

PD-ABN-408

91859

Mid-Term Evaluation
of the
Cooperative Development Program
of the
Office of Private and Voluntary Cooperation
Bureau for Humanitarian Response
US Agency for International Development

Project Number
938-0192

August 1996

TABLE OF CONTENTS

PART I

EXECUTIVE SUMMARY	i
I. INTRODUCTION	1
A. The Program's Background	1
B. The Program's Evaluation	2
C. The Evaluation Report	4
II. THE CURRENT COOPERATIVE DEVELOPMENT PROGRAM	7
A. Results Achieved	7
1. Program Development	7
2. Organizational Development	10
3. Resource Enhancement	16
4. Limited Program Services	20
5. Special Initiatives	22
B. The Future Cooperative Development Program	26
1. Program Accomplishments and Lessons Learned	26
2. Issues and Recommendations Regarding Future Program Strategy	27
a. Program Objective	27
b. Focus on Cooperative Development	28
c. Participation of Current CDOs in Future Cooperative Development Programs	29
d. Structuring of the Next Phase Core Grant	29
e. Program Restrictions Stated in the RFA	31
f. Should CDOs be subject to compliance audits?	32
g. Future Role of NRECA and NTCA	32
3. BHR/PVC Management Implications	34
Figure 1: Characteristics of the Nine CDOs	6
Table 1: Mid-term Evaluation Team Visits to CDO Host Country Projects	5
Table 2: Countries in Which CDOs Have Developed New Activities/ Projects Using Current Core Grant Funds	36
Table 3: Countries Provided Technical Assistance by CDOs Under the Current Core Grant	40

EXECUTIVE SUMMARY

I. Introduction

A. Program Background and Goal

Since 1962, USAID has been providing financial assistance and encouragement to selected United States "Cooperative Development Organizations" (CDOs) from a number of diversified sectors. This assistance goes toward the building of civil society by supporting the development of local cooperatives in overseas countries. The major goal of USAID's Cooperative Development Program is to foster and expand cooperative development and to expand and strengthen the private, non-governmental sector in developing countries.

B. Purpose of This Evaluation

The purpose of this evaluation is two-fold. The primary purposes are to: a) provide information concerning how successfully the Cooperative Development Program has been implemented; b) assess the effectiveness and soundness of the financial management of the program; and c) recommend mid-project corrections, if desirable and/or necessary. The secondary purpose is to make recommendations as to how the Cooperative Development Program could be improved in its next phase, especially in light of new USAID strategic objectives and the uncertainty of the funding levels of future foreign assistance budgets.

II. Major Findings and Conclusions

A. Achievement of Goals and Objectives of the Cooperative Development Program

The overall finding and conclusion of the evaluation is that USAID's Cooperative Development Program has had a very beneficial impact over the years, both on the growth and development of cooperatives overseas, and on the economic growth experienced by the countries in which USAID-assisted cooperatives work. The Program has been instrumental in supporting the development, within several U.S. cooperative movements, of predominant capabilities to assist foreign cooperatives and other NGOs -- capabilities based on the CDOs' ties to their member cooperatives in the U.S., and to the technical approaches they have refined with years of USAID financial support.

Despite, or possibly due to, a very long period of financial support from USAID, most of the CDOs have not come close to being permanent, self-sustaining

providers of technical assistance to third world clients. Most are still heavily dependent on USAID direct financial support, to a small degree, and program/project grant awards for the major part of their annual revenues.

1. The Four Program Components

a. Program Development

Seven of the nine CDOs evaluated use the largest portion of their core grant funds to develop project concepts and project proposals for consideration by USAID (mainly), by other international development banks and agencies, by host country governments and cooperatives, and by private foundations. CDOs spent, by the time of this evaluation, about \$2,300,000 of current core grant funds for this purpose, and this expenditure resulted in the award to the seven CDOs of a grand total of \$46,302,674 in new awards. This provided a good return on the expended USAID dollars.

b. Organizational Development

Six of the CDOs used a limited amount of core grant funds for management improvement activities. Most of these funds were spent to improve management information, financial management, and monitoring and evaluation systems. These organizations are now better able to carry out their programs and communicate program results to USAID. Most of the CDOs use core funds to pay for home office personnel who provide technical and management support to their overseas programs. CDOs have varying degrees of linkages to U.S. cooperatives, foreign cooperatives, and other CDOs.

In some cases, it appeared that the relatively unrestricted availability of core funding for an extended period of time has not always helped to promote management efficiency. The long-term viability of the international programs of CDOs will depend upon the active and willing support of the member organizations, especially as USAID funds decline. It is difficult for CDOs to maintain linkages with overseas cooperatives once their "paid" technical assistance activities are completed. NRECA's program of dealing with "second generation" problems of cooperatives they have assisted in the past is a potential model for continuing such linkages.

c. Resource Enhancement

One of the eligible uses of core grant funds, as stated in the last RFA, is to allow CDOs to "...support efforts to broaden their resource bases and to build more secure and independent financial bases ..." It was clearly USAID's intent that CDOs lessen their dependence on USAID for their programs and revenues. Of the seven CDOs (the major players) who have been in the Cooperative Development Program for fifteen years or more, five have received (on average) over 90% of their revenues from USAID during the past three years. The percent of revenues received from USAID by the other two CDOs is in the range of 70% to 80%. Clearly, most of the CDOs have made little progress in reducing their dependence on USAID funding.

d. Limited Program Services

There has been considerable variation among the CDOs as to number and types of activities carried out under this component which is intended to: 1) cover provision of technical assistance and training; 2) permit follow-up contacts with developing country cooperatives; and 3) foster relationships with overseas cooperative leaders to encourage policy changes related to effecting a more positive climate for private, market-oriented cooperatives. With the exception of AAC/MIS and VOCA, the majority of CDOs have been spending no more than five to ten percent of their core grant funds for these purposes.

There has been little activity under this component to strengthen the partnerships between the CDOs and the local NGOs and cooperatives that they have assisted in the past, although use of funds for this purpose is one of the aims of the current core grant.

2. The Cooperative Initiatives Grant Program (CIGP) or "Special Initiatives"

Three CIGPs were reviewed during this evaluation. Two of these were the traditional, limited budget, two-year programs: a) WOCCU's "African Credit Union Expansion Program;" and b) NTCA's "Polish Telephone Training Program." Both programs have proven extremely valuable to their intended beneficiaries. Whether or not these programs are/were truly "innovative" or "Special Initiatives" remains open; however, neither would likely have been implemented without the availability of the CIGP.

The third CIGP reviewed was CHF's "Model Project for NGO Development in Romania." This CIGP is funded at \$2,471,108 over a 36-month period and aims to involve many of the CDOs under one program. At the time of the review, the project had completed its first year of assisting NGOs with their organization and definition of goals and objectives. CHF recently began Phase II, which is implementing the programs defined in Phase I. It is too early to determine the effectiveness of this program. However, the beneficiaries of the four main NGOs we visited were very pleased and thankful for the assistance provided by CHF to-date. The program has had limited success to date in involving many of the other CDOs in its implementation as was USAID's intent at the outset.

In answer to BHR/PVC's question of whether the CIGP should be continued and/or expanded, the evaluation team's answer is, "It depends." What it depends upon is USAID's answers to a series of five questions examined in the evaluation report, e.g., whether or not the project or program could have been funded by the USAID Mission (See Section II.A.5. - Special Initiatives, in Part One of this report).

3. Design and Implementation of CPSG and CIPG Components

There are a number of issues related to the design and implementation of the CPSG. The first issue is that the description of the parameters of each component is too general, whether or not by design. A good example is "Limited Program Services" which CDOs generally interpreted as "We only have to spend a little of our core funds here to be able to say we were responsive to this component."

A second issue is the requirement for the CDOs' programs to be clearly linked to field cooperative development programs. Approximately 30 percent of field programs developed with core funds (proposal development) have very little to do with cooperative (or association) development.

A third issue is that there are a number of restrictions in the RFA, including "unfair competition," "country selection," and "subsidizing of field projects," which, in many cases have been overlooked in project implementation. A related issue is that these restrictions were not incorporated in the CDO grant agreements either directly or by reference. No issues were apparent with the first two 2-year CIGPs reviewed. A major finding with CHF's CIGP for Romania is that the substantial involvement of many of the current CDOs under one, large umbrella

innovative grant has not occurred and is unlikely to occur. A number of the CDOs, which joined CHF as subcontractors, would not partner as subcontractors with other CDOs in a similar, future initiative due to their dissatisfaction with their limited involvement or non-involvement in the project's implementation.

4. Secondary Issues

BHR/PVC requested answers to four secondary questions:

- a. Did CDOs have financial management systems in place to track program budgets in relation to program objectives?

Most of the CDOs which use their funds for the four program components do, or have the capability to track their expenditures by program components. This issue is discussed in the individual CDO Headquarters reports presented in Part Two of this evaluation.

- b. Did CDOs involve NGO membership in project planning, monitoring and evaluation of project activities regarding benefits to local people?

To a large degree, CDOs did involve local NGO membership in project planning. To a lesser degree, CDOs undertook and involved local NGO membership in project monitoring and evaluation. Project monitoring and evaluation is undertaken to the degree to which funds are made available within the program's budget for this purpose. Monitoring and evaluation are undertaken far less than BHR/PVC would probably like - the question is, who is willing to pay for it?

- c. Were those field programs, designed with core grant funds, and reviewed by the evaluation team sustainable?

Most of the projects visited are likely to be self-sustaining to varying degrees when the CDO programs of technical assistance end. Several CDOs have engaged local professional staff who are developing the capability to establish their own consulting groups once the Cooperators' technical assistance programs end. A number of assisted cooperatives will graduate to a position of being willing and able to pay for future, "second generation" assistance from the CDOs.

- d. Did CDOs implement prior evaluation report recommendations?

Most of the evaluation recommendations have been implemented, although a few still need to be implemented or addressed. Again, this issue is addressed in individual CDO Headquarters reports in Part Two.

B. Major Recommendations

1. Improvements to the Current Core Grant Program (CPSG):
 - BHR/PVC should reemphasize that CDOs not use core grant funds to prepare proposals for submission to USAID under competitive RFAs and RFPs. These funds are far more valuable in relation to their returns when expended to identify and submit program proposals to individual USAID Missions;
 - BHR/PVC should encourage CDOs to use core funds to develop fee-for-service, "second generation" linkages with former host country clients; and
 - Due to the appropriateness and high value of CDO-provided technical assistance to beneficiaries, BHR/PVC should encourage CDOs to provide more assistance under this category, especially when the efforts are clearly tied to new business potential.
2. Improvements to the Current "Special Initiatives" or CIPG: None.
3. Expansion and Improvement of CDO Impacts under future RFAs
 - To reduce CDO reliance on direct USAID financial support, BHR/PVC should reduce, and gradually eliminate the use of core grant funds for development of unsolicited proposals to USAID. This can be done by encouraging Missions to directly fund these types of expenses, and by having CDOs increase their indirect rates to allow them to recover proposal development expenses through either overhead and/or G&A;
 - Continue to restrict the use of core grant funds for preparation of responses to RFAs and RFPs;
 - BHR/PVC should, if allowable, discontinue general support for

overhead costs, but instead, only support specific subsidies for selected organizational development and improvement costs, with set objective, time limit and performance criteria applied to assist the CDOs in attaining a more competitive operating structure;

- BHR/PVC should announce now that it will place more weight on membership involvement in the CDOs' international programs when it assesses future support for CDO programs under the next phase of the Cooperative Development Program;
- BHR/PVC should seek to enlist more operating cooperatives, like Land O'Lakes, into the Cooperative Development Program. This should have a greater development effect in the host country, due to opportunities for joint-venture businesses;
- Near future grant support to CDOs should be directed at assisting these organizations to become self-sustaining within the time frame of the next five-year Cooperative Development Program;
- BHR/PVC should consider requiring all CDOs to make some financial or in-kind contribution to future CPSGs;
- BHR/PVC should vary the amount of direct financial support which is provided to each CDO, based upon its length of time in the program, and its achievements towards specified goals; and
- BHR/PVC should resolve those issues discussed in Part One, Section II.B.2., "Issues and Recommendations Regarding Future Program Strategy," of this evaluation report.

4. Future CIPGs:

- If the decision is made to continue to support "Special Initiatives," BHR/PVC should develop more specific parameters as to what constitutes "innovative approaches" and "non-traditional solutions" to cooperative development problems;
- BHR/PVC should incorporate the CIGP, if continued, into the next round of the CPSGs rather than fund them separately. This will eliminate the need for two RFAs and two separate grant agreements with any one CDO; and
- BHR/PVC should consider making the CIGP, if continued,

available only to new (to the Program) CDOs.

5. Program Management Improvements:

- BHR/PVC needs to spend more time defining program policies, and establishing and monitoring CDO performance. Unfortunately, because of the nature of the job and the fact that it is basically a one-person operation, too much time is spent on program administration by the Cooperative Development Program Manager. More effective administrative support should be made available to free-up the Program Manager for substantive program management;
- BHR/PVC should expand and improve its communication with individual USAID Missions about the existence of the CPSG. This should include a discussion of how utilizing the program and the CDOs can be beneficial to the Missions in defining and implementing some of their program objectives;
- BHR/PVC should review the "Substantial Involvement Understandings" (SIUs) in the current CPSG Cooperative Agreements to decide which are appropriate, which should be dropped, and whether new SIUs should be added. A related question is whether or not the SIUs should be the same for all CDOs;
- BHR/PVC should require CDOs, in their Quarterly and Annual reports, to report on expenditures made in relation to approved grant budget line item totals. This would show total expenditures through the last Quarter, expenditures this Quarter, expenditures to date, and funds remaining. The Program Manager would then have a much clearer picture of the financial status of each core grant; and
- BHR/PVC should consider doing an impact evaluation of the new CPSG in collaboration with the CDOs, and should also consider undertaking a "best practices" or "lessons learned" study on cooperative development programs in host countries.

Part One of this report, which begins on the following page, provides a detailed assessment of the evaluation team's findings, their conclusions, and their recommendations for the future conduct and management of the Cooperative Development Program.

I. INTRODUCTION

A. The Program's Background

The U.S. Agency for International Development (USAID) has supported programs overseas involving the U.S. cooperative development community for some 30 years. Congressional language in the original Foreign Assistance Act of 1961 instructed the Agency to encourage the development of cooperatives as a means of strengthening the participation of the rural and urban poor in development through self-help activities.

USAID-financed assistance to these CDOs has included activities in a number of areas concerning agricultural credit, dairy and agribusiness development, housing, private enterprise development, rural electrification and telephone services, savings and credit cooperatives and insurance associations. The USAID Bureau for Humanitarian Response/Office of Private and Voluntary Cooperation (BHR/PVC) is responsible for the management and oversight of the CDO-related programs.

The current three-year "Cooperative Development Program" was authorized on April 24, 1994 under Project No. 938-0192. The previous program was for five years. The current CDO Program is composed of two separate competitive grant components:

- A Cooperative Program Support Grant (CPSG), which is intended to strengthen and expand the CDOs' international operations through program and organizational development, resource enhancement, and limited program (technical assistance and training) services. CDOs participating in this program include:
 - America's Association of Cooperative/Mutual Insurance Societies (AAC/MIS)
 - Agricultural Cooperative Development International (ACDI)
 - Cooperative Housing Foundation (CHF)
 - Land O'Lakes (LOL)
 - National Cooperative Business Association (NCBA/CLUSA)
 - National Rural Electric Cooperative Association (NRECA)
 - National Telephone Cooperative Association (NTCA)
 - Volunteers in Overseas Cooperative Assistance (VOCA)
 - World Council of Credit Unions (WOCCU)

- A Cooperatives Initiatives Grant Program (CIGP), which provides funding for small grants for periods of less than three years to enable CDOs to initiate new, creative programs that mobilize additional resources, is aimed at strengthening the

private sector through cooperative development. CDOs participating in this program include:

- Cooperative Housing Foundation with its "Model Development of NGOs in Romania Project;"
- National Telephone Cooperative Association with its "Polish Rural Telephone Development Project;" and
- World Council of Credit Unions with its "InfoCoopec International Extension Project."

The major goal of BHR/PVC's Cooperative Development Program is to "... foster and expand cooperative development, and to expand and strengthen the private, non-governmental sector in developing countries." Strategic objectives of the program are to "...encourage broad-based economic growth, protect the environment and build democracy." Grant funds are to "... be directed towards the building of capacity of U.S. cooperatives to enable them to strengthen their partnerships with local NGOs and Cooperatives overseas, and the ultimate beneficiaries' needs, priorities, and expectations for developmental assistance."

Tri-Valley Growers, one of the ten recipients of a CPSG withdrew from the program effective 12/31/95, and is not a part of this evaluation

B. The Program's Evaluation

As a part of its support contract with BHR/PVC, funds were included in AMA Technologies' budget to perform a mid-term evaluation of the Cooperative Development Program. The mid-term evaluation was to be a "process" involving the U.S. headquarters of the nine CDOs and site visits to several projects implemented by these nine cooperators. The countries visited were to include one-to-two countries from each of the geographical regions, i.e., Central Eastern Europe/Newly Independent States, Latin America/Caribbean, Africa, and Asia/Near East.

Full-day visits were held with each of the nine CDO headquarters, with follow-up visits/discussions made by telephone. Country visits were as follows - (See Table 1 on page 5):

- 1) Poland and Romania;
- 2) Bolivia, Guatemala and El Salvador;
- 3) Egypt and Uganda; and
- 4) the Philippines.

The evaluation team visited 2 to 3 field projects being implemented by each CDO, and visits were made to USAID Mission staff in each country.

The evaluation has two objectives: 1) to provide timely information concerning how successfully the Cooperative Development Program is being implemented, assessing the effectiveness and soundness of the financial management of the program, and to recommend mid-course corrections, if necessary; and, 2) to identify issues and make recommendations regarding the Request for Applications (RFA) for the next stage of the program, which is scheduled to start during April 1997. As stated in the Executive Summary, BHR/PVC requested the evaluation team to include the second objective in the evaluation given the changed conditions which now affect the Program. These include not only the fact that Congress is reducing the funding available for foreign assistance programs, but also recognition that the CDOs: 1) have a long track record of success overseas, helping cooperatives prosper and having a beneficial impact on the development of many countries; 2) have a proven capacity to implement permanent, self-financed development cooperation programs on behalf of indigenous cooperatives. This eventually links those cooperatives to markets in the more prosperous developing and market transition countries, thereby eventually generating trade and other economic benefits for the United States.

Two facts should be understood as they relate to the evaluation and the different CDOs evaluated. First, the evaluators spent one day with each CDO headquarters staff. After analyzing information and data obtained during these interview sessions, there were one or more follow-up requests to each CDO for additional information and/or clarification(s) which were handled by phone and fax. The evaluation team appreciates the responses and patience afforded to them in this regard. The evaluators received adequate data and information to answer the questions entrusted to them by BHR/PVC regarding those aspects of the CDOs operations which pertain to obtaining their goals under the Cooperative Development Program. The evaluators were not requested to, nor did they, carry out full institutional evaluations of the CDOs.

The second fact is that there are significant differences among the nine CDOs regarding their organizational type, size, sectoral activity and support from USAID. There is a wide range in the length of time some CDOs have been involved in cooperative support activities with USAID and the size of their operations (annual revenues, number of projects implemented, number of permanent staff, etc.). For example, some CDOs have been working with USAID for over twenty years and have professional and support staffs in excess of 100 employees, while others have been involved with USAID for six or less years and have five or less permanent staff. Some of the CDO's members financially support CDO international activities; some do not. Most are dependent on USAID for their continuing existence as international development organizations (See Figure 1 on page 6), either as independent CDOs or as the international arm of an association. Some CDOs provide cost-sharing for their CPSGs in the form of volunteers, donated equipment and, in one case, corporate funds; most do not. One is a division of a profit-making cooperative, one has a for-profit arm, and the others are completely non-profit entities. Some pursue RFAs and RFPs in open competition; some do not. Two are

using their core grant mainly to fund projects and programs, while most use the majority of their core grants to develop project proposals for donor funding.

With respect to membership organizational criteria, the nine CDOs fall into four organizational categories. One, (Land O'Lakes, Inc.) is a non-profit division of a commercially successful agribusiness cooperative. Six are membership organizations, but of two types. Five of the six (AAC/MIS, NCBA, NRECA, NTCA, and WOCCU) are essentially the international program divisions of very large associations of cooperatives which carry out numerous activities on behalf of their members. ACDI is an international cooperative development organization which has recruited agribusiness cooperatives as affiliated members. The remaining two CDOs (CHF and VOCA) are not membership organizations.

Due to the differences among the nine CDOs, some of the evaluation findings, conclusions and recommendations may therefore vary in degree of importance from CDO to CDO.

C. The Evaluation Report

This evaluation report is divided into two parts and is supplemented by appendices. Part One is a summary assessment of the overall "Results Achieved" through the programs being carried out by the nine Cooperative Development Organizations participating in the CPSG. This assessment reviews overall accomplishments under the Program's components (Program Development, Organizational Development, Resource Enhancement, Limited Program Services, and Special Initiatives). Each of these five components is discussed separately with its own findings, conclusions, and recommendations. It further provides BHR/PVC with recommendations to guide its development of the forthcoming RFA for the CPSG's renewal.

The evaluation team prepared individual, detailed reports on the performance of each CDO under the Cooperative Development Program, and separate reports on field projects and programs visited in eight countries. All of these reports are presented in Part Two of this report. They have been drawn-on extensively in preparation of the overall assessment presented in Part One.

Finally, the report's appendices contain the evaluation scope of work, the team's itineraries, visits and contacts, and a listing of the CDOs with their addresses and key contacts.

Table 1

COOPERATIVE DEVELOPMENT PROGRAM
MID-TERM EVALUATION TEAM
VISITS TO CDO HOST COUNTRY PROGRAMS

CDO\Hdqtrs.	EE	Africa	LAC	Asia
ACDI - D		Uganda - D Egypt - D		Philippines - O
AAC/MIS - A			Bolivia - A Guatemala - A	
CHF - D	Poland - D Romania - D		Guatemala - A	Philippines - O
LOL - D	Poland - D Romania - D	Uganda - D		
NCBA - O		Egypt - D	El Salvador - A	
NRECA - O			Bolivia - A	Philippines - O
NTCA - O	Poland - D			Philippines - O
VOCA - A			Bolivia - A Guatemala - A	Philippines - O
WOCCU - A	Romania - D		Bolivia - A	

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Figure 1

CDO	Membership Organization	'95 Revenue from USAID-%	Yrs. USAID Supported	Prof. Hdqs Staff	Main Activity
ACDI	Yes	92.27	34	46	Ag & Ag Bus
AAC/MIS	Yes	33.20	14	4 part-time	Insurance
CHF	No	73.58	34	18	Housing
LOL	Yes	86.16	16	28	Ag & Ag Bus
NCBA	Yes	93.14	32	6	Ag & Ag Bus
NRECA	Yes	82.69	34	16	Rural Electric
NTCA	Yes	99.74	6	5	Rural Telephone
VOCA	No	98.77	27	26	Ag & Ag Bus
WOCCU	Yes	67.80	26	40	Savings/ Credit Associations

II. THE CURRENT COOPERATIVE DEVELOPMENT PROGRAM

A. Results Achieved

The Cooperative Development Program has two components, 1) the Cooperative Program Support Grant (CPSG), which is divided into four major program components with certain objectives: Program Development, Organizational Development, Resource Enhancement, and Limited Program Services, and 2) the CIGP, or the "Special Initiatives" grant. A discussion of each of these five areas in the CPSG and CIGP is presented below. Overall the evaluation team found that the CDO community is to be commended for the quality and relevance of the development programs they designed and carry out under (or with financial support of) the CPSG. Each evaluator was impressed by the field technical assistance interventions reviewed and the quality of field staff who received the evaluations.

1. Program Development

This component calls for the expansion, strengthening and support of the CDOs' field programs by providing resources for:

- program development costs which cannot be recovered from projects subsequently funded from other sources; and
- research and design of systematic and innovative approaches to cooperative development.

a. Findings

Most of the CDOs have been using the largest portion of their core grant funds to develop project concepts and project proposals (Program Development) for consideration by USAID/Washington and Missions, other U.S. Government agencies, notably USDA, and other international donor agencies including the World Bank, the Asian Development Bank, and the InterAmerican Development Bank (IDB). It is USAID's desire that CDOs develop a broader base of donor support to lessen their dependence on USAID. Two CDOs, AAC/MIS and VOCA, on the other hand, have used very little or no core grant funds for proposal development. To date, they have used their core grant funds almost solely to fund overseas programs.

Those seven CDOs, which used CPSG funds from their current grants for proposal development, were asked to provide information on their use of these funds and list resulting awards made to them. Table 2 (See page 36) shows that the use of approximately \$2,300,000 of CPSG funds spent by the seven CDOs, resulted in awards to

them of a grand total of \$46,302,674. In effect, for each dollar of core grant funds spent, about 18 dollars of awards for technical assistance were obtained. If one factors in the dollars spent for travel to a host country before a concept paper or proposal was prepared, the real multiplier would be closer to 17 to 1. However, the award of proposals already prepared with core grant funds and awaiting decisions, could result in sizable new award dollars to the CDOs. The largest percentage of award dollars (74.22%) was obtained from USAID/Washington and Missions. About 8.62% of the award totals came from the U.S. Department of Agriculture (USDA), 9.88% from the World Bank, IDB, and the International Fund for Agricultural Development (IFAD), and 7.28% came from private foundations and host country governments.

The large majority of core funding was used to develop unsolicited concept papers and unsolicited proposals to interest USAID Missions in funding the proposed activities. This was followed by use of funds for proposals submitted to USDA and non-US international donor agencies. Some CDOs have used core funds to prepare proposals in response to competitive USAID RFAs and RFPs. Clearly, the best return for the money spent was that used to prepare and submit unsolicited proposals to USAID. It should be noted that many of the CDOs also spent funds from their own resources (non-core funds) to develop project proposals for submission to USAID and other sponsors during this same period. Those which have been especially successful in such efforts include AAC/MIS, CHF and WOCCU. WOCCU used approximately \$176,000 of company funds and won \$8,619,992 in awards including \$7,719,992 from USAID and \$900,000 from private foundations.

A number of proposals were prepared by the CDOs, using core grant funds, for projects which had no apparent relationship to cooperatives or cooperative development. This appears to be inconsistent with the CPSG RFA which states that the CDOs' proposed programs must be consistent with USAID policies and priorities including: "...be clearly linked to field cooperative development programs." This issue is addressed in Part One, Section II.B.2., "Issues and Recommendations Regarding Future Program Strategy."

b. Conclusions

"Program Development" has been visualized somewhat narrowly by both the CDOs and USAID to date. Many CDOs have defined their new business development as submitting proposals to donors in response to donor-defined objectives, rather than as developing programs in their core areas of expertise together with cooperatives and other clients overseas, and then working with them to seek financing from various available sources. From the point of view of USAID, it is not very efficient to subsidize development of special capabilities by the CDOs, on one hand, and then, on the other, ask the CDOs to compete for grants. This tends not only to delay project design and initiation of activities, but also to complicate the utilization by USAID Missions of expertise which USAID/Washington helped develop in the first place.

Given the poor, win-loss ratio of dollars spent in preparing proposals under open competition (RFAs and RFPs) for USAID funded projects, one must question this use of CPSG funds which results in so few awards. One must also question this on the basis that the subsidy which the funds provide could lead to an unfair advantage against those competing organizations which do not receive direct financial support from USAID.

The use of CPSG funds to develop competitive proposals for projects funded by other international donor agencies is valid, given USAID's desire to see CDOs expand their support/client base outside of U.S. government agencies.

c. Recommendations

Consonant with USAID's objective of enabling the CDOs to be less dependent upon core grant funding in the future, BHR/PVC should reduce and eventually eliminate the use of core grant funds for development of unsolicited proposals. This could be accomplished over a period of two-to-three years, by several means:

- USAID should encourage Missions to award grants to CDOs, on a non-competitive basis, for projects in areas which PVC core grants have enabled them to develop a predominant capability. USAID should also structure core grant cooperative agreements to encourage direct grants from Missions which desire CDOs to present project proposals. Some core grant funds should remain for preparation of proposals for other donors, or clients which can pay for services. This would maintain the USAID subsidy for CDOs to use in developing non-USAID sources of funding, decrease their vulnerability to cutbacks in U.S. foreign assistance budgets, and change the process of seeking project funding from USAID Missions and to become more demand-responsive. Missions could be encouraged to use the CDOs' well-developed technical expertise and project implementation capabilities to expedite their own program development processes in areas which fit within the Mission's strategic objectives; and,
- To gradually reduce CDO reliance on direct USAID financial support, USAID should require that CDOs charge as an overhead expense, an increasing percentage of their costs of preparing unsolicited proposals for submission to USAID Missions. Within a two-to-three year period of the next core grant, the percentage should reach 100 percent.
- With the objective of further diversifying the CDOs' funding base, BHR/PVC should consider the use of core grant funds to develop proposals for funding by non-U.S. sources, with reduction and eventual elimination of core grant funds for this use in four-to-five years. The above recommendations are further discussed in Part One, Section II.A.3.,

"Resource Enhancement," and in Section II.B.2.c., "Structuring of the Next Phase Core Grants."

This recommended approach to program development should allow for more efficient project development overall. The possibility of making project development and implementation grants to CDOs, on a non-competitive basis, would be consistent with USAID's efforts under the PVC Program to build up CDO capabilities. This sort of arrangement argues in favor of ensuring more competition among U.S. cooperative organizations for participation under the PVC CPSG Program, as recommended later in this report.

USAID should not allow CDOs to use core grant funds to prepare proposals in response to USAID competitive RFAs and RFPs for two reasons: a) their poor, win-loss record in doing so, and, b) the unfair competitive advantage which it provides to CDOs. The RFA for the CPSG states "The Cooperative Agreements are not intended to: "... subsidize the CDO's field projects or otherwise provide a competitive cost advantage in seeking contracts from USAID or other funding agencies."

Issues regarding potential limitations on the use of core grant funds for program development, issues about which USAID must make decisions for incorporation in the next phase RFA, are discussed in Section II.B.2.d., "Program Restrictions."

2. Organizational Development

This section examines the extent of CDO efforts under the current series of core grants to improve management systems, technical capabilities and organizational linkages affecting those capabilities, and discusses results in these areas.

a. Findings

It appears that BHR/PVC may not have requested from the CDOs, copies of detailed organizational development plans to see if their proposed use of core funds will strengthen their organizational capacity.

(1) Management Systems

Six of the nine CDOs used some core grant funds for management improvement activities. These activities involved implementation of reorganizations, improvement in management information systems (MIS) including the purchase and installation of new computers and electronic-mail to communicate with BHR/PVC and field offices, improvements to financial control and reporting procedures, and improvements to project monitoring and evaluation procedures.

The four CDOs which used core grant funds to support reorganization/re-engineering efforts were WOCCU, LOL, NTCA and NCBA. WOCCU created a "Member Services Division" and formed employee committees which are currently engaged in a comprehensive review and re-engineering exercise focused on all operating procedures. It is too early to predict the results, but the organizational commitment to managerial improvement, appears high.

LOL has created functional and project management teams, clarified responsibilities for organizational processes and decision-making procedures, and implemented employee-managed professional improvement programs. As a result of these and other efforts - and as might be expected from a commercial organization - international program management goals, systems and procedures are efficient and productive.

NTCA, one of the newest CDOs in the BHR/PVC Cooperative Development Program, has used core grant resources to establish its International Programs Division, which is operating well. In addition, NTCA established the Foundation for Rural Services as a vehicle to receive donations of excess equipment from its members for new cooperatives overseas.

NCBA has used funds from its core grant to operate two offices in Africa. Without these funds, it would not have been able to expand its African programs significantly.

VOCA and CHF both used core funds to improve their MIS and financial control systems. Each organization reports that its information management and financial control systems are generating more timely and useful information.

Three organizations -- CHF, NCBA, and LOL-- used "core" funds to review and modify project monitoring and evaluation procedures.

(2) Technical Backstopping

Most of the CDOs use core funds to help pay for the services of home office personnel who perform technical functions. In addition, some CDOs have used their current core grants to make specific improvements in their organizations' technical capabilities to carry out work in their sectors of expertise. They have done this by: 1) accessing or making available specialized technical experts for their in-house use, either as full-time or part-time employees, as consultants, or as volunteers from member cooperatives or other organizations; 2) forming alliances with similar organizations with which they can work on specific assignments; 3) further developing their own technical approaches to development and implementation of overseas projects; and 4) increasing the number of member organizations affiliated with their CDOs, and thereby available to it for cooperative development work.

During the last two years of core grant funding, four CDOs have enhanced their access to specialized technical personnel. AAC/MIS added to its database of consultants additional technical specialists and executives from its member companies who are available to respond to requests from other Association member companies for short-term technical assistance. CHF hired an architect with low-cost housing experience and a community organizer with inner-city, low-cost housing experience. LOL hired three new staff members who possess both special language capabilities and appropriate technical skills to operate in countries where LOL intends to augment its activities. NTCA put together a roster of 75 volunteers available to work on short-term, NTCA overseas assignments.

Organizational alliances are common in business ventures, and three of the CDOs have formed alliances to expand service delivery overseas. NCBA is establishing a regional training and technical assistance organization in Africa staffed by consultants familiar with NCBA's approach to cooperative development. That organization will be able to attract funding from various sources for cooperative development work in the region and plans to continue to cooperate with NCBA in doing so. NRECA often uses the same approach. For instance, in Bolivia, NRECA will have the ability to continue providing services to its clients by collaborating with the rural electrification financing organization it is helping to set up and with local consulting companies where it is expected that many of its current Bolivian employees will decide to work after the NRECA Office in La Paz is reduced in size or closed.

AAC/MIS formed an alliance with SOCODEVI of Quebec for the purpose of jointly funding technical assistance projects with AAC/MIS member companies, starting in Bolivia. In addition to the above efforts, several CDOs have adopted the practice of cooperating with consulting companies to compete for specific project contracts (e.g., LOL, ACDI, CHF, WOCCU).

Many of the CDOs, including CHF, NRECA, VOCA and WOCCU, have developed specific technical and organizational approaches to cooperative development in general, or to particular technical problems encountered overseas, which they alone are especially well equipped to implement on short notice. This is part of what has made these CDOs so attractive for use in USAID-funded projects. These CDOs continued development of their standardized approaches during the last two years. NRECA and NCBA were especially active in devising programs for post-project follow-up and continued provision of technical assistance services to cooperatives they have assisted in the past.

Lastly, one example of success in increasing membership during this grant period is provided by AAC/MIS. It significantly increased its Latin American membership from 19 to 27.

(3) Internal and External Linkages

The degree to which CDOs promote and utilize internal and external linkages varies from organization to organization. This section examines three types of linkages: a) "internal linkages" between CDOs and their membership; b) U.S. cooperative to foreign cooperative linkages; and c) CDO "external linkages" to foreign cooperatives and other clients, or to other CDOs.

Internal linkages are particularly important to those CDOs which have a strong membership base such as NRECA, WOCCU, AAC/MIS and NTCA. In those cases, the international programs need the approval and backing of the membership in order to exist. If the members do not support the international programs, they can make their feelings known to the CDO Board of Directors which could shut-down the overseas activities. Due to the need for member support, the international programs of these organizations invest a lot of energy and effort in continually informing and involving members. NTCA uses core grant funds to prepare articles on international programs for its membership publication, "The NTCA Exchange," as well as to publish a monthly international newsletter for distribution to its members. NTCA also established an International Advisory Council, composed of members who have traveled internationally for NTCA, to serve as a sounding board and resource center for NTCA's international activities. The International Programs Division of NRECA prepares articles for its house newspaper and magazine and is an active participant in NRECA membership meetings. NRECA also makes extensive use of technical personnel from member cooperatives in overseas work. NCBA and ACDI also have programs to keep their members informed of their international activities. Land O'Lakes publishes a quarterly "International Outlook" to inform employees and members.

The surest way to start and maintain an ongoing linkage between cooperatives in the U.S. and overseas is to promote collaboration based on common business and financial interests. As a practical matter, this has only been possible in the case of LOL since it is an operating cooperative. For instance, LOL is working to export Feta cheese from Bulgaria, and has invested in a feed mill and a cheese plant in Poland. Other than this, some CDOs (NRECA, WOCCU, AAC/MIS and VOCA) have tried to foster coop-to-coop linkages through the use of volunteers from American cooperatives in their programs. They have had some success, but not so much in promoting continuing relationships between cooperatives as between the volunteers and the foreign cooperatives they visited. One exception to this has been where a relationship between credit unions has developed on the basis of ethnic ties; i.e., those between Ukrainian credit unions in Chicago and the Ukraine.

Both NRECA and WOCCU have encouraged coop-to-coop relationships between groups in the U.S. and abroad. WOCCU's People-to-People Program promotes a series of short-term volunteer assignments of U.S. coop employees overseas and the

establishment of internships within U.S. coops for developing country cooperative personnel. NCBA used core grant funds for post-project follow up activities to maintain contact with developing country cooperatives that they have assisted in the past. NCBA also has a for-profit subsidiary, Cooperative Business International (CBI), which was established to facilitate and promote world-wide trade among cooperatives. Since 1988, CBI has been involved with imports, exports and joint-venture investments between cooperative organizations in the U.S. and abroad.

The CDOs maintain a variety of external linkages. Some CDOs have developed mutually beneficial working relationships with other CDOs, such as those that exist between NRECA and NTCA, and between NCBA and WOCCU. Some VOCA volunteers have been used in programs managed by other CDOs, but not to the extent originally intended. Some CDOs, such as NRECA and WOCCU, pay special attention to maintaining relationships with cooperative organizations that they have assisted in the past. NRECA has become involved in a number of "second generation" problems affecting cooperatives, such as system loss reduction, cooperative involvement in power transmission and generation, and investment in renewable energy programs. There were practically no cases of CDOs maintaining fee-for-service relationships with coops they have successfully assisted in the past. However, several host country cooperatives and associations indicated that they would be willing to pay for technical assistance in the absence of USAID funding.

b. Conclusions

In general, a small proportion of core funding was used by the CDOs for explicit efforts to improve management systems and procedures. In making core funds available to CDOs for management systems improvement, USAID did not establish guidelines for this use of core funds other than what was contained in the RFA. USAID also did not attempt to agree with CDOs which chose to use core funds for management systems improvements or specific objectives which the CDOs would strive for using CPSG money. CDOs were free to decide on their own whether to use core funds for management improvements and how many staff (or what percent of their time) would be charged to core funding.

In some cases, it appears that the unconditioned availability of core funding for an extended period of time has not served to promote management efficiency (the most notable exception to this is LOL). This is NOT to say that management of the CDOs as a whole is deficient, but the relative lack of attention by the CDOs (and USAID) to using core funding to make CDO management improvements is noteworthy. It has left a few CDOs particularly vulnerable to financial cutbacks from USAID, whether intentional or forced by the shrinking foreign assistance budgets.

All nine CDOs possess specialized technical expertise and well-developed organizational

capabilities in their core business areas. After many years of core grant support, the additional support provided for improvement of CDO technical expertise over the last two years has been useful, but not essential to CDO organizational effectiveness.

The long-term viability of the international programs of CDOs with a membership base depends upon the active and willing support of the member organizations. As USAID reduces its support for international cooperative programs over time, the CDOs will have to rely increasingly on their members for technical and administrative volunteers, for covering the costs of hosting international visitors, for donations of surplus equipment and hopefully, for monetary contributions to help sustain their international programs. CDO use of core funds for public relations -- "PR"-- should focus more on enlisting the support of their membership.

Those CDOs which do not have a membership base will have a difficult time sustaining their international operations as USAID funding is reduced. These organizations should make an effort to develop a membership base for the purposes described above.

It is difficult to maintain linkages between U.S. associations and cooperatives and host country organizations once USAID or other donor support is terminated. Linkages are more likely to be sustained if common business and financial interests can be developed, as in the case of Land O'Lakes' operations in Poland, and Cooperative Business International. That is not to say that business and financial interests are the only way to sustain linkages. Due to the commitment of cooperative members in both the U.S. and abroad to common principles and values, linkages such as WOCCU's People-to-People Program and the NRECA and NTCA Sister Cooperatives Programs are likely to be continued, based on common interests and good will.

NRECA's program of assistance to deal with "second generation" problems of cooperatives they have assisted in the past presents a potential model for other CDOs. In many instances, the host country organizations advised by NRECA are either in a position to pay for part or all of the technical assistance themselves, or are able to attract funding from non-USAID donor sources with which to pay for technical assistance.

VOCA (formerly known as the Volunteer Development Corps) was established in 1969 at the suggestion of USAID. From its inception, VOCA was intended to be the volunteer arm of the U.S. overseas cooperative development movement. Reflecting this, its Board of Directors was composed of representatives of the other CDOs participating in USAID's Cooperative Development Program. Unfortunately, the plan to use VOCA as the volunteer arm of the CDOs has not worked. The reason appears to be two-fold: first, CDOs receive little or no revenue from their use of VOCA volunteers, but charge overhead when they provide their own staff or consultants; and second, there is no pressure to "encourage" the CDOs to use VOCA volunteers. The one exception to this is

CHF's use of volunteers under its "Model Program for NGO Development in Romania." Nevertheless, use of volunteers in the Program from U.S. cooperatives has been effective in promoting adoption of changes overseas, development of informal relationships between volunteers and foreign cooperatives, and linking coops to U.S. suppliers.

c. Recommendations (principally for future CDO Programs)

USAID should provide no further general support for overhead costs, but should provide financial support for selected organizational development and improvement costs, with objectives, time limits and performance criteria applied.

USAID should announce now that it will put more weight on membership involvement in assessing its future support for CDO international programs, and provide less support to CDOs which do not have a clear plan for involving membership more in their international programs. Such membership involvement should include greater use of volunteers from member organizations for technical assistance and training assignments, member organizations assisting with the costs of hosting international visitors, facilitation of the donation of surplus equipment to cooperatives in developing countries, and membership contributions for support of international programs. USAID should establish a set of incentives to reward CDOs which bring about increased membership contributions and involvement.

USAID should encourage CDOs to use core funds to develop fee-for-service "second generation" linkages with their host country clients, and use revenues from these activities to help finance their future operations. Activities such as NCBA's post-project, follow-up program and NRECA's assistance with "second generation" problems provide good models for this purpose. The CDOs should also seek opportunities for trade and commercial ties and for working together to seek solutions to, and financing for, dealing with the variety of "second generation" problems encountered by host country cooperatives.

USAID should seek to enlist more operating cooperatives (similar to Land O'Lakes) into the CPSG. This is likely to have a much greater development effect in the long run as many of these new CDOs will be more apt to develop commercial operations in host countries.

3. Resource Enhancement

The last RFA for the CPSG, states that one of the eligible uses for funding is resource enhancement "to provide financial stability and enhance the resource base of a CDO: (1) allowing it to maintain an adequate base of permanent staff capability regardless of fluctuations in income from other sources; and (2) supporting efforts to broaden its

resource base and to build a more secure and independent financial base, especially through outreach to the U.S. cooperative community."

a. Findings

Figure 1 on Page 6, shows the percentage of total revenue which each CDO received from USAID during their 1995 fiscal years. The generally high degree of dependence on USAID funding among the CDOs is striking. Four of the CDOs derived over 90 percent of their '95 revenue from USAID; two received over 80 percent from USAID; two received about 70 percent; and one, AAC/MIS which is a minor, albeit important player, received only 33.2 percent of its revenue from USAID. Given the emphasis in USAID's RFA on efforts to raise funds from U.S. cooperatives, it is noteworthy that funding provided by the U.S. cooperative movement to the international programs of almost all the CDOs is marginal.¹ In addition, after several years of effort by several CDOs, the level of funding generated by the CDOs as a group from other donor organizations is also quite low. The CDOs report that they have found it difficult to tap into multilateral donor organizations, such as the World Bank, ADB and IDB, and that to do so requires a major investment of time and effort to become knowledgeable about their organizational cultures and procedures. Another major potential source of non-USAID funding also has not been utilized by the CDOs: the development of services for successfully operating cooperatives, or other clients which the CDOs helped to get started, for which CDOs could charge fees. As pointed out earlier, these organizations are currently tackling a series of "second generation" problems for which they would often be prepared to pay CDOs, which they already trust, to help them resolve.

Given the uncertainty surrounding future foreign assistance budgets, it was of some concern that none of the CDOs has a formal, long-term plan in place for sustaining financing of its international program. Some of the CDOs are actively developing such plans (e.g., WOCCU, LOL, and NCBA), or have begun to think about the possibility of a future without new subsidies from USAID, but several have apparently not yet begun the process of planning for future eventualities.

Other than what is contained in the RFA, USAID has not established specific objectives for, or conditions to, the use of core funds by the individual CDOs for "resource enhancement." Until recently, the most common use of core grant funds by CDOs related to resource enhancement, has been to pay the salaries of home office personnel and consultants involved in project identification efforts and the preparation of proposals for the consideration of USAID Missions and multilateral donor organizations. Most CDOs equated proposal-writing for USAID and other donors with "resource enhancement." They tended to base both their program and their organizational

¹ WOCCU and AAC/MIS do receive good financial support from their memberships.

development on the process of project identification and proposal writing for donor projects, rather than articulate business development plans linked to their organizations' core competencies and ultimate needs of their clients.

In the case of a few CDOs, this latter approach to resource enhancement is beginning to take hold. In addition to preparing project proposals for a wider variety of funding organizations, LOL has developed relationships with foreign consulting firms to cooperate in seeking technical service contracts, and it is investigating potential investment projects. Its efforts are starting to pay off, especially on the for-profit side. WOCCU is actively developing its new member services and re-engineering its traditional technical assistance practices, with a view to involving its membership more in overseas work and earning more revenue through provision of services to members as the availability of donor funds becomes more uncertain. NCBA is actively working with the Institute for Cooperative Development to devise a business development plan focusing on other donors and its own membership.

b. Conclusions

(1) With the possible exception of AAC/MIS, the international development programs of the CDOs are currently highly vulnerable financially due to their heavy dependence on USAID funding.

It is useful for the purpose of considering what kind of support PVC might provide to CDOs in the future, to think about what would most likely happen to their international programs (including their ongoing USAID projects) were USAID core funding to abruptly cease in 1997. (A transition period is recommended by the evaluators later in this report.) USAID would want the projects it finances, which are currently being implemented by the CDOs, to continue. To ensure that this occurs, it might be necessary to re-negotiate overhead charges in project grants and contracts to provide for adequate home office support as CDOs were being forced to reduce their operations. As the projects in the CDOs' current portfolios terminate, without core grant funding of new business development efforts, and given the reduced availability of foreign assistance funding to USAID, a comparable number of new projects will probably not be awarded to take their place. CDOs might therefore be faced with reducing their international programs, or closing their doors. On the other hand, positive consequences might include: a) more CDO selectivity of programs/projects wherein they elect to spend their proposal development resources; and b) less focus on competing for non-cooperative development projects.

The international programs of those CDOs with a strong membership base (NRECA, NTCA, WOCCU, NCBA, and LOL) might be able to survive at a smaller level if their membership decided to maintain and further support them. AAC/MIS, being a low-overhead operation with permanent links to the world-wide cooperative insurance

movement already active in development cooperation, would probably be able to tap into resources being provided by the global federation of cooperative insurance companies (ICMIF) to continue its activities in Latin America. Whether ACDI/VOCA and CHF would be able to continue to operate once their current USAID project portfolios were completed, would be much less certain.

(2) Most efforts supported to date under the CPSG Program to make the CDOs' international development programs less dependent on USAID support have not been very successful. The heavy focus of most CDOs on developing proposals, mostly for USAID, has not made them financially viable organizations.

(3) USAID and the CDOs can no longer afford not to agree on specific action plans for which core funds can be used to develop new business and make the CDOs much less dependent on USAID for their survival.

c. Recommendations

It is imperative that all the CDOs, under the leadership of their Boards, give proper attention to developing plans for the future financial survival of their respective international programs and their individual financial survival. Special attention should be paid: 1) to opportunities for raising funds for international programs from cooperative members of CDOs in the United States; 2) to the possibility of developing significant fee-for-service programs - especially for foreign clients with which the CDOs have developed good working relationships over an extended period of time (Note, USAID should especially encourage CDOs in this area); 3) to forming alliances with other organizations for business development efforts overseas; and 4) to building programs "from the ground up" rather than trying to attract open-ended donations of the type the CDOs have received from USAID in the past, or over-reliance on direct appeals to multilateral donors for project financing. Central to such efforts will be each CDO's efforts to: 1) define its organizational mission; 2) identify its core competencies, competitive advantages, and primary client groups; and 3) to further develop its service offerings. CDOs should include these efforts in business plans that provide a framework for the support sought from USAID.

CDOs should eventually be able to cover all their fixed costs with revenues from their project portfolios, donations and membership dues. Near-future USAID grant support to these CDOs should be directed to assisting these organizations become self-supporting within the next five-year CPSG. This can be accomplished by carefully selecting which CDO operating costs USAID will support and conditioning this support in relation to achievement of performance objectives. These objectives should be those established by CDOs in the development of five-year strategic development plans, approved by their Boards, and shared with USAID.

USAID should be prepared to re-negotiate individual CDO NICRAs (Negotiated Indirect Cost Rate Agreements) upwards. A higher overhead rate will be necessary (in the absence of substantial increases in project revenue) to offset declining core fund grants, in effect shifting actual operating costs proportionately to each program or project implemented by the CDO community.

Given the dwindling availability of USAID funding, USAID should consider requiring all participating CDOs to make financial (not in-kind) contributions to their overseas programs, and allocating Program funds among participating organizations on a "matching" basis.

BHR/PVC should consider varying the amount of grant support/subsidy it provides to participating CDOs according to how long each has been receiving USAID core grant or other funds, how successful they have been, and/or PVC evaluation committee's assessment of how likely each CDO will achieve meaningful targets under their next core grant. Criteria used to allocate funding among CDOs could include: a) efforts to keep organizational overhead costs down; b) use of volunteers to provide short-term technical assistance; c) success in obtaining non-USAID funding for the CDO's international programs; d) the multiplier effect of core grant funds used to win new contracts and grant agreements; e) number of years of receipt of USAID subsidies; and, f) value of current USAID contracts and grants held by the CDO.

Under future CDO programs, BHR/PVC should consider setting a few important, specific program output targets for each participating CDO. BHR/PVC should also assess each CDO's success in achieving their target outputs prior to releasing funds for future years. For example, in a five-year CPSG, by the end of Year 2, BHR/PVC should determine the degree of achievement before obligating funds for Year 3.

4. Limited Program Services

The RFA states that one of the eligible uses for funding is for a Limited Program Services component which calls for the provision of a broad range of cooperative development services which cannot readily be supported with specific project funding, for example:

- short-term technical assistance, training and advisory services to indigenous cooperatives in developing or former communist countries, i.e., the CEE/NIS Region;
- follow-up contacts and relationships with developing country cooperatives and systems to sustain and reinforce cooperative development activities; and
- relationships with developing country cooperative movement leaders and other donors to encourage policy changes and development of a more positive climate for private, market-oriented cooperatives.

a. Findings

There is considerable variation among the CDOs as to the number and types of activities carried out under this component. For example, in the general area of agricultural development, NCBA and Land O'Lakes funded 14 and 10 activities respectively, compared to 6 activities for ACDI.

CHF and NRECA were active in this area with 12 and 9 activities respectively while NTCA carried out only 3 activities, AAC/MIS and VOCA used essentially all their core funds for limited technical services. See Table 3 on page 40 for a listing of technical assistance and training activities by CDO and country.

Aside from the special cases of AAC/MIS and VOCA, the principal activities carried out under this component were technical assistance with 27 cases, and training with 17 courses, seminars or workshops. Additionally, eight visits to the U.S. by cooperative and public sector leaders were funded under this component, as well as development of two informational videos, training materials for a small enterprise development project, and shipment of a container of transformers to a rural electric cooperative.

The RFA for the current Cooperative Development Program calls for the provision of "Limited Program Services." With the exception of AAC/MIS and VOCA, the majority of CDOs have been spending no more than 5% to 10% of their core grant funds for the provision of technical assistance and training, in spite of the fact that several CDOs stated that they receive more requests for technical assistance than they can respond to.

A final point is that conference attendance can be wasteful if not monitored. There is a need by BHR/PVC to exercise care and limits in allowing these costs to be covered.

b. Conclusions

Given the extent of the description of "Limited Program Services" in the RFA, one would have anticipated that CDOs, as a whole, would have spent more than they have for training and technical assistance activities. BHR/PVC's use of the term "limited" is meant to indicate "short-term assistance" versus limited expenditure of funds. There are no specific limits on how much money CDOs can program for providing technical assistance and training; CDOs can determine how much of their grants they are willing to allocate to this category.

The core grant provides great flexibility to the CDOs, allowing them to respond to technical assistance and training needs that cannot be met with specific project funding. A number of the training and technical assistance activities set the stage for possible new business development. For example, the visits to the U.S. by cooperative and public sector leaders provided them with a broader vision of things that can and should be done

in their own countries, leading to requests to USAID or other donors for project assistance in those areas.

From all accounts, the technical assistance and training activities provided were of high quality and much appreciated by the recipients.

Some of the training and technical assistance has been directed to helping previously-assisted coops with "second generation" problems that they encounter as they develop and mature. This type of assistance has been very helpful, not only to the cooperative organizations, but to the government agencies with which they interact.

c. Recommendations

Due to the usefulness and high value of technical assistance provided by CDOs to beneficiaries, BHR/PVC should continue to make short-term training and technical assistance an eligible use of core grant funds, but only when they are clearly tied to new business development - especially for post-project follow up to deal with "second generation" problems and to identify opportunities for trade linkages or joint-venture business opportunities.

BHR/PVC should set clear criteria and objectives for expenditures related to conference attendance, and the like, with each CDO.

5. Special Initiatives

The Cooperative Initiatives Grant Program (CIGP), also referred to as the Special Initiatives activity, was initiated in 1988 and originally provided funding in the range of \$100,000 to \$300,000 over a three-year period for any one special initiative. Its purpose was to enable CDOs to initiate innovative approaches and non-traditional solutions to cooperative development problems resulting in the mobilization of additional resources directed at strengthening the private sector through cooperative development. In FY 94, a three-year grant with incremental funding (total obligation of \$2.4 million) was awarded to one lead CDO (CHF). Through the use of subcontracts, CHF was to utilize other CDOs working in different fields to obtain a synergistic effect through provision of short-term technical assistance and training. The evaluation team was requested to review this and two small cooperative initiative grants to assess: a) whether or not their objectives have been met; and b) whether or not the CIGP should be continued or expanded. Each of the three CIGPs is briefly discussed here:

a. Findings

The National Telephone Cooperative Association CIGP -- FAO-0192-A-00-3047-00, with funding of \$228,621, was signed in August 1993, was originally scheduled for completion

in April 1995, but two, no-cost extensions were granted, changing the end of project date to March 30, 1996. The Polish Telephone Training Program's purpose was "To train and educate key Polish telecommunications policy makers and policy implementers in: specialized areas of telecommunications; the operations of the U.S. telephone industry, which can be adapted to Poland; and, the business principles necessary to spur the development of privatization and competition." This grant is the third awarded to NTCA to assist with the development of the private telephone industry in Poland.

The first grant for \$320,200 from PVC was to bring community-owned telephone service to rural Poland. The second related grant from ENI was for \$259,750 with a subsequent add-on of \$480,937. This was to replicate the initial grant-funded activity in Poland and make NTCA's services available to other ENI countries.

Under the grant in review, a series of seminars and conferences was conducted in Warsaw and at the TPSA training center in Kielce, southern Poland. In addition, a study tour in the United States was held in April 1995 for eight Polish telecom officials from the Ministry of Telecommunications (TPSA), and for representatives from independent Polish telephone companies. This grant was evaluated separately during the latter part of March 1996 by an independent consultant with input from NTCA staff based in Washington and in Warsaw. A copy of this evaluation report has already been submitted to BHR/PVC. While it is difficult to separate-out which benefits derive from which grant, including technical assistance provided under the CPSG, all indications are that this CIGP has been successful in paving the way for continued expansion of private telephone company development in rural areas of Poland. This includes NTCA assistance in changing the mind-set of officials of Poland's Ministry of Telecommunications that there was indeed a role for independent telephone companies in rural areas, which would not be competing with TPSA (the State monopoly), and subsequently negotiating the independent companies' connections and revenue sharing for national and international calls with the national telephone system operated by TPSA (see narrative on three such companies following the evaluation of NTCA in Part Two of this evaluation report).

The World Council of Credit Union's CIGP - # FAO-0192-A-00-4058-00, the second such award to WOCCU, was made effective 26 September 1994, for \$ 100,000. This was later supplemented with an additional \$136,482 from USAID/Yaounde, the U.N. Food and Agriculture Organization (FAO), the Credit Union Federation of South Africa, and WOCCU. WOCCU anticipates that total committed funding for this project (by June '96) will be \$562,817. This current CIGP is for the African Credit Union Expansion Program (or InfoCoopec International Extension Program). It is facilitating the installation of computerized credit union control and monitoring systems (earlier developed and installed in Togo), in 50 credit unions in eight West African countries. To date, WOCCU has installed 32 such systems in 5 countries and has trained eight EDP professionals to install these systems.

WOCCU's first CIGP was used to develop "safety and soundness" guidelines both for internal control of credit unions and for application of external regulations of credit unions. WOCCU is now forming alliances with software firms in the U.S. and Australia to sell basic and more sophisticated versions of its safety and soundness guidelines.

The Cooperative Housing Foundation's CIGP - # FAO-0192-A-00-4059-00 was awarded on September 29, 1994 in the amount of \$2,471,108 and is titled "Model Project for NGO Development in Romania." The project's objective is "To assist in the development of economically viable NGOs through the provision of training, technical assistance, financial, and other resources." The focus of the program is on the selection of local NGOs for intensive training and technical assistance that will enable the NGOs to provide services and credit to their members. To date, five such NGOs have been selected and intensive services are being rendered to the first four. It is too early in the project to determine what the ultimate success of the project will be. However, the project does have four client, registered NGOs who are working closely with the CHF team in Timisoara to develop their activities.

b. Conclusions

A number of questions regarding the "Special Initiatives" need to be answered. The first is have the objectives of the three CIGPs been met? The answer for the two small grants to NTCA and WOCCU is "yes." The answer for CHF's CIGP is, it is too early to tell.

The second question is, were the projects innovative?

NTCA's project can be considered innovative in that it was instrumental in the development of rural telephone systems in a country where the national telephone system was owned and managed by the Government of Poland. It was innovative in showing the people of Poland that small, independent telephone companies could be developed, be profitable and provide a very valuable service to rural areas where few telephones existed.

The WOCCU project has developed and installed computerized accounting systems in many West African countries and trained local professionals to operate and maintain these systems. Was it innovative? Maybe not. Was it a special initiative? Yes. It was a WOCCU initiative, developed as a result of WOCCU seeing a need, developing a product that would solve that need, refining it, and making it available to numerous small credit and savings associations in West Africa.

CHF's program in Romania can be considered innovative in that it was BHR/PVC's first attempt to develop a program where the complementary capabilities of all (or most all) of the CDOs could be harnessed in one project to focus on the economic and social development of a region or district in one host country. The program is also innovative

in the sense that it is encouraging and assisting Romanian people to band together in cooperative societies or associations to work for their mutual benefit - a new concept for citizens subjected to repressive communist rule for over 40 years.

The third question is, did the "Special Initiatives" project mobilize additional resources? NTCA's program in Poland resulted in the creation of at least four operating, independent telephone companies. These companies mobilized additional resources by obtaining investment capital from local citizens, local government agencies, the U.S. Ex-Im Bank, the International Finance Corporation, and a European investment company. WOCCU was successful in parlaying a \$100,000 special initiatives grant into a \$562,000 program. CHF's program has the potential to mobilize additional capital from several sources including the American-Romanian Enterprise Development Fund.

The fourth question is, whether or not the program or project could have been funded by the USAID Mission. NTCA's program in Poland could likely have been funded by the Mission due to its limited level of funding. However, at a time when the Mission was relatively newly established in Warsaw, it may have not been able to focus on developing and funding this type of project. There may also have existed other, higher priorities for Mission funds, while welcoming AID/W funding of the program. Due to its Africa regional focus, the WOCCU project was not a valid candidate for Mission funding. However, as stated above, WOCCU has been successful in getting other Missions to contribute funds or allow WOCCU to leverage additional project funds in support of its InfoCoopec International Extension Program. CHF's program in Romania would not likely have been created by the Mission, as the CDOs would not have joined together on their own to develop their "Model Program for NGO Development in Romania" without encouragement and a promise of funding from BHR/PVC.

The fifth question is, whether or not it is consistent with current USAID "re-engineering" policy to continue to allow special initiative projects, which can be funded by Missions, to be funded under this Program? In other words, should CIGPs be limited to projects that are innovative for some reason, and help with institution building of the CDO and its overseas clients? An example would be WOCCU's development of their computerized accounting systems for West African Credit and Savings Unions.

The last question is, whether or not the CIGP is worth the additional contracting time it involves? The main disadvantage in creating separate initiatives is the amount of time required to evaluate, select, award and monitor small grants, in relation to large grants. For this reason, BHR/PVC believed that large CIGPs like the one awarded to CHF was "the way to go." However, most of the CDO "subcontractors" to CHF under its Romanian Program are unhappy with their relationship and role in the project and will likely not opt to be subcontractors on a future CIGP unless they are assured of a significant role in the Program's design and implementation.

c. Recommendations

The recommendation of many CDOs and the evaluators is to make a provision in designing a new RFA for including CIGP components or activities within the CPSG rather than funding it separately. This eliminates the need for a second RFA and two grant agreements with each successful CDO. CDOs can be awarded their CPSGs with or without a CIGP component, depending upon the relative priority they give to the CIGP and the amount of funds available for special initiatives. If funding were not adequate to provide a special initiative grant to all CDOs, those with the best proposals would get funding.

If USAID decides to continue the CIGP, it should develop more specific parameters of what constitutes "innovative approaches," and "non-traditional solutions" to cooperative development problems and include these new parameters in the next RFA. USAID should also be ready to tell a CDO whether or not it considers their CIGP proposal either an innovative or non-traditional solution to cooperative development.

If CDOs come to USAID, PVC should be willing to discuss with them their concepts for innovative approaches or special initiatives before the CDOs spend time and money on proposed activities which may or may not be acceptable. A preliminary statement from USAID that it considers a CDO's approach to be either innovative or special should not imply that USAID will accept the resulting proposal, simply because the original idea was sound.

USAID should also consider, in deciding whether or not to continue funding individual, small CIGPs as part of the CPSG, the potential desirability of enticing new U.S. operating cooperatives (especially those in the agricultural/agribusiness sector) to get involved in international cooperative development. It would be easier to entice new "players" with small grants allowing them to gain experience, before encouraging them to submit a CPSG proposal in competition with the current CDOs. These enticement grants could be presented in collaboration with one of the present CDOs who could serve as a mentor and facilitator for the new cooperative organization as it breaks into the international field.

B. The Future Cooperative Development Program

1. Program Accomplishments and Lessons Learned

USAID's Cooperative Development Program has had a very beneficial impact over the years, both on the growth and development of cooperatives overseas, and on the economic growth experienced by the countries in which USAID-assisted cooperatives work. The Program has been instrumental in supporting the development within several U.S. cooperative movements of predominant capabilities to assist foreign cooperatives

and other NGOs. These capabilities are based on the CDOs' ties to member cooperatives in the U.S., and on the technical approaches the program has permitted them to refine with years of USAID support. The CDOs have been available to USAID Missions and other donors which have been able to call upon the CDOs on relatively short notice to tackle development problems in all corners of the globe, and to get to work and achieve results quickly. But this is not all. They also have the potential to become permanent, self-sustaining and independent outreach programs of important American cooperative organizations as world trade and cross-border linkages proliferate, and thus contribute to economic growth here and abroad.

This state of self-sufficiency has not yet been reached despite a very long period of financial support for many of the CDOs. Perhaps USAID support needs to be more targeted or conditioned enough to ensure that the international programs of the CDOs become more financially viable and sustainable for the future. Be that as it may, all USAID's programs have now entered an era of reduced resources where sustainability of the development organizations with which USAID partners itself overseas is just as important as the sustainability of developing country organizations which benefit from the assistance provided. USAID is being forced to look for ways to do business differently and is in the process of closing bi-lateral Missions in numerous countries. In this context, the existence of self-sustaining, U.S. private non-profit organizations able to carry out their own development cooperation programs -- even in countries where USAID no longer works directly -- becomes more necessary. An opportunity exists, therefore, for USAID to work collaboratively with the CDOs during the next stage of the Cooperative Development Program to make the above vision more of a reality. This will require USAID and the CDO community to collaborate differently than they have in the past. It will also require that there be a period of transition under any set of CPSG grants as the CDOs and USAID move from the present mode of doing business, to a new strategy based on new realities.

2. Issues and Recommendations Regarding Future Program Strategy

Issues:

USAID needs to make some basic programmatic decisions before it proceeds with the next phase of the Program:

a. Program Objective

What is USAID's basic objective in supporting CDOs? Does it support development of CDOs only so they can be available for use by USAID Missions when their expertise fits within USAID's country-specific strategic objectives? Or, so they can develop their own sustainable programs in support of cooperative development in Third World countries? This question relates both to the program to date, and to the future. There appears to

have been some inconsistency with respect to this basic question at different times during the CPSG program. If the latter has been the intention, why has USAID provided so much direct financial support for CDO overhead costs over the past thirty years (surely long enough to reach a point of self-sufficiency)? Other USAID grantees and contractors have maintained viable technical assistance programs without the benefit of direct USAID support for part of their overhead costs. If the latter is the intent for the future, would it not be advisable for USAID to more consistently allow the CDOs more flexibility to use core grant funds to develop programs for other donor, host country public or private sector, or membership funding? Is either alternative acceptable under the Foreign Assistance Act of 1961?

It is recommended that USAID answer the question one way or the other, and design the future CPSG accordingly. The Evaluation Team's preference is to opt for supporting the development of the CDOs' own international programs so that they can be permanent vehicles for U.S. development cooperation overseas. If PVC agrees, it should set specific objectives in this regard for the next round of grants.

b. Focus on Cooperative Development

Should CPSG funds be used only for cooperative development activities as implied in the RFA for the CPSG grant agreements beginning in FY 94? Many of the overseas organizations which have received support from CDOs are neither cooperatives nor organizations which are directly related to the welfare of overseas cooperatives (e.g., regulatory authorities of credit unions). There are arguments in favor of both sides to this question. If the intent is as stated in the RFA, USAID needs to be more pro-active in monitoring the use of CPSG funds by the CDOs to ensure that funds were spent only for cooperative development. On the other hand, there are limits to the number of cooperative programs likely to be developed that can be justified on economic and sustainability grounds. Also, CDO activities in support of organizations which were not coops have had beneficial developmental impacts in the past, and allowing CDOs to work with other types of client organizations has allowed them a better chance to attain their long-term financial viability. Is it possible for USAID to allow CDOs to sustain themselves with a portfolio of predominantly (but not only) cooperative programs, through the use of CPSG funds for some non-coop programs? Or would this vitiate the argument for allowing continued subsidies to the CDOs based on the cooperative nature of their programs? The Evaluation Team recommends that USAID determine that a majority (but not all) overseas programs supported with core funding, be with cooperatives.

c. Participation of Current CDOs in Future Cooperative Development Programs

A related issue is whether all of the current nine CDOs are sufficiently involved in cooperative development sectors (in which USAID will continue to be involved) to have participation in the Cooperative Development Program serve as the basis for their partnership with BHR/PVC. USAID's main work with cooperatives overseas is in the agriculture/ agribusiness and financial services sectors and not in power and telecommunications development (NRECA and NTCA's areas) - See Section II.B.2.f. below for a specific discussion of these two CDOs. Similarly, two current CDOs, VOCA and CHF, either do not work primarily in the agriculture or financial services sectors, or do not focus primarily on cooperatives as clients; yet they both have been achieving good developmental results in their programs. Would they more easily be able to continue doing so outside of the Cooperative Development Program; for instance, under the PVO Matching Grant Program? If these CDOs moved out of the Cooperative Development Program, PVC might decide to choose to augment the impact of its Program in the agriculture and financial sectors by inviting more U.S. cooperatives or cooperative organizations specializing in those sectors to consider participating in its Program. The Evaluation Team brings these issues up for USAID's consideration without having any particular preferences one way or the other. But USAID should make its own decisions regarding them before it proceeds with the next CDO RFA.

d. Structuring of the Next Phase Core Grant

Should USAID alter the four major program objectives of the CPSG? Most of the CDOs are currently provided with core funds which they choose to use to finance the time of selected home office personnel and related costs involved with new project development, development of CDO technical and program delivery capacities, fund-raising efforts, provision of limited TA and training services which cannot be charged to ongoing projects, and outreach to the cooperative community, including conference attendance.² After PVC decides on the objectives it will aim to achieve under the next phase of the Program, it will need to decide what categories of CDO costs to support, for how long, and under what conditions. To date, USAID has not requested that CDOs propose uses for core funds in relation to CDO plans for business development, organizational development and financial sustainability, but it is strongly recommended that it do so for the next round of grants. This will enable USAID to encourage CDO

² The exceptions to this are: a) VOCA which until recently has used all CPSG funding for volunteers which could not be charged to its larger FTF and SEED Programs, and now wants to use PVC funds for the fixed costs under its other USAID-funded programs; and b) AAC/MIS which uses 100% of its funds for program in Latin America and does not even maintain a home office at the Program's expense.

Boards to spearhead planning processes for their organizations and to base support extended to the CDOs on their own organizational and program development plans.

The next round of CDO grants should provide specific rather than general funding assistance support to cover overhead costs. The types of costs USAID chooses to be eligible for financing need to be related to the objectives USAID defines for the next phase of the Program. CDOs should be invited to apply for support in one or more of the eligible cost areas to be identified by USAID, and to propose specific objectives, targets (and indicators of success) they plan to reach under each cost category applied for. In considering CDO proposals for specific types of financing, BHR/PVC would take into account all other sources of revenue received by the CDOs (from other USAID offices, other donors, member organizations, and for services sold) and what those funds are used to finance. USAID would indicate clearly to the CDOs what costs it chooses to support, for how long, and under what conditions.

As part of the transition to decrease dependence on core grant resources for new program development, USAID should inform the CDOs that the new round of core grants cannot be used for preparation of responses to competitive RFPs and RFAs, and that the use of core grant funds for preparation of unsolicited proposals for USAID Missions will be phased out over a two-to-three year period. To accommodate this change, the CDOs will need to increase their overhead rates to allow them to cover these expenses through the overhead charged on active projects within their portfolios. At the end of the transition period, an evaluation should be conducted to assess the extent to which the CDOs have been successful in switching the costs for preparation of unsolicited proposals for USAID Missions from the core grant to overhead. Appropriate sanctions and incentives should be used to assist in achieving this objective. The use of core grant funds for preparation of proposals for funding by non-USAID sources should also be reduced and eliminated, with a switch to overhead funding, but with a longer period allowed, perhaps 4 to 5 years.

Organizational development to prepare CDOs for greater self-sufficiency should be made a much more important component, if not the most important component, of USAID support. Program development and resource enhancement should be combined. CDOs would be requested to advise USAID of the countries in which they planned to focus new business development efforts, what they hoped to accomplish, and whether USAID Missions were already cooperating with them or not. This category would include support for detailed CDO business development strategies which would be more proactive, rather than just reacting to and preparing responses for requests for proposals. Emphasis would be put on efforts to: get financing from CDO membership; obtain new awards for programs funded by non-USAID sponsors; and develop "second-generation" activities to produce fee income from successful, former clients. Limited Program Services would be allowed and encouraged, but within set financial limits, and as relevant as possible to new business development.

USAID should consider making the next Cooperative Program Support Grant a five-year award, with a base 3-year grant agreement with 2, one-year options. This might satisfy USAID management's reluctance to contract forward for a full five years. It would also provide BHR/PVC with the flexibility to extend or not extend any one grant agreement, depending upon available funding for years 4 and 5, and its measurement of the performance of each CDO against the agreed-upon targets established within the CDO's proposal under the next core grant.

e. Program Restrictions Stated in the RFA

References on pages 2 and 3 of the last RFA state that some restrictions on core grant use will apply to the use of CPSG funds. However, these do not appear in the CPSG cooperative agreements. The question for PVC is whether these restrictions should have been in effect, even though they were not stated in the cooperative agreements, and how strict PVC should be in the future in enforcing stated restrictions. The restrictions mentioned in the RFA include:

- **Unfair Competition**

CPSG funds are not to be used where they provide a competitive cost advantage in seeking contracts from USAID or other funding agencies. This must include using CPSG funds for preparation of proposals in response to RFPs for USAID contracts. Also, should CDOs be allowed to use core funds to write proposals in response to competitive RFAs, in view of the fact that this may allow them an unfair advantage over other PVOs which must absorb such costs themselves?

- **Country Selection**

CPSG funds are not to be used to finance costs directly related to activities in countries temporarily ineligible for USAID assistance, or, except when specifically approved, in countries no longer assisted by USAID. Should CDOs be allowed to use core funds to develop proposals for funding by other donors, or by foreign clients themselves, in countries where USAID no longer operates bilateral programs? Guidance on this appears to have changed during this CPSG, according to a number of CDOs interviewed. CDOs stated that they were asked to target core-funded activities as much as possible to "USAID countries." Later, CDOs were officially advised not to use core money in phased-out countries. Now, we have been told that top USAID officials are rethinking their position on this restriction. The current policy constrains some CDOs' ability to generate funding from non-USAID sources, while at the same time USAID is encouraging CDOs to seek non-USG financed projects. For example, should CDOs be allowed to use CPSG funds to develop project proposals: (a) for other donor funding in countries where USAID no longer maintains a bi-lateral program; or (b) in countries in which USAID operates, but which fall outside of the Mission's "strategic objectives" for

that country? Another question is whether CDOs should be allowed to use core funds to develop proposals in countries where USG agencies are not allowed to support commercial and development activities, e.g. China. The evaluators believe CDOs should be allowed to use core funds to attract other donor funding in USAID "graduate countries," and for projects in sectors other than USAID Mission core sectors, but not in countries such as China, where USG restrictions are in force.

- **Subsidizing of Field Projects**

The current RFA states on page 2 that CDOs should not use core funds to subsidize their field projects. On page 15, it states that central funding under the Cooperative Agreement will not be a major source of support for the CDO's field activities. Are the types of limited backstopping services provided by NCBA with core funds for its projects in Egypt and El Salvador acceptable? Is the production of accounting manuals for a project being implemented under a separate USAID contract acceptable? Do exceptions have to be made for AAC/MIS and VOCA field programs carried out with core funds with USAID's full knowledge and approval?

f. Should CDOs be subject to compliance audits?

For-profit contractors working under federal government contracts are subject to financial and compliance audits. Exempting non-profit groups from compliance audits when they are utilizing millions of dollars of U.S. Government funds is not sound even though legally they are currently exempted. USAID needs to know whether CDOs have been complying with USAID regulations relative to: a) starting salary levels and annual increases; b) use of U.S. flag carriers; c) use of business class vs. economy travel; d) adherence to USAID maximum allowances for lodging and M&IE; etc.

g. Future Role of NRECA and NTCA

Should BHR/PVC continue to provide core grant support to NRECA and NTCA? In view of USAID's declining resources and the demands on those resources, it appears unlikely that USAID will be able to continue funding significant investments in rural electric and telephone cooperative development. Thus, the evaluation team considered whether it made sense for BHR/PVC to continue to provide core grant support to NRECA and NTCA in the future.

After over 30 years of working in the field, NRECA has assisted in the development of rural electric cooperative systems in many countries. As the systems have grown and matured, NRECA has begun to take on a different role. Instead of assisting in the establishment of many new cooperatives, NRECA is now working increasingly on helping existing cooperatives and their counterparts in the public sector to deal with a host of "second generation" problems, such as system loss reduction, cooperative involvement in

ownership and/or management of generation and transmission facilities, and cooperative involvement in renewable energy programs. NRECA is also starting to work increasingly with organizations like the World Bank and the UNDP in carrying out programs to deal with this new set of problems. None of the \$2,094,000 in awards received by NRECA using current core grant funds came from USAID. After examining this experience, the evaluation team concluded that this new role for NRECA makes sense. The team also concluded that USAID should continue to help assure that this impressive technical and organizational capability in which they have invested over the years be available to continue providing assistance in rural electrification in developing countries. The NRECA International Programs Division is in place, with an excellent staff and close relationships established with key players in rural electrification in Asia, Latin America, and Africa. The funding sources such as the World Bank, the UNDP/GEF and private capital are also in place. With a modest, reduced investment in core grant funds, USAID can help NRECA to continue to play a key role in rural electrification, with the bulk of funding coming from non-USAID sources. This would keep a valuable technical assistance capability in place for the developing world and would help to assure that U.S. technology maintained a strong position in the electrification of rural areas around the world.

In evaluating the relatively short experience of NTCA in international work (first USAID grant in 1990), the evaluation team came to the conclusion that it also makes sense for BHR/PVC to continue to support an international program for NTCA for two basic reasons. First, good telephone communications are a fundamental requisite for the development of businesses in rural areas which are needed in turn to achieve broad-based, sustainable economic growth in the developing world. In this case, USAID can play a pivotal role at a modest cost by supporting NTCA's ability to identify and develop opportunities for expansion of telephone service in rural areas which can be financed by sources other than USAID. Sources of funding could include host governments, international development banks and/or multi-national telecommunications companies. Second, the involvement of NTCA in advising local groups and governments on expansion of telephone services in rural areas brings with it the bonus of integrating the use of U.S. telecommunications technology and equipment in a highly competitive business environment. The donation of surplus or used U.S. equipment through NTCA's Foundation for Rural Services also opens the door for the procurement of additional, complementary and replacement equipment from the U.S. For these reasons, the evaluation team concluded that U.S. interests and foreign assistance goals would be well served by continuing to support NTCA's program development activities through the core grant mechanism.

Recommendations:

- 1) USAID should request that NRECA prepare a strategic plan for diversifying its funding base and for focusing its efforts on helping to address "second generation"

problems. The NRECA plan should also focus on opportunities for applying the cooperative and consumer-owned models as public power systems are privatized, and on promoting renewable energy approaches to electrification in rural areas. This strategic plan would serve as the basis for future USAID core grant support to NRECA.

2) USAID should request that NTCA prepare a strategy for identifying opportunities for expanded telephone service in rural areas in USAID-targeted countries which can be funded by non-USAID sources. This strategy and clearly defined targets for its implementation should be the basis for any future USAID core grant support to NTCA.

3) If BHR/PVC determines that NRECA and NTCA no longer really fit into the program objectives of the Cooperative Development Program, consideration should be given to having the Energy, Environment and Technology Office in USAID's Global Bureau enter into an Engineering Task Order type of contractual agreement that will make these two CDOs available to Missions on a "Buy-in" basis.

3. BHR/PVC Management Implications

Because of the "high maintenance" aspect of the job and limited available support staff, PVC/CDO Program Staff appears currently to spend more time on program administration tasks than on definition of program policies and establishing and monitoring CDO performance. If the recommended modifications are made by BHR/PVC in the Cooperative Development Program, PVC will need to take the lead in reviewing Program policies to see if they are still relevant, establishing clear program objectives, informing the CDOs of objectives and parameters for the next round of grants, and working with each CDO accepted to participate in the next Program round to reach specific agreements regarding what they will achieve with USAID support. PVC will have to set CDO performance targets and deadlines, and monitor CDO performance against program objectives. This shift from administrative to performance management by PVC project officers will require that administrative tasks associated with management of the Program be taken care of by assigning full responsibility for selected tasks to the CDOs themselves, and through the drafting of cooperative agreements that are less subject to interpretation. The PVC Program Officer should also be provided with an Administrative Aide who is willing and able to manage the majority of the remaining administrative tasks.

A number of USAID Missions are generally unaware of the Cooperative Development Program's existence and the possibilities it holds for their programs. PVC should significantly strengthen its collaboration with Missions under the Program. PVC needs to better inform the Missions of the existence of the Program, explain why it is in the interest of USAID Missions for USAID to support selected CDOs (rather than just release funds currently used for this to the dwindling pot of funds available to Missions for "their own" programs). PVC should let Missions know about the program design and

implementation capabilities that CDOs offer, find out what ways Missions could improve the CDOs usefulness to them, and generally market the Program opportunities better with the Missions.

The substantial involvement understandings (SIUs) used by USAID are identical in each of the nine current CDO cooperative agreements. They may not all be appropriate. For instance, to what degree should the PVC Program Manager be involved in "...the selection of sites, methodologies, and strategies to be used in field activities funded under this Cooperative Agreement." Many of the general SIUs do not appear to merit the work required by PVC to implement them. PVC should develop SIUs which are pertinent to its oversight of the CPSG and are worded clearly to define the intent and extent of PVC's oversight and involvement in approving activities proposed by the CDOs. Some of these SIUs may be general in nature and apply to all CDOs, while other, very specific SIUs may apply to individual CDOs.

The Overseas Cooperative Development Council (OCDC) functions primarily as the CDOs' umbrella organization for coordination and lobbying efforts. BHR/PVC may not be taking full advantage of its potential for coordinating USAID's relationships with the U.S. cooperative movement. PVC should determine whether it can adequately interface with the U.S. cooperative movement through OCDC.

Information on the Program available to PVC is partial and scattered. It is particularly difficult, if not impossible, to monitor CDO expenditures of Program funds with the use of direct letters of credit. In future cooperative programs, PVC should require the CDO implementors, in their Quarterly and Annual reports, to report on expenditures made in relation to approved budget line item totals in their cooperative agreements. This reporting should show: a) cumulative funds spent through the previous quarter; b) funds spent this quarter; c) total funds spent to date; d) funds remaining; and e) the original budget.

To gather information on Program results over time, USAID should consider doing an impact evaluation of the Program in collaboration with the CDOs which have been working under the Program. Consideration might also be given to doing a "best practices" study to identify the strategies CDOs have most successfully used over the years to meet the objectives of the Program.

Part Two, which follows, includes the write-ups on the Headquarters interviews and field projects reviewed for each of the nine participating CDOs. These are grouped by each individual CDO.

Table 2

**COUNTRIES IN WHICH CDOs HAVE DEVELOPED
NEW ACTIVITIES/PROJECTS USING CURRENT CORE GRANT FUNDS**

CDO	COUNTRY/ORG	NEW ACTIVITY/PROJECT	AWARD \$
ACDI	Egypt - USDA	Agricultural Market Information	\$975,000
	Ethiopia - AID	Rural Credit & Microenterprise Dev.	\$203,000
	Russia - AID	Reverse Farmer-to-Farmer	\$1,000,000
	Uganda - AID	Masindi District Buffer Zone	\$1,500,000
	Uganda - WB	Cotton Subsector Development	\$200,000
	Global - AID	Alternative Effluent Treatment Tech.	\$150,000
		ACDI TOTAL	\$4,028,000
AAC/ MIS	NONE		
CHF	Antigua - OAS	Parham Town Improvement	\$17,505
	Armenia - AID	Housing Maint. & Mngt Training	\$109,625
	Dominica - OAS	Caribbean Disaster Mitigation	\$10,000
	Ecuador - PLAN	Home Improvement Loan	\$94,600
	Ecuador - AID	Urban Environment	\$106,213
	Eritrea - SUM/Cons	Housing Support	\$7,100
	Guatemala -AID	Communities in Transition	\$1,088,399
	Haiti - GTZ	Landfill Rehabilitation	\$43,071
	Haiti - GOH	Economic Consulting	\$3,143

	Haiti - FAC	Jobs Creation	\$947,000
	Kazakh & Kyrgyz - PIET/AID	Housing Maint. & Mngt. Training	\$111,235
	Kazakh & Kyrgyz - AED/AID	Housing Maint. & Mngt. Training	\$109,980
	Mexico - Cummins Foundation	Housing Needs Assessment	\$24,000
	Mexico - Cummins Foundation.	Pilot Loan Program	\$50,000
	Mexico - Ford Foundation	Program Related Investments	\$1,250,000
	Paraguay - AID	Cooperative Housing Initiative	\$67,772
	Philippines- GOP	Low Income Housing Proj. Concept	\$27,000
	Philippines- GOP	Low Income Housing Implementation	\$409,569
	Poland - Bankers Trust	Cooperative Housing Assessment	\$25,000
	So. Africa - AID	Cooperative Housing Delivery	\$1,200,000
	Central America - AID	Local Environmental Policy and Program Initiatives	\$1,994,842
	Global - AID	Cooperative IQC	Indefinite
		CHF TOTAL	\$7,696,054
LOL	Albania - AID	Expansion of LOL's Dairy Improvement Program	\$1,500,000
	Bulgaria - AID	Integrated Dairy Development	\$309,638
	Hungary - AID	1995 Agribusiness Training Program	\$199,258
	Lithuania - AID	Dairy Restructuring Credit Program	\$750,000
	Macedonia - AID	Marketing & Livestock Improvement	\$2,766,950

	Poland - AID	Private Sector Business Development	\$1,500,000
	Russia - USDA	Feed Grains Monetization	\$405,347
	Uganda - AID	Private Sector Dairy Development	\$700,000
	Uganda - AID	Dairy Business Development	\$1,500,000
	Ukraine - USDA	Feed Grains Monetization	\$622,600
		LOL TOTAL	\$10,253,793
NCBA	El Salvador - AID	Rural Economic Growth	\$2,300,000
	Guinea - AID	Rural Enterprise Training & Develop.	\$3,900,000
	Mozambique -AID	Rural Group Enterprise	\$1,400,000
	Sao Tome - AID	Cooperative Crop Protection & Mktg	\$300,000
	Sao Tome - IFAD	Support/Promotion of Agric Groups	\$1,060,000
		NCBA TOTAL	\$8,960,000
NRECA	Bolivia - TDA	Electrification Study	\$302,000
	Brazil - Brazil Coop. Federation	Technical to Brazil Cooperative Federation	\$215,000
	Costa Rica - CRECF	Technical assistance/Joint Purchasing	\$90,000
	Central America & So. Africa - DOE	Renewable Energy	\$355,000
	Latin America - DOE	Renewable Energy	\$430,000
	Mexico - DOE	Renewable Energy	\$500,000
	Peru - UNDP	Dev. of Rural Electrification Strategy	\$74,000
	Philippines - WB	Regional Repair Center Study	\$128,000

		NRECA TOTAL	\$2,094,000
NTCA	NONE		
VOCA	NONE		
WOCCU	Bolivia - AID	Credit Union Financial Strengthening	\$1,024,098
	El Salvador - IDB	FEDECACES & FEDECREDITO Assessments	\$20,000
	Guatemala - FENACOAC	Technical to Credit Union Federation	\$833,937
	Guyana - IDB	Institutional Assessment of Credit Unions and Potential for Growth	\$20,783
	Jamaica - IDB	Credit Union Strengthening	\$1,000,000 P
	Madagascar - WB	Credit Union Development	\$503,800
	Malawi - AID	Financial Services for Small Burley Tobacco Producers	\$1,700,000 P
	Nicaragua - IDB	Informal Financial Intermediaries	\$56,009
	Poland - AID	Savings & Credit Union Development	\$1,400,000
	Romania - AID	Credit & Savings Associations	\$1,000,000
	Trinidad - IDB	Assessment of Credit Union Practices, Soundness and Services	\$31,000
	Ukraine - AID	Building Credit & Savings Unions	\$1,000,000
		WOCCU TOTAL	\$8,589,627
		GRAND TOTAL	\$46,302,674
		P = Pending Grant Agreement. CDOs notified of their selection.	

Table 3

**COUNTRIES PROVIDED TECHNICAL ASSISTANCE AND TRAINING
BY CDOs UNDER THE CURRENT CORE GRANT**

CDO	Country	Technical Assistance	Time Period
ACDI	Romania	Provided two advisors to assist the Romanian Meat Processors Association evaluate its potential to purchase several state-owned rendering plants.	?
	Romania	Funded a U.S. observational tour for ten leaders of the new Romanian Commodity Exchange.	11 Feb - 5 Mar 95
	West Bank & Gaza	Aquaculture Course Beekeeping Training Olive Oil Processing Training Fruit & Vegetable Post Harvest Handling Course	Sept 94 Oct 94 May-Dec 94 Nov 94
AAC/ MIS	Bolivia	Provided one advisor to consult with private interests re the approach to establishing a mutual insurance company	3-20 Jun 95
	Czech Repub.	Assistance in Computerized Accounting Systems	
CHF	Antigua	Provided technical direction for the formation of the Parham Town Improvement Cooperative.	June 94
	Bolivia	Provided TA. for identification and preparation of feasible cooperative housing projects.	Nov 1994

	Dominica	Assisted local NGOs to improve their ability to carry out community outreach and public education programs and conduct credit surveys.	June 94
	Gaza	Provided TA. to local SMEs creating jobs, and introducing a recoverable lending program.	Oct 94
	Guatemala	An advisor helped establish a unit to provide TA. and training to municipalities and communities.	Oct 95
	Mexico	An advisor helped with formalization of a partnership with other maquiladoras and local organizations for the development of a housing assistance program.	Jan 96
	Paraguay	Assisted a local NGO strengthen its capability to administer home improvement lending programs with its affiliated credit unions.	Jan 95
	Romania	Assisted a local NGO strengthen its capacity to provide services and credit to its members.	May 95
	St. Lucia	Assisted local NGOs with community outreach, public education and credit surveys	Jun 94
	South Africa	Provided an advisor to assist the SAG diversify its housing delivery system.	Jan 95
	Namibia	Assisted in launching the implementation phase of Windhoek's Low-income Housing Program.	Aug 94
	Philippines	Advised and assisted the GOP's DSWD develop a model program for urban poor.	Jan 96
LOL	Albania	Mr. Lilzim Daci of the MOA received training in the US on Dairy Policy, and Private Sector Dairy Operations	Jan 95

	Albania & Macedonia	7 Albanians and 6 Macedonians received training in alternative methods of extension.	Apr 95
	Albania	Provided a one-week training seminar on NGO development	Jun 95
	Lithuania	2 advisors prepared environmental audits of several dairy plants.	Nov 94
	Mexico	A consultant advised on dairy quality issues	Oct 95
	Poland	3 advisors assisted several dairy coops evaluate the possible installation of a whey drying facility.	Oct - Nov 94
	Russia	Provided financial advisement on a Monetization Fund Loan Program.	Mar 95

	Russia	Presented a training session and conference on agricultural production.	Sept 94
	Uganda	2 advisors prepared a financial profile on several state-owned dairies re their privatization	May 94
	Ukraine	Training, in Poland, on dairy coop development and management	May 95
NCBA	Benin	Facilitated an Evaluation Workshop	Oct-Dec 95
	Burkina Faso	Developed 2 videos for Community Health Proj.	Jan-Mar 95
	Burkina Faso	Facilitated a Training Workshop	Jul-Sept 95
	Columbia	US Participant Training in Guarantee Fund Mechanisms for Pres. of a Coop. Insurance Co.	Apr-Jun 95
	Egypt	Preparation of Microenterprise Credit Training Materials	Apr-Jun 95
	El Salvador	US Participant Training for Minister of Agric and Reps of National Union of Coffee Growers	Apr-Jun 95

	Kenya	Assist With WB-led Cooperative Sector Analysis	Jan-Mar 95
	Nicaragua	Review Design of UNAG Proposed Project	Oct-Dec 95
	Trinidad	Assisted Coops Define Needs for TA & Tng.	Jan-Mar 95
	West Africa	Facilitated a WB Workshop on Natural Resources Management in West Africa	Oct-Dec 95
NTCA	Romania	Hosted Delegation of Telecommunications Officials Headed by the Minister of Telecom	May 95
	South Africa	Hosted Minister of Post & Telecommunications, Policy Makers and Entrepreneurs	Dec 94
NRECA	Argentina	Conducted Seminar and Study Tour for Electric Coop. Leaders and GOA Officials	Feb 95
	Brazil	Organized a Seminar and Study Tour for the Brazilian Electric Cooperative Federation	Feb 95
	Colombia	Workshop for Power Sector Leaders on Privatization Through Cooperatives	Mar 95
	Guatemala	Created a Local Foundation for Promoting Grassroots Electrification Development	Jan-Mar 95
	India	Assisted 39 Electric Cooperatives form a National Organization	Jan-Mar 95
	Peru	Co-sponsored, with GOP, a Workshop on Rural Electrification Institutional & Economic Policy	Apr-Jun 95
	Philippines	Conducted a Loss-reduction Seminar	Jan-Mar 95
	South Africa	Presentations on Electrification Programs Based on Stand-alone Photo-voltaic Systems	Jul-Sept 95

VOCA		19 TA assignments in Bolivia, Brazil, Cambodia, Grenada, Guatemala, Honduras, Malawi, Namibia	Ethiopia, Philippines
WOCCU	Africa Reg.	Training of ARP Technical Unit in CUD Model	
	Bulgaria	Seminar to Trade Unionists Interested in Credit Union Development	
	Croatia	Assisted in WB Credit Union Analysis	
	Czech Repub.	Establishment of a PTP Consultancy Program	
	El Salvador	Review of Credit Union Legislation	
	Kenya	Revision of ACCOSCA Initiatives	
	Lithuania	Review of Credit Union Act	
	Mexico	Review of Credit Union Legislation & Regulations	
	Norway	Seminar to Cooperative Housing Association	
	Russia	Coordinate With PTP Internships	
	South Africa	Credit Union Financial & Institutional Analysis	
	Sri Lanka	Credit Movement Bank Formation Study	

PART TWO

MID-TERM EVALUATION OF THE COOPERATIVE DEVELOPMENT PROGRAM

REPORTS ON INDIVIDUAL COOPERATIVE DEVELOPMENT ORGANIZATIONS AND THEIR FIELD PROJECTS REVIEWED

I. AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)	3
A. Egypt: The Market Information Project.....	15
B. Uganda: Title II PL 480 Monetization of Vegetable Oil.....	18
C. Uganda: Pilot Project for Environmental Protection and Economic Development in the Masindi District.....	20
D. Philippines: Fisherfolk Advocacy for Sustainable Aquatic Reform.....	22
II. AMERICA'S ASSOCIATION OF COOPERATIVE/MUTUAL INSURANCE SOCIETIES (AAC/MIS)	23
A. Bolivia: Cooperativa de Seguros Crucena, Ltda.....	30
B. Guatemala: Guatemala Credit Union Insurance Project.....	33
III. COOPERATIVE HOUSING FOUNDATION (CHF)	37
A. Guatemala: Communities in Transition.....	50
B. Philippines: Livelihood Financing and Development Project.....	53
C. Poland: Cooperative Housing in a Market Economy.....	55
D. Romania: A Model Project for NGO Development in Romania.....	58
IV. LAND O'LAKES, INC. (LOL)	65
A. Poland: Restructuring Agriculture and Agribusiness, Private Sector Program.....	78
B. Romania: Private Dairy Business Acceleration Program.....	83
C. Uganda: Private Sector Dairy Development.....	87
V. NATIONAL COOPERATIVE BUSINESS ASSOCIATION (NCBA)	91
A. Egypt: Small and Micro Enterprise Development.....	101
B. El Salvador: Nontraditional Agricultural Exports.....	104
VI. NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION (NRECA)	111
A. Bolivia: Electrification for Sustainable Development (ESD).....	121
B. Philippines: Country Programs.....	126

✓

VII. NATIONAL TELEPHONE COOPERATIVE ASSOCIATION (NTCA)	129
A. Poland: The Polish Telephone Training Program — Tyczyn Cooperative	140
B. Poland: The Polish Telephone Training Program — Telefony Brezeskie.....	144
C. Poland: The Polish Telephone Training Program— Telekomunikacja Debica.....	146
VIII. VOLUNTEERS IN OVERSEAS COOPERATIVE ASSISTANCE (VOCA)	149
A. Bolivia: Country Programs	158
B. Central America: Country Programs	163
C. Guatemala: Centro Maya Project.....	167
D. Philippines: Country Programs.....	170
IX. WORLD COUNCIL OF CREDIT UNIONS (WOCCU)	173
A. Bolivia: Micro and Small Enterprise Development.....	183
B. Romania: Introducing Savings and Credit Unions in Romania.....	187

APPENDIX A:

Scope of Work for a Midterm Evaluation
of the Cooperative Development Program

APPENDIX B:

Evaluation Team Itineraries and Persons Interviewed

APPENDIX C:

Contact List for the 1996 CDO Midterm Evaluation

2

46

I. AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)

A. Background Description

1. The organization

Agricultural Cooperative Development International (ACDI) was created in 1968 with the merger of the International Cooperative Development Association (ICDA) and the Farmers Union International Agricultural Cooperative (FUIAC). These organizations had been formed in 1963 and 1962, respectively, in response to provisions in the Foreign Assistance Act of 1961 which provided mechanisms for and encouraged agricultural production and marketing cooperatives to offer their skills to developing countries. FUIAC began organizing farmer exchange programs for AID in 1962, while ICDA first undertook AID-funded assignments in 1965.

ACDI currently has 48 members drawn from US farm supply cooperatives, processing and marketing cooperatives, Farm Credit Banks, insurance associations and national cooperative organizations. Of these, 28 have paid the dues which qualify them as active members. These 28 active members contributed \$77,564 to ACDI's operations in 1995. As an affiliate of the National Council of Farmer Cooperatives (NCFC), ACDI is the international development arm for 90 percent of the nearly 5,300 farmer cooperatives in the US, ACDI provides technical assistance in agribusiness and trade development, banking and credit systems, agricultural production and marketing, food for development and natural resources management. ACDI is implementing projects in Africa, Asia, South America, Central and Eastern Europe, and the New Independent States of the former Soviet Union.

From 1989 through 1997 (covering eight years and two core grants), ACDI will have received annual tranches from USAID of \$5,299,000, an average of \$622,000 per year. These funds were and are being used for the four main categories under the program purpose: Program Development, Organizational Development, Resource Enhancement, and Limited Program Services (technical assistance and training).

In late 1993, ACDI did not submit a proposal for a "special initiatives" grant, but did join as a subcontractor under CHF's special initiatives grant for a "Model Project for NGO Development in Romania."

ACDI has a headquarters staff of 46 professionals and 26 expatriate professionals, 17 with practical experience working with cooperatives and farm credit systems.

2. The current core grant

ACDI's current core grant agreement, effective 2 September 1994, is for \$1,799,900. The program purpose of ACDI's grant is "...to increase ACDI's capacity and capability to design, propose, and manage technical assistance and training projects within ACDI's five program areas: agribusiness and trade promotion; credit systems; agricultural resource management; food for development; and training and exchange programs." ACDI has subdivided these four main categories into six activities with output targets as follows:

Member Affairs

- Attend member board meetings
- Conduct program briefings for potential new members and encourage them to join ACDI

Public Information

- Write 20 news releases per year
- Design and produce ACDI project and program pamphlets/brochures
- Develop and produce general ACDI videos
- Write and produce quarterly newsletters
- Display ACDI booth at conferences

Program Development

- Develop concept papers
- Write 12 unsolicited proposals per year

Technical Assistance and Training

- Develop and market further ATLink Services
- Provide technical assistance to cooperatives and credit institutions
- Develop and conduct two small-scale training programs

Evaluation

- Conduct a process and preliminary impact evaluation of CPSG
- Conduct impact evaluations of selected on-going development projects

Program Management

- Prepare and submit quarterly progress reports, quarterly financial reports, consultancy reports, annual reports and trip reports on program development to USAID
- Attend USAID/BHR/PVC meetings regarding CPSG

Through 31 December 1995, ACDI used portions of its core grant to provide technical assistance, conduct workshops and develop grant funding proposals for numerous

countries eligible for USAID and other donors' assistance. For example, technical assistance was provided to assist the Romanian Meat Processors Association evaluate their potential purchase of several state-owned rendering plants and establish relationships with the Bulgarian Meat Processors Association.

Under a related USAID grant-funded project, ACDI funded training for 10 leaders of the new Romanian Commodity Exchange. This group participated in a three-week program that examined:

- The US commodity exchange system, which covered marketing process issues (from farmer to county and terminal markets, and to the commodity exchange floor);
- The benefits and functions of computerized information networks, crop insurance and contract guarantees, quality assurance and storage, the role of commercial banks in financing the free trade of agricultural commodities; and,
- The role of government in regulating the marketing of agricultural commodities.

Visits were made to grain farmers, grain elevators and mills, the grain milling school at Kansas State University, USDA officials and bankers. Four training activities were held in the West Bank and Gaza covering beekeeping, aquaculture, olive oil processing, and fruit and vegetable marketing.

Proposal development activities were undertaken for projects in numerous countries including: Mongolia, Indonesia, Sri Lanka, Cape Verde, Malawi, Uganda, Albania, Georgia, Ukraine, Russia, Egypt, Tunisia and Peru.

Tables 2 and 3 in Part One of this report show project development activities undertaken with core grant funds which resulted in grant and/or contract awards, and technical assistance provided by country and time period, using core grant funds.

B. Program Accomplishments

1. Results achieved

a. Output targets

ACDI established a number of outputs in the logframe submitted as part of its CPSG proposal. A number of the more important targets and results are as follows:

- (1) Member affairs

ACDI welcomed three new cooperative members: World Wide Sires of Hanford, California; the Farm Credit Leasing Corporation of Minneapolis; and, AGRIPAC of Salem, Oregon. However, its membership declined by one due to three mergers and one entity becoming a public corporation.

(2) Public information

ACDI continues to maintain its targeted output of news releases and its quarterly *Cooperative News International* publication.

(3) Program development

ACDI used approximately \$400,000 of CPSG funds for program/project development. This has resulted in six new project awards with a total value of \$4,028,000 (See discussion under B.2.d).

(4) Technical assistance and training

ACDI is on schedule in providing both technical assistance and training (see discussion under A.2).

b. *Financial management systems*

ACDI devotes about 15 percent of one professional's time to program management. This person receives detailed data from ACDI's accounting department. He then apportions expenses to each of the six program activities, breaking expenses down into the various budget line items including salaries, overhead, consultants, travel and transportation, procurement and other direct costs. The budget is tracked on a yearly basis and updated monthly.

c. *Constraints affecting achievement of program outputs*

ACDI believes that there have been no constraints which have affected its ability to achieve its output targets. The situation has improved since core grant funding was moved from January to April.

2. Organizational performance

a. *Beneficiary participation*

ACDI is a firm believer in beneficiary involvement in program and project development, which is a basic tenet of cooperative philosophy in the US. A recent design of the Masindi Environmental Protection and Economic Development Project in Uganda is a good example of this. Prior to ACDI's

effort, only one NGO (World Vision) was active in the Masindi area. ACDI resident and local staff jointly designed the project with officials from the District and sub-parish governments, officials from the Game, Parks and Agriculture Departments, as well as with members of the Masindi Seed and Grain Producers Association, a cooperative with more than 200 members each farming 10 acres or more. In addition, ACDI was instrumental in getting the association to change its bylaws to permit smaller farmers to join. The design of this project has generated much interest within the Government of Uganda (the president visited the area to review the design of this project) and the donor community.

b. Monitoring and evaluation systems

One of the six output targets established by ACDI in their CPSG proposal was "evaluation." ACDI has completed a number of project evaluations since the inception of its current core grant. In October 1994, ACDI used \$12,200 of CPSG funds to perform a midterm evaluation of its Title II PL 480 Monetization of US Vegetable Oil program in Uganda. ACDI has also completed evaluations of its Food Systems Restructuring Project in Kazakhstan, and an impact evaluation of The Koch Dairy Modernization Project in Kazakhstan.

c. Strengthening of partnerships between CDOs and local NGOs

To date, there are neither formal nor significant long-term partnerships between ACDI and local NGOs after an ACDI program with a host country entity was completed. However, ACDI has had a long-term relationship with the Uganda Cooperatives Association under donor funding, and ACDI expects this relationship to continue with or without a core grant. ACDI also has had a long-term relationship with the Uganda Cooperative Bank beginning with the CAAS Project and has since provided funds, obtained from the monetization of US vegetable oils, to UCB for the establishment of a revolving credit fund.

ACDI is not an operating cooperative, but an umbrella organization which uses and supports its members in their involvement in international activities. As such, ACDI sees its role as a catalyst and a facilitator to assist its members who are interested in international linkages. Through its support program to four dairy cooperatives in Kazakhstan, ACDI introduced Koch Supplies, Inc. to these cooperatives. This has led to an \$11 million joint-venture between the dairy cooperatives, Koch and the US Central Asia-American Enterprise Fund which is called the Kazak Dairy Entity. In Poland, one of ACDI's members (Farmland Industries) is evaluating a business activity independently of ACDI. ACDI is working with Farmland Industries to obtain funding (under the USAID-funded NIS Food Systems Restructuring Project) for a joint-venture with a private pork-producing farm, which would produce sausages and other meat products. In Hungary, ACDI assisted Southern States in their efforts to develop a mutual

agreement with a privately owned Hungarian firm which plans to establish farm supply stores in Hungary. Southern States will supply some of the items for sale and will assist in training personnel in accounting, sales and services for this new enterprise.

Under ACIDI's ATLink Project, ACIDI was able to join various US buyers, both independent and cooperative, with LAC groups producing agricultural and horticultural commodities. Some of these linkages include:

- NORDIC (an ACIDI member) with Del Tropic, an El Salvador frozen food processor that sources raw materials from cooperatives. Products include broccoli, okra and black-eyed peas;
- ACOPAI (federation of sesame seed cooperatives in El Salvador) with various sesame buyers in the US;
- AgroIndustrial San Lorenzo (Peruvian mango grower's association) with Calavo, an ACIDI member;
- Indalso (Peruvian tropical fruit processor) with Ocean Spray, a US cooperative. Products: frozen passion fruit and guanabana juice concentrates; and,
- CIHUP (Peruvian vegetable growers' cooperative) with AGRIPAC, an ACIDI member. Products: frozen snow peas, garlic and onions.

ACIDI's efforts to forge linkages with US agribusinesses and cooperatives and their counterpart organizations in developing countries have been effective.

d. Identification and exploitation of targets of opportunity

Since the September 1994 inception of ACIDI's current core grant, the group has prepared and submitted more than 20 proposals utilizing core grant funds. These are in addition to those in which ACIDI used noncore grant funds for proposal development. Adding these latter proposal efforts to the first group, ACIDI prepared more than 35 proposals during this period. The majority of these proposals were submitted to USAID Missions. However, ACIDI also submitted numerous proposals to other groups including the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, IFAD, the IMF, the Japan International Cooperation Agency (JICA), the OAS/IDB, the Kellogg Foundation and the Renders Group. ACIDI has also prepared another four proposals due March 1996. During 1996, its goal is to obtain 10 percent of its total revenue from non-USAID sources. This would be double its historical 5 percent.

The value of six successful proposals prepared using core grant funds resulted in total grant/contract awards of \$4,028,000. This includes the Masindi

Environmental Protection (Buffer Zone) and Economic Development Project in Uganda for which the grant agreement is being prepared by REDSO/Nairobi. Four of these awards were from USAID, one from USDA/MOA in Egypt, and one from the World Bank. ACDI has stated that USAID/Ukraine and USAID/Poland have each agreed in principle to provide \$700,000 and \$600,000 respectively (depending on 1997 Mission funding levels) in support of ACDI's Regional Rural Credit Program. ACDI also prepared a number of proposals using noncore grant funds. These have resulted in approximately \$4,300,000 of awards for seven projects, plus a subcontract for a five-year global microenterprise IQC. If a number of pending proposals are selected, ACDI could also receive several million dollars in new awards over the next six months. While ACDI efforts have been termed successful, its win-loss record needs substantial improvement if it is to become less dependent upon USAID funding.

e. Incorporation of previous evaluation recommendations

ACDI has made progress on a number of the recommendations contained in previous evaluation reports. For example, ACDI has made a concerted effort to identify projects funded by other donors. There is no evidence of a conscious effort to decrease redundancy between it and NCBA. However, a merger with VOCA, which appears to the evaluators to have more merit, is in the process. ACDI has hired a new public information specialist and has prepared and released numerous success stories through press releases, ACDI quarterly newsletters (*Cooperative News International*), annual reports and speeches at workshops and cooperative organization annual meetings. Following the recommendation that ACDI pair a US cooperative with a similar cooperative in a developing country, ACDI was instrumental in introducing Southern States Cooperative to a private sector group in Hungary to develop a farm supply organization that would serve one geographical region of Hungary. Several of the prior recommendations, which do not appear to the current evaluators to have merit, have not been implemented by ACDI under the core grant. One of these, which was discussed with ACDI's board of directors, was a broader membership involvement when the strategic planning process is undertaken. The board's position was that it is ACDI's responsibility to develop this involvement and bring it to the board for discussion and approval.

C. Future PVC Support

1. CDO strategy for future organizational and program development

ACDI intends to continue several activities to further develop its program of assistance to cooperative and agribusiness development in third world countries. It will continue to leverage CPSG funds to:

- a. Conceptualize and seek funding for new projects;
- b. Compete for project assignments funded by international donor agencies and host country ministries; and,
- c. Become more involved in addressing environmental issues through the development of agricultural projects which will provide the economic means to stem the degradation of national parks and game reserves by subsistence farm families.

As part of its strategic planning, ACDI performs comprehensive organizational analyses with input from the entire organization. During the past year, ACDI developed its "SWOT" (Strengths, Weaknesses, Opportunities and Threats) analysis and applied it to its operations. It used the findings in developing its Work Plan for 1996.

ACDI's current five-year strategic plan will be reviewed upon its forthcoming merger with VOCA. It will require an analysis of the nature and extent of the combined operation and the development of a strategic plan based on the strengths each group brings to the merger.

ACDI's direct response to how it would leverage the CPSG if funding were decreased was as follows:

"If CPSG funds were reduced, ACDI would obviously have to reduce CPSG activities and rely more heavily on traditional project activities. We would, of course, continue to look for CPSG funding activities that would provide the greatest leverage and the greatest opportunity for development impact using the cooperative model. If the CPSG funding were to diminish, it would be critical that the same flexibility now available under the CPSG be continued so that maximum gain could be achieved from fewer resources."

This response, in light of the potential for flat or decreasing availability of USAID core grant monies, provided no convincing indication to the evaluator that ACDI has developed and is following a long-term strategic plan for developing alternative funding sources using CPSG funds.

2. Value of core grant to CDO

Mr. Ron G. Gollehon, ACDI president, has made it clear that CPSG funds are very important to ACDI. He also sees the grant as very important to USAID because it is the only vehicle for ACDI to provide quick-response technical assistance. A real indicator of the core grant's value to ACDI is the fact that about two-thirds of proposal efforts (those submitted, dropped or under preparation) since the effective date of the grant have been prepared using CPSG funds. As of 1 February 1996, ACDI had spent about \$400,000 of current CPSG funds for proposal preparation and has spent more than \$200,000 of non-CPSG funds for the same purpose. Of the nine new proposals shown as in preparation, seven of these will use an estimated \$65,062 of CPSG funds and two will use an estimated \$15,061 of non-CPSG funds.

3. Lessons learned and CDO recommendations

The nature of the core grant has changed over the years, with the deletion of the Mission "buy-in" provision as one of the most noticeable changes. ACDI would like to see the "buy-in" provision added back into the next CPSG and they would like to see the life of the grants moved back to five years. ACDI stated that it receives more requests for technical assistance than it can respond to due to limited grant funds. ACDI sees an increasing need for the type of services it provides based on several factors; one being the reduction in Mission staffs, which affects the Mission's ability to identify new projects.

As USAID increases its support for business activities, there will be a greater need for the CPSG to quickly identify potentials for local industries and how they can help with short-term technical assistance. An Agrobusiness IQC might make sense for more detailed project designs; however, ACDI submitted an Agrobusiness IQC proposal, but withdrew it at the last minute due to the "conflict of interest" provisions which could impede ACDI's involvement in long-term agricultural development projects funded by USAID.

ACDI believes that with the large number of Missions closed (and more likely closing), USAID should continue to support projects in those countries, especially those that are ongoing at the time the Mission closes. The CPSG could permit ACDI and like groups to continue an activity or oversee ongoing Mission activities. ACDI's final point on this subject is that if CPSG funding remains static or is decreased, ACDI would vary, as needed, the percentage of funds it spends among the different program activities. It would, clearly, be unable to maintain the same level of leveraging that core grant funds now permit.

4. Sustainability of CPSG-funded field projects visited

Three ACDI projects that used CPSG funds for their conception and proposal development were reviewed in Uganda (2), and in Egypt (1). A fourth, funded by the USAID Mission but prepared without core grant funds, was reviewed in the Philippines. This project has been included in the report because it is the type of project CDOs can and do develop with CPSG funds on short notice when there is a need and a potential sponsor. A second project in Egypt, the ATLink Project, has not yet been agreed to fully by USAID and has not been initiated; therefore, it was not reviewed. Each of the four reviewed projects has been written up in separate reports following this narrative. This section will address sustainability of these projects.

- Title II PL 480 Monetization of US Vegetable Oil -- ACDI is on the third phase of this program which receives vegetable oils donated by the US Government. The total program through September 1996 covers eight years and the sale of 27,650 tons of vegetable oil. These oils are sold to local merchants through a sealed bidding process. Lots bid for may be from one ton to a maximum of 100 tons per sale. Sales are held 10 times per year. The funds received are used to provide technical assistance and support to the Uganda Cooperative Alliance, the Uganda Oilseed Processors Association and the Uganda Cooperative Bank. The Uganda Cooperative Bank also receives monies which are used in a revolving loan fund to assist local cooperatives.

Through the guidance and management of its program manager, Mr. Bernie Runnebaum, ACDI has developed a program and staff of well-trained personnel capable of maintaining a similar commercial vegetable importation and sales operation when donations of vegetable oils cease. The staff lacks financing that would be required to import sizable quantities of oil. However, there probably would be local funds which could be made available to finance such imports. One possibility is to form a cooperative of small oil seed growers and processors who would take over the operation of the vegetable oil importation program, while at the same time increasing their production and processing of local oilseeds.

- The Masindi Environmental Protection and Economic Development Project has been approved by USAID, which has asked REDSO/Nairobi to negotiate a \$1.5 million grant agreement with ACDI. While the technical assistance has not begun, the project is expected to be successful and sustainable by the Government of Uganda, the Masindi District Government and the Masindi Seed and Grain Growers Association. A key element in the program is to resettle an initial 125 squatter families currently living within the boundaries of Ugandan game parks on 1,000 hectares outside the park. Each family will receive 8 hectares of surveyed, deeded land. The Masindi District Government and the Masindi Seed and Grain Growers Association will provide assistance to the resettled farm families. As the

project moves forward, additional lands will be made available and additional squatter families will be offered a similar package to relocate outside the parks.

- The Market Information Project in Egypt evolved from a program that CARE was going to undertake, but decided not to implement. ACDI was approached about taking on the project, and suggested a different approach to accomplish the intended goals. The result is a two-year assignment to develop a market information system for disseminating wholesale market prices for 10 to 12 major fruits and vegetables on a daily basis. ACDI has developed the system for data collection and data is being collected six days a week by selected agricultural extension agents. This data is fed into ACDI's project office in Cairo each morning by 10 a.m. It is consolidated and faxed to the Ministry of Agriculture (MOA) by noon. The MOA (ACDI's client) is responsible for faxing the information daily to its district agricultural offices, which provide copies to each extension agent. The MOA is also responsible for making this information available to newspapers, radio and TV stations and seeing that they publicize this information. The question is not whether there is a local capability to continue the data collection, but about the MOA's ability and commitment to disseminate the information on a timely basis. Seven months after initial data dissemination, ACDI project staff in Cairo do not know the extent and the timeliness of data disseminated by the MOA. The District Extension Officer in Ismalia stated that he often receives the data two to three days after it is prepared and forwarded to the MOA.
- The Nationwide Coalition of Fisherfolk for Aquatic Reform Project in the Philippines Project began in August 1995 and will run two years. The purpose of the project is to increase the effectiveness of NACFAR in their advocacy role relating to sustainable reforms at the local, regional and national levels and the passage of the Comprehensive Fisheries Code and other issues affecting marginalized fisherfolk.

D. Major Issues

ACDI's continuing dependence on USAID for financing its activities is risky in light of the potential of reduced USAID funding from Congress and the likelihood of reduced surplus food commodities available for monetization programs.

E. Specific Recommendations

1. ACDI should improve its ability to win projects in open competition before making a commitment to spend substantial staff time and funds pursuing these projects.

2. ACDI should increase its successful practice of identifying worthwhile development projects and programs, and promote Mission sponsorship of these projects and programs.
3. ACDI should improve the accuracy and completeness of its "Bids & Proposals Monthly Tracking Report" to make it a more useful tool for top management.
4. ACDI should keep a log of requests for technical assistance. This would be useful in documenting its statement that it receives more requests for technical assistance than it can answer. This might be used to support a request that more TA money be included in future core grants.
5. ACDI should consider using volunteers to respond to additional requests for technical assistance, using CPSG funds to pay for travel and per diem.

EGYPT: THE MARKET INFORMATION PROJECT

CDO IMPLEMENTOR — ACDI

A. Introduction

In Egypt, ACDI used CPSG funds (about \$9,000) to hire an American consultant during April/May 1994 to design a market information project which was submitted to the USDA for funding under the USDA 416 b. program. The two-year project, which is with the GOE's Ministry of Agriculture, resulted in an award to ACDI of \$975,784. The consultant who designed the project, John Warren Smith, was engaged to be the director for the two-year LOP. The final agreement for the project was signed in September 1994 and Mr. Smith arrived in Cairo 17 days after the signing.

ACDI's current contract to implement this project will end in September or October 1996. There is a chance that the project will be continued under one of two future World Bank-funded projects planned for Egypt. The first is the "Agricultural Modernization Project," which has a technology transfer component (including market intelligence), and the second is the "Vegetable Extension and Marketing Project."

B. The Project Reviewed -- The Egyptian Market Information Project

Description of the project

The project is designed to provide daily information on fresh fruit and vegetable prices in the major wholesale markets of Egypt. The aim is to provide small and medium-sized farmers with timely information they can use to determine the value of their produce on any given day. The stated project objectives are:

- Establish a sustainable marketing information system that provides accurate and timely information easily accessible to fruit and vegetable producers;
- Increase the capacity of the target groups of farmers to use the available marketing information to improve strategies in selling their fruits and vegetables; and,
- Strengthen the institutional capability of the MOA to serve the marketing needs of the horticultural sub-sector of agriculture.

The project was started in October 1994 and the dissemination of market information began in July 1995. The project collects information daily at the three wholesale markets serving Cairo, Alexandria and Mansoura. Extension agents of the Ministry of Agriculture are engaged to spend approximately two hours each day, six days per week at the three wholesale markets. They observe and collect a range of prices at which 10 to 12 major

produce items are sold, and as reported by wholesalers with whom they are acquainted. Some of the major items may include several different varieties: e.g., potatoes and bananas, each of which is reported separately. The information collected by each extension officer is faxed (shortly after their early morning visits to the wholesale markets), to the project office in Cairo, where the information is consolidated and then faxed to the Ministry of Agriculture, to radio and TV stations, and to newspapers.

While not part of ACDI's contractual responsibilities, ACDI project staff lack clear knowledge of how and when the market information they provide is broadcast or published. They know that the previous week's average prices by market are reported on the TV show "Good Morning Egypt" on Sunday. They believe that this information is useless because it is dated by the time it is broadcast. They see the information when it is published in the Cairo newspaper; however, several of the newspapers which initially published the information have discontinued doing so. The TV station in Alexandria broadcasts this information between 10 and 10:30 p.m. In Ismalia, we were told that the local radio station provides this information, but there was disagreement by the locals as to when the information was broadcast. The Ministry of Agriculture is supposed to fax the market information daily to the district extension offices. The extension offices are then supposed to provide the information to their extension officers, who are to provide this information to the farmers they serve. Mr. Rifat, the Director of Extension (more than 300 agents) for the Ismalia region said he receives the market information in his office two or three days after it is prepared and faxed to the MOA. The question, then, is whether the farmers receive this information and if so, when? By the time the farmer receives this data, it is out-of-date. According to ACDI, the MOA has failed to ensure the market information has been broadcast and published as it was to have been done under its agreement with USDA/FAS.

During a visit to Ismalia, Mr. Smith and the evaluator were introduced to two vegetable growers with large farms. They were growing their vegetables (winter season) under tents -- plastic sheeting over frames about 5 meters wide x 2 meters high x 60 to 90 meters in length. These farmers said that when they want to know prices at the wholesale market, they call someone they know at the market. In spite of Mr. Smith's request (at this time and on previous occasions) to be introduced to vegetable growers of small and medium-sized farms, he was purposely not taken to visit any of them. It is speculated that this was to hide the fact that the growers with small and medium-sized farms are not receiving the information provided by the project.

Mr. Rifat provided the following background information on the production of fruits and vegetables in the Ismalia region: The area grows 20,000 feddans of tomatoes and 6,000 feddans of green beans, as well as potatoes for local and export markets. The farmers also grow between 1,500 to 2,000 feddans of strawberries, most of which are sold locally because the local price is as good as the export price (except during the Christmas season, when some strawberries are exported). The area is also the main producer of mangoes in Egypt.

2. The Beneficiaries

The beneficiaries of the information are supposed to be the small and medium-sized fruit and vegetable growers in Egypt. Unfortunately, ACDI staff may be unaware as to whether or not these farmers are receiving the market information, if they receive it on a timely basis, how they use it, whether the data can be made more useful, etc. ACDI staff need to get out into the field and talk with targeted farmers to obtain answers as to whether or not they receive and use the market pricing information. The Foreign Agricultural Service has \$72 million in funds being used in Egypt from agricultural commodities donated by the USG to the GOE. Unfortunately, FAS has neither funds nor personnel to monitor and evaluate the programs undertaken with monies generated by local sale of donated commodities.

With the Marketing Information System operational, ACDI's next activity is to begin the Farmer Marketing Strategies activity. Under this activity, ACDI intends to provide training to horticultural producers in: a) accessing information; b) interpreting statistical data; c) marketing options; and, d) making decisions. If the farmers are receiving the market information from the wholesale markets, this will be a logical next step.

UGANDA: TITLE II PL 480 MONETIZATION OF VEGETABLE OIL

CDO IMPLEMENTOR — ACDI

A. Introduction

ACDI's project history in Uganda dates back to 1963 when it managed a 10-year program to help establish and develop the institutional capabilities of the Uganda Cooperative Central Union (UCCU). This was the national apex organization for the distribution and sale of farm supplies. ACDI returned to Uganda in 1982 to implement the "Food Production Support Project," designed to provide support to the Ministry of Cooperatives and Marketing as well as national and district cooperative unions. Under a follow-on program "Cooperative Agricultural and Agribusiness Support Project," ACDI began work with the Uganda Cooperative Alliance in 1988. This assistance has included advising on agribusiness development, commodity importation, input distribution, market development and financial management. CAAS advisors are assisting in the rehabilitation of existing, or establishment of, new oilseed processing operations and coffee pulperies around the country, as well as assessing the feasibility of diversification into nontraditional crops.

B. The Project Reviewed — Title II P.L. 480 Monetization of U.S. Vegetable Oil (Phase III)

1. Description of the project

ACDI's first monetization program (Phase I) was begun under the above mentioned CAAS Project. This, and the Phase II program, each ran for three years and imported and sold 10,650 and 10,500 tons of edible oil, respectively. The current Phase III program, which is due to expire September 1996, is a two-year program with a total of 6,500 tons of edible oil.

To date, the three phases of the program have generated about \$28 million in local currency. This money is used to provide:

- a. Funds to the Uganda Cooperative Bank (UCB) for: 1) loans to cooperatives; and 2) grants to UCB for staff training, promotion, accessing technical assistance from VOCA and severance pay for 156 surplus employees; and,

- b. Funds to pay for ACDI's operational expenses of running the program (excepting the expatriate Chief of Party's salary). These expenses include local salaries, warehouse rental, vehicles, utilities, office equipment and maintenance, etc.

ACDI holds 10 sales per year. Potential buyers submit sealed bids for a minimum of one lot (one ton or 285 gallons) up to 100 tons which is the maximum allowed to any one buyer. Buyers must submit a deposit of 5 percent of their bid and must pay the remaining 95 percent within 10 days of bid opening or forfeit their deposit. ACDI's importation of vegetable oil accounts for about 7.8 percent of Uganda's total annual requirements and about 8.2 percent of imports.

Using \$12,200 of CPSG funds, ACDI engaged two outside consultants (Pines and Lowenthal) to undertake a midterm evaluation of their Phase III Monetization Program. The consultants' report and recommendations provided the basis for redirecting and refocusing the use of the funds generated by the vegetable oil sales. Prior to the consultants' evaluation, funding (grant and loan) was made available to about any activity related to agriculture. The evaluation led ACDI to focus on two specific activities: a) assistance in the rehabilitation of the local vegetable oil industry; and b) assistance to the Uganda Cooperative Bank for on-lending to cooperative societies and private entrepreneurs involved in the production and marketing of oilseeds (sunflower, soybeans, sesame, and cotton).

Under the CAAS Program, ACDI worked with the Uganda Cooperative Alliance (UCA) to foster the establishment of the Uganda Oilseeds Processors Association. This association employs extension agents who advise farmers on crop husbandry.

2. Value of funding to the program

Both Bernie Runnebaum, P.L. 480 program manager, and Mr. Charles Kabuga, the general secretary of the Uganda Cooperative Alliance, stated that the CPSG-funded evaluation was responsible for the decision by ACDI and the Uganda Cooperative Bank (UCB) to use the proceeds of the monetization for the development and improvement of the vegetable oil industry (production and processing). This focus is beginning to show results, partly due to the fact that ACDI and UCA sit on the UCB's Loan Evaluation Committee which reviews and approves all loan applications in excess of \$20,000.

UGANDA: PILOT PROJECT FOR ENVIRONMENTAL PROTECTION AND ECONOMIC DEVELOPMENT (EPED) IN THE MASINDI DISTRICT

CDO IMPLEMENTOR — ACDI

A. Introduction

Uganda's game parks and reserves were decimated of the majority of their wildlife during the civil war in the 1970s and 1980s. Prior to the war, there were about 14,000 elephants; now there are about 300. Giraffes number about 70 and cape buffalo about 1,500. White and black rhinoceros are no longer found in the area.

The dismal state of the game parks and reserves is being further damaged by the incursion of squatters who have taken up farming, cutting trees and grasses to make a subsistence living.

A resident ACDI staff member in Uganda spent several months in the Masindi District talking to farmers, members of the Masindi Seed and Grain Growers Association, district officials (including committees on development, environment, and planning), as well as officials from the Ministry of Agriculture, Uganda National Parks and the National Environmental Management Authority to deal with the squatter issue. A total of \$27,672 of CPSG funds were spent to prepare and submit an unsolicited proposal to USAID/Kampala for funding. USAID has approved a less expensive version of the original proposal (20 months vs. 36 months initially requested) and has sent a PIO/T for approximately \$1.5 million to REDSO/Nairobi with a request that a grant agreement be awarded to ACDI to carry out the pilot program discussed below.

B. The Project Reviewed — A Pilot Project for Environmental Protection and Economic Development (EPED) in Masindi District, Uganda

1. Description of the project

The EPED Project will be a pilot, carried out over 20 months, to help build the capacity of the Masindi District to manage, monitor and protect the natural resources of the area's game parks and reserves. The game parks and reserves include the Murchison Falls National Park and the adjacent Bugungu and Karuma Game Reserves.

The goal of the EPED pilot project is to lay the groundwork for long-term protection of the aforementioned games parks and reserves. The project's purpose is to develop and test effective measures for the reduction of the root causes of biodiversity degradation: the illicit use of protected resources by a subsistence population. This will be achieved

64

through pilot activities to raise income in buffer zone sub-counties and by supporting environmentally sound district planning.

2. The beneficiaries

Squatters currently residing within the game parks and game reserves will be the key beneficiaries. Other beneficiaries will be area residents who will benefit from improved district planning and better access to agricultural extension and farm inputs through the Masindi Seed and Grain Growers Association.

The key thrust of the project is to resettle the first group (125) of approximately 1,000 squatter families from within the borders of the game parks and reserves onto a 1,000 ha section of land. This will provide each family with 8 ha of land, which will be surveyed and deeded to them with assistance from the EPED Project. The Masindi Seed and Grain Growers Association has agreed to open their association to these resettled families for membership, and to provide extension and related services to them. The Ugandan officials and ACDI determined that these squatters need assistance to obtain their own land and farm it with traditional crops (like maize) which grow well in the area, if they are to entice them to leave the parks. There are few other realistic economic opportunities open to these people, especially with the tremendous decline in tourism due to the devastation of the game parks and the game. While tourism is slowly increasing, it is no more than 10 percent of its former level.

PHILIPPINES: FISHERFOLK ADVOCACY FOR SUSTAINABLE AQUATIC REFORM

CDO IMPLEMENTOR — ACDI

A member of the evaluation team met with Roger Dimmell, ACDI's regional director for Asia and country director for the Philippines, to discuss the ACDI program in the Philippines. ACDI has operated in the Philippines since 1965 and managed a large AID-funded program in agricultural cooperative development. The last big project, Area Marketing Co-op Development, was completed in 1983. Since then, USAID/Philippines has not had much interest in agricultural co-ops; however, ACDI did get a \$100,000 grant for strengthening a vegetable cooperative in Central Luzon in 1992.

In April 1995, ACDI presented a proposal for strengthening the Nationwide Coalition of Fisherfolk for Aquatic Reform (NACFAR), which was accepted for funding under USAID/Philippines' PVO Co-Financing Program. The project runs from August 1995 to August 1997, with a life-of-project funding level of \$898,000. The purpose of the project is to increase the effectiveness of NACFAR and its coalition partners in their advocacy role relating to sustainable aquatic reforms at the local, regional and national levels. The principal activity to be pursued under the project is the passage of the Comprehensive Fisheries Code, as well as other issues affecting marginalized fisherfolk.

The USAID project managers stated in a meeting with the evaluation team that they were pleased with the innovative proposal, which is very much on target in improving involvement and advocacy of marginalized groups in local governance. USAID was also pleased with the good rapport established between ACDI and NACFAR and the progress achieved to date.

With the stationing of a resident manager in Asia in 1994, ACDI has made a concerted effort to establish a close working relationship with the Asia Development Bank (ADB). This effort has paid off and ACDI won its first contract from the ADB in October, 1995 — a \$450,000 Cooperative Banking Study for China which will study both urban and rural credit cooperatives and will suggest measures for improving them and the policy environment in which they operate. ACDI was also recently short-listed on an ADB rural finance project in Kazakhstan. The evaluator believes that the presence of a resident regional director in Manila has allowed ACDI to establish a good relationship with officials at the ADB and has greatly enhanced their chances for being short-listed and winning contracts funded by the Asian Development Bank.

II. AMERICA'S ASSOCIATION OF COOPERATIVE/MUTUAL INSURANCE SOCIETIES (AAC/MIS)

A. Background Description

1. The organization

AAC/MIS was established in 1989 from what had been the North American Association — ICIF. AAC/MIS is an association of 28 cooperative insurance companies located in the Western Hemisphere. AAC/MIS is one of four regional associations affiliated with the International Cooperative and Mutual Insurance Federation (ICMIF), composed of 82 cooperative insurance companies in 55 countries worldwide, and the International Cooperative Reinsurance Bureau, located in Manchester, England. Individual insurance companies belong to both their regional association and the International Federation. The Federation facilitates the provision of reinsurance services to member companies and reserves 12.5 percent of its income (about \$350,000 per year) for development assistance through its four regional associations.¹

AAC/MIS is also affiliated with Allnations of Columbus, Ohio. Allnations was established with \$1 million of funding by ICMIF-member companies. The earnings from the fund (about \$60,000 per year) are used to provide small grants loans and guarantees to emerging cooperative insurance companies in developing countries, and to support AAC/MIS (about 25 percent, or \$15,000 per year).

The purpose of AAC/MIS is "to advance cooperation as an economic and social philosophy and to build a more cohesive cooperative insurance sector..." To this end, AAC/MIS provides a forum for members to meet and contribute to ICMIF programs. It promotes and facilitates mutually beneficial technical assistance relationships among members through activities financed by donations from USAID, Allnations, ICMIF and individual member companies. Member companies of the Association exchange information, conduct forums and carry out technical assistance and training programs in developing and market transition countries. The sole interest of AAC/MIS members in carrying out these activities is to serve fellow member companies based on their mutual ideals and belief in cooperation among people-centered organizations. Commercial interests are not involved.

AAC/MIS and predecessor organizations have received five PVC grants since 1982. The current three-year grant for \$600,000 ends in March 1997. Previous grants totaled \$670,000.

¹ AAC/MIS currently receives about \$10,000 of this per year for its programs.

2. Current core grant

The purpose of the core grant is "to strengthen AAC/MIS as a cooperative development organization and to expand its development programs in concert with USAID." The grant has enabled AAC/MIS to arrange for the provision of technical services to selected member insurance companies requesting such assistance, and to strengthen its organizational capabilities by expanding its membership base, forming alliances with other development organizations and increasing its roster of member company employees and consultants available for provision of technical services.

B. Program Accomplishments

1. Results achieved

AAC/MIS' program proposal document listed several projected program outputs without specifying targets. Accomplishments to date regarding each output are charted on the next page.

Output	Accomplishments
Register AAC/MIS with USAID.	Done.
Prepare at least one project for USAID annual consideration.	Co-financing of TA for Crucena Ins. Co. (Bolivia) agreed with SOCODEVI/CIDA. Similar co-financing arrangement under development for La Columna Insurance. Co. (Guatemala).
Strengthen AAC/MIS by recruiting volunteers, expanding membership and collaborating with regional and international affiliates, and other donors.	Successful volunteer conference held May 1995 and volunteers identified; membership up from 19 to 27; alliances formed with SOCODEVI (Quebec), and La Equidad (Colombia) to actively participate in company-to-company programs.
Strengthen member companies in Guatemala, Dominican Republic and Eastern Caribbean.	Programs underway in Guatemala, Bolivia, Barbados and Curacao.
Coordinate company-to-company assistance in LAC, Czech and Slovak Republics, Hungary and Poland.	Done for Dominican Republic, Uruguay, Peru, Ecuador, Costa Rica, Czech and Slovak Republics
<p>At the request of USAID, AAC/MIS identified opportunities in Eastern Europe to provide support to forming cooperative insurance companies. In the Czech and Slovak Republics, three companies received assistance to upgrade computerized accounting systems. Their employees were trained in England, and visited Nationwide Insurance and Canadian companies for further training. The USAID Mission did not allow AAC/MIS to visit Slovakia to identify company candidates for assistance, and a trip to Romania did not result in identification of good candidate companies. AAC/MIS member company, CUNA Mutual, implemented its own programs in support of a cooperative insurance company founded by Solidarity in Poland, and is assisting with the establishment of a Hungarian company.</p>	
<p>BHR/PVC requested AAC/MIS to contact other USAID offices to investigate the possibility of incorporating insurance components into USAID disaster relief and micro-enterprise development programs. OFDA was not responsive, but the Microenterprise</p>	

Office was interested. A possible microenterprise insurance pilot project is being developed in Colombia.

The AAC/MIS Program is not broken down into four general PVC Cooperative Development Program categories; however, comments can be made on progress within those areas.

a. Program development

In its role to establish and facilitate cooperation among member companies, it is AAC/MIS' practice to expose its members to opportunities for collaboration, and wait for individual companies to request assistance. It does not prepare project proposals for USAID or other donor funding, nor does it develop project ideas and then try to "sell" them to members. The programs it does facilitate and help finance require firm commitments from recipient companies to implement before proceeding.

In addition to AAC/MIS' passive and selective approach to program development, some of the constraints AAC/MIS has faced in program development include: the poorly developed legal and policy environment in host countries for development of popular-based (mutual) insurance companies; companies' limited access to reinsurance from some countries; a lack of capital to meet minimum insurance company capital requirements; limited knowledge of insurance industry benefits and practices among company boards and management (also the case with USAID personnel); occasional USAID restrictions of core funding use for requests received from members in certain countries; and, limited availability of member company executives for volunteer assignments or to receive and train employees from other member companies.

b. Organizational development

AAC/MIS has strengthened its facilitation of cooperative programs among its membership, its response to USAID's requests to examine program development possibilities in new sectors and regions, by increasing its membership, and forming alliances with other development organizations. The Association's vice president for development recently retired from Nationwide Insurance and is now able to devote more time to Association business.

c. Resource enhancement

AAC/MIS finances its activities from several sources. Funds raised from these sources over the past two years are detailed in the chart on the following page.

Source:	4/1994 - 3/1995	4/1995 - 3/1996
ICMIF	\$15,000	\$ 15,000
Austrian Assistance Agency Program in Central America	147,832	-0-
Allnations	10,000	10,000
SOCODEVI (CIDA)	-0-	92,000
AAC/MIS Counterpart	70,000	70,000
Totals	\$242,832	\$187,000

d. Limited program services

In addition to the larger efforts carried out in Guatemala, Bolivia, the Eastern Caribbean, the Czech and Slovak Republics, Poland and Hungary, limited assistance has been provided by AAC/MIS with core funding in the Dominican Republic, El Salvador, Guatemala, Peru and Uruguay.

2. Organizational Performance

a. Participation

AAC/MIS participates in all program promotion and implementation activities.

b. Partnerships

The formation of company-to-company cooperative partnerships is one of the defining characteristics of AAC/MIS' programs. Puerto Rican and Colombian member companies are especially active in assisting member companies in other countries. Nationwide Insurance reinsures some AAC/MIS members' policies only because they belong to AAC/MIS. CUNA Mutual has cooperative and commercial relationships with a number of member companies. Whenever possible, AAC/MIS facilitates cooperation between member companies when requests for assistance are received.

c. Program development and funding

AAC/MIS' efforts in this regard are modest but effective, and in keeping with the Association's own policy. It does a commendable job raising money from various sources to support its members, and to form alliances with other development organizations.

d. Financial management system

Nationwide Insurance Co. handles the Association's accounting and funds control.

e. Monitoring and evaluation systems

Monitoring is done through continual contact with member companies receiving assistance and is appropriate to the size of AAC/MIS' program. As with other CDOs supported by USAID, evaluations have been sparse and done mostly by individuals participating in the PVC Cooperative Development Program.

C. Future PVC Support

1. CDO's strategy for future organizational and program development

AAC/MIS does not plan to modify its general approach to program development in the future. It will not build up staff (as have other CDOs), and plans to keep organizational costs low. AAC/MIS will continue to focus program interventions in a few countries rather than spread resources too thin. It will also continue its programmatic alliances with other development organizations and efforts to raise funds from a variety of sources.

AAC/MIS reports that a principal value of "core" fund support is its flexibility to carry out activities to assist member companies with less "red tape" than with other donors.

2. Sustainability of CDO and its projects

AAC/MIS will survive, whether it continues to receive USAID funding or not, because its member companies support its existence, and because it purposely has been kept small. The two member companies (which were visited by a member of the evaluation team) also do not appear to be in any danger of disappearing. La Columna in Guatemala is conservatively run and owned by a successful credit union federation and several of its strongest members. Crucena, in Santa Cruz, Bolivia, recently recapitalized itself with new stockholders and will soon benefit from intensive AAC/MIS - SOCODEVI technical assistance.

D. Issues and Recommendations for AAC/MIS and USAID

USAID should take better advantage under its bilateral program of the potential offered by AAC/MIS and ICMIF to promote development of insurance industries. Cooperative insurance companies can offer the benefits of risk management to less fortunate segments of the populace that USAID programs reach, while providing a basis for increasing national savings. The current initiative to incorporate insurance services into microenterprise programs appears promising.

USAID personnel, both at the Mission level and in selected Washington offices should become more familiar with the services offered by AAC/MIS and its members and affiliates. It is recommended that PVC take the lead in seeing that this occurs rather than leave AAC/MIS to fend for itself within USAID. PVC was the first to recognize the potential benefits to USAID's clients of support for the development of popular-based insurance companies.

BOLIVIA: COOPERATIVA DE SEGUROS CRUCENA, LTDA.

CDO IMPLEMENTOR — AAC/MIS

Core grant use: AAC/MIS has committed \$60,000 of a total of \$164,000 for 15 months' TA provided by a resident advisor from the Quebec NGO, SOCODEVI, who will arrive in Santa Cruz. Prior to this, AAC/MIS paid partial costs of visits by SOCODEVI personnel to Santa Cruz, attendance by Crucena personnel at regional conferences and training visits by Crucena personnel to member companies in Puerto Rico and elsewhere. Core funds totaling about \$10,000 were spent on this assistance.

Local entity: Cooperativa de Seguros Crucena, Ltda.

Type of organization, governance: Cooperative insurance company, currently owned by Cooperativa La Merced (49.8 percent), CRE (electricity distribution co-op - 42.2 percent), and Cotas (telephone service co-op - 1.6 percent) and others (6.4 percent). Current intention is to divide ownership equally among La Merced, CRE, and Cotas through additional capital investments from the latter two organizations.

Mission/purpose: To provide insurance services to large cooperative organizations and the public in the Department of Santa Cruz.

Clients, services/products: Cotas (35 percent sales), CRE (20 percent), and La Merced and its members (20 percent), other organizations and individuals (25 percent). Full line of insurance products, although majority of policies cover auto, life, fire and shipping.

Key statistics: Unaudited 1995 statements show approximately \$1.83 million in assets, \$865,375 in equity, \$1.36 million in gross premiums earned and \$59,068 net loss. La Crucena has lost money over the past six years.

A. Project/Activity Title

Crucena is one of the AAC/MIS member companies participating in the AAC/MIS cooperative development program financed directly by the core grant.

1. Project description

a. Goal/purpose

To improve La Crucena's operations across the board, so it can expand significantly its insurance services to the cooperative community in the Department of Santa Cruz at a profit.

b. Outputs

Areas in which the long-term advisor will work have been agreed to by the parties which will finance his services. A business plan, with target outputs, has not yet been prepared.

c. CDO Inputs: \$60,000 over two years.

d. Support provided to date and results

AAC/MIS' participation in efforts to improve La Crucena's operations is beginning with its co-financing of La Crucena's fifth agreement with SOCODEVI. The first four agreements provided short-term TA and training visits which succeeded in identifying operating problems to address. Crucena has benefited significantly from its membership in the Federation of Cooperative and Mutual Insurance Companies through access to the reinsurance services it provides. Crucena is beginning to address its deficiencies and has survived, despite its operating losses, through portfolio growth and recent capital injections from its two principal clients.

2. Strengthened partnerships between US cooperatives and local NGOs

This is not an explicit objective of AAC/MIS' program.

3. Membership involvement in project planning and development

Yes. Crucena has participated fully in all project planning done with SOCODEVI.

4. Conditions affecting performance

There is an underdeveloped insurance market in Bolivia (annual premiums for the whole industry are \$60 million by 18 companies) with competition for the small amount of business that exists. Most of Crucena's current problems are internal (high administrative costs — 40+ percent of gross premiums), including a diverse product line, rudimentary or nonexistent risk management practices and weak marketing/product development).

5. Recommendations regarding current and future core grant support for the project

Sufficient political will and incentives from external conditions (more competition, expanded ownership) exist, which make Crucena anxious to cooperate with the incoming long-term advisor. Crucena has expressed an interest in receiving more focused assistance in market development. AAC/MIS might consider offering Crucena assistance in developing and marketing insurance products to the members and employees of its three main cooperative client organizations at an appropriate time after the incoming advisor's services begin.

6. Probable sustainability of project, even without continuation of core grant

Crucena can survive several more years, especially with its new injections of capital, but it needs to grow and become much more efficient if it is to serve as an example for the Bolivian insurance industry.

7. Information being generated on involvement, and benefits derived, by co-op members

No.

B. Conclusions

1. Project effectiveness

The upcoming TA project appears to be well-planned and timely.

2. Necessary focusing?

No.

3. Continued support warranted?

Support is just beginning.

C. Recommendations

None. See Point 5 above.

GUATEMALA: GUATEMALA CREDIT UNION INSURANCE PROJECT

CDO IMPLEMENTOR — AAC/MIS

Local Entity: Columna, Compania de Seguros

Type of organization, governance: For-profit stock company established in November 1994 by FENACOAC (National Federation of Savings and Loan Cooperatives which holds 60 percent of shares) and nine of the most successful S&Ls (40 percent share-owners), after being a service department of FENACOAC for more than 10 years. Now regulated by Government of Guatemala (GOG) banking authorities. Five-member advisory board (three from FENACOAC) and 15-member assembly.

Mission/Purpose: To develop and market insurance products to members of FENACOAC S&Ls and to the S&Ls.

Clients, services/products: Co-op members and their immediate families (mostly in rural areas); life, debt and savings insurance. The other 13 insurance companies operating in Guatemala do not serve this segment of the population. Plans have begun to develop general insurance products for co-ops and to consider offering limited coverage of co-op members' business risks.

Key statistics (size, revenue, profits, etc.): As of December 1995, Columna had 195,949 policies in force with S&L members in 18 departments of Guatemala totaling the equivalent of US\$ 70,982,265. Columna employs 15 people and operates through S&Ls that sell policies.

A. Project/Activity Title: Guatemala Credit Union Insurance Project

1. Project description

a. Goal/purpose

To support development of insurance services by/for Guatemalan savings and loan co-ops belonging to FENACOAC.

b. Outputs

To be specified for next phase, designed to expand Columna's portfolio.

c. CDO inputs

Visits by AAC representatives to promote formation of separate insurance company, beginning in 1978; attendance of general manager Quevedo at

inter-American conferences of AAC and ICMIF (International Cooperative Mutual Insurance Federation); actuarial and feasibility studies in early 1980s by representatives of Argentine S&L system; training provided by Puerto Rican members of AAC to future Columna directors and course in Puerto Rico on group life insurance products (1994); SOCODEVI (French Canadian cooperative insurance association) submitted diagnostic study of Columna with view to making recommendation to expand its portfolio of insurance products marketed to current co-op member clientele. Total AAC/MIS funding to date at about \$20,000.

d. Support provided to date and results

Decision made in 1986 to study formation of company, but legal work did not begin until 1991 and was not completed until 1994 due to resistance of GOG banking authority. Now that decisions have been effected to establish Columna, long-term AAC/MIS support program with agreed targets are being developed with the support of SOCODEVI. Columna board will review its report and agree on medium-term business plan that can be supported by SOCODEVI, perhaps in association with another AAC/MIS member, Solidaria de Colombia. Columna has also co-operated with S&L authorities from Honduras and El Salvador, which are also establishing insurance services.

2. Strengthened partnerships between US cooperatives and local NGOs

None, but relationships have been established with US reinsurance providers to which Columna can turn. (While with FENACOAC, CUNA Mutual provided reinsurance; since Columna was created, reinsurance co-ordinated through the reinsurance bureau in Manchester, England.) Relationships have also been established, per AAC policies, with other Latin American companies in Puerto Rico, Argentina, Colombia and Peru.

3. Membership involvement in project planning and development

Columna works hand-in-hand with the leadership of the cooperatives, through which it sells insurance, to design its products. Being owned by representatives of the same cooperatives, members also participate indirectly in the process of Columna's strategic planning.

4. Conditions affecting performance

AAC/MIS could not move any faster to help establish an insurance company than FENACOAC leaders would allow. Although the growth of S&L membership and

lending has been impressive, the S&Ls moved very slowly to establish insurance services. There was also opposition from the GOG (first from the Cooperative Institute, then from supervisory authorities), but not from local insurance companies because they had no plans to serve Columna's segment of the market. Once created, Columna faced the challenges of combining the "cooperative spirit" with generally accepted insurance marketing and management practices, and meeting the rigorous requirements of the GOG supervisory authorities.

5. Recommendations regarding current and future core grant support for the project

Assuming there is a positive response to SOCODEVI's recommendations and an aggressive decision by Columna's Board to develop and implement a medium-term business plan, Columna deserves continued support from AAC/MIS. Such support can be financed by AAC/MIS from various sources, partially from the core grant. Serious consideration should be given to requiring partial financing from Columna itself as a sign of its commitment to move ahead more briskly.

6. Probable sustainability of project, even without continuation of core grant

Columna is already profitable and will survive with or without core grant support. Without continued and expanded active membership in AAC/MIS, it is unlikely Columna will move rapidly to take advantage of opportunities to expand its portfolio and provide needed insurance services to sectors of the population currently ignored by the insurance industry.

7. Information being generated on involvement, and benefits derived, by co-op members

None exist with respect to insurance products.

B. Conclusions

1. Project effectiveness

The participation of FENACOAC, and now Columna, in AAC/MIS has been absolutely necessary for the establishment of cooperative insurance services in Guatemala, according to Columna's general manager. Columna is now poised for significant expansion if it decides to do so. Continuation of linkages available to Columna through participation in AAC/MIS for provision of TA and reinsurance is desired by general manager.

2. Necessary refocusing?

Work to focus on medium-term business plan, to be supported by more intensive AAC/MIS cooperation, has begun.

3. Continued support warranted?

Yes, if decisive actions are taken by Columna Board.

C. Recommendations

It is recommended that AAC/MIS decide what will be the conditions of future support for Columna, in terms of its commitment to more aggressive growth, and whether such support will require more core grant funding. (The general manager mentioned that Columna would probably find it impossible to finance his participation at the next annual AAC/MIS conference to be held in Quebec. This would appear to be a sine-qua-non in consideration of future support to Columna.)

III. COOPERATIVE HOUSING FOUNDATION (CHF)

A. Background Description

1. The organization

The Cooperative Housing Foundation (CHF) was founded in 1952 as a non-profit association dedicated to the development of better housing and related community services for low and moderate income families. It was instrumental in the formation of some 400 cooperative housing projects in this country, including Greenbelt (MD) Homes, still a cooperative with approximately 1,400 houses. At the request of AID, CHF became involved in international work in 1962 and for more than 30 years has worked with the problems of providing community services and shelter for low-income people worldwide.

Since 1962, CHF has provided assistance through approaches such as credit and finance, job creation, institution building and government regulation to build or improve 2.1 million homes and has worked in more than 90 countries. In recent years, CHF began providing assistance to the countries of Central and Eastern Europe and the Commonwealth of Independent States as they move toward free market-based systems of housing delivery.

From 1987 through 1996, CHF received annual core grant tranches from USAID totaling \$4,926,000 over the 10-year period. These funds were and are used for the four main categories under the program purpose: Program Development, Organizational Development, Resource Enhancement and Limited Program Services (Technical Assistance and Training).

In 1994, CHF also received a "special initiatives" grant from USAID for a Model Project for NGO Development in Romania. Under this initiative, which began field work during November 1994, CHF is the prime entity and utilizes technical assistance from a majority of the other ODCD members. CDOs who joined CHF in the development of their proposal include: ACDI; LOL; NTCA; NRECA; and Tri-Valley Growers. This project will be discussed later in this evaluation.

CHF has 23 professional staff in its headquarters and overseas projects offices with experience in housing, cooperatives and/or community development prior to their joining CHF.

2. The current core grant

CHF's current core grant, effective June 1994, is for \$1,517,000 over a three-year period. The program purpose of CHF's grant is "... to enable CHF to continue to develop innovative programs and enhance organizational capability to leverage additional resources for shelter and environmental assistance." Output targets for each of the program components are as follows:

Program Development

- Local individual and institutional capacity building.
- Innovative training modules based on lessons learned in successful cooperative projects.
- A continually modified, refined and expanded scope of the Cooperative Development System to address specific local needs and intersectoral linkages to include health, income generation, privatization, policy reform and waste disposal.
- Strengthened partnership building between cooperative organizations in the US and abroad for information exchange, sharing and technical assistance.

Research and Design

- Improved quantitative and qualitative research on shelter and the environment related to priority issues of health, income generation, gender, disaster mitigation, privatization, policy reform and waste disposal.
- Researched and tested innovative development technologies for shelter delivery and environmental management.
- Developed approaches and replicable models for informal settlement assistance.

Organizational Development

- Improved management and administrative systems to increase organizational efficiency.
- Wider systematic access to expert resources, such as specialists.
- Improved information management, data collection and reporting systems.
- Strengthened employee development including training, conference participation and networking.
- Improved capacity in office technology such as computer systems management and installation of E-mail.

Resource Enhancement

- Increased partnering with local, regional and international organizations to increase programmatic and implementation capacity.
- Increased funding from private foundations, corporations, international donor agencies and private individuals.
- Increased distribution of information through publications.

Limited Program Services

- Short-term technical assistance.
- Follow-up contacts and relationships.

Through 31 January 1996, CHF used part of its core grant to provide technical assistance, and conduct workshops and training for numerous countries eligible for USAID assistance. For example, workshops and technical assistance were presented/provided in Mexico, Haiti, Armenia, Hungary, Chile, and South Africa. Proposal development, using \$159,524 of core grant funds, was undertaken for many countries including Honduras, Hungary, Namibia, India and Kazakhstan. Tables 2 and 3, which are presented in Part One of this report i) list project proposals, prepared by CHF with core grant funds, which resulted in awards to CHF; and ii) show individual technical assistance assignments and workshops provided/financed by CHF, by country and time periods, using core grant funds.

3. CHF's special initiative grant

Based upon a USAID RFA, issued on 15 December 1993, CHF submitted a proposal titled Model Project for NGO Development in Romania. This proposal was modified at USAID request and was resubmitted on 22 March 1994. After much delay, a grant of \$2,471,180 was awarded to CHF on 29 September 1994 and CHF's field project manager arrived in Romania on 1 November to begin his activities. The project objective was "to assist in the development of economically viable NGOs through the provision of training, technical assistance, financial and other resources". More specifically, CHF was to:

- Select five NGOs for intensive training and technical assistance that will enable them to provide services and credit to their members;
- Establish a Technical Services Center (TSC), an innovative, single management unit which has the capacity to provide various technical services. The TSC will serve as an umbrella for the participation of other Cooperative Development Organizations (CDOs), with CHF as the administering agent, which will make available a wide range of technical assistance to the local NGOs;
- Manage the Technical Service Center and administer sub-agreements with the CDOs providing technical assistance; and,
- Administer grants and loans directed at the development of the local NGOs for housing and productive agricultural purposes.

During 21-23 February 1996, a member of the Cooperative Program Support Grant (CPSG) midterm evaluation team and the BHR/PVC program officer visited with the CHF team in Timisoara, Romania, and reviewed activities undertaken to date, met with officials of NGOs receiving technical assistance and met with individuals who are members of different associations and/ or cooperatives that received assistance under the CHF program.



The first year's activities included organizing the field office in Timisoara, hiring of project staff, assisting NGO's with their organization and development plans for their operations, and training the NGOs' board members and staff. Beginning in early January 1996, the new project director and his staff prepared a USAID Work Plan for the next 12-month period (a copy of this Work Plan is submitted with this evaluation report). This action plan lays out the steps needed to bring the NGOs' plans to fruition and includes task orders under which CHF/Timisoara will access consulting services from the consortium members to initiate the implementation of projects and activities for each of four separate NGOs. These NGOs, known by their acronyms, include: CARP; FALT; BUZESANA and AACD. A detailed description of each of these entities is found in the USAID Work Plan, and additional comments/observations on each is provided in the memorandum covering the visit to these groups by the midterm evaluator with the CHF/Timisoara staff.

The successful achievement of the goals of three of the NGOs appears quite feasible. This is partly due to the small scale of the proposed project activity. The goal of the fourth, CARP, is dependent on several factors. The key factor is whether or not CARP can construct the building it needs to service its members and incorporate enough rental space to ensure an adequate cash flow to pay back its construction loan. All indications are that there is an acute shortage of retail rental space in Timisoara and that rental space is bringing a premium price.

CHF/Timisoara staff, the evaluator and John Godden (BHR/PVC) met with the Governor of the Timis Region, His Excellency Dan Poenaru. He assured the group of his support of the CHF program. He views CARP as a very important project as it serves senior citizens and should be replicated in other areas of Romania. He also views FALT as a very desirable program. He stressed the need to change the mindset of the Romanian people and he sees the success of the various projects assisted by CHF as being able to do this by giving concrete examples of how community groups can organize and work together for their mutual benefit.

B. Program Accomplishments

1. Results achieved

a. Output targets

CHF's Log Frame submitted as part of its response to PVC's letter of 16 February 1994 requesting additional information, lists outputs for Program Development, Organizational Development, Resource Enhancement and Limited Program Services. It also provides "Objectively Verifiable Indicators" such as "number of Country Assessments completed." Although the Log Frame does not provide

output target numbers, they are given in CHF's Annual Work Plans for the CPSG. It is possible to provide a written narrative covering substantive activities and achievements for the four output areas, as presented below:

Program Development

- CHF prepared a training manual focusing on management and rehabilitation of housing in Hungary. This was used to train 95 people and strengthen 130 condominium organizations;
- CHF completed concept papers in El Salvador, Romania and one in South Africa on private sector development;
- CHF submitted one proposal to Guatemala, one to Bankers Trust for the establishment of a new housing development NGO in Warsaw, and one to a Haitian government agency related to a landfill management project; and,
- CHF prepared a article titled "The Role of Waste Management in Jobs Creation."

Organizational Development

- CHF prepared reporting systems to collect data for international programs;
- CHF staff participated in numerous workshops and conferences including the "Lessons Without Borders" Meeting in Seattle, organized by USAID;
- CHF hired a Management Information Systems specialist to help headquarters and staff improve their MIS capability including development of an improved project tracking and proposal development form;
- CHF upgraded its computer system from 286s and 386s to 25 486s supported by a Compaq pentium file server. The network was then migrated to NetWare v4.1 by Novell; the computer network includes an e-mail system;
- CHF provided training for all personnel in Windows, WordPerfect and Quattro Pro to operate the new computer system; and,
- CHF hired a new architect with low-cost housing experience in Pittsburgh as a program manager and hired a new chief financial officer with experience as a USAID controller.

Resource Enhancement

- CHF improved upon its inter-sectoral linkages which target indigenous NGOs and cooperatives, with active outreach to and partnering of women NGOs in Latin America and the linking of contacts of Kazakhstan and Kyrgystan with US housing cooperatives;
- CHF arranged internships for 26 senior local government officials from Central and Eastern Europe with local governments in 13 US cities; and,

- CHF distributed its Fall 1994 and Spring 1995 issues of *CHF Newsbriefs*, and an international program report titled "Building a Better World 1994."

Limited Program Services

- CHF has provided technical assistance to local groups or has used CPSG funds to develop new activities in Antigua, Bolivia, Dominica, Gaza, Mexico, Paraguay, Romania, St. Lucia and South Africa; and,
- CHF developed cooperative and social housing materials, presented workshops and training for more than 300 individuals in South Africa, and held a seminar on solid waste management in Port au Prince for representatives of 12 CDOs and 15 high-level Haitian government officials.

b. Financial management systems

In November 1994, CHF hired a new chief financial officer who previously served as a controller with USAID overseas and in Washington. He has been instrumental in developing a financial management system which is used to track the program budget in terms of program objectives. This system permits CHF to track monthly, annually and cumulatively the funds spent in each of the four main components of its grant. These four components are further broken down in the various cost categories/line items, including salaries, indirect expenses, consultant/professional fees, travel and transportation, and other direct costs.

c. Constraints affecting achievement of program outputs

CHF believes that it has experienced few constraints that have affected its being able to achieve its planned programs. As mentioned above, it is impossible to measure target achievement without specific numerical indicators. However, observations and discussions with CHF management and information on new activities awarded by utilizing the resources made available to CHF under the core grant give every indication that CHF is achieving output targets of a magnitude to warrant their continuing to receive core grant support.

2. Organizational performance

a. Beneficiary participation

A key goal for USAID in project development is the participation of beneficiaries as a means to ensure that beneficiaries continue to participate in decisions that affect their lives. CHF has been successful in involving local beneficiaries in program design and implementation. In the Model Program for NGO Development in Romania, CHF by design and function, involves the local NGOs

in the development and implementation of program activities provided by the Technical Service Center (TSC). Under the Home Improvement Program in El Salvador, CHF resident staff identify communities and help the beneficiaries determine their housing improvement needs. Construction technicians then provide follow-up assistance by helping the families with the design, budget development and inspection of their housing improvements. In Poland, CHF is providing assistance to develop NGO capacity to undertake cooperative housing projects. CHF works one-on-one with local NGOs in the infant stages of their development. The impetus comes from local groups and CHF provides them assistance in the organization and development of their groups, including the preparation of articles of incorporation and bylaws which govern the management of the cooperative housing unit(s) and the individual's role in the management of the cooperative.

b. Monitoring and evaluation systems

CHF has developed a computerized quantitative impact data tracking system to monitor and evaluate the involvement and benefits to local people participating in programs which it assists. In Poland, CHF works with a number of NGOs, the scope of activities and types of organizational ties depend on the specific program being implemented. Those NGOs which are assisted and overseen directly by CHF are monitored very closely as to their activities and the results they produce. For example, agencies established last year and assisted during 1995 prepare monthly reports on specific project sites they assist and monitor as to:

- (1) Number of units under development, their size, cost, etc.;
- (2) Number of individuals assisted, in particular with respect to housing mortgage financing; and,
- (3) Number of new units already constructed during the year.

Some organizations assisted by CHF are monitored in a less direct and less formal manner. CHF/Warsaw then prepares a cumulative report including all the above data and submits it monthly to CHF/US. However, as much data as possible is gathered as to results achieved and benefits accruing to local people, and this information is included by field program managers in their monthly reports to CHF headquarters.

CHF quantitative impact data for fiscal year 995 show:

- (1) More than 2,500 loans were made, of which more than 400 went to women;

- (2) More than 4,400 improvements were made to existing structures;
- (3) Of more than 8,500 people trained in cooperative development and project implementation, more than 7,500 were women;
- (4) More than 53,500 person months of employment were generated; and
- (5) Of an increase of 7,700 cooperative members, more than 3,000 were women.

c. Strengthening of partnerships between CDOs and local NGOs

There are neither formal nor significant long-term partnerships between CHF and local NGOs after a CHF program with a host country entity is completed. CHF does continue to correspond with former clients on a sporadic basis and mails pamphlets and informational pieces to former clients. It also hosts guests from former clients when they are in the Washington metro area and they sometimes will put visitors in touch with people in the US who may be of assistance to them.

d. Identification and exploitation of targets of opportunity

From the inception of the current CPSG grant through 31 January 1996, CHF has used \$159,524 of core funds to identify program potentials and submit 52 proposals to an array of potential clients including the World Bank, the OAS, the Urban Institute, Plan International, Cummins (diesel engines), OIC, the Ford Foundation, the Mac Arthur Foundation, PIET, Florida International University, Bankers Trust, ICMA, CUM Consult of Germany, GTZ, USAID, the European Union and host governments including Haiti, El Salvador, Namibia and the Philippines. A number of these proposals were submitted within the last three to four months and no decisions have been made. The value of 21 successful proposals (not counting a Cooperative Development IQC) resulted in awards of \$7,696,054. Two of these were short-term assignments with budgets of less than \$10,000; seven were between \$10,000 to \$50,000; six were between \$51,000 to \$400,000; two were between \$400,000 to \$1,000,000; and four were between \$1,000,000 to \$2,000,000. CHF's success in being awarded several contracts and grants for programs for which they already have submitted proposals could add another \$5,000,000 to this amount by June 1996. CHF has successfully identified and exploited targets of opportunity using core grant funds. During this period, 14 of the awards to CHF, with a value of \$2,907,988 were from clients other than USAID.

e. Incorporation of previous evaluation recommendations

CHF has acted on most prior evaluation recommendations (final evaluation dated January 1989, midterm evaluation --March 1992, and final evaluation --October 1993). Some of the actions taken by CHF include:

- (1) Re-evaluation of the functional categories supported by the CPSG to better facilitate financial and programmatic reporting;
- (2) Preparation of a monitoring and evaluation program incorporating social and economic impact measurements, and designation of a staff member to be in charge of evaluations;
- (3) Exploration of program opportunities through other donors and PVOs (see paragraph above);
- (4) Emphasis in publications of the integrated approach including environmental health, and economic benefits, to cooperative housing development;
- (5) Improvement of coordination and communications with USAID via installation of an E-mail system; and,
- (6) Cooperation with other CDOs (especially with credit union groups) in project design and implementation.

Regarding this last recommendation, CHF did one project with WOCCU in Ecuador recently, proposed another program with WOCCU as a subcontractor; and in the Model Project for NGO Development in Romania, CHF has included five other CDOs as subcontractors to provide the type of technical assistance they are best equipped to provide. One of the recommendations from the 1989 evaluation that may or may not be feasible is that CHF should strive to develop a relationship with a US membership base. This has not been done, but the evaluators believe that it is an effort CHF must make over the next several years, especially in light of the uncertainty of future USAID funding from Congress.

C. Future PVC Support

1. CDO strategy for future organizational and program development

Given the assumption that core grant funding levels will not increase under a future CPSG, CHF has been working to streamline its operations both in the field and in its headquarters to maximize the impact of its programs. This effort has included:

- Leveraging of funding sources from private foundations and corporations. For example, capital leveraged from private foundations has enabled CHF to implement a credit program in Mexico;
- Leveraging money (with a small amount of USAID core funding), from international donor organizations such as the World Bank, the Inter-American Development Bank and the Organization of American States; governments including those of Haiti and the Philippines; private foundations such as the Ford Foundation and the Cummings Engine ReCon Foundations; and private organizations including Florida International University, Partners for International Education and Training, PLAN International, Banker's Trust, International City/County Management Association, SUM/Consult (a German consultant firm) and the Academy for Educational Development;
- Working under the Model Program for NGO Development in Romania with several other CDOs. This approach provides CHF an innovative and cost-effective mechanism for managing USAID projects as it pools the collective expertise of the cooperative development community and channels it directly to the local communities seeking assistance;
- Partnering with other NGOs such as PLAN International to provide opportunities to expand project outputs using USAID and PLAN funding and CHF's technical expertise to establish revolving loan funds worldwide;
- Developing partnerships with other USAID-funded projects to reinforce efforts and eliminate duplication of effort;
- Continuing establishment of baseline indicators for all CHF projects and monitoring these indicators throughout the life of the project; and,
- Participating in midterm evaluations to make desirable midcourse corrections.

While one can infer from the above that CHF has a long-range strategic plan, it does not. CHF has stated that top management is working on the development of a long-term strategic plan. However, a number of senior staff were unaware of this.

2. Value of core grant to CDO

Mr. Michael E. Doyle, president and CEO of CHF stated clearly that without the core grant, CHF's ability to undertake its overseas mission would be restricted severely. An average of 78 percent of CHF revenues over the last three years have come from USAID. CPSG support has enabled CHF to facilitate the development of adequate shelter and

healthy environments in viable democratically controlled communities and to carry out its mission of helping low to moderate income families improve their living conditions. Moreover, CPSG support has enabled CHF to diversify and increase its traditional funding base which permits it to better support the objectives set forth in the Cooperative Agreement. It is quite likely that CHF will be able to leverage each dollar of core grant funds into \$10 of project funding during the life of the current grant.

3. Lessons learned and CDO recommendations

Proposals prepared in response to USAID RFAs, whether for the core grant or special initiatives grant, are put together over a relatively short period and resource allocations are made based on program objectives, regional and country institutional priorities and certain assumptions. These are to cover a three-to-five year period during which USAID, Mission and host country priorities may change or one finds that initial assumptions were wrong or partially correct. The lesson from this is that the implementation phase needs to have a certain amount of flexibility built in to enable the CDO to carry out the goals of the CPSG or CIGP. A second recommendation is that the LOP be re-established at five years. This would accomplish at least two objectives, the first being that the CDOs would save considerable time and money in having to produce one less proposal and the second would be to reduce the "gap" time between the completion of one core grant and the effective date of the next one. Another recommendation made was that USAID provide more funds in the core grants for technical assistance, as more legitimate requests are received for technical assistance than the CDO can accommodate.

CHF stated that they are very pleased with the integrity and professionalism of USAID program managers handling the CPSG and CIGP, and with the encouragement and help provided by these people. They have made "...a serious effort to learn about CHF and its programs." CHF recommends that program managers schedule more visits to field projects as past visits have had positive impacts on all parties to the program implementation.

4. Value of special initiatives program to CDOs

The CIGP has allowed CHF to carry out innovative cooperative development approaches, using nontraditional solutions to address problems. CHF has utilized the CIGP to show that lower income families can resolve many of their problems through a cooperative approach of working together, be it for improving the environmental conditions in their community, improving their housing, or upgrading the community's physical infrastructure. CHF emphasizes partnerships, in its CIGP projects, with the community or cooperative with local NGOs and local government agencies. In addition, CHF looks for partnerships with other cooperative development organizations and nonprofit groups to participate in the implementation of projects. This partnership approach has proven to be an effective way to design and implement projects. The CIGP has also helped CHF

establish key alliances with the private sector, national and local governments and non-US funding agencies.

CHF urges USAID to continue and expand its CIGP as it is a valuable development tool that should continue to be offered to both individual cooperative development organizations and groups of two or more cooperative development organizations collaborating on a single project like the model of NGO Development in Romania.

5. Sustainability of CPSG and CIGP funded field projects visited

In addition to the CHF's "Model Project for NGO Development in Romania" discussed in A.3 above, the evaluation team reviewed three other CHF projects, one in Poland, one in the Philippines, and one in Guatemala. Each of these assessments follow this overall CHF discussion.

In Poland, CHF is implementing a project called "Cooperative Housing in a Market Economy: Capacity Building and Replication of Demonstration Results." The goal of this project is to replicate a market-based, democratically organized cooperative housing delivery model developed by CHF in two municipalities, and to assist in establishing local NGOs capable of housing delivery. To implement the CHF model, nine not-for-profit Agencies to Support Housing Initiatives (English acronym AIM) were created in the cities of Bialystok, Bielsko-Biala, Cieszyn, Gdynia, Hajnowka, Jastrzebie-Zdroj, Rybnik, Szczecin and Zory. These are all operational and managed by professional staff.

As of 31 December 1995, construction was already in progress on four sites: one in Bialystok, two in Bielsko-Biala and one in Gdynia. Contracts with builders were finalized in three other locations: Jastrzebie-Zdroj, Rybnik and Szczecin. In Cieszyn and Zory, the development was put on hold by City administrations, and in Hajnowka the cooperative members decided to postpone construction due to higher than expected bid prices. Projects in Cieszyn, Hajnowka and Zory are scheduled to resume in a new construction season in 1996.

These nine AIMS can continue to benefit from short-term technical assistance available from CHF/Warsaw staff, but would also continue to function without CHF. CHF's proposal for the next two years is assisted with the organization of similar AIMS in other cities in Poland.

In Guatemala, CHF initiated a new project titled "Communities in Transition Project on 22 November 1995."

In the Philippines, a CHF staff member who was there on a core-grant-funded trip was asked to assist the Government of the Philippines' Department of Social Welfare and Development (DSWD) to develop a concept to utilize reflows from DSWD's small business lending program to finance group housing construction and home improvement

activities for low-income families. She made suggestions and prepared a scope-of-work for a feasibility study. DSWD liked the idea and provided \$25,000 of its own funds in a contract with CHF to design a habitat improvement program. Three CHF advisors worked with DSWD staff and prepared a project design which was approved by DSWD on 30 January 1996. A full-time CHF advisor will reside in the Philippines under a two-year contract (\$409,596) and will assist the DSWD in its implementation of the program.

D. Major Issues

1. **For CDO** — A lack of a formal and active membership base makes CHF vulnerable to potential reduced financial support from USAID.
2. **For USAID** — None.

E. Specific Recommendations

1. CHF should keep a log of requests for technical assistance, in order to support a request to receive more funds for this purpose.
2. CHF should consider using volunteers to respond to some of these additional requests for technical assistance, using CPSG funds for travel and per diem versus salaries.
3. CHF's cooperative housing project in Poland should be extended for another two years using the current CHF local Polish staff, if it is to be able to assist additional community groups form cooperative housing agencies and get their initial housing projects underway. USAID/Warsaw intends to extend this project. At some time, CHF's Polish staff should be encouraged to establish a local foundation or consulting company to provide this type of assistance to new groups desiring to form cooperative housing associations.
4. CHF should explore the development of a membership base in the US. It is one of the few CDOs without such a membership base. Enlisting major US housing materials suppliers as members of CHF might be possible. This could provide CHF with additional financial support, potential for additional technical assistance volunteers, as well as donated building materials for its projects.

GUATEMALA: COMMUNITIES IN TRANSITION

CDO IMPLEMENTOR — CHF

Mission/purpose: “ To help families throughout the world build better housing and communities in a manner that builds dignity through self-reliance, strengthens their sense of community through co-operation with others, and enhances their capability to sustain future development.”

Clients, services/products: Local NGOs and community organizations; credit, training, institution-building.

Key statistics (size, revenue, profits, etc.): See main report.

A. Project/Activity Title: Communities In Transition (CIT) Project

1. Project description

a. *Goal/purpose*

Goal of CIT Project is to improve the living conditions of rural populations (especially Mayans) most affected by civil violence and extreme poverty. The project purpose is to support development of productive income-generating activities to benefit poor Guatemalans in selected previously conflictive areas. Under CIT, CHF has received a grant to assist people in the previously conflictive zone of the Ixcán municipality of northern Quiché Province, to employ processes and patterns of institutional development, and to design and carry out pilot off-farm microenterprise credit activities and small-scale community development initiatives. The project will facilitate conflict resolution, have near-term impact and lay the basis for future indigenously led development.

b. *Outputs*

CHF's proposal listed 60 conflict resolution workshops conducted; 150 prefeasibility studies implemented; four credit and grant program models implemented; 50 partner organization members trained; three to six individuals trained (in loan program administration); 400 loans and 50 grants received; apex organization established. Project to be implemented being designed in much greater detail, and it is likely these targets will be changed.

c. CDO inputs

USAID grant of \$1,088,399 for CHF project management and TA, subgrants to local NGOs, commodities, training and overhead; together with \$361,700 grant/loan capital fund to be provided by CHF from prior program reflows.

d. Support provided to date and results

Project manager arrived two months ago; logistical arrangements underway and preliminary survey of potential local partners and community activities completed. The project was approved by USAID/Guatemala in response to its RFA requesting CIT project proposals. Mission awarded two grants (second one to CESI foundation of Canada), and requested CHF to focus on Ixcán municipality of Quiché while CESI works in Huehuetenango Province. Six-week RFA response period did not allow for any significant field work to be done by CDOs prior to submission of proposals; this might have allowed CHF to identify potential partners, assess impediments to success, gain some local consensus on the strategies proposed and identify probable activities. Field-level information has just recently begun to be collected by CHF with the arrival of the COP and the completion of CHF's first field survey, and the project is now being redesigned in much greater detail. Mission also plans to use CHF project as a coordination point for the introduction of activities from other Mission projects to the northwest region.

2. Strengthen partnerships between US cooperatives and local NGOs

CHF took initiative before the proposal was submitted to agree to work collaboratively with the Rigoberta Menchu Tum (RMT) Foundation in some aspects of the project's detailed design and implementation. CHF previously had been instrumental in helping to introduce leaders from that Foundation to grant-making organizations in the US. The essence of the project is to identify, develop and work through, local NGOs and community-based organizations to implement off-farm and community development activities. Relationships with US cooperatives are not contemplated.

3. Beneficiary involvement in project planning and development

Yes.

4. Conditions affecting performance

Poor roads, lack of knowledge among populace of alternative agricultural crops, limited local market development, continuing divisions and conflicts within resettled communities, existence of only two microenterprise lending NGOs

which are not viable financially. Also, disparities in local women's groups, and overlapping activities financed by other donors underway. It is also significant that the project must be designed in much greater detail to take into account local realities before implementation of actual activities can start.

5. Recommendations regarding current and future core grant support for the project

The core grant is no longer needed for this project.

6. Probable sustainability of project, even without continuation of core grant

There are numerous factors which will affect the sustainability of the project, none of which involve the core grant.

7. Information being generated on involvement, and benefits derived, by co-op members

Work has just begun to construct beneficiary impact monitoring tools. Representative families will probably be tracked for this purpose.

B. Conclusions

1. Project effectiveness

Too early to tell, but CHF's track record in general and specifically in Guatemala is good.

2. Necessary refocusing?

Currently underway.

3. Continued support warranted?

Yes.

C. Recommendations

None.

PHILIPPINES: LIVELIHOOD FINANCING AND DEVELOPMENT PROJECT

CDO IMPLEMENTOR — CHF

CHF has used core grant funds to work with the Department of Social Welfare and Development (DSWD) on developing a concept to utilize reflows from DSWD's small business lending program to finance group housing construction and home improvement activities for low income families. DSWD has been carrying out a microenterprise lending operation similar to that initiated by the Grameen Bank in Bangladesh. No-interest loans of Peso/4,000 repayable in two years are made to people interested in starting their own businesses. The individuals are organized into groups of 30 and repayment is made on a group basis. As savings began to build up, DSWD was casting about for possible uses for the funds. A CHF employee, who had worked for DSWD, was in the Philippines on a core grant funded trip and was asked for suggestions on how the funds might be used. After some investigation, she suggested that the funds be used for home improvement and housing construction; she prepared a scope of work and a budget for carrying out a feasibility study. DSWD liked the idea and put \$25,000 of its own funds into a contract with CHF to design a habitat improvement program. Three CHF technicians worked with DSWD staff and prepared a project design, which was approved by the Department on 30 January 1996. DSWD will put about \$400,000 into a contract with CHF to carry out a home improvement and new housing construction program in three sites over a two year period. A full-time CHF advisor will be resident in the Philippines for two years and will assist the DSWD in carrying out the program. The home improvement loans are expected to average about Peso/.10,000 (US\$400) and will be at 6 percent interest for three years. The new housing construction loans are expected to be about Peso/.20,000 (US\$800) and will be at 6 percent interest for six years. The monies in the Revolving Social Fund (RSF) total US\$3 million.

A member of the evaluation team visited one of the proposed pilot sites and groups in Davao on the island of Mindanao. The members of the pilot group are all scavengers on a large municipal garbage dump on the outskirts of Davao. More than 100 members of the group showed up for a meeting with the evaluator. There was a high level of enthusiasm among those that attended the meeting. The groups were organized in 1993 and the members received a "livelihood improvement" loan of Peso/.4,000. Of the 200 plus loans, approximately 150 were for small "sari sari" (mom and pop) stores, some 15 were for the purchase of three-wheel cycles and the rest were for financing various commercial operations, including the buying and selling of scrap and recyclables. One woman had used the loan to start a hollow block business, another had started a dressmaking business. The 10 groups of scavengers had formed a federation with a president, vice president, secretary, treasurer and 11 elected directors. The president, vice president, chairman of the board (a woman) and several directors (there are six men and five women on the board) were present at the meeting. A site has been located for the relocation of 150 of the scavengers. The homes of the scavengers at the dump site are crude huts made of scraps of cardboard, wood and corrugated tin. The smoke and smells from the dump permeate the air. There are two faucets which provide water for the entire community. The group members were vocal in their desire to move away from the dump site although they were

concerned that they would be losing the revenue source of scavenging in the dump. Nevertheless, they were anxious to move and participate in the housing construction program. There seemed to be a high degree of participation in the group. With a little encouragement, they were eager to talk about their experiences with the small enterprise loan fund and their dreams of moving to better housing. The evaluator visited the relocation site which is about 20 ha of cleared, level land off the road between Davao and Tagum. Each family will receive a lot of 8,000 sq. meters and a loan to construct a new house. The land has been provided by the municipality and the loan will be provided by the new DWSD/FCH program. Once again, an excellent use of core grant funds to develop this very worthwhile activity.

POLAND: COOPERATIVE HOUSING IN A MARKET ECONOMY

CDO IMPLEMENTOR — CHF

A. Introduction

CHF has been implementing the "Cooperative Housing In a Market Economy: Capacity Building and Replication of Demonstration Results Project" in Poland since August 1994. Their LOP terminal date is 31 March 1996. CHF has requested a three-month "no-cost" extension. In addition, in November 1995, CHF submitted an unsolicited proposal to USAID/Warsaw to continue funding for the current capacity building activity. The proposal is for 33 months with an estimated budget of \$3.5 million. CHF included in its proposal a provision to utilize several local groups, e.g., the Polish Housing Society. USAID has asked CHF for a more detailed breakout of its proposed budget. We understand that the Mission has reserved funds for this continuation, although the amount was not stated.

The main objective of the CHF project is to establish and strengthen an independent, sustainable, nongovernmental capacity to effectively address housing issues at the local level. Based on the experience of two successfully completed housing projects in Bialystok and Zory, CHF developed a replicable model of a small cooperative housing development system which delivers affordable units and reinforces principles of a newly instituted (in Poland) housing finance system supported by the World Bank and by USAID.

To implement the CHF model, nine not-for-profit Agencies to Support Housing Initiatives (AIMS) were created in the following cities: Bialystok, Bielsko-Biala, Cieszyn, Gdynia, Hajnowka, Jastrzebie-Zdroj, Rybnik, Szczecin and Zory. As of 31 December 1995, construction was already in progress on four sites: one in Bialystok, two in Bielsko-Biala and one in Gdynia. Contracts with builders were finalized in three other locations: Jastrzebie-Zdroj, Rybnik and Szczecin. In Cieszyn and Zory, the development was put on hold by city administrations, and in Hajnowka, the cooperative members decided to postpone construction due to higher than expected bid prices. Projects in Cieszyn, Hajnowka and Zory are scheduled to resume in a new construction season in 1996.

On 15 February 1996, the CPSG midterm evaluator and John Godden of BHR/PVC met with Bielsko-Biala AIM staff and visited one of their two housing construction projects. The following is an evaluation of the project and CHF's role in providing assistance to the Bielsko-Biala AIM. CHF is carrying out the program of technical assistance under Grant Number: EUR-0034-G-00-2003-00. This evaluation supplements the overall evaluation of CHF's grant by discussing what has been accomplished by one beneficiary of CHF's technical assistance.

B. The Project — Cooperative Housing in a Market Economy: Capacity Building and Replication of Demonstration Results

1. Description of CHF's project

To replicate a market-based, democratically organized cooperative housing delivery model developed by CHF in two municipalities in Poland, and to assist in establishing local non-governmental organizations (NGOs) capable of housing delivery.

2. Impact of grant on strengthening the partnerships between US CDOs and local NGOs

The partnership between CHF and the local Agencies to Support Housing Initiatives or AIMs, will continue on a formal basis as long as CHF has USAID or other donor financial support to maintain the relationship.

3. Extent of local NGO membership involvement in project planning and development

In addition to the technical assistance provided to the AIMs, cooperative members participated in reviewing and approving such activities as the organization and legalization of the cooperative, project design (especially the architectural design), discussions regarding sources of financing and the cooperative bylaws.

4. Assessment of assumptions, constraints and performance indicators

The local AIM agency in Bielsko-Biala was established in December 1994. The agency's Director, M. Malgorzata Lyko is a civil engineer by training and through the on-the-job training, gained in all aspects of the housing development process. The Bielsko-Biala Cooperative had 60 members as of 31 December 1996. It obtained two sites for housing.

The first project, consisting of 11 row houses, one duplex and one single family dwelling, was under construction in September 1995. By the end of December, all units were under roof. The project manager for the contractor stated that all the units would be finished by 30 April 1996, with the possible exception of the floor finishing in individual units, depending on the type of flooring individual members choose for their personal units.

The second site consists of 12 row houses and two duplexes. Construction began in October 1995 and it has been taken up to the ground (first floor) walls, with further construction awaiting warmer weather. Finishing of the units is planned for the Fall of 1996, with occupancy late in 1996.

5 & 6. Recommendations for improvements to the current grant as it relates to implementation of the overall CHF project

The project, if it is to assist additional community groups form cooperative housing agencies and get their initial housing projects underway, should be extended for another two years using the current CHF local Polish staff. At some time, this core group should be encouraged to establish a local foundation or establish an independent consulting company to provide this type of assistance to new groups desiring to form cooperative housing associations.

7. Assess the sustainability of the Bielsko-Biala project with and without further support from the CHF advisors

The two current housing projects are well underway to completion and little, if any, support will be required of CHF by the Bielsko-Biala AIM to complete the project. This AIM should now be fully able to initiate new housing developments on its own.

8. Monitoring and evaluation of field activity to assess benefits to local people

In this project, the main beneficiaries are clearly the members of the cooperative who will move into their new homes this year. Secondary beneficiaries include the construction personnel employed in building the new housing, and suppliers of the building materials.

B. Conclusions

The technical assistance provided to the Bielsko-Biala AIM has been instrumental in the two housing complexes being under construction. Without CHF assistance, the Bielsko-Biala AIM would probably not be in existence.

C. Recommendations

Based on our inspection of the rpw housing under construction at the Straconka site, it appears that the construction manager and some of his key personnel could use some on-the-job training in Western construction methods; for example, the framing for installation of doors and windows, pouring of ground floors as a part of the foundations, etc. The company building the Straconka site has experience building ski lifts and this is their first housing project.

ROMANIA: A MODEL PROJECT FOR NGO DEVELOPMENT IN ROMANIA

CDO IMPLEMENTOR — CHF

A. Introduction

Prior to FY 94, BHR/PVC made grants to CDOs to carry out small yet innovative projects for cooperative development under its Cooperative Initiatives Grant Program. These grants were intended to provide an extra stimulus to the CDOs to design and implement innovative approaches to cooperative development in their respective fields. These grants enabled several CDOs to implement new initiatives in Central and Eastern Europe, Latin America, Africa and the New Independent States of the former Soviet Union. An example of one of these grants is the National Telephone Cooperative Association's Cooperative Agreement for the Polish Telephone Training Program. This program had the goal of ensuring the viability of existing and future private telecommunications providers in Poland, and thus affords the local populace the opportunity to obtain affordable and reliable telephone service.

In 1993, BHR/PVC issued an RFA for a large three-year grant to one lead CDO which would utilize other CDOs as subcontractors to provide assistance in their fields of expertise. CHF submitted its original proposal to BHR/PVC in December 1993 and a revised proposal in March 1994. CHF's proposal for a "Model Project for NGO Development in Romania" was accepted and CHF was awarded a Cooperative Agreement in the amount of \$2,471,108, effective 29 September 1994 with a three-year LOP.

The development of a market economy and democracy in Romania requires a major structural shift from dependence on state institutions and the introduction and support for private initiatives. This fact provided the thrust for CHF's proposal.

B. The Project Reviewed — a Model Project for NGO Development in Romania

1. Description of project

The project goal is stated as improvement in the ability of Romanians living in the Timis District to address common economic and service needs through grassroots, democratic NGOs and to improve the quality of life of Romanian families through self-help and other economically oriented activities. The overriding purpose of the project was to assist in the development of economically viable NGOs through the provision of training, technical assistance, financial and other resources. CHF selected two key areas having large potential for improved development in the Timis District, namely agriculture and housing.

Among the major activities listed for implementation under the project are the following:

- Establish a Technical Services Center in Timisoara to provide assistance and training to NGOs and financial institutions;
- Select and support at least five NGOs operating within the Timis District;
- Ascertain service and credit demand through outreach to and surveys of members;
- Establish an NGO capital assistance fund to serve as the source of institutional support grants and credit assistance;
- Leverage additional financial resources from other donors including the Romanian-American Enterprise Fund; and,
- Develop a model for involvement of Romanian banks in microenterprise lending.

2. Impact of CIGP on strengthening linkages between US CDOs and local NGOs, Cooperatives or Associations

While this project is into the 17th of a 36-month LOP, there has been no direct strengthening of linkages between US and local groups. It is not likely that this objective will occur.

3. Extent of local NGO membership involvement in project planning and development

At this point in the project, CHF/Timisoara staff have been working closely with four of the five NGOs/associations they have selected. During the first year, much effort was made in assisting these groups with their organization and development. Numerous training programs were held, especially for board members who have the responsibility of making their organizations viable and responsive to member needs. These groups have also articulated what they want to do and have asked CHF to assist them in these endeavors. CHF has assisted each of the groups develop action plans for activities they want to implement. Task orders for technical assistance for the next phase of development for each of these have been prepared with the groups. Responses to the task orders will be received by CHF by the end of March and they will then select the providers of the requested technical assistance.

4. Assessment of assumptions, constraints and performance indicators

At this time project performance is being met. The one obstacle which has taken up too much of CHF/Timisoara staff time has been attempts to obtain registration as a non-government, nonlocal entity. As of mid-March 1996, it appears that this impasse is behind them and CHF will soon have its registration.

5. Recommendations for improvements to the current grant as it relates to implementation of the project

None at this time.

6. Follow-on activities to improve the current project with further support from USAID

At this time, the project needs to focus on its current activities. Adequate funds are available.

7. Sustainability of the project with and without further grant assistance

With further support, the project will be able to expand its services to other NGOs and associations who will seek to develop activities that will benefit their members. During this period, the local CHF staff will gain additional experience and expertise in assisting these groups. This will permit them to continue the program under another umbrella or sponsorship at a greatly reduced cost over the current grant (\$800,000 annually). Without the continued support from USAID or another donor, the project and the local staff likely will not continue their efforts to assist with NGO and association development.

8. Efforts made to monitor benefits to local people

It is too early in the project's development to measure benefits to the local members as a whole, as the key components of each group's activities have yet to be put in place. Key board members did receive valuable training and they expressed appreciation for this assistance.

C. Conclusions

The project has focused its attention on four local associations, one in housing, one in savings and credit services with limited health services, and two small agricultural groups. Their projects are moving forward and hold promise for success. Under the current CHF project director, a new impetus has been given to move the program forward and activities are in motion to accomplish the goals of each of the four groups. The governor of the Timis District stated that he views the success of the CHF assisted projects, especially CARP's and FALT's, as being very important to the people of the region. Their successes can change the mindset of the Romanian people by giving concrete examples of how community groups can organize and work together for their mutual benefit.

D. Recommendations

1. **To CHF** — Begin laying the groundwork to keep the project going for another two years after its current LOP is reached. By then, the local CHF staff should be able to continue the program with short-term support from CHF headquarters.
2. **To USAID** — Consider a two-year follow-on program to continue the project, if CHF's efforts prove that support to local NGOs and associations make a valuable contribution to economic and social development of the Timis District.

E. Supplemental Notes on Field Visit

Met with Matthew Lovick, CHF/Timisoara Program Director and his local staff before paying visits to local NGOs receiving assistance from CHF's "Model Project for NGO Development in Romania." Had the opportunity, subsequently, to discuss the NGOs being assisted over the next two days between visits.

Matthew stated his belief that Terry Cornelison had done a good job of getting the project organized and off the ground. This included program planning and training. Matthew and his staff have prepared a "USAID Work Plan" which was forwarded to USAID on 9 February 1996. I am not sure to what degree the Mission had reviewed this Work Plan at the time we visited them, as they appeared to misunderstand CHF's proposed activity with CARP. The Work Plan lays out implementation plans and schedules to achieve the activities CHF has agreed to assist four NGOs with. These NGOs include: CARP, FALT, BUZENSANA and AACD. A discussion of each of the four NGOs and the programs which they intend to develop with CHF assistance are well described in CHF's annual Work Plan. A supplemental discussion of these groups based on our meetings with them is presented as a part of this report.

In response to our question about a long-term loan fund that allegedly CHF was proposing to permit people to build housing, CHF stated that it had not proposed such a loan fund. The Mission may be confusing this with the plan of CARP to build a new headquarters building together with retail space and short-term housing for indigent, homeless people.

We were told that the Romanian-American Fund has a \$50 million loan fund. They said they would lend a minimum of \$250,000. With no takers or bankable loans, they now are willing to make 90 percent loans with a minimum of \$25,000.

In a meeting with 10 board members of CARP, the group's president advised us that the space they currently use is owned by a church, which graciously has let them use the space rent-free. Now the church needs the space for its own programs and CARP must vacate in the near future. The president expressed concern that they may start their building and run out of money before the building is completed. Matthew stated that CHF's assistance is to help them make sure that

this does not happen by preparing the proper building design, determining the building's cost, determining the cash flow that will accrue from the rental income and assisting them in obtaining a construction loan -- all before the first spade is turned.

Matthew also told the board that there are three questions that CHF must have answered before they can engage an architect: a) What will be the disposition of the one home standing on the land where the new CARP building will be erected? b) What price will CARP have to pay for the land? and c) Can they receive a resolution as to whether or not the back strip of land will be given to CARP along with the main section of land?

At noon on 23 February, CHF staff, Robert Delemarre and John Godden had a meeting with the Governor of the Timis Region, His Excellency Dan Poenaru. He assured the group of his support of the CHF program. He views CARP as a very important project as it serves senior citizens and should be replicated in other areas of Romania. He also views FALT as a very desirable program. He stressed the need to change the mindset of the Romanian people and he sees the success of the various projects assisted by CHF as doing this by giving concrete examples of how community groups can organize and work together for their mutual benefit.

John Godden stressed the pending USAID funding cuts; specifically, funding taken from Mission budgets and used for Bosnia. He also stated that all grants in his office, including CHF's for Romania, will be reviewed regarding spending levels by CDOs. He also stated that funding levels for the next tranche will be made (in part) relative to BHR/PVC's assessment of how much each CDO will be able to spend effectively. He also made it clear that CHF needs to have its registration approved and finalized to permit it to carry out its programs in Timisoara. Dorel Jurcovan, the project's deputy director, was given the name of a high-level official in Bucharest with whom to meet over the next week to speed the approval process along. (NB: the approval process has been in the works about one year!)

Mr. Delemarre discussed with the governor the need for a modest promotional brochure of the Timis Region's agricultural and agribusiness potential as a tool to attract foreign investors to the region.

The meeting was covered by cameramen from the local TV station. Seven newspaper and TV reporters were later brought into the room and briefed by the governor and by Dorel Jurcovan as to the program and the governor's support of the program.

Before the initial discussions with CHF staff about their Work Plan, both John Godden and Robert Delemarre had concerns about CHF's being able to adhere to the timetable established in the Work Plan. Subsequently, we were given details of the extent of planned activities. Given the small-scale nature of CHF's projects, we were able to understand how these activities could be accomplished within the Work Plan's time table. For example, the proposed on-farm grain storage for AACD is estimated to cost \$15,000 and the facility to process pigs at BUZESANA will process about 15 swine per week.

As part of the review of the CHF Innovative Grant for the "Model Project for NGO Development in Romania," visits were held with board members or leaders from four of the five associations that CHF will focus their main efforts on in the next 12 months. These associations are:

- Casa de Ajutor Reciproc a Pensionarilor (CARP) or Retired Persons Self-help Association;
- Federatia Asociatilor de Locatari Timisoara (FALT) or the Timisoara Federation of Tenants Association;
- Societatea Comerciala BUZESANA Buzias (BUZESANA) or Buzias BUZESANA Agricultural Association; and,
- Asociatia Agricultorilor Crestini Dumbravitza (AACD) or Dumbravitza Christian Agricultural Association.

A good description of these four groups is provided in CHF's USAID Work Plan submitted to USAID/Bucharest on 9 February 1996, a copy of which is attached to this report. These descriptions include: a) a history of the associations; b) identified needs; c) obstacles; and, d) task orders with Scopes of Work and a description of required technical assistance. The following will provide some supplemental information on each group.

CARP

CARP membership is open to individuals who have reached retirement age and are eligible for or are drawing a pension. This age is normally 65 for men and 64 for women. For certain groups like miners, soldiers, jet pilots (persons in occupations considered dangerous), the retirement age may be between 50 to 55. The average pension is about \$50/month for those having worked enough years to obtain a full pension. Some retirees receive between \$15-20/month.

CARP's current assets are about \$280,000. In 1995, their total income comprising dues (\$24,000) and interest income (\$69,000) totaled \$93,000. CARP makes small, short-term loans to its members in a range of from \$20 to \$300. A member may borrow a maximum of three times the amount credited to his/her account (dues paid-in).

FALT

FALT was incorporated in 1993 to unite the political might of over 330 tenant associations covering close to 40,000 residents. To date, only 10 percent of these tenant associations are members of FALT; therefore, FALT's dues paying membership is about 4,000 individuals who each pay three cents per month in dues. FALT realizes that it needs new members and additional sources of revenue if it is to have the resources to be an effective advocate for tenants. It is therefore prepared to embark on developing an organization which will offer property management services to tenant associations. In addition to normal management services, FALT will likely develop a maintenance service, including plumbing, electrical, painting and glazing services.

BUZESANA

The members intend to buy 15 pregnant sows from COMTIN, which is the largest swine production and processing company in Eastern Europe. They expect to pay between 150,000 to 200,000 lei (about \$50-60) per sow. Sows will produce an average litter of nine piglets. Piglet mortality runs between 1 to 2 percent. The members are committed to developing their slaughtering and meat processing facility with or without CHF assistance. In addition to loan funds to construct and equip the processing facility, the group will need \$20,000 to renovate two buildings to house the piglets and the feeder pigs. Sows will produce two litters a year, and these litters are usually kept in separate buildings. Members will produce all the feed (mainly corn and soybeans) needed for their pigs.

AACD

The group's president stated that he was not really clear as to just what assistance CHF could offer his members. AACD wants to derive more value from their production of meat, milk and field crops via processing. Their main field crops are wheat, barley, corn and sunflower. The group owns two combines, tractors, seeders, etc. and provide custom farming services to neighboring farms.

The members produce about 100 tons of wheat per year. They plan to supplement this with another 200 to 300 tons purchased from neighboring farmers. A key reason for wanting to add storage capacity to their holdings is the fact that wheat prices increase substantially after harvest. For example, during the 1995 harvest, wheat sold for 150 lei per kg and it currently (February 1996) sells for 300.

The members also want to process corn into animal feed and into cornmeal which they would barter for firewood and lumber. They are discussing the establishment of a retail outlet in Timisoara to sell the members' products. While they produce vegetables for their own use, they find their land is best used for field crops. However, they have a potential to use geothermal water for greenhouse production of vegetables in the winter.

IV. LAND O'LAKES, INC. (LOL)

A. Background Description

1. The organization

Land O'Lakes, Inc. is an agricultural cooperative founded by a group of dairy farmers in 1921. Today, LOL is owned by more than 300,000 farmers and ranchers in 15 states and has combined annual sales of more than \$3 billion. As an agricultural supply, food processing and marketing cooperative, LOL provides a full line of services to its members. LOL employs more than 6,000 people and operates more than 150 processing facilities, including 24 feed mills and 19 dairy food processing plants.

Prior to 1983, LOL's involvement in third world development was through participation with other cooperative organizations. In 1983, LOL began working directly with USAID to strengthen its institutional capabilities for providing assistance to developing country agribusinesses, particularly in the farm supply, food processing and dairy areas. As LOL's international experience, contracts and grants grew, it recognized there was a need for training in agribusiness and in food and agricultural production. To meet this need, LOL began to provide US training courses for foreign participants.

Since 1983, LOL has had numerous cooperative agreements and grants with USAID/W and with Missions. For example, LOL was awarded a dairy development grant for \$3.126 million from PVC in 1986 and received cooperative support grants from PVC in 1991 (\$1.474 million) and in 1994 (\$1.425 million). LOL has also received grants from Missions, including Pakistan, Cameroon, Poland and Uganda. LOL is to use the PVC cooperative support grant for four main categories under the grant's program purpose, i.e., Program Development, Organizational Development, Resource Enhancement and Limited Program Services (Technical Assistance and Training).

LOL's International Development Division has a staff of 28 professionals in its headquarters office and 51 (seven expatriates and 44 local) professionals in its overseas project offices. Nineteen of the staff in Minnesota and four of seven expatriates have either an agricultural or a cooperative background.

2. The current core grant

LOL's current core grant was signed in September 1994, with an effective date of April 1994. The grant calls for USAID to provide \$1,425,000 and LOL to provide \$358,102 in non-US Government funds. The program goal of LOL's core grant is to "...promote sustainable economic development through the creation and/or strengthening of democratic grassroots cooperatives in developing and transitional economies which

provide a means for people to increase their incomes, productivity and human dignity.” The program purpose of LOL’s grant is “... to strengthen Land O’Lakes capabilities as a cooperative development organization to promote cooperation among agricultural and food producers, and to enhance the governance and operations of cooperatives and producer associations.” LOL’s program outputs were presented as follows:

- Seven cooperatives/producer associations created or strengthened through the five year program;
- Two process/production systems altered to reflect environmental and energy efficiency recommendations;
- Two women-producer associations created or strengthened; and,
- One communications network created, which educates Land O’Lakes members and staff to strengthen recruitment and to disseminate information on the economic impacts of projects.

Through 31 January 1996, LOL had used \$132,749 of its core grant funds to provide technical assistance and conduct workshops. For example, workshops and technical assistance were presented/provided in Albania, Bulgaria, Poland, Romania, Latvia, Ukraine and Uganda. LOL also used \$532,841 of its core grant funds to develop proposals for projects in numerous countries eligible for USAID assistance including Albania, Bulgaria, Kyrgyzstan, Lithuania, Macedonia, Mexico, Moldova, Romania, Russia, Uganda and the Ukraine. Tables 2 and 3 in Part One of the report show project development activities undertaken with core grant funds that resulted in awards to LOL, and individual technical assistance activities undertaken by LOL, with core grant funds, by country and time period.

3. Special initiatives grant

In 1993, LOL opted to join CHF in its successful pursuit of a “special initiatives” grant from USAID for a Model Project for NGO Development in Romania. As of this evaluation, LOL has received task orders from CHF totaling \$31,632 to provide short-term technical assistance and training.

B. Program Accomplishments

1. Results achieved

a. Output targets

LOL’s Log Frame, contained in its revised submission of 15 April 1994 in response to PVC’s letter request of 14 April, did not breakdown its outputs under the four program output targets listed by USAID in its RFA. It did, however,

provide targets which can be derived from the Log Frame, measured through the oral interview and reviewed through LOL quarterly and annual reports, which list achievements by USAID's four main output targets. Major achievements through January 1996 include:

Program Development

- LOL submitted 25 project/program proposals for USAID funding since the effective date (April 94) of the current core grant;
- LOL submitted 18 sub-proposals to other development consulting groups;
- LOL submitted five proposals and prequalification packages to non-US funding organizations, either as the prime or as the sub-contractor; and,
- LOL developed an effective and innovative "Third-country Training" program in Poland to teach representatives of the Ukrainian dairy industry.

Organizational Development

- LOL has developed in-house "Functional Teams" which have key responsibility for various activities such as accounting, administration, training, project development, project management and newsletters;
- LOL has developed project teams, by country, which are composed of staff drawn from the functional teams;
- LOL's international staff members have developed annual personal skills/improvement plans with budgets;
- LOL has held workshops for headquarters and field staff on developing M&E systems and undertaking monitoring and evaluation activities;
- LOL has held a four-day training session on Fourth Generation Management;
- LOL has developed a Process Responsibility Deployment Chart which is used to identify the point person for each activity or step in the proposal development process. The chart, which also incorporates a "Go/No-Go" process, can be used for both prime and subcontractor roles in the proposal process;
- LOL international staff have participated in a one-day Total Quality Management training program; and,
- LOL has established a group of process improvement teams which are charged with analyzing and making recommendations to management as to how various processes (data management, for example) can/should be improved.

Resource Enhancement

- LOL has added five new professionals to its staff. These individuals include: a native Ukrainian, who serves as a training specialist to develop US-based training programs for participants; a second native Ukrainian project officer, who has administrative responsibility for LOL's Farmer-

to-Farmer Program; a native Korean, who assists the manager of international marketing; a Ukrainian speaking project assistant, who resides in Ukraine to help the LOL Farmer-to-Farmer Program in that country over the next seven months; and a former USAID agricultural advisor/mission director, who has responsibilities for developing program and project opportunities for LOL with funding from non-US donor organizations; and,

- LOL has used core funds to initiative an aggressive effort to forge new relationships with both international donor organizations and international consulting and business firms.

Limited Program Services

- LOL has developed and presented a five-day training course on establishing an extension service for six persons from Macedonia in Albania during April 1995;
- LOL has provided a 10-day leadership training program for a top livestock official of Albania's Ministry of Agriculture to expose the individual to non-government dairy organizations to see how their operations could be adopted/adapted in Albania;
- Two LOL dairy experts, with two Polish advisors, have prepared a feasibility study of establishing a whey-drying and marketing cooperative consortium project for several Polish dairy cooperatives;
- LOL headquarters was visited by three Russian officials in November 1994, to discuss the current butter monetization program being implemented by LOL and to discuss future monetization programs for butter and feed grains;
- LOL has served, since 1995, as a facilitator to assist teams of Bulgarians who have formed six working groups. These groups are focusing on the following areas: dairy market information; new markets for dairy products; quality of milk; dairy policy; technical assistance for private farmers and processors; and, organization and development of cooperatives and associations;
- LOL, through March 1996, has helped create 15 new cooperatives and strengthen 30 other existing cooperatives and associations in Uganda, and helped strengthen five cooperatives in Poland, thus meeting its goal of seven cooperatives created or strengthened;
- LOL has worked on one program (versus two in the LOP goal) to improve environmental and energy systems, i.e., an environmental audit of a dairy plant in Lithuania; and,
- LOL assisted with the establishment of a 340-volunteer women's non-formal advocacy network in Albania.

b. Financial management systems

LOL's accounting department has established a computerized financial report format and system which is used to track and report on expenditures under the core grant it has received from USAID. The report format lists expenditures by: personnel, fringe benefits, consultants, travel and per diem, training, other direct costs, indirect costs, total federal funds and nonfederal funds. The reporting system also tracks costs by country and by Program Management, Project Development, Cooperative Development (Technical Assistance), and Organizational Development (other than training and newsletters). In effect, the system is tracking LOL's core grant budget in terms of program objectives.

c. Constraints Affecting Achievement of Program Outputs

LOL has indicated several constraints which have affected their overall achievement of program goals, but not necessarily program target outputs. In May 1995, it was stated that it had become increasingly difficult and time consuming to push unsolicited projects through the review and approval process at USAID. For example:

- The Albania and Lithuania dairy programs were originally proposed in early 1994, approved verbally in June/July 1994, and were not executed fully until April 1995. Contract procedures have been painfully slow and have consumed many hours of Land O'Lakes staff time; and,
- The Bulgaria proposal for a \$200,000 add-on to work in dairy policy was submitted and approved verbally in the summer of 1994, yet was not reviewed technically until March 1995.

In addition, LOL has not been able to access multilateral bank funding despite tremendous encouragement, support, and time spent on this effort. LOL has been unable to establish a useful working relationship that leads to additional funding, even though it has submitted a number of proposals and prequalification statements to these organizations.

Other constraints voiced by LOL included the fact that the current core grant was not signed until September 1994. Although USAID advised them that funding would be made retroactive to April 1994, LOL was leery of spending funds and initiating activities without a signed cooperative agreement. In addition, there was a two-month gap between the termination of the previous core grant and the effective date of the current core grant. LOL's international department was forced to borrow funds from its parent unit and pay interest on these funds to keep its staff paid and available to work under the new core grant.

2. **Organizational performance**

a. Beneficiary participation

A key goal for USAID is the participation of beneficiaries in project development as a means to ensure that beneficiaries continue to participate in decisions that affect their lives. LOL's core grant proposal and program objective clearly state the intention to include local people in the development and management of cooperatives and associations that are assisted by LOL. In this way LOL assisted in democratic elections in cooperatives, the formation of cooperatives composed of female producers, and the development of one or more cooperatives wherein females comprise a majority. In Uganda, LOL has been assisting with the development of small- and medium-sized dairy processing cooperatives. Field staff have been assisting local herdsman and herdswomen with association formation, technical services and credit. In Bulgaria, LOL acted as a facilitator in a program wherein cooperative members formed six working groups to address and develop solutions in various areas, including marketing systems, pricing policy and overall agricultural policies that affect their production, and processing and marketing activities. Additional narratives concerning beneficiary participation are included in the section covering evaluation of LOL field activities visited.

b. Monitoring and evaluation (M&E) systems

LOL has not developed a formalized M&E system to develop baseline data and measure project impact in qualitative terms although it decided about three years ago that it needed a more programmed system to measure performance. Evaluations (formal) vary according to the different projects. LOL has held numerous training workshops for headquarters and field staff wherein M&E methods and procedures were discussed. This covered internal evaluations both of how well LOL was undertaking its mission and of how effectively were initial programs were being implemented. LOL is now making a greater effort to establish baseline data and set benchmarks under which project results can be measured. For large dollar, long-term technical assistance projects, LOL tries to custom-design M&E plans geared to the specific activity(ies) of each project. LOL did discuss the possibility of adding an M&E specialist to their staff. They concluded, however, that the additional staff cost would be prohibitive given their current level of project activity.

LOL developed and now uses an interview process for conducting on-site interviews of the beneficiaries of training and technical assistance. LOL measures quantitative data, such as number of participants receiving training, numbers of cooperatives assisted, and increases in cooperative membership. In some cases

they are able to document the increased market activity and the increased profitability of cooperatives and associations they have assisted.

c. Strengthening of partnerships between CDOs and local NGO's

LOL stated that the real value of the core grant with regard to partnerships is that it permits LOL to become acquainted with local cooperatives over a long period of time. It is not practical, however, to have a continuing linkage with a third-world cooperative unless there is a commercial mutual interest now or in the future. Through cooperative agreements and grants, LOL provided training and technical assistance to many agribusinesses on a global basis. Through these efforts and through research by LOL line divisions, LOL learned about the favorable business environment in Poland and other countries. Today, LOL Agra now owns 100 percent of an animal feed mill and 51 percent of a cheese plant in Poland. Training and technical assistance to these agribusinesses and the farmers associated with them were discontinued as soon as they were identified as potential business partners.

d. Identification and exploitation of targets of opportunity

Since the inception of the current core grant, LOL has used core funds to identify potential programs and submit 25 proposals to USAID, USAID missions and other donors. To date, these efforts have resulted in the award of 10 grants and/or contracts with a total value of \$10,253,793. Six of the 25 proposals with a value of about \$7.4 million were submitted between September 1995 and February 1996 and are pending evaluation and funding decisions. During this core grant period, LOL has also submitted subcontract proposals with other cooperative and for-profit groups for 20 USAID projects and two non-USAID projects. From these, nine resulted in awards to LOL's prime contractor parties and sub-awards to LOL of about \$696,000.

In recent years, LOL initiated a concerted effort to identify and exploit targets of opportunity outside of USAID funding. One important success for LOL has been the preparation of proposals to USDA wherein surplus US-owned agricultural commodities are "given" to a host country based upon a plan submitted by a US NGO with the endorsement of the host country government. In these programs, the US entity becomes the program manager, assists with and oversees the local sale of the USDA commodities (butter, feed grains, etc.), and places the proceeds into a special, previously agreed-upon fund. These local currency funds are then used, for example, to create a credit fund in a cooperative development bank, to provide funds for agribusinesses to purchase new food processing and packaging equipment, etc. In 1995, LOL was awarded two of these "monetization" programs (each has an LOP of one year). The first covered feed grain sales in Russia and resulted in a management fee for LOL of \$398,682; the second also

covered feed grains for the Ukraine and resulted in a management fee for LOL of \$410,690. To further leverage the development/results value of the core grant to USAID, LOL can program the use of the local currency funds to assist local cooperatives and associations. For fiscal year 1996, LOL has submitted three monetization proposals: one for nonfat dried milk for Vietnam and two follow-on feed grain proposals for Russia and the Ukraine. Note: LOL did not use CPSG funds to prepare the Vietnam proposal.

LOL has also begun a program to diversify away from US Government-funded programs and projects. A number of these efforts are mentioned under Section C.1.e.vi. Some specific examples of non-US Government activities which LOL has been pursuing include: teaming with a Dutch consortium for the World Bank-funded Albania Agro-processing Project; submitting with a Canadian consortium for the World Bank-funded ARIS Project for Russia; submitting Statements of Interest and concept proposals to the AfDB; submitting a proposal to Oxfam-Netherlands for a dairy and vegetable production/marketing project in Albania; submitting a small business development training proposal to Eurasia for Kyrgyzstan officials; and creating a milk quality improvement program for the State of Jalisco, Mexico, to be funded by private and governmental sources.

Land O'Lakes International Development group, however, is still dependent on USG funded projects in general, and on USAID projects in particular. For example, LOL's contracting revenue for its last three fiscal years shows this dependence on a percentage basis:

Year	Percent of Total Consulting Revenues	
	From USAID	From USG Agencies
1995	86.16	93.08
1994	96.46	98.83
1993	98.03	99.82

e. Incorporation of previous evaluation recommendations

A discussion was held to assess the extent to which previous (October 1993 Final LOL CPSG Evaluation) evaluation recommendations were incorporated into current program activities. These discussions and data provided indicate the following in relation to the main recommendations:

- (1) Future project development should address institutional development, which would bring sustained economic development. LOL has prepared a chart entitled Institutionalizing Agricultural Development, which reflects the institutionalization efforts it has undertaken in eight countries in Eastern and Central Europe, Russia

and Uganda. These efforts clearly meet the actions recommended by the evaluators.

- (2) The evaluation function should be further developed. This was discussed in Section B.2.b., Monitoring and evaluation systems. While LOL has made some progress in providing training to staff in M&E activities, it has been verbal and no formal M&E system has been developed.
- (3) LOL should consider formalizing "Lessons Learned." LOL has developed and is implementing a process to document "lessons learned" from individual field projects via a formal project assessment. This process focuses mainly on how well or how poorly a given project was implemented. Some of the areas reviewed include: (a) decision making; (b) project team interactions; (c) success in recruiting a good in-country staff; and, (d) USAID conflicts. Although LOL does not have a formal procedure to document "lessons learned" on successful and unsuccessful interventions on all projects, it does require debriefings and written reports from travelers that document what was successful and what was not. LOL staff also develop one-page impact statements on beneficiaries who benefit from interventions implemented over time. The Farmer-to-Farmer program has a formal evaluation process that is intervention-specific.
- (4) Increase public information reporting of economic impacts resulting from projects. LOL prepares articles on its developing country projects and publishes them in its quarterly *International Outlook*, which is mailed to its 6,000-plus employees and cooperative members. LOL has also arranged to have articles published in local newspapers, a local TV station air a 10-minute spot on its dairy cooperative project in Uganda, and worked with OCDC to improve communication of cooperative development activities. LOL reporting has been more qualitative than quantitative.
- (5) LOL should coordinate projects with other cooperative development organizations where appropriate. Since early 1994, LOL has submitted a number of proposals with other CDOs. This has included: (a) the ACDI AgLink Project in Egypt; (b) the Armenian Farmer Business Association Project with ACDI; (c) the Macedonia Rural Finance Project with ACDI; (d) the Model Development of NGOs Project in Romania with CHF; (e) the

Reverse Farmer-to-Farmer pilot program in the NIS with ACDI; and, (f) the Cooperative Development IQC with ACDI.

- 6) LOL should increase involvement of host country representatives in project development. LOL has assisted local groups with the development of local program activities in a number of projects. For example, in Bulgaria, LOL has been serving as a facilitator to assist Bulgarians in forming six working groups related to all facets of Bulgaria's dairy industry development under free market conditions. In Uganda, LOL has been assisting local groups of farmers with their organization of dairy cooperatives that develop milk processing facilities.
- (7) LOL should explore non-core grant funding resources and other donor organizations, Mission buy-ins, etc. LOL has made a concerted effort to do this. Their efforts in respect to this recommendation are discussed in Section B.2.d. above, titled "Identification and Exploitation of Targets of Opportunity."

C. Future PVC Support

1. CDO strategy for future organizational and program development

Given the likelihood that future USAID CPSG funding will remain static or decline, LOL has set forth a number of plans it is proposing and will be pursuing to develop its international development support activities, and to diversify its USAID support base. LOL efforts in this regard will include:

- Accessing EC and EBRD funds by registering its (LOL's) Polish company as a potential contractor with these organizations;
- Establishing relationships with European businesses and consulting organizations to compete jointly for projects with funding provided through EC sources;
- Establishing a for-profit consulting company in Poland to access private and public sector funds for agribusiness development;
- Establishing a for-profit subsidiary of the International Development Division to adjust cost pools to meet the demands of funding sources;
- Engaging in for-profit trade activities;
- Work with the Asian Development Bank to pursue ADB-funded agricultural efforts in the Philippines and in Vietnam; and,
- Pursuing World Bank-funded projects by developing collaborative relationships with businesses and consulting firms in countries that provide the original "trust funds" required to co-finance projects.

All profits from these ventures will be reinvested in LOL's International Development Division to continue and to expand funding of marketing and sales efforts of the division.

2. Value of core grant to CDO

Martha M. Cashman, Vice President for International Development and her staff made it clear that without their prior and current core grants, and without similar support from other donors, LOL's developing country activities would have been curtailed greatly. The core grant has provided LOL with the opportunity to gain the experience and the expertise to conceptualize, design and implement cooperative/association development activities and assist local groups implement institutional development and strengthening programs. The same experience has permitted LOL to seek to broaden its funding base by targeting non-US donor agencies, forming associations with US and foreign consulting companies, and establishing a track record of assisting developing country groups successfully. As a nonprofit operation, the International Development Division of LOL does not generate profits which it could use to subsidize its business development efforts; thus the core grant has been valuable in these efforts.

3. Lessons learned and CDO recommendations

LOL believes that it has learned several things about the core grant program. For one, LOL has learned to integrate the CPSG into LOL's overall development activities to ensure better coordination and development of targeted activities. LOL has prepared a series on "Utilization of the CPSG" to document how they have been able to integrate their activities funded under the core grant into follow-on projects and activities. Copies of these are available from LOL. LOL previously used core funds as a fishing license; now as the staff and programs have developed and matured, the LOL team has become more focused in how funds are used (selectively), and this has resulted in more effective use of funds in their new business development efforts. LOL's main recommendation (relative to the future of the core grant) is to make the lifetime of the LOP five years as before.

LOL stated that the overall USAID program management has been flexible and personal relationships have been good and professional. LOL expressed concern that there have been differing reporting requirements (formal and informal) between old and new core grants, and between what the former program manager wanted and what the new program manager wants. LOL's recommendation: "... decide what reporting format you want when you issue the RFA and do not change it, as reporting format changes cost the CDO time and money which comes directly out of core grant funds."

4. Value of special initiatives to CDO

As a sub-member of CHF's special initiatives Grant, LOL is a minor player and does not expect to have much of a share in CHF's \$2,471,000 grant. LOL went along with

OCDC's proposal for a joint special initiatives grant. LOL, however, is not very happy with its limited role in this initiative and stated that if they had known how it would develop, they would have written their own special initiatives proposal for a regional institution building and linkage program.

5. Sustainability of CPSG-funded field projects visited

In the process of the evaluation, LOL field activities, which use CPSG funds were visited in three countries: Poland, Romania and Uganda. In Poland under an ENI Bureau Cooperative agreement, LOL implemented the Restructuring Agriculture and Agribusiness: Private Sector Project (RAAPS). The RAAPS program was designed to assist small and medium-sized agribusinesses by providing them with urgently needed expertise in areas critical to their successful operations. Using one US and several Polish professionals, LOL has been providing training and assisting these firms with their business development plans. LOL has also brought local professors from regional Polish universities into their business planning and consulting teams. The core group LOL has assembled and trained will form a nucleus of local expertise which will continue to provide the support now provided through RAAPS. This core group will be able to do so as an independent firm and/or as the core members of a LOL local consulting group.

In Romania, LOL has one US and two local professionals who provide assistance to dairy producers and dairy product processors similar to that provided in Poland. The LOL group also utilizes a Romanian marketing professor/consultant, who received his MS and PhD degrees from Washington State University as part of its business planning and market training team. At the end of the LOP, these Romanian professionals will also be able to form an independent consulting group which can carry on the work currently done under the LOL grant, with limited specialized expertise from LOL.

In Uganda, LOL is implementing the Uganda Private-Sector Dairy Development Program under a Mission grant agreement. The key advisor under this grant is Richard Bakojja, a Ugandan who manages his own dairy farm and cheesemaking facility near Entebbe. Mr. Bakojja, supported by a full-time Ugandan extension advisor, devotes one-half of his time to this project. He is supported by short-term advisors from LOL/Minnesota as the need arises for specialized expertise. With limited outside financial and technical assistance, this project could be continued by Mr. Bakojja. Dairy processing cooperatives being assisted by the project should be able to provide some assistance and training to similar groups when they are ready to develop their cooperative operations.

D. Major Issues for CDO and USAID

None.

E. Specific Recommendations

For CDO —

- (1) That LOL take the lead and encourage the OCDC to form a working committee to develop some common M&E systems, which could be used to measure impact of cooperative assistance activities. These systems could be structured in relation to the dollar value of the technical assistance contract, i.e., the larger the contract the greater degree of baseline data collection, monitoring and evaluation.
- (2) That LOL evaluate its potential to seek out and join PVOs like Oxfam to pursue projects not directly related to cooperative development, but clearly within LOL's expertise, e.g., child nutrition and survival.
- (3) That in light of its lack of success in obtaining other donor funded activities, that LOL engage someone familiar with non-USAID organizations, on a part-time basis, to assist in this area of business development.

For USAID —

- (1) Encourage LOL to interest other US operating cooperatives in becoming involved in CDO technical assistance activities overseas.

POLAND: RESTRUCTURING AGRICULTURE AND AGRIBUSINESS, PRIVATE SECTOR PROGRAM

CDO IMPLEMENTOR — LAND O'LAKES, INC. (LOL)

A. Introduction

Using funds from a previous core grant, LOL determined that there was a need for providing technical assistance in Poland to small and medium sized agribusinesses in their transition to a free market economy. LOL documented this need in a proposal to USAID and was awarded a four-year cooperative agreement (EUR-0024-A-00-2042-00), during 1992. USAID/Warsaw recently prepared a Mission evaluation of this project. The purpose of this evaluation was to assess the value of the core grant in providing CDOs as a vehicle to identify country needs, to present these needs to missions, and to seek funding to carry out technical assistance programs to address these needs. This evaluation supplements the Mission's overall evaluation and focuses on the assistance provided to three beneficiaries, the Rajdimex Company, the Niepolomice Poultry Processor and PZZ Kozlow.

B. The Project Reviewed — Restructuring Agriculture and Agribusiness: Private Sector Program for Poland (RAAPS)

1. Description of the project

The RAAPS program was designed to assist small- and medium-sized agribusinesses by providing them with urgently needed expertise in critical areas of agribusiness management, permitting them to operate successfully as private enterprises.

2. Beneficiary number one: Rajdimex Company

The Rajdimex Company is located at Andrychow, Poland, which is about 60 km SW of Krakow. Rajdimex is a food company which was started about six years ago and began by importing food items into Poland from Germany, Holland and Hungary. About three years ago, the two partners purchased a bankrupt, nonfunctioning vegetable canning facility from the Polish government. In the beginning, the company purchased vegetables and fruits at whatever price they could arrange at harvest time. Now, the company buys green peas from one farmer who grows 150 ha of peas under contract to Rajdimex. Rajdimex purchased a pea combine and provides this to the farmer, as well as providing him with pea seeds. Last season, they imported seeds from Germany, but this year they will buy locally grown seeds. Rajdimex also has been buying fresh carrots from central

Poland growers, but hopes to locate growers which are closer to their plant in the near future.

Rajdimex imports and exports food items and operates as a wholesaler supplying area food outlets, restaurants, hotels, etc. Last year, they exported the first of their own canned products — cherries to West Germany.

Rajdimex cans mostly vegetables, including bread and butter, and dill pickles. They also package (in glass) canned cherries, jams, jellies and marmalades. There are 27 different items in their current product line. One of their key problems in being competitive in export markets is the high cost of cans — about 15 cents for a 303-equivalent can. Glass jars run about 10 to 15 percent less than tin cans, but present a problem in shipping due to the potential for breakage.

In Rajdimex's area, farmers used to grow a large variety of fruits, but ceased doing so when the market prices became unprofitable. Rajdimex is encouraging farmers to grow fruits for sale to the cannery once again. Its efforts in advising that there is a market for fruit has proven useful.

Rajdimex's cannery was owned previously by a state cooperative; thus the former members are used to working in a cooperative system. The former farmers, who are now members of a private cooperative however, are unwilling to commit themselves to growing crops that are new to them (like green peas) as commercial crops. In addition, farmers do not trust companies like Rajdimex, because of past negative experiences with state production companies.

Rajdimex employs 120 persons year around and hires another 60 persons on a short-term basis during the canning season.

Value of RAAPS program to Rajdimex -- Mr. Bogumil Rajda, one of the two partners stated that the assistance provided to him by US and Polish advisors working under the RAAPS program was very important to the firm. It provided them with a broader perspective of their business, and a better understanding of running and managing a business. Mr. Rajda attended a one-week course in Memphis arranged by Sparks and then spent another week visiting US food companies, including those producing canned vegetables, pickles, blanched french fries, beer and wine. These visits provided him an opportunity to exchange ideas with his American counterparts on ideas for new business opportunities. It is another case in which a little assistance can provide substantial benefits to local businesses like Rajdimex. Measures of success: Product sales grew 117 percent over 1994. Sales of new products grew 30 percent; new profits grew six percent; and, employment grew 50 percent.

3. Beneficiary number two: Niepolomice Poultry Processor

Niepolomice Poultry Processor (NZD) is a private enterprise in Niepolomice, east of Krakow. It was established in 1993 by 12 local poultry processors (new owners) to take over the land and facilities of a bankrupt state enterprise which had ceased operations in 1990. The facility was first built between 1966 and 1967 to process poultry from southern Poland. The plant has a capacity to process 30,000 chickens, 5,000 ducks and 3,000 geese per eight-hour shift. It also has a capacity to process three to five tons per shift of processed meats, e.g., pate, cold cuts, etc.

When NZD took over the ownership of the processing plant, it had to replace about 60 percent of the equipment, which had been liquidated or damaged during the three years the plant was closed. Since then, the company has invested about \$400,000 to modernize their facilities, including adding air drying units to cool birds after processing, installing 1,000 tons of freezing capacity and making general improvements to meet EU meat processing standards.

NZD has contractual agreements with local growers who produce for the plant. NZD provides these growers with day-old chicks, advises them on feed regimes, and then buys live birds from the growers 42 to 56 days later depending on the breed and expectations of buyers. The average live weight of birds is 2.0 kg and dressed weight is 1.5 kg. The heart, gizzard and liver are sold separately. NZD sells dressed birds for 4 Zlotys per kg or about 80 cents per pound. Thirty percent of their production is sold frozen and the rest is sold fresh.

In 1995, the company processed 2.4 million birds. The processing plant is operating at less than 60 percent capacity for two main reasons: First, from the time the plant ceased operations in 1990 until the new owners began processing on 7 March 1994, many farmers stopped raising chickens. Second, 15 new, smaller processing facilities were established in the region. In 1995, NZD upgraded its facilities to meet EU requirements and received a license to export product to Germany in December 1995. They are now selling processed geese to German importers (30 percent parts and 70 percent whole birds).

Value of RAAPS to NZD -- when the new owners took over the processing plant, they lacked the management experience needed to run its operations professionally. The general manager for example, has a Ph.D. in poultry science. NZD's board of directors became aware of the RAAPS program and requested assistance from LOL. A RAAPS team analyzed the company, wrote a business plan with input from the general manager, and has provided guidance to the company in its implementation of the team's recommendations. NZD used the business plan developed to obtain a loan of about \$270,000 from a local commercial bank, which was able to offer a one-half normal rate loan due to a Polish government program to subsidize loans for entrepreneurs to upgrade their processing standards to meet EU requirements. The company has increased staff by

10 people. Their capacity utilization is up from 14 percent to 55 percent. Sales have increased 15 percent.

Josef Kania, a local professor of agricultural economics and an original member of the RAAPS consulting team (which assisted NZD), has been elected to the board of directors of NZD and monitors the company's performance and progress.

4. Beneficiary number three: PZZ Kozlow

PZZ Kozlow is a former state-owned grain milling and storage company located in southern Poland near Krakow. It has a grain storage capacity of 35,000 tons and a flour storage capacity of 3,600 tons. Its milling capacity is 100 ton per eight-hour shift, and it can produce eight different types of flour. The mill is currently operating at about 40 percent capacity because not enough wheat is being grown in the region.

In most years, Poland is self-sufficient in wheat. During the last four years, however, production dropped with the transition to a free market economy. In addition, the past two growing seasons were hampered by poor weather conditions. Output was also affected by the collapse of many state farms into bankruptcy, and many of these have yet to be put back in production. As a result, PZZ Kozlow has been buying grain in Slovakia this year and expects to begin buying from Hungary and Romania within the next month.

During harvest, the firm receives grain brought directly to its facility by individual farmers from within a 50-mile radius. After harvest season is over, the firm tends to buy from traders. They also use independent buyers who assemble, buy and deliver up to 150 ton lots to their facility.

In 1995, GOP regulations governing the firm were changed. This permitted the company to enter into a mass privatization program in which 513 companies were placed into 15 stock funds aggregated into groups of similar companies, e.g., agribusiness. While still a state-owned firm, PZZ Kozlow had hoped to find an outside investor. However, it was not able to do so due to over-capacity in the industry and the reluctance of private investors to invest in state enterprises. Management then decided to convert to a semi-private company and eventually will become a fully private company when the mass privatization program is finalized.

Given its central location in southern Poland, the firm hopes to be able to serve its local market as well as countries east of Poland including the Ukraine and Russia which is connected to Kozlow by a rail line. The firm also intends to become more involved in grain trading and to establish a grain storage and trans-shipment capability.

Value of RAAPS to PZZ Kozlow — the cooperation between LOL and the firm began more than two years ago with a training program provided by LOL. Since then, more

than 30 employees have received training under RAAPS in areas such as marketing, sales and distribution and business management. The general manager views this training as having turned the company around. For example, it changed the mindset of people as to how they would have to work to survive in a free-market economy. The firm established a marketing department. It was important for sales personnel to participate in training sessions as before they merely filled orders and now they have to seek out buyers and maintain good customer relations. The training received by the 30 employees has filtered down to coworkers and subordinates by direction and by example. When the firm was first started, it was still a state corporation. The LOL training helped convince management of the value of going private and it speeded-up the process. After the changeover, the firm initially lost substantial business and in 1993, the firm suffered a loss. Subsequently, the firm developed a business plan with LOL assistance and implemented a number of the plan's recommendations. This resulted in the firm returning to profitability in 1995. Their debt level has decreased 5 percent per month. Their market expanded geographically and profit margins increased 5 percent.

ROMANIA: PRIVATE DAIRY BUSINESS ACCELERATION PROGRAM

CDO IMPLEMENTOR — LAND O'LAKES/ROMANIA (LOL/R)

A. Introduction

Under socialism, 85 percent of agricultural land and other assets in Romania were organized into State-owned collective farms. With the "Land Privatization Law of 1990" enacted by Parliament, previous owners were entitled to reclaim their lands from the GOR. Using funds from a previous core grant, LOL designed a subprogram titled "Romanian Dairy Reform Project" as part of its USAID/ENI regional dairy development grant. USAID provided LOL with a grant agreement for this project in 1992.

The purpose of this evaluation is to assess the value of the core grant in providing CDOs with a vehicle to identify country needs, present these needs to missions, and seek funding to carry out technical assistance programs to address these needs.

B. The Project Reviewed — Romanian Dairy Reform Project

1. Description of the project

LOL/R began in 1992, to assist private entrepreneurs in the dairy sector, focusing its assistance on private, small processors of dairy and dairy-related businesses. In April 1995, using current core grant funds, LOL/M traveled to Romania and worked with LOL/R staff to develop a proposal entitled "Private Dairy Business Acceleration Program in Romania." Funding of this grant request (\$485,230) by USAID/Bucharest will permit LOL to continue its aforementioned program.

The project has permitted LOL/R to assist six private dairy processors to-date in areas such as: a) training in business planning, finance, marketing, cheese and yogurt making, milk quality; and, b) creation of a dairy processors' association.

2. Beneficiary number one: Kavero SRL

Kavero SRL is producing and marketing its own brand of yogurt (plain, fruit and lowfat) and cream. It will soon begin making cream cheese. This company is headquartered in Brasov, about 100 km north of Bucharest. It is also engaged in other commercial activities (e.g., importing), from which the profits permit it to develop its dairy processing activities.

Kavero buys milk directly from two area dairies which collect fluid milk from farmers and process it for sale. Mr. Israel Kahana, the Director of Kavero, stated that he believes

one of the dairies is state-owned and the second may have some private participation. State dairy product makers/marketers can force small retail outlets to stop selling dairy products made by independent producers like Kavero by threatening to stop selling these outlets butter, cheese and other dairy products available through them.

Mr. Kahana told us that more than three years ago, dairy products accounted for 6 percent of total food sales. He believes that today, dairy products account for about 12 percent of total food sales. Romanians tend to buy/consume more dairy products in the winter months to compensate for the lack of fresh vegetables. This trend in dairy products consumption is a healthy one for producers like Kavero.

Value of LOL Program to Kavero -- Kavero has been the beneficiary of substantial assistance from LOL technical experts. Mr. Michael Christenson not only helped develop but also presented a three-day training course on marketing dairy products for 30 people. He returned six months later to follow-up on the changes being implemented. With Mr. Christenson's help, Kavero established a new marketing system and developed a new type of packaging.

Mr. Bill Broske provided training in processing and quality control for yogurt making. As part of this, he showed them how to use gelatin versus starch to stabilize their product, thereby increasing product shelf-life from 10 to 21 days and providing a product with much greater consistency. He also showed them that the milk from their current provider was of a low quality; Kavero therefore switched to another supplier from a different area. According to Mr. Kahana, these changes have resulted in the following improvements:

For fruit yogurts:

- Initially produced 50,000 packages per month, of which 20 percent were returned; after changing the recipe and packaging, now produces 150,000 packages per month, with only 5 percent returns.

For plain yogurts:

- Now have a production of 200,000 to 300,000 packages per month of which a maximum of 1-2 percent are returned.

Mr. Broske also showed Kavero how to make cream cheese and Colby cheese, expanding their potential product line.

In a letter to Terry Cornelison, LOL/R Chief of Party, Mr. Kahana closed by stating "Finally, we conclude that our collaboration with LOL was very profitable and we hope that we shall have the possibility to continue this advantageous co-operation in the future."

3. Beneficiary number two: SC BRANIMPEX SRL

SC BRANIMPEX SRL is a dairy farm located near Brasov, Romania. Branimpex has about 50 milk cows plus an additional 50 calves and heifers. The company recently made its second purchase of 25 Holstein-Friesian cows from Germany. Their price CIF/Brasov was an average of \$1,700. Their herd average production of milk is 7,000 liters annually.

They are now producing 4,000 lbs per month of Gouda cheese and expect to produce 8,000 lbs per month in the summer when milk yields are higher. They sell all their cheese production at their farm for \$3.00/kg. Branimpex also intends to begin producing pasteurized milk that they will package in plastic-coated cartons this summer.

Branimpex buys all the local milk they can from neighboring farms, but this only amounts to 400 liters in the winter and 700 liters in the summer. They own 50 ha of land, which was returned to the son and grandson of the man who owned it at the time the GOR confiscated the property. They supplement their land with another 50 ha leased from neighboring owners and they pay for these leases with 25 percent of their crop yield. They use their lands to grow wheat, corn, oats and peas to feed their cows. They also feed their cows sugar beets bought locally. They will plant alfalfa and red clover this spring to see how well these crops produce in their area.

Branimpex has 16 local employees chosen, in part, for their age. Branimpex did not want older employees who were used to being told what to do and who thought stealing from their employer was a reasonable thing to do. Branimpex pays its workers more than the local going wage and has made it clear to its employees that if they are caught stealing, they will be fired and forced to find jobs at lower wages.

Value of LOL assistance to Branimpex -- Mr. Branislav Ciocov graduated with an engineering degree in 1989. When he and his father reclaimed their family land, he decided to use it to develop a dairy. At that time, he had no experience in crop and livestock husbandry. LOL provided substantial assistance to him and his enterprise. This included technical advice from two LOL consultants on milk quality including cooling immediately after milking, and on the making of pressed cheeses and yogurt. Working under the guidance of a LOL advisor, Mr. Ciocov made his first batch of Gouda cheese. Another LOL advisor helped him in choosing processing equipment. Two other advisors provided guidance on marketing, one through a seminar for Romanian processors and one on an individual basis.

During the period that Mr. Ciocov was preparing his investment plans for Branimpex, he was sent to the US by LOL in order to visit small milk processing and cheese making operations to learn how he could set up his milking and processing operation. LOL/R also helped him with the preparation of his grant request to PHARE which resulted in a 50,000 ECUs grant which he used as his equity to obtain a loan from EBRD to buy his

processing equipment and some of his Holsteins. (PHARE and EBRD are EU lending programs.)

Mr. Ciocov stated that LOL assistance was crucial to his being able to develop his operation and that without their assistance, his operation would never have developed into the large-scale, commercial operation that now exists.

UGANDA: PRIVATE SECTOR DAIRY DEVELOPMENT

CDO IMPLEMENTOR — LOL

A. Introduction

Using core grant funds, LOL personnel went to Uganda in May 1994 to define the dairy development program. The result of the action was the preparation of a proposal and its submission to USAID/Uganda for consideration. USAID funded the proposed project for \$700,000. Based on the initial successes of the first program, LOL prepared and submitted to USAID a proposal for a follow-on program which USAID agreed to fund in the amount of \$1.5 million. This follow-on activity was made effective in September 1995 for another two years.

The program has also been assisting individual farmers improve the quality and quantity of their milk production. Several individuals and groups have been trained in cheese making and ghee making. More than 1,000 Ugandans have received training under the project. An additional 4,200 have received on-site training in the field from member cooperatives.

Expenditure of CPSG funds in Uganda for the above two program developments is \$67,521 to date.

B. The Program Reviewed - The Uganda Private-Sector Dairy Development Program

1. Description of the program

The program has focused on assisting small- and medium-sized dairy processing cooperatives and associations to improve their operations to meet local dairy product needs. The program has also been assisting individual farmers improve the quality and quantity of their milk production. Several individuals or groups have also been trained in ghee making.

2. The beneficiaries

The beneficiaries include 45 dairy groups including 15 of which are now registered cooperatives, and individual farmers with dairy cattle.

Concerning dairy cooperatives, a visit was made to two cooperatives, one of which is discussed here. The Mityani Dairy Cooperative has 52 voting members and 40 associate (nonvoting) members. It purchased a 2,000 liter refrigerated tank to cool and store milk prior to packing in one-liter polypacks which are sold at the dairy for 500 shillings (about 50 cents US). Some of their milk is also trucked to Kampala for sale. Land O'Lakes is working with the Uganda Co-op Bank and other credit organizations to assist dairy cooperatives to access credit. As part of this effort, Land

O'Lakes is working with Mityana-Mwera to develop business plans to assist in loan procurement. This cooperative intends to procure a partially mechanized milk bottling system with a pasteurizer. The cooperative will soon begin selling 1,400 liters every two weeks to a local cheese maker.

Concerning individual farmers, visits were made to two members of each of the two dairy cooperatives and four participants in the Kisubi area near Entebbe. While some farmers in the area have received cows from Heifer Project International and a local NGO, the Bakojja Heifer Scheme has been giving out pregnant heifers to farmers with a repayment plan. The farmer receiving the cow in the Bakojja Scheme returns morning milk to Bakojja to supply his cheese plant and returns one calf. The farmer can pay off the animal within one to two years.

Before a farmer can participate in the program and receive a pregnant heifer, he/she must participate in training courses, provide evidence of being able to produce enough fodder and forage for the animal, and construct a suitable facility to house the animal. Currently, these farmers are trained in Land O'Lakes dairy production courses. This requires the laying of a concrete slab with a slight slope for drainage, and a roof with thatch or corrugated metal. The sides must be open, and the roof supported by poles. The slab should have an area for the cow to feed and one where the cow is milked. There is also a small fenced area where the cow can walk or lie down. Cooperating farmers have lands ranging from 1.5 to 8 acres. These lands are multicropped with feed/forage crops, subsistence crops and cash crops. Crops vary from farmer to farmer, but usually include a mix of napier grass and leucaena, bananas, cassava, maize, sweet potatoes, citrus, mangos, papayas, avocados, passion fruit, vanilla, etc.

Heifers are impregnated with semen provided gratis by Worldwide Sires of California. Farmers who already own heifers can also have them artificially inseminated by A.I. technicians using Worldwide Sires' semen for a fee of from \$6 to \$10. The characteristics of the calves produced from this procedure are readily apparent — larger birth weight, less calf mortality, etc. Milking cows in the program are producing an average of 20 liters of milk per day compared to about six to seven liters for local cows bred by local bulls. The higher yield of the inseminated cows is due to three factors: a) genes from good sires; b) zero grazing; and, c) better care/management including proper feeding.

3. Value of LOL's program to beneficiaries

a. To dairy cooperatives

- (1) Three dairy cooperatives have purchased packaging equipment and resumed packaging their products after receiving TA from LOL;
- (2) The formation of 45 dairy groups, 15 of which are registered as cooperatives to date; and,
- (3) Cooperative personnel have received training in milk handling, preservation and quality control.

b. To dairy farmers

- (1) Improved milk production/yields through LOL training in feed/forage production, animal health and management, and artificial insemination to upgrade the quality of offspring;
- (2) Increased crop yields through the use of cow manure combined with intensive, multicropping;
- (3) Increased income via (1) and (2) above; and,
- (4) Increased availability of artificial insemination services from their local cooperatives.

V. NATIONAL COOPERATIVE BUSINESS ASSOCIATION (NCBA)

A. Background Description

1. The organization

Established in 1916 as the Cooperative League of the USA (CLUSA), the National Cooperative Business Association (NCBA) is the oldest national cooperative development and trade association in the US. As of January 1996, NCBA's membership consisted of 328 active members, 20 associate members and 379 individual members. Active members are cooperative organizations from all sectors of the economy including agriculture, banking and finance, health, housing, insurance and consumer goods.

NCBA's programs to serve its members include:

- Government relations -- to monitor federal legislation which impacts on cooperative organizations, prepares and distributes a biweekly *Legislative Insights* newsletter;
- Educational assistance programs -- to American cooperative businesses through training programs, publications and technical information;
- Commerce promotion -- with international commerce, banking, insurance and trade and joint venture opportunities within the worldwide cooperative movement;
- Cooperative development -- with strengthening of developing country cooperative organizations through training and technical assistance programs.

The overall NCBA Washington staff of 28 is organized in three divisions: Association Services, Finance and Administration, and International Development. In addition, two affiliated organizations, the Cooperative Development Foundation (CDF) and Cooperative Business International (CBI) are co-located with NCBA and employ four and five staff members, respectively. The Cooperative Development Foundation receives and manages tax-deductible contributions to support cooperative development in the US and overseas. CBI is a for profit subsidiary established to facilitate and promote worldwide trade among cooperatives. Since 1988, CBI's has been involved with imports, exports, and joint venture investments between US cooperative businesses and cooperative organizations in developing countries.

The International Development Division has a Washington based staff of six, plus an Africa regional director and deputy director based in Kenya and Burkina Faso, respectively. NCBA's assistance to developing countries began in India in 1953. Since then, NCBA has managed more than 100 long-term projects in 39 countries, and performed hundreds of short-term assignments in an additional 28 countries.

2. **Prior USAID assistance**

USAID funding of institutional strengthening programs for NCBA started in 1964. From 1971 to 1996, NCBA received \$17,099,821 in core grant funding from USAID.

3. **Current USAID core grant**

The current Cooperative Agreement between USAID and NCBA is for a 28-month period ending 31 March 1997 at a life-of-agreement funding level of \$1.4 million. The program goal is "to empower the poor and disadvantaged of the world through the development of viable, member-owned and member-managed business enterprises to meet their own economic needs and improve the quality of their lives." The program purpose is to "enable NCBA to develop projects and to provide program services for cooperatives, and other forms of group businesses, which transfer the skills and technologies needed for cooperatives and other groups to undertake and sustain viable business activities; and to strengthen and expand NCBA's capacities to efficiently manage and support cooperative development." The Cooperative Agreement calls for funding five program activities:

- Program Development
- Institutionalization
- Program Services
- Post-Project Follow-up
- Research and Evaluation

B. **Program Accomplishment**

1. **Results achieved**

a. *Program development*

NCBA's Cooperative Agreement program description called for the following outputs under this area of emphasis:

- Initiate approximately seven new country-specific long term projects, utilizing the NCBA methodology and including four new program initiatives.

NCBA breaks its program development process into several steps, starting with program exploration by NCBA staff and/or consultants or Washington-based contacts. If they encounter interest on the part of the developing country organization(s) and a potential funding source, the initial program exploration is followed by additional studies, including, in some instances, a sector analysis, leading to development of a proposal. During the 16-month period from

December 1994 to March 1996, NCBA was involved in program exploration activities in 22 countries (15 in Africa, three in LAC, three in ANE and one in NIS) and one sector analysis (in Kenya), leading to the development and submission of eight unsolicited proposals, five proposals in response to formal RFP's and two for project extensions. As a result, NCBA has had five new programs and one extension approved. With one year remaining under the grant and the number of program possibilities, it is likely that NCBA will easily meet its output target of seven new long-term projects.

- Implement follow-on phases to four currently operating activities

One program extension (Sao Tome) has been approved and initiated. Discussions are being held with USAID/El Salvador about extensions of both the PROESA and Nontraditional Agricultural Export Projects. The government of Benin requested a proposal to extend NCBA's forest management project to include management of the Oueme Supieur Forest, using World Bank funds. With one year remaining, it should be possible to meet the output target of four project extensions.

b. *Institutionalization*

This component of the Cooperative Agreement program description calls for NCBA to engage in a series of efforts to develop institutions capable of continuing to utilize and expand NCBA's developmental approach and methodology. NCBA's grant proposal described an effort to assist in the development of an independent African training and development organization to conduct training and to provide technical assistance for the operation of cooperative and other group-based economic activities throughout the continent. The existence of such an organization would facilitate the development of a cadre of African business consultants, schooled in the NCBA approach and capable of extending and expanding NCBA-type project activities in Africa. As an independent organization, it would be in a position to solicit funding from a variety of sources. NCBA is planning to make the establishment of such a training and technical assistance organization a major topic during the Washington visit of the Africa regional director and deputy director in March 1996. With only one year remaining under the grant agreement, full achievement of this output is not likely; but important, preliminary steps can be initiated.

c. Program services

Under this activity, NCBA will continue providing technical support upon request to NGOs, to cooperative organizations and (to a limited extent) to government agencies. Through December 1995, NCBA had provided assistance to four USAID missions, two international organizations, two co-op groups and one national government. These services included assistance to USAID/Kenya in carrying out a co-op sector study, to USAID/Mali on how the NCBA methodology applies to democracy and governance at the local level, to USAID/Nicaragua in reviewing the design of a project to assist the National Union of Agricultural Producers and Ranchers and to USAID/Burkina Faso in preparing a video on a Mission health project. NCBA also put on a workshop for the World Bank on Natural Resources Management (NRM) for staff from NRM programs in West African countries and a workshop in Benin on evaluation methodology for the World Education program. A manual and curriculum for training mid-level finance managers was prepared for the small and Micro Enterprise Project, which NCBA is implementing for USAID/Egypt. A training video for community-level health workers was prepared in response to a request and additional funding from the Mission.

d. Post-project follow-up

Under this component, NCBA plans to monitor activities initiated under selected NCBA projects to determine:

- The extent to which participants are able to continue project initiated activities;
- The issues or areas where additional assistance may be required; and,
- The applicability of the experience gained to other projects.

By December 1995, two post-project follow-up activities had been carried out -- a follow-up visit to South Africa to provide assistance on accounting and loan tracking for the MEDET Community Development Organization, and another to assist the Rwanda Center for Cooperative Training and Research (IWACU).

e. Research and evaluation

This component calls for NCBA to enhance the ability of headquarters staff to make effective use of the findings of project evaluations and to systematize, within the organization, the means of incorporating this information into future project design. Under this activity, NCBA conducted an internal assessment of its own monitoring and evaluation system. The assessment looked at the monitoring and evaluation systems for all of its field programs to see how they could do a

better job of monitoring the impact of their activities on project beneficiaries. The information is being analyzed and recommendations are being prepared on how they can do a better job of monitoring and evaluation. NCBA also looked at gender issues in their small enterprise project in Egypt, trying to determine the reasons for low levels of female participation.

2. **Organizational Performance**

a. General

NCBA has made good use of core grant funds in carrying out an aggressive program development effort and in providing program services to USAID missions. NCBA's record of preparing eight unsolicited proposals and two proposals for project extensions during the period December 1994 to March 1996 provides strong evidence of an ambitious, energetic and successful program development process. During the same period, five new projects were approved and initiated as well as one project extension. It appears that NCBA is well on track to meeting its life of agreement output target of seven new projects as well as four project extensions. The record of program services to USAID missions is also impressive, with significant assistance provided to four missions during the December 1994 to March 1996 time frame. Most of the new program development and program service activities took place in the Africa region. The fact that NCBA has a regional director in Kenya and a deputy regional director in Burkina Faso has been a major contributing factor in the high level of activity and success in Africa. A contributing factor to NCBA/CLUSA's focus on Africa is that its countries generally are among the world's poorest and that USAID already has reduced its program significantly in Latin America and Asia.

The post-project follow-up component is a good concept and one that should be pursued by NCBA. While the African Regional Organization has not yet been "officially formed," it is clear that the program emphasis will and should continue to be on new program development, the post-project follow-up activity provides a real opportunity for NCBA to assist cooperative organizations with second generation problems and to strengthen their ability to serve their members.

The institutionalization effort has not taken hold yet, but it shows a great deal of potential. Establishment of a regional organization to carry on the application of the NCBA methodology and approach is an excellent use of core grant resources as it helps to develop a sustainable program of cooperative development support which can be funded by sources other than USAID. NCBA would also be in a position to play a mentoring role and to enter into joint ventures with the regional organization as appropriate.

The field projects visited by evaluation team members received high marks for results achieved. In Egypt, NCBA's Small and Micro Enterprise Development project made 18,000 loans to 8,800 clients for a total of \$12.4 million with a 96 percent repayment rate during Phase I. Repeat borrowers showed a 45 percent increase in productivity, a 27 percent increase in employment and a 27 percent increase in monthly wages. In El Salvador, NCBA's Nontraditional Agricultural Exports project has succeeded in significantly expanding agricultural exports and farmer incomes under very challenging conditions. Its approach to increasing exports was found to be the most successful of three strategies supported by the Mission for this purpose, and it is now being copied by USAID/Nicaragua.

b. *Participation*

The NCBA methodology calls for a high level of participation by co-op members during project development. As an initial step, intensive contact meetings are held with each cooperative or interested group during which the rights and responsibilities of becoming involved in the project are clearly explained. The cooperative members are then allowed time to decide among themselves whether to participate in the new project. If they agree, a contract clearly delineating the rights and responsibilities of both parties is signed. This emphasis on participation is continued throughout the project development and implementation process. The field visit to NCBA's Nontraditional Agricultural Exports project in El Salvador confirmed a high degree of participation in project development and implementation:

Participation is part and parcel of NCBA's approach to providing TA to co-ops. NCBA staff spend significant effort to motivate co-op leaders and members to adopt new ideas and to take full responsibility for addressing their problems. They make suggestions and never impose their views. All co-ops interviewed praised the help they had received from NCBA and gave examples of how it had helped them succeed.

c. *Financial tracking system*

NCBA's budget proposal for the cooperative agreement is broken down by program activity. Their current financial tracking system does not allow them to track expenditures in this way. They are in the process of installing a new accounting system which will be operational by January 1997. They will run parallel systems for the balance of 1996 and will change over completely to the new system in January 1997. A key criteria in selecting the new accounting system was the ability to track expenditures by program activity.

d. Partnerships

As a matter of practice, NCBA establishes close ties with the cooperative organizations with which it works in USAID-funded country programs. It is difficult to maintain these ties when USAID funding terminates. In an attempt to remedy this situation, NCBA included an activity in the current core grant called post-project follow-up. The intent of this activity is to attempt to monitor activities initiated under NCBA projects to see how they are doing and whether there are opportunities for trade linkages or other possible areas of collaboration. This appears to be an excellent use of core grant funds, which allows NCBA to maintain ties with indigenous organizations and to work with them on second generation problems.

NCBA is also interested in promoting another type of partnership — with an independent regional technical assistance and training organization. Under the institutionalization component of the core grant, NCBA has included funding to assist in the establishment of a regional training and technical assistance organization in Africa. The regional organization would bring together a group of development professionals who would continue to apply the NCBA methodology and approach in cooperative development. As an independent organization, they could receive funding from sources other than USAID for development activities. Once the organization is established, NCBA could continue to play a mentoring role and to engage in joint ventures in cooperative development.

e. Program development and funding

As mentioned earlier, NCBA has engaged in an aggressive campaign of new program development, utilizing core grant funds. It was successful in parlaying current core grant funds to receive grant awards for five new projects and one project extension with a total value of \$8,960,000. At the same time, NCBA has been working on various ways to restructure how indirect costs are calculated and allocated to ensure the continuity of program development and program management beyond the current core grant. NCBA has been successful in generating new business and extensions with USAID missions, but less successful with other donors. They acknowledge that this is a difficult area in which they have little experience. The International Programs Division is currently working with the in-house Institute for Co-op Development to think through a long-range resource development plan. They are looking at three areas for possible future funding diversification including donations from foundations and corporations, project funding from donors other than USAID, and program related investment by member co-ops in joint ventures and trade arrangements.

f. Use of previous evaluations

As a result of the midterm evaluation of the previous core grant, internal communications between the domestic division and the international division have improved. A decision was reached that overhead should be more equitably split and to revise the overhead structure so that more expenses previously charged to the core grant could be moved to overhead. In response to the final evaluation recommendation that NCBA increase its cooperation with other cooperative development organizations, NCBA has been trying to work more closely with WOCCU in El Salvador and Senegal. The final evaluation recommended exploring sources other than USAID for funding. Although NCBA carried out a program in Benin funded by the World Bank and another in Sao Tome funded by UN/IFAD, they have found this particular evaluation recommendation hard to implement. As mentioned above, NCBA is developing a strategy for diversifying its funding base.

C. Future PVC Support

1. CDO strategy for future organizational and program development

Recognizing that USAID resources for institutional support and strengthening likely will decline in the future, NCBA has embarked upon a program to rethink its overhead structure to absorb many of the costs formerly covered by the core grant. It is their hope that funds from possible future core grants could be used for more innovative purposes such as post-project follow-up and establishment of independent cooperative development organizations rather than for program development costs which can be covered through a revised overhead structure.

NCBA is not a supporter of the special initiatives program, believing that the money would be better spent within core grants to further innovative ideas such as post-project follow-up and assistance to regional technical assistance and training organizations.

2. Value of core grant to CDO

NCBA states freely that without the core grant, they would not have been able to maintain the core group of people which has been responsible for the impressive program of new activity development. The core grant has allowed them to take the model which they have developed over the past 10 years and to apply it to the problems of other countries. This has been an advantage not only to the developing country organizations, but also to the USAID missions which would have had difficulties coming up with funding for the project identification and development process.

3. Lessons learned

The most significant lesson learned by NCBA through the core grant process has been the development and sharpening of the NCBA methodology for cooperative development. The core grant has provided NCBA the resources necessary to distill the experience gained in carrying out cooperative development projects in many developing countries and to come up with a methodology and approach which they can apply in a variety of developing country situations. The methodology breaks project design and implementation down into easily doable steps which are understood and followed by the organizations receiving assistance. Without the core grant resources, NCBA would not have been able to pull together the various experiences it has had in cooperative development to come up with a unified methodology.

D. Major Issues and Recommendations

1. Diversifying the NCBA funding base

NCBA is currently working on development of a strategy to diversify its funding base. This should be a major theme for any follow-on core grant. The grant proposal should lay out a plan for achieving diversification, including specific targets for fund-raising, new project development with non-USAID funding sources and program related investment opportunities, including trade and joint ventures. An important part of the funding diversification strategy could be providing assistance for the development of one or more regional technical assistance and training organizations which could attract non-USAID funding and could undertake joint ventures with NCBA.

2. Post-project follow-up

The evaluation team commends NCBA for its effort to revise its overhead structure to shift many of the expenses formerly funded under the core grant to overhead. This will free up core grant funds previously used for program development for other purposes. The team strongly supports NCBA's interest in carrying out post-project follow-up activities and recommends that funds from future core grants be devoted to this purpose. This will enable NCBA to work with previously assisted cooperative groups on a range of second-generation problems, strengthening their ability to serve their members. It will also provide opportunities for collaboration in other areas, such as trade or additional development activities which could be funded by USAID or other donors.

3. Regional presence

When assessing NCBA's performance, one is struck by the large number of activities being carried out in Africa. The team believes that this is due in large measure to the

presence of the regional director in Nairobi and the deputy regional director in Burkina Faso. Being resident in Africa allows the director and deputy director to establish and maintain the contacts required to identify and take advantage of new business opportunities and to provide follow-up in guiding them through the project development process. The team commends NCBA for maintaining a regional field staff in Africa and supports continuation of funding for this purpose in the future. Consideration should be given to stationing a regional director in Asia to carry out post-project follow-up activities and develop new business in that region.

EGYPT: SMALL AND MICRO ENTERPRISE DEVELOPMENT

CDO IMPLEMENTOR — NCBA

A. Introduction

In Egypt, NCBA used funds from a previous core grant to develop a proposal for Phase I of the Small and Micro Enterprise Development Project (April 1989 to June 1993). A limited amount of current core grant funds are used to provide on-going project support. Over the four years of Phase I, NCBA and its Egyptian partner (Environmental Quality International) assisted in the establishment and training of two foundations, one in Alexandria and one in Cairo. These foundations provide loans to low-income, private, micro and small enterprises (one to 15 employees) to improve or increase their productivity. Results from Phase I include:

- (1) A total of \$12,400,000 lent (some of which was relent to prior borrowers)
- (2) A total of 18,000 loans made to 8,800 clients (some loans were made to previous borrowers who repaid their initial loans)
- (3) A 96 percent repayment rate
- (4) An average loan size equaling \$690
- (5) A 45 percent increase in productivity, a 27 percent increase in employment and a 27 percent increase in monthly wages for repeat borrowers.

Phase II (June 1993 to June 1996, plus two one-year option periods) builds on and expands the experience and successes of Phase I. By the end of Phase II, it is anticipated that a total of five private foundations will be successful financially and self-sustaining institutions which will be delivering credit and training to small and micro enterprises.

B. The Project Reviewed — Egypt Small and Micro Enterprise (SME) Development Project

1. Description of the project

The Egyptian Small and Micro Enterprise Development Project was bid competitively for which NCBA won both phases. The project's loan focus is on employers with from one to 15 employees. Few loans exceed 5,000 Egyptian Pounds (about \$1,550), and a majority range from 1,500 to 3,000 Egyptian pounds (one US\$ = 3.3 Egyptian pounds).

To date, there are four operating foundations providing SME loans: a) the Alexandria Business Association/Small Micro Enterprise Foundation; b) the Egyptian Small Enterprise Development Foundation (ESED) in Cairo; c) the SEDAP/SME in Port Said; and, d) the Assiut Businessmen's Association. Visits were made to one of these foundations -- the Egyptian Small Enterprise Development Foundation at its headquarters in Cairo and at its East Cairo Branch Office.

The Egyptian Small Enterprise Development Foundation in Cairo was hindered by an executive director who was either unable or unwilling to manage the foundation effectively. He retired from his position in March 1994. Mr. Mostafa Yassin, a former banker, was selected to replace the original Executive Director. Things have improved tremendously under Mr. Yassin's leadership, according to NCBA and according to the statistics on amount of new loans, loan repayment percent and financial results.

Mr. Yassin stated that the most important thing provided to his foundation by NCBA was the technical assistance related to the computer system's design, procurement, installation and personnel training to operate the system. The foundation paid for the system's hardware and software out of its budget. The foundation now has seven branches in three locations. They need a good system to link computers within the same office and among offices. To do this, they plan to install a LAN system in the future. This need is becoming more acute as the foundation is now making about 1,500 loans per month.

To obtain a feel for the operations and beneficiaries of the foundation, discussions were held with Sherif Sabri, branch manager of East Cairo, who accompanied the evaluator to two of their clients discussed below.

Mr. Sabri began work with the ESED in November 1989 as an extension officer and became the branch manager of East Cairo two years ago. NCBA provided training to ESED in client management and market research. They also advised ESED on documentation required of the client before the foundation legally could make a loan. New extension officers receive five to 10 days training at foundation headquarters and they are not hired until they successfully complete their training. A number of trainees either quit or were not hired based upon an evaluation of their performance during training. Successful candidates then work with experienced extension officers for three months before going on their own. They must bring in and service five new clients per month.

ESED started making loans for micro clients (one to five employees) up to a maximum of 5,000 Egyptian pounds and 7,000 Egyptian pounds for small clients (six to 15 employees). They found that people were not paying back their loans. They soon went to a maximum loan of 1,500 Egyptian pounds and gave borrowers the chance to prove that they could/would repay the loan in a maximum period of eight months. They initially had five extension officers and now have 84.

The East Cairo branch now has 2,099 clients (active loans) in comparison to the total of 120 clients ESED had during its first year of operation. Now, ESED has 10,000 active clients and is experiencing a loan repayment rate of 97 percent. ESED pays an APR of 11 percent to borrow funds from a commercial bank and re-lends these funds at 17 percent. By repaying money every day, ESED reduces its effective cost of money to about 7 percent.

2. The beneficiaries

The beneficiaries include two current holders of loans from the Egyptian Small Enterprise Development Foundation in Cairo:

- New Poco is a firm which makes clothing for babies and youngsters. The company started with several employees in a very small and crowded space a number of years ago. Making good use of loans from the foundation, the firm now has 20 employees in a spacious, well-lighted and well-ventilated facility. It received its first loan four years ago. This loan was critical to the development of the firm. At that time, the firm had 50,000 Egyptian pounds in working capital -- it now has 1,500,000. At this time, the firm could use a loan of 100,000 for additional working capital to meet foreign orders. This is double the amount that the Cairo-based Egyptian Small Enterprise Development Foundation is allowed to make in accordance with its agreement with USAID.
- The second client is a mother and housewife who makes women's clothing assisted by one woman employee. Her husband handles the marketing of the production at night and during weekends. He has a full-time government position.
The two women can make 10 pieces per day on each of three machines for a total of 30 pieces x 26 working days per month = 760 pieces/month during the high season. The owner makes a net profit of five Egyptian pounds per piece.

EL SALVADOR: NONTRADITIONAL AGRICULTURAL EXPORTS

CDO IMPLEMENTOR — NCBA/CLUSA

Local entities: Visited four of the 60 cooperatives with which NCBA works: the community-level cooperatives Cara Sucia, Guayapa, and Santa Clara; and the second-level coffee marketing co-op association UCRAPROBEX.

Type of organizations, governance: All the organizations are organized in accordance with prevailing Salvadoran law. The community-level co-ops are composed of individual farmer-members organized into an assembly which elects new board members every two years, who often are involved personally in running the co-ops. Land is titled to the co-ops rather than to individual farmers. UCRAPROBEX is composed of 62 co-ops which produce coffee. Although its board membership also changes every two years, its programs are more stable than those of most of the community-based co-ops because its staff is more permanent and policies and practices are established more firmly.

Mission/purpose: The community-level co-ops provide services to benefit their members, both for agricultural production and marketing and social welfare services such as schools and health clinics. The mission of UCRAPROBEX is "to be the preferred intermediary between Salvadoran cooperatives and the rest of the world."

Clients, services/products: Cara Sucia is involved primarily in production and marketing of sugar cane, grain and melons and provides educational and health services. Guayapa is in the process of reorganizing because its members chose to own their own land parcels as is now permitted under Salvadoran law. Its focus has been primarily on production and marketing of sugar cane and corn seed. Santa Clara is involved primarily in production of sugar cane, melons and sesame seed, and it runs three schools, a nutrition center and a clinic. UCRAPROBEX provides export and ancillary production improvement services to its member co-ops for their coffee production.

Key statistics:

Cooperative	Number of Members	Area in NTAE Crops
Cara Sucia	508	184 manzanas
Guayapa	188	96 manzanas
Santa Clara	570	268 manzanas
UCRAPROBEX	62	(12 percent Salvadoran exports)

A. Project Title: (1) Nontraditional Agricultural Export Production and Marketing; (2) National Reconstruction Project Support

1. Project description

a. Goal (G)/purpose (P)

- 1. (G) To contribute to increasing rural incomes through production of alternative crops and access to more lucrative markets.
- (P) To increase production and marketing of nontraditional agricultural exports (NTAEs) by co-operatives and other participating small farmers.
- 2. (G) To contribute to the goal of increasing rural incomes and employment through production of alternative crops and access to more lucrative markets.
- (P) Same, as the first project, except this project is directed to small farmers and groups in ex-conflictive areas.

b. Outputs

Output	Project 1 Targets	Project 2 Targets
NTAE Hectares	additional 7,250	1,050
NTAE Production	additional 21,800 MT	12,500 MT
Co-ops Assisted	50	10
Beneficiaries	163,000	1,000

c. CDO Inputs

\$9 million dollars (Project 1) and \$900,000 (Project 2) for project personnel, consultants, procurement and travel costs. CLUSA advisors provide hands-on assistance and training in production improvement, marketing and establishing/strengthening linkages among NTAE producers, processors/exporters and importers, co-op business management and credit sourcing (in case of second project, CLUSA manages credit services itself). Recently, CLUSA established a

148

nonprofit entity (PROEXSAL) owned by participating co-ops to market co-op crops directly in national and export markets.

d. Support provided to date and results

Project 1 is in its fifth and final year of implementation, whereas Project 2 is in its second and final year of implementation. USAID/ES has requested NCBA to develop a single follow-on project to continue NTAE activities for both groups of beneficiaries for four to five more years in order to arrive at a point where participating co-ops can develop their businesses without subsidized assistance. Output achievements to date:

Output	Project 1 to 9/95	Project 2 to 9/95
NTAE Hectares	25,276	1,312
NTAE Production	+ 1,323%	346 MT
Co-ops Assisted	60	12
Beneficiaries	225,496	5,797

2. Strengthened partnerships between US cooperatives and local NGOs

This was not part of the NTAE project strategy. Through the use of volunteers, some informal linkages have been established between cooperatives in the US and El Salvador, but not for doing business.

3. Membership involvement in project planning and development

Through the structures established by each cooperative with which the project works, members' representatives have been responsible for making all project implementation decisions affecting their co-ops. Participation is part and parcel of CLUSA's approach to providing TA to co-ops. CLUSA staff spend significant efforts trying to motivate co-op leaders and members to adopt new ideas and to take full responsibility for addressing their problems. They make suggestions and never impose their views. All co-ops interviewed praised the help they had received from CLUSA and gave examples of how it helped them succeed.

4. Conditions affecting performance

As noted above, the projects have been successful in reaching and surpassing their export product production and marketing targets. Due to the structural problems with Salvadorian cooperative laws, serious institutional problems exist which affect the long-term viability of the co-ops, of which NCBA is aware. The principal ones are the legal

requirements to change co-op boards every two years, which results in a serious lack of continuity in cooperative policies and business practices, and the fact that cooperative members lack the incentives for efficient operation of the parcels they farm because they do not own them. Cooperative business management practices are weak. In many cases, cooperatives are also supporting needed social services beyond their financial capacity to do so.

5. Recommendations regarding current and future core grant support for the project

In addition to using core funds for preparation of proposals to USAID, NCBA has also used them to pay for the costs of backstopping services provided by Washington personnel for market research, orientation visits to the US and to address NTAE marketing problems encountered in the US. This backstopping support continues to be necessary, but it can be charged to the new project to be funded by USAID/ES and, eventually, to PROEXSAL. Hence, additional core fund resources for these projects are not needed.

6. Probable sustainability of project, even without continuation of core grant

As has been pointed out in prior evaluations and by NCBA itself, only a few co-ops (possibly six) would be able to survive on their own if USAID funding were terminated now. Unless the legal framework for Salvadoran cooperatives is modified and cooperative management practices are improved significantly during the next phase of USAID support, the prospects for sustainability of the co-ops in the program will not improve, even if production and export targets continue to be surpassed. USAID/EI Salvador recently sponsored a policy-oriented trip to the US by the GOES Minister of Agriculture, UPRAPROBEX, selected cooperative officers and CLUSA personnel to broach these issues and begin the process of consensus-building for policy change. Lastly, it is also not clear whether the cooperative model will be accepted widely in ex-conflictive areas because of resistance to collective business ownership due to abuses under the FMLN.

7. Information being generated on involvement, and benefits derived, by co-op members

CLUSA maintains an excellent project information system under which excellent statistics on crop production and marketing are available. Several evaluations have also been completed. Data is available on crop income and employment under the projects, but little data has been gathered on indirect beneficiary impacts, which appear significant.

B. Conclusions

1. Project effectiveness

The projects have been very successful in generating production and exports of NTAEs. Initial experiences with PROXSAL are encouraging. An evaluation commissioned by USAID/El Salvador found that the NTAE project was the most successful of four export promotion projects it financed. The CLUSA program is being emulated by USAID/Nicaragua.

2. Necessary refocusing?

USAID El/Salvador should consider augmenting the projects to continue addressing the legal and institutional problems affecting the long-term viability of cooperatives in El Salvador (land ownership, assistance to groups of ex-cooperative members who now own their land and wish to associate for some business purposes, access to credit by cooperative members, cooperative governance regulations, etc.). In addition, CLUSA should be asked to focus more effort on providing assistance to participating co-ops in co-op organizational development and management once the legal framework for the cooperatives is modified to promote more businesslike operations. NCBA is very much aware of the basic problems affecting the long-term viability of the cooperatives, and will be able to address them if USAID continues to provide the political support needed to bring about policy changes.

3. Continued support warranted?

Definitely.

C. Recommendations

USAID should broaden its focus for the program to address factors affecting the long-term viability of the co-ops. NCBA should consider:

1. Bringing its co-op management expertise much more to bear in the TA it provides;
2. Selecting the best prospect candidate co-ops upon which to focus in the next project phase;
3. Promoting business relationships with US co-ops;

4. Following the recommendations made to improve PROXSAL in a recent evaluation and modeling it on the successful practices of UCRAPROBEX;
5. Developing a program to work with "parceleros" (former co-op members); and,
6. Charging co-ops for its services.

VI. NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION (NRECA)

A. Background Description

1. The organization

The National Rural Electric Cooperative Association (NRECA) was established in 1942 to represent the interests of the rural electric co-ops which were developed with the assistance of the Rural Electrification Administration (REA) during the latter half of the 1930s. The mission of the REA, which was started in 1935, was to bring electricity to low-density rural areas which would not be profitable for investor-owned power companies.

NRECA has grown to an organization whose membership includes 900 distribution co-ops, 60 generation and transmission co-ops and a number of statewide co-ops, co-op supply and computer services companies, and other companies and individuals providing services related to rural electrification.

NRECA provides the following services to its members:

- Retirement, safety and insurance services;
- Legislative and regulatory representation;
- Management and training services; and,
- Policy and regulatory monitoring, review and analysis.

The International Programs Division (IPD) of NRECA was established in 1962 when the Agency for International Development requested NRECA to provide its technical and organization expertise in promoting rural electrification to the developing countries of Latin America, Asia and Africa. Over the years, NRECA has provided the services of more than 350 rural electrification advisors in more than 65 countries, bringing electricity to an estimated 36 million rural inhabitants around the world.

The International Programs Division (IPD) has a headquarters staff of 16 and an overseas staff of 23. NRECA's work with USAID is done by IPD as a part of the nonprofit activities of NRECA. Other work, such as that involved in joint ventures, host country contracts and activities funded by the World Bank and other multilateral organizations, is done through NRECA International, Ltd., a for-profit, wholly owned subsidiary. In addition, NRECA established the NRECA International Foundation in 1985 to solicit,

receive and distribute equipment donated by NRECA members and others organizations for use in developing countries.

2. Prior USAID assistance

USAID funding of institutional strengthening support programs for NRECA started in 1962. Since 1983, NRECA has received some \$8.5 million in core grant funding from USAID. NRECA has an excellent history of using these core grant funds to leverage additional funds for country level projects. Over the 14 years between 1983 and 1996, NRECA has carried out country projects funded by USAID and other sources totaling \$101.4 million, or a ratio of 12 to 1 of core grant funds to projects carried out.

3. Current USAID core grant

The current cooperative agreement between USAID and NRECA is for a three year period ending 31 March 1997 at a life of agreement funding level of \$1.8 million. The program goal is "to increase the contribution of electricity supply for sustainable social and economic development in USAID-assisted countries." The program purpose is "to increase the scope, efficiency, financial viability and environmental soundness of consumer-controlled electricity generation and distribution entities in 11 USAID-assisted countries." The program description calls for funding five key interventions:

- Institutional Building
- Financial Strengthening
- Broaden Involvement of Member Co-ops in Overseas Work
- Technical Support
- Training

B. Program accomplishments

1. Results achieved

In preparing its Implementation Plan for the period 1 May 1994 through 31 March 1997, NRECA established two sets of output targets: The first set is geared to strategic objectives in support of USAID goals in the areas of broad-based sustainable economic growth, democracy and the environment. The second set of outputs targets are established at the organizational level and are related to organizational strengthening. The evaluation team looked at performance for both sets of output targets.

a. Outputs supportive of USAID goals

(1) Broad-based sustainable economic growth

- (a) Create and/or strengthen co-ops/credit unions**

i) The emphasis in this output category has been on strengthening co-ops. Major efforts at co-op strengthening have taken place in: southern Brazil, where NRECA has a full-time advisor working with an association of 75 co-ops; in India, where NRECA assisted in the formation of a national organization involving 39 electric cooperatives; and in Costa Rica, where NRECA is providing technical assistance and training to four cooperatives. Cooperative strengthening activities have also been undertaken in Argentina, Bolivia, El Salvador and Colombia.

ii) Assisted co-op systems mobilize \$118 million in capital.

NRECA has worked on a number of activities which have resulted in the mobilization of capital for electric co-ops. In the Philippines, NRECA has provided assistance in the establishment of regional repair centers which have received \$5 million in commodities and equipment from the World Bank. In Costa Rica, NRECA assisted in mobilizing \$20 million for the San Lorenzo hydroelectric project which is being developed by a consortium of electric cooperatives. In Colombia, NRECA has been assisting a consumer-owned electric company which is planning to mobilize \$5 million per year over the next five years. A project is pending in India for the development of a generation and transmission type electric utility to serve distribution cooperatives formed around groups of dairy farmers. If approved, this project would mobilize some \$500 million in capital. In the Philippines, NRECA has proposed a study of the institutional options for ownership of the 69 kV transmission system. If it is determined that the cooperatives or an organization of cooperatives would be the preferred owners, this could result in mobilizing \$100 million of World Bank funding for the cooperatives for rehabilitation of the 69 kV power transmission system. Thus, it is possible that NRECA will far exceed the \$118 million capital mobilization target, but that will depend upon whether the projects in India and the Philippines move forward.

(b) Change policies to allow co-ops to compete as government independent private sector entities.

i) 16 policy reforms and programs to strengthen co-ops

NRECA has worked on a number of policy reforms utilizing core grant resources. For example, NRECA conducted a workshop for power sector leaders in Colombia on the possibilities for privatization through cooperatives. The workshop influenced the development of the national policy which provides for increasing the role of consumer-owned utilities. In Kyrgystan, NRECA has drafted model legislation for restructuring the power sector. In Indonesia, NRECA is working on trying to open up more distribution by co-ops rather than through only the national power company. In Peru, NRECA is working on legislation to allow consumer-owned enterprises to distribute power. In the Philippines, NRECA has worked on several policy reforms including regionalization and cooperative involvement in power transmission.

ii) Seven successful privatization models

NRECA has introduced a consumer-owned distribution company model in both Colombia and Honduras and is working on introducing the model in Haiti and Peru. In the Philippines, NRECA has been working on the creation of co-op-owned regional repair centers and is looking into the possibilities for cooperative-owned regional transmission corporations. With one year to go under the core grant, NRECA may not reach the target of introducing seven successful privatization models.

(2) *Environment*

(a) Co-op systems with improved environmental practices

i) 11 new and modified activities addressing conservation of environment and resource base.

NRECA has carried out training programs to reduce system-wide power losses in Brazil, Colombia and the Philippines. In Bolivia, NRECA has worked on demand side management, i.e. reducing demand for power by working with consumers. In Costa Rica, NRECA has worked on demand reduction and reducing system losses and prepared a plan for watershed restoration as part of the San Lorenzo hydroelectric project.

ii) 70 co-ops with renewable and energy efficient systems.

NRECA is working in South Africa and Uganda to introduce community operated photo-voltaic power systems for the rural areas. Discussions are underway with UNDP/Global Environment Facility (GEF) to provide funding for the system in Uganda. In the case of South Africa and Uganda, it is not possible to quantify the number of cooperatives that may be involved because the projects are still in development. In Argentina, NRECA conducted a seminar on small photo-voltaic installations for the electric cooperatives in Misiones State. The purpose of the seminar was to develop a pilot program for off-grid solar electric service through cooperatives. In Costa Rica, Honduras, Argentina and Chile, NRECA is looking into the possibilities for wind power systems. NRECA's resident advisor in Brazil is working with 75 co-ops to help reduce system loss and create more energy efficient systems. In the Philippines, NRECA provided training in system operations and maintenance for 40 cooperatives, which has resulted in more energy efficient systems.

(b) Organizational strengthening outputs

i) Perform three background studies for co-op development

NRECA prepared a cooperative development study for USAID/Haiti. NRECA is working with the World Bank to prepare a case study on the rural electric cooperative experience in Costa Rica as part of a World Bank study on the use of cooperatives as a viable development model.

ii) Prepare eight unsolicited proposals

NRECA has prepared a number of unsolicited proposals. Some of the proposals are listed below:

- Philippines — proposal for a system loss reduction training and technical assistance program. (To be funded by USAID/Philippines.)
- India — proposal for a user-owned electric power project in Gujarat. (Seeking funding.)
- Kyrgyzstan — proposal to establish two pilot rural electric cooperatives. USAID declined to provide support.
- Philippines — proposal to establish regional repair centers (Support provided by World Bank.)

- Haiti — proposal for establishing a model electric cooperative. (Unfunded.)
- Peru — proposal to develop a rural electrification strategy. (Unfunded.)
- Philippines — Proposal to conduct a study on institutional options for ownership of the 69kV transmission system. (To be funded by the World Bank.)

iii) Carry out seven pilot projects to demonstrate effectiveness of co-ops as development tools

Pilot projects in consumer-owned distribution companies are underway in Colombia and Honduras. UNDP/GEF has committed conditionally to funding a pilot project for introducing community-operated photo-voltaic power systems in rural areas. Proposals for other pilot projects are pending in Haiti, Ghana and Kyrgystan.

iv) Attract five additional funders for co-op development and \$100 million from USAID and other non-USAID activities

NRECA has been successful in attracting USAID and non-USAID funding. For example, USAID/Philippines is in the process of contracting with NRECA to conduct a system loss reduction training and technical assistance program (\$238,000). Also in the Philippines, the World Bank is providing funding for establishment of regional repair centers (\$130,000 for study, \$500,000 for materials and equipment) and for a study dealing with what to do about the 69kV transmission system. NRECA is obtaining funding from UNDP/GEF for introducing renewable energy systems in Bolivia (hydro, wind, photo-voltaic) and Uganda (solar, photo-voltaic) (\$2 million). If the transmission study in the Philippines and the renewable energy projects in Bolivia and Uganda are approved, NRECA will meet its target of five funders and \$100 million.

2. Organizational Performance

a. *General*

The output targets established by NRECA for supporting USAID's strategic objectives and for organizational strengthening are ambitious. Nonetheless,

NRECA has made significant progress in all areas and has met or exceeded the targets established in a number of categories. In other categories, it may be more difficult to meet the targets within the three year time frame, although work is underway which could come to fruition within the next year or two. Two such major activities are the study of ownership options for the 69 kV power transmission system in the Philippines and the power generation and transmission utility to serve dairy farmers in India. These two projects, if approved and financed, would result in investments exceeding \$600 million, which would represent a phenomenal leveraging of funds for the modest amount of core grant funds expended in development of the proposals. NRECA's work on system loss reduction and demand management are making important contributions to creating more energy efficient systems in a number of countries. The work on consumer-owned distribution companies is establishing an important new model for power distribution in the rural areas of Latin America. In some countries, cooperatives have been discredited through politicization and mismanagement. The consumer-owned model, which bears many resemblances to the cooperative model, provides an attractive alternative for countries which are interested in further extending electricity to rural areas. NRECA's work on community based photo-voltaic power systems provides an important renewable energy alternative for electrification in the rural areas of South Africa and Uganda.

In assessing NRECA's performance, one is struck by the degree to which the association has become involved in "second generation" problems affecting the rural electric cooperatives that they helped establish during the 1960s, 70s and 80s. A good example of this is the Philippines, where NRECA has used core grant funds to deal with such problems as reduction of system losses, regionalization of repair services, and cooperative involvement in the ownership and management of the power transmission system. Because of their long involvement in the Philippines, NRECA is a trusted friend and advisor to the rural electric cooperatives and to the Rural Electrification Administration, and assists them as they grapple with addressing these problems. NRECA is involved in working on similar "second generation" problems with the rural electric cooperatives and host governments in other countries, such as Bolivia, Brazil and Costa Rica. This seems to be an excellent use of core grant resources, enabling NRECA to maintain its contacts with the rural electric cooperatives and to help them deal with new and different problems as they occur.

b. Participation

NRECA operates on the basis of cooperative development principles, which call for a high degree of participation by cooperative members in identifying and addressing problems. In evaluating field activities in the Philippines, Bolivia and El Salvador, team members were impressed by the good relationships between NRECA staff, and the management and membership of the electric cooperatives.

There is a basic trust and respect which has been built up over the years of working together and which facilitates full and productive interaction in addressing problems.

c. Program development and funding

NRECA has invested considerable time and effort in exploring and cultivating relationships with sources of funding outside of USAID. These efforts are beginning to pay off. For example, in the Philippines, the World Bank awarded NRECA a \$130,000 contract to prepare a plan for a system of seven regional repair centers to serve the rural electric cooperatives. Additionally, the World Bank is interested in funding an NRECA proposal to do a two year study of the ownership options for the 69 kV transmission system in the Philippines. In Uganda, the UNDP/GEF has approved conditionally a \$2 million grant to NRECA to establish a national community-based photo-voltaic electrification program for the rural areas. In Costa Rica, NRECA worked with private funding sources to put together a \$20 million package for the San Lorenzo hydroelectric project. NRECA parlayed current core grant funds to obtain \$2,094,000 in new awards, all from donors other than USAID. These are promising developments, but as USAID resources for electrification dwindle, NRECA will have to look increasingly to these and other sources of funding if they wish to continue present levels of operation in the international arena. As an important step in this process, NRECA should develop a medium term strategy with some clearly defined targets for obtaining increased support from non-USAID sources. (See Section II.B.2., for a more detailed discussion regarding future involvement of NRECA in the Cooperative Development Program.)

d. Use of previous evaluations

As a result of a recommendation in the January 1989 evaluation, NRECA has modified its financial tracking system to monitor expenditures by program activity. In response to the other recommendation in the evaluation, NRECA is reporting quarterly to USAID on the value of member contributions.

C. Future PVC Support

1. CDO strategy for future organizational and program development

NRECA has accepted the fact that USAID resources are dwindling and that they will have to diversify their funding base if they wish to continue working on international programs. They have made some good progress in obtaining funding from other sources such as the World Bank and UNDP/GEF, but they will need to do much more over the

years ahead. NRECA does not have a strategy at this time for diversifying its funding base. The International Programs Division is preparing a strategic plan for consideration by the NRECA Board in June 1996, in which diversification of the funding base as a major component.

2. Value of core grant to CDO

NRECA told the evaluation team that they could not have sustained their international program without the resources provided by the core grant. The core grant allows them to identify new opportunities, to invest the time necessary to develop the initial idea to the proposal level and to secure funding. With the movement towards privatization of state-owned power monopolies in many developing countries, opportunities are opening up for use of the cooperative or consumer-owned model for distribution of power in rural areas. The core grant has allowed NRECA to maintain contact with the rural electric cooperatives that they have assisted in the past as well as with host government policy makers and non-USAID funding sources. Without the resources made available through the grant, NRECA could not maintain its position in the privatization process as it unfolds in many of the developing countries.

D. Major Issues and Recommendations

1. Continuation of USAID assistance for rural electrification

Over the years, NRECA has played a major role in rural electrification in the developing world. Most of that involvement has been funded by USAID, principally through country-level rural electrification projects. With lower resource levels and changing priorities, it appears unlikely that USAID will be able to continue to be involved in rural electrification at the country level in any major way. Given this scenario, the evaluation team was led to consider whether it would make sense for USAID to continue to provide core grant support to NRECA in the future. After 30-plus years of working in the field, NRECA has assisted in the development of rural electric cooperative systems in many countries. As the systems have grown and matured, NRECA has begun to take on a different role. Instead of assisting in the establishment of a lot of new cooperatives, NRECA is working increasingly to help existing cooperatives and their counterparts in the public sector deal with a host of "second generation" problems, such as system loss reduction, cooperative involvement in ownership and/or management of generation and transmission facilities, and cooperative involvement in renewable energy programs. NRECA is also starting to work with organizations such as the World Bank and UNDP in carrying out programs to deal with this new set of problems. After examining this experience, the evaluation team concluded that this new role for NRECA made sense. The team also concluded that USAID should continue to assure that this impressive technical and organizational capability in which they have invested over the years be

available to continue providing assistance in rural electrification in developing countries. The NRECA International Programs Division is in place, with an excellent staff and close relationships established with the key players in rural electrification in Asia, Latin America and Africa. The funding sources, such as the World Bank, UNDP/GEF and private capital, are also in place. With a modest investment in core grant funds, USAID can help NRECA to continue to play a key role in rural electrification. Without continued USAID support, it is likely that this capability may be lost. USAID should request that NRECA prepare a strategic plan for diversifying its funding base and for focusing its efforts on helping to address "second generation" problems, on opportunities for applying the cooperative and consumer-owned models as public power systems are privatized, and on promoting renewable energy approaches to electrification in rural areas.

BOLIVIA: ELECTRIFICATION FOR SUSTAINABLE DEVELOPMENT (ESD)

CDO IMPLEMENTOR — NRECA

Core grant use: Core grant funds were used to develop the proposal for the ESD project, which was approved by USAID/Bolivia in 1991. NRECA opened an office in La Paz in August 1991 to administer the ESD project and develop other rural electrification activities in Bolivia. Recently, the office has also been used to backstop the development of NRECA activities in other South American countries (i.e., Peru, Chile, Argentina and Brazil). The costs of those project development activities, were funded partially by the core grant.

Local entities: NRECA's clients include various electric utility companies throughout Bolivia for rural electrification (RE) construction and renewable energy projects; 15 primary beneficiary co-ops and 45 secondary beneficiary co-ops for TA and training; eight industrial firms (and their utility companies) for load management; and, the GOB Ministry of Energy and Hydrocarbons (MEH) for sector support activities. The evaluation team visited the Sixteen Communities Project site on the Altiplano near La Paz, and Bolivia's largest electrical co-op, CRE, in Santa Cruz.

Types of organizations: Companies are public, private and mixed capital; co-ops are organized traditionally and weak usually (major exception is CRE in Santa Cruz).

Clients, services: Due to recent changes in Bolivian law, utility companies now must confine themselves to distribution or generation, but not both (some renewable programs involve both). Co-ops usually operate in isolated areas and both generate and distribute power to their customers. MEH is to provide planning and regulatory services to a private energy sector.

A. Project/Activity Title: Electrification for Sustainable Development (ESD)

1. Project description

a. Goal/purpose

The goal is to support the transformation of the Bolivian economy through increased employment, income, investment and productivity in noncoca-related activities. The purpose is to provide sustainable and customer-oriented electrical service to more rural households and businesses. The project has five components:

- (1) Constructing eight RE systems;
- (2) Training and TA for cooperatives;

- (3) Developing renewable energy sources;
- (4) Managing pilot load activities; and,
- (5) Maintaining sector support.

b. Outputs

Targets	Accomplishments (12/95)
15,000 new rural electric connections	15,500
2,200 productive users connected	1,861
2,000 home photo-voltaic (PV) installations	448
50 school PV installations	49
10 Min. potable water PV installations	12
500 utility/co-op employee trained	850
5 productive user programs established	4
10 utilities using manuals	manuals almost completed
6 billing/maintenance systems operating	0
10 TA programs delivered	12
2 firms with load management programs	2

c. CDO inputs

Inputs included \$14.998 million from USAID (of \$20 million originally authorized) and \$1.87 million counterpart funds (of \$5 million originally promised). These resources were used to finance the partial cost of eight major construction projects and numerous renewable energy projects, NRECA office staff, other TA/training, personnel, and facilities for future rural electrification expansion.

d. Support provided to date and results

Despite significant shortfalls in USAID and GOB counterpart funding, NRECA has surpassed all the most significant targets established for the ESD project. Productive working relationships have been established throughout the country with utility companies and co-ops, which have worked hand-in-hand with NRECA to design and implement project activities, and with GOB authorities (who have accepted NRECA as a partner in their initial efforts at national energy planning and regulation). Energy costs have been reduced (or remained the same) in all areas now served by NRECA projects -- while, of course, ensuring much more reliable service. US suppliers have sold significant

164

quantities of equipment to Bolivian utilities. TA and productive use activities have been less successful than other components. Computers and accounting systems were installed in seven co-ops. Training programs focused on managers rather than co-op board members and failed to result in many changed practices within co-ops despite the enthusiasm of course participants. The focus of NRECA activities as the ESD project winds down (PACD September, 1996) is on promoting renewable energy programs, continuing selected TA for co-ops as they become private companies and/or improve management practices, and establishment of RE financing facilities. Sixteen Communities Project has brought electricity to rural communities close to La Paz. The CRE general manager reported that its cooperation with NRECA over the years had led it to begin serving rural areas of the Department of Santa Cruz in 1990, beginning with its most important project to date, Valles Crusenas, which was constructed under the ESD project. This project currently results in CRE losing \$100,000 per year, but is viewed as an investment in the future development of the Department, and will begin to generate profits soon. CRE especially has valued NRECA's support and advice, generator sets and cables and the project financing NRECA has provided for RE development. CRE would be willing to pay for NRECA services in the future.

2. Strengthened partnerships between US cooperatives and local NGOs

Partnerships were not planned formally. However, productive relationships were established by counterpart entities through two VOCA volunteers and with NRECA volunteer linemen who traveled to Bolivia three times.

3. Membership involvement in project planning and development

NRECA works in collaboration with its clients and local co-op partners. Its practice in construction projects has been to "carry its clients along" as construction proceeds while preparing them to assume responsibility for implementation once projects are completed. The first step in designing training programs has been to hold workshops with co-op representatives to define needs and ways of meeting them.

4. Conditions affecting performance

NRECA's projects in Bolivia have benefited from the GOB's decision in 1993 to privatize the electrical energy sector. Constraints to implementation included: lack of investment in sector; most projects were marginally economically feasible and not financially feasible; lack of national standards for construction and project appraisal; little donor coordination; political pressure to implement nonviable projects; lack of well-trained personnel in rural areas; and, uncertain funding availability.

5. Recommendations regarding current and future core grant support for the project

Not applicable. Core used to design it. No longer needed.

6. Probable sustainability of project, even without continuation of core grant

Most of the components of the ESD project have a good chance of being sustained. The TA and renewable components of the project will continue in the Chapare region until September 1997 with funding from another USAID project. NRECA, in accordance with its corporate policy, is planning to cede responsibility for its non-construction activities carried out to date with ESD funding to two Bolivian entities, a project financing facility and an electrical power consulting organization, which it is in the process of establishing legally. When the ESD project ends in September 1996, NRECA plans to cut its staff significantly and to keep operating as long as possible by identifying and developing activities for funding by other donors, the GOB, or possibly utility companies themselves. This would also give NRECA more time to get the two Bolivian organizations, which should succeed it for most work in Bolivia, up and running. If NRECA's Bolivia office fails to develop other funding sources, it will close when USAID funding runs out in September 1997.

7. Information being generated on involvement, and benefits derived, by co-op members

NRECA does not have an ongoing system to evaluate beneficiary impacts due to the high costs of doing so, but has carried out three beneficiary evaluations for three individual project activities.

B. Conclusions

1. Project effectiveness

High, with the exception of co-op strengthening component which would appear to require a more comprehensive approach for organizational development. It is commendable that the project succeeded in having such good results across a wide spectrum of sector interventions.

2. Necessary refocusing?

Project is ending soon. NRECA is fully aware of opportunities for further work in Bolivia to strengthen its initial efforts, and will prepare a "business plan" to guide its activities while its office remains open.

3. Continued support warranted?

Yes.

C. Recommendations

None.

PHILIPPINES: COUNTRY PROGRAMS

CDO IMPLEMENTOR — NRECA

During an eight-day trip to the Philippines, a member of the evaluation team met with NRECA's regional administrator for Asia and resident chief of party, the administrator and corporate secretary of the National Electrification Administration, and the president of the Philippine Rural Electric Cooperatives Association, Inc. (FILRECA). In addition, the team member visited rural electric cooperatives in Cebu and Mindanao, and met with the co-op managers, directors and staffs, and with the regional directors and staffs of the NEA.

NRECA has a long and distinguished record in the Philippines, dating back to 1969 when the first rural electric cooperative was formed on Mindanao. NRECA advisors helped draft the original rural electrification-enabling legislation, and fielded an eight-person, USAID-funded technical assistance team, which provided training and technical advice to rural electric cooperatives until 1980. As a result of NRECA's assistance, there are now more than 3.8 million connections served by 119 rural electric cooperatives providing electricity to more than one-third of the 11 million families in the Philippines.

NRECA has a number of ongoing activities in the Philippines which have drawn on core grant funding. NRECA was recently awarded a World Bank-funded contract for \$130,000 to prepare a plan for a system of seven regional repair centers to serve the rural electric cooperatives. The original proposal for preparation of the plan was developed using core grant funds. The World Bank is considering providing funds to establish and equip the regional repair centers.

NRECA used core grant funds to prepare an unsolicited proposal for providing training, technical assistance (by staff and NRECA volunteers), and donated equipment to assist three rural electric cooperatives in reducing line loss. USAID is in the process of authorizing the use of \$246,000 to fund the line loss reduction program using NCBA's existing Indefinite Quantity Contract (IQC) to channel the funds to NRECA.

In another significant development, NRECA has used core grant funds to develop a concept paper and an unsolicited proposal for a Distribution Sector Rationalization Study. The rationalization of the sub-transmission and distribution systems is a topic of much interest in the Philippines, and both USAID and World Bank are interested in funding such a study. The Philippine Department of Energy and the National Electrification Administration are interested in the study, and are engaged in a "turf" dispute over who should take the lead. It appears that a USAID-funded study with the Department of Energy and a World Bank-funded study with the NEA will move forward for different parts of the country. NRECA will be doing both studies.

The core grant has allowed NRECA to play an important role in key "second generation" issues in rural electrification in the Philippines, such as line loss reduction, regionalization of materials handling and equipment repair, and rationalization of the national electricity generation and

distribution system. NRECA is respected and trusted, and has good working relationships with the key players in the electricity sector.

Relationships with local NGOs

NRECA assisted with the formation of the Philippine Rural Electric Cooperative Association (PHILRECA) which was designed to perform many of the same functions as NRECA performs in the US. PHILRECA, which was established in 1977, provides legal services, lobbying, training, trading and marketing services, and insurance services to member co-ops. PHILRECA charges modest dues to sustain its operations, but relies primarily on income generated by its trading and marketing operation. PHILRECA members interviewed in the field were not happy, feeling that it was devoting too much attention to its money-making activities and not enough time and attention to member interests and activities, such as lobbying to protect member interests in the legislature. NRECA has reduced its support to PHILRECA but continues to support the sister cooperative program, which is run through PHILRECA.

The evaluator had a chance to meet with the general manager of the Lanao del Norte rural electric cooperative (LANECO), which has a sister cooperative relationship with the Benton Rural Electric Association in Prosser, Washington. The relationship started in March 1993 when the LANECO general manager was invited to visit the Benton REA. He stayed for three weeks and met with members of the board, and the technical and management staff, and learned how they operate and solve problems.

As a follow up to the visit, the Benton REA decided to donate a used line truck to LANECO, which arrived in May 1995. A Benton line man then visited LANECO for two weeks in September 1995 to train linemen in truck operations, lineman work, safety, first aid and live wire work. The line truck has an augur, a 45 hydraulic boom and lights for night work. The truck has been a real boon to LANECO. It takes them five minutes to prepare a pole hole with the augur, a task that had taken two men four hours each with pick and shovel. They use the truck mainly for emergencies and have been able to reduce down time by 80 percent. This type of sister-cooperative relationship has great potential benefits and should be promoted and expanded.

VII. NATIONAL TELEPHONE COOPERATIVE ASSOCIATION (NTCA)

A. Background Description

1. The organization

The National Telephone Cooperative Association (NTCA) was incorporated on 12 June 1954 with eight rural telephone systems in seven states, as the original members. The association was an outgrowth of the telephone committee of the National Rural Electric Cooperative Association (NRECA), which was composed of representatives of emerging joint electric/telephone cooperatives. The NTCA is a nonprofit association representing nearly 500 small, rural telephone cooperatives and commercial companies. It is a full-service association, offering a wide array of services, including government affairs, legal representation, educational services, regular and special publications and periodic national and regional meetings. In addition, NTCA calls upon five related organizations to serve its members:

- The Services Management Corporation (SMC), which administers benefit programs for the employees of member systems;
- The Telephone Education Committee Organization (TECO), which handles contributions to key congressional supporters;
- The National Telcom Corporation (NTC), which provides property and casualty insurance to NTCA members;
- The Communications Supply Service Association (CSSA), which provides technical services and does group purchasing of telecommunications equipment; and,
- The Foundation for Rural Service (FRS), which carries out programs to inform and educate the public on the rural telecommunications industry. The foundation will also serve as a recipient and shipper of donated equipment for overseas cooperatives.

In 1995, NTCA had 497 member telephone companies, including 248 cooperatives and 249 locally owned commercial companies. In addition, there are 349 associate members, suppliers and others, providing services to the member telephone systems as well as 58 statewide and regional telephone associations, and seven international members, for a total membership of 911.

NTCA has 65 employees at its Washington, DC headquarters and 69 employees at its benefits service center in Asheville, North Carolina, as well as 10 field representatives located throughout the country.

NCTA's International Programs Division consists of four employees and two consultants - a division manager, an international projects manager, an assistant international projects manager, a full-time accountant and the NTCA project coordinator in Poland.

2. Prior USAID assistance

NTCA received its first USAID grant (special initiative cooperative agreement No. OTR-0192-G-00-0103-00) for \$320,200 for three years from USAID's Office of Private and Voluntary Cooperation in August 1990. The goal of the grant was to bring community-owned rural telephone service to rural Poland, based upon the US model. The purpose of the grant was to create at least one and, if feasible within financial and other constraints, up to four rural telephone systems in Poland.

NTCA received a second grant of \$259,750 from USAID's ENI Bureau on 8 April 1991 to replicate the PVC grant funded activity in Poland in other ENI countries. An add-on of \$480,937 was made in March 1993. The grant was scheduled to terminate 31 March 1996, but participating missions have requested a six-month extension.

A third grant was received from USAID's Office of Private and Voluntary Cooperation on 30 August 1993 for \$228,621 in response to an unsolicited proposal to set up a training and education program for the national telephone company in Poland. The grant was to have terminated on 31 December 1995, but NTCA was granted a three-month, no-cost extension for the final close-out conference in Warsaw at the end of March 1996.

3. Current USAID core grant

NTCA's first core grant agreement with the Office of Private and Voluntary Co-operation was for \$1.12 million over three years, and was signed on 30 September 1994. The goal of the grant is "to expand the availability of telecommunications service in rural areas of less developed countries -- specifically by providing assistance to rural communities in obtaining such service, ideally through the creation of cooperatives -- thereby contributing to the creation of the modern infrastructure needed for long-term, sustainable economic development." The purpose of the grant is "to enable NTCA to strengthen its capabilities to the point where it is able to provide efficient and effective assistance at the local, regional and national levels to communities, government officials and policy makers in developing countries who seek ways to meet their nations' significant need for telecommunications service, especially in rural areas." The grant agreement has three main areas of emphasis:

- **Project Development:** To enable NTCA to take initial steps to replicate its successful telephone cooperative model in selected countries of Central and Eastern Europe, the NIS and southern Africa by providing project development funding;

- **Limited Services:** To provide programmatic flexibility by allowing NTCA to carry out educational activities; and,
- **Internal Administrative and Management Strengthening:** To expand and strengthen NTCA's limited internal capacity, thus allowing it to respond more efficiently and effectively to developing countries' growing need for assistance in creating a modern telecommunications infrastructure.

B. Program Accomplishments

1. Project development

NTCA's three year implementation plan called for the following outputs under this area of emphasis:

a. A minimum of four country assessments

In preparing its proposal for the core grant, NTCA decided to try to work in two areas of the world — Central and Eastern Europe/Newly Independent States (CEE/NIS), and Southern Africa. These areas were chosen because of money flows and the perceived possibilities of success. The initial country selection included Ukraine in the NIS, Albania or the Czech Republic in CEE, and Zimbabwe or Zambia in Africa.

The first core-funded country assessment came about as a result of a call from NRECA in the fall of 1994. NRECA invited NTCA to join them, together with Associates in Rural Development and Black & Vietch (an engineering company) to put together a proposal to strengthen an organization called the South African Reconstruction and Development Trust (SARDET). The purpose of SARDET is to carry out community development projects in both rural and urban areas of South Africa. The proposal was completed, but SARDET has not had any success in selling the proposal to donors. USAID/South Africa is not funding any rural projects. NTCA also hosted a delegation from South Africa in the fall of 1994, led by the Minister of Telecommunications. The Ministry has prepared a "Green" paper on telecommunications, which may lead to future possibilities for NTCA to access funds from non-USAID sources. NTCA is currently in a "holding pattern" in South Africa.

As NTCA looked at opportunities in the NIS, they decided to look at other regions. About the same time, a possibility for NTCA involvement came up in the Philippines. NTCA joined CHF, NRECA and Tri-Valley Growers in June 1995 in preparing a proposal for an USAID development project in Mindanao.

Their proposal was not successful, but contacts made during proposal preparation led to an exploratory NTCA team visit in October 1995 to look into the possibility of supporting the development of rural telephone cooperatives. As a result of that trip, NTCA prepared a proposal which called for NTCA and its Philippine partners to:

- Create at least three locally owned and managed telephone cooperatives serving at least 10,000 access lines, which will serve as models for replication;
- Create a training program, develop a curriculum and carry out training for the existing telephone cooperatives in Mindanao and for new managers, boards and staffs; and,
- Provide legal, regulatory and technical assistance at the local and national levels to expedite the development of community-owned telephone systems.

This proposal and its current status are discussed in greater detail in Section B.2., Organizational Performance.

Preliminary contacts have been made for four other country assessments, in Romania, Kenya, Ethiopia and Albania, which should be carried out during 1996. NTCA hosted a high level telecommunications delegation from Romania headed by the Minister of Telecommunications in May 1995, and NTCA's Poland Project Coordinator was a featured speaker at a US State Department-sponsored telecommunications conference in Bucharest in November. A follow-up visit by an NTCA project officer was planned for April 1996.

The Government of Albania has received funding from the EU for two pilot telecommunications projects and has requested assistance from NTCA to provide training to cooperatives and rural telephone systems as part of these pilot projects. NTCA will follow up on this possibility later in 1996.

With the activities in South Africa, the Philippines, Romania, Kenya, Ethiopia and Albania, NTCA has met or is about to meet its projected target of four country assessments under the core grant.

b. A minimum of three team design trips

Design trips have been carried out in South Africa and the Philippines, with additional design trips for Romania, Kenya, Ethiopia and/or Albania, planned for 1996.

c. Production of at least five unsolicited proposals

Unsolicited proposals have been prepared for South Africa and the Philippines, with two additional proposals possible for Romania and Albania in 1996. NTCA feels that the target of five unsolicited proposals during the three year term of the grant was overly ambitious and that a target of three proposals would have been more realistic.

d. Initiation of at least one new pilot rural telecommunications project

This output has not been achieved, but there is a good possibility for a new project in the Philippines.

e. An international foundation within NTCA to make possible the donation and shipping of used equipment

The Foundation for Rural Service has been established for this purpose and a manager has been hired.

f. The Call for Democracy video translated and distributed

The video has been translated into four languages and 700 copies have been distributed.

2. Limited Services

a. USAID staff education

The USAID staff education program for CEE and NIS personnel contemplated under this component has not taken place. This training was delayed initially, awaiting the granting of nonprofit status to the Tyczyn Training Foundation by the Polish government. Subsequently, in 1995 the USAID/Warsaw project officer recommended that such training should be put off indefinitely, given continuing, unresolved budgetary uncertainty within USAID. As a result, NTCA has no plans at present to provide this type of training.

b. Local NGO institution building

Core grant funds were used to help establish the Tyczyn Training Center in Poland which has trained trainers and NGO personnel. To date, more than 250 persons have received training at the Center in a variety of subjects related to the organization, development and operations of a telephone company.

c. Specific professional telecommunications training

Core grant funds were used to develop a standard training program in English, Polish and Bulgarian for telecommunications professionals and policy makers. Three seminars were conducted in Bulgaria using ENI funds and the Polish version is being used at the Tyczyn Training Center.

d. US study tours

NTCA has not conducted any study tours yet but thought about doing one in Spring 1996. The Philippines and Bulgaria are candidates. A study group will be coming from Bulgaria, funded under the ENI grant.

e. Specialized consultancies

NTCA has not used funds yet for this purpose. They have used volunteers from their affiliated co-ops, but don't want to pay volunteers for consulting assignments.

3. Internal administrative and management strengthening

a. Personnel

Utilizing core grant funds, the NTCA formally established an International Programs Division, reporting to the director of Association Services. Under the grant, the division has grown from 1 1/2 persons (a half-time manager and an international projects manager) to six people (a full-time manager, an international projects manager, an international projects officer, an accountant and the NTCA project coordinator in Poland and the Philippines). Revised position descriptions have been prepared for all permanent positions.

NTCA has not yet prepared a revised institutional vision statement for international activities nor a single, integrated short- and long-term strategic plan, but is working on them. Planning sessions are held every three to four months. NTCA has enhanced its international reputation by having staff members speak at international conferences. The International Projects manager spoke at the East-West Telcom Forum and the Global Information Infrastructure Summit, and the International Division general manager spoke as a member of the US State Department delegation at the International Telcom Union meeting in Geneva.

b. Regional office

NTCA has established a regional office in Warsaw, sharing expenses with Central European Telecommunications Investments (CETI). It also has hired a part-time representative in Manila to represent NTCA interests.

c. Member outreach and education

NTCA has recruited 75 volunteers from its affiliated organizations against a targeted level of 90 volunteers. They have stopped adding volunteers because they can't provide enough assignments for those that are already signed up. The *NTCA Exchange*, published every two months, has articles on international programs in each issue. The *Rural Telecommunications* magazine, also published every two months, has an article on international programs at least once a year. In addition, the International Division has published 25 monthly issues of an international newsletter, which started in April 1994.

An International Advisory Council was formed in April 1994, as a sounding board and resource center. Anyone who travels internationally for NTCA is automatically a member. Core grant funds are used for meetings of the Advisory Council at all major NTCA conferences. It has served to heighten the visibility of NTCA's international activities.

d. Internal support and external relations

A membership category for international members was established in June 1995. There are presently four Canadian and five Polish members. The International Division general manager attends OCDC meetings on a regular basis and is a member of the development committee. NTCA participated in a joint activity with NRECA and CHF to prepare a proposal for a USAID/Philippines development project in Mindanao. They hope to engage in two more such joint activities during the remaining life of the grant. NTCA has not established formally an international telecommunications reference library, although they have a number of publications which could serve as the nucleus for such a library.

4. Organizational Performance

a. General

As a relatively recent recipient of USAID funds for international cooperative development, NTCA has done an impressive job in building its capacity to carry out international activities and to keep its membership informed and interested. NTCA is on target for carrying out at least four country assessments, which should result in at least one new project, probably in the Philippines. The International Programs Division has published a monthly international newsletter since April 1994, which does a good job of keeping NTCA membership apprised of what's happening in the international arena. The International Advisory Council provides another important means for involving the membership in international programs. The establishment of the Foundation for Rural Service

provides an excellent vehicle for obtaining surplus US equipment for use in developing countries.

The initial USAID special initiatives Grant was completed successfully, resulting in the establishment of two viable telephone cooperatives. In this case, NTCA was able to employ a modest amount of USAID funds (\$173,000) which resulted in the procurement of US goods and services totaling \$2.7 million, representing a multiplier effect of 16 to 1.

During a field visit to the Philippines, a member of the evaluation team was able to interview representatives from the National Electrification Administration, the Department of Communications and Transportation, and the rural electric cooperatives, which will participate in the proposed pilot telephone cooperatives. There is a high degree of interest and support for the concept and the various parties were eager to move forward with the proposed program. The process of putting together the NTCA proposal provides an excellent example of the use of core funds to develop an idea, build a consensus in support, and then leverage a much larger level of funding to carry it out. Although the funding has not been secured yet, the prospects appear to be good.

b. Participation

NTCA has a tradition of involving communities in planning projects in order to secure their support and their inputs. This same tradition has been applied in NTCA's international activities. For example, in the case of the Philippines proposal for establishing three pilot telephone cooperatives, the participating rural electric cooperatives provided all of the background information for the proposal and worked on preparation of the budget. The proposal has now been sent to the co-ops for their comments.

c.. Financial tracking system

NTCA does not have a financial system which can track expenditures by program activity. In order to respond to the inquiries of the evaluation team, NTCA has decided to change its financial system so that it can track expenditures by program activity. This changeover is in process and will be completed by 1 May 1996.

d. Partnerships

Since getting involved in international activities, NTCA has maintained a partnership with the National Rural Electric Cooperatives Association (NRECA). In the Fall of 1994, NRECA called NTCA about collaborating on preparation of a proposal to strengthen the South African Reconstruction and Development Trust. In 1995, NTCA joined NRECA and CHF in preparing a proposal for an USAID development project in Mindanao in the Philippines. In preparing its proposal for

three pilot telephone cooperatives in the Philippines, a NRECA representative participated in the initial study, and the telephone cooperatives will "piggy back" on the rural electric cooperative poles and administrative structure.

NTCA has established another partnership with Central European Telecom Investments (CETI), a private investment fund created by the IFC and a consortium of banks to channel funds from investors, such as US pension funds, into telecommunications investments in Central Europe. CETI approached NTCA about co-locating their administrative operations in Poland with CETI paying two-thirds of costs and NTCA paying one-third. NTCA is providing training for the managers and staffs of the 12 or 15 rural telephone companies that are being set up by CETI in Poland. CETI has also requested assistance from NTCA in the form of senior managers from member co-ops who could provide managerial advice and training to the fledgling telephone companies.

NTCA also helped establish a partnership with the Tyczyn Training Center based at the Tyczyn Co-op in Southern Poland. NTCA develops the curriculum for a given training program and teaches the course the first time. They then work with the staff of the Training Center so that they can give the course in the future.

C. Future PVC Support

1. CDO strategy for future organizational and program development

In assessing NTCA's performance in program development and possible future directions, it is important to recognize that NTCA is somewhat unique among the international cooperative development organizations in that the services that it can provide are not among those commonly found in USAID's traditional array of programs. When this fact is combined with USAID's dwindling resources, the chances of securing USAID funding for any significant development of telephone cooperatives are not very strong. This suggests that NTCA should think about developing a strategy for attracting funding for development of telephone cooperatives from sources other than USAID, such as host governments, multilateral lending agencies or even large, multinational telephone companies. NTCA's current experience in the Philippines in developing a proposal for establishing three pilot telephone cooperatives in the rural areas may end up accessing support from all three sources. NTCA should build upon this experience to refine a methodology which allows them to use a modest amount of USAID core grant funds to develop a proposal which can then be funded by non-USAID sources.

Some might argue that USAID should not be in the business of funding the preparation of proposals which are to be funded by host governments, international banks or multinational companies. However, it should become evident that such a modest

investment by USAID makes an important contribution to promoting the use of US telecommunications technology in a competitive environment and makes a major contribution to business development in the rural areas of the developing world.

2. Value of core grant to CDO

The NTCA general manager of International Programs and the director of Association Services stated that they would not be able to be involved in international activities without the support provided by USAID's core grant. The USAID grant gives NTCA the staff capacity and flexibility to develop proposals for new business opportunities. The grant also allows the International Programs Division to build support for their activities among the membership base. Another important result of the grant has been the help that the International Programs Division has been able to provide to associate members who are equipment manufacturers, in identifying new marketing opportunities.

3. Lessons learned

- (a) NTCA has learned that is important to involve and educate its members in order to gain their support. As a result of NTCA's persistent efforts to inform its membership, there is now strong support among the member co-ops for helping developing countries.
- (b) Local community leadership is the single most important factor in developing projects.
- (c) There is still a lack of understanding among bilateral and donor agencies about the importance of telecommunication as a fundamental infrastructure. NTCA has been able to educate such institutions.
- (d) Building credibility takes far longer than was initially thought.

D. Major Issues and Recommendations

1. Future USAID assistance for telephone cooperatives

In view of USAID's declining resources and the myriad of demands on those resources, it appears unlikely that funding will be available for any significant investment by USAID in the development of telephone cooperatives. Given this scenario, one could question the wisdom of USAID continuing to support a cooperative development organization in this field. The evaluation team considered this question and came to the conclusion that it did make sense for USAID to continue to support an international program for NTCA for two basic reasons: First, good telephone communications is a fundamental requisite for

the development of businesses in rural areas that are needed for broad-based, sustainable economic growth in the developing world. In this case, USAID can play a pivotal role at a modest cost by supporting NTCA's ability to identify and develop opportunities for expansion of telephone service in rural areas, which can be financed by sources other than USAID, such as host governments, international development banks, and/or multinational telecommunications companies. Second, the involvement of NTCA in advising local groups and governments on expansion of telephone service in rural areas brings with it the bonus of integrating the use of US telecommunications technology and equipment in a highly competitive environment. The possible donating of used US equipment through NTCA's Foundation for Rural Service also opens the door for the procurement of additional complementary and replacement equipment from the US. In the case of the special initiatives project in Poland, USAID's investment of \$173,000 in technical assistance provided by NTCA resulted in the procurement of \$2.7 million in US equipment and services, a multiplier of 16 to 1. For these reasons, the evaluation team concluded that US interests and foreign assistance goals would be well served by continuing to support NTCA's program development activities through a core grant. NTCA should prepare a strategy for identifying opportunities for expanded telephone service in rural areas which can be funded by non-USAID sources. This strategy and clearly defined targets for its implementation should be the basis for any future USAID core grant assistance to NTCA.

**POLAND: THE POLISH TELEPHONE TRAINING PROGRAM —
TYCZYN COOPERATIVE**

CDO IMPLEMENTOR — NTCA

A. Tyczyn Telephone Cooperative (TTC)

1. Description of the project

TTC was in a conceptual stage in 1990 when its organizers were introduced to NTCA, which had begun its Innovative Grants Program in Poland in 1991. TTC was initiated to provide telephone service in a area covering four gminas. An average gmina includes four villages with populations ranging from 6,000 to 20,000 inhabitants. TTC was motivated by the fact that the national telephone company (TPSA) was not serving these villages and was not interested in doing so as it was not considered attractive financially.

TTC's initial goal was to serve 3,000 customers providing local, national and international service through interconnection with TPSA. Three thousand customers was considered a reasonable estimate based on conservative assumptions. Its first subscriber hookup was made in 1992. TTC was the first operating telephone cooperative and the first private telephone system in Poland. It is still the largest independent telephone company in Poland.

2. Impact on project through NTCA's Innovative Grants Program

Soon after Poland's communist government was turned out of office, there were indications and expectations that foreign investment and low-cost loans were certain to flow into Poland and make everything easy. While there were some telecommunications projects funded under the EC's PHARE Program, which began in 1989, the expected outpouring of investment funds did not materialize.

The initial idea of forming a telephone company in Tyczyn came from Mr. Kazimerz Jaworski. When Mr. Jaworski, a local mayor and telecommunications engineer and his telephone committee were first introduced to NTCA advisors, they were skeptical of forming such an enterprise on a cooperative basis. Then NTCA showed TTC organizers that there were successful telephone cooperatives operating in the United States. Now they are pleased that they have gone the cooperative route. While Poland had good cooperatives before WW II, the Soviet Union and the local communist government destroyed the cooperative system and concept. Mr. Jaworski stated that 80 percent of current subscribers were not communists and that is the reason why TTC has been successful.

In 1991, the GOP changed the telecommunications laws to permit the independent development of local telephone companies. In 1991, the Tyczyn area also gained new administrators at the town and district levels, and the atmosphere for private initiatives improved. NTCA began a concerted effort to assist TTC, including training in technical and administrative management, assistance in organizing the cooperative, by-laws development, billing, rate making, preparing the design of the system, preparing IFB's and reviewing bids. NTCA trained TTC personnel in Poland. It also gave TTC a computer, the first in Tyczyn, which TTC considers more valuable than money. NTCA also assisted TTC in its negotiations with TPSA on interconnections and revenue sharing. NTCA translated all manuals, cooperative by-laws and related documents for TTC into Polish. Mr. Jaworski stated, "Without the assistance we received from NTCA, TTC would not be operational today."

3. Extent of local membership in project planning and development

The organization and development of TTC was instigated and mainly undertaken by Mr. Jaworski, who then formed a committee comprising two to three persons from each of the four gminas. The committee included private citizens and local government officials. The organization and development of TTC was the work of 20 local persons, including seven women.

The committee put the project together while consulting with local government officials, the church, businessmen and farmers. The area residents were surveyed to get their views of the project and their willingness to participate. Now that TTC is a cooperative, each subscriber pays a fee for hook-up charges and membership in the cooperative.

At annual meetings, each gmina sends three member representatives, who join with management (four persons) and the board of directors (11 outsiders), to vote on items needing approval. At these annual meetings, all members may participate in discussions and decisions related to future expansion, borrowing funds for extending the telephone system and any other matters requiring membership approval. Approximately 85 percent of subscribers are cooperative members. The other 15 percent is composed of commercial firms and area government offices.

4. Assessment of assumptions, constraints and performance indicators

At the time of TTC's development in 1991, the economic well being of the area residents was deteriorating. During 1991, the Tyczyn gmina, had 100 telephones on manual switching; it now has 900 telephones on automatic switching. As mentioned before, the initial goal of TTC was to have 3,000 subscribers. It now has 2,000. There are two additional gminas open to expansion by TTC which will add another 2,500 subscribers to their system. One of the constraints faced by TTC was obtaining the funds to install their telephone system. They were able to obtain 30 percent of their capitalization from subscribers, 30 percent from the four gminas and the rest, or 40 percent came from an

Export Import Bank loan, which was facilitated by the assistance received from NTCA on the system's design and bidding process. Seventy percent of the equipment costs, or 40 percent of total funds, relates to the Export-Import Bank loan. TTC is now making a profit, which is used to pay for training, pay interest on the Export Import Bank loan and hire good personnel.

5. Recommendations for improvement to the current program

No recommendations appear in order.

6. Which follow on activity may be desirable to improve the current project

Given the competence that NTCA and TTC have gained in organizing and developing telephone cooperatives in Poland, consideration should be given to using both parties to provide training to personnel from neighboring countries who are interested in establishing telephone cooperatives in their areas. Mr. Jaworski specifically mentioned training leaders from Ukraine in telephone cooperative development.

7. Sustainability of the project with and without further grant funding

It is very unlikely that NTCA would be able to provide any substantial technical assistance and training to local telephone groups in Poland without continued USAID funding. With USAID funding NTCA could continue this program, especially as there are at least a dozen additional telephone systems in various stages of formation in Poland. TTC indicated that it would be able to benefit from future training and technical assistance from NTCA when it goes to a planned Informix System.

TTC has been providing technical assistance and guidance to other telephone systems that are in the formative stage. This has included help in such areas as developing bylaws, license applications, billing, customer services, etc. TTC has established a training foundation as a legal entity (an NGO) to assist other cooperative and private telephone companies. The TTC Foundation is continuing to develop its training abilities and syllabi. There are other groups in Poland offering training, but they mainly are theoretical and "for-profit." In 1995, TTC trained more than 250 people, covering all aspects of formation, development and management of a telephone company. All training to date has been gratis. In the near future, TTC will begin charging fees to cover its expenses.

8. Efforts made to monitor and evaluate benefits to local people

Currently TTC does not charge members for local calls. It estimates that this is an economic benefit to its members of about \$200,000 annually in savings. There have also been many indications that farmers and businesses have saved time in their daily

operations and this has resulted in additional savings in productivity, and reduced wear and tear on vehicles.

B. Conclusions

1. The project has been effective in assisting local groups develop successful, independent telephone companies, including cooperatives and for-profit entities.
2. It has good project leadership and effective home office and association member support.
3. The project warrants continued technical and financial support if donors believe in the value of providing reliable telephone communications to rural people who currently lack such service.
4. There may be limited opportunities for future cooperative telephone organizational development in Poland and neighboring countries, unless the local organization can raise adequate funds from its subscriber members, to overcome difficulties in obtaining capital from outside sources.

C. Major Issues and Recommendations

1. To USAID

USAID should decide whether NTCA as a Cooperative Development organization should be using USAID grant funds to provide assistance and training to non-cooperative telephone company initiatives.

2. To NTCA

NTCA should use some of its core grant funds to determine if there is a strong potential to replicate this program in neighboring countries, and whether USAID Missions in the countries involved are amenable to providing Mission grants to NTCA to carry out such activities in their countries.

**POLAND: THE POLISH TELEPHONE TRAINING PROGRAM —
TELFONY BRZESKIE**

CDO IMPLEMENTOR — NTCA

**A. Telefony Brzeskie (TB), Brzesko, Poland — Wlodek Slowinski,
Project Manager**

1. Description of the project

This company was created in 1992 by five gminas that wanted to provide improved and expanded telephone service to their villages. The initial goal was to have 3,000 subscribers. The company currently has 2,000 hookups and now expects to have 4,500 hookups (subscribers) by 31 December 1996. Their current system capacity is 5,000 hookups and they are preparing an IFB that will call for expanding their system next year.

2. Impact of the use of NTCA's Innovative Grants Program

Using USAID grant funds, NTCA has provided considerable assistance to Telefony Brzeskie similar to that provided to the Tyczyn Telephone Cooperative and to Telekomunikacja Debica. NTCA has been involved with Telefony Brzeskie from their early stages, providing advice and assistance regarding formation and development of the company, assisting with the technical planning of the communication system, and providing training in rate making, billing, accounting, etc. The Tyczyn Telephone Cooperative has also been providing assistance and training to Telefony Brzeskie.

3. Involvement of local people in project planning and development

TB organizers had visited the Tyczyn Telephone Cooperative and were familiar as to how the cooperative had gone about its organization and development. However, they determined that it would be almost impossible to obtain local funding to develop their system; they therefore opted to form a joint-stock company and obtain equity capital from foreign investors.

4. Assessment of assumptions, constraints and performance indicators

It took TB two years to get from their initial organizational and planning efforts to reach a point where they were ready to begin discussions with potential investors (which occurred in early 1994). By early 1995, TB had funding in hand and began renovations to their headquarters building and installation of their telephone system in April/May 1995. They have already installed 21 km of underground cable, have 2,000 subscribers

185

and project that they will have 4,500 hookups by 31 December 1996. This is a considerable achievement.

5. Recommendations for improvement to the current innovative or special initiatives grants.

See Tyczyn Telephone Cooperative Association narrative.

6. Desirable follow-on activities

Continue to fund the program and determine if there is potential to use Poland to "showcase" development of small, private sector telephone cooperatives or companies. Also, consider a joint-venture between NTCA and the Tyczyn Telephone Cooperative to provide training and assistance to other countries in the ENI Region.

**POLAND: THE POLISH TELEPHONE TRAINING PROGRAM —
TELEKOMUNIKACJA DEBICA**

CDO IMPLEMENTOR — NTCA

A. Telekomunikacja Debica (TD), Debica, Poland

1. Description of the project

TD began developing its concept for the organization of a private telephone company in early 1993 and was incorporated later that year. It was established to serve approximately 150,000 inhabitants in one voivodship. TD's conservative estimate was that there was a potential for hooking up 5,500 customers. While TD's license covers Debica, which is currently served by TPSA, it made a deliberate decision not to try to steal TPSA's customers in this city, but to focus on serving areas not covered by TPSA.

TD is owned by CE Telecom Investments, which helped with the financial arrangements by the International Finance Corporation, by local shareholders and gminas. The company's capitalization is \$6.5 million; 80 percent is equity and 20 percent is debt.

2. Impact of the use of NTCA's Innovative Grants Program

NTCA/Warsaw helped TD with the conceptualization of its program and its company's organization. It helped design a market research program and paid for a market survey. It has since provided help in many forms including training in billing, rate structure development, systems design, equipment requirements and availability, and development of IFBs. Recently, TD personnel from bookkeeping and engineering received training, including development of IFBs, from the Tyczyn Telephone Cooperative Association at Tyczyn. No TD staff have been sent to the US for training under the NTCA program. Mr. Rutka stated, "Without assistance from NTCA and the Tyczyn Telephone Cooperative Association, Telekomunikacja Debica would not be in business today."

3. Involvement of local people in project planning and development

Like Telefony Brezskie, TD had visited the Tyczyn Telephone Cooperative, but decided to establish as a joint-stock company to facilitate the arrangement of financing. Local shareholders include individuals and the gminas, which were the initiators of the company. As such, there was little involvement of the subscribers outside of their participation in the original market survey.

4. Assessment of assumptions, constraints and performance indicators

TD's initial, conservative assumption was that it had a potential market for 5,500 subscribers. As of 14 February, TD already had 3,000 subscribers and now believe that it can reach a total of 30,000 subscribers within the next 24 months, provided they can obtain the financing to expand their system. TD expects to cover all of its operating costs in its first full year of operations.

5. Recommendations for improvement to the current NTCA program

No recommendations were offered.

6. Desirable follow-on activities

TD would like to be able to utilize future assistance from NTCA when it prepares to provide cable TV and data transmission services using their fiber optics cabling system.

7. Other background information

Until July 1995, a new company or cooperative could obtain a license to provide telephone service for a fee of \$200, which is the amount TD paid. After July 1995, the GOP initiated an auction system. TD estimates that one would have to bid from \$10,000 to \$50,000, depending upon the number of potential subscribers in a license area, to obtain a new license today. Cost to an individual subscriber to hookup and receive service:

In the city:

\$160 + 7% VAT

\$25 = provision of a basic phone bought by the subscriber

\$12 = monthly service fee with unlimited local calls or

\$4 + four to five cents per each three to four minutes of calling time.

In the country:

\$350 to \$500 + 7% VAT with \$160 going for hookup charge and rest buying shares in company. Other costs as above.

Actual cost of rural connections (gross capital investment):

In US = about \$2,500

In Poland = from \$1,200 to \$1,500

188

VIII. VOLUNTEERS IN OVERSEAS COOPERATIVE ASSISTANCE (VOCA)

A. Background Description

1. The organization

VOCA was established in 1970 at the suggestion of USAID. It began with a grant of \$10,000 from USAID and grew steadily until it was awarded two grants, which enabled it to increase its programs significantly: a Farmer-to-Farmer Program grant in 1985; and, a SEED Program grant in 1990 for volunteer programs in Eastern Europe. VOCA is a non-profit international development organization whose mission statement is as follows: "Volunteers in Overseas Cooperative Assistance (VOCA) is an international people-to-people volunteer organization committed to enhancing the development and economic opportunities of cooperatives and agriculturally based enterprises, strengthening democratic institutions, and promoting the sound management and conservation of the environment and natural resource base."

From its origin, VOCA was intended to be the volunteer arm of the US overseas cooperative development movement. Reflecting this, its board was composed of representatives of the other Cooperative Development Organizations assisted under USAID's Cooperative Development Program. As of 1995, the VOCA Board included representatives of the NRECA, ACDI, WOCCU and the National Council of Farmer Cooperatives, with that organization's president, Wayne Boutwell, serving as the board chairman. Given the nature of the USAID grants it has accepted (they are not limited to cooperatives), the bulk of VOCA volunteers have not assisted cooperatives overseas. For example, in 1995, volunteers assisting farm associations and cooperatives, accounted for slightly more than 19 percent of the total 783 volunteers supported that year.

The total volunteer assignments VOCA has sponsored grew to a high of 1,006 in 1994, from just 79 in 1988. To program this increased number of volunteers, VOCA staff grew from 11 in 1989 to 150 in 1993. The current level of staff is 134 and they work at 24 offices overseas and in Washington. VOCA's annual budget reached more than \$25 million in 1994. In 1995, VOCA expenditures totaled \$23, 174,275, counting an estimated \$9,341,309 for the value of donated volunteer services.² The majority of funding for this budget came from USAID: 59.1 percent of the full total; and 98.8 percent of the total minus volunteer services. Core grant funding reached as high as \$740,000 per year, and now stands at \$525,000 per annum for the current three-year core grant period expiring in 1997.

² This number was calculated by VOCA using the maximum USAID daily rate allowed of \$440, and applying it to the number of volunteer days provided.

VOCA is currently undergoing a major organizational change. It is being merged with ACDI, whose chairman is also Mr. Boutwell. The decision to merge was made to take advantage of potential programmatic symmetries, to reduce combined overhead expenses, and in view of the VOCA board's concern over the financial vulnerability of VOCA given its small reserve of non-USAID funds to absorb any disallowances under USAID grants. At the time of the evaluation, the pending merger of the two CDOs was strongly impacting on VOCA operations. Staff interviewed reported great uncertainty regarding possible consequences of the merger on VOCA's programs and organization. The president and vice president recently resigned, and a new CEO was being sought for the combined organization. Senior staff did not know what plans a joint committee of ACDI and VOCA boards had made for the new organization. They wondered how easily VOCA's volunteer programs would meld with the consultant services provided by ACDI and how much future volunteer services would be focused on overseas agricultural cooperatives. They had, however, been told that for the time being, VOCA and ACDI would continue to run their own USAID-funded programs as two divisions of the merged organization.

2. Current core grant

The original purpose of the three-year core grant approved in 1994 was: "to assist cooperatives and other like-constituted organizations, as well as other agricultural and environmental enterprises, to be responsive institutionally to the needs of their members, and, by strengthening their democratic orientation and institutional soundness, to be able to compete effectively in a market economy to achieve higher economic returns for their members." Given the availability of funding in 1993 from the FTF Program, and for Eastern Europe and the NIS under other USAID grants, VOCA proposed at the time that core funds be used primarily to finance volunteers for the "rest of the world." VOCA envisioned that core funds would enable it to "maintain its global capability to respond to new initiatives as governments change and USAID development assistance initiatives extend to new countries, and to maintain its 'quick start' capability." VOCA planned to finance 113 volunteers under the core grant during the 1994-97 period, and to purchase new MIS and communications equipment.

In mid-1995, VOCA proposed to use the core grant similarly to other CDOs: i.e., to finance business development and program backstopping costs to better prepare itself for the future by fund-raising from non-USAID sources, on one hand and by lowering its overhead charges per volunteer on the other. The delay in the proposal change request has had a significant adverse effect on VOCA's operations because it has impeded forward planning. VOCA's current proposal is to finance 24 volunteers (and the already-purchased MIS and communications equipment) with core funds, and use the remainder to cover most of the cost of fund-raising and some of the costs of maintaining regional backstopping officers at its headquarters.

As a result, the core grant budget would be modified as follows:

Item	Original Budget	New Budget
Volunteer Travel/Per Diem	\$759,536	\$226,092
Equipment Procurement	265,450	164,697
Personnel	32,404	374,814
Other Direct Costs	135,800	81,864
Overseas Offices	-0-	330,082
Overhead and G&A	381,810	397,451
Total	\$1,575,000	\$1,575,000

The revised purpose of the core grant would be to: "strengthen VOCA's institutional capabilities so that it can increase its resource base and expand its collaborative efforts to effect a maximum impact in international development activities..."

B. Program Accomplishments

1. Results achieved

VOCA has been waiting more than nine months for USAID to respond officially and definitively to its proposal to modify the core grant. In the meantime, it has been delaying the pace of volunteer assignments charged to the core grant in order to conserve funding for the business development efforts it wishes to undertake. As a result, as of March 1996, only 19 volunteer assignments had been completed, and an additional two were underway (in the Philippines). The 19 assignments were completed in Malawi, Ethiopia, Namibia, the Philippines, Cambodia, Bolivia, Honduras, Guatemala, Brazil and Grenada. In addition, the new MIS equipment had been purchased, and VOCA's improved communication system was up and running.

Under the original core grant proposal, project outputs were identified as "the technical and institutional recommendations of the particular VOCA volunteers, and the actions taken by the benefiting organizations on these recommendations." In response to a prior evaluation's suggestion, VOCA instituted a rather comprehensive system to monitor

actions taken by client organizations in response to volunteers' recommendations. The system begins with the volunteers' formal written recommendations as a base, and provides for follow-up monitoring by VOCA field personnel three months and 12 months after volunteer assignments end. The information gathered is used to prepare occasional success stories for circulation in the US, and as input to decisions whether to provide additional volunteers to existing client organizations. The information is not collated to enable output achievements under the core grant to be measured, but is used for progress reports and future needs assessments.

a. *Program development*

VOCA's core grant cannot be broken down into the four categories of the Cooperative Development Program. Nevertheless, it is possible to comment on VOCA performance in three of these categories.

VOCA's methods of program development currently vary from one country or region to the next. Individual volunteer projects are generated by field offices and charged to one of VOCA's USAID grants, as appropriate. VOCA has focused its fund-raising efforts on USAID/Washington. It intends to expand these centralized efforts. Until now, this division of responsibilities has had the result of subjecting the geographical and county distribution of VOCA's individual volunteer projects to USAID/Washington decisions regarding the type of funds it makes available to VOCA. As a result, VOCA programs have been concentrated heavily in Eastern Europe and the NIS. Very little work is now being done in Asia, and Latin American programs are winding down.

b. *Organizational development*

VOCA personnel are dedicated and hardworking. The field representatives (visited by the evaluators) have done a very good job identifying potential client organizations, assisting them to define volunteer needs as specifically as possible, and monitoring actions taken as a result of volunteers' recommendations. Unfortunately, given the reduced availability of USAID funding to VOCA for programs in certain regions of the world, VOCA is now planning to close five of its 23 overseas offices: those in Guatemala (covers Central America), Brazil, Indonesia, the Philippines and Uganda. An evaluator also visited VOCA's office in Bolivia, which may also be forced to close after September of this year. At the same time, it seems clear that significant demand for VOCA services remains, especially due to the success VOCA representatives have had in establishing good working relationships with a variety of client organizations. Once these offices are gone, VOCA will have lost the capability to work effectively in countries formerly served by those offices. Prior VOCA experience has shown that trying to train volunteers without a local presence does not work. Local representatives are needed to identify and work with clients to define volunteer needs, help ensure

that appropriate volunteers are identified for specific assignments, and to orient volunteers once they arrive.

VOCA has succeeded under the current core grant in improving its communication and MIS systems, and plans are now underway to further automate financial control systems. With the hiring of a chief financial officer, VOCA has made significant improvements in its cost accounting and financial management procedures. The information generated has helped to better formulate many of the necessary management decisions which had to be made.³ Efforts are underway to lower volunteer overhead costs to ensure that VOCA services remain competitive with those from competing sources available to overseas clients or donor agencies.

c. Resource enhancement

VOCA is anxious to intensify efforts to raise funds outside of USAID. Few results have been achieved to date. One example cited was the decision of an agriculture association in Brazil to co-finance volunteers for its members by covering much of the local costs of hosting them. Some VOCA staff question whether it is wise to continue the practice of separating project development from fund-raising. They point out that it is difficult to sell donor organizations other than USAID on the idea of contributing up front for yet-to-be defined, open-ended volunteer programs. They suggest it might be more rewarding for VOCA to view business development as a single process, which would begin with VOCA identifying clients, or groups of clients, who either have access to donor funds, are designing proposals which have a good chance of attracting such funds, or have their own funds available. VOCA would then work with them to design programs which include funding of VOCA volunteers to provide a series of short-term TA over several years. If this idea is accepted, VOCA could also work to lower overhead costs per volunteer in particular countries, and to make a more concerted effort to identify associations in developing and transitional economy countries whose members can pay for most or all volunteer costs.

³ This does not appear to have always been so. The Feb. 1994 proposal for the current core grant states: "Projects are implemented according to the availability of funds. Project budgeting is developed in advance based on prior experience and to the best of our ability. If budget expenditures are lower than predicted, (expenses are reimbursed only on an actual basis), we then have the means to increase the numbers of projects. Should expenses be higher than anticipated, the level of effort will be reduced accordingly."

d. Programmatic constraints

The constraints VOCA faces in implementing its programs are more of a strategic nature than related to any difficulties in implementing individual volunteer projects. The volunteers VOCA fields are well qualified and motivated, and they routinely do a good job. They make a very significant contribution to the development co-operation programs of the US. Demand for volunteers is growing, and VOCA possesses the organizational expertise to program volunteers effectively. This being said, VOCA programs are very vulnerable in the long run because VOCA is too dependent on USAID for its funding. It is so dependent, it has failed to develop its own program content and strategies. In addition, about five CDOs and PVOs (e.g., ACDI, LOL, Winrock, Citizens Network, NRECA and WOCCU) have developed their own volunteer programs through various USAID-funded, Farmer-to-Farmer and other grants. This makes them less reliant on VOCA, as intended originally. At the global level, VOCA has failed to develop market niches of its own by identifying client groups, deciding where its competitive advantages lies in relation to those groups, devising strategies for use of VOCA volunteers by these client groups, and developing other sources of program funding. As a result, when USAID/Washington has not been willing or able to fund programs in some regions or countries, VOCA has had no choice but to shut down its operations.

With its impending merger with ACDI, VOCA will have to begin addressing these strategic program development issues or risk losing the institutional capability to tap into the US' valuable pool of volunteer expertise which it has worked so hard and so successfully to develop.

C. Organizational Performance

1. Participation

VOCA is very participatory in its project development efforts. It achieves this by working in the field closely with representatives of the beneficiaries it seeks to reach, i.e., with the leaders of NGOs, agricultural associations and other local organizations.

2. Partnerships

VOCA endeavors to form partnerships with key clients and client groups in the countries in which it works. It does so in order to have a larger impact through its short-term technical programs. A few examples include: i) The African Village Academy (AVA) in Ethiopia, which runs microcredit programs for female business owners and provides agricultural training; ii) The Eastern Agricultural Chamber of Bolivia, an association of

194

production groups; iii) The Institute of Agrarian Reform in Moldova, an agricultural training institute; iv) The National Millers and Bakers Association of Romania; and, v) The Cooperative Business Network of Indonesia.

3. Program development and funding

As explained above, program development is (necessarily) locally based, whereas fundraising is centralized in Washington. This practice enabled VOCA to grow during the last 10 years, but has not enabled it to establish a firm basis for its future survival.

4. Financial management system

VOCA's financial management practices have improved with respect to their management utility. They were always adequate for management of USAID grants.

5. Monitoring and evaluation systems

The project follow-up monitoring system employed by VOCA is described above. As in the case of other CDOs, there has been little or no evaluation of program impact by outside evaluators. A management evaluation of VOCA's core grant was last done in October 1993. That evaluation made seven recommendations/ suggestions:

- (a) Document developmental results (some public relations fact sheets are now prepared on noteworthy projects);
- (b) Consider the trade impacts of projects (not done);
- (c) Produce more videos;
- (d) Make E-mail more efficient (done);
- (e) Integrate environmental programs into regular programs (done);
- (f) Formalize lessons learned for incorporation into standard VOCA practices; and,
- (g) Explore donations from missions and other donors (started).

190

D. Future PVC Support

1. CDO's strategy for future organizational and program development

No information on this topic could be gathered at VOCA headquarters during this evaluation in view of the impending merger with ACDI.

The value of the core grant to VOCA over time has varied. Initially, it was the only funding VOCA had to finance its programs. During the last 10 years, it has enabled VOCA to retain some focus on assisting cooperative development overseas and to work in countries other than those prioritized under FTF and transitional economy programs, for which VOCA received the bulk of its funding from USAID. Now, VOCA hopes to be able to use core funding to develop a firmer financial basis for its future survival. VOCA has no other funds available with which to do this.

Lessons learned include:

- (a) The necessity of developing VOCA's own mission, program content and development strategy rather than letting this be defined by the foci of grants accepted or its principal donor's shifting objectives;
- (b) The importance of project identification and program development being done collaboratively at the local level;
- (c) The utility of VOCA's programmed follow-up with clients; and,
- (d) The added impact which can be obtained from developing a working relationship with NGOs and other organizations overseas.

2. Sustainability of CDO and its projects

VOCA's organizational viability in the medium-to-long run is uncertain. Its demise would be very unfortunate for US bilateral cooperation efforts given the proven record of success and great potential of American volunteers. (VOCA has also begun to successfully promote "South-South" volunteer programs.)

Three country program sites were visited by evaluation team members. In the Philippines, the local VOCA office is developing its program emphases with the hope of obtaining Mission resources to finance about 15 volunteers per year. That office is also attempting to develop cost-sharing schemes with two or more corporations. At this time, it is not clear whether the office will attract enough funding to remain open. VOCA has already decided to close its office in Guatemala City on 31 March 1996. This will make it very difficult to continue to program VOCA volunteers in Central America. The VOCA office

in Bolivia found it impossible to keep operating with GOB funding generated under former PL 480 programs. Despite pressure from USAID/Bolivia for the GOB to honor its commitment to complete a third year of funding for about 40 volunteers per year, the GOB authorities in charge of the PL 480 program made it impossible for funding to continue. VOCA has decided to allocate FTF funding for up to 30 volunteers through 30 September 1996, but after that date, it is not clear whether the Bolivian office will remain open, although significant local demand for VOCA services will continue to exist.

E. Major Issues for CDO and USAID

With regard to the existing core grant, four issues deserve examination: whether anything can be done to avoid the closure of more VOCA offices in developing countries; whether staff uncertainties within VOCA will affect its ability to continue operating its USAID-funded FTF and transitional economy programs efficiently; the possibility of further developing promising "South-South" volunteer programs to promote regional cooperation; and, the need for an evaluation by outside experts to document the successful impacts VOCA volunteer projects have had over the years.

With regard to VOCA's pending merger with ACDI, it is recommended that USAID consult the boards of both organizations to discuss plans concerning:

- (1) Whether it will focus more VOCA efforts in support of agricultural cooperative development overseas;
- (2) What the relationship of the new organization will be with the National Council of Farmer Cooperatives in particular, and with the member organizations of the OCDC;
- (3) How VOCA and ACDI programs will complement each other and form the basis for development of an integrated program for the new organization; and,
- (4) Plans for reorganization and reduction of overhead costs.

BOLIVIA: COUNTRY PROGRAMS

CDO IMPLEMENTOR — VOCA

Core grant use: A few volunteer assignments each year and occasional backstopping from Washington. The VOCA Bolivia office was set up in 1991 with funding provided under a contact with a consulting firm hired to provide technical assistance under USAID/Bolivia's Agriculture Organizations Project. Beginning in March 1993, the bulk of Office and program costs have been financed under the PL 480 Program.

Local Entities:

Types of organizations: VOCA serves NGOs and agricultural producer organizations. Evaluation team visited with officials of Cotas (co-op which provides telephone services to Santa Cruz Department); FAN (an environmental NGO which was awarded the concession to manage the Noel Kempf National Park), the CAO, ADEPA and ANAPO (federation of agriculture associations and cotton and soybean associations); and, Asomex (an export marketing NGO).

Mission/purpose: The NGOs manage projects and programs. The agricultural producer organizations provide services to member farmers.

Clients, services/products: NGOs serve the general public or particular beneficiary groups. Agricultural associations provide their members with production, marketing and lobbying services.

A. Project/Activity Title: VOCA/Bolivia Program

1. Project description

a. Goal/purpose

VOCA/Bolivia provides highly qualified voluntary technical assistance in response to the needs of agro-ecological institutions operating within the country.

b. Outputs

Under the PL 480 Program, 37 of a targeted 40 volunteer projects were implemented for the 1993-94 period. For 1994-95, the PL 480 target was 45, and 54 volunteer projects were implemented, along with 15 Farmer-to Farmer (FTF) and two core grant volunteer programs.

c. CDO Inputs

Funding from PL 480, FTF and core grant for volunteer projects to which client organizations themselves make a \$500 minimum contribution. PL 480 funds also pay for costs of program administration and planning.

d. Support provided to date and results

Within the three-year PL 480 agreement signed in March 1993 and refined later with the arrival of a new VOCA representative in mid-1994, VOCA Bolivia shifted its program focus from improving the services of agricultural associations to institution-strengthening and environment-related activities for a variety of organizations, mostly NGOs, whose programs impact on the poor. The office adopted its own mission statement and has developed a steady demand for 50 volunteers per year by establishing cooperative relationships with various individual NGOs and NGO associations.

Numerous successes have been recognized by the organizations that received volunteer assistance, and these have been reported in VOCA/B's quarterly reports. Among those gleaned from the client organizations interviewed were:

- (1) Design, procurement, and installation of a computerized information support system in the Cotas telephone system by a VOCA volunteer (travel costs paid by Cotas) and continued contact with him;
- (2) Completion of detailed plans for an ecotourism project in the Noel Kempf Reserve and identification of a new volunteer to assist FAN Board in preparation of business plans for tourism and genetic resources projects;
- (3) Implementation of a cotton classification system through three visits by a University of Arkansas expert (last two times fully paid by ADEPA), which have enabled producers to receive higher export prices;
- (4) Minimum tillage practices now followed on 20 percent of land planted in soy one year after volunteer's assignment;
- (5) Organizational efficiency measures implemented and market information system installed by the CAO; and,
- (6) Appropriate technology lumber dryer developed for microenterprise furniture manufacturers.

VOCA/B also cooperated with VOCA Central America representative to program about 20 Guatemalan volunteers who were very well received by their Bolivian counterparts. VOCA/B would like to carry out sector, or program-level, evaluations of results obtained.

With less availability of funds for PL 480 local currency programs, the GOB PL 480 secretariat decided to phase out support for the VOCA program. USAID/B intervention prevented this decision from being implemented immediately, but the secretariat opted to strangle the Program with administrative delays. Funds for the third and final year of the PL 480-financed program which were due in October 1995 had still not been disbursed by March 1996. Therefore, VOCA/Washington agreed to provide sufficient funds from FTF program to finance 30 volunteers from March to September 1996, and to decline any further PL 480 money.

2. Strengthened partnerships between US cooperatives and local NGOs

Most VOCA volunteers do not come from US cooperatives, and neither are most Bolivian client organizations co-ops. It is common for volunteers to remain in contact with their Bolivian colleagues after returning to the US. The cotton classification expert from the University of Arkansas and the Cotas computerization expert from IBM, mentioned above, are examples. The VOCA representative to Bolivia agrees promotion of institutional relationships would be very beneficial and suggests that this would require: (a) a long-term guarantee of country program funding to enable long term programs to be designed with local partner organizations; and, (b) VOCA recruiters to focus on identifying US institutions willing to provide volunteers over several years. It should also be noted that one VOCA client, Probioma, is collaborating with a Guatemalan pest control laboratory.

3. Membership involvement in project planning and development

Yes. Detailed discussion of client needs and scopes of work are a sine-qua-non for volunteer program success.

4. Conditions affecting performance

Uncertainty of long-term funding for program; administrative delays and burdensome procedures of PL 480 secretariat; the need to be aware of potential environmental impacts of activities in the department of Santa Cruz, where broad-based agriculture is prevalent; the need to select NGO counterparts carefully; and, the future closing of the VOCA office in Guatemala. VOCA/B reports that volunteer quality has been uniformly high and attributes this to its efforts to define clearly scopes and volunteer qualifications and to insist that qualifications are met. Spanish language capability has not been a problem

because volunteers or counterparts often speak the same language and interpreters are available.

5. Recommendations regarding current and future core grant support for the project

The continuation of the Bolivia program depends primarily on the future availability of funding from the PL 480 secretariat and the FTF program, rather than from the core grant.

6. Probable sustainability of project, even without continuation of core grant

The VOCA program in Bolivia has funding available to keep running until September 1996. The CAO has brought up (informally) helping guarantee the availability of future volunteers by arranging for financing from a foundation it is about to establish (or the CAF). CARE has indicated it may wish to subcontract with VOCA for institutional strengthening services for the NGOs with which it works. The local ACDI representative is interested in using VOCA volunteers to prepare feasibility studies for agribusiness projects which might be financed by an agriculture financing organization it is assisting. At the end of April 1996, VOCA/Bolivia presented a cost-sharing proposal to the PL 480 secretariat to use FTF and PL 480 funds to extend the program for three more years. The secretariat was very receptive to the idea. Unfortunately, this VOCA initiative to maintain the Bolivia office is now in question due to USAID's recent decision to include Bolivia in a list of middle-income countries not eligible for FTF funding beyond September 1996. VOCA/Bolivia is pursuing other funding alternatives mentioned above to keep the popular Bolivia program running.

7. Information being generated on involvement, and benefits derived, by co-op members

This is only done when the co-operating NGO has its own system to do so, and then rarely. VOCA/B provided a volunteer to an association of 13 NGOs in Chuquisaca, to instruct them in procedures for beneficiary impact monitoring.

B. Conclusions

1. Project effectiveness

High

2. Necessary refocusing?

Not at present.

3. Continued support warranted?

N/A

C. Recommendations

VOCA may wish to consider trying to maintain its Bolivian office open by splitting its client focus i.e., providing volunteer services to certain customers, like the CAO associations, that can pay full costs (including office overhead), and developing programs with NGOs that have access to donor funding (or alliances with other foreign NGOs or donors) and that share or complement VOCA's primary program focus for Bolivia.

202

CENTRAL AMERICA: COUNTRY PROGRAMS

CDO IMPLEMENTOR — VOCA CENTRAL AMERICA OFFICE IN GUATEMALA CITY, COVERING GUATEMALA, HONDURAS AND EL SALVADOR

Mission/purpose:

Develop volunteer TA projects with various entities in Central America (CA) in three broad areas: environmental preservation and sustainable agricultural development; agro-industry; and cooperative development.

Clients, services:

Funding availability determine client types. (Core grant only for co-ops. FTF is available to any agricultural activities.) Other funding also was targeted from regional and international organizations and projects (which could be used in any of VOCA's three sectors.) Recently, due to greater availability of FTF money and cuts in core grant, only about 20 percent of VOCA's Central America office's clients have been co-ops. The remainder have been NGOs, international organizations and some government agencies. Services are collaborative activity planning and short-term TA.

1. Results

Volunteer Assignments

	FY 94	FY 95	FY 96 to date
El Salvador	10	15	4
Guatemala	9	5	3
Honduras	6	8	1
Other C.A.	6	7	0
Total	31	35	8

2. Strengthened partnerships between US cooperatives and local NGOs

VOCA has no links with any specific US cooperatives, except when a volunteer happens to be a member of one. Often, volunteers keep in contact with the entities (with which they have worked) and help put them in contact with businesses in the US. On occasion,

this has resulted in a relationship between US and Central American entities. The office also encouraged the initiation of "South-South" volunteer assignments. Some 20 Guatemalan volunteers have been sent to Bolivia, funded by PL 480 resources available to the VOCA office there. Attempts to interest ACDI in using Guatemalan volunteers under a USAID/H-financed cooperative development project there have failed. A proposal to investigate the possibility of using Latin American volunteers as part of a package of volunteer assistance (offered to potential clients with access to funds outside USAID) was not encouraged by VOCA headquarters (in other than native countries in the hemisphere) was presented to nine philanthropic and corporate foundations seeking funding, but without success. VOCA headquarters did not support the local VOCA representative's suggestion that an attempt be made to interest other area client organizations in the idea.

3. Beneficiary involvement in project planning and development

It has been the office's firm practice to work hand-in-hand with potential clients to develop clear definitions of their needs and scopes of work for volunteers. This itself is a service to clients who are often not sure of how they might be assisted with their problems. It is also indispensable to successful recruitment of volunteers, avoiding false expectations by clients and properly preparing volunteers for their assignments. The office has also attempted to form long-term relationships with clients, sending several volunteers to them over time, to increase program impact. This was done in more than half the volunteer assignments over the last three years.

In order to develop additional sources of financing for continuation of VOCA programs in Central America, the office implemented a strategy based on forming alliances with various entities with current or potential access to funding in addition to that available under FTF and the core grant. Alliances were pursued with regional and international organizations, including IICA, OIRSA (sanidad vegetal), CCAD (CA organization for environmental development), US NGOs (CARE, Conservation International, International Cooperative Alliance), national NGO federations (VIDA Honduras) and selected government agencies. The strategy involved working collaboratively with these organizations to incorporate the use of VOCA volunteers in their various projects; those already financed and underway, those being developed for financing (which had been approved on a preliminary basis) and those that could be presented by them, or by VOCA headquarters, to foundations and other donors for funding. Co-financing proposals were also proposed in some cases (e.g. Conservation International/PROPETEN). According to the CA office, these efforts needed more time to bear fruit. VOCA headquarters continued to seek additional donations for open-ended volunteer programs, whose specific technical content would be developed after funds were in place, rather than to adopt a program development strategy (which started with development of project proposals with client organizations) that incorporated VOCA volunteers to meet jointly identified needs. This is one example of a basic difference of opinion within VOCA

204

regarding its strategy for new business development, which has not yet been resolved on a global basis.

4. Information being generated on involvement, and benefits derived, by co-op members

VOCA requires reports from its clients three months and 12 months after each volunteer assignment, keyed to the recommendations made by volunteers in addition to feedback on the usefulness of the assignment from both the clients and volunteers following assignments (which may hint at potential impact). Other than this information, which comes from the parties involved, the CA office knew of no evaluations done by VOCA.

5. Conditions affecting performance

Factors affecting the CA office's success in marketing the program included: potential clients' need for Spanish-speaking volunteers, delays in recruiting, and problems in identifying appropriate volunteers, and mixed quality of volunteers assigned (which affected VOCA's reputation among potential clients). VOCA's Central American office estimated that only 50 percent of volunteers assigned performed in the well to excellent categories. With regard to securing financing sources beyond the USAID FTF and core grant programs, additional impediments included: the relatively high overhead charged by VOCA in comparison to the cost of local consultants (N.B. changes in the core grant requested by VOCA would temporarily alleviate this problem); and, VOCA's decision to opt for fund raising efforts for its open-ended volunteer TA program, as opposed to developing funding sources on the basis of specific individual programs developed through alliances with other area organizations in the region.

6. Probable sustainability of project, even without continuation of core grant

VOCA has closed the CA office effective 31 March 1996.

A. Conclusions

Although there were several occasions when VOCA headquarters supported the efforts of the CA office to stay open by contacting the home offices of organizations approached by the CA office in the field, or by helping prepare funding proposals, VOCA did not implement a consistent strategy to keep its CA programs operating. An earlier and more active effort on VOCA's part to implement the strategy of forming alliances may have allowed a smaller office to be kept open for the CA region.

Without local presence, it will be very difficult for VOCA to maintain programs in CA, a region where potential clients have other alternatives for accessing consultant assistance. Operating

from Washington will not allow for the necessary level of contact with potential and existing clients to market the program and design new volunteer projects. (VOCA's earliest efforts on the LAC Region showed this to be the case.)

One significant lasting vestige of the CA program was the creation of an association of "South-South" volunteers in Guatemala. These volunteers continue to stay active in the region despite the closing of the CA office. (VOCA has also begun a successful "South-South" program between the Philippines and Indonesia.)

B. Recommendations

None

206

GUATEMALA: CENTRO MAYA PROJECT

CDO IMPLEMENTOR — VOCA

Activity: Centro Maya

Type of organization, governance: Guatemalan NGO

Mission/purpose: Develop and propagate environmentally friendly and sustainable income-generating activities among residents of selected communities of the Peten Department.

Clients, services/products: Residents of communities in which Centro works; project promotion, applied research and TA in sustainable agriculture and forestry; home economics; and, community development.

Key statistics: Employs approximately 40 professionals (extension agents, agricultural engineers, etc.) and five paraprofessionals; works in 30 communities.

A. **Project/Activity Title: Development of activities involving rural women**

1. **Project description:**

a. Goal/purpose

Introduce topic of gender analysis to Centro Maya personnel, train them in methods of carrying out gender analysis in their project promotion work, and work with extension personnel to carry out rapid identification of the situation of women and their families in twelve communities, including their roles in productive activities and their own priorities.

b. Outputs

On-the-job training of extension personnel; intensive two-day seminar for all Centro Maya personnel and officials of other development organizations operating in the Peten; revised operating plans developed by extension agents taking into account gender analysis considerations.

c. CDO Inputs

Project definition and planning support to Centro; 42-day visit by VOCA volunteer, Dr. Shari Bush, University of Florida, Gainesville.

d. Support provided to date and results

Visit took place 5 July -16 August 1995. All target outputs were achieved. Centro Maya had just hired four female extension agents for incorporation into promotion teams working in target communities. On-the-job training enabled both these new agents and existing (male) agents to appreciate and apply gender analysis tools in the participatory processes they employ with community members to identify priorities and develop activities. Activities developed involving women are not new activities expressly developed for them, but rather involve ways to help them complete work they do more efficiently and to take into account women's roles in productive activities developed for the whole community. In meeting with a sample group of agents (all male), they unanimously and sincerely praised Dr. Bush's work as both professional and motivating, and they gave several examples of how their use of the gender analysis tools she taught had helped them develop more realistic community programs.

2. Strengthened partnerships between US cooperatives and local NGOs

This activity did not contemplate any efforts in this regard. Centro Maya already has a strong collaborative relationship with the US environmental NGO, Rodale. It should be noted, however, that Dr. Bush personally took the initiative to set up a collaborative research and extension program between the University of Florida, Gainesville and Centro Maya. Under that Program, the technical director of the Centro traveled to Gainesville in November and collaborated with the Professor of Farming Systems and Extension, in presenting seven seminars. Four graduate students have just been nominated by the University to do research in the Peten in co-operation with the Centro.

3. Membership involvement in project planning and development

Women are included in the total-community processes the Centro employs.

4. Conditions affecting performance

Extremely isolated and physically difficult community working conditions, short time period.

5. Recommendations regarding current and future core grant support for the project

Centro Maya requested follow-up assistance from Dr. Bush, which should be provided. If this is not possible (due to closing of VOCA office in Guatemala), it is recommended that USAID Mission finance an additional visit by Dr. Bush. She could also be employed to provide TA to other Mission projects.

6. Probable sustainability of project, even without continuation of core grant

Gender-related work is already part of Centro Maya's ongoing program, for which external financing is expected to be approved soon.

7. Information being generated on involvement, and benefits derived, by co-op members

Not from this specific VOCA activity, but in general, yes.

B. Conclusions

1. Activity effectiveness

Extremely successful.

2. Necessary refocusing?

No, but follow-up TA would be useful.

3. Continued support warranted?

Yes.

C. Recommendations

See above (Section B).

Philippines: Country Programs

CDO IMPLEMENTOR — VOCA

During an eight day visit to the Philippines, a member of the evaluation team met with George Dalire, VOCA's country director, to discuss VOCA's program in the Philippines. The VOCA staff in Manila is composed of the country director and a staff assistant, who share an office with ACDI. A monthly check is received from VOCA/Washington to cover staff salaries, travel and per diem, office rental and supplies, etc. VOCA's principal emphasis is on the Farmer-to-Farmer Program, although they have also received funding from VOCA/Washington for a few cooperative development grants, including one in FY 1995.

During FY 1995, VOCA received 17 requests for assistance. Three requests were rejected by the local office because the requesting organization was too remote, small or weak to make proper use of a VOCA volunteer. Fourteen requests were forwarded to Washington and 12 were approved for funding. Two requests were not approved by the Washington office because of their inability to find a suitable volunteer. VOCA volunteers worked with the following organizations in FY 1995:

- Two volunteers worked with the Matling Industrial Commercial Corporation through the autonomous region for Muslim Mindanao on beefalo cattle management;
- Two volunteers worked with the Philippine Orchid Society and the Davao Orchid Society on basic orchid tissues culture, and with the Cebu Orchid Society on poinsettia propagation;
- Two volunteers worked with the Central Negros Council of Farmers Organizations on an agribusiness resource center evaluation and a design and budget for a rice post harvest facility;
- Two volunteers worked with the Multisectoral Alliance for Development in Bacolod City, Negros, on environmental planning and natural resources management; and,
- The remaining volunteers worked with a Fisherman's Association on Palawan on improved fishing methods and a rural electric cooperative in Mindanao, on-line truck repair for agri-based businesses.

In line with their policy to leverage resources from the participating organizations, VOCA was able to get the Matling Industrial Commercial Corporation to contribute \$500 in cash plus lodging, meals and domestic air transport for their two volunteers. The Philippine Orchid Society and the Davao Orchid Society each contributed \$500 in cash. The other participating organizations provided in-kind contributions to meet the \$500 cost sharing requirement.

The FY 1995 level of 12 projects was down from the FY 1994 high of 28 projects, which included six Peace Corps Farmer-to-Farmer volunteers, but comparable to the FY 1993 and 1992 levels of 15 and eight projects.

VOCA has been trying to identify other sources of funding for volunteers, but with no success. For example, they approached USAID/Manila about providing VOCA volunteers for some of the short-term consulting requirements under the Agribusiness Systems Assistance Project, but were told that would not be possible because funding for short term consultants had been committed under the long-term technical assistance contract. A similar problem exists under USAID's development project in Mindanao. It is unfortunate that all project short term consulting funds have been tied up under long-term technical assistance contracts because VOCA could provide some of the technical consultants required at a fraction of the cost of contract-funded short term consultants. AID/W should consider advising field missions of the possibilities of obtaining good, low-cost technical consultants from VOCA and suggesting that the Missions consider reserving some portion of project funds, rather than committing all short term consultant funding in technical assistance contracts.

IX. WORLD COUNCIL OF CREDIT UNIONS (WOCCU)

A. Background Description

1. The organization

World Council of Credit Unions (WOCCU) is the apex organization for the international credit union system. It was created in 1970 from what was the international program division of the Credit Union National Association (CUNA Global). WOCCU is a nonstock trade association whose membership is composed of the four regional confederations, 10 national associations, three cooperative associations and four business/service organizations. WOCCU's mission is "to assist members to organize, expand, improve, and to integrate credit unions and related institutions as effective instruments for the economic and social development of people." It serves as a forum for exchange of information, provides services to its members, promotes membership development and growth, represents members' interests, and extends cooperative financial services internationally.

WOCCU receives its operating revenue from membership fees and from donations by its members, USAID and other donors, most notably the Credit Union Foundation (CUF). In 1994, USAID grants accounted for 67 percent of WOCCU's revenues. WOCCU received its first USAID grant in 1976. From May 1980 through January 1996, the amount received by WOCCU under USAID letters of credit totaled \$84.7 million for project and core grant funding.

WOCCU's head office is located in Madison, Wisconsin. There, it employs 40 people organized into three divisions: Member Services; Technical Services; and, Finance and Technology. Two WOCCU employees also work in Washington, DC.

Until recently (aside from sponsoring annual conferences), WOCCU's primary focus was on credit union development in developing countries. Over the years, WOCCU has developed a consistent set of principles and practices which it applies to such programs on the basis of successes it has achieved. Its last core grant from USAID was somewhat arbitrarily cut from \$875,000 per year to \$600,000 when total funds available for the CPSG declined in 1994. This reduction in core funding, along with the realization that further reductions would be likely — combined with the interest expressed by WOCCU's membership of having it develop member services — led the decision to reorganize and re-engineer WOCCU in late 1995. Most "generalist" employees were released, and two line divisions were established to handle member services and developing country credit union expansion, respectively.

2. Current core grant

WOCCU's current portfolio of grants from USAID totals \$41.6 million (LOP amounts) for 13 country projects, the core grant and one special initiatives grant. WOCCU also has four projects not funded by USAID for a total of \$1.8 million. The current three-year core grant of \$1,800,000, finances personnel, travel and a small amount of other direct costs for five components: financial market development; safety and soundness; democratic participation; management information; and, program management. The stated purpose of the core grant is "to strengthen credit union capabilities to provide essential financial services to an expanding number of members." WOCCU is providing \$486,000 in counterpart funds for the core grant program. The WOCCU staff time charged to the core grant was used until recently for new project development, initial project identification efforts, networking with US member credit unions interested in co-operating with LDC credit unions, and development of WOCCU's service delivery capacity for its overseas credit union development efforts. Now, with the decision to reorganize, the time of the staff members charged to the core grant has begun to be more devoted to organizational re-engineering. WOCCU has set up several internal committees to redefine its mission, competitive advantages, market niches, services, market development strategy and standardized operational practices.

3. Special Initiatives (SI) grant

WOCCU has been awarded two special initiatives grants. The first was under the last phase of PVC's cooperative development program and was used to develop safety and soundness guidelines both for internal control of credit unions and for application to external regulation of credit unions. The current SI grant is for the Africa Credit Union Expansion Program ("InfoCo-op International Extension Program"), and it is facilitating the installation of computerized credit union control and monitoring systems, that were earlier developed and installed successfully in Togo, to 50 credit unions in eight other African countries. The project received a \$100,000 grant from PVC (\$59,400 obligated to date) which has been supplemented by \$136,482 to date from USAID/Cameroon, FAO, the Credit Union Federation of South Africa and WOCCU, for a current total of \$195,882 in funding in hand. With the additional \$40,600 due from the PVC grant and funds WOCCU plans to contribute from its operations in Malawi, Niger and WOCCU/ARP, WOCCU expects that the program will have funding of \$562,817 by mid-1996. As in the case of the first SI project, this one has been implemented to date. Planned versus accomplished outputs to date are as follows:

	Targets	Accomplished
No. of Countries Installed	8	5
No. of Credit Unions Installed	50	32
No. EDP Prof. Training/Hired	8/8	8/6

USAID project funding pays for the time and travel expenses for one WOCCU officer for two years. Both SI projects have provided WOCCU with seed money to develop products and implement them to prove their usefulness. In the case of the safety and soundness guidelines, WOCCU is now forming alliances with software firms in the US and Australia to sell basic and more sophisticated versions of their program to financial institutions. WOCCU has thus already used available CIPG funding to develop new products that generate revenue in the future.

B. Program Accomplishments

1. Results achieved

WOCCU tracks output targets/accomplishments at the "activity level" (activities accomplished by personnel whose time is charged to the core grant).

Activity Level	EOP Target	To Date
Project Proposals Done	18	26
Projects Funded	12	16
TA Consultants	21	9
Training Programs Done	15	4
Technical Production	9	10
Dissemination		
Conference Participants	9	14
Statistical Reports	6	11
Monitoring/Evaluation	3	6
Reports		

a. Program development

During the approximately two years that the current core grant has been in effect, WOCCU has far exceeded the targets initially set for development of project proposals. It has done this in an effort to widen its funding sources and increase projects funded by USAID. There is always a lag in grants awarded, so a number of the projects approved by donors during this period resulted from proposals prepared under prior core grants. From the 26 proposals prepared, (and for which awards have been made to date) eight were from USAID; six were from the World Bank, IDB or other international donor agencies; one was from a private host country cooperative federation; and, six were from private foundations or

214

donors. The dollar value of these awards \$8,589,627 (using core grant funds) and \$8,619,992 using non-USAID funds.

b. Organizational development

As noted above, major changes were made last year to downsize and reorganize WOCCU in line with the decision to develop member services and reduce dependency on USAID funding. Currently, and for the rest of 1996, WOCCU plans to re-engineer its organization, both to standardize procedures even further for the provision of services to developing country credit union (CU) movements, and to initiate new member services. The latter services are being developed using WOCCU's own funds and non-USAID contributions.

One of the most notable achievements in this regard to date has been the successful launching of the People-to-People Program (PTP), which actually spans both current business areas of WOCCU (member and LDC technical services). The PTP program brings individuals from different credit union movements together through volunteer assignments overseas, internships in the US, and partnerships between credit unions in the US and those in developing or transitional economy countries. This program began with donations of \$200,000 each from the Credit Union Foundation and CUNA Mutual, the insurance arm of the US credit union movement, and it is now in its third year under that funding. The program began after WOCCU saw the beneficial effects of exchange visits between credit unions in the US and Poland (later Russia and Ukraine). Until then, WOCCU had established the habit of using paid consultants for providing TA. Representatives of foreign credit unions benefited greatly from exposure to real-life situations in the American credit unions they visited, and American credit union officials found they also benefited from exposure to the often innovative ways in which foreign credit unions were attempting to assist their members and their communities. They reported that they came away inspired to renew the cooperative spirit and community development programs within their own credit unions after seeing what their foreign colleagues had been able to achieve under much more trying circumstance than they faced at home. WOCCU's objective in promoting the PTP program is to get US credit unions more involved in, and aware of, the international CU movement so that they will be willing to contribute more to it eventually. So far, credit unions with majority ethnic group membership have been active in the program, especially in efforts to reach out to their countries of origin.

During the first two years of the program, work was carried out in 23 countries. Plans are now being made to focus future PTP work in 16 countries, with two model credit unions in each (which will be assisted under three-year institutional strengthening programs). Three of these will be new CU movements in the Czech Republic, South Africa and Russia. Group visits to the US will be used to focus

Republic, South Africa and Russia. Group visits to the US will be used to focus on regulatory issues. Plans are also underway to develop a component under the PTP program, whereby credit union executives from developed countries can share innovative ideas and management experiences with their counterparts in other developed countries.

Other member services currently contemplated are intensifying international meetings and conferences, establishing a world-wide communications network and linking WOCCU with insurance and computer service providers for the sale of various products to member credit unions. Business plans for these other services have yet to be developed.

c. Resource enhancement

The percentages of WOCCU operating revenues over the last three years from its three main sources are shown below.

Source	1993	1994	1995
USAID Core	875,000 (9.2%)	516,646 (6.2%)	640,423 (7.3%)
USAID Projects	6,219,920 (65.5%)	5,135,985 (61.2%)	5,405,171 (61.9%) 1,050,646 (12.1%)
Other Donors	925,961 (9.8%)	1,141,168 (13.6%)	
Membership Fees/Investment Income	1,473,562 (15.5%)	1,599,528 (19%)	1,631,649 (18.7%)
Totals	\$9,494,443	\$8,393,325	\$8,727,889

d. Limited program services

Over the first two years of this phase of the core grant program, WOCCU used most of the staff time charged to core funds for new project development. In addition, through February 1996, core funds were used to provide, or backstop the provision of TA in 11 countries, and to carry out five training programs. The results of these efforts varied from laying the way for more intensive project development efforts when they appeared warranted, to improving legislation affecting credit union growth in particular countries, or improving the technical capabilities of credit union personnel. As in the case of other USAID-supported CDOs, the costs of such efforts were charged to core funds when no country-specific projects could be charged.

e. Conclusions

WOCCU succeeded in further developing its corporate approach to LDC credit union development. This was characterized by its:

- (1) Adopting a role supportive of initiatives of national CU leaders and growth according to development of deposit base and CU technical capabilities;
- (2) Using of modern credit unions; and,
- (3) Focusing on improving regulatory environment, and internal monitoring of credit unions' financial health through WOCCU's proprietary analytical tool (PEARLS).

WOCCU has succeeded in developing the capability to move quickly, in response to requests from foreign credit union officials, USAID and other donors, to support the initiation of credit union movements or to improve their performance.

According to WOCCU, its biggest challenge in doing so has been in adapting its role vis-à-vis national credit union associations. Originally, WOCCU was instrumental in establishing national associations and trying to strengthen them as providers of services and coordination/regulatory authorities. This was often not as successful as efforts to work directly with individual credit unions selected as models, because the associations got tied up in red tape or their own political agendas, so WOCCU changed its service delivery practices.

Now, WOCCU's self-adopted objective is to have the same degree of success developing its member services, and to increase revenue from them. In this endeavor, its initial challenge has been to develop a business or trade association focus among staff members long used to worrying only about credit union development problems overseas. The recent reorganization and establishment of re-engineering teams has helped move this process along.

2. Organizational performance

a. Participation

WOCCU's methods of operating are very participatory. Its goal is not to make itself permanently necessary in client countries. Instead, WOCCU supports the representatives of program beneficiaries in establishing and running credit unions, and tries to ensure that democratic practices are institutionalized for

organizational governance. WOCCU also promotes co-operation among credit unions at the national and international levels.

b. Partnerships

WOCCU views the PTP program as an integral part of its future program development strategy, both for reaching out to US credit union members as it begins to design new services for them, and for provision of short-term TA to developing country credit unions. For instance, in Africa, WOCCU is using volunteers to help emerging credit unions prepare business plans, and it plans to offer internships in the US as incentives for executives to perform well.

Some of the most successful credit union-to-credit union partnerships formed to date have been those based on ethnic ties. Some examples include Ukrainians and Bolivians from Illinois, and Chinese from California.

c. Program development and funding

Relative to other CDOs, WOCCU has made significant and successful efforts to use core funds to develop new funding sources for its LDC credit union development programs, both from other donors and from its membership. It varies its program development approaches in the various regions depending on clients' predominant needs. For instance, in Latin America, WOCCU's focus has shifted from management training to prudential supervision and new product development.

WOCCU reports that its criteria for deciding whether to attempt to work in a new country are local interest and capability, and the possibility of funding. It has begun to be successful in attracting other donors to projects it proposes in new countries, most notably the IDB in Latin America and the World Bank in Africa. Donations and membership fees have also been generated from Ireland, Canada, and WOCCU's constituent organizations, mostly CUNA (which is currently providing more than \$1 million per year for total WOCCU activities), CUNA Mutual and the Credit Union Foundation.

d. Financial management system

WOCCU's financial management system appears to be very well developed. Careful attention is given to charging home office personnel time to appropriate project accounts. In addition to giving the Organization a good basis for tracking its costs on a cost-center basis, this practice has enabled WOCCU to obtain "clean" audit reports. Financial records are computerized and current. All requests for financial information made by the evaluators were answered promptly and accurately.

218

e. Monitoring and evaluation systems

The focus of WOCCU's project monitoring is on the financial status of assisted credit unions, using the PEARLS methodology, and on whether project outputs and purpose-level indicators are being met on time.

Under the terms of the core grant, WOCCU is not required to monitor beneficiary impact. However, two points are worth mentioning. In its African Revitalization Program (AFR), WOCCU intends to incorporate a beneficiary research component under which individual members will be surveyed periodically to track both their perceived needs and the impacts of CU membership. Work has already been done to develop an evaluation system which incorporates the use of beneficiary baseline data with data on the financial status of the relevant credit union. This information will be used by participating credit union officials, both to monitor the needs of their clientele and to compare their CU's performance with that of others participating in the AFR. From time to time, WOCCU does sponsor beneficiary impact studies. The last one was done in Niger, West Africa, in 1995.

The last evaluation of the core grant was done at the request of USAID and WOCCU in March 1992, by a team composed of WOCCU employees and a representative of PVC under the direction of an employee of NCBA. Five recommendations were made. WOCCU actions taken in response to those recommendations are outlined below:

1. "...review institutional priorities, structures and additional discretionary resource opportunities to deal with ... increasing demands and opportunities." This was done;
2. "There is a need to place increasing emphasis on the development and refinement of data base information systems...and broad-based lessons learned." This recommendation referred to financial monitoring of credit unions. The PEARLS system has accomplished this. In addition, WOCCU appears to have incorporated lessons learned into its standardized approach to CU development;
3. "...develop a coherent training strategy that would include a tracking and monitoring system for all project-related training." This does not appear to have been done;
4. "...providing post-project servicing...merits further consideration." WOCCU's policy is to work its way out of its role in intensive CU system support in the countries in which it has projects and for them to be

available for consultation by local authorities as needed; and,

5. The final recommendation dealt with promoting more attention to gender sensitivity among consultants. This was done.

C. Future PVC Support

1. CDO's strategy for future organizational and program development

As noted above, WOCCU has already begun implementing an organizational development and survival strategy. This is based on development of services to generate revenue from already-developed credit unions, re-engineering to ensure consistency and efficiency in service delivery to its two sets of clients, generating more donations from individual credit unions to make up for anticipated flat contributions from CUNA and CUF in the future, attracting project financing from other donors, and getting CU federations other than CUNA more involved in its programs. It appears that management has done a good job involving WOCCU employees and board members in this effort, which began last year. Specific business plans are in the process of being developed by WOCCU's two operating divisions, and staff committees are at work reviewing all operating procedures.

Under this scenario, from the viewpoint of WOCCU, the core grant is evolving from a sine-qua-non operating resource to a transitional tool. At this point, it is not certain whether WOCCU would be able to survive without a core grant, but it is preparing for the possibility that it may have to do so, or at least get by with much less than it now receives. WOCCU management stressed that continuation of core grant funding would be necessary to provide the time necessary to make the major changes already underway. When asked for recommendations on how the core grant program might be improved, WOCCU management suggested:

- Freedom to use core grant resources to work in countries no longer receiving bilateral funding;
- Consideration of the possibility of working for USAID under contracts for which it could generate fee income; and,
- Consideration of the possibility of competition among CDOs for available funding under the CPSG program.

WOCCU has found the special initiative grants it has received of use for product development and standardization of assistance practices.

2. Sustainability of CDO and its projects

WOCCU may be able to develop to the point where it does not need a core grant from USAID and can charge adequate overhead on its direct costs for services rendered to USAID, other donors and CU clients, to pay its necessary fixed costs. This will depend primarily on the success it has in:

- a. Developing member services for which it can charge (continuing to attract non-USAID financing for LDC credit union development projects); and,
- b. Keeping the costs of delivering services low, relative to other providers that are available to its client groups.

Two WOCCU field offices were visited by the evaluation team, in Bolivia and Romania. The WOCCU Program in Romania is just getting started, and it is too early to tell if it will be successful. The Bolivia program grant from USAID will expire in September 1997. Plans are being made now to reduce WOCCU/Bolivia office costs to about 40 percent of their current level and to eventually close the office and incorporate ex-WOCCU staffers into the Bolivian CU system. Although there will still be some natural shake-out effects among Bolivian credit unions as time goes on, it can now be concluded that WOCCU assistance for strengthening model credit unions and the Bolivian system for supervising credit unions has laid a good basis for the survival and future growth of the system.

D. Major Issues for WOCCU and USAID

Short-term:

1. Use of core funds to develop projects and programs for non-USAID funding in countries in which USAID has terminated bilateral programs.
2. USAID policy regarding use of unsolicited, or non-competitive two-step proposals for mission projects.

Long-term:

1. How long, and under what conditions USAID will continue the core grant program.

E. Recommendations

None

BOLIVIA: MICRO AND SMALL ENTERPRISE DEVELOPMENT

CDO IMPLEMENTOR — WOCCU

Core grant use: To prepare proposal for Bolivia project; to develop WOCCU “tools” for its CU programs worldwide.

Local entities: 15 credit unions and superintendency of banks and other financial institutions.

Types of organization, governance: Credit unions are owned and governed by their depositors; superintendency is a decentralized and independent GOB entity.

Mission/purpose, clients, services: CUs strive to meet the savings and credit needs of their members. The superintendency is responsible for monitoring the health of Bolivia’s banks and other loan-making institutions.

Key statistics: As of 30 September 1995, Bolivia’s credit unions had more than 99,000 members, loans outstanding of more than 308 million Bolivianos, capital of 52.9 million Bolivianos, and loan delinquencies had decreased to about 15 percent.

A. Project/Activity Title: Micro and Small Enterprise Development (WOCCU is one of three grantees under this project)

1. Project description

a. Goal/purpose

Goal is to expand economic opportunity by facilitating access to technology and credit. Purpose is to stimulate the growth and development of the small-scale enterprise sector. WOCCU component has three subcomponents: supervision and regulation; CU institutional development; and, CU financial stabilization. WOCCU’s strategy has been to strengthen the superintendency and 15 model CUs, rather than to work directly with the more than 100 CUs in Bolivia.

222

b. Outputs: (for WOCCU component)

Item	Targets	Accomplished
No. of CUs stabilized	15	9
Asset increase, supervised CUs	150%	88%
No. of CUs supervised by Superintendency	30	12

c. CDO Inputs

TA and operating capital.

d. Support provided to date and results

WOCCU has succeeded in breathing new life into the Bolivian CU system after it had been decapitalized completely during the 1980s. Much work needs to be done throughout the system, but WOCCU has already strengthened the superintendency by training 10 of its employees to monitor CUs and assisting it to produce a regulatory manual (which can now be used in other LAC countries), and institutionally and financially strengthened nine model CUs. WOCCU's Bolivian staff has been trained practically from scratch, and will be ready to take positions within the CU industry when the project ends. While additional shakeouts of the CU system are inevitable, the system's overall financial health has improved (e.g., credit costs average 7 percent of assets versus 15 percent for banks), and segments of the population with little access to credit previously are now being served.

2. Strengthened partnerships between UScooperatives and local NGOs

Four US credit union managers have visited Bolivian CUs to date under the People-to-People Program and were very well received by their counterparts. Reciprocal trips to the four CUs in the US are now being planned. USAID would like to increase the number of exchanges significantly during the next phase of the project. In addition, supervisory personnel visited Costa Rica and were then instrumental in drafting Bolivia's supervisory law, and exchange visits were held with Ecuador.

3. Membership involvement in project planning and development

Yes.

4. Conditions affecting performance

Hyperinflation in the 1980s decapitalized Bolivia's credit unions and affected the public's confidence in them. The project originally envisaged establishment of a working relationship with the Bolivian CU Federation, FENACRE, but that entity went bankrupt, partly due to shady dealings by its management, so WOCCU had to modify project strategy to work directly with selected credit unions and the superintendency. There was resistance from both the superintendency and credit unions to the idea of improving supervision.

5. Recommendations regarding current and future core grant support for the project

None.

6. Probable sustainability of project, even without continuation of core grant

USAID/B and WOCCU plan to complete the current project in September 1997, and then phase out assistance to the Bolivian CU system. WOCCU's policy is to close its office and leave its personnel available to work within the system rather than to perpetuate itself. The current plan is to reduce the office budget to 40 percent of its current level and operate only with Bolivian personnel, and begin charging CUs for WOCCU services during that period.

7. Information being generated on involvement, and benefits derived, by co-op members

No. WOCCU focuses its attention on monitoring the financial health of CUs regularly.

B. Conclusions

1. Project effectiveness

Good, especially due to WOCCU's policy of promoting growth based on savings mobilized and insisting on good supervision and regulation of the system. Many financial enterprises in Bolivia use donor-provided resources to finance their loan portfolios and may face difficulties in the future which the CUs will not encounter.

224

2. Necessary refocusing?

No.

3. Continued support warranted?

N/A

C. Recommendations

None.

225

ROMANIA: INTRODUCING SAVINGS AND CREDIT UNIONS IN ROMANIA

CDO IMPLEMENTOR — WOCCU

A. Introduction

USAID/Bucharest asked WOCCU if it would be interested in sending someone to Romania to assess the potential for establishing independent savings and credit unions in Romania. WOCCU sent several advisors to Romania during May-June 1995 to hold discussions with USAID, local authorities and private groups relative to the feasibility of developing a savings and credit union/association program in the country. Based on the team's assessment, a proposal was prepared and submitted to USAID. WOCCU spent about \$40,000 of CPSG funds to cover the field visit and to prepare its proposal. After reviewing and approving WOCCU's proposal, USAID awarded a grant for \$1,000,000 to carry out the project, "Introducing Savings and Credit Unions in Romania," (EPE-0023-G-00-5119-00).

B. The Project Reviewed - Introducing Savings and Credit Unions in Romania

1. Project description

This project is intended to introduce member-owned, democratic savings and credit associations in Romania. Projections are that up to \$1,000,000 in savings will be mobilized during the two-year LOP, \$800,000 of loans will be outstanding and 4,000 persons will be members of such associations. The project will initially focus on forming associations in Bucharest and will expand outside the capital if time and resources permit.

WOCCU's Project Manager, Ron Desrochers, recently arrived in Bucharest after having managed a similar program in Niger for WOCCU. He is establishing the office, applying for registration and hiring local support and professional staff. The local staff will include one secretary; one accountant/office manager who will be trained as a field agent; and, two additional field agents, one male and one female. These field agents will each be sent outside Romania to WOCCU training programs for one to two months.

One of Mr. Desrochers' first priorities after his office is up and running is to research Romanian law to determine if credit unions can be established without having to change current legislation. If there is no current legislation that will permit this development, it likely will take two to five years before appropriate legislation is in place. If so, Mr. Desrochers will so advise USAID and together, they will decide whether or not to continue the project or suspend it.

2. The beneficiaries

Beneficiaries will include the people who decide to participate in the savings and credit program. WOCCU's approach will be to first contact large area employers to explain the program and get them to support the organization of associations among their employees. WOCCU/Madison has already spoken with Coca Cola in the US about the possibility of establishing an association in their Romanian operation, and Mr. Desrochers has a meeting scheduled to discuss this potential with the manager of the local Coca Cola operation. Coca Cola/Romania has between 2,000 to 3,000 employees, and their distributors (who would be offered entry into the association) have at least another 1,000 employees.

The project will also focus on other large, locally-based operations of firms such as Colgate-Palmolive, Pepsico, Inc., and Shell Oil.

3. Assessment of the project value

As the project is just getting established, it is impossible to make an assessment of the potential benefits. However, based on WOCCU's experience in other countries, including several with much lower per capita income levels, the potential for Romania appears promising.

APPENDIX A

SCOPE OF WORK FOR A MIDTERM EVALUATION OF THE COOPERATIVE PROGRAM SUPPORT GRANT

JANUARY, 1996

1. Purpose and rationale for midterm evaluation

The purpose of this document is to engage outside consultants to perform a midterm evaluation of the BHR/PVC, Cooperative Program Support Grant (CPSG), 938-0192. This three-year cooperative agreement includes grants to the following Cooperative Development Organizations (CDOs): Agricultural Cooperative Development International (ACDI), Cooperative Housing Foundation (CHF), Land O'Lakes (LOL), National Cooperative Business Association (NCBA), National Rural Electric Cooperative Association (NRECA), Volunteers in Overseas Cooperative Assistance (VOCA), American Association of Cooperative/Mutual Insurance Societies (AAC/MIS), World Council of Credit Unions (WOCCU), and National Telephone Cooperative Association (NTCA). Additionally, the evaluation will include the Cooperative Initiatives Grant Program (CIGP), a three-year program involving several of the above listed CDOs.

The midterm evaluation will be conducted as a "process" evaluation, involving the US headquarters of CDOs and site visits to one, possibly two selected countries from each geographic region -- i.e. Africa, Latin America/Caribbean, Asia/Near East, and Europe/New Independent States. The objective of a process evaluation is to provide timely information on the successful implementation of a project, to assess the effectiveness and sound financial management of the program and to provide midcourse corrections if necessary. The information, if clearly and accurately reported, can be used in assessing the state of development of the project so that adjustments can be made to improve project performance. Process data can provide important assistance to individuals planning or implementing similar projects. Such information can allow project planners and project staff to avoid previously discovered pitfalls and duplicate successful approaches.

2. Program background

The US Agency for International Development (USAID) has supported programs overseas involving the US cooperative development organization (CDO) community

for some 30 years. USAID-financed assistance to these CDOs has included work in a number of areas concerning agricultural credit, dairy and agribusiness development, housing, private enterprise development, rural electrification and telephone services, and insurance. The USAID Bureau for Humanitarian Response -- Office of Private and Voluntary Co-operation (BHR/PVC), is responsible for the management and oversight of the CDO-related programs.

The present BHR/PVC, three-year Cooperative Development program was authorized on April 24, 1995, under Project No, 938-0192. Prior to this, the CDO program was five years in duration.

The CDO program is composed of two distinct competitive grant components:

(a) Cooperative Program Support Grants, which strengthen and expand the CDOs' international operations through program and organizational development, resource enhancement, and limited program services. Current grants are as follows: (for address and contact details, see Appendix #5).

Contract # FAO-0192-A-00-4057-00 — America's Association of Cooperative/Mutual Insurance Societies, (AAC/MIS);

Contract # FAO-0192-A-00-4019-00 — Agricultural Cooperative Development International, (ACDI);

Contract # FAO-0192-A-00-4015-00 — Cooperative Housing Foundation, (CHF);

Contract # FAO-0192-A-00-4035-00 — Land O' Lakes, Inc., (LOL);

Contract # FAO-0192-A-00-5002-00 — National Cooperative Business Association, (NCBA);

Contract # FAO-0192-A-00-4032-00 — National Rural Electric Cooperative Association. (NRECA);

Contract # FAO-0192-A-00-4054-00 — National Telephone Cooperative Association, (NTCA);

Contract # FAO-0192-A-00-4052-00 — Volunteers in Overseas Cooperative Assistance, (VOCA);

Contract # FAO-0192-A-00-4014-00 — World Council of Credit Unions, (WOCCU); and,

Contract # FAO-0192-A-00-4063-00 — Tri-Valley Growers, (TVG).

(b) Cooperative Initiatives Grant Program, which provides funding for small grants for periods of less than three years to enable CDOs to initiate in certain BHR/PVC-approved countries, new creative programs that mobilize additional resources directed to and aimed at strengthening the private sector through cooperative development. Current grants are as follows (for address and contact details, see Appendix #5):

Contract # FAO-0192-A-00-4059-00 — Cooperative Housing Foundation (CHF), Romania project;

Contract # FAO-0192-A-00-3047-00 — National Telephone Cooperative Association (NTCA) Poland project; and,

Contract # FAO-0192-A-00-4058-00 — World Council of Credit Unions (WOCCU), Africa project.

BHR/PVC is currently working with 10 US CDOs overseas. Only nine CDOs will be represented fully in the midterm evaluation due to the withdrawal of Tri-Valley Growers (TVG) from the program, effective 12/31/95. The planned evaluation will be directed at the Cooperative Program Support Grants ("core grants"), and to a lesser extent, at the Cooperative Initiatives Grant Program ("special initiatives").

Recent midterm and final evaluations of the BHR/PVC Cooperative Development program were performed in 1989, 1992 and 1993. Additionally, several CDOs have conducted in-house evaluations of their projects.

3. Goal and purpose of the CDO program

The major goal of BHR/PVC's Cooperative Development program is to foster and expand cooperative development and to expand and strengthen the private, nongovernmental sector in developing countries. Strategic objectives of the program are to encourage broad-based economic growth, protect the environment, and build democracy. Grant funds are directed towards building the capacity of US cooperatives, to enable them to strengthen their partnerships with local NGOs/cooperatives overseas, and the ultimate beneficiaries' needs, priorities and expectations for development assistance.

4. Evaluation methods and procedures

4.1 Designing the evaluation

The evaluation should be participatory, involving customers, partners, and stakeholders (as appropriate). This can be achieved through a variety of ways: client satisfaction surveys and rapid appraisal techniques (such as key informant interviews); focus groups; community interviews; site observations; mini-surveys; and, mapping. Active participation of the involved parties builds "ownership" of the project. This also encourages joint actions based upon mutual understanding of performance issues and successes, and, strengthens the resolve for future planning and action. In designing any evaluation activities, it is important to take into account gender and other customer characteristics.

4.2 Evaluation team composition

The evaluation team will be comprised of three external evaluators (to be approved by BHR/PVC), and the BHR/PVC project officer, who will participate as an observer. In addition, a representative of the US Overseas Cooperative Development Organization (OCDC), and representatives from each CDO headquarters in the US, will be invited to participate. The CDO representatives will be required to be well acquainted with the day-to-day operations of their respective projects, and be knowledgeable about the use of evaluation methods.

In order to ensure the participation and "feedback" of each field project, local partners should be engaged in the evaluation process through interviews and, where possible, be invited to evaluation workshops.

4.3 Qualifications of evaluation team

One external evaluator will serve as the Evaluation Team Leader (ETL). The ETL will be the primary contact for the evaluation program and coordinate all logistical arrangements. The ETL will also be responsible for covering two USAID geographic regions, several CDO US headquarters, and be the primary author of the final evaluation report.

The other two external evaluators will cover individually the remaining two USAID geographic regions and remaining US CDO headquarters, and support the team leader in planning and reporting activities. The BHR/PVC program manager will participate in both local and overseas elements of the evaluation project.

The team leader will be a senior development professional with extensive enterprise development experience in at least two of the four USAID geographic regions (i.e., Africa, Latin America/Caribbean, Asia/Near East and Europe/New Independent States). The ETL will have significant prior experience in the organization and management of US international development NGO, PVO, or co-ops. The ETL will hold an advanced degree in business management, economics or a related discipline, be a skilled writer and have prior experience in USAID evaluations.

The external evaluators assisting the team leader will be selected from candidates with similar professional background and qualifications in international development.

4.4 Evaluation schedule

The evaluation process should begin with a review of basic grant and program documents, followed by several days of planning, discussion and interviews with key CDO implementors and staff at their respective US headquarters. While in Washington, DC, the team will have access to materials pertinent to accounting, budgeting, planning, project implementation and management information. The anticipated schedule for the BHR/PVC project evaluation is:

Activity:	Dates:
Document review, preliminary planning and questionnaire preparation	Mid-January
Team planning/interviews in Washington, DC	Mid-January
Visits to CDO Headquarters	January/February
Travel to Africa	February/March
Travel to Latin America	February/March
Travel to Europe & New Independent States	February
Travel to Asia and Near East	February
Discussions in Washington, DC	March

Draft report/field reports completed	March 15
Final Report completed	March 29
Final debriefing in Washington, DC	April

4.5 Project documentation

As part of its overall orientation to the CDOs, the evaluation team will have access to a range of relevant project and organizational documents. These will include:

- The Cooperative Support Agreements
- Previous midterm and Final Evaluation reports
- CDO Quarterly and Annual Reports
- CDO Implementation and Work Plans
- Planning and Policy Documents
- Implementor's financial statements

5. Evaluation questions

In order to perform this evaluation, the review teams will:

a. Review background information

Documents including the Cooperative Agreement's Scope of Work, project implementation plan; annual, semi-annual and quarterly reports, trip reports and the project output documents such as publications, workshop proceedings, reports on buy-ins (if current), training manuals, status reports and student evaluations.

b. Visit US CDO headquarters and field projects

The evaluation team should review program performance at two levels:

- (1) US CDOs capacity to deliver sustainable services; and,
- (2) Development of indigenous or local NGO/cooperative partnerships overseas.

The evaluation team will consider the following questions:

1. What has been the progress of USAID's Cooperative Program Support Grant in respect to the goal, purpose, outputs and inputs described in the CDO grant agreements? (Compare actual results with planned results.)
2. Have the four major objectives of the Cooperative Program Support Grants (CPSG), or "core grants," been met? These objectives are: i) Program Development; ii) Organizational Development; iii) Resource Enhancement; and, iv) Limited Program Services.
3. Have the objectives for the Cooperative Initiatives Grant Program (CIGP), or "New Initiatives," been met? These are: to encourage innovative approaches and nontraditional solutions to cooperative development problems.
4. Determine the effectiveness and value of the Cooperative Initiatives Grant Program ("special initiatives"), and whether this program should be continued or expanded.
5. Determine what impact the Cooperative Program Support Grant has had on the strategic objective of strengthening the partnerships between US CDOs and the indigenous NGOs/cooperatives.
6. Determine whether CDOs were able to provide evidence of a financial management system that tracks the program budget in terms of program objectives.
7. Determine to what extent each field project evaluated has involved local NGO membership in project planning and development, and have these projects provide the means for continuing broad-based participation in addressing problems that affect the lives of local people.
8. Determine to what extent CDOs made an effort to identify and exploit targets of opportunity to expand services and funding sources; specifically, what efforts were made by CDOs to seek development funds from sources outside USAID
9. Assess assumptions, constraints and performance indicators to determine why performance targets are or are not being met. Determine if there have

been are any unanticipated issues and circumstances which affected the CDOs' ability to carry out their planned programs.

10. Make recommendations as appropriate for improvements to the current core grant and Cooperative Initiatives Grant Program ("special initiatives") that could be duplicated successfully in the future.

11. Determine which, if any, follow-on activities are desirable, assuming funding levels will not increase, to expand and improve program impacts of overall USAID and individual CDO programs.

12. Determine how effectively the grantees have incorporated the recommendations of the previous evaluations into the current program activities.

13. Determine what lessons have been learned about the design and implementation of the program, both "Core" and "special initiatives" components.

14. Provide a definitive list of countries where each CDO has provided or is providing technical assistance under this grant and where core funds have been used to develop new activities.

15. Identify areas for improvement of program management by USAID.

16. To the extent that is possible, comment on the sustainability of the "Core" grant and "special initiatives" funded field programs that are visited by evaluation team members.

17. What efforts have been made by CDO and NGO partners to monitor and evaluate field activities that would provide information on the involvement and benefits to local people?

6. Report format

The report will be comprehensive, covering the US headquarters activities of the nine CDOs and a sampling of field projects in ENI, LAC, ANE and AFR regions. The report should also be concise (no more than 50 single-spaced, typewritten pages), appropriately organized and to the point. The presentation of the final report should be guided by the basic outline below:

- Title Page
- List of Acronyms (if necessary)
- USAID Evaluation Summary Report
- Executive Summary (under five pages)
- Table of Contents (with Appendices, Figures and Tables)
- Main Report, including major findings, conclusions and recommendations, "lessons learned," impacts of overall program, (organized in accordance with evaluation questions in the Statement of Work).

Appendices

Appendix A. Scope of Work

Appendix B. Evaluation Team Itinerary

Appendix C. Individuals Contacted

Appendix D. References Consulted

Appendix E. List of Grantees with addresses and contacts

APPENDIX B
EVALUATION TEAM ITINERARY
AND
PERSONS INTERVIEWED

BOB ASSELIN

JANUARY

31 VOCA Headquarters

FEBRUARY

1 WOCCU/Washington Office

12 - 13 WOCCU Headquarters

19 - 22 Guatemala -
AAC/MIS: Guatemala Credit Union Insurance Project and
VOCA: Centro Maya Project

23 - 27 El Salvador -
NCBA: Nontraditional Agricultural Exports

MARCH

2 - 11 Bolivia -
AAC/MIS: Cooperativa de Seguros Crucena, Ltda
NRECA: Electrification for Sustainable Development
VOCA: Country Programs
WOCCU: Micro and Small Enterprise Development

Robert A. Delemarre

February

1 Headquarters meetings with ACIDI, Washington, D.C.-
Ron Gollehon, President; James Phippard and Donald Crane, Senior
Vice Presidents; Joshua Walton, Regional Vice President, Africa; Cynthia
Steen, APTlink Program Manager; Sandy Blanchard, Regional
Representative/Uganda; and Kurt Richter, Program Assistant.

- 2 Headquarters meetings with CHF, Silver Spring, MD. - Michael E. Doyle, President; Richard Owens, Lucille Whitelock and Barbara Czachorska-Jones Program Officers; and Wayne McKeel, Controller.
- 7 Headquarters meetings with Land O'Lakes International Development Staff in Arden Hills, MN. - Martha Cashman, Vice President; Jill Kohler, Director of Project Development; Colleen Bryn, Program Specialist; Kathleen Horgan, Project Officer; Ellen Nodland, Project Assistant; and Kristin Penn in LOL's DC Metro Office via teleconference.
- 10 Leave Dulles for Warsaw
- 11 Arrive Warsaw
- 12 Meetings with
USAID - Dr. Deborah Prindle, Program Office Director
Magdalena Wyganowska, Project Specialist
Michael Lee, Regional Development Officer
CHF- Wojciech Wojtysiak and W. Slawek Getka, Program Managers
- 13 Drive to Tyczyn with Jacek Lucinski of NTCA
Meeting with Tyczyn Telephone Cooperative, Kazimierz Jaworski, General Manager, and his staff.
- 14 Meetings with Telekomunikacja Debicka, Jozef Rutka, Vice President, Telefony Brzeskie; and Wlodek Slowinsky, Project Manager.
Transportation and introductions provided courtesy of Tomasz Kwoczak, Polska Telefonika Prywatna of Warsaw.
- 15 Drive from Kracow to Bielsko-Biala with James Bueltel and Danuta Czajka of LOL/Warsaw. Visit to B-B AIM Cooperative Housing Project under construction.
Drive from B-B to Andrychow for visit with Rajdimpex Import-Export Company, Bogumil Rajda, Partner.
- 16 Drive from Kracow with Tom Rulland and Jacek Klos, LOL/Warsaw.
Visit with, Niepolomickie Zaklady Drobiarskie, and Dr. Zdzislaw Kulpa, General Manager. Present was Dr. Jozef Kania, a LOL consultant and a member of NZD's Board of Directors.
Drive to Kozlow to visit with Jerzy Caiga, President of PZZ Koslow. Joined by Mark A. Smith, USAID/W.
Train back to Warsaw
Evening visit with Wojciech Wojtysiak of CHF

- 17 Fly from Warsaw to Bucharest
- 19 Meeting with Terry Cornelison, Florin Mihai Balauta and Gabriel Cosa of LOL/Bucharest.
Drive to Brasov for a meeting with Israel Kahana, Director of Kavero.
Evening meeting with Branislaw Ciocov of SC Banimpex SRL.
- 20 Meeting with Richard Hough, USAID/Rep and Kermit Moh, Private Enterprise Officer.
Meeting with Ron Desrochers, WOCCU Project Director.
- 21 7:30 AM flight to Timisoara cancelled at 11:30 AM due to weather conditions at Timisoara. Took train to Timisoara, arriving at 10:00 PM. Brief meeting with CHF Project and Deputy Project Directors at hotel.
- 22 Review of CHF Model Project for NGO Development in CHF office. Meetings with FALT and with AACD Board of Directors.
- 23 Discussions with CHF/Timisoara staff at office. Meetings with CARP and BUZESANA Board Members. Meeting with H.E., Don Poenaru, Governor of the Timis Region.
Fly Timisoara-Vienna-Rome.
- 24 Fly Rome-Addis Abba-Entebbe.
- 26 Meetings with Bernie Runnebaum, Program Manager of ACDI's P.L. 480 monetization program, and his key department staff directors. Also present, Sandy Blanchard, ACDI's Regional Rep based in Kampala.
Meeting with Greg Farino, USAID Ag/NR Project Officer re P.L. 480 monetization program.
Meeting with Frank Turyatunga, Director of Information and Monitoring, National Environmental Management Agency, re Masindi project.
Meeting with Charles Kabuga, General Secretary of the Uganda Co-operative Alliance.

- 27 Met with Sseisambu George, Manager of Wills International processing facility at Busunju with host, Sandy Blanchard. Meetings with Dan Moore, USAID NEAP and Masindi Project Officer and Laurent Tusingwire, USAID Project for the IDEA Project and the LOL Project. Visited the On-farm Productivity Enhancement Program training program, Ben R.O. Ekoot, Country Coordinator.
- 28 Meeting with LOL Program Manager and host for two days, Richard Bakojja. Meeting with the Mityani Dairy Cooperative's Board Members and visits to farms of two members. Meeting with Mr. George Rubagumya, the Executive Director of the Uganda Investment Authority.
- 29 Meetings with:
Dairy Cooperative Board Members NE of Kampala, two small dairy cooperative members at their farms; and four small, mixed dairy/crop farms in the Kisubi area near Entebbe.
Fly Entebbe to Nairobi.

March

- 1 Fly Nairobi to Cairo
- 3 Meeting with Charles Vokral and Magdi Kahlis of USAID/Cairo. Visit with Janice Stallard of NCBA to East Cairo Branch Office of the Egyptian Small Enterprise Development Foundation. Vice President Visited two of ESED's client borrowers with Sherif Sabri, Branch Manager.
- 4 Visit with NCBA/EQI staff at their office, and visit with Mostafa Yassin, the Executive Director of ESED at their new headquarters in Cairo.
- 5 Meetings with David Davies, VP, Middle East and North Africa, ACDI, and John W. Smith, Project Manager for ACDI's Market Information Project. Also met with project section heads.

6 Visits with John W. Smith to the Cairo Wholesale Produce Market and to the District Director of Agriculture and the District Director of Extension in Ismailia. Also visited with two large commercial vegetable growers.

7 Fly Cairo-Amsterdam-D.C.

JOHN B. O'DONNELL

JANUARY

31 Headquarters Meeting with National Telephone Cooperative Association (NTCA), Washington, DC
Marlee Norton, General Manager of International Programs and Andy Brown, Manager of Association Services

FEBRUARY

6 Headquarters Meeting with National Electric Cooperative Association (NRECA), Arlington, VA. Paul Clark, Deputy Administrator; Bard Jackson, Director, Special Projects; Kris Larson, LAC Projects Coordinator; Allen Inversin, Senior Project Analyst; William Moomaw, Program Assistant; Jim Ford, Director of Training; Matt Cheney, Former Senior Program Manager, James Willis, Electrical Engineer; Lowell Endahl, Donated Equipment and Materials Coordinator; Bob Gibson, Consultant Editor.

7 Meeting with Cooperative Housing Foundation (CHF), Silver Spring, MD
Alain Noudehou, Program Development Officer on CHF program with Department of Social Welfare and Development in the Philippines.

8 Meeting with National Cooperative Business Association (NCBA), Washington,
Jim Cawley, Director, Evaluation and Small Enterprise Program Management;
Susie Jones, Director, Program Support and Evaluation, International Division

11 Leave Washington, DC for Manila

12 Arrive in Manila

- 13 Meetings with Philip Costas, Assistant Administrator, Asia, International Program(NRECA); William Lawrence, NRECA Chief of Party Philippines; Arturo Sobong, President, Philippine Rural Electric Cooperative Association (PHILRECA); Resnol Torres, General Manager, Lanao Del Norte Electric Cooperative, Inc. (LANECO); Pelagio Battung, Undersecretary, Department of Transportation and Communications; Resnol Torres, General Manager, Lanao Del Norte Electric Cooperative, Inc. (LANECO); Teodorico Sanchez, Administrator, and Mario Silva, Corporate Secretary, National Electricification Administration (NEA).
- 14 Travel to Cebu City. Meetings with Father Silva, General Manager, CEBECO; Raul Vilcena, Director CEBECO I; Asher Masapequeno, Operations Manager, Rural Power Foundation
- 16 Travel to Davao, Mindanao. Meetings with Jose Amacio, former General Manager, Davao Del Norte Electric Cooperative, Inc.; Alberto Omega, Local Exchange Manager, DATELCO Global Communications, Inc.
- 17 Visit to Cooperative Housing Foundation project near Davao municipal dump, accompanied by Babie Dimakiling, Community Development Officer, Department
- 19 Meetings with George Dalire, Country Director, Volunteers in Overseas Cooperative Assistance, VOCA/Philippines; Roger Dimmell, Regional Representative Asia/Pacific, Agricultural Cooperative Development International (ACDI).
- 20 Meetings with USAID Philippines staff.
- 21 Depart Manila for Washington, DC
- 22 Arrive in Washington, DC

Persons Interviewed

Robert Asselin

United States

AAC/MIS

Patrick S. Roberts, Vice President, Development

VOCA

Charles Cox, Vice President, Global

Yoo-Mi Lee, Vice President, Business Development

Maria Guerrero, Chief Financial Officer

Michael Waxler, MIS Director

Dennis Diligent, Regional Representative; LAC

Madonna McGuire, Grants Administrator

WOCCU

Christopher E. Baker, Chief Executive Officer

David Dinning, Senior Executive Director; Member Services

Brian Branch, Technical Services Director; LAC

Chet Aeschliman, Director of Special Projects and Technology Affairs

William Dalrymple, Technical Services Director; Europe

John Schlueter, Senior Technical Services Officer

Lucy Ito, Director, Member Services

Jackie Bettinger, Manager; People-to-People program

Michela Cobb, Director; Finance and Technology

Patricia Riley, Senior Accounting Specialist

Antonio Gayoso, Director; North American Regional Office

OCDC

Ted Weihe, Executive Director

USAID

John Grant, Director; BHR/PVC

John Fassullo, Coordinator for Cooperative Development; BHR/PVC

John Godden, Project Manager

Babara Ellington-Banks, Project Officer; USAID/Guatemala Office of Natural Resources and Environment

Robert Kahn, Program Officer; USAID/Bolivia

Kimberly Ann Brown, Deputy Director; USAID/B Private Sector Office

Peter Natiello, Deputy Director; USAID/B Project Development and Implementation Office

Virginia Wheaton, Monitoring and Evaluation Specialist; USAID/B

Tully Cornick, Director; USAID/El Salvador Office of Infrastructure
John Sullivan, Deputy Director; USAID/ES Office of Infrastructure
Flor de Riviera, Project Manager; Rural Electrification
David Gardella, Deputy Director; Rural Development Office

Bolivia

NRECA

Pete Smith, Executive Director
David Kittleson, Specialist; Productive Uses, TA and Training
Omar Vargas A., Supervisor; Productive Uses and Evaluation
Fernando Haderspock, Project Coordinator
J. Fernando Mercado O., Rural Electrification Specialist

WOCCU

Brian Gately, Project Director; Bolivia
Francisco Perez T., Director of Programs

VOCA

Patricia B. Caffrey, Director, Bolivia
Hugo Valdivia, Deputy Director, Bolivia

Cooperativa Rural de Electrificación (CRE) - NRECA client

Jose Kreidler G., General Manager
Eduardo Eller, Advisor to General Manager

Cooperativa de Telefonos Automaticas de Santa Cruz (COTAS) - VOCA client

Oscar Rea Condarco, Chief; Technical Support Division, Computer Department
Gustavo Aponte A., Telephone Systems Division

Camara Agropecuaria del Oriente (CAO) - VOCA client

Rene Solomon V., Manager; Planning
Oscar Tonelli Justiniano, General Manager; National Association of Cotton Pickers
Diego Montengro, National Association of Rice Producers (ANAPO)

Other VOCA clients

Edmundo Farrell, ASOMEX Marketing division (microenterprise NGO)
Hermes Justiniano S., Executive Director, Fundacion Amigos de la Naturaleza Crucena Ltda.
Adalberto Terceros Banzer, President; Administrative Committee
Roger Zambrana Hurtado, General Manager
Martha O. Lucca Suarez, Deputy General Manager
Paul Ligeron Avila, Chief; Production Department

Guatemala

CHF

Steven Huffstедdler, Project Manager, Communities in Transition Project

VOCA

Jorge Salazar, Director; Central America Programs

Columna Compania de Seguros

Carlos Roberto Quevedo M., Manager

Anabella de Contretas, Underwriter

Centro Maya - VOCA client

Luis Francisco Barquin, General Coordinator

Sergio Ruanao, Technical Director

Extension Agent Team

El Salvador

NRECA

Myk Manon, Resident Manager

NCBA/CLUSA

Stanley Kuehn, Director; CLUSA/El Salvador

Mauricio Salinas S., Manager; Production Unit

Enrique Moran, Adult Education Specialist

CLUSA Client Cooperatives: Cara Sucia; Guayapa; UCRAPROBEX; Santa Clara

Robert A. Delemarre

Agricultural Cooperative Development International (ACDI), Washington, D.C.

Ron Gollehon, President;

James Phippard, Seniro Vice President;

Donald Crane, Senior Vice President;

Joshua Walton, Regional VP, Africa;

Cynthia Steen, APTlink Program Manager;

Sandy Blanchard, Regional Rep/Uganda; and

Kurt Richter, Program Assistant.

Cooperative Housing Foundation (CHF), Silver Spring, MD

Michael E. Doyle, President;

Richard Owens;
Lucille Whitelock; Program Officer
Barbara Czachorska-Jones Program Officer; and
Wayne McKeel; Controller.

Land O'Lakes, Inc., Arden Hills, MN, International Development Staff
Martha Cashman, VP;
Jill Kohler, Director of Project Development;
Colleen Bryn, Program Specialist;
Kathleen Horgan, Project Officer;
Ellen Nodland, Project Assistant; and
Kristin Penn in LOL's DC Metro Office via teleconference.

Poland

USAID

Dr. Deborah Prindle, Program Office Director
Magdalena Wyganowska, Project Specialist
Michael Lee, Regional Development Officer

CHF

Wojciech Wojtysiak and W. Slawek Getka, Program Managers

NTCA

Jacek Lucinski

Tyzcyn Telephone Cooperative

Kazimierz Jaworski, General Manager, and staff

Telekomunikacja Debicka

Jozef Rutka, VP

Telefony Brzeskie

Wladek Slowinsky, Project Manager.

Transportation and introductions provided courtesy of Tomasz Kwoczak, Polska
Telefonika Prywatna of Warsaw

LOL/Warsaw

James Bueltel and Danuta Czajka
Rajdimpex Import-Export Company
Bogumil Rajda, Partner.
Tom Rulland and Jacek Klos,.

Niepolomickie Zaklady Drobiarskie

Dr. Zdzislaw Kulpa, General Manager.

Dr. Jozef Kania, LOL consultant, and a member of NZD's Board of Directors.

USAID/W

Joined by Mark A. Smith,

Jerzy Caiga, President; PZZ Koslow,

CHF

Wojciech Wojtysiak

LOL/Bucharest

Terry Cornelison;

Florin Mihai Balauta

Gabriel Cosa

Kavero

Israel Kahana, Director of Kavero

SC Banimpex SRL

Branislaw Ciocov

USAID

Richard Hough, USAID/Rep and

Kermit Moh, Private Enterprise Officer

WOCCU

Ron Desrochers, Project Director

Romania

Brief meeting with CHF Project and Deputy Project Directors at hotel.

Review of CHF Model Project for NGO Development in CHF office.

Meetings with FALT and with AACD Board of Directors.

CHF/Timisoara staff.

CARP and BUZESANA Board Members

H.E., Don Poenaru, Governor of the Timis Region.

Uganda

ACDI

Bernie Runnebaum, Program Manager; ACDI's P.L. 480 monetization program,

Bernie Runnebaum's department staff directors

Sandy Blanchard, ACDI's Regional Rep based in Kampala

USAID

Greg Farino, USAID Ag/NR Project Officer regarding P.L. 480 monetization program.

National Environmental Management Agency

Frank Turyatunga, Director of Information and Monitoring, regarding the Masindi Project

Uganda Co-operative Alliance

Charles Kabuga, General Secretary

Wills International

Sandy Blanchard
Sseisambu George, Manager

USAID

Dan Moore, USAID NEAP and Masindi Project Officer
Laurent Tusingwire, USAID; for IDEA Project and the LOL Project.

On-farm Productivity Enhancement Program

Ben R.O. Ekoot, Country Coordinator

LOL

Richard Bakojja, LOL Program Manager

Mityani Dairy Cooperative

Board Members

Uganda Investment Authority

Mr. George Rubagumya, Executive Director

Dairy Cooperative Board Members NE of Kampala

Two small dairy cooperative members at their farms

Four small, mixed dairy/crop farms in the Kisubi area near Entebbe.

Egypt

USAID/Cairo

Charles Vokral and Magdi Kahlis

NCBA

Janice Stallard of NCBA

East Cairo Branch Office of the Egyptian Small Enterprise Development Foundation (ESED).

Sherif Sabri, Branch Manager,
Two of ESED's client borrowers.

NCBA/EQI

Staff at their office

ESED (in Cairo)

Mostafa Yassin, the Executive Director of ESED

ACDI

David Davies, VP, Middle East and North Africa, ACDI, and
John W. Smith, the Project Manager for ACDI's Market Information Project.
Also met with project section heads.

Ismailia

Wholesale Produce Market,
District Director of Agriculture and
District Director of Extension.
Two large commercial vegetable growers.

JOHN B. O'DONNELL

Agricultural Cooperative Development International (ACDI)

Roger Dimmell, Regional Representative; Asia/Pacific

Cooperative Housing Foundation (CHF)

Alain Noudehou, Program Development Officer

National Cooperative Business Association (NCBA)

Jim Cawley, Director; Evaluation and Small Enterprise Program Management
Susie Jones, Director; Program Support and Evaluation, International Division

National Rural Electric Cooperative Association (NRECA)

Paul Clark, Deputy Administrator, International Program
Philip Costas, Assistant Administrator, Asia, International Program
Matt Cheney, Former Senior Program Manager, International Program
Lowell Endahl, Donated Equipment and Materials Co-ordinator, International Program
Jim Ford, Director of Training, International Program
Bob Gibson, Consultant Editor, International Program
Allen Inversin, Senior Project Analyst, International Program

Bard Jackson, Director, Special Projects, International Program
Kris Larson, LAC Projects Coordinator, International Program
William Lawrence, NRECA Chief of Party Philippines, International Program
William Moomaw, Program Assistant, International Program
Arturo Sobong, President, Philippine Rural Electric Co-operative Association
James Willis, Electrical Engineer, International Program

National Telephone Cooperative Association (NTCA)
Marlee Norton, General Manager, International Programs
Andy Brown, Manager, Association Services

Volunteers in Overseas Cooperative Assistance (VOCA)
George Dalire, Country Director, VOCA/Philippines

USAID/Manila
(Specific staff names were not listed.)

Philippines

CEBECO
Father Silva, General Manager

CEBECO I
Raul Vilcena, Director

Department of Social Welfare and Development
Babi Dimakiling, Community Development Officer

Department of Transportation and Communications
Pelagio Battung, Undersecretary

Davao Del Norte Electric Cooperative, Inc.
Jose Amacio, Former General Manager

DATELCO Global Communications, Inc.
Alberto Omega, Local Exchange Manager

Lanao Del Norte Electric Co-operative, Inc. (LANECO)
Resnol Torres, General Manager

National Electricification Administration (NEA)
Teodorico Sanchez, Administrator
Mario Silva, Corporate Secretary

Rural Power Foundation
Asher Masapequeno, Operations Manager

Appendix C

Contact List for the 1996 CDO Midterm Evaluation

Agricultural Cooperative Development International (ACDI)

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Cooperative Housing Foundation (CHF)

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Land O'Lakes, Inc. (LOL)

Colleen Bryn, Program Specialist, International Development
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National Cooperative Business Association (NCBA)

Jim Cawley, Director, Evaluation and Small Enterprise Program Management
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National Rural Electric Cooperative Association (NRECA)

Paul Clark, Acting Administrator & Bard Jackson, Director,
Special Projects International Programs Division
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National Telephone Cooperative Association (NTCA)

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2626 Pennsylvania Ave., NW; Washington, DC 20037-1695
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Volunteers in Overseas Cooperative Assistance (VOCA)

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World Council of Credit Unions (WOCCU)

Antonio (Tony) Gayoso, Director, North American Regional Office & Sylvia Luchini, HQ
Coordinator

805 15th Street, NW, Suite. 300; Washington, DC 20005; HQF: 608-238-8020
T: 202-682-5990, F: 202-682-9054 (A. Gayoso);
T: 608-231-7601, F: 608-238-5389 (S. Luchini)