

# Central and Eastern Europe II Project

*A Regional Agriculture & Agribusiness Development Project*

Albania

Bulgaria

Macedonia

Romania

Slovakia

## ACDI/VOCA's CEE II Project Annual & Final Report for the Period FY95 Through FY99

*Implemented by:*

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***The United States Agency for  
International Development***

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## 1. EXECUTIVE SUMMARY

The CEE II regional project combines volunteer and consultant interventions with training programs to assist the development of private agribusiness enterprises in Central and Eastern Europe. Ten countries were included in the regional project initially, but as Missions have closed down, shifted priorities or developed alternative projects, activities in all but two countries – Albania and Macedonia - have come to a close. The following provides a summary of the types of activities in each country that had project activities in fy99:

**Albania:** After the Balkan War the ACDI/VOCA Country Representative was allowed to set up residence in Albania, and US volunteer assistance was resumed. Because of the ban on volunteer and consultant travel earlier in 1999, the program placed greater emphasis on the use of international study programs, and training programs organized in-country using services available locally. The program continues to focus on agricultural production and processing, and their related associations.

**Bulgaria:** The program in Bulgaria focused on the meat processing, milling and baking, and fruit and vegetable processing industries, but in the past year has added an important activity to support the development of a warehouse receipts system. The CEE II Grant in Bulgaria ended on Sept. 30, 1999. The transition to the new grant mechanism, the Agribusiness Support Project, is complete. The new project continues the work started under the CEE II grant but will be expanded to include new agricultural sectors. During the last year Mr. Krassimir Kiriakov was named a Country Representative replacing Ms. Madonna McGuire.

**Macedonia:** The Balkan War caused a drastic decrease in ACDI/VOCA's activities in Macedonia because of the staff evacuation and ban on volunteer and consultant travel. Currently volunteer travel is resumed focusing on firm-level technical assistance. During the last year Mr. Mazen Fawzy from ACDI/VOCA Romania replaced Mr. Neil Mozer as Country Representative for Macedonia.

**Romania:** In Sept. 1999 the CEE II program in Romania ended and was replaced by the new Romania Agribusiness Development (RAD) Project. During this year there was a management transition in Romania as well. Mr. Mazen Fawzy relocated to manage the ACDI/VOCA office in Macedonia and was replaced by Mr. James Herne.

**Slovakia:** The Slovak program began with a focus on volunteer interventions in farming and agriculture, but later shifted its focus to rural economic development. The program, known as the Rural Community Capacity Building Program, helped Slovak rural residents develop alternative democratic institutions, which they can then use to develop new economic ventures in their regions. The program in Slovakia ended on Sept.30, 1999. There is a six-month extension to permit a grant of remaining operating funds to go to the ACDI/VOCA successor organization in Slovakia – VOKA.

The programs in Albania, and Macedonia now have adequate funding to allow them to operate until the project PACD, or August 30, 2000. These programs have prepared new workplans and budgets for their continued operations.

## **2.ROMANIA**

### **2.1. Project Overview**

The ACDI/VOCA program in Romania completed its' transition to new management and new funding during the fourth quarter of FY 1999. The final volunteer assignments and training programs under the CEE II Regional Grant were implemented, and as of September 1999 all program activities are being funded by the Romanian Agribusiness Development grant. The objectives of this grant are much the same as prior grants – assistance to agribusiness enterprises and agribusiness associations – but with an expansion into hog production and grain production.

During this quarter ACDI/VOCA completed a management transition in the program. Mr. Mazen Fawzy relocated to manage our office in Macedonia and Mr. James Herne, assumed the management of the program in Romania. The management transition was complete by mid-July. A Credit and Finance Specialist, and an Administrative Assistant were hired late in the quarter.

The CEE II Project activities during the quarter focused on private agribusiness development, as planned in the original grant agreement. A summary of the events for the quarter follows:

#### *Volunteers & Technical Consultants:*

- ACDI/VOCA completed seven volunteer assignments. Three of them were in the baking industry and three in the hog industry. The last assignment was an assessment of the apple juice industry in Romania.
- An ACDIVOCA consultant and an USDA warehouse expert conducted a study of the warehouse receipts system in Romania. The team found that all the factors for the implementation of the system were in place, except the legal framework.

#### *Training Programs & Conferences:*

- ACDI/VOCA, together with Monsanto and the Potato Research Institute in Brasov delivered a five-day technical training program for seed potato growers in Romania. The seminar provided the seed potato growers with advanced techniques for growing, and introduced Monsanto's GMO seed potatoes.
- ACDIVOCA, with the assistance of two of the volunteers, conducted a seminar for small and medium scale hog farmers. The seminar developed a technical assistance program for small and medium scale farmers, which is one of the key elements of the newly signed Romanian Agribusiness Development Project.

With ACDI/VOCA's assistance, two agribusiness associations have become important players in the private sector of Romania.

- ANAMOB, the millers & bakers association is now working with the Ministry of Agriculture and Food on the privatization of the state farms – all 700 of them.
- ARC, the newly merged private and state meat processors association, is now fully registered and its membership includes large and successful meat processing firms. ARC is trying to improve the government policies for agribusiness, and the SME sector in general.

When ACDI/VOCA started the development of the CEE II Project in Romania, we made a series of assumptions that guided our activities. These assumptions were:

- Agribusiness development made sense because of its' importance to the overall economy.
- Agribusiness could be the engine of change for the entire agricultural system in Romania.
- The sectors we selected had low barriers to entry, which allowed broad participation by SMEs.
- Assistance to these firms could create viable and sustainable private agribusiness industries.
- Creation of a vibrant private industry is a better way to 'privatize' than assistance to the GoR.
- Groups of entrepreneurs would recognize their common interests and form associations.

As the CEE II Project comes to a close in Romania, it appears that these assumptions made years ago have been correct. Our selection of sectors, our approach of combining direct technical assistance with training programs, our emphasis on developing industry associations, and our assistance in implementing advocacy activities, have all paid off. The CEE II Project in Romania will leave a lasting legacy – two active industry associations that will represent the interests of their members in the coming years.

## 2.2. Volunteers & Consultant Assignments:

ACDI/VOCA completed 7 volunteer assignments during the quarter, using six individual volunteers. For the Fiscal Year 1999, the CEE II Project has completed 25 volunteer assignments, with the RAD Project completing, another five volunteer assignments.

**Table I – CEE II Project Volunteer Assignments by Sector**

<b>AgroIndustry Sector</b>	<b>Q 4 FY 99</b>	<b>Q1 - 3 FY 99</b>	<b>Q1 - 4 FY 98</b>	<b>Q1 - 4 FY 97</b>	<b>Q1 - 4 FY 96</b>	<b>Q1 - 4 FY 95</b>	<b>'95 - '99 TOTAL</b>
Milling & Baking	3	12	28	40	23	18	124
Livestock & Meat	3	6	13	14	15	11	62
Other Ag Sectors	1	0	2	1	4	0	8
<b>Total, All Sectors</b>	<b>7</b>	<b>18</b>	<b>43</b>	<b>55</b>	<b>42</b>	<b>29</b>	<b>194</b>

As can be seen from the table, ACDI/VOCA has completed nearly 200 volunteer assignments under the CEE II Project in Romania. More than half of these assignments have been in the milling and baking industry, and nearly a third were in the livestock and meat sector. Less than 5% of the assignments were in other sectors. Annex 1 to this report includes a listing of all the volunteer assignments completed in FY 1999.

Following is a summary of the sectors we are working with, and the volunteer assignments completed this quarter:

### *Milling and Baking Industry:*

ACDI/VOCA has been working with the milling and baking industry since 1993 when an initial survey of the milling industry was completed. This survey was the basis for the technical assistance program for the millers, which included volunteer assignments, technical seminars in Romania, and US study programs. As the seminars were being implemented, the concept of a business association was presented to the groups. ACDI/VOCA facilitated the discussions and consideration of the idea. As a result, the National Private Millers and Bakers Association, known locally as ANAMOB was established in late 1994.

As the milling industry matured, mills grew in size and millers started integrating into the baking business. In 1996 ACDI/VOCA and ANAMOB conducted a survey of the baking industry in Romania, and identified technical assistance needs of the businesses. This led to the development of a assistance program for the industry, which included technical training seminars, individual volunteer assignments, and US study programs. ACDI/VOCA, together with ANAMOB, has been providing direct assistance to the bakers since 1997, and we expect that effort to continue into the coming year. During the past quarter, ACDI/VOCA volunteers worked with three bakeries:

<b>Date</b>	<b>Project #</b>	<b>Project Title</b>	<b>Volunteer Name</b>	<b>State</b>
07/15/99	ES 900	GABION Bakery	Howard Webber	Wisconsin

Howard Weber, who has completed many assignments in Romania, worked with the owner, the production manager and the employees of a new bakery in the city of Galati. Mr. Weber trained the employees in basic baking procedures, and introduced

new value added products. This assignment resulted in increased product quality and consistency. Mr. Weber made recommendations for dough preparation and hearth oven baking methodology, which helped the bakery improve their products. Together with the host, the volunteer prepared a local market study, and a marketing plan for the bakery.

<b>Date</b>	<b>Project #</b>	<b>Project Title</b>	<b>Volunteer Name</b>	<b>State</b>
08/23/99	ES900243	Berardi Bakery	James Wuollet	Minnesota

The owner of the Berardi needed new product development assistance. Volunteer Jim Wuollet made recommendations for production flow improvements, and helped Berardi introduce several new products. Together with the owner, the volunteer visited neighboring cities and completed a very basic market survey. This assignment resulted in increased sales for Berardi.

<b>Date</b>	<b>Project #</b>	<b>Project Title</b>	<b>Volunteer Name</b>	<b>State</b>
09/01/99	ES900263	Crinoff Pastry	James Wuollet	Minnesota

One of the most aggressive members of the Private Millers and Bakers Association (ANAMOB) from the Constanta area requested technical assistance for the development of a new pastry workshop. Volunteer Jim Wuollet trained the employees on production techniques, and new product development. During the ten days of the assignment Mr. Wuollet together with the owner and the foremen of the new workshop developed new recipes and products that were very well received on the local market.

*Livestock & Meat Processing Industries:*

ACDI/VOCA has been assisting the meat processing industry in Romania since late 1994 when a survey of private meat processors assessed their technical problems. This assessment became the basis for a series of technical seminars presented for the industry in 1995 and 1996. A private meat processors association was founded as a result of the seminars. ACDI/VOCA has supported the development and growth of the association, and most recently assisted in the merger of the private association and the association of state owned meat processors.

In 1997, ACDI/VOCA conducted a survey of the hog breeding industry. The meat processors were experiencing difficulty finding meat for their production and the Romanian government was in the process of cutting subsidies for the state owned hog farms. The survey found that the number of animals in Romania had declined drastically since 1990, and that most of the hogs were being raised in backyards or in small and medium scale farms. The situation got worse, with a further decrease of the number of animals in the large, formerly state-owned farms. In order to help the meat industry, ACDI/VOCA developed and completed assignments with private hog farms, which would become suppliers to the meat processors. Three volunteer assignments were completed in this area during the past quarter

<b>Date</b>	<b>Project #</b>	<b>Project Title</b>	<b>Volunteer Name</b>	<b>State</b>
08/12/99	ES900260	Swine Seminar	David Bailey	Pennsylvania
	ES900261	Swine Seminar	Mark Stehr	Pennsylvania

The National Agricultural Consulting Agency (ANCA), founded by the Ministry of Agriculture in late 1998, requested ACDI/VOCA assistance in the organization of swine seminars for small & medium scale farmers (with up to 1,000 animals) from

eight judets located in northern Romania. The volunteers prepared the materials for the seminars, and covered a broad range of issues specific to the needs of the small and medium scale swine farms. Two seminars were delivered (one in Satu Mare and one in Cluj) and following each seminar the two volunteers visited each of the attendees' farms. The final report prepared by the volunteers includes recommendations for both the swine farmers and for the ANCA extension agents.

<b>Date</b>	<b>Project #</b>	<b>Project Title</b>	<b>Volunteer Name</b>	<b>State</b>
09/01/99	ES900259	LES Swine farm.	Ben Outlaw	Indiana

The host of this assignment was a privatized swine farm, with a capacity of 30,000 pigs per cycle. The farm was upgrading its equipment, and wanted to replace their breeding stock with genetically improved animals. Volunteer Benjamin Outlaw provided assistance in two main areas; Swine farm management, and Employee training. Mr. Outlaw held a farm management training for the management team of the farm. The volunteer made recommendations on improving the equipment efficiency and analyzed plans for future investments.

*Other Agricultural Sectors:*

While we were in transition from the CEE II project to the new Romanian Agribusiness Development Project, we started looking into new agricultural sectors that offer good prospects for future development in Romania. During this quarter, we brought in an apple processing expert evaluate the apple juice production potential of Romania. In the future other volunteers may be brought in to examine mushroom, compost and honey production, among others.

<b>Date</b>	<b>Project #</b>	<b>Project Title</b>	<b>Volunteer Name</b>	<b>State</b>
9/18/99	ES900264	Apple Juice study	M. Westberg	Washington

ANCA (National Agency for Agricultural Consultant) and the Apple Research Institute were the hosts for this assignment. Mr. Westberg, accompanied by an ANCA Agent and a local apple industry consultant, visited five apple juice processing facilities and two Apple Research Stations. Mr. Westberg made recommendations for both the apple growers and the processing units.

Conclusion of the study: While Romania can produce a high acid apple juice, which is a valuable commodity, future development of the industry will be hampered by the fact that the world market is in oversupply and the transport of juice concentrate from Romania to foreign markets is expensive. Currently the German market (and those of other EU countries) appears to be the best opportunity.

### *Consultant Assignments:*

#### *Summary of Consultant Assignments:*

During FY 1999 the CEE II Project in Romania made limited use of consultants for technical assistance activities. These included a Warehouse Receipts Study, a US Study Program for Association Managers (using funds provided by World Learning) and a Bank Training seminar. Over the past five years ACDI/VOCA used consultants for tasks that require specific deliverables, such as sector studies and training seminars, and volunteer experts for direct assistance to individual firms. This has worked out well, as consultants are well accustomed to providing a 'deliverable' product and the volunteers excel at developing the one-on-one relationships at the firm level. This combination of individual assistance, combined with formal group training and follow-up activities has been an extremely effective technique for the development of our target sectors.

During the quarter ACDI/VOCA brought in one consultant, Mr. Si Matthies, for the preparation of a study on the Warehouse Receipts System in Romania. Mr. Steve Mikkelsen from USDA, an expert in the management and operations of grain storage



warehouses, assisted Mr. Matthies. The photo left shows Mr. Matthies (2<sup>nd</sup> from left) and Mr. Mikkelsen (3<sup>rd</sup> from right) with the ACDI/VOCA team in Romania. Mr. Mikkelsen's costs were covered by USDA funds. A local USDA employee and a local ACDI/VOCA consultant worked with Mr. Matties and Mr. Mikkelsen on developing the program and conducting the field visits and interviews.

The consultants determined that most of the conditions for the implementation of a warehouse receipts (WHR) system in Romania were present. The only missing link was the necessary legislation. At the time of the study, the Ministry of Agriculture was working on a revised WHR law. Mr. Mikkelsen in particular provided significant assistance to the Ministry team preparing the new law. The consultants provided both on site assistance, and made copies of model laws available to the Ministry staff. The new law is now being examined by the World Bank to determine if it is in agreement with the terms and conditions of the Agricultural Structural Adjustment Loan for Romania. Finalization of the ACDI/VOCA WHR Study will be completed when the new WHR law is prepared and published. The preliminary findings of the consultants (Conclusions & Recommendations) are included in Annex 2 of this report.

### 2.3. Training Programs and & Conferences:

The organization and presentation of seminars, training events, conferences and other types of meetings has been an important part of the CEE II Project activities in Romania. In addition to providing valuable technical training, the above mentioned activities give entrepreneurs an opportunity to get together and discuss their common problems. These events were the catalysts for the creation of the millers and baker's association, and the meat processor's association.

During FY 1999 the CEE II Project in Romania organized one US Study Program, four East-to-East Study Programs (to Hungary and Poland) and five In-Country Technical Training Seminars. Summary information on all these training programs is contained in Annex 4 to this report.

**Table II – CEE II Project Training Event Participants by Program**

<b>Training Prog. Category</b>	<b>Qtr 4 FY 99</b>	<b>Q1 - 3 FY 99</b>	<b>Q1 - 4 FY 98</b>	<b>Q1 - 4 FY 97</b>	<b>Q1 - 4 FY 96</b>	<b>Q2 - 4 FY 95</b>	<b>'95 - '99 TOTAL</b>
In-Country Seminars	55	123	134	74	75	301	762
East-to-East Programs	0	32	3	0	0	0	35
US Study Programs	7	0	2	27	0	28	64
<b>Totals, All Types</b>	<b>62</b>	<b>155</b>	<b>139</b>	<b>101</b>	<b>75</b>	<b>329</b>	<b>861</b>

These types of events have been used effectively throughout the life of the CEE II Project in Romania, and over the past five years we have provided training to more than 850 individuals via these programs.

During this past quarter, ACDI/VOCA Romania organized two in-country seminars with CEE II Project financing. ACDIVOCA was also a sub-contractor to World Learning on the development and implementation of a US study program for a group of association leaders from Romania.

#### *US Study Programs:*

In July, together with World Learning, ACDI/VOCA organized and presented a two-



week training program for seven association leaders from Romania. The photo below shows the group listening to a presentation at the ACDI/VOCA office in Washington. The program focused on the roles and activities of similar organizations in the US, on the tools for effective association management, and on strategic planning. The participants in

the program were from associations in the milling & baking, meat processing, milk processing, and livestock feed sectors. Land O'Lakes also contributed to this program, by providing four training slots used by key people proposed by the associations. ACIDI/VOCA hired Dr. Mark Hurwitz, a recognized association management specialist, to organize and implement this program. A copy of the training program, and the list of participants, are included in Annex 3.

As a result of this program, each of the four associations involved prepared a detailed Strategic Plan, which will be a road map for their future development. The participants, who were all either Presidents or Executive Directors of their respective



associations, came away from the training with a much better understanding of how associations work, what services they can offer to their members, and how they can be more effective in lobbying for change at home. The entire training program took place in the Washington DC area, and included visits to similar US associations (bakery operators, feed millers, etc), along with regulatory agencies and to US

Congress members. The photo above shows Iulian Balica (right), the Executive Director of the Meat Processor's Association, presenting the Strategic Development plan his association developed. Dr. Mark Hurwitz (left), the course instructor is asking him a question.

While World Learning covered the majority of the costs of this program, ACIDI/VOCA provided the translation, printed the training materials prepared by the consultant, and covered the cost of sending a participant/facilitator from our office along with the group.

*In-Country Programs:*

During the quarter ACIDI/VOCA Romania assisted in the development and



presentation of two seminars: one focused on the seed potato growers, and a pair of seminars focused on the small to medium scale hog producers. The schedules for these seminars, along with lists of the participants, are included in Annex 3 of this report. Details regarding the seminars themselves are included in the following paragraphs. The photo left shows Dr. Steve Russell from PEI

conducting a presentation at the Potato School on the first day of the seminar in Brasov.

From July 19<sup>th</sup> to the 23<sup>rd</sup>, ACDI/VOCA and Monsanto Romania conducted a one-week training seminar focused on the private seed potato producers of Romania. ACDI/VOCA arranged the logistics for the seminar (lodging & training site, materials preparation, etc) and Monsanto provided two specialized trainers from Prince Edward Island, Canada. During the week the 16 participants attended classroom sessions and spent a day at the potato research and production center in Miercurea Ciuc. The focus of the seminar was on the technical aspects of seed potato production, and the participants learned about the latest techniques applied in Canada and other western countries. Annex 3 includes a copy of the diplomas handed out to the participants.

Romania is a country with great potential for the development of the seed potato industry, because of its geography and the availability relatively disease-free areas. Monsanto's interest in the program was to establish better links with these seed growers who can be future clients for their GMO seeds. Monsanto, along with other US agribusiness firms, has worked with the Romanian government to draft and implement legislation that would permit the registration of GMO seeds in Romania. Two types of GMO seeds have been registered at this point, and Monsanto hopes to have their GMO potato seed registered in the near future.

The second seminar was organized together with the National Agency for Agricultural Consulting (ANCA). The Ministry of Agriculture created ANCA in late 1998 to develop an agricultural extension service in Romania. Each Judet in the country (out of 44) has a local ANCA office and assigned specialists. In August of this year, we collaborated with the ANCA offices in Satu Mare and Cluj (in northwestern Romania) to provide technical services to the small and medium scale hog farmers in those regions of the country. These seminars were the first steps for ACDI/VOCA in developing a program of technical assistance for these farmers, based on a study of the hog industry from 1997.

These seminars lasted two days each, and were followed by field visits to the individual farms on the part of the volunteers. We brought in two volunteers from Pennsylvania for these seminars, one was a hog farmer and the other was an ag extension agent with the Pennsylvania extension service. The two volunteers had presentations: herd health management, sanitation and hygiene, farm management, cost control measures, feed & feeding, and breeding techniques. Perhaps the most effective part of the seminar was the informal discussion. The seminars gave the farmers better understanding of the most important elements of the management of hog farms.

## 2.4. Significant Impact and Results

The program had impact on three levels; the firm level, the association level, and the national level. The paragraphs below will provide a summary of the impact the project has had at each of these levels.

### *Impact at the Firm Level:*

During the course of the past five years, ACDI/VOCA has provided assistance, either directly or indirectly, to more than 300 individual private firms in Romania.

Assistance was provided via volunteer assignments, seminars and training events (local and international). Volunteer assignments have the greatest impact at the firm level. During these assignments, the volunteer observes at the firm's operations, and offers concrete practical suggestions for improvement. Some specific examples of project impact at the firm level include the following:

- During an assignment at a bakery a volunteer reviewed the production flow of Belvedere Bakery. Following the volunteer's recommendations, certain pieces of equipment were relocated to a different area in the bakery to provide for a 'one way' production flow. *The volunteer estimates that these changes would allow the firm to increase their production volume by 30%, or more. The volunteer also assisted the company in the introduction of 26 new pastry and confectionery products.* All of the employees of the pastry workshop received training. Tables and charts for each recipe were posted on the walls. By the time the volunteer left the firm, Belvedere Pastry had nearly doubled its sales
- At a meat processing plant, an ACDI/VOCA volunteer introduced five new recipes, which were added to the current production. *The volunteer also estimates that the increase in efficiency at the plant will be about 5%, as a result of better use of low quality cuts.* The volunteer made recommendations for upgrading equipment at the plant, and worked with the manager to prepare draft plans for remodeling the building. *Replacing the refrigeration equipment, and the steam generating system, would reduce energy consumption by at least 10%, and the volunteer provided a list of the refrigeration and steam generating equipment needed.*
- Four baking seminars took place in February and were held in the cities of Constanta, Iasi, Sibiu and Timisoara. *An ACDI/VOCA volunteer provided his services for the presentation of the technical material. The volunteer conducted practical hands-on training sessions in pastry production workshops held at ANAMOB member bakeries.* The feedback from the participants was very positive. This type of seminar allowed entrepreneurs to have their production managers attend, which significantly reduced costs.
- At another meat plant, our volunteer introduced recipes for hamburger meat, and 5 new salamis and sausages. *These new products prepared for special orders, resulted in 20% increase of the firm's production and sales by the time of our project evaluation. Since the volunteer visit the firm doubled its production from 1.5 tons per day to 3 tons per day. The firm opened 3 new*

*company owned stores, and purchased land where they will build a slaughterhouse and processing plant.*

- A private farmers association, with over 1,200 landowner members, approached ACDI/VOCA for assistance in using a new irrigation system purchased from Valmont, a US company. An ACDI/VOCA volunteer from the University of Missouri worked with the association and developed management plans for using the system. *Since the completion of the assignment, Agrotel has purchased two additional Valmont systems for \$120,000, and increased yields by 50% - 100% for crops under irrigation.* The association has also secured a loan, from a World Bank program, for \$400,000 which was used to purchase new combine harvesters and grain transport trailers as suggested by the volunteer. *Additional crop revenues, attributed in part to the new equipment, have allowed this association to develop a 200 sow hog production unit and a 50,000 poultry production operation. With these improvements and growth, Agrotel's total profits increased 29% over the past year*

#### *Impact at the Association Level:*

The greatest impact at this level is the establishment of the two associations. These organizations are now self-sufficient, and have become true representatives of their respective industries. They continue to work closely with ACDI/VOCA in the organization of technical training events, international study programs, and other member assistance programs. Examples of the impact we have had at the association level follow:

- The joint baking seminars held in 1997 with ANAMOB represented a real step forward in a gradual transfer of the seminar function to the association. ANAMOB publicized the seminars, registered the participants, and handled all the lodging and meals arrangements. The members covered of their own meals and lodging, costs, costs covered by ACDI/VOCA previously. *The participants contributed approximately \$12,000 for these lodging and meal costs. ANAMOB required the participants to pay a Registration Fee for the seminar of 100,000 Lei (\$30) for members and 150,000 Lei (\$47) for non-members. With this seminar ANAMOB raised an estimated \$2,500, which will be used to support the association.*
- In early June of 1997, two Board members from the Bulgarian Meat Processors Association came to Romania to attend the first National Meat Processor's Symposium (SimpoCARN '97). During SimpoCARN the Bulgarians met with representatives of the Romanian meat processor's association, and made contacts with prospective trading partners and suppliers. A few weeks later, one of the Bulgarians made a follow-up visit to other firms in Western Romania. *As a result of these visits the Bulgarians began making purchases of Romanian hogs for their own processing plants.*
- In 1997 and 1998 ACDI/VOCA and ASIC organized joint seminars and US study programs, and volunteer consultant assignments at individual meat processors. ASIC became more active as the voice of the industry in relations

with the government. *With the assistance of ACDI/VOCA, the Executive Director of ASIC started working with the ministries on problems facing the processors, in particular the recovery of a subsidy the government offered on the price of hogs.* The Board of the Association presented the members' position on some of the policies of the government, via letters to the President and Prime Minister.

- ANAMOB and ACDI/VOCA worked closely on programs targeted at the milling and baking industry. In 1998 ANAMOB and ACDI/VOCA organized a US study program for 14 ANAMOB members. The participants attended a major baking trade show, and had a one-week course at the American Institute of Baking. By working closely with ANAMOB and sharing the costs of the program, ACDI/VOCA was able to send 14 participants. *ANAMOB members picked up 60% of the total cost. The group spent more than \$60,000 in the US on goods and services.* More recently, ANAMOB and ACDI/VOCA held an industry symposium in Bucharest, and a series of four two-day seminars held in Constanta, Iasi, Sibiu and Timisoara. These events, like the US study program mentioned above, are collaborative efforts and the contribution on the part of the local hosts and participants multiplies the impact of the funding provided by USAID.

ACDI/VOCA provided targeted support to these associations to allow them to do more than they could if they had to rely only on their own resources. Most recently ACDI/VOCA provided limited support to ANAMOB so they could organize a one-day symposium for their members. This event was held in conjunction with the national agricultural trade fair. ANAMOB generated significant press coverage from the event, which strengthened their position as the representative of the milling and baking industry in Romania.

#### *Impact at the National Level:*

Impact at the national level is mainly the result of ACDI/VOCA assistance to the associations in their efforts to influence government policies relating to agriculture and agribusiness. Over the past two years, there have been a few good examples, some of which are provided below:

- In 1996 the Ministry of Agriculture ordered all state owned grain elevators to stop deliveries to private millers and cancel contracts in order to enforce an export ban on grain. This severely affected the majority of ANAMOB members who depended on state grain for their milling supply. *ANAMOB reacted quickly by lobbying on behalf of their members for grain supplies to be used for flour for domestic consumption. They established that this ordinance was a Constitutional violation by the State, and after extensive negotiations, ANAMOB was able to obtain a 220,000 metric tons of wheat allocation from the Prime Minister of Romania for private millers.*
- Late in 1998 ASIC learned of the government's intention to raise the VAT on food products from 9% to 22%. The meat processors, who had been hit particularly hard by the price increases in early 1997 after the liberalization of livestock prices and the elimination of subsidies, believed that the increase of

VAT on meat would impose further hardships on consumers, and threaten the existence of many of their members. *ASIC decided to take action on the issue and launched an aggressive campaign to convince the government to keep the VAT on food products at 50% of the overall VAT rate (i.e. 11% instead of 22%).* ASIC prepared a letter objecting to the plan and sent copies to the Ministers of Agriculture, Finance, Trade and Social Protection, along with the Prime Minister. They also prepared a press release objecting to the planned VAT increase and sent it to all of the Bucharest media. Finally, they organized a live radio broadcast on the National Radio station with the participation of the Minister of Agriculture, the Deputy Minister of Finance and the Chairman of the Senate Finance and Banking Committee. *During the broadcast many members of ASIC questioned the government officials on the intended increase of VAT on food, and got them to promise to the Romanian public –on the radio - that they would limit the increase in the VAT tax on food to 11%.*

- *ANAMOB was a key member of a strategic alliance of business associations that fought for a change in Government Ordinance 92 regarding the deductibility of advertising expenses and tax exemptions on imported equipment. ANAMOB is a member of the coalition of food processing associations that is trying to change the 2% agricultural pension tax, which is imposed only on food products. ANAMOB, in association with ACDI/VOCA, is also working with the World Bank and the Ministry of Agriculture to develop a new set of laws for grain storage and marketing (grain grades & standards, warehouse licensing & receipts, etc). ANAMOB is continuing its efforts to eliminate discrimination against private firms and the resulting unfair competition between state-owned and private milling and baking companies.*

As the business environment in Romania changes and the members of these associations face more and more difficulties, the role of these associations will become more important. Both of these associations are working to resolve important legal and regulatory issues that their members face every day. ACDI/VOCA will continue to provide them with the support they need to be successful in these efforts.

Annex 5 to this report is an impact assessment of the CEE II Project in Romania, which was provided to USAID in late 1998. It is summary of the overall impact that the project had on the sectors that we have assisted.

## **2.5. Lessons Learned and Success Stories**

### *A. Lessons Learned*

Over the past five years of assistance to private agribusinesses in Romania, ACIDI/VOCA has learned some lessons on what works and what does not work. Some of the more important lessons can be summarized as follows:

#### ***1. Providing assistance to an industry needs to be based on an understanding of the problems it is facing, and how outside intervention can help.***

The assistance programs that ACIDI/VOCA has developed in Romania have all been based on a thorough study of the situation at the firm level. We have used primarily consultants for this type of assignments. The final reports of these assignments provide us with the information we need to develop our programs. Based on these studies, we tailor technical assistance programs, which meet real, immediate needs of the firms involved.

#### ***2. The use of multiple forms of intervention is essential in order to address the wide spectrum of problems facing the sector.***

ACIDI/VOCA is fortunate to be able to organize and offer a broad range of technical assistance services. We start with a sector study, then provide direct assistance via volunteer assignments (this gives us additional information on the problems at the firm level), followed by technical training seminars for groups of firms, and finally we organize international study programs. Being able to offer such a wide variety of assistance tools allows us to keep the firms interested and involved, and to meet the varying needs of the sectors as they develop.

#### ***3. Volunteers tend to do best at providing the ‘people-to-people’ type of assistance at the firm level.***

Most of the volunteers we use work very well with the individual entrepreneurs, because they can relate quickly to the problems they are facing and they share many of the same experiences. In many cases volunteers go on to maintain close contact with their host, and continue to provide advice and counsel on an informal basis. The volunteer program is good at building the ‘people-to-people’ relationships between Americans and Romanians.

#### ***4. Consultants are best suited for assignments where there is a specific deliverable that is critical to the completion of the assignment at hand.***

We have found that in cases such as sector studies, and technical seminars where we wish to provide the participants with a significant amount of written material to compliment the course, it is better to use a consultant. Consultants are better at providing a well-written and presentable document in the case of a sector study, or the development course materials beforehand in the case of a seminar.

#### ***5. Group training events, such as seminars and conferences, provide excellent opportunities for promoting the idea of a trade association.***

In Romania, and in most of the other countries of the Central and Eastern European region, the new entrepreneurial class rarely has an opportunity to get together and share experiences with their colleagues in the same industry. When we get such groups together, they have a chance to communicate informally and to learn that they

are facing many of the same problems. They see the benefits of working together to solve those problems and the idea of a trade association evolves naturally.

***6. New associations have limited means to provide services to members, and this is where outside assistance can play a key role.***

While a newly formed association may be able to establish an office and hire staff, they have very limited resources for member services. An assistance project such as the CEE II Project can play a key role in establishing a partnership with the association to help deliver services to the members. In this respect, ACIDI/VOCA has worked closely with its partner associations to organize seminars, conferences, international study programs and other activities. These activities keep the association managers in contact with their members. Thus the association managers can better gauge the members' needs and determine what types of services to deliver.

***7. Later on, it is important to allow the associations to establish themselves and maintain their independence. Dependency on outside financing can be dangerous.***

Young associations should be allowed to establish themselves on their own, and develop at least a basis of financial support from their own members. Associations that are established with significant financial and material assistance from outside sources are generally less viable in the long run.

***8. Assistance programs should work with the associations to gradually transfer the responsibility for these programs to the associations.***

In the early stages of the assistance program, ACIDI/VOCA works together with the associations on the preparation and implementation of training events, seminars, discussion meetings etc. In that process the associations gain the knowledge, skills and experience needed to organize and deliver those activities on their own. This is a gradual process, starting with the less complex types of activities and building on them. The assistance program should work with the association to develop a cadre of local technical consultants who can replace the technical assistance program offered on a collaborative basis during the early phases.

Following these general guidelines, ACIDI/VOCA in Romania has been able to foster and support the development of two strong, viable, independent industry associations. These associations currently function on their own, but they do not have the ability to offer as wide a range of services as they should. For this reason limited assistance to these associations will continue for some time in the future. We do expect that these associations will live far beyond the life of our program in Romania, and that they will continue to be important factors in the development of the industries they represent.

***B. Success Stories:***

Having worked with more than 300 individual enterprises in Romania in the past few years, we have seen many of them grow and prosper. Success stories are included in Annex 6 of this report, and provide a more detailed presentation of our success. A summary of these stories is included below:

- Ms. Marioara MARIN has come a long way since she graduated from the Bucharest Polytechnic Institute in 1981. By the time of the 1989 revolution, she had advanced to a managerial position at a good company. She had a secure future, but she was not satisfied with the security of her position, and wanted to prove to herself that she could do something on her own and succeed. Her first business was a trading venture. She was importing stainless steel products from western suppliers, which she sold to the larger state metalworking companies. Her business was going well and she had proven to herself that she could be successful but she had another goal. Marioara wanted to undertake something productive, and to do it in the village where she was born, Ianca in Braila County.

She started her new business with 80M Lei, earned in her trading venture and a loan of additional 50M Lei. She bought land, put up a building and purchased and installed the milling equipment. It took about nine months to get the business going, but in early 1993 she had a new mill that could process 24 tons of wheat a ton of corn a day. Borrowing money at that point took much courage, as interest rates were 100% or more, and the term of most loans was two years. Despite these difficult loan terms, the business generated enough income and Marioara could pay off her loans within a year and a half.

The flourmill was only the start of her dream of an integrated business venture to grow the grain, mill the wheat, and bake the bread. In late 1994 she started small bakery in Ianca to supply her town, and surrounding villages. Her bakery had a capacity of 30 kg of bread per hour, and she sold 3,000 loaves per day in the area. Her bakery sold a standard 300-gram loaf. In the process of developing this business she became the largest employer in Ianca, with 23 full time employees and six seasonal employees, more that even the local Mayor's office, which has 22 full time employees.

Marioara also started a farm, and by late 1999 she had become the largest private farmer in Braila County. Along the way, Marioara has received significant assistance from ACDI/VOCA. She has been a regular attendee at the technical training seminars we have organized, and has hosted volunteers at her mill and bakery. Most recently Marioara assisted ACDI/VOCA in the completion of the grain production study. She is a good demonstration of how a Romanian entrepreneur can become a success.

- Mr. Ion ECOBICI was an employee in a state owned meat processing plant for 25 years before he could even dream of starting his own business. He knew his trade, and knew he could do better than the state plant he worked in. When the revolution of 1989 changed the scene for private initiative in Romania, Ion decided to start his own meat processing plant, and do things the right way. He began planning soon after the revolution, and in 1991 he purchased a plot of 3,000 square meters on the outskirts of Tirgoviste for his processing plant. By July the company had been legally registered, and opened doors for business. His plant was not large: he had second-hand processing equipment and produced only 100 kg. to 200 kg. products a day, but it did not take him long to establish a reputation for quality products.

By the end of 1993 his production had grown to 500 kg per day, and he was selling all of his products through local retailers. In early 1994 he opened a small retail shop in the center of Tirgoviste, and that was when the sales really went up. Ion did not rent a storefront on the main street, and invest a lot of money in making improvements to it. Instead he purchased a small mobile metal kiosk, set it up in an area close to the center of town, but also convenient to the main residential apartment areas. He had lines of customers stretching out the door from the start, and he couldn't keep product in the store.

He needed to expand the production to keep up with demand, so he added another 250 square meters of production space to his plant. In early 1995 he heard of the ACDIVOCA project in Romania, and as a first step he requested a volunteer. A meat processor from Nebraska, made a three-week trip to Romania shortly thereafter, and provided Ion and his staff with hands-on advice meat processing. Instruction started with carcass cutting. The volunteer showed the employees American carcass cutting methods to help CARNECO get the most value out of each animal they slaughter. He then went on to sausage making, and developed three new kinds of sausage with the staff of CARNECO. The new cutting techniques, and sausages have proven very beneficial for CARNECO. The volunteer has continued to correspond with Ion, and recently offered to help Ion purchase second-hand processing equipment from US.

In 1995, Mr. ECOBICI heard about the ACDI/VOCA seminars organized for the meat processing industry. He has been a regular attendee at all the seminars completed to date. Because of his active involvement in the seminars, and his participation in the creation of the private meat processors association in Romania, ACDI/VOCA chose Mr. ECOBICI to participate in the first US Study Program for the Romanian meat processing industry. Mr. ECOBICI and a group of eight other meat processors made a three-week trip to the USA. Mr. ECOBICI and the other members of the group were most impressed with the sanitary standards maintained in the plants, and the diversity of products and the packaging materials used. They also attended the annual meeting and convention of the American Meat Institute in Chicago.

Mr. ECOBICI's business continues to grow and prosper. He is planning another expansion of his plant, this time adding another 150 square meters of production space to increase his production level. He opened a second retail shop in the center of Tirgoviste, this time a storefront with all the trimmings. He is very grateful for the assistance that ACDI/VOCA have provided to him, and believes that it has been instrumental in helping him make good decisions for the development of his business.

These are only two examples of how the assistance provided by ACDI/VOCA can be instrumental in the development of successful private sector businesses. By combining direct firm level technical assistance, with group training events, and developing industry associations providing ongoing assistance, once donor funded efforts are complete, a healthy and active private industry can be created.

## 2.6. Final Report Section (Apr '95 to Sep '99)

The basic justification for the approach of the CEE II project, and the reasoning behind the methodology can be presented as follows.

*Agribusiness as the Engine of Change.* Certainly the problems facing the agricultural sector of Romania and other CEE countries are daunting. Land tenure, farm mechanization, ag input supply, agricultural research, market development; these are just a few of the issues to be dealt with to transform the agricultural sector from a centrally planned one to a modern, market driven industry. Given the limited resources available to USAID and other donors, and the even more limited resources available to an agency such as ACDI-VOCA, some hard choices had to be made. The Project was designed to focus on food processing industries, for a number of reasons, but the most important is the central role of food and food processing in these economies. In most of the CEE countries, agriculture and food processing occupy a predominant role in the country's economy. In Romania, it is estimated that an average of 65% of household income is spent on food, agriculture and agribusiness represent more than one-third of GDP, and they provide much of the employment in rural areas.

With the opening up of Romania to the West, Romanian consumers have been exposed to the quality of food products commonly available in the western markets. The purchasing habits of Romanian consumers have changed. They are now willing to pay a more for a higher quality product. In trying to meet the higher customer expectations the newly formed private agribusinesses had to change their business practices. The agribusiness companies are transferring those market demands to their suppliers. These phenomena created demand for the technical assistance services ACDI/VOCA offers.

*Selecting Sub-Sectors with Low Barriers to Entry.* The food processing industry offers a broad range of products. Project efforts focused on firms that would provide the greatest impact on the economy. The selection of the milling, baking and meat processing sectors in Romania was based on an assessment of the barriers to entry for new firms or "How difficult is it for an entrepreneur to start up?" We selected sectors with low barriers to entry, to allow for the widespread formation of small firms that could eventually grow into medium and larger sized firms, and eventually come to dominate the industry. For our purposes we examined what we considered the critical factors limiting enterprise creation in the food-processing sector. These factors are:

- Local market demand for the product;
- Availability of raw materials for processing;
- The level of technology required for start-up; and
- The capital requirements of a new enterprise.

Within each of the chosen sectors, we have found these barriers to be relatively low, or low enough to allow the creation of a large number of small enterprises dispersed throughout the country.

The people in this region consume large quantities of bread. Romania has the third highest per capita consumption of bread in the world. Romanians consume an average of 350 to 400 gr. of bread per day, vs. the average US consumption of only 50 to 60

gr. per day. This broad market demand, and the importance of wheat production in Romania, makes milling and baking natural targets for Project assistance. Similarly, Romanians consume meat with virtually every meal. Smoked meats, sausages, salamis, and other processed meat products are the most common meats consumed. The broad national market for processed meat products and the relatively high per-capita meat consumption (about 50Kg. per capita per year) makes the meat-processing sub-sector another good target for Project assistance.

Within these sub-sectors, the primary raw materials needed for the production of the final product has historically been in abundant supply in Romania. Wheat has historically been in surplus in Romania. In the late 1990's Romania was selling significant quantities of wheat on the international market. Romania has also historically been a significant producer of animals for the meat industry, and until 1998 it had a significant national herd. The stocks of both cattle and hogs have declined in recent years, and many meat processors started importing to supply their needs.

The technology needed to get into the milling, baking or meat processing businesses is not very sophisticated. Until recently a new firm using locally made processing equipment could be competitive on the local market. In most cases the new entrants to these sub-sectors have used local or imported second hand equipment, and started on a relatively small basis. As their understanding of the market and the technology grows many of them replace their second hand equipment with new imported machinery. Even with newer imported equipment, the technological challenges for these firms are still relatively small since the underlying production process remains the same whether one uses new or old equipment.

Finally, and perhaps most importantly, the capital requirements for these types of enterprises are relatively low, allowing broad participation by small enterprises throughout the country. Most of the entrepreneurs in these sectors started out in trade, and used that to raise capital, which they could then invest in a productive enterprise. While these people were relatively well off within the Romanian context, they did not have substantial capital to invest, and loan financing was expensive and difficult to obtain. Thus, sub-sectors such as milling, baking and meat processing offered a good opportunity. Second-hand equipment was available locally, there was commercial property for rent, and the working capital requirements were very low. These businesses operate on a cash basis, with virtually all production being sold within one to three days.

Our work in the field has shown that these are good sub-sectors for new entrepreneurs, and that those who started early are doing well. The situation in these sub-sectors is changing rapidly, as competition becomes more severe, and it is not as easy to get started in the business. Demands for higher quality raw materials force changes in production technologies.

*Creating Sustainable Private Agribusiness Sectors.* While there has been a lot of enterprise creation and growth over the past five years in these sub-sectors, and others, the enterprises do not operate in a vacuum. They need some type of support organization to bring them together - particularly for negotiations with the government on policy and regulatory issues. Over the course of the Project, we have put a significant effort into working with these groups to form industry associations that can represent their interests. This has worked well, with the creation of two broad-based national associations in Romania. These are still relatively young organizations, but they are already influencing on the operating environment for their members. ACDI/VOCA will be continuing to assist them in the coming years.

In the future, new Project assistance efforts will be shifting to further support the development and growth of these associations through the implement a broad range of activities that serve the needs of their members. The new Project will help the associations become better advocates for their members. Volunteer assignments at each of the associations have focused on the advocacy issue, and further efforts will be made in this direction.

*Privatizing by Displacing Obsolete State Enterprises.* Much has been made to “privatize” the state owned firms in the former socialist countries. Romania has been one of the laggards in the privatization effort. There are two ways privatization can be approached - one can privatize the state firms, or one can create new private firms, which eventually drive the state firms out of business. In many sectors and particularly in food processing, where state firms tend to have old and outdated technologies, the creation of new firms may be the better route. In the sectors where we work, privatization of state-owned companies makes no sense. The new private firms that have entered the market have been very successful in displacing the state firms in their geographic areas. In many cases the state firms are now operating at a fraction of their capacity, and the private firms are taking their markets and their customers away.

As the CEE II Project comes to a close in Romania, it appears that these assumptions made years ago have been correct. Our selection of sectors, our approach of combining direct technical assistance with training programs and other assistance, our emphasis on developing industry associations, and our assistance in implementing advocacy activities, have all paid off. The CEE II Project in Romania will leave a lasting legacy – two active and effective industry associations that can represent the interests of their members in the coming years.

## **2.7. Follow-On Activities in Romania**

In early 1999 ACDI/VOCA signed a new grant agreement with USAID Romania for the implementation of a new three-year technical assistance project for agriculture and agribusiness. This project is essentially an extension of the CEE II Project, with an expansion in new sectors – specifically grain production and hog farming. Both of these sectors are closely related to the previous work of ACDI/VOCA, as they form the key supply sources for the milling and baking industry and the meat processing industry. In addition, these sectors of the Romanian economy are in crisis now, and can need assistance to improve their productivity and efficiency.

### *Assistance to the Grain Production & Processing Sector:*

In the grain production sector, ACDI/VOCA started with a sector study. In August of 1999 two consultants were hired and brought to Romania to examine the state of farm production throughout the country. These consultants met with Ministry of Agricultural officials, representatives of input and machinery supply firms, and visited a large number of farms in the main grain production areas. Based on their findings, they prepared a report that will be used for the development of the new ACDI/VOCA assistance program in this sector.

To achieve the best results with the new program, we have decided to focus our efforts on only one Judet in Romania – Braila. Braila is approximately 100 Km NE of Bucharest, and has the most fertile soil in the country. The private farms in Braila Judet are relatively large, and the land restitution process is fairly advanced. Our efforts will be focused on assisting privately owned farms of 500 hectares or larger, which represent the best prospects for the future development of grain production in the country. As in the past, we will use volunteers for individual farm assistance and participant training for assisting larger groups and hopefully for fostering the creation of farmers associations.

Another aspect of the program will be the development of trade and investment linkages between Romanian farmers and US farmers. We seek to develop a series of joint venture farming operations, which will bring in US farmer investors to become partners with Romanian farmers we identify and recommend to the potential US partners. On the Romanian side our program will identify and select prospective Romanian partners, and perform a limited due diligence report that will be made available to the US investors. We will provide the US investors with information on laws and regulations in Romania. Finally, we will offer the US investors an opportunity to come to Romania as volunteers, to work side by side with their prospective partner, so they can build the trust and relationship necessary to enter into a business partnership. Through this process we hope we can develop a limited number of joint ventures, as well as provide direct technical assistance to a larger number of private farms in the Judet.

Activities within this element of the program have already started. The first visits to the Judet and individual farms took place in late 1999. ACDI/VOCA will seek to work closely with the government representatives in the Judet, from the Governor to the local representative of the agricultural consulting agency, to ensure that they are fully informed about our program and will provide their support. We expect that by

the end of the year we would have identified the farmers for the formal training program, and we would have a preliminary list of potential joint venture partners from the Judet.

*Assistance to the Livestock and Meat Processing Sector:*

Over the past two - three years the meat processing industry has found it more and more difficult to obtain the basic raw material they depend on – pork meat. This is a direct result of Romanian government policies from early 1997, when subsidies and support for the state owned hog farms were abruptly cut off. Since then the number of hogs in the country has declined drastically, and more importantly, the number of hogs in large industrial farms is not adequate to meet the needs of the domestic processing industry. The situation can be summarized as follows:

- In 1990 there were 17 million hogs in Romania, 5 million were bred in people's backyards, and 12 million were hogs from large industrial farms.
- In 1999 there are 7 million hogs in Romania, 5 million were bred in people's backyards, and 2 million were hogs from large industrial farms.

Because of the limited number of hogs available in the large farms, many Romanian meat processors have resorted to importing pork meat, something that was virtually unheard of three years ago.

Our study of the hog industry in 1997 revealed that there are very few hog farms with 250 to 1,000 sows in Romania. These are the types of farms – essentially small and medium scale family owned farms – which Romania will need if it is to meet its domestic meat needs in the coming years. Our study recommended that ACIDI/VOCA focus its efforts on supporting the development of small- an medium-size hog operations, and our program in the coming year will focus on these types of farms.

The small and medium scale farmers will have a difficult time developing their farms without a market for their animals. They will need some support from the feed industry and the suppliers of breeding stock. In order to provide the necessary support to the farmers we will be seeking to develop an 'integration' type approach, where a meat processor becomes the central element in the process. We will identify 4 to 6 meat processors, in various areas of the country, who can work with us and who will be willing to enter into contractual agreements with of hog farmers in their immediate area. We will try to bring in a feed mill in the program, so that we can assist the farmers involved to obtain good quality feed for their animals. An arrangement may be made for the meat processor to provide payment to the feed mill for the feed needs of the farmer, and then to deduct the cost of the feed from the final payment for the animals the farmer provides.

ACIDI/VOCA staff is visiting prospective meat processor candidates for this program. We hope that within the next few weeks we can identify the meat processors who will be our partners in this program, and once we have these firms identified we can contact the hog farmers in each processor's area. Once the processor and the farmer have established a basic level of trust we can begin to develop the necessary

contractual agreements between the farmers, the meat processors, the feed mills and any other input suppliers who will be involved in the program.

*Privatization of the remaining State Farms:*

Since our new grant has an overall objective of fostering the development of a vibrant private agricultural and agribusiness sector in Romania, and because the millers and bakers association has a particularly good relationship with the Ministry of Agriculture, we have been asked by USAID Romania to make a portion of our grant available to the Ministry to help speed up the privatization of the remaining state-owned farms. At this point there are still 700 of them, and the task is formidable. In mid-October ACDI/VOCA signed an agreement with the Ministry of Agriculture, to provide the Ministry with \$250,000 in funding to establish a Special Program Management Unit (SPMU) that will undertake this privatization effort.

The objective of this pilot effort will be to assist the Ministry to get a start on the privatization of the remaining state farms, and to develop systems and procedures that can be used during a longer-term effort to complete the process. The objective would not be to conduct thorough in-depth analyses of each farm examined, but to prepare a quick assessment of the financial, legal and physical state of each unit. These assessments would then become the starting point for due diligence analyses to be completed by parties interested in purchasing, investing in, and/or leasing these farms. The assessment would present historical balance sheets and income statements (presented according to western accounting conventions) for the past three years, which would be based on on-site examinations of accounting records, and other research.

The SPMU team will be composed of financial analysts. An additional person will be hired by ACDI/VOCA to act as Team Leader. The team will be supported by the ACDI/VOCA Romania staff (the Country Representative, the Deputy Project Director, and the Program Manager for Trade & Investment) and full-time ACDI/VOCA staff in the USA, (senior ENI Division staff), and the Senior Agribusiness Advisor at USAID. The program will call on the services of other GoR employees, in other Ministries and Agencies (Ministry of Finance, State Ownership Fund, Parliament, etc.) and hire them on short-term consulting contracts for specific tasks. A ACDI/VOCA volunteers and/or consultants will also be made available to the SPUM to assist with the technical analyses of the farms.

The objective of the activities undertaken by this program is to create short reports on each farm examined that will lay out the current financial situation, identify legal impediments to privatization, and present an evaluation of the potential for further development of the farm. This document will be disseminated to as broad a public as possible – including putting them on an SPMU Web site – to make the information available to potential partners or investors. The SPMU team will maintain close working relations with the State Ownership Fund (SOF), the Capital & Trade Development Group (CTDG), private investment funds, and other organizations and programs seeking to facilitate the privatization of state owned enterprises in Romania. ACDI/VOCA will also use it's own membership of farmer cooperatives in the USA, and contacts with other US agribusiness companies, as a resource for identifying potential investors and/or purchasers.

As of mid-November the SPMU within the Ministry was established, and began operations. The first 50 farms to be offered for privatization have already been selected and offered for consideration. This list was published in the local press, and expressions of interest are now being received. Assessments of the farms will be made based on the offers received. The farms of most interest to prospective purchasers will be analyzed first. The initial plan is for this to be a six-month program, but if the first farms are privatized successfully there is a possibility for a cost extension.

*Assistance in Other Agricultural Sectors:*

While the new program focus on the two sectors identified above, along with the state farm privatization effort, some resources could be made available to provide assistance to other sectors. We have already, done an assessment of the apple industry in Romania, and there are prospect for additional assistance in that sector. We also conducted a survey of the warehouse receipt system in Romania, and if the new WHR law is reasonable, there may be some an opportunity to develop a WHR assistance program in Romania. We have also been in contact with some of the investment funds in Romania, and are prepared to provide assistance to them if there are good opportunities.

These efforts will be limited if we are restricted to the funds available under our current grant. Should the need arise for an expansion of any of these efforts, ACIDI/VOCA would look to the USAID Mission in Romania for support.

### **3. BULGARIA**

#### **3.1. Project Overview**

In 1994 the USAID Mission in Bulgaria developed a new Strategy for the Development of Bulgarian Agriculture. The new strategy introduced new priorities and approaches for further program implementation. ACDI/VOCA's program before 1994 focused on providing technical assistance and training to agricultural processors with emphasis on meat processing and fruit and vegetable processing.

In April 1996, along with six other us organizations, ACDI/VOCA joined the FLAG consortium. FLAG was created at the request of USAID for better utilization of resources among the technical assistance providers and more focused information exchange and synergy. Since then ACDI/VOCA has been a leading partner in all FLAG initiatives.

Throughout the duration of the project there have been several major changes in the management structure. Three expatriates worked under the position of country representative – Mr. Jeffrey Levine, Mr. Donald Oelsgle and Mrs. Madonna McGuire. In June 1999 Mr. Krassimir Kiriakov, a long term Bulgarian employee of ACDI/VOCA replaced Madonna McGuire as Country Representative. A short-term goal in the development of the Bulgaria office is to increase the technical capacity of the local staff and utilize their skills in combination with other tools on order to be able to provide better services to our customers.

In September 1999 ACDI/VOCA Bulgaria was awarded a new two-year country specific grant for the Agribusiness Support Project (ASP). This project is a successor of the successful efforts of ACDI/VOCA under the CEE II Grant and will provide further support for the development of Bulgarian agribusiness, recognized by all international donors as a priority sector for the economy of the country.

**CEE II – BULGARIA**  
**Project Activity Summary Table (fy1994-fy1999)**

Project Activity	FY94		FY95		FY96		FY97		FY98		FY99		Project Total	
	Projected	Completed	Number	Percent										
<b>Volunteers &amp; Consultants</b>														
US Volunteer Assignments	50	54	34	33	37	25	36	36	50	56	53	63	261	101%
US Consultant Projects	0	N/A	0	N/A	0	N/A	0	N/A	1	1	4	3	4	75%
Local Consultant Projects	0	N/A	0	N/A	0	N/A	0	N/A	6	6	3	3	9	100%
<b>Training &amp; Exchanges</b>														
In-Country Events	4	4	3	3	4	3	1	1	14	14	14	27	52	130%
East-to-East Training	0	N/A	0	N/A	0	N/A	3	3	3	3	3	7	13	144%
US-based Training Events	1	1	3	3	1	1	1	1	5	5	5	5	16	100%
<b>Beneficiaries</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>										
Volunteer Assignments														
-direct	893	395	455	196	276	102	835	688	687	378	621	427	3,767	2,186
-indirect	9,600	3,755	3,269	1,508	790	160	5,067	3,836	6,475	3,544	2,417	1,284	27,618	14,087
Consultant Projects														
-direct	0	N/A	0	N/A	0	N/A	0	N/A	109	61	64	37	173	98
-indirect	0	N/A	0	N/A	0	N/A	0	N/A	1,390	870	555	390	1,945	1,260
Training Events														
-direct	210	80	310	153	54	26	23	22	1,074	976	2291	960	3,962	2,217
-indirect	1,710	180	2,470	800	360	90	207	83	6,437	4,010	9710	5,410	20,894	10,573

### **3.2. Volunteer and Consultant Assignments**

Volunteer assistance has been an important component of the CEE II grant in Bulgaria. There have been over 260 volunteer assignments since the beginning of the project in 1994. Most of the volunteer technical assistance falls in the following sectors: meat processing, fruit and vegetable processing, baking and confectionery, hog and cattle breeding, grain and fodder production and milling, beekeeping and oil production,

Following is a list of the most significant volunteer assignments completed in Bulgaria accompanied by a brief description:

#### **ES800211 and ES800224 ROMA Foundation**

**Volunteer involved: John Smith    End Date: 01/31/97**

Volunteer John Smith worked with the Roma Foundation on two assignments. He developed demonstration plots and trained staff and members of the foundation in modern farming practices. As a result the gypsy farmers had potato yields unlike any they have ever seen in Bulgaria, averaging 5,000 kg/hectare.

#### **ES800223 Sisiphus, beekeeping and honey trading company**

**Volunteer involved: William Lord, End date: 07/02/97**

Mr. Lord conducted training for active beekeepers (suppliers to Sisiphus) and students of a specialized school who are potential employees of the company. Mr. Lord developed a curriculum for the beekeeping school, which is already being used. Two new teachers were hired while Mr. Lord was still in country. The volunteer helped the host get e-mail access and worked with him on the creation a web page for distribution of Sisiphus' product over the Internet. Mr. Lord introduced and helped the host adopt Production-Black-Light technology. As a result, the host exported \$1.2 million worth of honey and beeswax to the U.S.

#### **ES800217 Fruit and Vegetable Group Follow-up**

**Volunteer involved: Roger Huibregtse    End date: 04/05/97**

Mr. Huibregtse coordinated a U.S.-based training event for six Bulgarian fruit and vegetable processing companies. After the training the participants invited Mr. Huibregtse to work with them in Bulgaria. He advised the management of the companies on how to meet the FDA standards for export to the U.S. In addition, the volunteer assessed the overall management, marketing, sanitary and processing operations of the companies and made recommendations.

The volunteer worked with the six companies to form an association, which was officially registered on May 28. Mr. Huibregtse recommended that the new association offer training and seminars, newsletters and other membership mailings, market information, equipment information and wholesale purchasing of inputs.

#### **ES800248 Yaitseprom, egg production company**

**Volunteer involved: Robert McCann    End Date: 10/31/97**

Mr. McCann helped the company develop a successful forced molting program with detailed description of the method to induce a molt in laying flocks. He worked with the company introduce the program and conducted a step by step training for staff.

The volunteer's recommendations prevented the loss of 24,000 chickens and increased the sales by \$100,000. The forced molting program increased the egg production by 60% in one year. The forced molting process allows a company to get as many as three laying seasons out of the chickens before they are processed for meat, which is a substantial improvement compared to the one season they used to get out of their chickens before.

**ES800259 Trimvirat, Hog producing company**

**Volunteer involved: Dave Gerber End Date: 04/03/98**

The volunteer evaluated the hog breeding facility and was made recommendations for ventilation improvements, new feed ratios. He introduced a more rigorous breeding schedule to increase the number of litters per year and reduce the amount of days on feed before slaughter. Additionally, he discussed record keeping techniques to help the company decrease the number of birth defects.

**ES800281 Bulagro, John Deere Dealership**

**Volunteer involved: Jerry Collins End Date: 6/19/98**

Mr. Collins is a John Deere dealer in the U.S. and assisted Bulagro in the establishment of a John Deere dealership in Bulgaria. The volunteer suggested that the client should *first* purchase a John Deere combine and lease it out. His rationale was that if people see the combine working and realize its efficiency they would be more willing to buy than if they just heard of its efficiency from the seller. The client visited with the University of Delaware Business Development Center for advice on securing financing for the purchase of a John Deere combine. The UD staff suggested a plan that Bulagro then took to the John Deere importers in Bulgaria. The importers, Megatron, agreed to the plan and Bulagro received its first John Deere combine on June 29. On June 30 Ambassador Avis Bohlen visited the offices and Pioneer test plots of Bulagro. As a result of the volunteer intervention the company's sales increased by \$400,000 from the sales of two combines.

**ES800264 Bulgarian Grain law**

**Volunteer involved: Steve Mikkelsen End Date: 02/21/98**

For the first time since the beginning of the CEE II grant in Bulgaria, the Ministry of Agriculture allowed a volunteer to advise them on legislation. Mr. Mikkelsen worked with the Bulgarian Ministry of Agriculture on drafting a grain law. His assignment was a joint effort between USDA and ACDI/VOCA. Mr. Mikkelsen advised a working group within the Ministry drafting the grain law on issues such as grain grades and standards, grain storage and warehouse receipts, and government grain reserves. He helped redirect their focus from one of control to one of fostering free enterprise. Mr. Mikkelsen worked with the group through e-mail over the following months. As a result a group of seven specialists have been invited to participate in a Warehouse Receipts Task Force, whose job it is to advise ACDI/VOCA on the best way to design training for the general audiences interested in warehouse receipts.

**ES800292 and ES800293 Soy & Co Ltd.,**

**Volunteers involved: Krishna Agarwal; Mahmoud El-Begearmi End Date: 11/05/98**

Mr. Agarwal worked with the company on improving operation management of oil seed processing, equipment adjustment, organizational chart, handling of raw materials and ready products. He evaluated the present production process and

recommended improvements in the separate units in the processing chain – management of the inputs, internal transportation, quality control of the input along the technological process, handling of the ready products – oil and meals. Mr. El-Begearmi assisted the company in improving animal feed formulas. He completed a preliminary visibility study on the production of bio concentrates for poultry and swines. The volunteer introduced to the company a program for animal feed formulation from University of Georgia poultry science department.

**ES800356 Zoohraninvest, Rendering house**

**Volunteer involved: Lanny Bateman      End Date: 06/19/99**

Mr. Bateman worked with the company to develop a viable business plan for the rendering activity. He helped the company in build storage for carcasses and by-products and develop effective scheme for collecting of carcasses and by-products As a result of this intervention the company obtained new financing from a foreign partner, which amounts to \$200 000. In addition, sales increased by \$40 000. The company was awarded 5000 USA\$ grant from the Ecolink program, sponsored by USAID, for implementation of environment protection technology.

**ES800319 and ES800345 Ministry of Agriculture and Insurance companies**

**Volunteer involved: Erwin Schrag End Date: 04/17/99**

In April 1999 ACDI/VOCA in cooperation with USDA started the work with the Ministry of Agriculture for development of a concept for performance guarantee for the public warehouses. The activity was part of the Grain Industry Development Program. Mr. Erwin Schrag, insurance bonding specialist, assessed the insurance market in Bulgaria and advised the working group in MAFAR on the development of a concept for Indemnity Fund, which provides performance guarantee for the public warehouses. He introduced the participation of insurance companies in initial management of the Indemnity Fund. This activity was followed up by the involvement of Mr. Si Matheis who summarized all the input from USA volunteers and consultants and presented a paper with major recommendations to the working group of the Ministry of Agriculture. As a result of this efforts the Regulation for establishing of indemnity funds was promulgated in July 1999. In this way the legal framework for the implementation of the WHR system in Bulgaria was accomplished.

**ES800325 Federation of Bread Producers and Confectioners, American Style Decoration Seminar**

**Volunteer involved: Peggy Mize      End Date: 02/06/99**

Ms. Mize conducted a 5-day workshop on new decoration techniques for 12 companies-members of the FBPC. Two new tools - A KOPYKAKE projector and an airbrush unit - were introduced to the confectioners. The projector was donated by the KOPYKAKE Company to the Confectioner School in Plovdiv to be used for future training of students and also to serve as a promotional and advertising material for the new technology in the confectionery sector.

### **3.3. Training Programs and conferences**

#### ***In-country training:***

#### **Federation of Bread Producers and Confectioners, new product development workshop, Sept. 4-20, 1997**

##### **Volunteer involved-Nathaniel Pollack**

A volunteer was requested to teach a course in different aspects of the confectioner business- practical demonstration of new recipes, new products, design, decoration, packaging and product display. Mr. Pollack made business operations improvements in 18 companies. The volunteer introduced new recipes for cookies, pies, brownies, cakes and cheesecakes. He taught the companies how to make butter cream flowers and how to decorate cakes professionally. He worked in the individual bakeries to improve techniques and product presentation. The Federation of Bread Producers and Confectioners coordinated the training.

#### **Warehouse Receipts Forum, Dec. 8 & 9, 1997**

##### **Volunteers involved-Dr. Kenneth Gilles, Rolland Hendricks, Silas Matthies**

The forum took place in the beginning of December 1997. There were approximately 75 participants. The forum was the result of training six Bulgarians in Poland in September 1997. One particular participant returned to Bulgaria with the idea of implementing the system. Mr. Lubimir Draganov was the catalyst that got the idea for conducting the forum rolling. He participated in the forum as a trainer. His goal is to be the first warehouse licensed to participate in the Bulgarian system.

All potential “players” in a warehouse receipts system were invited. The three volunteers discussed the specifics of the U.S., Polish, Hungarian and Russian models. Participants in the Forum insisted that the government should allow the public, specifically the producers, warehouse owners and millers, a chance to make comments on any draft legislation related to warehouse receipts. Among the participants were Mr. Kostov, leader of the Ag Commission in Parliament, Mr. Martin Zaimov, head of the Currency Board, and Mr. Tsakov, Agricultural Advisor to the President. Additionally, there were eight representatives of the Ministry of Agriculture. In meetings following the Forum, the volunteers reconfirmed the importance of discussing the draft with as many people as possible, both in the U.S. and in Bulgaria. Following the forum two of the volunteers met with several of the key players and visited several warehouses interested in participating in the program. They found the conditions and facilities favorable for implementing the system. Dr. Gilles worked with the Ministry of Agriculture on drafting the new Grain Law.

#### **Association of Fruit and Vegetable Processors, Better Manufacturing Practices Seminar, December, 97**

##### **Consultants involved-Thomas Ragusa, Robert Wiley**

Two U.S. consultants were hired to conduct a four-day seminar on the manufacturing practices of processing fruits and vegetables. The consultants who conducted the training are educators at two U.S. universities. The Food Processing Institute of the U.S provided them. Approximately 65 people participated in the seminar. The seminar was designed to improve the production and business operations of the individual companies in attendance. The training included specific information on processing fruits and vegetables and exporting to the U.S. The participants were tested after each section of training and will eventually be able to use the training to apply for the necessary certificates for export to the U.S.

**Association of Meat Processors in Bulgaria, Training on Industry Specific Issues, January, 29-31, 1998**

**Bulgarian consultants involved- Dr. Stefan Ganchev, Dr. Rositsa Enikova, Dr. Damyan Katsarov**

Sixty-two members of the Association of Meat Processors in Bulgaria gathered for their Annual Meeting and a seminar on Industry Specific issues. The issues were presented by three Bulgarian consultants from the Hygiene Centre and the Meat Industry Institute in Bulgaria. The seminar resulted in improved business operations, increased knowledge of additive application and regulations and requirements on document for the meat industry. Other immediate results from the seminar were: improved knowledge on Soybean protein application. Soybean proteins are not legally approved for appliance in meat products in Bulgaria and currently AMB is lobbying for a Regulation to be drafted and approved by the Ministry of Agriculture; new vacuum packing technologies and equipment providers in Bulgaria (Intrama, Elex, Ilpra);

The participants at the Annual Meeting accepted 28 companies as new members of the AMB.

**ES800336, Association of oil extruders, April 14 & 15, 1999**

**Volunteer involved-Edmund Lusas**

A/V organized a two days training seminar for members of the Association of Oil Extruders. The training was conducted by Mr. Edmund Lusas and was entitled "Advances in Sunflower Seed Oil Extraction and Refining". Forty representatives from the oilseed industry in Bulgaria attended. Mr. Lusas introduced modern North American practices for extracting and processing sunflower seed oil and handling and storing the seed and meal. Additionally, the volunteer invited about 25 US and overseas companies to provide literature and materials on machinery and processing equipment, analytical instruments and supplies.

**ES800359, Association of Meat Processors, Sept. 1-11, 1999**

**Volunteer involved-Norman Marriott**

ACDI/VOCA assisted in the organization of a two-day seminar for the Association of Meat Processors in Bulgaria titled "Good Manufacturing Practices and practical HACCP planning". There were 30 participants from 22 private meat processing and consulting companies, as well as from the Ministry of Health and the National Veterinary Medical Service. During the first day of the seminar there were presentations by local consultants. Mr. Marriott had his presentation on the second day of the seminar. Prior to the seminar he had worked with two meat processing companies "Escusiana" and "Asik Group" in designing practical HACCP plans. He used the HACCP plans of the two companies as a basis for comparison in his presentation.

***East-to-East training:***

**Warehouse Receipts System Introduction, Poland, Sept. 1997**

Six Bulgarians involved in wheat production and storage, from private businesses and the Ministry of Agriculture, traveled to Poland to participate in the Grain Warehouse Receipts Symposium. The training educated the participants on the benefits of implementing a warehouse receipts program. The travelers learned of the successes of implementing such a program in Poland and Hungary. Additionally, they learned of

the challenges met by the Ugandans as they prepared to implement a warehouse receipts program in their country. While in Poland, the Bulgarians discussed plans after their return to Bulgaria. The group proposed a Bulgarian forum to introduce the concept to the key leaders in Bulgarian agriculture. The driving force behind the discussion was the private sector. The Ministry officials were somewhat less enthusiastic about implementation but agreed there was no reason to stand in the way of the private sector. The Forum was organized in December 1997 with the assistance of the Ministry of Agriculture, the Grain Traders Association and ACDI/VOCA. Trainers were members of the ACDI/VOCA staff in Poland and Hungary, USDA grain inspectors and warehouse receipts policy staff members and participants in the newly implemented programs in Poland and Hungary.

#### **Dairy Producers and Processors, Czech Republic, April, 1997**

A group of three dairy processors, three producers and one breeding specialist traveled to the Czech Republic for training. Each of the participants was a member of dairy associations.

The group met with successful dairy producers cooperative in Czech Republic assisted by ACDI/VOCA. They learned of the humble beginnings of the cooperative and the strength of the cooperative today. The participants were introduced to the processing and production techniques used in the Czech Republic. The group had an opportunity to establish contacts with their colleagues from Czech Republic. Finally, the group met with livestock breeding specialists and learned of the importance of proper animal breeding techniques. Krassimir Kirakov and Dusan Chevala from the ACDI/VOCA Czech Republic were the trainers for this event. Additionally, there were local Czech trainers who worked with the group on specific issues related to associations in Czech Republic, dairy processing and producing. The group met with ABS, a U.S. livestock breeding organization that has offices in the Czech Republic.

#### **For Agrita Co. in Poland, March 2-11, 1998**

Mr. Alex Trenkov traveled to Poland to learn more about the fruit and vegetable processing industry and the possibility of exporting Bulgarian processed fruit and vegetables to Poland. The trip was arranged by one of the Business Support Centres participating in the USAID-funded Business Support Program in Poland.

Mr. Trenkov visited to one of the most successful sweet corn producers/processors in Central and Eastern Europe. Because of Mr. Trenkov's own interest and recent involvement in sweet corn processing, the meeting was very productive. Mr Trenkov learned the marketing techniques used by the Polish company. The Polish company has previously been extremely successful in marketing their product to franchises such as Kentucky Fried Chicken. Mr. Trenkov visited fruit and vegetable processors, makers of twist off jar lids, wholesale markets, glass jar producers, and import/export companies. He learned about management practices in four food processing companies; personnel organization; worker benefits .He was introduced to new techniques in the food processing business, observed the organization of several food-processing lines and was exposed to new and different kinds of equipment. Most important for Mr. Trenkov were his meetings with companies interested in importing Bulgarian products. He saw the way the Polish market works and learned of the Polish legal formalities in import and export of food products.

**FBPC in Poland, May 24-30, 1999**

A group of 4 members of the Federation of Bread Producers and Confectioners went on a 12-day East-East training program to Poland. They attended POLAGRA, an annual international Expo and got acquainted with Polish Bakery and Confectionery Associations. During the visit the group attended the regular monthly meeting of the Polish Bakery Association Steering Committee and participated in the Confectioners Forum in Poznan. The two most famous Food Processing Schools in Warsaw and Poznan agreed to accept several Bulgarian groups for practical training in traditional Polish dark breads and confectionery items. As a result of the 7 different bakeries visited and operations observed two members of the group sent 2 people from each company to Poland to work and learn directly from the chief bakers in two popular bakeries and pastry shops in Bydgoszcz and Warsaw.

**Government officials in Hungary, July, 9-13, 1999**

ACDI/VOCA organized a 3-day East-East training trip for five Bulgarian experts, including 4 people from the Ministry of Agriculture, forests and agrarian reform and the Director of SAPI, agricultural information system. The topics of the meetings were policy information systems for the agricultural sector in transition countries” (PIT) and necessary measures to revitalize the agricultural sector in order to meet the economic and formal implications of EU-accession. Hungarian experts from the Ministry of Agriculture, University of Godollo and ACDI/VOCA-Hungary organized the workshop where several tools were explained and demonstrated. ACDI/VOCA expects the official response of MAFAR in order to develop a concept for the implementation of a similar system in Bulgaria.

***U.S.-based training:*****Meat Processors Association, July, 1997**

Five members of the Board of Directors of the Bulgarian Meat Processors Association (AMB) traveled to the U.S. for association training. The group attended the U.S. meat show in Reno, Nevada, which has long history and tradition. They gained first-hand knowledge on organizing a show, attracting sponsors, and advertising. The Association has had a food show for several years but in the U.S. they learned that they should combine their efforts with another food association so to attract more sponsors and more attendees to the show. AMB decided to join forces with the Federation of Bread Producers and Confectioners for their next show. They are considering adding another association the following year thus making the show more of a food show rather than just a meat show. The group traveled to Wisconsin where they met with county, regional and state meat processors association members and staff. Upon their return the Board interviewed and hired two new staff members based on the job descriptions they gathered in the U.S. The trip ended with a seminar in Washington on the importance associations, lobbying, media and public relations. Upon their return they hired a marketing consultant to assist them in preparing for their show. As a result of improving their services and association Board operations, the association has attracted 10 new members, which increased their membership by 17%.

**Federation of Bread Producers and Confectioners, RBA's convention, March, 20 – April 3, 1998**

Six members of the FBPC traveled to the USA to participate in the RBA 's Marketplace convention and exhibition in Anaheim, California. With more than 400 exhibitors and 1,000 booths representing the latest equipment, ingredients, displays, and service available for retailers, the show provided the group with the latest information on confectionery technology. Following the show, the group visited confectionery shops and hotels. The group worked together with the staff of the Century Plaza Hotel as each member was paired with an employee of the hotel. The participants were introduced to new confectionery products, based on new for Bulgaria recipes. They purchased US confectionery equipment for decorations to use in their production in Bulgaria.

**Sofia Commodity Exchange and Commodity Exchanges and Wholesale Markets Regulatory Commission, Dec. 5-21, 1998**

Two members of the Sofia Commodity Exchange (SCE) and three members of the Commodity Exchanges and Wholesale Markets Regulatory Commission (CEWMRC) traveled to the U.S. to receive training on operations and regulation of commodity exchanges and wholesale markets in the U.S. The trip was the result of work started by Mr. Si Matthies, a volunteer with the Exchange and Regulatory Commission during the last quarter of FY 97. The participants traveled to Chicago to participate in a five-day training conducted by the U.S. Commodity Futures Trading Commission (CFTC). The CFTC training was geared towards regulation of commodity exchanges. While in Chicago, the Regulatory Commission visited wholesale markets. After that, the Regulatory Commission participants traveled to Washington, DC to learn more about regulating wholesale markets and the Exchange participants traveled to Minneapolis to learn more about the operation of commodity exchanges in the U.S. Since their trip to the U.S the SCE has worked on improving financial management, marketing, and self-regulation. CEWMRC is in the process of establishing regulations for commodity exchanges and wholesale markets and the timing of the training was crucial. The information gleaned from the CFTC training will have a direct impact on the Bulgarian system.

**Associations executives, Association strengthening, April 23 – May 8, 1999**

A group of seven association executives, representing the Association of Fruit and Vegetable Processors, the Federation of Bread Producers and Confectioners, the Bulgarian Chamber of Bread Producers and the Association of Meat Processors, participated in a 10-day U.S.-based Association Development Training Program. The Bulgarian association leaders already had a wealth of experience that has allowed their associations to grow dramatically since their founding in the 1990s. Based on the feedback from the group, they gained valuable insight into many areas of association management and business opportunities that can strengthen their associations as well as support individual association members. The training was divided into four basic categories: Association Development and Management; Counterpart Association Relationships; Marketing; Production, Processing and Distribution. During the training, the leaders also identified possible models for increased communication and responsiveness to members as well as regional organizations. Meetings with counterpart associations also highlighted the importance of Bulgarian agricultural groups being proactive in working with their government on issues, such as food safety guidelines that are subject to policies of the World Trade Organization.

The association leaders gained knowledge in U.S. buyer expectations and food safety requirements.

**Association of Hog producers, August 27 – Sept. 14, 1999**

A group of six Bulgarian hog producers, representing the Association of Hog Producers in Bulgaria, participated in a two and a half-week US based Training Program from 27 August to 14 September 1999. The trainees benefited from the exposure to the newest trends in hog production, new technologies and marketing techniques and potential partners. They gained knowledge in farm and association management. Subsequently the group visited several small and large hog farms, the Pork Centers and Animal Science Departments at Ohio and Iowa State Universities, the two local Pork Producers Associations, Ohio Department of Agriculture and different manufacturers of equipment for hog production. American waste and odor management and disposal techniques; methods of disease control; breeding lines; and appropriate feed rations for the different stages in swine production were of greater interest for the participants in this training program.

### 3.6. Significant Impact and Results

#### GRAIN INDUSTRY DEVELOPMENT PROGRAM

- *ACDI/VOCA assisted the development of the warehouse receipts system in Bulgaria.*
- *With the assistance of ACDI/VOCA and USDA, the Storage of and Trade with Grain Act was drafted and passed in Parliament.*
- *Three warehouses were selected to serve as the demonstration and education project participants.*
- *Four loans in the total amount of \$25,000 were given to producers in October 1998. They were successfully paid back by February 1999.*
- *ACDI/VOCA and USDA cooperated in training warehouse examiners.*
- *In January 1999 the Education and Demonstration project was officially completed with an Evaluation Conference.*
- *Nine awareness seminars were carried out in the main grain areas in Bulgaria.*
- *ACDI/VOCA consultants and US experts worked with the Bulgarian Ministry of Agriculture on developing the performance guarantee for the public warehouses.*
- *The first public warehouse in Bulgaria was officially licensed on June 23, 1999.*

In September 1997, USAID Bulgaria approved a group of participants, including government officials and private citizens, to participate in a Third country training trip to Poland. While in Poland, the group attended a symposium on warehouse receipts and learned the concept and the implementation of a national program. Following the trip, the group decided to hold a Forum on Warehouse Receipts in Bulgaria aimed at encouraging the development of a warehouse receipts system. With the support of USAID, ACDI/VOCA began work on implementing the system in Bulgaria.

In February 1998, ACDI/VOCA teamed with USDA to provide the Ministry of Agriculture, Forestry and Agrarian Reform with an expert to begin drafting the grain law. Through the spring and summer, the USDA expert returned to Bulgaria several times to assist the Ministry with finalizing the law and drafting the regulations that support it. The Storage of and Trade with Grain Act was passed in Parliament on July 27, 1998. Additional USDA experts traveled to Bulgaria to offer continuous assistance in the drafting of the regulations.

In the summer of 1998, ACDI/VOCA focused on the private sector side of warehouse receipts and began investigating the possibility of implementing a demonstration and education project before full implementation nationwide in the summer of 1999. The purpose of the demonstration and education project was to serve as a real world test of the law and regulations.

In August, two U.S. experts visited nine warehouses and assessed their financial and technical abilities. Based on their advice, three warehouses were selected to serve as the demonstration and education project participants. In mid-September the warehouses selected were announced at a kick-off ceremony attended by the Deputy Minister of Agriculture, the U.S. Ambassador to Bulgaria and representatives of the President's Office. These warehouses were Ustrem in Rousse, Zarneni Hrani in Silistra and Kamel in Kavarna. Following the selection, meetings were held with producers, bankers and the warehouse owners/managers to initiate the process of lending money using grain as collateral.

On October 27, 1998 the first two loans using grain as collateral were signed. The loans totaled approximately \$ 10,000 and were issued by the Silistra branch of Eurobank. A month later two more loans for \$15,000 were issued by Hebrosbank, again using grain as collateral. The four loans were successfully paid back by the end of February 1999.

In November 1998 subsequent examinations of 6 warehouses were carried out. Three warehouse inspectors from USDA trained 13 employees of the Bulgarian National Grain Service how to conduct the exam. The training covered the three pilot participants and three other warehouses.

The Grain Industry Development Program made further progress in November with the bankers' training seminar on how to use warehouse receipts as a financial tool. About 30 bank participants discussed the Grain Law and expressed opinion on the advantages and disadvantages of the system for the banks. Krassimir Kiriakov, the GDP manager, presented the program to the bankers.

Another major activity of the program was the US based training for the participants – warehousemen, bankers and grain producers – in December 1998. The program included mainly training on the specifics of how to use the warehouse receipts system and meetings with US business counterparts.

On January 26, 1999 an evaluation conference marked the end of the Education and Demonstration project. Among the participants were the Bulgarian Minister of Agriculture, Forestry and Agrarian Reform, the US Ambassador to Bulgaria, the Deputy Minister of Agriculture, the Chair of the Agricultural Commission in Parliament, representatives of the World Bank and EBRD, of USAID and USDA, the pilot project participants and many bankers and insurance agents. The problems of the warehousemen, bankers and grain producers were discussed in the Minister's presence. The partakers in the ACDI/VOCA project shared their experience of the pilot project and their US training.

In March and April 1999 the Program continued with 9 awareness seminars throughout the country, organized at the request of the Ministry of Agriculture. The goal was to make the major participants in the system aware of the new possibilities it gives and to encourage them to actively participate in it. The Program manager Krassimir Kiriakov together with three American lecturers explained the advantages of the system and the way it worked.

As a part of the Program, two groups of six warehouse examiners from the National Grain Service were sent to the US for practical training on original and subsequent warehouse exams. USDA and ACDI/VOCA organized the activity.

With the assistance of ACDI/VOCA, the Bulgarian Ministry of Agriculture developed further the performance guarantee for the public warehouses. Erwin Schrag, an insurance specialist and former AON executive, and Mary McCory, an Indemnity Fund manager from the State of Indiana, worked with the Ministry on the establishment of an Indemnity Fund to cover the potential losses of the grain depositors caused by unfaithful performance of the public warehouses.

In April 1999 Dr. William Bailey, a Marketing Information Specialist, spent two weeks with the Agency for Agricultural Marketing Information (SAPI), helping them improve their grain marketing information service. SAPI is currently building a very good reputation in the country as a provider of reliable marketing information covering domestic and international markets.

The first public warehouse in Bulgaria, Zurnoizkupuvane STH, was officially licensed on June 23, 1999. Zurnoizkupuvane STH is a 20,000-tonne warehouse located in the town of Turgovishte in the main grain region of the country. Prior to licensing, the warehouse received ACDI/VOCA technical assistance. Donald Graham, a US volunteer and former warehouse manager in Texas, spent several days at the company, recommending ways to improve management practices and providing information for new warehouse equipment. Zurnoizkupuvane STH received its license at a ceremony attended by the deputy director of the Bulgarian National Grain Service, representatives of USAID and ACDI/VOCA and nearly 60 local cooperatives and independent grain producers.

Soon after that one of the Demonstration and education project participants was licensed as the second public warehouse – Zarneni Hrani JSC, Silistra licensed a facility of 50 000 MT capacity as a public warehouse.

In June 1999, ACDI/VOCA organized US-based bankers' training for bankers from Expressbank. They learned about the warehouse receipts system and the way U.S. banks give credit using grain as collateral.

In June 1999 the World Bank gave a government loan of \$ 75 000 000 – ASAL 1 (Agriculture structure adjustment loan). One of the conditions for the loan was the adequate development of the warehouse receipts system.

On July 26, 1999 the European Bank for Reconstruction and Development and the Ministry of agriculture, forestry and agrarian reform signed an agreement for a loan of DM 50 000 000 for the development of the warehouse receipts system in Bulgaria. The first DM 10 000 000 will be a credit line for Expressbank. The loans Expressbank will give against warehouse receipts shall not cover more than 55% of the market price of the grain.

The next step for the full regulation of the system was the promulgation of the Regulation for the public warehouse register required for each public warehouse by the Grain law. The regulation was passed in the Parliament on July 16, 1999.

## THE PROFITABLE CORN OF “AGRITA”

- *Introductory marketing tests proved that corn on the cob could be a profitable venture.*
- *After initial success company managers invested in a \$5,000 FMC corn cutter to harvest 50 tons of corn. 100,000 cans of corn were produced for Russian market. \$30,000 worth of corn was exported to Africa.*
- *The company purchased 2 more U.S. cutters and increased its production in 1997 to 20 tons of corn per day.*
- *After an individual Third-Country training in Poland for the manager of the company, Agrita is now supplying the KFC restaurants in Poland with sweet corn.*
- *Agrita received a gold medal at the International Plovdiv Fair in 1998 for the production and canning of baby corn.*
- *The company currently exports its products to countries like Russia, Poland, Germany, Great Britain and the US.*

Bulgarians tasted sweet corn for the first time thanks to the entrepreneurial spirit of two food processors, the managers of Agrita and Agrotime companies.

Agrita's manager, Alexander Trenkov, was testing the market for frozen corn on the cob and canned corn. Mr Trenkov was expanding his company's product line and testing the consumer interest in sweet corn. In the first year 1994, the company produced and sold 5,000 cans of corn and 20,000 pieces of corn on the cob.

During that first experimental year, Agrita used the facilities of a local state-run cannery to process the corn. The innovative entrepreneurs devised a way to hand-feed the corn into a pipe that they had rigged up to remove the kernels from the cob. But the crude labor-intensive process would not be efficient for larger quantities so they sought advice regarding the technological process of freezing and canning corn and on the selection of new equipment. Mr. Trenkov, called on ACDI/VOCA for technical expertise, and Roger Huibregtse answered the call.

When Mr. Huibregtse visited the spring of 1995, he evaluated the operation and promised to assist Mr. Trenkov in buying the appropriate machinery. A few months later, Mr. Trenkov had a \$5,000 FMC corn cutter at his plant just in time for the harvest and Mr. Huibregtse was on hand to set up the production line. Harvesting and production began immediately, and in a week 50 tones of corn were processed.

The new equipment enabled Agrita to produce 100,000 cans of corn destined for Russia. In fact, the machine couldn't handle the entire harvest, and Agrita ordered two more U.S. cutters and a \$10,000 husker for the 1997 season. The cutters were again purchased and set up with the assistance of Mr. Huibregtse. As a result, the company increased its production in 1997 to 20 tons of corn per day. It managed to process 300 tons of corn within the 15-day harvest period. The sales of the company for 1997 were

500,000 DM. The canned corn is targeted primarily for the export markets, as the canning process makes the commodity too expensive for most Bulgarians.

In the summer of 1996, the two ACDI/VOCA clients – managers of Agrita and Agrotime arranged to meet and share what they learned from the American volunteer. They quickly realized that combining their facilities and marketing contacts in Western Europe and Russia could further accelerate the growth of their businesses.

“These two men are on the threshold of offering Bulgarians a whole new range of processed foods not now available in Bulgaria,” notes Huibregtse, adding that they are talking about expanding into raspberries, brussels sprouts and broccoli.

In September 1996 Alexander Trenkov visited the United States on an Entrepreneurial Management and Executive Development program in search of investors. As a result of his visit, Trenkov established new business contacts and started exporting his products to the US.

Meanwhile, Agrita proved that corn could be very profitable. After the 100,000 cans exported to Russia, they made negotiations and sales to Africa, Madas for the total value of \$30,000. Their capacity increased from 5t in 1996 to 50 t in 1997.

An individual East-to-East training for Alexander Trenkov in Poland in March 1998 turned out very successful. Mr. Trenkov is now importing from Poland high quality glass jars, bottles and lids. He established financial linkages with two Polish companies – Schula Stekla and White Cap. Mr. Trenkov was also able to negotiate future contracts for supplying the Kentucky Fried Chicken restaurants in Poland with sweet corn.

Agrita continued to introduce new products and experimented with the production and canning of baby corn. The new product line was very successful and as a result Agrita received a gold medal for the product at the Spring International Plovdiv Fair in 1998.

With the assistance of ACDI/VOCA, Agrita has launched a new plan to produce raspberries. The company also started planting morello-cherry trees. As for the production of corn, Agrita plans to further increase it and produce and process around 500 tons of sweet corn in 1999.

The owner and manager of Agrita Alexander Trenkov represented Bulgaria at the “Global Agriculture and the American Midwest: A Win-Win Exchange” conference on March 18 and 19, 1999 in Ames, Iowa.

## ASSOCIATION OF MEAT PROCESSORS IN BULGARIA

- *AMB managed to evolve as a viable model of self-sustainability.*
- *A steady growth in membership – up to 67% in one year.*
- *Initiator of a national program on food safety and quality control.*

The Association of Meat Processors in Bulgaria (AMB) was founded in March 1994 as an outgrowth of the ACIDI/VOCA training program. Since then ACIDI/VOCA has provided continuous support to the organization. ACIDI/VOCA provided technical assistance in the organization of local, US based and East-to-East Training in fund raising, attracting new members, interaction with international trade organizations, management, marketing and PR, lobbying techniques and information circulation.

AMB's initiation of an on-going dialog with the government institutions to address the most critical issues of food safety in Bulgaria is considered one of its major achievements. AMB has been an avid promoter of the meat processors. It has been participating actively in various forums with the government institutions and other business associations. AMB was asked to comment on the draft Food Law and the new Veterinary-Sanitation Law. Two AMB members are permanent consultants to the task forces at the Ministry of Agriculture.

To satisfy the demands of its members and to further reinforce sustainability, AMB organized four annual meat product shows, advanced its structure, started the development of a national information system and proceeded with the publishing of a weekly newsletter. AMB arranged a number of events – 2 general meetings, 2 industry specific seminars, and the participation of its members in 3 trade shows – in Spain, Germany and USA.

AMB co-operates with the Ministry of Agriculture, research institutes and other related organizations in developing, and adhering to high quality assurance standards, based on HACCP and ISO 9000. As a result of their lobbying activities, the Bulgarian Veterinary-Sanitation Law will encompass regulations on HACCP application. With the support of USDA and ACIDI/VOCA, the organization drafted an action plan focused on the introduction and application of the HACCP system industrywide.

A highlight in AMB's annual activities so far is the organization's acknowledgement by international organizations. AMB was accepted as an associated member to the European Association of Meat Processors in May 1998. AMB provided beneficial input to the Food and Agriculture Organization study on food safety control reform. The Association consulted the Romanian Association of Meat Processors on institution building and show management.

### **3.5. Lessons Learned and Success Stories**

#### *ASSOCIATION OF HOG BREEDERS AND PORK PRODUCERS IN BULGARIA*

The Association of Hog Breeders and Pork Producers was established in 1992. They are the only association that protects the interests of pork producers and hog breeders in Bulgaria. Since its establishment it organized three international conferences and shows. The Association publishes information and materials on industry specific issues as well as a monthly magazine "Hog Raising" and distributes them among its members. It has published a business catalogue of its members and associated companies.

ACDI/VOCA's assistance to the Association started in April 1999 with their request for a one-day seminar on institution building. The fees collected from members were so low that they could not support the organization's activities. The BoD never had training in association management, fundraising or attracting new members. The services they provided to their members were limited to scientific publications and international scientific conferences. ACDI/VOCA volunteer Paul Day worked with the association and his expertise in association management proved beneficial. An additional advantage is his knowledge in establishing and running marketing cooperatives - a relatively new concept for Bulgarian pork producers. He assisted the Association management in preparing materials one-week prior to a seminar the association held on May 19, 1999 in Varna. Twenty-two participants - members of the BoD and volunteers to the Association - discussed with Mr. Day issues pertaining association management, marketing, attracting new members, and providing new services and financial management.

The next ACDI/VOCA intervention was a two and a half -week US based training program from 27 August to 14 September, 1999 for six hog producers. The participants are owners of small- to medium-sized hog production units and one of them is an extension specialist from the Tracian University in Stara Zagora. The training introduced the participants to hog management practices and marketing techniques, advanced knowledge on disease prevention and waste disposal management, increased awareness of hog feed rations application and hog processing.

#### *FEDERATION OF BREAD PRODUCERS AND CONFECTIONERS*

The Federation of Bakers and Confectioners in Bulgaria (FBPC) was established in 1992 as a volunteer non-profit organization of private companies and individual bakers. The mission of the organization is to protect its members' interests. The goals of the Federation are improvement of the bakers' professional skills and drafting laws and regulations in the transition period that will foster the further advancement of the industry.

ACDI/VOCA started its assistance program targeted to specific needs of FBPC in 1997. The first group of 7 BoD members and an executive secretary were trained in the US in September 1997. The training resulted in improved strategic planning abilities, increased knowledge on fund raising and lobbying. As a follow-up the BoD received in-country training in June, 1998 by the ACDI/VOCA volunteer Jimmie

Loftis. As a result the Federation attracted new members and its structure was improved.

ACDI/VICA interventions were focused on improving the members' professional abilities. Five industry specific in-country seminars were organized since 1997. Consequently over 100 Bulgarian confectioner companies expanded their production lists and improved the quality of their products. 90% of the trainees are women owners and master confectioners. As a follow-up activity 5 Bulgarian confectioners were trained for 2 weeks in the USA in April 1998. The training focused on decoration techniques and organization development.

The Federation of Bread Producers and Confectioners cooperates with ACDI/VOCA in organizing the Annual specialized bakery and confectionery show. In 1998 ACDI/VOCA's volunteer Steve Cain provided technical assistance in trade show organization. Forty-four companies - members of FBPC - participated as exhibitors in 1998 and the Federation's revenues increased by 20%.

As a result of the assistance provided by ACDI/VOCA, the Federation of Bread Producers and Confectioners initiated a discussion on the prospects of the "Baking Industry in the 21st century". Eight representatives from the Albanian Union of Flour Producers and two representatives of the Romanian Association of Millers and Bakers attended the meeting. The regional meeting discussed the bread production development trends in the next century in the CEE countries. The meeting fostered the establishment of contacts between organizations, bread producers and millers. The issues of know-how, education and professional training as well as new technologies and the organization of specialized shows were raised. At the end of the convention the participants drafted a plan for future cooperation in the region.

Due to ACDI/VOCA's support the organization has over 600 members both in the bread producing and the confectionery business. The members are organized in 25 regional associations. The Federation is a member of the Union of the International Bakers.

FBPC is publishing the only professional magazine in Bulgaria - "The Value of Bread". FBPC is organizing regularly national and regional trade shows and exhibitions and trips and visits to international fairs and food shows.

### **3.6.Final Report**

#### **I. BACKGROUND**

The environment for policy reform, privatization and the development of a market economy in Bulgaria has improved substantially since the elections of April 1997. ACDI/VOCA, through its participation in the Firm Level Assistance Group (FLAG), has worked extensively with agricultural entrepreneurs to strengthen individual firms and agribusiness associations. While this has been a period of improvement for the country a whole, ongoing problems such as the lack of market information, limited access to credit and financial resources, and weak policy infrastructure supporting private entrepreneurs still constrain the development of Bulgarian agriculture and agribusiness.

ACDI/VOCA has been assisting successfully industry associations and private agribusinesses. ACDI/VOCA provides volunteer or consultant technical assistance to and through associations to strengthen the association and its members. ACDI/VOCA, with the assistance of local and international consultants, conducts seminars in collaboration with associations and their members covering a variety of topics. Using the ACDI/VOCA network of offices in Central and Eastern Europe (CEE) and the New Independent States (NIS), ACDI/VOCA organizes third country study programs. Finally, drawing on volunteer and consultant expertise in the U.S., ACDI/VOCA develops and implements U.S. study programs for selected Bulgarian participants.

#### **II. ACDI/VOCA ACCOMPLISHMENTS**

Since the FLAG consortium was established, ACDI/VOCA/Bulgaria has accomplished the following:

- 150 individual clients have been provided with ACDI/VOCA assistance; including 9 associations,
- 5 Intermediate Support Organizations (ISOs), 148 private enterprises, and 2 consulting companies
- 27 technical assistance assignments were completed with 14 associations and ISOs using 15 volunteers
- 23 seminars were conducted with 9 associations
- 12 third country study programs were completed to 4 countries in CEE
- 4 third country study groups from CEE and NIS countries were hosted by ACDI/VOCA/Bulgaria
- 11 U.S. Study Programs for Bulgarian participants were completed

\*Technical assistance is defined as volunteer technical assistance with firms

\*Seminars are defined as technical workshops or trainings

With these program outputs, which have been completed since the beginning of the FLAG network, ACDI/VOCA Bulgaria has had the following impact:

### **IR 1.3.1 Development of Laws, Policies, Regulations and Institutions, which Enable Private Sector Growth**

Laws, regulations and policies amended, drafted, or reviewed by private sector interests and presented to Parliament:

- A Grain Law, based largely on the US model, was passed by Parliament in July 1998
- Three sets of regulations supporting the grain law have been approved by the Council of Ministers

Policy agendas developed and advanced by the private sector:

- A sector strategy for meat processing was developed by the Meat Processors Association of Bulgaria with the assistance of ACDI/VOCA
- A general agricultural strategy for Bulgaria is being developed by the Ministry of Agriculture and the Ministry of Industry, and ACDI/VOCA is coordinating the agricultural associations to participate in the development of the strategy.

Key public institutions that have adopted practices supporting private sector growth:

- Ministry of Agriculture (e.g. Grain law and regulations to support it)
- Ministry of Industry (e. g. Ag sector strategy)
- Parliament (e. g. Grain law)

### **IR 1.3.2 Private Sector Business Support Associations and Institutions Strengthened**

Percent increase in revenues derived from membership dues, service or other fees of assisted Business Associations and ISOs:

22.8% increase in dues and service fees collected by assisted associations and ISOs (Baseline \$134,700, increase of \$30,753)

Increase in fee-paying membership of assisted associations/ISOs

- 19.4% increase in fee-paying members of assisted associations/ISOs (Baseline 1,564, increase of 304)
- This increase in membership represents an increase of 2,625 individual firm employees who are now represented by the associations

#### **IR 1.3.2.1 Improved Business Performance of Private Sector Association Members**

Number of management functions improved:

- 202 Production, Marketing, Human Resource, and Management functions improved (for an average of almost two functions improved per firm assisted)

Value of linkages created with target firms:

- \$2,596,000 worth of linkages (completed contracts) formed with companies in the U.S., CEE and NIS

Number of jobs created in assisted firms:

- 225 permanent full time jobs created in assisted firms

Increase in exports of targeted firms:

- 3.7% increase (Baseline \$14,883,350, increase of \$550,000)

Increase in sales/employee in targeted firms:

- \$421 increase in sales per employee (Baseline: sales of \$61,978,259, with 4,311 employees for an average of \$14,377 sales/employee. Increase of \$5,143,844 in sales, and 225 employees, for an average of \$14,798 sales/employee.)

Since FLAG started, ACDI/VOCA Bulgaria has received approximately \$2,700,000 in USAID program funds to accomplish the successes listed above. Less than 30% of the funding received has been used for the Grain Industry Development Program (GIDP), since it began in the fall of 1997. While much of the success in the GIDP program cannot be specified above because of the nature of the targets, it has proven to be the largest and quickest success of any endeavor ACDI/VOCA Bulgaria has attempted to date. The GIDP activity has successfully met all benchmarks established throughout its one-and-a-half year life, and will continue to yield major successes during the two years of this proposed program. Consequently, only 70% (approx. \$1,900,000) of program funds received have provided most of the impact at the firm and association level described above. ACDI/VOCA/Bulgaria has also contributed significantly to the achievement of both FLAG and USAID Mission targets.

### **3.7. Follow-on activities**

ACDI/VOCA Bulgaria has provided technical assistance and training services to agribusiness entrepreneurs, and related industry associations in Bulgaria, for the past eight years. This assistance has led to job creation, revenue enhancement and increased exports of individual enterprises, and to the creation of strong private agribusiness industry associations. In the future, ACDI/VOCA's new project, the Agribusiness Support Project will focus on three areas.

In September 1999 ACDI/VOCA was awarded a new USAID grant for the implementation of a two-year technical assistance project called Agribusiness Support Project. ASP is a successor of the CEE II Grant. It will focus on the following areas:

#### **PRIVATE SECTOR BUSINESS SUPPORT ASSOCIATIONS AND INSTITUTIONS (ISOs)**

Despite the progress made to date, there is much to be done at the association level in the coming years. The associations we have assisted are still defining their role in their respective industries, and the services that they offer to their members are continually evolving. ACDI/VOCA will continue to assist the associations it has worked with in the past and, and will expand that assistance to other associations and ISOs in the agribusiness sector.

Thus far, assistance to associations focused on three sectors: fruit and vegetable processing, meat processing, and bread and confectionery production. These sectors have been targeted for a number of reasons. All three sectors play an important role in Bulgaria's economy, and are seen as key industrial sectors as Bulgaria prepares to join the European Union. In all three sectors, ACDI/VOCA assistance was based on sector surveys, which identified the needs of individual firms and identified the type of assistance needed. The meat processing and the fruit and vegetable processing associations developed as a result of assistance ACDI/VOCA provided to firms and groups of firms active in these sectors. The national and regional associations of bread producers and confectioners were in existence, and ACDI/VOCA assistance has strengthened their associations.

Based on five years of experience and significant success in association development ACDI/VOCA will expand its assistance to other agribusiness associations. Likely recipients of future assistance include the Association of Animal Feed Producers, the Association of Oil Extruders, the Association of Hog Breeders, the Association of Industrial Bakers, the Bulgarian Farmers Association, and the Association of Grain Traders. Prior to expanding, careful evaluations will be made of each of these sectors to determine whether existing associations meet the needs of the sector, or whether new associations should be formed in order to fill a void. ACDI/VOCA will use, but not be limited to, the following criteria regarding assistance to new associations and/or sectors:

- ✓ Basic information on these sectors will be gathered from sector surveys, donor studies, and other documents, to determine what are the strengths and weaknesses of these sectors, and their associations.
- ✓ Priority will be given to agribusiness sectors, which are export oriented, or otherwise, are considered important sectors for agribusiness development in

Bulgaria. (for example, feed millers are not export oriented companies, but the feed sector is extremely important in the development of Bulgarian agriculture)

- ✓ ACDI/VOCA staff will identify, and meet with, existing intermediate support organizations (ISOs), federations and/or associations to determine if they fulfil the following criteria:
  - The organization/federation/association is legally registered
  - A set of by-laws governs the organization, and it has a clear mission and mandate from its members
  - The by-laws are democratic in nature and encourage the participation of individual members
  - The membership fee is reasonable and regularly collected
  - There is a desire to represent the industry to government officials and members of parliament
  - The organization/federation/association has staff already in place
  - The organization/federation/association can generate revenue to cover operational costs and services
  - The organization does not need monetary assistance for day-to-day operations
  - A final criterion will be that the association/federation/organization needs specific technical assistance, which can easily be articulated by the staff and/or members of the Board of Directors, and can be provided within the context of the ongoing ACDI/VOCA program in Bulgaria.

Through previous experience, ACDI/VOCA has learned that one of the best ways to enter a new sector is to offer an industry specific seminar which combines the use of U.S. expert volunteers with Bulgarian consultants. Once individual firms participate in such a seminar they become aware of the basic services an association can offer to its members. Following the seminar ACDI/VOCA begins the process of developing a strategic plan with the association, identifying the things the association can do themselves, and the kinds of assistance ACDI/VOCA and FLAG can offer.

Considering the current environment of declining USAID resources, ACDI/VOCA will continue assistance to the three associations/federations currently receiving assistance, and will expand assistance to as many as 10 organizations, depending on the extent to which specific associations need assistance. In addition, ACDI/VOCA will leverage as much assistance as possible from other donor organizations in Bulgaria, such as the EUPhare Program, the United Nations Development Program (UNDP), other USAID funded organizations, and the Bulgarian economic regional development agencies. For example, ACDI/VOCA shares volunteer expertise with UNDP when we have a volunteer working on association development and can contribute to UNDP's work with associations. Additionally, EUPhare work with credit cooperatives greatly enhances ACDI/VOCA's work in rural communities to generate credit. EUPhare and ACDI/VOCA have shared experts in the past and are working in increasing credit in rural areas. To expand ACDI/VOCA's work with associations, the latter will be encouraged and trained to work in coalitions, to develop policy agendas, and to develop strategies, which support private sector growth. Some of the associations ACDI/VOCA has assisted are already forming coalitions to fight high taxes and other issues that constrain private businesses.

In addition to the assistance described above, ACDI/VOCA will better focus assistance provided to meet the needs of individual firms. Firm level assistance will

be closely coordinated with the ongoing activities of the associations. ACIDI/VOCA will continue to field volunteer providing assistance to a number of firms during their visit to Bulgaria, rather than only one firm. According to a survey conducted recently by USAID/Bulgaria, firms join associations because they feel the association will provide them with professional and personal recognition, political contacts, and projects to improve sector performance. ACIDI/VOCA will use the survey to help target the assistance offered to associations.

ACIDI/VOCA will devote approximately 32 volunteers to association development over the next two years. Some of the volunteers will provide technical assistance to companies through associations, others offer technical assistance to strengthen the associations. We plan to supplement our work with associations by hiring local consultants on a regular basis to work in the offices of the associations to offer more enhance our assistance. These consultants will have expertise in marketing, management, organizational development, fundraising, and member services. We plan to use approximately 20 local consultants over the course of our two-year program. ACIDI/VOCA staff will be used more as advisors to the associations, since they have gained skills in organizational development during their work with ACIDI/VOCA. This will give the staff members a chance to develop professional skills, which can be used after USAID funding ceases. We are planning approximately 10 third-country training programs for the development of regional partnerships. ACIDI/VOCA will organize four U.S. study programs on association development, with a cost-sharing element for each one of them.

#### **GRAIN INDUSTRY DEVELOPMENT PROGRAM (GIDP)**

GIDP established a legal and regulatory structure, and put in place a demonstration and education project that tested the legislation in real-world conditions. At the end of the demonstration and education project (in January 1999), an evaluation workshop was held to discuss the progress of the implementation of a warehouse receipts program. Following the workshop, ACIDI/VOCA summarized the recommendations and requests made at the workshop and presented them to the Minister of Agriculture. As a result, ACIDI/VOCA is already working with the U.S. Commercial Service to attract new and used machinery companies to increase their sales in Bulgaria. ACIDI/VOCA will work with the World Bank and the Ministry of Agriculture to improve Bulgarian grain standards to better reflect internationally accepted ones.

ACIDI/VOCA technical assistance will be offered to individual storage facilities as they prepare for licensing, and to use the newly legislated system. All ACIDI/VOCA assistance will be based on a request from the client, but will primarily focus on the management functions of running a licensed storage facility.

A key component of GIDP will be bank training. All bank training will be closely coordinated with the University of Delaware (UD), the World Bank and the European Bank for Reconstruction and Development (EBRD). Currently, UD, EBRD and ACIDI/VOCA are working on a plan for bank training, which will use EBRD funds for on lending. The EBRD plans to funnel large sums of money through select Bulgarian banks for lending against warehouse receipts. They have been successful with a similar program in Slovakia, and hope to expand to Bulgaria with our help. UD and ACIDI/VOCA will provide training which will be specifically targeted towards the use of warehouse receipts as collateral for loans. The training will supplement

programs currently offered by UD, and is likely to include training seminars, direct technical assistance to banks, and third country training programs.

As the warehouses develop their facilities, and start using the system, they will need training on the proper handling and marketing of grain. Many of the facility owners and managers have little experience in grain marketing. ACDI/VOCA will provide general grain handling and marketing training to all warehouses, not only those who receive a license. ACDI/VOCA will look for partners in this training program. Examples of such partners would include U.S. businesses currently buying and selling grain internationally. Additionally, ACDI/VOCA will work with other U.S. partners whenever possible to introduce new, stronger seed stock to Bulgaria, which will improve the quality of the crop for local and international trade.

One final component that is necessary to insure integrity and fairness in the system is the development of a National Feed and Grain Association. Some groundwork has already been done, but much effort is still needed to get the association established. Our proposal is to establish a structure similar to the National Feed and Grain Association in the U.S. The U.S. association offers a variety of services to its members, including:

- working with Congress and the federal government on the adoption of policies and regulations that are beneficial to agricultural growth, particularly in the grain industry;
- adopting and adapting trade rules and regulations related to the buying and selling of grain, feed and feed stuffs, barges and barge freight;
- resolving trade disputes on a timely, cost-effective basis, without resorting to court litigation;
- researching the causes of, and solutions for, grain industry hazards; and,
- providing technical and operational information to help elevator managers operate their facilities and equipment more safely and efficiently.

While we realize these kinds of services will take years to develop, it is our goal to establish an association offering at least some of the above mentioned services initially. We will work to get the Bulgarian association registered as a member of the U.S. National Feed and Grain Association so that they can share information, and continue to learn from the U.S. experience.

Approximately 38 U.S. volunteers will be devoted to the development of the grain industry over the two-year program. These volunteers will be used for direct technical assistance to companies, and assistance to the Feed and Grain Association. In addition, volunteers and U.S. and Bulgarian consultants will be used for training seminars and workshops. Approximately 20 local consultants and 2 to 3 U.S. consultants will be used throughout the two years of the program. Two third-country training programs and two U.S.-based training programs are also planned as part of the GIDP activity.

#### **GENERAL AGRIBUSINESS SUPPORT**

While work with the selected agribusiness sectors, their related associations, and the grain industry will be the main focus of ACDI/VOCA's activity, we will undertake a

series of additional activities that support the achievement of our objectives in the two emphasis areas.

Private companies and consulting firms will continue to receive direct technical assistance from ACDI/VOCA but most work with private firms will be funneled through associations, regional development agencies, consulting firms, and other ISOs. While our main goal is to make the associations the center of activity for each sector, some effort will be focused on developing the Bulgarian agricultural consulting base. ACDI/VOCA will work with the Bulgarian Association of Management Consultants (BAMCO) to expand the base of agricultural consultants. Training will be conducted using Bulgarian and American consultants, in coordination with BAMCO, the University of Delaware and other FLAG members.

Within the context of our ASP, efforts will expand to provide limited assistance to primary producers. As with the other assistance directed at the firm level, this will also be provided in coordination with the relevant associations. The objective here is to provide assistance to these primary producers so they can deliver a better product to the processors, which are the focus of the program. Additionally, ACDI/VOCA will be able to offer technical assistance to all agribusiness firms, including, but not limited to, grain production and processing, milk production and processing, and fruit and vegetable production and processing.

While working with various producers and processors, we have realized that they lack market information. As a result of the grain industry survey in 1997, and volunteer expert research in 1998, we learned that there is a need for training on information gathering and dissemination. ACDI/VOCA will coordinate its efforts with USDA in providing assistance to SAPI (Agro Marketing Information System). The World Bank has funds available that will be used to provide SAPI with a consultant.

During the previous two years, ACDI/VOCA has provided limited assistance to Sofia Commodity Exchange, and other exchanges in the country. Once a secure warehouse system is in place and operating, it will be possible for these exchanges to trade in futures. Although they are a long way from futures trading, ACDI/VOCA will assist them with the education and training needed to get to that stage. Only licensed exchanges will receive assistance, along with the Bulgarian Commodity Exchange and Wholesale Market Regulatory Commission (CEWMRC). Wholesale markets have received some general assistance. ACDI/VOCA will continue to provide general assistance to wholesale markets. We will work closely with the CEWMRC to make sure the assistance is targeted to licensed markets, and those following the regulations of the Commission.

Throughout rural Bulgaria there is need for community development. ACDI/VOCA has experience in working with small and medium sized rural communities in other countries. We will utilize ASP resources to develop commerce in carefully selected rural communities. Work on community development will be coordinated with other international donors, and with regional development agencies. To provide assistance in the area of general agricultural support, we will be using ten U.S. volunteers for conducting technical training. Some of the volunteers in the other categories will be used to supplement this category. We are also planning to use as many as 10 local consultants for workshops and seminars.

## **4. SLOVAKIA**

### **4.1. Project Overview**

In October 1999, ACDI/VOCA completed three years of activities in developing and implementing the Rural Community Capacity Building Program (RCCBP). Funded under the USAID Democracy Building Program – SO 2.1 “Increased, better informed citizen participation in Community, Political and Economic Decision Making “, RCCBP was designed to improve and expand the social and economic lives of Slovak rural communities. This is particularly important in Slovakia since 43% of the country's population lives in rural communities, defined as villages with fewer than 5,000 residents. The focus has been on democracy building in the context of diversifying the rural economy beyond traditional agriculture as practiced under forty years of communism. The closing of many inefficient collective farms and the reduction by 54% of agriculture employment from the fall of communism until 1996 required the building of both social and economic capital in villages to assure their survival.

ADCI/VOCA efforts in Slovakia focused on:

- introducing and implementing rural development tools including community needs assessments, mini-grants, craft sales and distribution, rural tourism, small business assistance, and microfinance.
- identifying rural partners - NGOs, informal groups, mayors of villages, or business assistance organizations working in rural areas.
- involving leadership in these partner organizations in the planning and implementation of the RCCBP as well as supporting a rural women's leadership network.

As a program implementer, ACDI/VOCA's has been a facilitator and catalyst in design and implementation of the various rural development programs in Slovakia. The methodology that was chosen was based on an analysis of the roadblocks to democracy building in Slovakia. In the design phase during the summer of 1996, the planners indicated that a “window of opportunity” exists in some villages with strong leadership, with both local government and NGOs. This is because both are generally too small to be affected by the continuing focus on centralized, national authority. This allows leadership to be creative in local problem solving, to forge partnerships with other villages, ACDI/VOCA and other development agencies/NGOs, and to maximize the impact of the newly introduced rural development tools.

The program was designed to implement projects in rural areas. Once a partner (NGO, municipal government and/or informal organizations) indicated interest in working with the RCCBP, discussions were held and if all were in agreement, an action plan involving local citizens at all levels was developed and implemented. The Slovak partners worked closely with staff and U.S. Volunteers with various specialties in rural and community development, in a “learning by doing” environment. The Program encouraged partners to work in “microregions” - from three to seven villages- thereby increasing cooperation and program impact over a larger geographic region. Microregions are important also because national development planning will increasingly focus on larger planning units.

All in all, RCCBP worked in over 10% of the villages under 5000 inhabitants in Slovakia over the three years, which required a lot of staff and volunteer travel. The following describes the specific programs and provides statistics.

Listening Project – 25 villages participated over three years. 201 people conducted 992 interviews of their neighbors and friends, working in pairs over two days to two weeks. The Listening Projects first and foremost opened communication channels between neighbors and allowed them to identify both common and sometimes divergent interests. The results were used to raise money for local projects, create municipal plans, initiate new NGOs, and interest local people in working together in micro-regions.

Community Mini-grants – 25 villages participated over the three years, accomplishing a total of 241 projects at a total cost of approximately \$72,142 USD. This amount was tripled by local contributions, both in cash and volunteer time. Mini-grants were used as an incentive to local villagers to attend five training sessions on community development practice. These sessions taught villagers to plan and budget for small projects and search for matching funds. Grants enabled groups to buy materials to implement a local project, designed by them.

Rural Women's Leadership Network – 150 women joined the network and up to 40 met in quarterly sessions to hold workshops and seminars. They supported one another, personally and professionally, gradually creating their own program of small business development training and advocacy.

Microfinance – 30 loans under \$500 were provided through 10 groups made up of three to five people. Guarantees and a small loan guarantee fund were provided by the group. Repayment rate is 100%. The loans are mostly used for operating capital.

Manuals – six manuals were produced in Slovak for the Listening Project and the Community Mini-grant. In addition, manuals were produced on How to Start a Business in Slovakia, and two on tourism. Other training materials developed including a “Business Basics” course.

U.S. Volunteers – 48 U.S. volunteers acted as short-term consultants for program development to Slovak organizations and villages. For example, Tom Wood from Arkansas came twice to advise the upper Liptov region on the potential for rural tourism, lecturing at a local forestry school and serving as advisor to a group of residents establishing a local NGO.

U.S. Study Trips - 19 Slovak men and women visited rural sites in West Virginia and Maine to study rural development, hosted by partner organizations in the U.S. There were two outcomes: Volunteers were recruited to come to Slovakia and work and the Slovaks were able to see projects that could be accomplished back home. In addition, the trip participants formed the nucleus of the membership for the new VOKA.

Legacy Organization –As a legacy, the Rural Community Capacity Building Program created VOKA, a Slovak NGO with a membership composed of Slovak staff, NGO partners, and individual entrepreneurs. There are 25 organizational and individual

members located throughout Slovakia. For the first year, funding is coming from the membership, contracts for service, corporate sponsors, foundations, and public funds.

An evaluation from USAID conducted in the summer of 1999 reports “Three overarching lessons are reflected in the program design and may be of special interest to other CEE and NIS countries.

- First is the use of community development as a training ground for democracy and economic development.
- Second is the focus on implementation (not just training) as a means to allow people to identify and practice new skills.
- Third, is the integration of women in all aspects of the program.”

In addition, the evaluation said:

*“Programs elsewhere in the region should consider focusing on “civic entrepreneurship” to make clear the links between democracy and markets – showing the power of both cooperation and competition.” “Through the civic entrepreneurship experience (e.g. citizen led community development) of the minigrants program, citizens learned the skills and experienced the potential for success necessary to motivate them to explore private sector business opportunities.”*

Civic entrepreneurship is a relatively new term in the development world. It refers to the ability of citizens to plan and implement projects of their own design to meet the needs of their community. RCCBP was remarkably successful fostering innovative and creative civic entrepreneurship in rural Slovakia.

This quarter is the last in the regular program of the Rural Community Capacity Building Program. There is a six-month no-cost extension for the program till the end of March 2000. However, this will primarily be to facilitate the transfer of the balance of the funds designated for the program to VOKA, the legacy organization, to increase its sustainability.

Two major program events occurred this final quarter in FY99. One was the USAID evaluation conducted by four evaluators, two from USAID and two independents. The evaluation was quite complementary and was distributed widely throughout USAID. The second event was the closeout conference in September attended by 120 people, including 12 people from Ukraine, 2 from Macedonia, one from Scotland, and 5 from US.

**CEE II – SLOVAKIA**  
**Project Activity Summary Table FY99**

Project Activity	Quarter I		Quarter II		Quarter III		Quarter IV		FY Totals	
	Projected	Completed	Projected	Completed	Projected	Completed	Projected	Completed	Number	Percent
<b>Volunteers &amp; Consultants</b>										
US Volunteer Assignments	4	3	4	3	4	3	3	3	12	80%
Third Country Consultant Projects	0	N/A	0	N/A	1	1	0	N/A	1	100%
<b>Training &amp; Exchanges</b>										
In-Country Events	6	6	15	15	5	5	4	3	29	96%
East-to-East Training	1	1	1	1	0	N/A	0	N/A	2	100%
US-based Training Events	0	N/A	1	1	1	1	0	N/A	2	100%
<b>Beneficiaries</b>	<b>Male</b>	<b>Female</b>								
Volunteer Assignments										
-direct	80	65	196	251	380	180	50	75	706	571
-indirect	150	133	725	735	600	600	100	150	1575	1618
Training Events										
-direct	200	392	30	84	40	90	50	50	320	616
-indirect	500	500	600	600	200	200	300	300	1600	1600

#### **4.2.Volunteers Assignments:**

Three volunteer assignments were completed during the fourth quarter of fy99. Two out of the three assignments were with VOKA, the legacy organization of ACDI/VOCA. The first three descriptions are from this quarter, and following those descriptions is a summary of all 48 volunteer's assignments from the entire life of the project.

The use of Volunteers in community development work where they moved a group to action was very effective. All of them were practitioners in rural development in different parts of the U.S. and had much experience in working with rural communities. Many of those from Appalachia remarked on the similarities between the rural areas in West Virginia and Kentucky and Slovakia. Even the geography was similar. As practitioners, remembered what conditions were like for rural development in Appalachia some years ago and applied their successful techniques to this environment.

U.S. Volunteers worked with local leaders to encourage tourism, provide hospitality training, and teach marketing skills to craft producers. But the impact of the economic diversification was limited and it will take much more work and a longer time than the RCCBP had to truly create new jobs in rural areas. Local people will have to advocate for changes in the laws to make it easier to do business and financial institutions will have to become more responsive to the needs of small business. This will be part of the mission of VOKA, the legacy organization of the RCCBP. VOKA is already organizing its members to advocate for legislative changes affecting small businesses and other issues important to rural areas.

In the final year of RCCBP, another economic diversification pilot program was initiated aimed at extending micro credit to people in the central part of Slovakia through a group lending process. Three U.S. Volunteers helped implement the program and some of the USAID grant was used to capitalize a small capital pool. To date, nine groups have formed and 30 loans of around \$500 each have been made with a 100% repayment rate. 18% (flat rate) per year is charged on the six month loans, which is the same as the commercial banks. This is the only program of its sort in Slovakia. Group lending was chosen as a methodology because community pressure is strong to repay loans guaranteed by neighbors, whereas payment to financial institutions carries no such pressure.

This program is promising and while it is too small to be self-sufficient, it has shown the potential for this kind of lending to contribute to rural economic development. VOKA has already taken full responsibility for this program and in the future, donors will be able to build on the success of the pilot program and the economic diversification necessary can be implemented by rural businesses.

**Volunteer Assignments:**  
**From Project Inception to Project Close**

**RD 500001 Volunteer:** Joseph Barker

**Project name:** Community Mini-grant Program

**Project Summary:** The Volunteer worked with the VOCA Community Capacity Building Program and its partner A-Project to initiate Mini-grant programs in two communities, Kvaciny micro-region and Jedlove Kostelany micro-region. The Volunteer worked with local steering committees in both locations to train them and give them the history of how mini-grant programs work best. He was also a trainer in the first of the mini-grant trainings in Kvaciny. He advised A-Project on the best use of mini-grant programs, the development of materials, as well as ways to evaluate results and follow-up on the projects that have been granted money. Finally, he made suggestions to VOCA and A-Project in their roles as funder and intermediary organization regarding best practices and cooperation.

**RD 500002 Volunteer:** Kate Fitzgerald

**RD 500003 Volunteer:** Gretchen Shaffer

**Project name:** Listening Project

**Project Summary:** The two Volunteers provided assistance to the microregions of Tulcik and Tichy Potok for Listening Projects; a type of community needs assessment. The Mayor's offices of the villages Tulcik and Tichy Potok were hosts for these assignments. The two Volunteers had experienced in training and conducting Listening Projects in rural areas in the U.S. The responsibilities of the Volunteers included providing technical assistance to the Mayors and team of local volunteers in five villages in Tulcik and 5 villages in the Tichy Potok microregion. They trained local volunteers to prepare them to interview their neighbors, collect the information, and analyze it afterwards.

**RD 500004 Volunteer:** Victoria Creed

**Project name:** Participatory Monitoring and Evaluation

**Project Summary:** The volunteer with A-Projekt in Liptovsky Hradok and People and Water in Kosice. The volunteer created a participatory evaluation plan for the RCCBP and the rural development programs in Slovakia. The model that was created was shared with other AID funded projects in Slovakia and Hungary, including the Peace Corps.

**RD 500006 Volunteer:** Debra Mason

**RD 500007 Volunteer:** Edward Gale

**Project name:** Training of Trainers

**Project Summary:** The Volunteers spent three weeks in Slovakia designing and conducting a "train the trainers" course. The course aimed at building a network of people with the capacity to act as technical assistance providers for the community mini-grant program managed by A-Project. The course focused on learning skills and ways to teach those skills to others.

**RD 500008 Volunteer:** Martin Harris

**Project name:** Community Service

**Project Summary:** The Volunteer worked in Sahy with Ipel Union, an environmental organization working on both sides of the Slovak/Hungarian border on rural development strategies, including rural tourism. The Volunteer developed a land-use

plan for landscape planting in the town of Sahy and for five hectares of land recently purchased by the town. The goal was to reclaim land used during the last regime for agriculture. The land will be used in the future for recreational purposes along with another 40 hectares of surrounding land.

**RD 500009 Volunteer:** James Thiebault

**Project name:** Community Development

**Project Summary:** The volunteer worked in the area along the southeastern area of Slovakia, which borders Hungary to assist the host in developing a marketing strategy for local crafts persons.

**RD 500010 Volunteer:** Nancy Kadwil

**Project name:** 4-H Movement

**Project Summary:** This project is a follow-up on a Volunteer assignment done in January 1996 in Tulcik. Ing. Josef Lipka, mayor of Tulcik, is the founder of a local NGO "Dubiny". Dubiny was organized to promote sustainable rural development in the region, focusing on ecological and social issues. Mr. Lipka worked since the last Volunteer assignment to build a youth movement in the village, based on 4-H principles. He made some progress, but needed additional assistance to assess where they are. The Volunteer evaluated the situation and made recommendations for future work.

**RD 500011 Volunteer:** Jon Richards

**Project name:** Business Planning

**Project Summary:** The volunteer worked in a spa village in Central Slovakia to assist the hosts in developing a business plan for the local sports club and training them in communication skills.

**RD 500012 Volunteer:** Thomas J. Wood

**Project name:** Rural Tourism

**Project Summary:** The Volunteer worked with Tourist Information Center (TIC) in Kvacany. The Volunteer assisted 10 innkeepers who have B&Bs in their homes and the TIC.

**RD 500013 Volunteer:** Tom Potts

**Project name:** Rural Tourism

**Project Summary:** The Volunteer provided assistance to the Upper Torysa region and gave consultations about the potential for development of tourism in the region. The host agency was the People and Water NGO. The volunteer had experience in training and conducting workshops. The volunteer provided technical assistance to the Mayors and a team of local leaders in rural tourism development. At the end of the assignment the volunteer conducted a workshop at ACIDI/VOCA office on how to use his manual "Developing Naturally".

**RD 500014 Volunteer:** Philip A. Wheeler

**Project name:** Organic Farming

**Project Summary:** The Volunteer worked in Sahy with Ipel Union, an environmental organization working on both sides of the Slovak/Hungarian border on rural development strategies, especially organic farming. The Volunteer worked with 5

local farmers, advising them about their common problems and gave individual consultations to the farmers according to the conditions of their small farms.

**RD 500016 Volunteer:** Joseph Barker

**Project name:** Network NGO

**Project Summary:** The Volunteer worked in Sahy with Ipel Union, an environmental organization working on both sides of the Slovak/Hungarian border on rural development strategies, on creating a new formal structure of leaders within the region whose organizations are not active now and organizing a new rural network.

The second host, People and Water, is an environmental organization working mostly in Upper Torysa Watershed in northeast Slovakia. They operated a small grant program last year and raised more money, as the Program was very successful. The volunteer helped them with their new Grant program and started a process of creation of a community foundation.

**RD 500017 Volunteer:** Kelly Rosenleaf

**Project name:** Microfinance Project

**Project Summary:** The Volunteer worked with a new financial intermediary in Slovakia called ARMS – Association for Rural Microenterprise. The three organizations that created ARMS had little practical knowledge of how peer-group lending programs work. The volunteer trained the staff members, assisted with market research, and helped outline a proposed lending model. The proposed program design and model included: the size and terms of the group loans; a peer group formation process; loan application process; and loan fund policies such as interest rate default procedures, and repayment schedule.

**RD 500018 Volunteer:** Karen Glazier

**Project name:** Social Care

**Project Summary:** The Volunteer provided assistance to the village of Tichy Potok in preparing a system of help for retired elderly people in the village. Talking to local people and trying to find out what their needs are was an inevitable part of this project. The Volunteer provided technical assistance to the Mayors of near-by villages according their needs and wishes in social care systems development.

**RD 500019 Volunteer:** Betsy Von Blond

**Project name:** Community Foundations

**Project Summary:** The Volunteer worked with two host organizations, mainly the first community foundation in Slovakia, the Healthy Cities Foundation in Banska Bystrica. She focused on strengthening the organizational development of this foundation, which also serves the surrounding rural villages. Then, the Volunteer spent time with a developing rural community foundation, and three other new urban foundations educating them about community foundations and how they work, and assisting with some networking strategies to strengthen the community foundation movement in Slovakia.

**RD 500020 Volunteer:** Kate Fitzgerald

**Project name:** Listening Project – Training of Trainers

**Project Summary:** This Project was a follow-up on the Listening Project done last year in Upper Torysa and 5 villages in Kapusany region. To satisfy the interest raised

by that Project among other villages in Slovakia, the Volunteer conducted a training of trainers to create a Slovak team of people who would assist with future Listening Projects. The people participating in the initial training would then planned and initiated their own Listening Projects in their villages with the assistance of the Volunteer.

**RD 500021 Volunteer:** Wendy Rose

**RD 500022 Volunteer:** Eloise Vitelli

**Project name:** Women's Program

**Project Summary:** The Volunteers worked with the Rural Women's Leadership Project, traveling to different locations in the country to deliver small seminars on women and business activity (economic development). In each location, the volunteers worked with local women leaders and the RCCBP in-country consultant to present information on business development, including the personal development of an entrepreneur and then, business planning. Leadership development techniques were also included. Outcomes of the project included an increased ability of the Project participants to understand economic development and participate in it, whether as entrepreneurs or as catalysts in their local villages.

**RD 500023 Volunteer:** James Thiebault

**Project name:** Craft Marketing

**Project Summary:** The village of Tulcik in northern Slovakia had been awarded a European Union PHARE grant to create a joint project with the Upper Torysa watershed area (about 24 villages) and the Miejsce Piastowe area of Poland (9 villages) – just across the border, and their own microregion (5 villages). The grant was large grant and very few people involved in the project had experience in craft marketing. The volunteer helped them get started using surveys of the craft people, helping the organizers create a plan for implementation, and educating them on the steps for marketing and distribution of crafts.

**RD 500024 Volunteer:** Mary Albrecht

**Project name:** Small business development

**Project Summary:** The Volunteer provided assistance to the Village of Tichy Potok and a group of 10 small business owners in preparing a system of regional cash flow for their region. Talking to local people, gaining an understanding of the regional conditions, problems and its needs were inevitable parts of this project. The volunteer provided technical assistance to the Mayors and Municipalities to develop a system to support small business development in their villages, explain how it could work in their local conditions in cooperation with existing entrepreneurs and those who would like to start businesses in the future.

**RD 500025 Volunteer:** Paul Benton

**Project name:** Farmers' Market

**Project Summary:** The Volunteer provided assistance to the Town Hall of Sahy and Ipel Union with the planning and preparation for the construction of the Farmer's Market in the town of Sahy. The volunteer explained to the public how a proper farmers' market operates and what the relationships between market operators and sellers should be.

The other part of Volunteer's assignment was working with group of 26 farmers from Ipel region who wanted to establish a new ordering system for their organic farm produce. The volunteer talked to them about marketing strategies and promotion of their farm products. He also helped with the creation of a promotional brochure for organic farm products.

**RD 500026 Volunteer:** Steve Richards

**Project name:** Rural Tourism – Bezovec

**Project Summary:** The Volunteer worked with the Civic Association –Bezovec, whose members are 2 agricultural cooperatives, 6 villages, and several entrepreneurs renting or running recreation centers and hotels. He helped them to find linkages between them and help them concentrate their efforts on concrete small short and long term steps and continually coordinate the process.

**RD 500028 Volunteer:** Thomas Wood

**Project name:** Rural Tourism – Upper Liptov

**Project Summary:** The Volunteer worked in the upper Liptov region with A Projekt staff to put together a network of tourism providers (innkeepers, etc.). The Volunteer worked closely with Vierka Hrvolova to assist her with an operational plan and budget to establish an information center to coordinate the 17 smaller centers in the region. He participated in a conference on rural tourism that was held in the region on October 2 and 3.

**RD 500029 Volunteer:** Susan C. Hogan, W. N. Hogan

**Project name:** Community Development – Horna Marikova

**Project Summary:** The Volunteers worked with two hosts and two leaders in Horna Marikova and Dolna Marikova. The Volunteers focused on creating a new NGO would bring together various leaders of the communities. The Volunteers spent time with local people and helped them develop a plan, set priorities, identify leadership and other local assets. They assisted with networking strategies such as how to involve the mayors into the work process and show them how important it is to cooperate.

**RD 500031 Volunteer:** Tom Potts

**Project name:** Tourism Workshop

**Project Summary:** The Volunteer worked with Peace Corps Volunteers and their counterparts and selected participants from ACDI/VOCA rural development program. He conducted a 2½-day workshop that was preceded and followed by site visits to selected communities to apply the practices taught in the workshop. Following the workshop, a plan was developed to keep the participants together in a rural tourism network.

**RD 500032 Volunteer:** Thomas Wood

**Project name:** Rural Tourism Training

**Project Summary:** The Volunteer worked in Upper Liptov region with the Forestry High School, with the teachers and students in the Agro-tourism and Rural Tourism Program and Mrs. Viera Hrvolova, who represents the newly formed Association of Innkeepers, assisting them in the process of setting up a successful Association with a Pro-active program for the region.

**RD 500033 Volunteer:** Peter J. Hille

**Project name:** Leadership Development

**Project Summary:** The Volunteer demonstrated model Leadership Programs to the VOKA membership, conducted site visits and workshops. He worked with the Board of Directors of VOKA to help them with strategic planning, monitoring, and evaluation

**RD 500034 Volunteer:** Wendy Rose

**RD 500035 Volunteer:** Eloise Vitelli

**Project name:** Women's Leadership Training

**Project Summary:** The volunteers, in conjunction with in-country staff, presented two two-day seminars on the basics of starting a small business. The first seminar in this series was presented in June 1998. The target group for these seminars were the rural women belonging to the ACDI/VOCA Rural Women's Leadership Network and their colleagues. Attendees were led through a series of lectures and exercises designed to guarantee their understanding of the bottom-up development process as opposed to traditional, top-down development; they also learned how they can use these concepts and new tools in their everyday work.

**RD 500036 Volunteer:** Mary Emery

**Project name:** Rural Women's Program Development

**Project Summary:** The Volunteer worked with a group of about 12 women in Stara and Nova Basta to help them choose a project for future work. They were also interested in starting an NGO and needed help with strategic planning. The women had strong leadership, but lacked experience. The Volunteer shared her experience in assisting with similar work in the U.S. with rural women's programs.

**RD 500037 Volunteer:** John J. Lavin

**Project name:** Magna Via – Royal Post Route

**Project Summary:** The Volunteer worked with the Agroinstitut in Nitra and members of the Association for Hornonitrie and the chain of Agricultural Vocational Schools. The Volunteer traveled for a couple of days throughout several regions in Slovakia, where the proposed route would run. He visited many village mayors, secondary school directors, city administrators and B&B owners. Mr. Lavin assisted the Agroinstitut in assessing the tourism opportunities along the Magna Via route. He gave Agroinstitute his assessment and laid out a step-by-step plan for the implementation of "Magna Via".

**RD 500038 Volunteer:** Ashby Berkley

**Project name:** Hospitality Training

**Project Summary:** The Volunteer conducted several workshops on hospitality training (hotel services, services for customers, general behavior towards customers, setting limits for what is appropriate) in different parts of Slovakia. He worked with private innkeepers, hotel owners as well as high school students. The focus was on rural tourism development working with people who haven't had much opportunity to experience tourism as tourist and guests in other counties.

**RD 500040 Volunteer:** Paul Galligos

**Project name:** Rural Network Development

**Project Summary:** The Volunteer worked with the civic association VOKA (Rural Organization for Community Activities) on strengthening its Network of rural partners to improve their capacity in building partnerships with other public and private institutions. He helped them setting up the system of collecting the information on activities of the entire Network for the reports for the donors. In addition, the Volunteer was one of the main speakers at the ACDI/VOCA Rural Development close out conference September 9 and 10<sup>th</sup>.

**RD 5000041 Volunteer:** David Dietrich

**Project name:** Craft Business Development

**Project Summary:** Mr. Dietrich worked with VOKA employees to develop a business plan for a craft operation, run by VOKA as a wholesale business, pulling together crafts from many parts of the country and selling them through various tourism outlets. The Volunteer developed a plan and made recommendations on the structure of the VOKA Crafts Distribution Business. In addition, Mr. Dietrich gave a presentation at the conference Craft Distribution Workshop.

### 4.3. Training Programs and Conferences

#### Quarter 4 1999

**Closeout Conference** The closeout conference “Lessons from Rural Development” was held September 9 and 10 at the Hotel Vesel in Donovaly, about 20 kms from Banska Bystrica. It was attended by 120 people, of whom 12 from Ukraine, 1 from Scotland, 2 from Macedonia, and 5 from US. There were keynote speeches from Mike Deegan, President of ACIDI/VOCA, and Paula Goddard, Mission Director at USAID.

Evaluations of the conference were uniformly positive. Many commented that this was the first time that they were able to discuss and ask questions in such a participatory way. This conference was a new model for such conferences in Slovakia.

**CMP Training in Ukraine** - Participants of training: People from Grisev steering committee, a mayor from another village together with local authorities, University teacher, acting as a consultant for the project and A/V Ukraine staff. From 8 to 15 people all together.

Before CMP they conducted Listening Project The group of 18 people created a steering committee and 20 pairs interviewed 3000 inhabitants out of 5000. It took them two weeks to complete the results of projects. As a next step the association applied to Eurasia Foundation for a grant of 10,000 USD and got awarded. In late July, the association started CMP trainings designed by ACIDI/VOCA in Slovakia. They gained all knowledge during two visits in Slovakia and during the training provided by two staff people from A/V Slovakia in Ukraine.

Some reflection from evaluation sheets by participants of our training:

- The question was: what knowledge, experiences and info you consider as the most useful? Answer – the role of the facilitator, how to work in groups, how to write project, plan each step in activities and think systematically, how to inform people about activities, how to work with people, how to guide the project discussions, give each person the opportunity to share his thoughts with others and everybody got a chance to talk, how to reach the ultimate decision, how to state clearly and precisely the aim of project.
- They liked the form and structure of trainings and additional info plus stories. The info volume was sufficient and its delivery was excellent, the methodology how to lead trainings, valuable knowledge on financial issues, how to write reports. They liked the concept of organizing trainings and the skill to lead them, how to evaluate trg. and projects.
- Visual aids were just wonderful – flipcharts very helpful, liked trainers and open atmosphere, exercises ( but maybe more of them ), pleased that we provided material which they could take home and pass to others or use in the future, liked mostly repetition of the gained knowledge. The delivered information was easy to understand

Slovak Agency for Rural Development will join with the RWLP to sponsor a meeting on Rural Women's day – October 14, 1999. With ARVI's network, the agenda of the meeting will be to sit down with members of Parliament to talk about ways to work together to promote the issues of rural women.

Four staff members participated in the annual meeting of ECOVAST in Sweden and a conference on Rural Development in Sparsely Populated Areas.

Five young people from three villages attended a Young Leaders training in Poland in August sponsored by the Water Supply Foundation. The young people came from villages where there were mini-grant programs.

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**Cierny Balog** – The core group of Listening Project had arranged a study tour for 38 participants to Horna Marikova with our support ( we paid travel expenses for bus ). The goal of the trip was to visit the project "ecological playground for children,, and observe how core group and nowadays local non-profit association is continuing the work after Listening Project. The group also visited B&B Eva a Maria in Horna Marikova and also talked to founder of association, priest Moncek. The results and observing points were announced in local radio, and two articles were written for local newspapers.

**Rural Women's Leadership** Four women agreed to meet as a steering committee to proceed on plans for the Network. Following the Conference, 17 women took part in a meeting and discussed the plans for the following months. The next event to happen is the International Day of Rural Women, which will be organized in cooperation with the Association of Rural Women – in collaboration with the ARVI program. The idea is to invite several parliamentarians and have a dialogue with them about women related issues, which have been raised from the Rural Women's Forum in Liptovsky Mikulas. There will be 4 topics to be discussed:

- 1/ Small businesses and women
- 2/ Employment of women
- 3/ Social supportive systems
- 4/ Education and women

At the end of the Conference meeting, all attendees agreed to come together at the last week of November 1999 in Liptovsky Jan. The theme of the session will be decided on 14/10/99 in Banska Bystrica. This time it should be a 2-day retreat.

## **Conferences and Training**

### **Life of Project**

**East-to-East Training** In the summer of 1998, ACDI/VOCA Ukraine invited the Country Representative from Slovakia to come to Ukraine to travel in a few rural villages to see if the RCCBP model would be appropriate there. While the ACDI/VOCA Ukraine program focuses on agriculture and agribusiness, private farmers are only a small percentage in this country where collectives are still the rule. The program decided to see if the rural development model would work in an area where there are few private farmers and poor soil conditions for commercial agriculture.

Beginning in November 1998, there was a series of training and exchange visits with a core group of residents of Gritsev and participants and staff of RCCBP. Two visits were made to Slovakia and two training sessions were held in Ukraine. Subsequently, a Listening Project was conducted in Gritsev, with 3000 interviews made in the village of 5000. Following the results of the Listening Project, a newly formed NGO in Gritsev applied for and received a grant from the EurAsia Foundation for money to be granted for a Community Mini-grant program. Local residents went through the series of CMP training sessions in the summer of 1999 and are now working on their small projects.

Local residents as well as representatives from other parts of Ukraine have responded with enthusiasm to RCCBP and the potential for taking hold of their own destiny in this country where for seventy years, they had to respond to the dictates of a centrally controlled economy. The democracy building elements of the Listening Project and CMP seem to be of most interest in part because they are so new.

**US-based Training** Six members of the RWL Network participated in the US trip to Maine, where their host organization Women, Work and Community prepared a 3 week busy schedule meeting grass-root American women, women related organizations, women owned small businesses and centers focusing on women's issues. The women arrived back full of new experiences and lots of ideas, which they were ready to share with other members of the Network. Several newspaper articles were already published and a brief report was also given during the workshop in Donovaly as part of the Conference.

Thirteen Slovak men and women visited rural sites in West Virginia to study rural development, hosted by partner organizations in the U.S. There were two outcomes. Volunteers were recruited to come to Slovakia and work and the Slovaks were able to see projects that could be accomplished back home. In addition, the trip participants formed the nucleus of the membership for the new VOKA.

### **Special Initiatives**

#### **Community Minigrant Program –**

**Zvolen:** 5 villages, Ostrá Lúka, Bacúrov, Budca, Breziny and Dubové.

**Liptov:** 5 villages, Liptovská Kokava, Liptovský Peter, Vavrišovo, Jamník and Pribylina.

***In Zvolen region***, 70 % of the grants were given away for 41 projects. So far we received 33 preliminary reports of projects and therefore the second payment 30 % has been paid.

So far, the leftover from grant of 550,000 SKK is 32,639.40 SKK, which would be paid by October.

There were only two groups in one village that submitted a preliminary report but failed to receive the rest of grant. The chair of one group is supposed to hire a company to apply the lights in the theater and replace wooden parts on the stage. He did make only oral agreement with company and no work has been done yet and he provided the advance for work being done by November 1999. He was recommended to obtain the written agreement or contract and make sure that the project will be accomplished on time.

304 volunteers worked on 24 projects in Zvolen region, approx. 2217,50 volunteers hours. (the amount is only the half period of assignment).

***In Liptov region***, managed by A – project in Liptovský Hradok, the 70 % of grants were given away to 42 projects. So far, we received 29 preliminary reports of projects and therefore the second payment 30 % had been paid. The leftover from grant 635,419 SKK is 32,639.40 SKK, which will be paid by October. This sum covers 13 projects.

The last balance of steering committee budget in Liptov is 10,000 SKK, which they would like to use for evaluation meeting and celebration.

#### **Community Needs Assessment a.k.a. Listening Projects**

***Cierny Balog*** – The core group of Listening Project had arranged a study tour for 38 participants to Horná Mariková with our support ( we paid travel expenses for bus ). The goal of the trip was to visit the project “ecological playground for children,, and observe how core group and nowadays local non-profit association is continuing the work after Listening Project. The group also visited B&B Eva a Maria in Horná Mariková and also talked to founder of association, priest Monček. The results and observing points were announced in local radio, and two articles were written for local newspapers.

***Železná Breznica*** – village of 512 residents, 200 households. 8 pairs interviewed 134 households. One of the questions in questionnaire was, „what do you think about Listening Project“? Participants liked it very much, and requested to organize such project more often. They were pleased that somebody finally is willing to listen to them and requested that the deputies should be more involved. They gathered many interesting ideas. The first thing they are going to do, is to clean the bus stops and plant some trees.

***Makov, Turzovka, Kysucký Lieskovec*** – the first stage of LP. The project will be conducted in each village. Next mtg. in October 1999.

## Microfinance

Since June 1999, we have created 6 peer groups and we have 30 clients now. One of our clients did not pay installment in time. After discussion with the rest of the group they decided to pay his debts.

“Maliarik” – group created in Kremnica decided to repay their two last installments in advance and start with the second round of credits as soon as possible because of the “Christmas market”. They would like to replenish their stocks of goods. VOKA will offer loans to this group in October 99.

Credit portfolio	\$ 10 000
Number of loans which were disbursed by the end of September 1999	30
Total amount of money which were disbursed by the end of September 1999	SKK 600 000

### Structure of entrepreneurial activities:

Retail stores	18
Construction businesses	1
Transport company	1
Painter	2
Crafts ceramics	2
Accountancy	1
Dealer of electro technics	1
Dealer of artificial flowers	1
New entrepreneur activity	3

### Purpose of loan:

Working capital	18
Construction material	4
Working material	7
Computer purchase	1

#### **4.4. Significant Impact and Results**

USAID arrived in Central Europe shortly after the Velvet Revolution in 1989 and was welcomed as a participant in the restructuring of the economy, particularly in the privatization of state-owned companies. In the agriculture sector, a particular target was the huge collective farms, known for their inefficiency. However, these farms were often the only employment for small villages and towns other than equally inefficient industrial plants making tanks and other armaments. Once minimal market reforms were initiated and eastern markets disappeared, these sources of employment declined, creating huge problems with unemployment in rural Slovakia, currently averaging about 20% and up to 40% in some areas. Agriculture employment alone dropped by 54%.

USAID looked to one of its contractors, ACDI/VOCA, to initiate a rural development program to address some of these problems. Initial investigations occurred in early 1996 and in the summer of 1996, American consultants were recruited to design, along with Slovak partners, the resulting Rural Community Capacity Building Program (RCCBP).

Using some programs tested in the rural Appalachians (specifically West Virginia), RCCBP initiated some fairly traditional community development techniques with two goals in mind. The first was to help people re-learn how to communicate with one another outside their family on issues of social and economic importance to their village (Listening Project). The second was to “learn by doing” through the Community Mini-Grant programs.

#### **RCCBP ACTIVITY LEVEL INDICATORS AND TARGETS**

The progress to-date of the RCCBP program towards the targets of the indicators chosen to measure accomplishment of Strategic Objective 2.1 “increased, better informed citizens participation in community, political and economic decision making” is as follows. These indicators are the same as the last AID fiscal year, (October 1997 to September 1998), which were all, met. A cumulative number will be provided at the end of the fiscal year.

##### **Diversifying the Economy**

Number of rural economic decision making organizations with new or expanded skills or services

**Target: 4**

*New organizations in Fintice and Hrusov assisted with strategic planning. VOKA craft business*

Number of rural individuals assisted with new or expanded income producing activities or practices.

**Target: 106**

*50 participants in training sessions for community development through RWLP Magna Via – up to 400*

##### **Building Assets in the Community**

Number of rural, local groups with new or expanded financial resources

**Target: 3**

**6 new peer groups in operation and two more in formation**

Number of rural individuals/businesses with new or expanded financial resources

**Target: 25**

**30 loans disbursed.**

**Development of Social Capital**

Number of communities/organizations with increased social capital (local leadership or equitable participation developed) indicated by initiating and completing projects in their own communities.

**Target: 35**

**Listening Project – 80 people interviewing**

*Number of community projects implemented*

**Target: 52**

**87 mini-grant projects in progress**

*Number of individuals demonstrating new leadership skills*

**Target: 34**

**4 new women leaders in RWLP; 5 on Rural Study tour to Maine**

**Outreach**

<p><b>October</b></p> <p>PDCS training          AMIS meeting          Rural Parliament          VOKA Board meeting and membership meeting          Move office one flight up in same building          Listening Project          RWLP/ARVI meeting with members of Parliament</p>	<p><b>November</b></p> <p>SAIA training          Reports due from Mini-grant projects          Listening Project          New Microfinance loans          RWLP meeting          Peace Corps training          Volunteer evaluations</p>
<p><b>December</b></p> <p>Office closed between Christmas and NY          Listening Project          Volunteer evaluations          CMP evaluations</p>	

**Collaborative Activities**

**VOKA – the legacy of ACDI/VOCA**

VOKA was introduced formally at the ACDI/VOCA conference in September. It was also the recipient of a grant from the Mott Foundation of \$30,000 for each of three years, a grant from NPOA for \$12,000 and a technical assistance grant from NOS for help with corporate fundraising.

In addition, VOKA will receive the balance of USAID funds allocated to Slovakia from ACDI/VOCA, approximately \$40,000. The ACDI/VOCA vehicles will be sold and the proceeds donated to VOKA.

UNDP asked us to give them consultations for their ROMA INTEGRATION PROJECT and asked VOKA to prepare a two-year plan of Rural Community Development to be developed and implemented in the Spis region. The plan focuses on Listening projects, NGO development and community economic development, including micro-finance.

- Chuck Daugherty delivered two fundraising workshops for members of VOKA staff.
- US Peace Corps provided a PVO to VOKA, Elizabeth Brewer, for a one-year assignment.
- The Board of directors met 2 times and worked on the new charter and prepared a membership meeting to be held the end of October.
- Rural Parliament –A new preparation committee of 12 people of the Rural Parliament was elected at the Visioning session in Liptovský Hradok, where 70 participants registered. The committee decided to register Rural Parliament as a civic association and fundraise for its operations. The first meeting was held with the Ministry of Agriculture to start mutual cooperation and to discuss EU programs, including SAPARD. Jana Meciárová is on the preparation committee and was one of the three people in the meeting with the Ministry.
- AMIS – Association of Microcredit Institutions of Slovakia was established uniting most of the Micro-credit practitioners in Slovakia. VOKA is represented in the Board of Directors elected at the first membership meeting by Jana Meciárová.

## 4.5. Lessons Learned and Success Stories

### Communication and Needs Assessment

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Listening Project – 25 villages participated over three years. 201 people conducted 992 interviews of their neighbors and friends, working in pairs over two days to two weeks. The listening projects first and foremost opened communication channels between neighbors and allowed them to identify both common and sometimes divergent interests. The results were used to raise money for local projects, create municipal plans, initiate new NGOs, and interest local people in working together in micro-regions.

The Listening Project (Community Needs Assessment) was originally used in the southern part of the U.S. as a conflict resolution tool between different races. In Slovakia, it was used to help people in rural villages envision a future and identify problems that they could solve. In each area, a team of volunteers was created and trained in “active listening” by RCCBP staff. They then interviewed their neighbors and friends, sometimes up to 50% of the whole village. Subsequently, they held an evaluation, again with RCCBP staff. The evaluation didn’t necessarily focus on the information gathered through the questionnaires but rather served as a forum for people to talk about the process itself and what it meant to them. How did it feel to knock on the door of someone you didn’t know? Did anyone turn you away? What did the project accomplish? Finally, the whole village held a celebration to report on the information gathered. Everyone was invited, whether or not they had participated in the listening project, and celebrations often included both dancing and traditional foods such as goulash.

Listening Projects often proved to be only the first step in village renewal. Several times during ACDI/VOCA's 3-year tenure, they led to the creation of a new local NGO to accomplish the vision laid out by residents. This exercise in “listening” was so important because for the last forty years, under communism, people were discouraged from speaking out publicly on issues that affected them. If there was discussion, it was within the family since becoming known as a “troublemaker” could have serious consequences. The first step to community development must be an open discussion among citizens about the future. In Slovakia this means having to re-learn the art of public discourse, as a first step toward the creation of a democratic civil society.

### Community Development

Mini-grant program – 24 villages participated over the three years, accomplishing a total of 241 projects at a total cost of approximately \$72,142 USD. This amount was tripled by local contributions, both in cash and volunteer time. Mini-grants were used as an incentive to local villagers to attend five training sessions on community development practice. These sessions taught villagers to plan and budget for small projects and search for matching funds. Grants enabled groups to buy materials to implement a local project, designed by them.

Six Community Mini-grant (CMP) programs were conducted in the three years of ACDI/VOCA’s program. It is a time consuming program and costly, so RCCBP was

unable to do more of them. A full program takes almost one year. But for a program that combines democracy building as well as a practical guide to local community development, it can't be beat. CMP started in partnership with A-Project, an NGO in northern Slovakia who was also a member of the design team. A-Project and ACIDI/VOCA worked together to test the CMP in a Slovak context as this program model came from West Virginia.

Operationally, a steering committee is formed representing all villages in the participating micro-region and public meetings are held. Then five training sessions are conducted, usually over four months. Once financing is awarded by ACIDI/VOCA, local groups have six months to complete their project, which must be carried out entirely with volunteer work.

The role of A-Project and RCCBP staff members working on CMP is as trainers and facilitators. The local steering committee arranges for all the scheduling of meetings and training and appoints a "fiscal agent." Staff assists in the formation of the steering committee and advises them on how to conduct their affairs.

The grants are actually made by a local grants committee composed of a representative from each group eligible for a grant. It is possible to be awarded up to 20,000Sk (\$500USD) and of course, usually each group asks for the full amount. In the fifth training meeting, the grants committee meets – sometimes up to three hours - to divide the amount awarded by ACIDI/VOCA. Difficult decisions must be made, as there is never enough money to give everyone all that they ask for. ACIDI/VOCA staff facilitated this discussion and it is at this point that the transparency of the decision-making contributes the most to democracy building.

CMP has been instrumental in helping people implement their own projects, instead of relying on a central authority for action and instructions. More importantly, it has taught them the importance of transparency in decision-making, especially around finances. In Hrusov, one of the mini-grant villages, the mayor decided to set aside 25% of his budget for a "grants committee" in order to be able to help finance projects designed by residents. He is practicing what he learned as a member of the CMP program.

### **Integration of women into all aspects of the program**

Rural Women's Leadership Network – 150 women joined the network and up to 40 met in quarterly sessions to hold workshops and seminars. They supported one another, personally and professionally, gradually creating their own program of small business development training and advocacy.

The Rural Women's Leadership Project (RWLP) was started in the second year of the RCCBP. It began with a survey of existing women's organizations and it soon became clear that most such organizations were based in the capital, Bratislava, were top down in structure and were tied to political parties which polarize and limit cooperation. ACIDI/VOCA decided to bring rural women together in a "safe space", a network where women were free to speak their minds about the pressure they were under, both personally and professionally, during this time of change for Slovakia.

One of the facts of life that Slovak women must live with is the contradiction between the myth of equality between men and women that was fostered over the last forty years of socialism and the reality of their lives. The myth has some interesting basis in truth. Slovak women and men participated equally in the work force (in part because they were forced to), something that American women did not achieve until recently. Women in Slovakia were encouraged to take a broader range of work responsibilities and study than their American counterparts. However, the reality of women's lives is that their gender role is very restricted to care of the family even into old age, rather than fulfillment of their own career and aspirations.

One place where this reality has changed slightly is in the realm of village and small town mayors. 1/3 of rural mayors are women in this country, where almost half of the population lives in villages under 5000. In part, it is because of the nature of job of Slovak rural mayors that they are, in effect, both politicians and full-time administrators of their villages. They are in charge of the budget, social services, infrastructure improvements, and community relationships. In addition, they have some leeway to use their own discretion to affect the future of their village and take risks in leadership and financial matters.

According to the USAID evaluation, *"The Rural Women's Leadership Network provides a lesson and a model for a national rural development network of village leaders (men and women) to promote information and resource exchange, share expertise and advocate for policy change."* While women have been well integrated into all ACDI/VOCA programs, the Network has provided women with an opportunity to examine their reality and contrast it with the myths promulgated over the last 40 years. The impact of the Network has been mainly on strong individuals, but collectively, they have helped produce a booklet "Traditions and Transitions: Life in Rural Slovakia today". The booklet is a narrative of statistics and stories collected by the Network and reviewed by them before publication.

Women have participated equally in all the RCCBP programs and in the various Listening Projects and they often are more than half of the interviewers. In Cierny Balog in the middle part of Slovakia, women were responsible for all the interviews in a town of close to 5000. In this village with a high proportion of Roma or Gypsies, two Romany women used the Listening Project to interview their neighbors about relationships between themselves and the "white" community. In the steering committees and the training for CMP, men and women participate in equal numbers. But when asked if there was a special need for a women's project – separate from ACDI/VOCA's regular programming - the women responded affirmatively. It seems that regardless of equal participation, the "safe space" for trying out new ideas and supporting one another is still needed.

In addition to being a supportive environment, the RWLP has sponsored a series of trainings for women in business or who want to start businesses. A prime concern for these rural women, as it is everywhere, is the means to support themselves and their families. The Business Basics curriculum, brought by two women Volunteers from Maine who work with a similar network there, has been tested by the Network throughout Slovakia as well as a curriculum on economic development. The Business Basics curriculum may be offered as training for unemployed people in the future through the Ministry of Education.

#### 4.6. Follow-on Activities

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##### **VOKA – Vidiiecka Organizacia pre Komunitne Aktivity**

From the inception of the program, it was the intention of RCCBP to work with Slovak partners to implement the various rural development tools in villages. The partners were mayors, local NGOs, informal groups of citizens, or local businesses. In the fall of 1997, ACDI/VOCA selected six of these individual partners from different parts of Slovakia to participate in a U.S. study tour to West Virginia. On their return, the participants came together for an evaluation and began talking about ways to work together to accomplish some of what they saw. In the fall of 1998, a second group went to West Virginia and Kentucky and on their return, joined the first group and a network of Slovak rural development practitioners was born. The group, along with Slovak staff of ACDI/VOCA decided to form an NGO – VOKA - which was registered as a Slovak civic association.

In 1999, the first membership meeting was held and a Board of Directors was elected. The country director for ACDI/VOCA was selected to head VOKA. With the close of USAID in Slovakia, VOKA began to pursue both domestic and foreign funding sources and by the end of September 1999 had raised enough money to cover its first year costs.

VOKA will continue the RCCBP, but will add national advocacy components as well as planning assistance to regions and microregions as the pre-accession plans for the European Union become actualized. As the only national rural development network, VOKA is uniquely positioned to become a player and consultant as Slovakia comes closer to EU membership.

There are two challenges for VOKA as it emerges from the ACDI/VOCA incubator. The first is funding. Foreign donors are already reducing their commitment to central Europe in favor of countries to the south who haven't moved as far along on the economic or social transition continuum. Domestic funders, including community foundations, are new and struggling themselves to raise enough money to distribute. The tradition of corporate philanthropy and individual giving in Slovakia is poorly developed. The second challenge is similar to many emerging Third Sector organizations, that of a program that is too diverse and tries to provide too many answers to too many people. This is a particular difficulty for national networks with a membership with competing interests and constituency. The tendency is to see every funding program as an opportunity for a new source of money to support the organization when in fact, it tends to divert the organization from its original purpose.

VOKA, with its experienced staff from RCCBP and its loyal constituency, has many of the elements for success. It is starting with a diversified financial plan, a strategic plan, and a reputation among Slovaks for having done excellent work. ACDI/VOCA plans to continue to support VOKA over the next few years and make it part of an international partnership. The lesson of the Rural Community Capacity Building Program is that sustainability of the results over the three years depend on the creation of an indigenous legacy organization that can continue the goals of the program, even after USAID funding is finished.

## **APPENDIX**

**Number of Villages in Slovakia  
Assisted by ACDI/VOCA's Rural Community Capacity  
Building  
Services and/or Participating in Activities  
1996 - 1999**

<p><b>Community Development</b> Community Mini-grant</p> <p>Listening Project</p> <p>NGO and leadership development</p> <p>Social Development</p> <p>Community Foundations (serving rural area)</p>	<p>24 – Jedlove Kostolany microregion, Kvacany microregion, Bacuch, Zavadka, Polomka, Hrusov, Dacov Lom, Suchan, Ostra Luka microregion.</p> <p>25 villages across Slovakia</p> <p>2 in Stare and Nova Basta, 4 in Marikovas, 1 in Fintice</p> <p>1 in Tichy Potok</p> <p>4 in Presov, Banska Bystrica, Pezinok and Kvaciny.</p>
<p><b>Economic Development</b> Crafts Sales and Distribution</p> <p>Rural Tourism</p> <p>Community planning and enterprise</p>	<p>15 villages in Kralovsky Chlmec microregion and 5 in Tulcik microregion</p> <p>12 in Upper Liptov, 1 in Liptovsky Hradok, 1 Kvacany 14 villages for hospitality training</p> <p>6 in Bezovec, 15 in Ipel River basin, 1 in Vyhne, 3 in Mikusovce and Torysa, 1 in Tichy Potok and 6 for Magna 66.</p>
<p><b>Rural Women's Leadership Project</b> (this is a sum of the villages represented by the 150 women leaders)</p>	<p>Approximately 62</p>
<p><b>Small Business Development</b></p> <p><b>Microfinance</b></p>	<p>6 sites representing an average of 3 villages each for Business Basics workshops or 18 villages</p> <p>5 villages – Horna Marikova, Krivan, Hronsek, Kremnica, Hrinova</p>
<p style="text-align: center;">Total</p>	<p style="text-align: center;">226</p>

This total is approximate and represents about 10% of all villages in Slovakia.

## **5. MACEDONIA**

### **5.1. Project Overview**

ACDI/VOCA was successful in completing a full project over the past year in view of the Kosvo conflict and questionable funding availability. All planned activities were achieved with the exception of the number of US volunteer assignments. This reduction was a direct result of the Balkan war and compensated for by the use of local consultants. A total of 15 US volunteer assignments were implemented out of an expected 20 and complimented by 14 local consultant projects.. A greater number of training events were also designed and implemented to offset this reduction. A total of 12 trainings were completed that consisted of in-country events, East-to-East exchanges and 1 US study group funded by IFAD. To date, the project has delivered more than 220 US volunteer projects, 40 technical training events, and 14 local consultant projects.

The short-term Local Consultant projects developed during the war in cooperation with the Faculty of Agriculture have provided the project with an additional and valuable technical assistance resource. ACDI/VOCA will continue building upon this methodology, when appropriate, in order to further develop sustainable Macedonian agricultural consulting services.

#### **Collaboration Efforts**

Another area of emphasis during the past two quarters has been in further developing inter-organizational cooperation amongst USAID funded assistance projects related to agriculture. We have met jointly with Land O' Lakes and the Krimson Capital MBRC project to establish a inter-project collaboration framework. ACDI/VOCA has also supported SEAF in assessing potential food processing candidates for their equity investment program. In addition to the above, we have contacted a relatively new private ag. consulting organization called VIZI which is an outgrowth of a former World Bank project.

#### **Funding**

Funding for the Macedonia project under the CEE II grant was scheduled to end in March 1999 but was continued under a grant extension. Project activity has continued although the total funding available has required a moderate reduction in the number of volunteer assignments. The project is currently scheduled to end at the close of August 2000, however, ACDI/VOCA is exploring possibilities for continuing agricultural assistance in Macedonia. Demand from private sector entrepreneurs remains high and may even have an elevated importance following the war which has significantly disrupted traditional market and input supply channels

#### **Project Management**

On a final note, management of the project in Macedonia was transferred to a new U.S. Representative following the departure of Mr. Neil Mozer. The new project director, Mr. Mazen Fawzy, recently completed his transfer from Romania where he had been posted for the past several years. This went smoothly and was eased by both his regional experience and past TDYs in Macedonia. Mr. Fawzy's first task was in re-drafting and submitting the Macedonia project's workplan and budget through the end of August, 2000.

## **FY 1999 Project Activities**

The following section of this report is a comprehensive summary of the major assistance interventions completed over the course of FY 1999. The activities have been grouped by category and a summary table has been provided depicting the totals for both Quarterly and Total Year levels of activity.

It should be noted that it was very difficult for the project to complete all of the planned events and on schedule on account of two major issues. One of the primary causes for delay was the war in neighbouring Kosovo, which completely stopped volunteer activity during the two most important Quarters for project implementation. The second cause was related to funding. The regional Central & Eastern Europe II grant provided project funding only through the end of March 1999. Beyond this point, the project had to rely on alternative funding from ACDI/VOCA while the possibilities of a new project could be considered.

As the escalating conflict in Kosovo understandably drew USAID's full attention, a decision was made that allocated enough funding for extending the project through the end of August, 2000. Although both the war and funding issues made it somewhat difficult to manage keeping the project on schedule, ACDI/VOCA has achieved most of the projections set forth and exceeded them in some cases. We are thankful for the Missions continued support and look forward to a more predictable level of implementation through the end of the grant in August 2000.

## ACDI/VOCA Macedonia FY 1999 Assistance Summary Table

Project Activity	Quarter II		Quarter II		Quarter III		Quarter IV		FY Totals
	Projected	Completed	Projected	Completed	Projected	Completed	Projected	Completed	
<b>Volunteers &amp; Consultants</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Number/ Percent</b>
• US Volunteer Assignments	7	7	8	5	0	0	5	3	15 / 75%
• Local Consultant Projects	-	-	-	-	5	9	5	5	14 / 140%
• Sector Studies	1	1	-	-	-	-	-	-	1 / 100%
<b>Training &amp; Exchanges</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Number/Percent</b>
• In-Country Events	1	0	1	0	6	3	0	2	8 / 100%
• East-to-East Training	0	1	-	-	1	1	-	-	2 / 200%
• Regional/Int. Events	-	-	-	-	-	-	0	1	1 / 100%
• US Training Events	-	-	1	0	0	1	-	-	1 / 100%

Notes: 1. In country training programs in Quarter III were in support of the Household Food Security Project

2. The US training in Quarter III was funded through an IFAD training grant

## 5.2. Volunteer & Consultant Assignments

In 1999, the US volunteer component of our project completed 15 assignments out of the 20 projected. These were complimented by 14 ACDI/VOCA funded Local Consultant projects, which more than compensated for our inability to bring US volunteers during the war. Over 220 volunteer assignments have been developed since the beginning of the grant and another 20 –25 are anticipated by the end of the project in August, 2000. More than 1400 Macedonians have directly benefited from the project and over 4500 indirectly.

The demand for volunteer based “hands-on” firm-level technical assistance remains very high. Many of these requests are becoming more specific and business oriented as Macedonian farmers move more toward commercial farming and processing. There is an evident trend toward increasing production and product quality as markets become more sophisticated. ACDI/VOCA believes that being responsive to these needs is instrumental in helping Macedonian agribusinesses regain the market-share lost over the past several years to imports.

The following is a comprehensive list of the projects completed in 1999 accompanied by a brief project description:

### **EM 000210 MEDIUM EXPORT – Broiler Production & Processing**

MEDIUM EXPORT, a private agribusiness and trading company, initiated establishment of a slaughtering and processing plant for broiler chickens as well as introduction of broiler production at contracted private farms in the vicinity of Skopje. The owner of MEDIUM Export, Mr. Ljubomir Drenkovski, requested an ACDI/VOCA technical specialist in broiler production, slaughtering and processing to assist him with the broiler technology, abattoir/processing operation, cost efficiency, plant management, etc.

Activities: The volunteer gave recommendations on organizing and operating of a new slaughterhouse including improvements on the current design for plant layout. In addition, he provided crucial information and training to his hosts on plant management, labor usage, and employee training while addressing broiler specific aspects germane to distribution and marketing.

Number of beneficiaries:

- 1) Direct: 19 were men & 21 were women
- 2) Indirect: 30 were men & 25 were women

### **EM 000211 PAPIJON Mushroom Production**

A relatively new mushroom production company in the Skopje requested a volunteer specialist in mushroom cultivation to assist them in addressing problems with production, quality management, cultural procedures and disease control.

Activities: The volunteer Mickey Foley assessed the producers operation and identified several key problem areas. Recommendations were made and demonstrated that had a significant impact. The major intervention involved control of mushroom diseases in order to re-establish production levels and higher product quality. Hygienic procedures were a central element in this process as was an appropriate

fungicide program. In addition, he offered help on improved cost-efficiencies, product quality and increased company profits

Number of beneficiaries:

- 1) Direct: 4 were men & 1 were women
- 2) Indirect: 15 were men & 6 were women

#### **EM 000212 Stip Mushroom Growers Association Support**

The Association of Mushroom Growers of Stip requested a volunteer specialist in the mushroom business to assist their members in addressing present challenges and existing or potential problems. The goal of this assignment was to improve the production technology and attain increased yields and profits from the individual small mushroom businesses. The volunteer was asked to visit and work with the mushroom producers and to provide them with guidelines and detailed information on improved practices of mushroom cultivation, including compost making technology, mushroom farm management, ventilation, sanitation, disease control, packaging, etc. The volunteer will be also expected to advise the Mushroom Producers' Association leaders and members on the principles and bases of the western style producers associations regarding promotional, marketing, educational and other service functions of the associations.

Activities: The volunteer offered a great deal of assistance in the production and quality control assurance of mushroom compost. He assessed and analysed sources and graded their quality. This was identified as one of the larger problems facing the industry. As one of the focal points of mushroom farm management, the volunteer emphasized and counselled his host on quality compost production while also addressing parallel technology issues related to ventilation and disease control. In addition, he shared his experience on how similar association in the US function.

Number of Beneficiaries:

- 1) Direct: 7 were men & 2 were women
- 2) Indirect: 40 were men & 20 were women

#### **EM 000213 Soybean Production Follow-up**

The farmers and agri-businesses participating in the trials for soybean production in Macedonia requested a volunteer soybean specialist to assist them to determine the trial results and varietal performances of this year's crop, the third year of soybean trials.

Activities: The volunteer assisted in determination of the trial results and varietal performances, visited 8 sites to evaluate the soybean variety tests and based upon his analysis concluded soybean production had substantial potential in Macedonia if production and processing are encouraged. Some concerns about production, weed and pest control, and harvesting were addressed at every site. These topics as well as the future success of soybean production in Macedonia were discussed in a roundtable meeting with key stakeholders from the University, agribusiness, producers, seed suppliers and ACDI/VOCA Macedonia.

Number of beneficiaries:

- 1) Direct: 6 were men & 2 were women

2) Indirect: 0 were men & 0 were women

**EM 000214 & EM 000218 Association & Cooperative Assessment Survey**

ACDI/VOCA and USAID – Skopje requested two volunteers to survey the association and cooperative environment in Macedonia and to produce an assessment of the constraints and opportunities for development of associations of farmers, processors, trade organizations, consumers and others.

Activities: The volunteers interviewed and assessed the strengths of associations including farmers, women, and citizens' groups and advised ACDI/VOCA and USAID on their strengths and weaknesses. Given inherent problems with leadership and management, the volunteers recommended any future association development technical assistance should be coupled with human resource training. In addition, legislative shortcomings of the current law on citizens' associations should be addressed if the enabling environment is to be supportive of the development of viable cooperatives..

Number of beneficiaries:

1) Direct: 33 were men & 10 were women  
2) Indirect: 340 were men & 380 were women

**EM000215 KARA-ORMAN Feed Mill Assistance**

This private feed milling company from the Stip area requested a volunteer to help them develop an improved system for formulating a wide variety of animal feeds. The volunteer was requested to train the owner and employees in developing least-cost rations based on locally available feed ingredients. The request also was to help the mill owners attract potential clients by educating them in the importance and proper use of balanced rations.

Activities: Least cost rations for swine, poultry, lambs, and dairy production were developed and the plant owners and operators trained in this procedure. Good manufacturing practices were developed and introduced. Nutrition and superior animal production management practices were recommended and provided to farmers and clients in the area.

Number of beneficiaries:

1) Direct: 2 were men & 3 were women  
2) Indirect: 5 were men & 4 were women

**EM 000217 CHIPKOO Potato Chip Production Follow-up**

A private company, KOOPERATIVA, requested follow-on assistance to earlier assistance provided by ACDI/VOCA. An expert was needed to help the owner and personnel of the company improve their quality and production techniques in order to keep their place on an increasingly competitive market. The volunteer was requested to transfer improved manufacturing procedures through hands-on assistance. Advice on proper potato varieties, oil, frying, salting techniques, packaging, quality control and shelf life was requested.

Activities: The former volunteer for this company, Mr. Terril Christensen was able to return and assist the company. Mr. Terril offered all of the assistance requested but also worked with the company in locating potato suppliers. He provided the company

with information in proper potato storage so they would be able to preserve potato quality once proper varieties were secured. There has been a substantial quality improvement following the assignment.

Number of beneficiaries:

- 1) Direct: 2 were men & 3 were women
- 2) Indirect: 5 were men & 4 were women

**EM 000219 BONUM Mushroom Production Follow-Up**

BONUM Mushroom Production and Canning Operation in Kriva Palanka and Skopje requested follow-on assistance from ACIDI/VOCA volunteer, Mickey Foley, with whom they worked in 1995 and 1996, before and immediately after establishing their mushroom operation. Mr. Foley was requested to assist them in improving production operations at their mushroom production facilities in Kriva Palanka and Skopje.

Activities: The volunteer specialist, Mickey Foley, addressed both production concerns and increased efficiencies of Bonum's operations. He reviewed and then developed a new improved disease control program while also giving readily adoptable improvements for cost production efficiencies in both usage of technology and labour. Many of these aspects were implemented immediately.

Number of Beneficiaries:

- 1) Direct: 4 were men & 2 were women
- 2) Indirect: 20 were men & 80 were women

**EM 000220 ZELENIKOVO Goat Farmers Association Marketing**

This association requested a volunteer to help them in designing a marketing strategy and campaign to promote goat dairy products. The goal of this assignment was to bring Macedonian goat dairy products to consumers attention and ultimately increase demand and sales for them. The project required a specialist with knowledge of dairy goat market promotion and associations.

Activities: Thee volunteer gave the association guidelines for organizing a marketing strategy that would help them obtain their goals. She assessed each members strengths and weaknesses and did the same for the association. The association's leadership also worked with the volunteer in taking steps towards organizing a National Goat Producers Association. The president was able to use her assistance in developing two new kinds of cheese: Chevre & Feta.

Number of beneficiaries:

- 1) Direct: 16 were men & 1 were women
- 2) Indirect: 15 were men & 0 were women

**EM 000221 TRICKOVSKI Cheese Production**

The TRICKOVSKI Company, a private enterprise, requested an ACIDI/VOCA expert to assist them in production of high quality cow and goat cheeses for the Macedonian market. The assignment required a volunteer with an extensive background in cheese production, plant management, and experience in marketing. The company requested assistance in all of these areas.

Activities: The volunteer instructed the host on making a number of cow cheeses that seemed suitable for the Macedonian market. Plant management, transportation, and handling of milk were key areas where volunteer interventions were targeted.

Number of beneficiaries:

- 1) Direct: 4 were men & 2 were women
- 2) Indirect: 2 were men & 0 were women

#### **EM 000222 DAEV Beef Production**

Mr. Sash Daev requested an ACIDI/VOCA volunteer to assist him with the management of a cattle farm he had invested in. The request was for assistance in improving overall management systems, introduction of rotational grazing, and introduction of new animal husbandry practices.

Activities: The volunteer introduced improved management practices and also focused on selection of breeding stock, housing requirements, and rotational grazing. The expert also identified infrastructure improvements that were needed and could help production efficiency. The volunteer provided the host with extensive amounts of literature on cattle farming.

Number of beneficiaries:

- 1) Direct: 3 were men & 0 were women
- 2) Indirect: 5 were men & 1 were women

#### **EM000224 Seed Potato Production Trials II**

Dr. Johnson returned to Macedonia on his third assignment to provide technical assistance in a commercial potato seed production project that started based on his suggestions and design. He will assist the company in evaluating the performance of the trials and offer suggestions for improvements, troubleshooting, and future expansion.

Activities: Dr. Johnson returned to Macedonia and worked with the owners of the seed company who established the trial to evaluate the results. He was able to troubleshoot the performance results which were not as good as hoped due to disease damage. It was determined that the pest control regime has not been properly managed by the contracted grower and corrective measures for next year's trial have been established.

Number of Beneficiaries:

- 1) Direct: 15 were men & 1 were women
- 2) Indirect: 0 were men & 0 were women \*when the seed is available this number

will be extremely high

#### **EM000227 Kozhle Dairy Goat Production & Processing**

A volunteer was requested to work closely with a newly established commercial goat milk processing company in improving/troubleshooting existing production and in introducing new value-added products. In addition improved plant sanitation, marketing techniques, and general management practices will need to be introduced.

Activities: Volunteer Ezell Goodwin accepted this assignment and worked closely with the hosts. He analyzed their current cheese making practices and introduced several simple ways of dramatically improving the quality. In addition, he also demonstrated the manufacturing of several new products including a simple to make soft cheese spread.

Number of Beneficiaries:

- 1) Direct: 9 were men & 11 were women
- 2) Indirect: 3 were men & 4 were women

### **EM000216 MALENKO Apple Chips Production**

The owners of the MALENKO company requested assistance from ACDI/VOCA in developing an apple processing business that can make use of the surplus fruit grown in their region. They are particularly interested in dehydrated products including apple chips as a snack food. The owners requested a volunteer to introduce them to the technology needed, products produced in the USA, and teach them marketing techniques needed to launch similar products in Macedonia.

Activities: The volunteer worked with the hosts in first determining if a suitable fruit supply was available and then determined what products could be manufactured. He introduced the hosts to the processing technology needed and the requirements for producing a suitable product. He brought along several samples of apple chips and other dried apple products as samples. The same was done with proper packaging material for the chips. The owners have decided to go forward with the project and are in the process of building and equipping the plant.

Number of Beneficiaries:

- 1) Direct: 2 were men & 2 were women
- 2) Indirect: 2 were men & 0 were women

### **Local Consultant Projects**

A/V Macedonia developed the use of local consultants in response to the ban on US volunteers travelling during the war in Kosovo. Although not within our original workplan, this provided a means of maintaining project momentum during a time when it would have been otherwise impossible to do so. When appropriate, these interventions provided a valuable source of firm-level technical assistance during a difficult period. Our project will continue using these services and couple them with US volunteer projects whenever possible. Through these efforts, we are simultaneously delivering technical assistance while developing the capacity of local agricultural consultants. The following is a brief description of the local consultant projects completed over the past quarter:

#### ***Household Food Security Vegetable Production Training***

A/V Macedonia contracted approximately 6 local vegetable production specialists to help facilitate the Household Food Security Program training events. They prepared and delivered practical training presentations on vegetable production best-practices. Topics included crop production, protection, and harvesting. The consultants also helped oversee the distribution of farming inputs and have provided crop production follow-on assistance. A/V will contract 2-3 of these consultants again over the coming

quarter to visit the farmers and help them with any problems that they may be experiencing.

#### ***MALENCO Apple Chip Processing Follow-on***

This project was completed as a follow-on assignment to the work previously completed by a US volunteer. The owners of the company requested assistance of an expert to review their construction plans and help them select and source appropriate equipment. ACIDI/VOCA fulfilled this request using a former volunteer who was in country visiting family in Macedonia. He helped them obtain the equipment.

#### ***Swine Production Assistance***

Two private swine farms have received technical assistance contracted on their behalf by A/V. The consultant selected for these assignments was a professor in the faculty of Agriculture, who had benefited from A/V training. He offered technical assistance based on Western practices but tailored to meet local conditions.

#### ***IMPAKO Meat Processing Production***

A specialist from the Faculty of Agriculture's food processing department was hired to help the company improve production efficiency by reducing losses and increasing product quality. Techniques were introduced that improved the products physical characteristics including appearance and taste. Losses due to product failure, which ran as high as 40%, were also significantly reduced.

#### ***IMPAKO Meat Production Quality Analysis***

A second specialist from the Faculty of Agriculture was hired to help the company analyze the quality of their production capability. Parameters including nutrient value and product hygiene/stability were determined through laboratory analysis. Based on this, the company was able to further identify areas for improvement and determine what would be needed for them to produce special dietary and preservative free products.

#### ***STOJANOVSKI Pullet Production***

A specialist from the Faculty of Agriculture provided the owners of a poultry farm technical assistance in re-designing one of their production units into a facility for raising pullets. He provided the host information concerning facility re-fitting/design, environmental controls, nutrition, and overall production management.

#### ***SAVONSKI Broiler Production***

The same specialist used in the previous project provided the owner of a private broiler production farm technical assistance. Advice was concentrated in the areas of housing requirements, environment control, nutrition, animal health, and production management.

#### ***GEORGIEV Goat Production***

Two specialists from the Faculty of Agriculture were hired to advise the owner of a small goat production operation on their planned expansion. Overall advice on expanding the herd along with improved production management techniques related to breeding/genetics, health, and feeding were introduced. Detailed drawings/plans for improved goat barns and feeding systems were also delivered to the host.

### 5.3. Training Programs and Conferences

The training component of our project in Macedonia was also expanded over the past year in an effort to continue providing assistance despite the disruptions caused by the Balkan war. ACDI/VOCA organized and implemented 2 East-to-East training programs for a small group of Sheep & Goat Farmer/Processors and a group of Bakers from the National Craftsmen Association. The trainings took place in Hungary and Poland respectively in cooperation with our successor organizations in those countries. In addition, 12 Albanians from the National Union of Farmers received Association training in Macedonia along with 1 Greenhouse owner who received on-farm training. The project also implemented 2 in-country training seminars for animal producers and a much larger effort of 6 events for vegetable production under a Household Food Security project described later in this report. The project supported a newly formed Trout Producers Association's participation at an international aquaculture fair held in Thessaloniki, Greece. A final event worth mentioning is 1 group of credit experts who travelled to the US on an ACDI/VOCA organized training event funded by IFAD.

**ACDI/VOCA Macedonia FY' 1999 Training Event Summary Table**

TYPE OF EVENT	No. of Events	No. of PARTICIPANTS		TOTAL
		Male	Female	
Seminars & Conferences	8	117	45	162
East-to-East Training Events	2	8	3	11
US Training	1	2	2	4
International Events	1	3	0	3
<b>Total No. Trained</b>		130	50	<b>180</b>

#### **In-Country Training Programs**

##### *Household Food Security Vegetable Production Training Workshops, 5/99*

A/V Macedonia, in cooperation with local government and NGOs organized and implemented 6 vegetable production best-practices seminars throughout the country. Approximately 150 attendees representing 600 families received training in how to best use the inputs they would receive under the Household Food Security Program. Topics concerning vegetable production, crop protection, and use of new methodologies were covered. Several local consultants were hired to organize and deliver these presentations and also to help oversee the distribution of inputs. Expenses for these events were covered by USAID's Office for Transitional Initiatives.

##### *Poultry Association Formation Workshop, 7/99*

A one-day association training workshop was organized for a group of poultry farmers who have expressed an interest in forming an association. The topics covered included association principals and discussions on what an association can do for their

industry in Macedonia. Twelve key producers attended the seminar and participated in the event.

*Improved Swine Production Techniques Seminar, 9/99*

A significant amount of effort was made in developing a swine production seminar that will take place the beginning of next quarter. The seminar targeted private producers and introduced them to a variety of practical improved production techniques. Lecturers include an A/V volunteer and several key members from the Faculty of Agriculture. The seminar concentrated on a core group of participants from the Bitola area of Macedonia who are being supported by A/V in developing a local producers association. Invitations were extended to producers from other areas in the country along with Land O' Lakes producers/staff and MBRC staff.

**East-to-East Training Programs**

*Sheep & Goat Production, Hungary 12/98*

A specialized training for a small group of Macedonian sheep and goat producers/processors was created in association with our successor organization in Hungary, Altagra KFT. The training program was designed to offer a select group of industry leaders in Macedonia the opportunity to learn from the Hungarian industry, which has significantly advanced over the past several years. The participants worked closely with specialists from the Debrecen Faculty of Agriculture and visited small private processing operations that are rapidly expanding their sales of specialized dairy products. The topics covered during the training included all aspects of animal husbandry, genetic selection, product development/marketing, and quality control.

*Bakery Training, Poland 5/99*

A/V Macedonia in collaboration with the Union of Craftsmen selected and sent a delegation of bakers and confectioners to a technical training program in Poland. Five members who own bakeries and are members of the Union's management team attended the training. Since this event, the Union has been in contact with A/V and suggested formalizing our cooperation through a Memorandum of Understanding between our two organizations. The management of this organization is interested in de-centralizing the Union into local associations and may request A/V assistance in facilitating this process.

**US Based Training Programs**

*IFAD Funded Banker Training, US 4/99*

Former Representative Neil Mozer designed and secured IFAD funding for a Macedonian Banker Training project in the US. Approximately \$75k was secured for this project that initially sent 4 Macedonian bankers to the US along with one A/V staff as a translator/facilitator to gain training in Western Ag. Credit practices. This training will be followed-on by a smaller second training in the US for branch loan officers who will work with their Managers who attended the first training program in applying some of the practices introduced.

**International Symposiums/Trade Events**

*International Aquaculture Fair, Thesaloniki Greece 9/99*

The Macedonian Trout Producers Association was offered A/V support in attending an international aquaculture fair held in Thessaloniki. Three participants accompanied by A/V staff as translators attended the fair over a weekend and gained valuable exposure to new technology and products available for their industry. This assistance was channeled through the association as a member service in partnership with our organization.

### **Special Initiatives**

Over the past year, the project in Macedonia has begun to take a more direct “hands-on” approach in several special initiatives that have potential in significantly benefiting the country. The project has a unique position in capitalizing on its well-established relationships with private agribusinesses, the Faculty of Agriculture, and the Ministry of Agriculture. ACIDI/VOCA are in the process of bringing these parties together in articulating initiatives that, when realized, will offer the entire agricultural sector potentially beneficial new opportunities. While this is a longer-term process than our traditional short-term technical assistance, the initiatives are directly linked to our on-going efforts and will enhance the overall project substantially.

Another very significant special initiative that took place in response to the massive influx of Kosovar refugees was a Household Food Security project. This program incorporated technical training in vegetable production and donations of production inputs. It was rapidly developed and implemented in several parts of the country most affected by the war next door.

The following are brief summaries of the special initiatives currently underway or completed:

#### *Household Food Security Project*

The most significant special initiative has been the development of a Household Food Security Project was rapidly developed and implemented in response to the unprecedented number of Kosovar refugees that flooded into Macedonia as military action escalated in Kosovo. Our in-country staff was instrumental in designing, securing funding, and implementing this program in cooperation with the USAID Office for Transitional Initiatives. The project targeted Macedonian families hosting Kosovar Refugees and those most severely affected by the wars economic disruptions. A/V staff in cooperation with local NGOs, Government, and Local Consultants conducted an intensive training program in efficient home gardening and distributed input supplies to over 600 families. Approximately \$100,000 of direct project funding for this undertaking was obtained through USAID’s Office for Transitional Initiatives which has established a Community Development Grants program under the administration of RONCO International.

The program was highly successful, received a lot of publicity, and was strongly supported by the Embassy and USAID mission in Macedonia. A/V has been requested by the mission to replicate this program in the coming year if additional funding can be secured again through OTI. Discussions are underway and there may be an opportunity to do similar work in Kosovo provided separate funding for this effort is available.

### *Association Development*

Association development and support increased momentum over the past year. An in-depth Association and Cooperative Survey was conducted in early Spring '99 to determine the overall status of associations and the issues they currently face.

ACDI/VOCA successfully fostered the internal creation of 2 new private agricultural associations in addition to continuing support for those already formed. Throughout the life of the project, ACDI/VOCA has been directly involved in the formation of 5 associations and indirectly with 1.

### *Soybean Selection & Production*

This initiative was done in cooperation with a private seed production company and the Ministry of Agriculture. The seed company expressed an interest in testing soybean varieties selected and introduced by an ACDI/VOCA volunteer. The company's aim is to find the best performing varieties for Macedonian growing conditions and get them registered with the Ministry of Agriculture. After this, the company will be able to negotiate importation and/or production rights for the seed. More than 80% of the soybeans in Macedonia are currently imported from Serbia.

### *Registered Potato Seed Production*

A/V Macedonia has developed and recruited a volunteer in support of our Registered Potato Seed Production initiative. This is being done in collaboration with a private Macedonian seed producer who is interested in establishing the first privately produced registered seed in the country. Projections indicate that successful production will offer access to a profitable market for the company while providing farmers with lower-cost top quality seed. The volunteer recruited initiated the idea during a previous assignment and has been offering technical support from the US in helping the company establish the first trials.

### *Organic Certification & Registration Standards*

ACDI/VOCA has taken an active role in helping the Ministry of Agriculture and Faculty of Agriculture establish a working group focused on developing Macedonian laws concerning organic production standards, certification, and registration. A large amount of Western literature has been translated for the group and a delegation of official representatives will be supported in attending an international conference on establishing EU recognized organic production in CEE countries. A US volunteer specialist will assist the working group in finalizing the new laws following the international conference.

## **Collaborative Activities**

Collaboration with other USAID funded projects in Macedonia gained momentum over the past year. Meetings between the project leaders of ACDI/VOCA, Land O' Lakes, and Macedonian Business Resource Center were organized in order to identify and establish direct means for cooperation between our projects. It was mutually agreed that A/V will direct some of our technical assistance in fluid milk and livestock production toward the suppliers of LO'L processing clients. The rationale is that quality raw materials are needed in order for processors to manufacture high standard dairy and meat products. Our project will also seek to support MBRC marketing efforts for agricultural products. In some cases, this will be achieved by delivering technical assistance to clients who need to improve quality standards in order to access markets. Staff from our projects A/V have attended each others

conferences and training programs and started to identify mutual candidates for assistance. ACDI/VOCA has also collaborated in with MBRC in providing information regarding a common client who is in the process of developing a new high-value ornamental horticultural business.

ACDI/VOCA has started assisting Small Equity Assistance Fund in screening potential food processing equity investments. In one case, a collaborative visit was made to assess a small commercial bakery that was seeking an investment for expansion. A technical inspection and general overview was provided that helped SEAF in determining the suitability of the potential client. In another instance, background information was offered in potential poultry processing investment. In this case, the applicant had already received assistance from A/V in the past. This type of informal cooperation has set the stage for future work between our organizations and we are also prepared to refer potential candidates to SEAF in sectors of interest to them.

## **5.4. Significant Impact & Results**

Assistance efforts in FY' 1999 were designed and delivered in support of UDAID Macedonia's Strategic Objective 1.3: Accelerated Development and Growth of the Private Sector. More specifically, the assistance interventions targeted the following Intermediate Results presented in their order of relevance to the project:

### **A. IR 1.3.3 - Improved Management Systems and Practices Implemented by Private Firms**

A great deal of the firm-level and training assistance delivered has been in transforming the beneficiaries perspective from one primarily concerned commodity production towards that of operating an agribusiness. Substantial attention has been given in helping our hosts understand the concepts and issues related to cost-efficiency and market oriented production. The technical assistance in production has been invariably coupled with efforts in helping the beneficiaries improve management practices related to their operations.

### **B. IR 1.3.1 – Improved Financial Management & Transparency**

ACDI/VOCA has assisted our beneficiaries in improving financial management skills. This is extremely important, as they become more business oriented in an increasingly competitive environment. The volunteers have taught them how to determine where their cost centers are and offered assistance in reducing them. With this information, they can more accurately make decisions in allocating their financial resources among different production or processing activities.

### **C. IR1.3.2 Increased Access to Sources of Financing**

While this component of the project is not particularly large, there have been some recent successes that are noteworthy. As in the past, ACDI/VOCA has helped carefully selected clients access financing. This has been either through direct assistance in helping them develop business plans and apply for credit or by referring them to other programs offering suitable financing opportunities. In some cases, ACDI/VOCA has helped financing institutions assess potential agribusiness investments.

### **ACDI/VOCA FY' 1999 Project Results**

ACDI/VOCA evaluates the effectiveness and results of all US volunteer projects and training programs. Volunteer projects are given both short and long-term project evaluations. A simple preliminary evaluation is performed approximately 3 months the project and is later followed up by an in depth on-site interview at 9-12 months. Numerical data is gathered prior to the projects in order to establish benchmarks which can be compared to identical performance data after the assignments. Financial indicators have been selected that clearly determine how the producers or processors are performing.

Training events are evaluated immediately after each event. The evaluations serve as tools for determining how well each program was designed and what potential benefits the participants have gained. The actual direct impact in terms of individual

participants is gathered through the volunteer project evaluations. This is possible because over 50% of the participants at a training event either have, or will, receive volunteer or consultant assistance. The overall result for individual companies and producers is therefore a cumulative of the total assistance package offered.

Following is performance data from evaluations conducted in FY' 1999:

- I. *Increased Gross Income:* 89% of the hosts interviewed indicated increased income after ACDI/VOCA assistance at rates ranging between 50%-160% of pre-project levels
- II. *Increased Efficiency:* 100% of the hosts interviewed indicated increased production efficiency at rates ranging between 13.4% - 40% after ACDI/VOCA assistance
- III. *Cost Reductions:* 100% of the hosts interviewed indicated decreased production costs ranging between 13% - 20% after ACDI/VOCA assistance
- IV. *New Technology/Management:* 100% of the hosts interviewed indicated new management practices or technology adopted after ACDI/VOCA assistance
- V. *Business Expansion:* 78% of the hosts interviewed indicated expansion of their operations between 50% - 160% after ACDI/VOCA assistance
- VI. *New Investments:* 87.5% of the hosts interviewed indicated new cash investments in their businesses ranging from \$1220 - \$60,000 after ACDI/VOCA assistance. In one case, over \$300,000 had been invested in construction of a new flour mill that was assisted in FY' 1998
- VII. *Finance Access:* Two ACDI/VOCA beneficiaries received over \$1.7 million combined project financing in FY' 1999. The owner of Zhupa Flour Mill in Debar secured a credit line over \$1.3 million dollars from the Swiss National Bank for purchase of new Bhuler equipment. A detailed business plan developed by two ACDI/VOCA volunteer specialists was instrumental in both the application and approval of the credit. Another ACDI/VOCA client, Medium Export, secured several hundred thousand dollars as an equity investment from SEAF in developing a new broiler processing business.

In general, access to credit for agribusinesses continues to be difficult however, these two successes would indicate that it is not impossible. ACDI/VOCA will continue to support these efforts and concentrate in linking them to sources of development financing such as SEAF.

VIII. *Association Development:* ACDI/VOCA was successful in fostering the establishment of a new association in FY' 1999. The Macedonian Trout Farmers Association, Pastrmka, was formed as a result of ACDI/VOCA training and technical assistance efforts that started in 1998. The association has 19 members and 4 associate members. Toward the end of FY' 1999, the project started working with a group of private swine farmers in Bitola who are in the process of forming a local producers association. It is anticipated that they will be registered in early FY' 2000.

## 5.5. Lessons Learned in FY' 1999

The past year has been both challenging and successful for the Macedonia project. The onset of the war in Kosovo had direct impact on the project, The negative impact was greatly offset, if not eliminated altogether, by the project's flexibility in responding to demand driven needs for technical assistance and our staff's ability to react quickly. The Household Food Security Project and new use of Local Consultants both maintained project momentum and provided highly relevant agricultural assistance during a time of crisis.

The evaluations done over the course of the year reaffirm the effectiveness of firm-level demand driven technical assistance. Because the assistance requested is made directly by the hosts, a great deal of the recommendations made are readily applied. The demand for this program has not waned over the past few years and in fact may well be growing as successful agribusiness entrepreneurs continue to emerge. After several years of awkward transition, this sector is beginning to mature into a more commercially oriented field than in the past.

The following Impact Statements from FY' 1999 offer a good illustration of how the project has assisted both medium and small-scale agricultural producers:

### SWINE INDUSTRY ADVANCEMENT

**PROJECTS:** EM000144 – June 1996      **Small Hog Farm Mgmt I**  
EM000177 – March 1997      **Kichevija Breeding Center**  
EM000200 – March 1998      **Small Hog Farm Mgmt II**

ACDI/VOCA has consistently supported the development of the private sector pork industry in Macedonia, which is a fledgling, but promising area for change. Macedonia currently imports 60% of its pork needs. Imports come from far a field including Romania, Austria, Hungary, Croatia, Serbia, Germany, Italy, and the United States. The private sector in Macedonia that is involved in pork production runs the gamut from backyard household producers with a few sows or grow-out piglets to a few new operators managing what is for Macedonia a large private operation, 10-50 sows.

A number of projects we completed over the course of 1996-1998 illustrate the level of capability and size of typical private sector pork producers, our ability to help, and the potential for Macedonia to stem the tide of imported pork and build its own productive capacity. By encouraging new modern breeds, good practices, and management, ACDI/VOCA-Macedonia introduces changes that breed success.

#### *EM000144 Small Hog Farm Management:*

A number of businesses were assisted with our volunteer expert, Dr. Charles Stanislaw, but the Klafija farm signifies special distinction. With Dr. Stanislaw's assistance, the barn construction was modified for better ventilation and herd management. In addition, crucial council on improved rations, herd care, and waste management has led to better survival rate for this operation, healthier animals, and an operation that is more environmentally friendly that uses less labour, generates less door, and illustrates good sanitation.

This hog farm has been highly praised by the hog production experts at the Faculty of Agriculture – Livestock Department. Further more, Klijafa's hog farm is considered a model farm, which thanks to its well-established management, sanitation and herd health care, is presented to students of Animal Science at the Faculty of Agriculture.

*EM000177 Kichevija Hog Breeding Center*

Macedonia does not have a hog-breeding center, public or private, despite thousands of animals that are raised on government-owned farms, private farms, and at households for domestic consumption. Well aware of this fact, the agricultural faculty used A/V expert assistance to redesign a former state facility. Once used for an entirely different business, the volunteer specialist, Dr. David Gerber, aptly provided key advice to transform storage buildings into what is becoming Macedonia's first hog breeding center. With Ministry of Agriculture funds the center has been remodelled and now in 1999 will be supplied with high grade imported stock, Yorkshire and Durock breeds.

The success of this activity has garnered the interest of the Ministry who will help finance the development of another private breeding center in Eastern Macedonia, which will manage Landrace stock. Instead of importing from Serbia semen for insemination, these centers will develop their own AI resources of high quality material from its managed herds. With A/V help, Kichevija symbolizes Macedonia's growing independence, one that will be crucial in some areas if Macedonian agricultural products are to meet local demand and not succumb to import domination.

*EM 000200 Small Hog Farm Management II*

This project was actually a series of initiatives with small but high potential operations who are expanding their businesses and developing skills with A/V assistance to become solid future suppliers of pork from Macedonia's private sector.

Dr. Charles Stanslaw continued the tradition of other volunteer assignments by imparting his hosts with sound technical skills to build their businesses for future success. These can be witnessed in the re-design of buildings or the new building construction, the health of the herds, the conversion rate of feed to meat, the time of conversion, and sales, profits and costs.

To illustrate:

- ✓ Gross sales for these operations have increased by a factor of 0.5 to 15 in less than one year, a phenomenal rate of growth
- ✓ Production costs/unit have dropped by 11-33%
- ✓ Net operating income has increased by 2-5 times
- ✓ Conversion rate of feed has increased for two of the hosts from 5:1 to 3:1 due to better genetics and feed rations. This has generated tremendous savings
- ✓ Mortality rates have dropped due to better barn design, handling/feed, and care

By taking these steps to help the Macedonian industry, direct assistance to private producers and collaboration with the faculty to develop private breeding centers, Macedonia is better prepared to face the future. The future, based upon open markets, will be difficult but Macedonia will rely on its own breeding stock and its farmers who are expanding their businesses and adopting better skills for success.

## **BOHNUM MUSHROOM PRODUCTION I & II**

**PROJECTS: EM000178 – March 1997    Production Asst. I**  
**EM000219 – Nov. 1998        Production Asst. II**

BONUM mushroom production and processing operation in Kriva Palanka and Skopje is currently the most successful and progressive mushroom business in Macedonia. The business was established in 1995 and produced approximately 100 tons of button mushrooms in its first year. At the very beginning of the operation, BONUM owner and manager, Momcilo Ivanovski, consulted with VOCA volunteer Mickey Foley on the basic principles of the mushroom production and processing technologies.

As the business was rapidly expanding, the BONUM management again requested a volunteer technical assistance from ACDI/VOCA in 1997 to address issues of compost quality, production protocols, efficiency, yields, cost efficiencies, as well as council on mushroom canning and processing practices. Again, ACDI/VOCA volunteer Mickey Foley while on another assignment in Macedonia, worked with BONUM's manager, production technologists and technicians, to review the overall operation. He provided the management and personnel with guidance and in-depth information on ways and new methods to assist the company increase productivity, profitability, and to improve product quality. Most recently, Mr. Foley returned to work with a number of mushroom operations including BONUM, which has consistently and successfully used his counsel.

Foley's efforts resulted in both immediate and long-term benefits as a consequence of both sound technical advice and the business savvy of BONUM's owner and manager Mr. Momcilo Ivanovski. The company has achieved the following progress over the last two and a half years since it's establishment:

### *1. PRODUCTION INCREASES AND PRODUCT IMPROVEMENT*

- ✓ Over the past two years the business has grown by over 500% - from the initial 120-150 metric tons/year, 600 tons in 1997, and now nearly 700-800 tons (4 cycles a year) of button mushrooms. By other parameters, the production has grown from 5% to about 32% productivity of 1 metric ton of compost.
- ✓ As per Mr. Foley's recommendations, the facility's disinfection, pest control and air circulation have been modified and improved so that the yield and the quality of the mushrooms have been significantly increased;
- ✓ As a result of improved air circulation in the production facilities, better quality compost, as well as more trained and experienced staff, crop quality has improved and the percentage of fourth grade mushrooms has been reduced to a minimum

2. *BUSINESS EXPANSION & PRODUCT DIVERSIFICATION*

- ✓ The company has increased the production area by renting 15 additional tunnels in Skopje (originally built to serve as public shelters) so that the total production facility currently includes 7,500 square meters.
- ✓ BONUM has recently expanded the production line with new marinated canned products such as peppers, gherkins, 'feferoni' (chilly peppers) and beets, so that the canning facility is more fully utilized and the company profits are increasing too with this line of production;

3. *PRODUCTION COSTS REDUCED AND EFFICIENCIES GAINED*

- ✓ According to the owner, with the multifold increase of output the production costs have decreased significantly over the last couple of years
- ✓ By using a suggestion of Mr. Foley, BONUM changed the plastic bags for growing mushrooms into square horizontal beds, a method which has proven to be less labor intensive and more productive.

As can be seen from the above, BONUM staff has readily used ACDI/VOCA expertise to improve the quantity, quality, and management of their business to become the leader in the Macedonian market. Once again, over time we see more evidence that USAID technical assistance via our program develops not just partnerships, relationships, and trust; but economic advancement.

## **5. 6. Project Forecasts**

The ACDI/VOCA project in Macedonia is currently funded through the end of September 2000. During this period there will be a higher number of US volunteer consultant projects completed. Several are scheduled for implementation in October while additional ones are currently being drafted. There will also be a continued focus on an increased level of training using our East-to-East program. The possibilities for repeating the Household Food Security Project are also being explored however this will be contingent upon securing additional funding outside our current grant which has reached the maximum funding level allowable.

There will naturally be concerted efforts made in exploring new funding opportunities. ACDI/VOCA has a firmly established track record of success in Macedonia and would like to continue providing assistance in the agricultural sector. Progress is being made in this direction, and we are hopeful that our organization will be able to continue supporting AID in restructuring Macedonian agriculture.

## **6. ALBANIA**

### **6.1. Project Overview:**

During FY99, 45 technical assistance and training programs were completed. For the first time since August 1998, the ACIDI/VOCA Albania Country Representative was allowed to set up residence in Albania and US volunteer activity was resumed. Five projects were completed by third-country consultants and five- by Albanian specialists. Twenty in-country training programs were conducted using US volunteers, Albanian specialists, and international donors and consultants. Twelve international training projects were conducted in the US, Greece and the Czech Republic. 1034 farmers and agribusiness owners were assisted directly and 181 indirectly through these projects. As outlined in the ACIDI/VOCA Albania 1999-2000 Workplan, each project focused on stimulating economic development by:

- Disseminating pertinent technical information;
- Promoting business links between producers, processors and markets; and,
- Developing viable producer and processor associations.

### **Volunteer & Consulting Assignments**

#### **US Volunteers (3)**

- Korca Swine Complex Improved Technologies Consultant
- Apple farm, Molaj Improved Technologies Consultant
- Fruit and Vegetable Seed Wholesale Company Search

#### **Third-Country Consultants (2)**

- Albanian Meat Processors Association Improved Technology Consultant
- Dairy Processor Association Improved Technology Consultant
- Leodigent Pasta Plant Improved Technology Consultant
- Birra Korca Plant Improved Technology Consultant
- Dairy Producer and Processor Associations Association Development Consultant

#### **Albanian Experts (5)**

- Caushli Grape Growers Association Business Plan Development
- Caushli Grape Growers Association Improved Technology Demonstration Plot
- Caushli Grape Growers Association Best Practices Farming Consulting
- Korca Swine Complex Improved Technologies Consulting
- National Albanian Farmers Association Survey Conducting

### **Training Programs and Conferences**

#### **US-based Trainings (1)**

- International Course on Food Safety, Michigan State University, MI, USA

#### **Third-country Trainings (11)**

- Zootechnia Fair, Thessaloniki, Greece.
- Trade Association Leadership Training, Prague, Czech Republic.
- Bread Producers Association and Flour Millers Association participation in the First Annual Forum for CEE Bakers, Poland
- Poultry Producers Association Study Tour of the Hungarian Poultry and Broiler Production Sector, Hungary

- Albanian Union of Flour Millers- Bulgarian Symposium and Trade Fair.
- Albanian Union of Flour Millers- Romania, a week of technical training and association development work.
- BKFSH district representatives- Macedonia, a week of visits with farmer associations, farms, processing units, and extensions service representatives.
- Libonik Meat Processing Co.- Owner and technologist trained in Hungary for a week on ham production and new sausage types.
- Meat Processors Training – Four Albanian meat plant owners and meat technologists were trained in the Czech Republic on meat cutting, processing, packaging, plant sanitation and plant organization issues.
- Vlochisht Greenhouse Training –a training program for an Albanian greenhouse owner with Macedonian greenhouses on irrigation, greenhouse heating and cooling, and planting cycles.
- BKFSH District Representatives – Representatives of the National Albanian Farmers’ Union to Macedonia for 10 days of visits with farmer associations, farms, processing units, and extension service representatives.

### **Seminars**

- National Albanian Farmers Association Five-Year Anniversary Symposium in Tirana
- Poultry Association Hungary Training Follow-On Seminars in Tirana and Kavaja
- US Volunteer Orchard Development Follow-On Seminar in Korca
- National Albanian Farmers Association Contracts Seminar
- Kreshpanja Grape Growers Association – Two groups participated in four-day seminars on business plan preparation.

### **Education Projects**

- Great Bean Growers Association of Kreshpan “Green Space” Documentary, Albanian National TV
- National Association of Communes and BKFSH Local Governance Decentralization Educational Seminars
- National Youth Clubs Best Practices Farming Activities
- Berat Vocational Agricultural High School Parent/Teacher Day
- Rural Youth Clubs and Vocational Agricultural Schools- Education about the organization, structure and role of a "4-H type" youth club in Albania's rural areas.
- National Albanian Farmers Union (BKFSH)- Market links between the farm and market.

### **Local Staff Developments & Initiatives**

- Staff training on credit initiatives with the American Bank of Albania and Opportunities International
- Staff participation in the FAO Food Security program and the coordination of assistance in the Participatory Rural Appraisal project
- Country Representative participation in World Bank Staff Appraisal Report criticism by invitation of the Agricultural Projects Office, Ministry of Agriculture and Food, Albania
- Country Representative participation in the Ministry of Agricultural and Food meeting on the status of rural credit in Albania

**ACDI/VOCA ALBANIA FY 1999 YEAR END SUMMARY**

Project Activity	Quarter I		Quarter II		Quarter III		Quarter IV		FY Totals	
	Projected	Completed	Projected	Completed	Projected	Completed	Projected	Completed	Number	Percent
<b>Volunteers &amp; Consultants</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Number</b>	<b>Percent</b>
US Volunteer Assignments	N/A	3	3	N/A						
Third Country Consultant Projects	N/A	N/A	N/A	N/A	5	3	7	2	5	42%
Local Consultant Projects	N/A	N/A	N/A	N/A	N/A	4	N/A	1	5	N/A
<b>Training &amp; Exchanges</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Projected</b>	<b>Completed</b>	<b>Number</b>	<b>Percent</b>
In-Country Events	3	2	3	3	4	4	9	11	20	95%
East-to-East Training	4	4	3	3	3	3	1	2	11	100%
US-based Training Events	0	N/A	0	N/A	0	N/A	1	1	1	100%
<b>Beneficiaries</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
Volunteer Assignments										
-direct	N/A	N/A	N/A	N/A	N/A	N/A	30	6	30	6
-indirect	N/A	N/A	N/A	N/A	N/A	N/A	17	4	17	4
Consultant Projects										
-direct	N/A	N/A	N/A	N/A	172	76	37	16	209	92
-indirect	N/A	N/A	N/A	N/A	-	-	-	-	-	-
Training Events										
-direct	86	0	39	1	179	56	302	24	606	81
-indirect	-	-	35	10	-	-	106	10	141	20

\*US Volunteer and Consultant Targets were not established because of the Balkan War and the ban on travel

## 6. 2. Volunteer and Consultant Assignments

### US Volunteers

#### **Improved Technology Consultant in Farm Management – Korca Swine**

**Complex:** August 29 – September 11, 1999, Mr. William Kunzman, a US pig farmer with 35 years experience and owner/operator of a 1000 herd swine farm, provided technical assistance to the Korca Swine Complex. Topics included lowering the mortality rate among piglets, improving the overall health of the herd, better breeding practices, and marketing. Mr. Kunzman examined and improved the farrowing stalls built last quarter based on blueprints in the “Swine Farrowing Handbook” [Iowa State University], which were supplied by ACDI/VOCA. These farrowing stalls decrease the mortality rate of piglets; it is estimated that the herd size will double with the newly built stalls. Mr. Kunzman also recommended injecting iron three days after birth to prevent anaemia and eliminating intestinal worms in order to improve the overall quality of the pig; it is estimated that this could increase revenue by over 25 percent. Educational materials, including the Pork Industry Handbook, from Iowa State University’s extension service were provided to ACDI/VOCA and the Swine Complex. These materials should further assist the Albanian swine industry.

#### **Improved Technology Consultant in “Best Practices” Farming – Applefarm,**

**Molaj:** September 6 – 18, 1999, Mr. Erling Johannesen, a US Apple Producer with 40 years experience and owner/operator of a 355-acre apple farm, provided technical assistance to “Applefarm” orchards. Topics covered included methods for increasing production and better harvesting and marketing techniques. Production issues included planting/soil quality, tree spacing, better rootstocks, pest and disease control, fertilizing, pruning and other tree development-related problems. Harvesting issues included pressure testing, sugar testing, proper harvest season handling (in order to reduce bruising) and grading size and quality. With the application of Mr. Johannesen’s recommendations regarding summer pruning, and hand and chemical thinning, it is expected that production will increase at least 100 percent within four years. Input costs are also expected to decrease with a new pesticide schedule recommended in the “1999 Crop Protection Guide for Tree Fruits in Washington” bulletin, which was provided by Mr. Johannesen. During his assignment, Mr. Johannesen also met with local extension agents and other orchard farmers to conduct follow-on seminars.

#### **Business Support Services Improved in the Horticultural Sector – Horticultural Businessmen’s Association (HABA) and National Albanian Farmers Association (BKFSH):**

September 13 –18, 1999, Mr. Herbert Thomas conducted a US-Based volunteer assignment in which he compiled: 1) a list of US companies which export vegetable seed; 2) a list of US companies which have vegetable seed production, research and demonstration plots, and research facilities in European countries; 3) price information and catalogues for particular vegetable seeds; and 4) contact information for these US companies. Mr. Hoover has over 20 years experience in seed development and plant health for Asgrow Seed Co. and Upjohn Co. The information gathered by Mr. Hoover will be added to the ACDI/VOCA input supplier database and utilized by the HABA and BKFSH members. It is anticipated that future collaboration will be established between some of the seed suppliers and Albanian

research institutes and the producer association members. Also, this information allows for informed comparative shopping for better seeds.

### **Third-Country Consultants**

#### **Improved Technology Consultant in Dairy Processing – Dairy Entrepreneurs**

**National Association:** July 11-31, 1999, Mrs. Magdonla Zsinko, Hungarian consultant, provided assistance to the Dairy Entrepreneurs' National Association. Mrs. Zsinko is a dairy technician and agricultural engineer with the Hungarian Dairy Research Institute and the Department Head for the National Inspectorate of Cheese Production. This project was jointly administered by ACDI/VOCA and Land O' Lakes, which traditionally supports DENA. Mrs. Zsinko provided expertise to 15 dairy processing plants throughout Albania. Her recommendations included methods for improving processing techniques, improving existing products, introducing new dairy products and providing new ideas on dairy business management. Since the end of the assignment, Mrs. Zsinko has provided needed contact information on milk processing equipment, and Hungarian milk processors interested in developing future business links. It is anticipated that sales will increase due to the quality improvements made based on Mrs. Zsinko's recommendations.

#### **Improved Technology Consultant in Meat Processing – Albanian Meat**

**Processors Association:** August 23 – September 4, 1999, Mr. Frantisek Vitek, a Czech consultant, provided technical assistance to five meat processing plants and wholesale/retail shops. Mr. Vitek is an instructor at the Prague Specialized School of Meat Technology. In FY99, ACDI/VOCA organized two trainings for Albanian meat processors at the School in Prague where all of the participants received training from Mr. Vitek. Mr. Vitek's in-country assignment began as a response to some of the training participants' request for further assistance. The assignment was expanded to include processors who were unable to attend the Prague trainings. During the assignment in Albania, Mr. Vitek covered such topics as cutting and manipulation of meat, proper hygiene and sanitation control, and veterinary control. Expectations for improvements based on Mr. Vitek's recommendations vary depending on the particular processor assisted. However, improvements will be monitored and reported as usual during the ACDI/VOCA three, nine and twelve month evaluation processes.

### **Albanian Experts**

#### **Improved Technology Consulting in “Best Practices” Farming – Caushli Grape**

**Growers Association:** A national research and production specialist in grape production was hired to address the immediate needs of the Caushli Grape Growers Association. The specialist recommended better farming techniques for planting, grafting, herbicide and pesticide application and irrigation and drainage schedules. The Caushli vineyards became “demonstration plots” given the vast difference between the Caushli vineyards and those in the neighbouring regions; the Caushli vineyards are nearly 100 percent healthy, while the neighbouring vineyards have a 50 – 60 percent damage rate. The value of production has increased dramatically. Local wine producers contracted Caushli to buy their grapes. The number of agricultural entrepreneurs using improved technologies went beyond the Caushli Grape Grower Association's 28 members to include grape growers in the surrounding areas.

### 6. 3. Training Programs and Conferences

#### US-BASED TRAININGS

**International Course on Food Safety, Michigan State University, MI, USA:** July 11 – 16, 1999, a group of eight Albanian specialists and professionals participated in the International Course on Food Safety at Michigan State University. The group represented Albania's main agribusiness associations including meat processing, poultry production, flour milling and dairy processing; as well as agricultural production associations such as the Organic Agriculture Association and the National Albanian Farmers' Association. It also included representatives from the Food Processing Department at the Ministry of Agriculture and Food, which is responsible for food inspection and control in Albania. The Course presented up-to-date methods for verifying food safety and minimizing the risk and consequences of food contamination. At the request of ACDI/VOCA, special attention was given to sanitation in the meat industry and recent laws regulating food safety. Educational materials were distributed to other USAID contractors such as IFDC and Land O' Lakes for further distribution to their clients. BKFSH also distributed pertinent materials to their members during the Five-year Anniversary Symposium. Future food safety projects are planned with the participants for the upcoming fiscal year.

#### THIRD-COUNTRY TRAININGS

**Zootechnia Fair, Thessaloniki, Greece:** September 23 – 27, 1999, a group of 10 Albanian agribusinessmen attended the Zootechnia Fair in Thessaloniki, Greece. The group included three poultry broiler and egg producers and seven dairy processors and livestock producers. The Fair displayed machinery, equipment and accessories for livestock and poultry, animal feed and pharmaceuticals from Greek and other foreign companies. As input supplies are scarce and expensive in Albania, finding companies willing to supply the Albanian agricultural market is crucial to the development of the sector. Therefore, information regarding willing suppliers was gathered for the ACDI/VOCA Albania input supplier database. This information is made available for all agribusinessmen and other USAID contractors. Also, additional business links were established between input suppliers and Albanian participants. For example, a dairy processor from Elbason found a Greek dairy processing equipment supplier, which can provide appropriately sized equipment for his relatively small plant. Poultry and livestock farmers established links with two Greek feed companies, one for various kinds of feed and one for feed supplements.

**Agribusiness Trade Association Building Training, Czech Republic:** September 18 – 25, 1999, Rustem Thartori, Secretary, National Albanian Farmers' Association (BKFSH), represented BKFSH at the Agribusiness Trade Association Building Training in the Czech Republic. The Training was organized by World Learning and included participants from Albania's largest and most successful agricultural associations. The purpose of the training was to examine the way in which Czech farmers and agribusinesses organize, resolve issues and lobby at a national level. Of particular interest to BKFSH was the relationship of farmers to the Czech Chamber of Commerce, the services provided to members of agricultural cooperatives (i.e. associations), and the relatively large size of private farms and their management and marketing constraints. Mr. Thartori presented a report of his trip at the BKFSH

monthly meeting of District Representatives, and submitted an article which was published in the “Albanian Farmer”, BKFSH’s quarterly newsletter. Mr. Thartori also submitted to ACDI/VOCA a proposal for future East-East Trainings with farmers and farmer associations in the Czech Republic.

## **Seminars**

### **Improved Business & Advocacy Practices – National Albanian Farmers**

**Association (BKFSH):** September 17, 1999, ACDI/VOCA organized the Five-Year Anniversary Symposium of BKFSH. The Symposium, a celebration of the country’s oldest and largest agricultural producer association, raised issues relevant to today’s Albanian farmer. The topics discussed included access to credit, irrigation and drainage, and entrance into the World Trade Organization (WTO). Speakers included the Advisor to the Prime Minister, the Minister of Agriculture, the Chairman of the Parliamentary Commission on Agriculture, and the General Development Officer for USAID. Speakers addressing the topic of credit included representatives from FEFAD Bank and Opportunities International (OI); both organizations offer credit to the agricultural sector. Representatives from the Water Users’ Association and the Irrigation Rehabilitation Project of the World Bank (WB) spoke about access to water in the rural areas. The Deputy Minister of Agriculture was scheduled to speak about Albania’s acceptance into the WTO and its affect on agriculture. However, at the last minute he was unable to attend and instead supplied his speech and pertinent informational material. A member of BKFSH, who presented constraints and questions from the farmers’ points of view, introduced each topic.

Over 140 members of BKFSH and 40 invitees attended the Symposium. Commentary and discussion were covered on Albanian national radio and television stations. The BKFSH attendees were then responsible for distributing information back to their 20,000 constituents. BKFSH is organized at the commune and village level in 32 of Albania’s 36 districts. Information relayed during the Symposium also will be mass distributed through the “Albanian Farmer”, BKFSH’s quarterly newsletter. This information will also include contact information for loan applications at OI and FEFAD, and the next districts to undergo irrigation rehabilitation under the WB project.

### **Poultry Producers Association Hungary Study Tour Follow-on Seminar –**

**Poultry & Broiler Industry, Tirana & Kavaja Districts:** September 2 –3, 1999, ACDI/VOCA conducted two follow-on seminars for members of Albania’s poultry industry. The follow-on seminars disseminate information to those who were unable to participate in international trainings. These particular seminars relayed information gathered during ACDI/VOCA’s Poultry Producers Association Study Tour of the Hungarian poultry and broiler production sector conducted in June 1999. Participants of the original training in Hungary led the seminar by presenting what they had learned and were able to implement. During the seminars, packets of information were distributed. These packets contained information regarding the development of the poultry industry in Hungary, better feed ration and vaccination schemes for laying hens and broilers and feed, equipment and other useful contact information in Hungary. The follow-on seminars were conducted in Tirana and Kavaja.

**Improved Technology Consulting in “Best Practices” Farming Follow-on Seminar– Orchard Development, Korca District:** As was mentioned above, on September 6 – 18, 1999, Mr. Erling Johannesen, a US Apple Producer, provided technical assistance to “Applefarm” orchards. During his assignment, Mr. Johannesen met with additional regional orchard farmers to evaluate their orchards and offer recommendations. Points of evaluation included methods for increasing production and better harvesting and marketing techniques. Local extension agents and lecturers from the Agricultural Faculty at Korca also participated in the evaluation sessions. However, Mr. Johannesen used Applefarm orchards as the “demonstration” plot since according to Mr. Johannesen it was the best orchard in the region.

## **Education**

**Trade Associations Active in Supporting Private Business – Bean Growers Association “Green Space” Emission:** September 1999, ACDI/VOCA sponsored and created an educational documentary on the success of the Bean Growers Association of Kreshpan. The documentary was aired on the Albanian National Television program “Green Space” which is estimated to reach 500,000 families throughout Albania. Green Space is a weekly program documenting various aspects of Albania’s agriculture. The Bean Growers Association was created less than two years ago with the guidance of ACDI/VOCA. It has since been one of the most successful producer associations as it has realized lower input costs and higher selling prices from buying and selling as an association. The documentary presented the history of the association and its successes. The general theme of the documentary was to present an example of the advantages farmers could realize when they pool their resources and focus their interests.

**Improved Business & Advocacy Practices – National Albanian Farmers Association (BKFSH) & National Association of Communes:** The Chairman of the National Association of Communes (CA) approached ACDI/VOCA to organize educational seminars regarding Albania’s local governance decentralization plan. The decentralization plan will directly affect the more than 60 percent of Albania’s population, who live and farm in the rural areas. The educational seminars will introduce the new local governance structure, with particular attention to the extension services and Ministry of Agriculture and Food responsibilities shifting from the national level to the local level. The structural change, in particular the shift in agricultural education and services responsibilities, will affect lobbying efforts and better farming practices of farmers. In order to reach as many farmers as possible, the educational seminars will be conducted during the BKFSH village and commune monthly meetings. However, the first of these seminars were conducted at BKFSH’s national and district levels, with orientation meetings occurring during BKFSH’s Board of Directors meeting and the District Representatives’ meeting. It is expected that the local level seminars will begin in first quarter FY00; and that, ACDI/VOCA will coordinate these seminars with the Urban Institute, which has been instrumental in the restructuring.

## **Local Staff Developments & Initiatives**

- ACDI/VOCA Albania is working with the American Bank of Albania (ABA) and Opportunities International (OI) to provide needed credit in the agricultural sector.

Although the ABA has provided loans to agri-processors, it has yet to provide any loans in the production sector. One reason for this is that the smallest loan available from the ABA is 50,000 USD; this loan size is too large for most producers. Also, the ABA simply has not met creditworthy producers; however, credit worthiness can be attained and proven in a number of ways. Opportunities International, however, offers initial loans no larger than 750 USD; and, requires relatively little in terms of creditworthiness. Because both the ABA and OI are attempting to extend credit to the agricultural sector, ACDI/VOCA has conducted staff training with the loan officers of the ABA and OI. During the training, ACDI/VOCA staff learned to recognize “creditworthy” clients from both the ABA’s and OI’s points of view. They also reviewed the application process and repayment schemes. Since OI can provide more credit (e.g. more loans but for a smaller amount) to Albania’s farmers than the ABA, OI also presented their program during the BKFSH Five-Year Anniversary Symposium. Through this training, staff members will be better able to address the numerous requests from farmers for credit.

- ACDI/VOCA staff is collaborating with the Food and Agricultural Organization’s (FAO) Food Security Program in developing the Rapid Rural Appraisal project. Based in part on ACDI/VOCA staff recommendations, the FAO program will be supplying funds to the Bean Growers Association in Kreshpan (part of the Pojan Commune in Korca) and a group of farmers (not yet officially registered as an association) in the Mollas Commune in Elbasan. ACDI/VOCA will also provide association development training and business and marketing skills training to members of the communes addressed in the FAO program.
- The Country Representative for ACDI/VOCA Albania, Ms. Sandra Stajka, participated in a criticism of the draft Staff Appraisal Report of the World Bank for support to the agricultural sector. Other participants included directors of Albania’s agricultural research institutes and agricultural universities. Ms. Stajka also participated in a meeting on agricultural credit organized by the Minister of Agriculture and Food. Other participants included directors of Albania’s foreign and domestic banks, the International Monetary Fund and other international donor and USAID programs affecting or effected by credit to the agricultural sector.

## **6. 4. Significant Impact and Results**

### **Collaboration efforts**

**Land O' Lakes** – At the request of Land O' Lakes Albania, ACDI/VOCA Albania and ACDI/VOCA's successor group in Hungary, Altagra, provided a specialist in the field of dairy processing to address technical needs of members of the Dairy Entrepreneurs National Association (DENA).

**IFDC & Land O' Lakes** – Participants of the third-country training, Zootechnia Trade Fair were selected in cooperation with the IFDC processor association program, AAATA, and the Land O' Lakes Albania program.

**IFDC** – ACDI/VOCA has been participating in the APEX Council meetings as a general representative of crop specific producer associations.

**IFDC** – At the request of AAATA's agriprocessors association's Executive Directors, ACDI/VOCA has continued to supply consultants and training to individual association members on improved technologies and association development.

### **Media**

- ACDI/VOCA-Albania published an article in the “Albanian Farmer” newsletter (produced by BKFSH with funding by ORT) on the economic significance of association development.
- On September 11<sup>th</sup>, National TV aired a documentary on the Bean Growers Association of Kreshpan. ACDI/VOCA Albania's Country Representative and Regional Program Developer were interviewed for the program. Both spoke of the economic benefits of association development and participation.
- On September 16<sup>th</sup>, ACDI/VOCA country representative was on the national television stations during the coverage of the Minister of Agriculture and Food's meeting on credit to the agricultural sector.
- On September 17<sup>th</sup>, ACDI/VOCA staff was interviewed for their involvement in the Five-Year Anniversary Symposium for the National Albanian Farmers' Association (BKFSH). The interviews and general coverage of the Symposium was aired on National TV, National Radio, TV Koha, TV Shijak, TV Klan, and TV Berati.

## **6. 5. Lessons Learned and Success Stories**

### **Kreshpanje Marketing Association**

The farmers of the Kreshpanje village grow large, white beans. In the past, the village was part of a former state-owned farmer cooperative, whose primary activity was based on producing the large beans, mostly for export. As Albania transitioned into a free market economy, the farmers of the village decided to continue growing the product for which they were internationally renowned; the great white bean.

Sixty-eight farmer-families in the village of Kreshpanje focus their production on the white bean. At the beginning of the free enterprise initiative in Albania, each of the 68 families were individually growing and selling their product. Although they knew how to farm this particular crop, they did not know how to market it. Because of this, the families joined together and created an association. They believed that if they sold as a group, they would find a bigger market at a better price.

However, the most damaging problem to overcome when forming the farmer cooperative/association was to understand the free market concept of association; no one wanted to return to the communist style farmer cooperatives but very few knew how the cooperatives of a free market worked. Because of this, Larry Birdsall, an ACIDI/VOCA volunteer with over 23 years of farmer cooperative management experience provided his expertise to the Kreshpanje farmers.

Mr. Birdsall assisted the members of the Kreshpanje Marketing Association in understanding their roles and responsibilities, developing a cooperative management scheme and creating a business and marketing plan. Since Mr. Birdsall's assignment, the Association has full legal status as a national association. It also compiles and negotiates its own contracts with brokers and other buyers.

The Kreshpanje Marketing Association is considered one of the most successful producer associations in all of Albania. Through the support of ACIDI/VOCA, the Association has achieved a number of successes such as negotiating for a better price as a group, buying agricultural inputs wholesale and at a reduced price, and, in general, realizing lower input costs and increased profits. They have also developed an international information network through which they gather market information.

### **Meat Processing Plant, Yzberisht, Tirana**

In 1998, ACIDI/VOCA volunteer Jarvis W. Asbill spent two weeks with the "Meat Processing Plant" of Tirana, providing technical assistance to the company. The company started its activity in 1991 as a meat importer. By 1997, the company expanded and became the Meat Processing Plant of Tirana. The Meat Processing Plant is the most modern slaughterhouse in Albania; satisfying European Union (EU) meat processing standards. Although the Plant still imports meats, it also produces frozen meat products, smoked meats and different kinds of salami.

Mr. Asbill provided needed expertise to the owner-manager in a wide variety of topics, from the construction of the expanding slaughterhouse to better sales

techniques. All of Mr. Asbill's recommendations regarding the construction of and placement of equipment in the killing, boning and processing room were implemented. The volunteer also trained the Plant's new "boners" in new bone processing techniques, how to use various kinds of knives, and better hygiene practices. These changes have increased efficiency and productivity.

The owner-manager of the Plant, Grigor Lengo, also fully implemented Mr. Asbill's recommendations on plant management; Mr. Lengo now uses the management scheme prepared by Mr. Asbill, which describes each worker's responsibilities. Mr. Lengo believes his discussions with Mr. Asbill regarding buying, expenses and profit directly contributed to the Plant's cost reduction of 20% and profit increase of 22%.

The Plant's business has continued to expand since 1998 when the volunteer assignment was completed; it is now one of the leaders in the meat processing industry in the country. The Plant imports 2 million pounds of frozen meat per year from the United States of America. It has also become a leading wholesaler of frozen meat products. Compared to 1998, production at the Plant has increased by approximately 40%.

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#### **Libonik Meat Processing Plant**

The "Libonik" Meat Processing Plant has been in business for 6 years, and the business has seen continual growth throughout this period. It began its activity with a very small workshop for meat processing, and now produces and sells various sausages throughout the southern half of the country. The owners have been able to build on their initial investment. The business experienced a difficult beginning; in February 1992, Libonik sold only 50 kg in 15 days. However, the owners implemented a number of changes, which have since increased sales. Now, Libonik Meat Processing plant sells over 700 kg of meat products per day.

In 1998, an ACDI/VOCA volunteer, David Olson provided assistance in the fields of Food Science and Technology and Business Marketing. Based on the recommendations of Mr. Olson, the owners built a modern and efficient plant, and now produce a wider variety of sausages and cover an expanded market. Because of the advertising campaign prescribed by Mr. Olson, the owners created a Libonik label and were able to expand their market to cover 30-40% of the entire southern region of the country. The new plant has contributed to increases in production of up to 30%.

The Tona brothers attribute much of their success to the recommendations of Mr. Olson. The owners implemented all of Mr. Olson's recommendations and the Libonik Plant realized an increase in profit by 40%.

## 6. 6. Project Forecasts

### IN-COUNTRY

#### *US-Volunteer Projects*

Five projects are scheduled for first quarter FY00, which will be completed by US volunteers.

- Horticultural Albanian Businessmen's Association (HABA) – Two US volunteers will provide technical assistance to the fruit and vegetable industry. One volunteer will focus on improving efficiency in the plant while the other will focus on sanitation issues. An Albanian expert who has been instrumental in modernizing the processing industry will join the two.
- Private Forestry project – A US volunteer will provide technical assistance to private foresters in the Kavaja district. The district has not been able to control a pest destroying particular trees in the region. ACDI/VOCA was asked to provide some assistance from the local extension agents responsible for eliminating the pest.
- Association Development – A US volunteer will conduct a series of seminars across the country on the fundamentals of association development. Associations active with other USAID contractors will be invited to participate.
- Extension Services & the Agricultural University of Tirana (AUT) – GTZ and ACDI/VOCA will be providing a US Volunteer to assist the AUT in restructuring its Extension Services Training program.

#### *Third-Country National Consultant Projects*

Three projects are scheduled for first quarter FY00, which will be completed by third-country national consultants.

- Marketing Plans project – A Hungarian consultant specializing in marketing techniques will assist producer associations in formulating marketing schemes. ACDI/VOCA and FAO will jointly administer the project.
- The Dairy Plant project -- A Hungarian consultant specializing in dairy products specific to the Balkan region will assist dairy processors in improving technology and introducing new products.

#### *In-country seminars*

- ACDI/VOCA in collaboration with the Ministry of Agriculture and Food will conduct a seminar analysing the situation of today's Albanian farm and its relation to Albania's entrance into the World Trade Organization (WTO). In particular, topics covered will include the rights and the obligations of the farmers once in the WTO; conditions, regulations and standards to be met including phytosanitary regulations; and, the benefits of joining the WTO.
- ACDI/VOCA will organize a seminar in cooperation with the Horticulture Albanian Businessmen Association (HABA) on "Domestic production, its quality and safety". The main issue of the seminar will be the falsification of domestic production, and government and consumer awareness. Government officials, Research Institutes, Consumer's and Producers' Associations will participate in this seminar.
- ACDI/VOCA in collaboration with the Urban Institute and the National Albanian Farmers' Association and the National Association of Communes will conduct a series of seminars on the decentralization effort and its affects on the rural farm.
- ACDI/VOCA in collaboration with STOAS will conduct a workshop analysing best practices in association development. International organizations including

USAID contractors involved in association development in the agricultural sector will be invited to participate.

**THIRD-COUNTRY TRAINING**

ACDI/VOCA is organizing a training event for orchard farmers at the Horticultural Research Institute of Bulgaria. The training will cover proper techniques for harvesting and raising wild saplings as well as green house applications.

ACDI/VOCA's best clients from the Molaj and Mollas communes will participate.