust to changing conditions, present high quality seminars, come prepared, and adjust their methods of training to meet the needs of the situation.

ACDI training modules are standard in the curriculum in policy and procedures, lending and credit administration, bank profitability and budgeting, investment and securities activities, and bank marketing. Courses in these disciplines are regularly offered throughout the year. ACDI's success and effective approach is used by the school as an example for the other providers that they work with as the standard for, content, methodology, flexibility, instructors preparedness, and teaching tools such as case studies, workshops, seminars, and video presentations.

Providers from IMF, the World Bank, and the University Institute of Vienna, among others, do not effectively adjust their standard offerings approach to the emerging singular characteristics of the Russian banking condition. ACDI volunteers develop the training modules by working closely with Bank teachers. These modules are then adopted into the standard curriculum, and through usage, become part of banking practice in Russia.

This volunteer program is making high impact on the banking principles and knowledge base, that is the new standard and approach that Russia has chosen to correct the traditional deficiencies and prepare its banks for a sound approach to future success. This success can be traced to a solid local understanding of need and ability to deliver, an excellent volunteer selection methodology, and the professional dedication, flexibility, and care of the volunteers. ACDI has been invited to an upcoming planning meeting, dealing with the future of the overall training effort.

ACDI has sent four volunteer teams to the Central Bank of the Russian Federation school in Saint Petersburg (one of the 13 regional school facilities) and has had considerable overall impact. The impacts are categorized as both exchange of practical knowledge, and adaptation of more effective teaching methods. The teams have developed training modules for bank planning, securities operations, bank management, and internal financial planning and budgeting. Three of these modules have been adopted by the institutions for regular inclusion in their curriculum. It is felt the fourth needs further review for appropriate adaptation.

These same teams have also taught the bank trainers new teaching methodology that is tailored to the specific subject matters outlined above. The schools have endorsed the recommended banking approach and materials have been specially developed for Case Studies, Workshops, Seminars, and for Video Presentations. Each of these approaches have resulted in substantial improvements in understanding, and in the effectiveness and efficiency of delivery. The school reports that these methods have been replicated beyond the original

course base lines, and will be the future standard for the institution. This training operation is highly advanced, and a substantial portion of the current overall learning and teaching approach can be traced to the effective practical approaches adapted from the methods taught by the volunteers.

Mr. Shuraev and the directors of four of the training schools participated on a Reverse Farmer-to-Farmer training tour in the United States.

National Bank of Ukraine

- The first team of ACDI volunteers have just recently completed an assignment with the National Bank of Ukraine. A training module was adapted from one developed for Russia for long range planning as well as a module for loan related marketing activities. The student numbers averaged about 70, and included 3 teaching professionals that were also interested in presentation methodology.

The school has reported that the lecturers creatively fulfilled the objectives of the seminar. According to the Banks' officials, the teaching modules have not, as yet been adopted or integrated into a curriculum, but such integration is being recommended in March 1996 and will be forthcoming. Therefore, specific impact for this project is difficult to quantify at this time.

Graduate School of International Business, Academy of National Economy (ANE)

- This has been a major part of the ACDI program with nine separate volunteer programs and a total of 22 volunteers provided, or 8% of the entire ACDI effort. The assistance targeted the agribusiness program which has 50 long term students and 300 short term students per year. Of the students, one third are rural bankers and two thirds are managers of agricultural enterprises. The courses given by ACDI covered subject matter new to the academy and in many cases to the Russian academic community. Examples of the types of subjects on which the volunteers lectured include appraisal of loan and mortgage lending and business planning.

The faculty of the agribusiness section of ANE is five, with one administrative assistant to look after the volunteers and other matters. ACDI suspended assistance to this effort in the late spring as it appeared that the school was using the volunteers as visiting faculty, and were not making an effort to adopt their material to their curriculum. A frank exchange of views between ACDI and the department head asking for some evidence that the material was being used resulted in no response. In addition, volunteers believed that they were not receiving sufficient attention while they were at the school and the clear impression was that the support was poor.

The evaluator found that the frank exchange was producing some result and that the

impression that the lecturers were being used as visiting faculty was not entirely correct. At the time of the volunteer complaints the program coordinator had quit, leaving support functions to faculty who were overworked and unskilled in logistics. The ANE is in the process of hiring a new coordinator to look after both the volunteers and other donor provided experts who work at the faculty which will assist in smoothing the work of the volunteers. The evaluation has concluded that the problem of lack of support for the volunteers derived essentially from a shortage of staff and inefficient hiring policies and did not result from a lack of interest in the program by the ANE.

The team was informed that the subject matter of many of the courses given by the volunteers had been adapted to Russian circumstances and had been incorporated into the curriculum of the faculty. Among the new courses derived from the visiting volunteers is Agricultural mortgage appraisal, creation of business plans and various aspects of budgeting and finance. This constitutes a significant and measurable quantitative impact. In essence, the school has adapted modern market concepts to the local situation and is teaching these concepts. The student body comes from all over Russia and it was noted that they return to their local areas and pass their newly acquired knowledge along to their colleagues. As a result there is a meaningful spread effect in this effort. The absorption of the new techniques being taught and their impact on the students returning to their places of business, defines a good qualitative result.

Because of the importance of the ANE in the transformation of the Russian economy, it is recommended that ACDI consider further programs with the ANE so long as these programs are for subject matter which has not previously been covered. Any lingering doubts concerning the quality of support to the volunteers and the adaptation of lecture materials into the curriculum could be dispelled by obtaining a commitment from the ANE addressing these matters in writing. A one volunteer program would quickly establish the sincerity of the institution.

Counterparts indicated that scopes of work needed more time to be developed and negotiated and that US sourced materials needed to be provided well in advance so that they could be copied and made relevant to local circumstances. The need for feedback was considered important. The faculty of ANE indicated that it would be useful for a volunteer to stay on for an additional week after the course work to help adapt and refine the lecture material.

It must be noted here that the performance of the ANE during the last few programs was of such low quality that the ACDI staff will only consider additional assistance reluctantly. The recommendation to consider additional assistance is predicated on the assumption that sufficient funding will be available to continue assistance to all the central training institutions and that if this is not the case, the ANE may be considered a lower priority than the other two efforts.

International Finance and Banking School

- This school is located in Moscow and is a commercial training school for bankers. It has a curriculum of 55 courses and in 1995 trained 4800 bankers from all over Russia. This volume is up from 3000 in 1994. The school administration advised that the modules developed with ACIDI assistance upgraded and improved the skills of many bankers. Started and supported by the European Union, ACIDI is one of three outside collaborators. Three teams have worked there and more are anticipated in the future. ACIDI also assisted in sending two IFBS bankers to the US for cross training.

The team met with the deputy chairman of the school and one of the trainers. Both reflected their great satisfaction with the ACIDI teams. They showed the team two modules which had been developed collaboratively by the volunteers and the faculty, one on organization of investment analysis and project finance and the other on assessment of bank's value. As with other host institution individuals interviewed, the value of practical material in the modules was emphasized and the case history approach preferred. They pointed out that this element of the module was usually provided by the Russian participants developing the modules. The courses are given four times per year and are normally attended by approximately 18 bankers. These individuals then return to their own banks and pass the new skills along to their colleagues.

The institution trains all sorts of bankers including agricultural bankers. They pointed out that it is not their practice to distinguish agricultural banking subjects from others as most of the banks which use their services loan to both agriculture and industry and many of the courses are beneficial across the board.

The evaluators were extremely impressed with both the competence of the staff of the school and the high value which they placed on the ACIDI work. This group is accustomed to working with expatriate advisors and is clearly able to maximize their utility. The impact on the curriculum is evident and quantifiable. The team recommends that the relationship with this institution be continued based on their proven absorptive capacity, their ability to spread the results of the volunteers programs throughout Russia and their relevance to the objectives of the FTF program.

OTHER ACTIVITIES

Policy Effects

Cooperative Law

- Over the life of the project a new Cooperative law has been under discussion. ACIDI has implemented both US training and follow on activities with the Duma deputies and staff working on the bill. In addition, several volunteers were called on to brief the staff of the

Duma who were drafting the new law. They were also in touch with the US treasury advisors who were working on the new law. Volunteers offered suggestions and assisted the drafters in adapting US cooperative concepts to Russian realities. The law was recently adopted with many of the ACDI originated suggestions incorporated in the final version which has been characterized as imperfect but a significant step in the right direction. ACDI cannot take the major credit for the new law which was the product of several advisory groups as well as Russian drafters. It can claim that ACDI volunteers and technical assistance had a significant impact on the new law which will expedite the creation of cooperatives in Russia.

Land Tenure

- In late 1993 and early 1994 five volunteers working under three programs collaborated intensively with the state committee drafting a new land tenure law aimed at supporting the privatization of land. This is one of the most sensitive aspects of the transformation of the Russian economy to market driven. One group of volunteers developed a system of land titling while another developed a system of land valuing. Both of these efforts were adapted to local conditions by the counterparts and became an integral part of the land privatization process.

The entire question of land privatization is a highly charged political subject. At the conclusion of the evaluation teams visit to Moscow President Yeltsin signed a decree permitting the private ownership of agricultural land for the first time since the Bolshevik revolution. A measure of credit belongs to the ACDI volunteers whose advice helped create the legislation which underlies the decree and whose concepts provided important guidance in setting national policy in both land titling and land valuing.

V. OTHER EVALUATION FINDINGS AND GENERAL OBSERVATIONS

People to People Effects

The evaluation team attempted to assess the people to people effect of the various programs examined. This was done in the telephone interviews with the returned volunteers, in the discussions with the volunteers on the job in Ukraine and Russia and in all of the interviews with the host country organizations. With rare exception the Russians and Americans were pleased with each others performance. In a number of cases reference was made to continuing relations between the volunteers and their principal counterparts.

At the Turan Bank in Almaty the Director of Human Resources extemporaneously discussed each of the volunteers and recounted what each had done. Members of his staff who were present similarly commented on individual volunteers work. The chief operating officer of the successful North Caucasus Grain Association effort noted four volunteers who had made a significant contribution to the creation of the a grain marketing association. Continued contact with volunteers was noted. Interagrofund similarly referred to volunteers by name and expressed great appreciation for their work.

Review of the volunteer reports to ACDI as well as the telephone interviews disclosed a feeling of respect, friendliness and occasional admiration on the part of the volunteers for their counterparts. Several of the volunteers had been visited by their counterparts who participated in the reverse Farmer to Farmer aspect of the FTF program and recounted stories of introducing the Russians to their American friends. In a very few cases accounts of unpleasant experiences appeared. These were traced to either political issues such as having as a counterpart an unreconstructed old regime supporter or the failure to provide adequate logistical support to the volunteer.

As noted elsewhere in this report, the positive people to people effects can add to US exports. Because of its close relations to the US forged by several volunteer programs, ASSOY has approached the US to purchase soybeans. At this point the US is being given the first chance to make sales. As well, the North Caucasus Grain Association is investigating the purchase of US wheat storage technology; essentially because of their close ties to the US developed in the FTF program. They are being counseled in this venture by a former volunteer. Good people to people relations may leverage US exports.

The evaluators have concluded that the project has had a positive people to people effect on both volunteers and recipients which, in turn, can only have positive effects on US Russian relations. Part of the credit for this positive effect is the result of careful recruiting, and part from the thorough briefings which volunteers receive prior to their departure from the US. The evaluators received the briefing and found it enlightening and helpful to them in working in an often frustrating and opaque culture.

Working Collaboratively with Other USAID Projects

The mid term evaluation of the FTF program called for the program to work more closely with other donors. The USAID mission to Central Asia has gone one step further and instructed the program to integrate its efforts to the greatest extent possible with other efforts in the program.

In Russia the FTF program has coordinated closely with the NET project. While the evaluators were in Moscow two ACDI consultants who were alumni of the volunteer program conducted a seminar for returned NET participants in the area of agricultural credit and rural community development. In addition, roughly 5% of personnel who interacted with volunteers have been sent to the US under the NET project. In one of the most effective of these programs, two trainers from the International Finance and Banking School visited similar institutions in the US and returned with a number of new ideas for their institution.

In Kazakstan the program targeted five banks which were expected to work closely with the Central Asia-American Enterprise Fund once their operations were well enough developed to competently manage loan funds from the fund. This is a long term effort and has not been without setbacks. Of the five banks originally identified for assistance, two of them have been shut down for either corruption or insolvency, and a third is under review by the Kyrgyz National Bank.

In Russia the FTF program worked with ASSOY to develop a business plan of sufficient quality to permit the US Russian Investment Fund to loan to the venture for manufacturing equipment. The loan was being favorably considered when a conflict developed between ASSOY and the fund, which led to indefinite suspension of the negotiations by ASSOY.

The FTF program in Kazakstan is exploring the provision of volunteers to assist in the development of a farmers association in Taly Kurgan in collaboration with other FTF implementors. In Kazakstan FTF will collaborate with AID funded Mercy Corps to develop a rural finance project.

With regard to relations with other implementors of the FTF program, ACDI has collaborated closely with VOCA in the ASSOY and Prodak efforts; and with VOCA, Citizens Network and Land O' Lakes in on going activities at the Russian Farms project in Dmitrov. ACDI maintains close informal ties with both Chemonics, the IFC, and privatization projects in carrying out their program in Russia. In Central Asia close cooperation exists with the Barents Group which is the major US funded firm working on financial reform. Specifically the work being done by ACDI volunteers in installing a new Chart of Accounts at various banks is closely coordinated with their work.

The above shows that ACDI is making every effort to collaborate with other USAID efforts to maximize responsiveness to USAID strategic objectives. While permitting some synergy, this policy has led ACDI somewhat beyond the direct linkage to farmer directed assistance in several instances. This distancing is the result of the reality that banks will not presently lend to agriculture because it is too risky. Their profit centers in the food system are food processing, storage, and commodity exchange; which represents the marketing and distribution side of the food system. While efforts are being made to reduce these risks the work being done on bank accounting in Central Asia will

have an important positive impact on improving bank performance once they start lending to agriculture again. Experience there will also be applicable to Russia.

Relationship of Program to USAID's Russia Strategy

The USG agricultural strategy in Russia has as its main objective the creation of new farms and enterprises out of old state and collective farms. In order to carry out this strategy three areas are being targeted; provision of social services formerly provided by the farms in a more appropriate and cost effective manner, support to the newly formed agribusinesses and provision of agricultural credit. This last element is considered the most important if objectives are to be met.

ACDI's emphasis in the area of finding alternative ways of providing rural credit which run parallel to the efforts to improve the banking system, is responsive to this strategy and holds out the possibility of providing useful techniques to the larger USAID efforts. ACDI has fielded volunteers with experience in different techniques of rural finance and will continue to do so in the 1996 plan year. The evaluation team finds that there is an excellent strategic fit between the evolved objectives of the FTF program and USG agricultural strategy and believes that there is potential for close cooperation with USAID efforts.

In fact, the funds allocated to ACDI from the TVG program are specifically targeted to support the MOFSA project efforts in agricultural credit.

The evaluators have concluded that ACDI is doing as much as possible to coordinate with other AID activities and that, with some adjustments and increased flexibility, this policy can generally be considered a good one.

Monitoring System

Despite repeated admonitions to create a monitoring system the evaluation team found that an integrated monitoring system was only installed during the first quarter of 1996. One of the reasons that such a system had not previously been created was the fact that the strategy and targeting of the project had undergone significant transformation since its beginning. As well, the project produced a torrent of reporting, from the reports to the collaborating agencies and ACDI produced by the volunteers to the quarterly and annual reports prepared by ACDI. These documents form the basis on which decisions are made to adjust the program. Had a formal monitoring system been installed at the outset of the project it is doubtful whether the value added from this effort would have been greater than the value of the various reports on which the alterations to the program have been based.

ACDI has recently developed a questionnaire which they are using to assess the impact of their efforts. This document, a copy of which is attached as an annex to this report, will permit ACDI management to review progress toward implementing recommendations or improving performance by clients. This will be particularly useful in those efforts for which ACDI has programmed repeat visits. A number of monitoring reports were completed before this evaluation and data contained in them has been incorporated. They are informative, although somewhat uneven in thoroughness.

The evaluation team suggests that with the installation of the questionnaire the requirement to create a formal monitoring system has been met. When this is combined with the existing series of reporting and analytic documents prepared by both volunteers and ACDI staff information systems now exist to permit management to make informed decisions on project progress.

Nature of Project Impact

Given the significant changes being made in the economies of the host countries and the ongoing evolution of their economies, many of the project impacts have only become apparent after a period of months or years. The impact of the land tenure assistance will only become apparent when the new law is passed. The effectiveness of the concept of writing business plans will only become measurable by examining the balance sheets of participating organizations over the next several years. The impact of the better accounting systems being installed by the various banks will take several years to manifest. One of the counterparts characterized the impact of the ACDI assistance to his bank, and by implication the entire economy, as evolutionary rather than revolutionary. He urged ACDI to be patient and not to program for instant change but instead to continue to work on the difficult but central issues on which the hosts have requested assistance. The wrenching nature of the adjustments being made to transform the economies of the host countries make this sound advice.

Most of the hosts were queried on whether they had accepted the recommendations of the volunteers. Virtually all of them stated that they had accepted some but not all. The reason for non acceptance ranged from inappropriateness to financial distress in a bank, to these not being practical under existing custom or law, or to a statement that scandal in the bank made the well thought out advice regrettably irrelevant. In only one interview were the recommendations made by the volunteers considered without merit. In that case the evaluator later discovered that the interviewed official was unaware of the nature of the volunteers work and was opposed to market economics.

The evaluators have concluded that while real and measurable impacts have occurred of which the implementors can be proud, it will be some time before the full impact of the project can be assessed.

Regional Approach

ACDI has approached the project as a regional activity. This approach has advantages in the present situation where there are a number of countries which are attempting to alter their economies in a similar fashion and have started from the same point. Lessons learned in one program have been transferred to another. Material developed for the Russian Central Bank was requested by and supplied to the National Bank of Ukraine. Accounting techniques and methods of improving the transparency of bank statements in Central Asia can be easily transferred to the other newly independent states. A notable limitation on this is the ability of ACDI to recognize the opportunities which exist for this type of synergy and take advantage of it. A large amount of staff time is needed to develop contacts in cooperating countries and this is a time consuming process.

The evaluation team has concluded that the regional approach being pursued by ACDI is resulting in greater impacts and efficiency than that expected, and they are encouraged to continue.

Unsuccessful Interventions

The evaluation team noted with interest the fact that on several occasions ACDI terminated assistance to activities which were part of their program but were not making progress satisfactory to ACDI. In one case a team assigned to the Kubin Bank in Krasnodar was provided with minimum support and hospitality. After three days ACDI arranged a switch of the team to the North Caucasus Grain Association and quickly negotiated a scope of work. The work with the association laid the groundwork for future productive interactions including potential purchases of technologies from the US. The original problem with the Kubin Bank may have been avoided by having a full time representative in Krasnodar who would have been sensitive to the politics of the bank. This, however, would not have been cost effective.

ACDI attempted to assist the Bolotov Foundation which on the surface appeared to hold considerable promise. On discovering that the level of competence and staffing were thin, ACDI terminated relations with the foundation. Similarly, Sberbank was targeted for assistance in the first two workplans. After the first volunteer program it was concluded by both parties that the assistance being offered by ACDI volunteers was not sophisticated enough for the bank, and it was terminated. Similarly, assistance to the Dyiken bank was terminated; and that to the Agroprom banks in Kazakstan and the Kyrgyz Republic was put on hold when ACDI judged that further assistance would not be either prudent or productive. Both banks are now suffering financial stress.

The evaluators believe that ACDI acted correctly in terminating assistance to institutions which they believed were poor investments and unable to fully employ volunteers. It is recommended that the decisions to do this be thoroughly documented in the future as a guide to other efforts which meet similar criteria.

Duration of Assignments

All of the ACDI assistance is short term, with assignments ranging from three to five weeks. The volunteer typically transfers the technology to the host organization and/or conducts a series of seminars and departs. It is common for the volunteer to leave a document containing recommendations with the host organization.

This evaluation has shown that the process of adopting recommendations is very deliberate in Russia. As with the land tenure and cooperative law efforts, it can take over two years to work through the system. In addition, some of the recommendations are not adopted while others need further elucidation or refinement. As the ACDI experts are all volunteers and most of them are fully employed it is difficult for them to see the process of change through. ACDI has employed the technique of repeated volunteer visits to an organization to solidify the changes and follow up on previous work. In some cases it appears appropriate that ACDI itself follow up on volunteer

recommendations as a means of furthering potential impact and determining the utility of the work product. The volunteers normally report back to the ACIDI office on progress made in adopting the recommendations of the previous volunteers. When appropriate and possible, there is a repeat visit by the volunteer.

An example cited by an AID official from a program of another FTF implementor crisply illustrates the advantages of short term advisors. A long term contract had been let to improve the supply and marketing of vegetables. The contract was terminated early when there was no progress. Two FTF volunteers provided hands on advice one month apart and accomplished the task.

The use of short term expertise avoids the inevitable dead time experienced by long term advisors who often must wait while the host organization is deliberating their reaction to the recommendations made. Costs associated with this non productive time are avoided. In Russia these costs are substantial, expatriate lodging for a long term advisor with family average between \$40-80,000 per year. These costs, as well as the dead time are avoided with the short term advisors.

There are negative aspects to the exclusive use of short term advisors to carry out technical assistance. The evaluation team was advised on numerous occasions that the host organization spent significant amounts of time briefing the volunteers and that the volunteers were often unaware of the economic or policy realities within which the host organization worked. The result is that a percentage of recommendations cannot be implemented because of a lack of familiarity by the volunteer with local conditions. Another negative factor associated with short term assistance is the lack of follow up on complicated recommendations. Some recommendations require additional inputs to be effectively carried through. The policy of multiple volunteer teams to targeted institutions partially addresses this problem.

On balance, the evaluation team believes that the use of short term expertise is extremely cost effective in situations where complicated policy conditions do not exist. It is also appropriate when the establishment of close personal relations is not required for the assistance to be effective. The cost savings is high. The team recommends that ACIDI make an increased effort to provide the volunteers with detailed briefings on the conditions with which they will work prior to their arrival. That would include a briefing on the banking system or the situation in agriculture as a minimum. This will reduce the dead time about which the host organizations have complained, and will add to the productivity of the volunteers.

Briefing and Common Use Materials

During the evaluation the team was informed on several occasions that the volunteers did not have materials to leave with the host organizations. As well, there were references to materials which had been developed but were not available to the volunteers. In discussions at ACIDI's Washington office the team was shown a list of materials which had been developed by volunteers and which was readily available. The team recommends that the volunteers be provided with the list well before their departure from the US and they select those materials which they believe will be useful in their

consultations. ACDI would then provide them with copies of the material and instruct their office in Moscow to make as many copies available to the volunteer as thought necessary to carry out the assignment. All of the materials should be available in Russian.

As noted above, there were complaints from host organizations about the length of time needed to give the volunteers a level of competence which would allow them to function effectively and make recommendations that can be implemented. The evaluation team sees two options to reduce this problem. First, volunteers should consult with volunteers who previously assisted the target organization to obtain an accurate briefing on the realities of the situation. Secondly, ACDI should prepare a generic briefing of the situation in the areas in which the volunteers will be working to prepare them more adequately. While neither one of these techniques will totally eliminate the problem, it can be somewhat reduced by these actions.

Program Focus

In 1994 ACDI adjusted its program to narrow its targets and focus the assistance on selected institutions and banks. To an extent, a geographic focus overlaid this focussing. Operationally this meant that rather than targeting all banks and enterprises which held promise of accepting change ACDI selected a relatively few institutions and programmed multiple volunteers to these institutions. The geographical focus was also useful in creating the potential for synergistic collaboration between assisted institutions. Such a relationship has been built between the Krasnodar bank and the North Caucasus Grain Association, and between the North Caucasus Grain Association and ASSOY. The evaluation team concluded that this was an excellent decision which increased the effectiveness of the short term assistance to the clients. In several cases (KazKreditsourcebank, Turan Bank and several others) departing volunteers assisted in defining or advising on the scope of work for the next program. Volunteers also followed up on previous assignments and helped in reviewing and occasionally redefining recommendations for the client institution.

Most importantly, approximately 70% of the clients interviewed requested repeat visits from either a recent volunteer or a follow up visit to work with a different issue. The policy of focussed assistance permits a positive response to this type of request. The evaluation team has concluded that the policy of focussing assistance, while resulting in some lost opportunities, is on balance an excellent policy which helps speed transformation and deepens close relations between the US and local institutions. It is a good parameter for FTF investment and should be continued.

Scopes of Work

In some cases the consultants arrived to find that their scopes of work had changed and that they were not prepared to do the work requested. It is much to their credit that most of the volunteers were able to salvage something from this situation; however, this is not an efficient way to do business. It is recommended that the host organization be integrally involved in the development of scopes of work and that, if necessary, more time be allotted to negotiating the document. While the realities of recruitment will not permit this at all times, every effort should be made to assure that a mutually

agreeable scope of work exists and is fully understood before the volunteer departs for the assignment.

Emphasis on Women

The midterm evaluation of the FTF project as well as the various workplans made reference to the need to increase the number of women volunteers and the number of women with whom the project interacts. The evaluation team found that the number of women volunteers had increased over the years at a rate which can best be described as marginal. The evaluators believe that this is a function of the lower number of women in the fields being requested. However, the team found that roughly 65% of the people whom they met during the field visits were women and that women were principal counterparts in many of the volunteer programs. This was particularly notable in the banking industry in which women are found at all levels. The team concludes that if an emphasis is to continue on women, that banking remain one of the central focus areas of the program.

VI. CONCLUSION

The evaluation team concludes that the ACDI FTF program is both well managed and reaching its target. It is clear that there are several program areas where the impacts are quantifiable and important. Principle amongst these are: the revised teaching methods and curriculum of the Russian Central Bank training system; the creditworthiness of the Moldova-Agroindbank which will receive a \$20 million loan from the EBRD; the viability of ASSOY which has attracted significant additional investment with ACDI inspired business plans; and the new personnel system in the Turan Bank.

Less evident but equally important are the non quantifiable impacts such as the acceptance of new accounting methods by commercial banks and the knowledge of how to write business plans by numerous budding agribusinesses. Perhaps the most important non quantifiable impact has been the fact that many Russian and Central Asian farmers and businessmen now speak the language of the market economy and are working with concepts about which they were totally unaware only a few years ago. Transactions such as collateralizing securities, risk rating systems, forward trading of grain and loan guaranties have become part of the business environment as a result of the FTF program.

The evolved program appears to be making a difference and ACDI is managing their limited resources extremely well. Because there is not much lead time between recruitment and dispatch of volunteers and the fact that volunteers have only a short time before they return to their full time jobs effectiveness can be reduced. Notwithstanding this limitation, the team concluded that there are a large number of occasions where the short term assistance is having an impact equal to that provided by long term advisors and is substantially more cost effective.

While it is too early to judge the effectiveness of the Central Asian programs, they seem to be responsive to the requirement that they be fully integrated with the overall USAID program. These programs have had less impact than those in Russia which may be a result of the recent startup.

As noted in the introduction, the evaluation did not review the findings of the midterm evaluation on a point by point basis. The evaluators did compare their findings with recommendations made in that evaluation, and concluded that ACDI responded positively to all of the major findings.

The program has had important positive people to people impacts as demonstrated in the comments of volunteers and the local counterparts. The establishment of informal consultative relations between former volunteers and their hosts in a number of cases further illustrates this positive phenomenon.

While no actual exports of US goods or technologies have occurred as a result of the program at the time of the evaluation, several such transactions are on the verge of happening, including the possible purchase of 300,000 metric tons of US soybeans as well as other US agricultural commodities.

In sum, the project is doing what it is meant to do well, and is having a positive influence on the emerging market driven agricultural sectors in all cooperating countries.

Agricultural Cooperative Development International (ACDI)

Moscow Office

QUESTIONNAIRE

A. _____

Date _____ Location _____

Person doing interview: _____

Project (place and date) _____

Name/position of interviewee _____

Category of client organization (Agribusiness, Farm enterprise, Cooperative development, Financial institution, other)

Number of project participants _____

Sex: Male _____ Female _____

B. _____

1. How did you come to know about ACDI programs?

2. Was there any specific problem that could be solved with the participation of ACDI specialists or were you interested in getting general information on banking in the USA?

3. Did ACDI specialists adequately addressed the problems you had in mind?
bad 1 2 3 4 5 excellent

4. Did the SOW/workplan you signed up adequately address your ideas for project implementation?

poorly 1 2 3 4 5 adequately

5. Did you receive a clear report that adequately described your assessment of the ACDI consultants?

6. In general, were you able to implement the recommendations of ACDI specialists?

All Some None

7. What were the general impacts of the project(s) for your organization?

8. Was the length of volunteer service too short, too long, about right?

9. Did ACDI follow-up with your organization?

10. Did your organization request follow-up activities?

* Were follow-up actions taken?

11. What are your suggestions to improve ACDI program(s)?

12. Did you benefit from the work of the US specialists?

1 2 3 4 5

13. How would you assess (excellent, good, satisfactory, bad):

a. their professional and educational skills,

b. usefulness of training materials,

c. general impact from the program?

RUSSIA Projects

Project Name	Date	Volunteers	Run
AKKOR	Dec-92	4	4
Savings Bank	Dec-92	3	7
Tula 1	Feb-93	3	10
Land Reform 1	Feb-93	1	11
Academy 1	Mar-93	5	16
Rostov	Mar-93	3	19
Stavropol	Mar-93	0	19
Novosibirsk 1	Apr-93	3	22
NOEMA I	Apr-93	3	25
Vyksa	May-93	2	27
Bolotov	May-93	2	29
Saratov Econ	May-93	3	32
Zagorsk	May-93	3	35
Pyatigorsk	May-93	3	38
Academy II	Jun-93	2	40
Tula II	Jun-93	0	40
NOEMA II	Jun-93	3	43
HS of Mgt I	Jun-93	3	46
Buryatia RIC	Jun-93	3	49
Land Reform II	Jul-93	2	51
Ivolginsk	Jul-93	3	54
Smolensk Guar	Aug-93	4	58
Kurgan	Aug-93	3	61
Buryatia FSDS	Aug-93	3	64
Samara	Aug-93	3	67
Nalchik	Sep-93	3	70
Academy III	Oct-93	2	72
Land Reform III	Oct-93	2	74
Smolensk Farmers Bank	Nov-93	3	77
HS of Mgt II	Nov-93	3	80
Academy IV	Jan-94	3	83
Dmitrov I	Mar-94	2	85

RosselkozBank-Buryatia	Mar-94	2	87
Moldova	Apr-94	2	89
Novosibirsk II	Apr-94	2	91
Povolzhsky Employment Center I	Apr-94	2	93
Volgograd	May-94	2	95
Saratov Municipal Bank	Jun-94	2	97
Khabarovsk Conecagroprombank	Jul-94	2	99
Omsk Agroprombank	Jul-94	3	102
Khabarovsk Regiobank	Sep-94	2	104
Academy of National Economy V	Sep-94	4	108
Saratov Training Center II	Sep-94	3	111
Ryazan "Geya" I	Sep-94	2	113
Irkutsk Russian-Asian Bank	Sep-94	2	115
Turan Bank Kazakhstan I	Sep-94	2	117
Kyrgyzagroprombank I	Sep-94	3	120
Vladivostok Dalrybbank	Oct-94	1	121
Kazagroindustrial Bank I	Oct-94	2	123
Yaroslavl Agroprombank	Oct-94	3	126
Kyrgyz Peasant Bank I	Oct-94	2	128
Altyndanbank I	Nov-94	2	130
Krasnodar "Assoy" I	Nov-94	2	132
Bank "Sochi"	Nov-94	3	135
Banking School St.Petersburg	Nov-94	2	137
Banking School Petrozavodsk	Nov-94	2	139
Turan bank II	Dec-95	2	141

Kyrgyzzagroprombank II	Jan-95	2	145
Dmitrov II	Jan-95	1	146
Academy of National Economy VI	Jan-95	2	148
Academy of National Economy VII	Jan/Frb-95	1	149
Sberbank	Jan/Feb-95	1	150
Ryazan "Geya" II	Jan/Feb-95	1	151
ASSOY. II	Feb-95	1	152
Kazagroindustrial Bank II	Feb-95	2	154
Novosibirsk III	Feb-95	1	155
Yekaterinburg Promstroybank	March-95	2	157
Russian-American Joint Commission	March-95	1	158
Yekaterinburg "Prodak"	April-95	3	161
Nizhny Novgorod	April-95	2	163
Yekaterinburg/CB/Marketing Training Module Development	April-95	2	165
Novosibirsk IV Siberian Peasant Bank	May-95	2	167
Academy of National Economy VIII	May-95	2	169
Academy of National Economy/Course Development Strategy	April-95	0	
Academy of National Economy IX	May/June-95	2	171
Central Bank Marketing Workshop. Yekaterinburg	May/June-95	2	173
ASSOY IV	May-95	1	174
ASSOY III	June-95	2	176
Society of Appraisers	June-95	2	178
Kubinh			

45

North Caucasus Grain	June-95	0	180
Yekaterinburg PromstroibankII	August-95	2	182
Ryazan/Geya III	July-95	2	184
Central Bank/Petrozavodsk/ Bank Monitoring Module Development	July-95	2	186
Credo bank	August-95	2	198
Siberian Peasant Bank Novosibirsk V	August-95	2	200
Tula Agroprombank III	August-95	2	202
ASSOY V	Sept-95	1	203
Central Bank Economic Analysis Training Module Development. Oryol	August-95	2	205
IFBS I	Sept-95	2	207
Privatization and Business Academy	Sept-95	3	210
IFBS II	Sept-95	2	212
Agrotechservice	August-95	2	214
Central Bank Petrozavodsk. Bank Monitoring Workshop	Sept-95	2	216
Fasta	August-95	2	218
North Caucasus Grain	Sept-95	2	220
Central Bank. St.Pet.Training module development on Securities	Sept-95	2	222
Interagrofund	Oct-95	2	224
Central Bank. Oryol. Workshop on Economic Analysis	Oct-95	2	226
IFBS III	Nov-95	2	228
Incombank	Nov-95	2	230

LIST OF PEOPLE CONTACTED

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Mr Doug Kiplic -	Volunteer
Mr Tom Hobbs -	Volunteer
Mr Tom Walker -	Volunteer
Mr Howard Hinshaw -	Volunteer
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Ms.Natalia Vrabie - Vice Chairman of Board, Moldova-Agroindbank/Kishinyov

PROGRAM DESCRIPTIONI. Program Goal

The goal of this program is to assist in the development of a functioning agricultural credit system resulting in more opportunities for farmers and agribusinessmen that will result in higher incomes from agriculture and greater investment in the sector. This will result in increased economic development and the emergence of the New Independent States of the former Soviet Union as better trading partners in the world market.

II. Program Purpose

The purpose of the program is to provide support to Agricultural Cooperative Development International (ACDI) to implement a three-year Farmer-to-Farmer Special Initiative Program in the New Independent States of the former Soviet Union. More specifically, ACDI will provide technical assistance and advice in four categories: (1) credit policy formation; (2) training and technical assistance to credit institutions; (3) training and technical assistance for borrowers; and (4) food systems diagnostic studies on which policy and program planning will be based.

III. Project Description

In pursuit of the goal and purpose of the Farmer-to-Farmer (FTF) Special Initiative Program, ACDI will serve as the lead institution of an extensive network of U.S. farm credit banks and agribusiness cooperatives to provide technical training and advice in developing a rural credit system emphasizing policy development, institution building and training. The initial program focus will be in the Russian Federation and other selected states pending further political developments.

ACDI will provide technical assistance through newly established credit institutions in the Russian Federation directed toward improving the overall efficiency of food systems and increasing competition and private participation in agribusiness.

ACDI will be affiliated with: the Farm Credit Council (FCC), the National Bank for Cooperatives (CoBank), the Farm Credit Leasing Services Corporation (FCL), the St. Paul Bank for Cooperatives, the Farm Credit Bank of Baltimore, Agway and Farmland Industries. These institutions comprise a significant share of U.S. agricultural credit transactions

and represent a large resource network of FTF volunteers with technical expertise.

NIS collaborating institutions are the Association of the Country Farms and Agricultural Cooperatives of Russia (AKKOR), the Russian Academy of Agricultural Sciences, the Academy of National Economy, and the Union of Amalgamated Cooperatives.

The Ministries of Finance and Agriculture in Russia will be the primary recipients of volunteer assistance for developing policy and operation regulations for a farm credit system. Several host country institutions, most notably AKKOR, are designated to receive technical training and institution building assistance.

IV. Activities

To accomplish the goal and purpose, ACDI plans:

1. To recruit, train and field approximately 230 U.S. volunteers with expertise in farm credit and agribusiness to provide technical assistance in the development of a rural credit system with emphasis on policy development, institution building and training.
2. To focus the major portion of its activities in the Russian Federation. Preliminary policy work will also be conducted in Ukraine, Moldova, Kazakhstan, and Armenia provided these states develop the requisite conditions for successful credit programs.
3. To focus the delivery of technical assistance on a relatively small number of institutions that have demonstrated a commitment to financing private sector agribusinesses and appear to have an independent sustainable capacity to provide such financial services.
4. To provide assistance to the Ministries of Agriculture and Finance of the Russian Federation in the development of rural credit policies and a rural credit system as well as in the development of a regulatory system.
5. To provide technical assistance in the development of an institutional capability in appropriate organizations to provide technical and managerial training of bank loan officers, auditors, administrations and regulators of private credit institutions.

6. To provide on-the-job technical assistance working with individual banks, developing their capacity to be viable players in a market system.
7. To provide training and technical assistance in agribusiness and financial management for private farmers and private agribusinesses, who are potential borrowers of the rural credit system, related to enhancing their capability to develop bankable proposals.
8. To direct its Moscow-based staff to maintain close contacts with the Ministries of Agriculture and Finance with a view to offering volunteer assistance in developing long-range policy in operation and regulation of farm credit, and converting that policy to legislation and regulations.
9. To develop a plan for the substantial participation of women as FTF volunteers and as targeted beneficiaries.
10. To establish, equip and staff an office in Moscow.
11. To design an MIS system to include a tracking system which will permit volunteers and ACDI staff to trace progress in each organization and the extent to which recommended management changes and new technologies have been adopted.
12. To design a monitoring and evaluation plan to self-correct ongoing program activities as reflected by the benchmarks of ACDI's implementation plan.
13. To plan for the potential collaboration of this program with other programs planned by the Agency for International Development, Peace Corps and the U.S. Department of Agriculture.
14. To develop techniques to enhance democratic processes including, but not limited to, increased beneficiary understanding of U.S. culture and democracy, and increased volunteer understanding of other cultures and development.
15. To develop a plan for long-term commercial viability, i.e., the sustaining of project activities by host-country organizations and U.S. private sector participants as A.I.D. funding subsidies and ultimately terminates, including leverage of funds from the private sector and accessing other sources of funds.

16. To design a system for the dissemination of timely information of program developments at the grassroots level useful to all project participants in implementing and accelerating the desired reforms. For example, eliminating existing obstacles to rapid distribution of food, privatization of agribusiness, development of basic democratic institutions, and creation of a democratic free-market system.

V. Program Management

Mr. Ron Gollehon is the President of Agricultural Cooperative Development International (ACDI). Mr. Jim Phippard, ACDI Vice President for Central and Eastern Europe and Global Programs, will have overall project management. Mr. Larry Buegler, ACDI's Regional Representative and Chief of Party, resident in Moscow, will be responsible for the overall direction and monitoring of this program in the Newly Independent States.