acdi
Agricultural Cooperative Development International

...The Small Farmer Production project, run by the Principal Bank for Development and Agricultural Credit with assistance from AID is perhaps the most impressive agricultural project we have ever seen in the field, in any of the more than 15 developing countries in which we have spent time...

Field Observations on U.S. Assistance to Egypt, by Roy Prosterman and Earl Riedinger, 1983

...The ACDI project has been one of the most effective foreign assistance projects we have ever experienced. The entire lecturing staff is involved and highly motivated...

Job Mukule, principal, Kenya Cooperative College, 1983

...The ACDI Cooperative Development Services project is, without question, making significant and meaningful progress toward meeting its goal of improving the economic conditions of Honduran small farmers through the establishment of viable service cooperatives...

Honduras project evaluation report by Loren Finnell and Kris Merschrod, 1983

...The growth in volume of business is nothing less than spectacular...Progress to date, especially in development of the wholesale business, is outstanding...

Evaluation of the progress and prospects of the Tonga Cooperative Federation, by R. Bruce Gervan, 1983.

...This has been the best organized course for educators. Future courses should follow the excellent example which involved the participants...

...In all, I was very much impressed by the way the instructors organized and conducted the seminar. I feel I have personally benefited much from their effective and joint work. I pray that the same group be given a chance to conduct another course for us some time in the future...

...I am grateful to ACDI for organizing this seminar. No doubt you (ACDI) are very much concerned about the wellbeing of Ugandans. 'Teach me how to fish and I eat fish for a lifetime' has been well demonstrated...

From evaluations by participants in a two-week training of trainers workshop conducted in 1983 by four ACDI consultants.

Developing Farmer Cooperatives and Farm Credit Systems Overseas

1983 ANNUAL REPORT
AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL

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Cover photo by Mustafa Torki, Agricultural Museum, Cairo, Egypt

ACDI Executive Committee

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Senior Vice President
Land O'Lakes, Inc.

Vice Chairman
A.M. FELAND III
Executive Vice President
Southern Farmers Association

Secretary
DIXIE L. RIDDLE
Director
CENEX

Treasurer
KEITH K. KENNEDY
President
Federal Intermediate Credit Bank of St. Louis

DAVID A. FULTON
Vice President
Government Affairs
Farmland Industries

GENE A. TRIGGS
Vice President
Administration
Mississippi Chemical Corporation

JOHN M. VAN HORN
Vice President
Sunkist Growers, Inc.

DONALD E. WILKINSON
Governor
Farm Credit Association
(Advisory Member)

VERN L. MOORE

A.M. FELAND III

DIXIE L. RIDDLE

KEITH K. KENNEDY

ACDI: Agricultural Cooperative Development International

Central Support Activities

A. Activities under Support Grant

AID/SOD/PDC-0225-G-SS-3039

In terms of the dollar volume of contracts and grants, 1983 was the busiest year ever experienced by ACDI in its 21-year history. Having achieved its first $1 million year in 1977, ACDI's volume reached $2 million in 1980, $3 million in 1982, and now has surpassed $5 million in 1983. ACDI is indeed grateful for this growing recognition of the ability of the U.S. farm credit banks and agricultural cooperatives to furnish appropriate technical assistance through ACDI.

During 1983, ACDI completed three development projects as scheduled in Bolivia, Guyana and the Philippines. Four new projects were begun in Costa Rica, Jamaica (2) and Uganda. At year-end, ACDI was involved in 11 projects in nine countries in addition to having a regional representative based in one other country.

Of these 12 projects/activities, seven were being actively considered for extension by AID missions and/or host country agencies as 1983 closed. This recognition that sound institution building requires more than the two or three years provided in most contracts or grants should improve the success ratio in projects aimed at developing effective agribusiness cooperatives and farm credit systems.

Three innovative contracts/grants that came into being in 1982 were productively continued throughout 1983. In 21 months, some 15 work orders have been completed under ACDI's Indefinite Quantity Contract (IQC). Two matching grants from AID in 1982 facilitated the establishment of a regional cooperative representative attached to the AID regional office in Guatemala and funded collaboration between ACDI and its member, Land O'Lakes, in establishing or improving cooperative-to-cooperative activities.

DONALD H. THOMAS
President

ACDI's ability to obtain new projects so readily and to develop innovative approaches to new grants and contracts reflects credit on the ACDI headquarters staff as a whole and on project officers in particular. Activities of the headquarters staff include the following functions:

- Project identification and analysis
- Development of project proposals, including initial recruitment
- Negotiation of project contracts and grants
- Orientation, placement, support and supervision of personnel assigned to country projects
- Review and evaluation of project activity and assistance in resolving problems impeding progress
- Arranging training assistance and providing orientation to host country cooperative personnel studying U.S. cooperatives and farm credit banks
- Planning and carrying out appropriate workshops in the developing countries
- Participation in appropriate national and international conferences and seminars
- Stimulating support for assistance to less developed country (LDC) cooperatives and farm credit systems by U.S. agricultural cooperatives
- Procurement of project equipment, supplies and publications
- Financial management and administrative support of the entire enterprise.

Placement and Support of Field Personnel

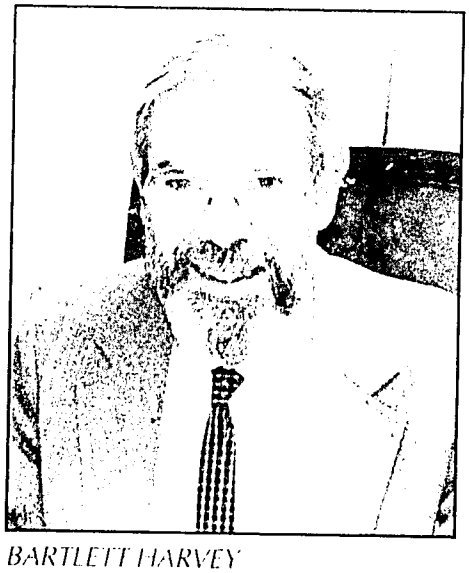
During the year, two ACDI technicians on long-term overseas projects completed their tours of duty as scheduled. ACDI recruited and placed 11 persons on new long-term assignments. In total, ACDI had 30 employees on long-term overseas duty for all or part of 1983. Additionally, ACDI carried out 60 short-term consultancies, bringing its total number of employees/consultants serving overseas in 1983 to 90. As shown in the bar chart on page 7, ACDI technicians served a total of 389 person-months overseas in 1983. This number does not include regular project visits or project development efforts by headquarters personnel nor does it include project personnel hired locally by ACDI. Including such amounts would easily bring ACDI's overseas input to nearly 500 person-months.

From left, ELIZABETH W. SHIPP, administrative assistant-training; DOUGLAS E. PETRIE, associate training director and GEORGE A. REAGAN, director of training and evaluation.

Training

In 1983, ACDI arranged training programs for 163 cooperative and credit officials from Costa Rica, Ecuador, Egypt, Kenya, Tanzania, Tonga, and Uganda. Of these, 117 made short-term U.S. study tours involving formal course work and/or practical on-the-job training provided by ACDI member cooperatives and farm credit banks, other agribusinesses and land grant university extension services. Another 37 participants were enrolled in universities and colleges in pursuit of degrees ranging from agricultural economics to adult education. In addition, five Egyptian credit officers were trained in India, a staff member of the Tonga Cooperative Federation attended courses in Israel, and three cooperative managers from Ecuador studied Guatemalan and Honduran regional marketing cooperatives.

ACDI members provided 995 person-days of participant training and non-members furnished 708 person-days. Members providing repeated assistance included CENEX, Farmland Industries, Land O'Lakes, Southern Farmers Association, Southern States, Sunkist, and the Farm Credit Banks of Omaha, St. Louis, and St. Paul. The Farm Credit Administration, Farmers Home Administration, and Agricultural Cooperative Service assisted with orientations about U.S. agriculture, cooperatives, and agricultural finance and credit.



BARTLETT HARVEY
Executive Vice President

Another activity of the training department is the organization and implementation of regional workshops focused on key cooperative issues. In January 1983, ACDI co-sponsored with IPACOOP (the Cooperative Institute of Panama) and SIDEFCOOP (Inter-American Society for the Development of Cooperative Financing) a regional workshop in Panama on cooperative marketing of fresh produce. Subject matter included produce marketing, postharvest losses, storage, and the role of cooperatives in produce marketing. A total of 56 cooperative managers and AID agricultural officers from 10 Spanish-speaking countries participated in the workshop.

Coordination with Other Development Agencies

ACDI actively participates in exchanges of information with other development agencies and international cooperative organizations. ACDI is a dues-paying member of the Society for International Development, the International Development Conference, the Organization of Cooperatives of the Americas, World Food Day and the National Council of Returned Peace Corps Volunteers. In addition, ACDI maintains ongoing relations with many international organizations such as the Food and Agriculture Organization of the United Nations (FAO), the Joint Committee for the Promotion of Aid to Cooperatives (COPAC), the Plunkett Foundation, the International Federation of Agricultural Producers (IFAP), the International Labor Organization training center at Turin, and others. ACDI collaborates with the other U.S. cooperative development organizations in the Overseas Cooperative Development Committee (OCDC). ACDI Chairman Vera Moore has served nearly two years as chairman of OCDC. ACDI has provided continuing financial support to Volunteers in Overseas Cooperative Assistance (VOCA) since its founding as the Volunteer Development Corps in 1970.

From left, ISKANDER L. IBRAHIM, director of finance, ROGER G. HELLER, director of administration and TSEGAY BERHE, accountant.

SUZANNE M. RUCKER
Director of Publications and Editor

Publications

ACDI's quarterly News of Cooperative Development is sent to interested individuals and organizations throughout the world. ACDI project reports, evaluations, feasibility and country studies are sent when issued to AID's Development Information Unit for input into its computer system as well as to other concerned AID offices and missions.

Director of Publications and Editor Suzanne Rucker is an active member of the Cooperative Editorial Association as well as the communications subcommittee of the Cooperative Resources Committee.

Relations with U.S. Cooperatives

ACDI continued to benefit greatly from the outstanding support it receives from 40 U.S. farmer organizations and cooperatives, including the majority of the farm credit banks. The ACDI board of directors met twice in 1983, in Washington in May and in Kansas City in November. A highlight of the annual meeting in May was an address by Bhoj Raj Singh in which he described the development of the Indian Farmers Fertiliser Cooperative (IFFCO) and the role of the U.S. cooperatives, especially ACDI, in contributing to IFFCO's success.

In conjunction with the annual meeting, ACDI members again invited several members of Congress to a breakfast meeting in the Raybura House Office Building. Speakers included AID Administrator Peter McPherson, Senator Rudy Boschwitz (R-MN), Representative Matt McHugh (D-NY) and ACDI Chairman Vern Moore. Once again, ACDI members demonstrated their advocacy of foreign economic aid.

The November board meeting in Kansas City was hosted by Farmland Industries. The executive committee also met at the May and November meetings as well as holding a July meeting at the Denver office of the National Farmers Union. The Central Bank for Cooperatives hosted a pre-meeting dinner for the executive committee.

At the annual meeting of the National Council of Farmer Cooperatives in January, ACDI again held a breakfast meeting which was attended by nearly 200 members and friends. ACDI's new audiovisual presentation, "Sharing Our Cooperative Ways," was shown for the first time. During the year, this slide-and-sound presentation of ACDI's work in five countries was shown at meetings of many ACDI members as well as several other organizations.

In February, ACDI's Personnel and Training Advisory Committee met in conjunction with an American Institute of Cooperation seminar in San Antonio. This committee consists of the chief personnel/training officers of seven ACDI members. The meeting centered mainly on planning for the 1983 participant training program.

From left, DALE J. KEY, systems analyst, DONALD R. CRANE, director of technical services and B. UMESH MALLY, executive assistant.

Project officers JERRY S. LEWIS, seated, Asia, Near East and Pacific; ROWLAND C. HURLOW, Africa; ROBERT C. HICK, Latin America and Caribbean and JANE TOMLINSON, project assistant.

Throughout 1983, ACDI's members again gave generously of their time and resources in supporting ACDI's work, especially relative to its training programs and overseas personnel needs. The time and expenses contributed as in-kind support by ACDI members probably ran in the hundreds of thousands of dollars in 1983. It is this support which makes ACDI such an effective producer in overseas cooperative and farm credit development.

B. ACDI Cooperative Development Fund

Contributions to the Fund

As shown in the chart on page 7, cash contributions to the ACDI Development Fund totaled slightly over $75,000 in 1983. Since 1968, ACDI members have given $1,753,000 to ACDI and its sister organization, Cooperative Fertilizers International, for use in assisting the poor farmers and their cooperatives in Latin America, Africa and Asia.

Utilization of the Fund

During 1983, disbursements from the ACDI Development Fund totaled $66,152. This included $40,608 as ACDI's contribution, matching the AID grant that supports David Fledderjohn as regional cooperative representative in Latin America.

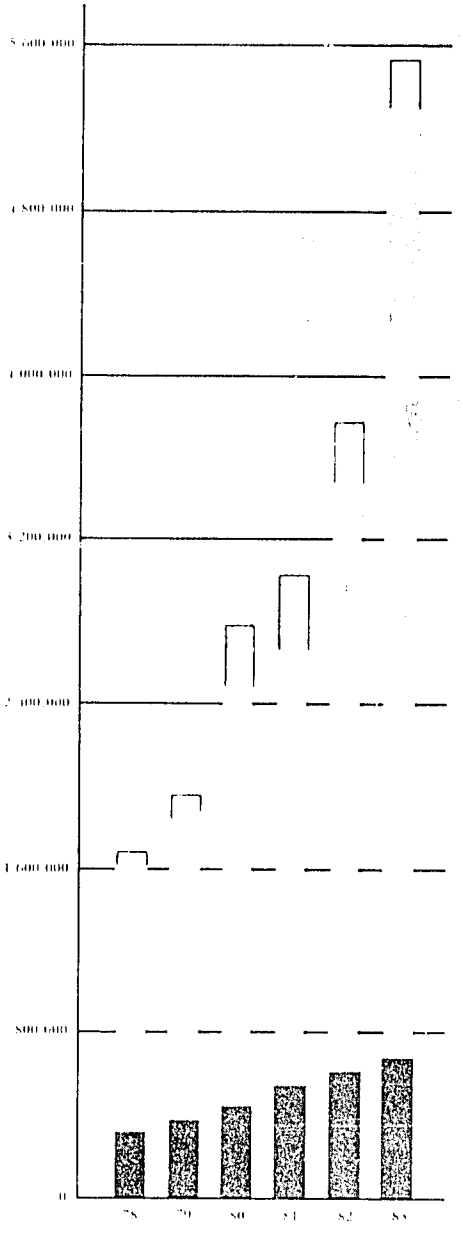
In Guatemala, Fledderjohn assisted FECOAR, a federation of agricultural cooperatives, in an analysis of loan portfolios. ACDI gave $4,000 to FECOAR to defray the cost of the computerized study. Also in Guatemala, Fledderjohn and Len Wooton assisted the Chichicastenango apple growers cooperative. ACDI contributed $2,890 to pay for part of the cost of Wooton's services.

In Bolivia, ACDI provided $2,500 so that Steve Wiles could assist some farmers to get into beekeeping. Lesser amounts of $600 and $554 assisted some activities related to Egypt and Costa Rica, respectively.

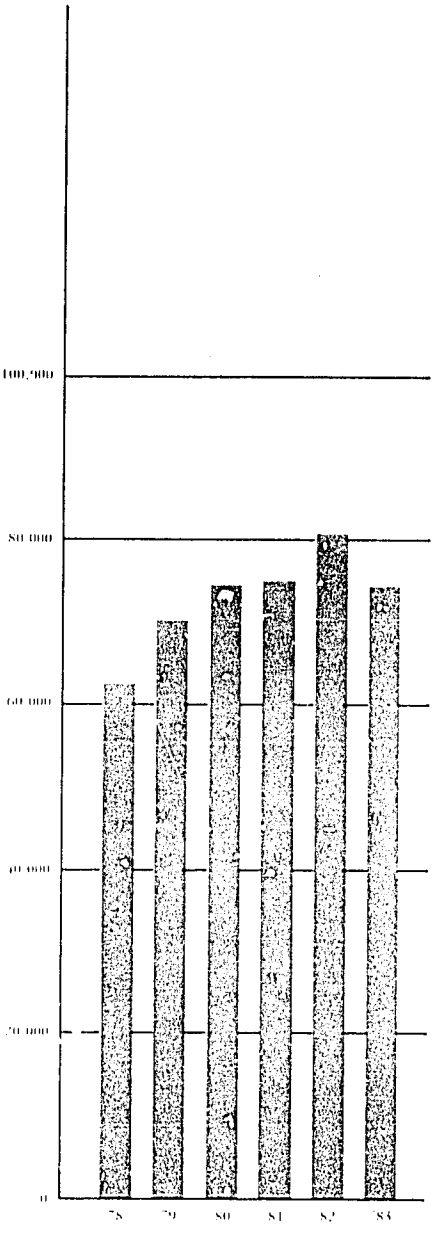
ACDI continued its support of Volunteers in Overseas Cooperative Assistance with $15,000 from the Development Fund. This grant supplements AID support which allows VOCA to pay travel and related expenses for volunteers on short-term assignments in developing countries.

1
Sources of Funding for ACDI Programs (Dollars)

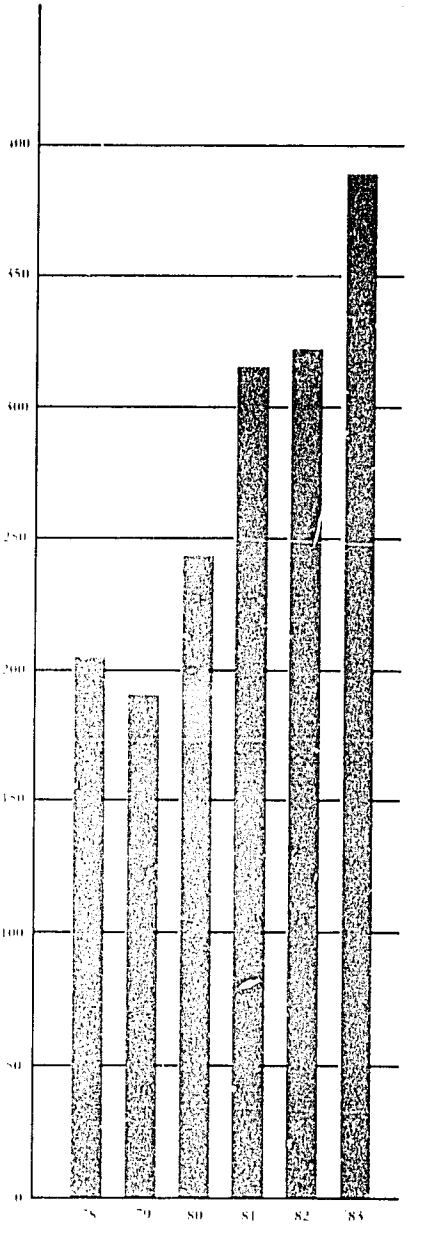
- ☐ Other Sources (World Bank, IDB, FAO, ADB, ACDI)
- AID financed overseas projects
- ▩ AID central support grant



2
Cash Contributions to ACDI Development Fund by Members (Dollars)



3
Person-Months Served Overseas by ACDI Cooperative Technicians



Non-Project Studies (Indefinite Quantity Contract)

Since May 1982, an Indefinite Quantity Contract (IQC) has been in effect between ACDI and the Agency for International Development. The IQC simplifies and sparks the procedures by which AID missions and offices can call on ACDI to perform studies, evaluations, project preparation and other short-term consultancy services not part of an approved major development project.

During 1983, ACDI personnel completed five work orders in three countries.

Costa Rica - *Feasibility Study of a Fertilizer Bulk Plant*

Al Soday and Howard Weir of Mississippi Chemical Corporation provided the fertilizer engineering and marketing expertise on this study, with Kirby Carpenter as the cooperative organization management specialist. The team concluded that establishing a fertilizer bulk blending plant for the cooperative sector was not economically feasible. They made detailed recommendations concerning the marketing of fertilizer products by the government-owned plant and suggested the possibility of several cooperatives buying into this enterprise.

Honduras - *Milk Collection and Marketing Study*

John C. Loken, a milk production manager for Land O'Lakes and Kirby Carpenter spent two weeks analyzing milk marketing and processing in four regions of Honduras. They made recommendations for structuring and economically organizing milk collection stations in these regions.

Peru - *Cooperative Sector Assessment*

David Fledderjohn's participation in the Cooperative Sector study (see Other Studies-Peru below) was extended by ten days under an IQC work order to permit additional field trips to review the status of agricultural cooperatives.

Honduras - *Production Analysis of the San Pedro Sula Milk Plant*

This study required David Fledderjohn to complete an assessment of the operating capacity of the plant for future PL 480 commodity use and an analysis of the mechanism for a possible future purchase of the plant by dairy farmers for conversion into a cooperative.

Costa Rica - *Cooperative Training Needs Assessment*

Thomas Stevenin, formerly executive director of Farmland Training Center, and Donald Swenholt, a management training specialist, spent four weeks reviewing the training needs and problems of the cooperative sector in Costa Rica and recommended several steps to strengthen training capabilities.

Other Studies

Financed Through Mechanisms Other Than IQC

Ecuador - *Regional Cooperative Proposal*

Loren Finnell, a project design specialist, and Kris Merschrod, a rural sociologist, spent four weeks in Ecuador conducting a feasibility study and writing the subsequent proposal for a project to convert two local cooperatives into multi-service regional business enterprises. This effort was supported by funds from ACDI's CORE grant.

Peru - *Cooperative Sector Assessment*

ACDI's David Fledderjohn participated with representatives of the other cooperative development organizations team in an assessment of the cooperative sector in Peru for the AID mission. Fledderjohn reviewed the agricultural cooperative sector which is extensive, including many neglected older service cooperatives and many production cooperatives stemming from the land reform. His travel and expenses were covered by the AID cooperative coordinator, but his time was financed from ACDI's central budget.

Costa Rica - *Fish Meal Feasibility Study*

Al Soday of Mississippi Chemical Corporation and Arturo Villalobos, an agricultural economist from the Central University of Costa Rica, conducted a study to determine the technical and economic feasibility of producing fish meal products in Costa Rica. They recommended further study to locate raw material for such a plant since the Costa Rican fishing industry cannot support a viable fish meal industry at this time. Their work was financed by an AID/Costa Rica mission purchase order.

Jamaica - *Cooperative Training Proposal*

One month was spent in Jamaica by Loren Finnell writing the project proposal for technical assistance to the National Union of Cooperative Societies, enabling it to provide training to the newly formed producer marketing organizations, with which ACDI is already working. The work is financed by the AID mission through a contract with ACDI.

Regional Cooperative Representative for Latin America *(Grant No. AID/SOD/PDC-G-0176)*

Personnel

David C. Fledderjohn

Background

Since April 1982, ACDI has maintained a regional representative for Latin America through a two-year matching grant agreement with AID. The program is supported in equal shares by the ACDI Development Fund and AID's Office of Private and Voluntary Organizations. The representative travels the area providing assistance to cooperatives and USAID missions on cooperative development and management.

Usually, AID missions are consulted extensively on cooperative programs in their respective countries. Often they initiate requests for short-term assistance or longer assignments for the representative under special contractual terms with ACDI. There has been increased awareness of the role cooperatives play as private enterprise organizations capable of contributing to the development process. The representative has concentrated on assisting those organizations which have

reached a degree of maturity and economic viability.

Drawing from more than 15 years of varied experience with ACDI in Latin America, Fledderjohn has had a wide range of assignments, ranging from consultations and trouble-shooting, to studies, evaluations, and planning.

Activities

A brief listing of the representative's principal activities illustrates the type and diversity of tasks. In Guatemala, Honduras and Costa Rica, particularly, resources obtained through the central office of ACDI and U.S. cooperatives were an important complement to the representative's work. Assignments in Peru, milk plant studies in Honduras, and planning a land settlement project in Guatemala, were performed under contracts with the AID missions of each country.

Peru

Joined with representatives of U.S. cooperative development organizations to prepare an assessment of the status of Peruvian cooperatives and recommended alternatives for assistance.

Ecuador

Reviewed two highland cooperatives and conducted preliminary discussions on possibilities for expansion and diversification of services.

Panama

Participated in ACDI regional seminar and consultations with the cooperative federation COAGRO, about procurement, credit, and fertilizer blending.

Costa Rica

Reviewed ACDI studies for manufacturing fertilizer, processing fish meal, and cooperative education; collaborated with ACDI specialists in BANCOOP, a newly organized bank for cooperatives, primarily in the area of staff training. Participated in a consultation provided by Volunteers in Overseas Cooperative Assistance (VOCA) for FEDECOOP, a major cooperative system of coffee growers. Served as guide and interpreter for cooperative leaders on a study tour of U.S. cooperatives.

Honduras

Prepared studies about a proposed divestiture of a government-owned milk plant to a farmer cooperative. Assisted in staff development and training exercises of the ACDI model cooperative project. Participated in long-range cooperative development planning discussions with USAID and ACDI project leaders. Assisted a land reform production cooperative plan for the acquisition of a cocoa processing and drying facility.

Guatemala

Designed and supervised a study of the credit situation in five cooperatives affiliated with FECOAR federation. Participated in a study of land tenure and design of a project for financing land purchases by land-poor peasants. Prepared a proposal for a land colonization project. Organized and participated in a study and recommendations for handling and storage of apples for a marketing cooperative.

El Salvador

Conducted investigations related to development activities appropriate for a newly formed federation supporting agrarian reform cooperatives.

Photo by David Fledderjohn

Len Wooton, right, ACDI consultant from Wenatchee, Washington, with members of an apple marketing cooperative in Guatemala. He demonstrates procedures for evaluating degrees of maturity of apples, important for judging fruit appropriate for storage.

BOLIVIA *(AID Project No. 511-0533) (Operational Program Grant)*

Improving Lending Systems to Small Farmers

Personnel

Stephen Wiles, Agricultural Credit Adviser

Background and Progress

Since 1979 ACDI has been assisting the La Merced multi-service cooperative in Santa Cruz, Bolivia with its small farmer credit program. La Merced is a 40,000-member cooperative providing savings and credit, health, housing, consumer services (supermarket and drugstore), correspondence study programs and library facilities for urban and rural members in the Santa Cruz province.

Although the ACDI resident adviser, Steve Wiles, completed his tour of duty in June 1982, the Operational Program Grant was extended through June 1983. This enabled Price Waterhouse of Buenos Aires to complete its consultation on the installation of a profit center budget control system. It also permitted the purchase of project vehicles and radio communication equipment necessary to link the rural offices with the central operation in the city of Santa Cruz with remaining project funds. Also, Steve Wiles, from his base in Cochabamba, Bolivia, visited La Merced several times to monitor the campesino credit program and help develop a market rate time deposit program to supplement traditional credit union savings.

During 1983, membership in the rural credit program continued to grow and the cooperative received the first installment of an Inter-American Development Bank loan of $400,000 plus 25 million Pesos (US$50,000) from AID for disaster loans to farmers who lost crops as a result of one of the worst rainy seasons in recorded history. The following table indicates the progress made in the rural credit program since Steve Wiles left for Cochabamba.

During 1983, La Merced was also able to negotiate a major health project and, together with two other cooperative organizations in the province, a health maintenance organization will be created and staffed to provide health services to members in the rural areas.

DATE	MEMBERS	PORTFOLIO		DELINQUENCY		SAVINGS	TIME DEPOSITS
	#	*(Pesos) Million*	*US$ (000)*	*(Pesos) Million*	%	*(Pesos) Million*	*(Pesos) Million*
6/1/82	3827	9.8	392*	0.64	6.5	7.4	2.2
1/1/83	4055	15.3	612	0.92	6.0	10.9	7.6
6/1/83	4317	19.9	498	1.5	7.5	14.4	13.3
1/1/84	4544	76.0	152**	1.3	1.8	37.0	20.2

*U.S. $1.00 = 25 pesos. **U.S.$1.00 = 500 pesos.

BOLIVIA *(AID Project No. 511-0452)*

Developing Cooperatives in the Chapare

Personnel

Stephen Wiles, Community Organizations/Rural Finance Specialist

Background

In 1982, USAID/Bolivia decided to use remaining funds in its small farmer organization project for ACDI to assist three integral cooperatives started earlier under that program. ACDI also was instructed to explore cooperative development potential in the Chapare region east of Cochabamba. Stephen Wiles was specifically requested because of previous Peace Corps experience in Ecuador, 11 years with Farmers Home Administration, and his work with La Merced in Santa Cruz.

Last March, Wiles' contract was extended for another 14 months. The scope of work of the new contract includes:

- Identifying the campesino and cooperative organizations in the Chapare, and analyzing the need and design mechanisms for forming new organizations to provide marketing services, sale of agricultural production supplies, and credit for the campesinos.
- Analyzing the role existing and future farmer organizations should fulfill in relation to income generating projects like fattening pigs, beekeeping, production of kudzu for feed and citrus fruits.
- Assisting FENACRE and ONCICOOP to develop and implement a strategy for reorganizing or rehabilitating existing campesino organizations.
- Designing and assisting in implementing an institution to channel credit and technical assistance to groups of campesinos in the Chapare.
- Advising FENACRE about initiating a campaign to mobilize savings through existing organizations in the Chapare.

Project Progress

Wiles has played a major role in shaping and preparing the way for a major AID integrated agricultural de-

(Left) Stephen Wiles, ACDI's long-time adviser in Bolivia (kneeling with white hat), helps cooperative members in the Chapare region rehabilitate their tea plantations and produce a marketable tea. Here leaves are dried prior to fermentation.

velopment project for the Chapare area, but delay in the start of that project until 1984 has meant that funds have generally not been available to support implementation of his income generating projects. In addition to identification of peasant organizations in the area and personal consulting work with them, he has been able to move forward with some activities:

- **Buffalo Project**—18 head of water buffalo were purchased by farmer members of a cooperative from stocks kept by the Bolivian Colonization Institute. Farmers will return two female offspring to the cooperative for each female received. Training programs were conducted to teach farmers how to tame the buffalo and make equipment for animal traction. Work will continue in this area in 1984.
- **Beekeeping Project**—started with Cooperative Agropecuaria Multiactiva Nueva Canaan Ltda. The project includes technical assistance to members, forming two apiaries (one in Chapare and the other in Cochabamba), harvesting and marketing bee products, and a credit program to finance purchase of bee production supplies. Initial purchases of supplies were financed by a $5,000 allocation from the ACDI Development Fund.
- **Tea Production**—Chapare farmers are being taught to rehabilitate tea plantations and how to harvest, wilt, rub, ferment, dry, and market their tea. Many farmers have begun rehabilitating their plantations because of this training.

Photo by Stephen Wiles

A swarm of bees, captured in the wild, is transferred to a homemade hive. The bees will be cultivated as part of income generating projects under way in the Chapare region of Bolivia. The beekeeping project includes technical assistance to cooperative members, harvesting and marketing of bee products and a credit program to finance purchase of supplies.

COSTA RICA (AID Project No. 515-0178) *(Operational Program Grant)*

Cooperative Banking Services

Personnel

Vinzenz Schmack, Financial Management Adviser

Consultants

Richard A. Neis, Cooperative Banking (Chief of Party designate)
Candido Lopez-Agostini, Cooperative Credit
David Fledderjohn, Cooperative Management

Richard Neis, left, ACDI's cooperative banking consultant and chief of party designate, with Jorge Sauma, senior loan officer at BANCOOP, the Costa Rica Bank for Cooperatives. Neis, former senior vice president of the Springfield Farm Credit Banks, completed a three-year assignment as ACDI adviser in the Philippines in 1983.

Background

In 1982 the AID/Costa Rica mission asked ACDI to prepare a major cooperative finance study in Costa Rica with special emphasis on financial and institutional needs of the sector. ACDI sent a three-person team headed by Alfred Van Winkle of the Spokane Bank for Cooperatives. The consultants recommended an innovative way to channel PL 480 local currency funds into cooperative development through a Government of Costa Rica investment in nonvoting shares of the recently created cooperative bank. They also concluded that the bank needed technical assistance.

Acting on these recommendations, USAID suggested that ACDI prepare a project proposal for the provision of long-term technical assistance to BANCOOP. Robert Flick, ACDI's project officer for Latin America, spent three weeks during March 1983 preparing and negotiating the proposal. Agreements were signed in March and April and ACDI's first adviser began work in early June 1983.

At the beginning of the project in March 1983, BANCOOP had a staff of 14, it was providing limited services to members and, unlike cooperative banks in the U.S., to other public and private business enterprises as well. Services included letters of credit, transfers and payment orders to and from foreign clients, payment collections and foreign exchange buying and selling operations.

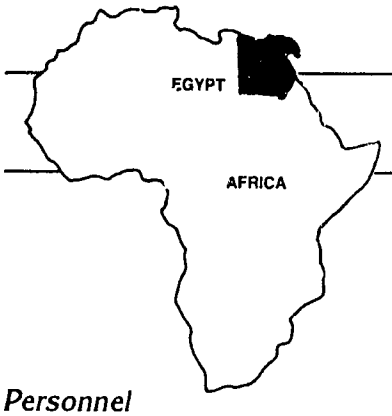
Project Progress

Vinzenz Schmack, a former Bank of America executive residing in Costa Rica, was contracted on June 1, 1983 as the financial management adviser to BANCOOP. Shortly thereafter BANCOOP President Federico Herrero came on a training visit to farm credit and cooperative banks in Puerto Rico, Miami and the Baltimore/Washington area. In Miami, Herrero was joined by Schmack for several visits to commercial banks to establish correspondent banking arrangements with U.S. banks doing business with Costa Rica.

In September, ACDI credit consultant Candido Lopez-Agostini was sent to San Jose for a two and one half month assignment to assist the BANCOOP develop its credit policies, procedures and norms as well as prepare first drafts of operations and credit manuals. Subsequently his work was approved by senior BANCOOP management and its board and has since been implemented.

Concurrently, Richard Neis, former senior vice president at the Farm Credit Banks of Springfield and ACDI cooperative banking adviser in the Philippines for three years, was assigned for a one-month consultancy to assist senior bank management. He proposed guidelines for the loan committee and job descriptions for loan officers as well as initiation of a management information system and design of a preliminary organization chart for BANCOOP. Additionally, Neis developed an on-the-job training program for senior loan officer Jorge Sauma at the New Orleans Bank for Cooperatives and advised BANCOOP on future training needs.

By the end of the year BANCOOP was off to an excellent start. Its first loans had been made. Credit officers had begun to analyze prospective borrowers' financial statements and to review their operations. Initial staff requirements had been filled and the major policy documents completed by the consultants for consideration by management and the board. Furthermore, Richard Neis had been accepted as the long-term resident adviser and his scheduled return was set for January 8, 1984.



EGYPT *(AID Project No. 263-0079)*

Small Farmer Production Project

Mahmoud Noor, right, project director of the Small Farmer Production project in Egypt visits a farmer's garlic field in Balashoon village in Sharkia governorate. Extension agent Moawad A. Moussa, left, is giving instructions to the farmer. Moussa participated in a one-month study tour in 1983, observing U.S. cooperative and agricultural extension operations.

Personnel

Ron G. Gollehon, Senior Credit Adviser (Chief of Party)
Kenneth D. Compton, Credit Specialist
Robert W. Fischer, Credit Specialist
Emilio Garza, Training Specialist
Calvin K. Hardt, Farm Management Specialist
Jesse L. Ketchum, Credit Specialist
Clarence N. Livingston, Transportation and Storage Specialist
Philip T. Morrow, Farm Management Specialist
Mark W. Schuster, Farm Management Specialist

Consultant

Ray E. Armstrong, Farm Mechanization Specialist

Background

The Small Farmer Production project was initiated when Egypt and the United States signed a $25 million grant agreement in July 1979. In February 1980, ACDI was selected to provide the technical assistance component of the project. It has had a nine-man team of advisers in Egypt since September 1980—three in Cairo and two each in Assiut, Benha, and Zagazig.

The goal of the project is to assist the Principal Bank for Development and Agricultural Credit (PBDAC) to increase the income and productivity of small farmers (those owning or farming less than five acres of land). Principal tools for achieving the goal are farm credit, agricultural extension, management training, storage and transportation facilities and advice.

A variety of innovations were introduced to facilitate small-scale mechanization, new seeds and cropping techniques, more lenient credit facilities tailored to local farmers' needs, faster loan processing, increases in delegated authority to the village bank level and practical farm application of Egyptian agricultural research results.

USAID evaluators said the project has successfully merged credit and farm management advice and made extensive use of Egypt's agricultural research facilities; the project is considered one of the most effective and successful in the country.

Project Progress

Credit

By January 1983, the project's policies and procedures were extended to nine village banks in each governorate. These 27 banks serve about 150 village areas with a total staff of 175. They received increased loan authority, practiced close coordination with farm management/extension, and received individual training from ACDI field technicians. By December 31 1983, 20,691 loans for £E15,233,722 ($18.4 million) had been made under the project. The average farmer received £E736 ($887). More than 1,000 loans were made each month during the year.

Delinquency rate for the three governorates remains very low (less than one half of one percent). No loans are considered seriously delinquent. So far, there have been no uncollectable loans.

Authority delegated to village banks for loan approval has continued to be increased on a selective basis. It now accounts for more than 90 percent of all loans approved as compared with none when the project was begun.

Farm Management/Extension

The single crop block farming practice by farmers with small acreages was again expanded. It brings the full benefits of using mechanization, improved irrigation methods, better seeds, cropping packages and herbicides. The first blocks of 10 to 30 acres each were or-

Ron Gollehon, ACDI's team leader on the Small Farmer Production project in Egypt with farmers harvesting broad beans (fava), a staple in the Egyptian diet. The project introduced this new, higher yielding variety along with better cultivation practices and use of herbicides, thus more than doubling farmers' incomes.

ganized in the summer of 1981. By the end of 1983, about 8,609 acres belonging to 10,670 farmers had been organized in blocks.

Yields and farmer income from holdings incorporated in blocks have been averaging much higher than from unblocked small fragmented plots. This approach allowed farmers in the project areas to contract with major seed companies for production of Giza 2 and hybrid seed corn production on 1,250 acres and receive a higher price per unit for the production. Yields were much higher than the normal per acre.

The block farming approach also has stimulated mechanization of farm operations to help overcome a critical farm labor shortage. The project has helped farmers and custom operators to purchase more than 1,200 machines valued at £E1.2 million (with loans exceeding £E1 million). Those who purchased these machines became small entrepreneurs by renting out their services and equipment. In many cases their investment was returned in less than one year.

New "packages" of techniques are being introduced to improve farmer income. Among packages introduced this year were those for the production of tomatoes, broad beans, lentils, and fish farming with rice. All show tremendous promise as good small farmer cash crops and have resulted in increased farm incomes.

Storage and Transportation

The bank system's main lifeline to farmers are its 750 village banks and their respective agencies (supply distribution points) geographically distributed around each village bank. These agencies serve as farm supply receiving and storage facilities and as marketing points for selected crops. The objective of the project is to build 27 new village banks and 134 agencies associated with them. Most of the land sites have been purchased by the governorate banks and the first stage calls for construction contracts on 15 village banks and 77 agencies. Seven of the new village banks will contain training centers for bank personnel. This is a major change because training was traditionally conducted at governorate capital cities or in Cairo.

Construction is being carefully monitored. Project personnel are working closely with the principal bank's engineering department and private architectural and engineering firm to computerize the monitoring system for the entire three-governorate construction effort.

Training

The project's highly successful one-on-one training at governorate and village bank levels continued. Egyptian experts from universities and research institutes of the Ministry of Agriculture have been contracted to provide short (one- to four-day) seminars to upgrade skills for project personnel. These courses are conducted at the field level and at specific times during the year such as preparation for winter crops. During 1983, 30 of these skills development courses were conducted.

In addition, a two-day seminar was organized for top level principal bank and governorate bank personnel on management techniques and time management. A briefer course on the same subject was conducted for project personnel in all three governorates. Support from staff at the Commercial and Industrial Training Division of the American University in Cairo also was enlisted.

Further utilized was ACDI's unique capability to provide hands-on training and direct support through its member organizations in the U.S. A total of 40 Egyptian project staff received on-the-job training from ACDI member cooperatives and agricultural organizations in the U.S. during the year for 30-day periods.

Twelve high ranking bank officials from three governorates spent 15 days observing their U.S. counterparts in the Farm Credit System and ACDI member cooperatives and visited universities and various agricultural institutions. Five participants were sent to Ahmedabad, India, to participate in the Center for Entrepreneurial Development's famous course on entrepreneurship identification in preparation for project financing of agricultural support systems in the various governorates.

Outlook

As a result of the favorable outcome of two in-depth project evaluations, the Government of Egypt and USAID have extended the ACDI Technical Assistance contract for one year to July 31, 1985. A supplemental grant is now being prepared which would, if approved, approximately double the resources of the project and extend it for a further year.

GUYANA *(IDB/GOG Technical Cooperation Agreement)*

Agricultural Credit and Marketing Project

Consultants

Ervin Royse, Computer Programming/ Systems Analyst
Peter H. Gore, Evaluation
Kris Merschrod, Evaluation

Background

In June 1980 ACDI was awarded a contract by the Ministry of Agriculture under an Inter-American Development Bank-financed project whose principal objectives were to improve the availability of food crops in Guyana.

The $600,000 contract with ACDI contemplated the provision of technical assistance to the Guyana Cooperative Agricultural and Industrial Development Bank (GAIBANK), the Guyana Marketing Corporation (GMC) and the extension division of the Ministry of Agriculture.

Project Progress

The long-term advisers stationed in Guyana completed their work and departed in late 1982. Remaining work under the terms of the ACDI contract involved a ten-day final visit by Ervin Royse to monitor computer operations and assess progress in getting the IBM System 34 fully operational at the GAIBANK.

Following Royse's work in April, ACDI performed the final evaluation during May and June. Merschrod and Gore, both experienced evaluators, spent three weeks examining the impact of project activities and the ACDI technical assistance on the three institutions involved in the project and the overall effectiveness of the project at increasing food availability in Guyana The evaluation pointed out that although ACDI lived up to the scope of work in the technical cooperation agreement, the project in general "...may be characterized as overly ambitious, understaffed, and poorly supported by all the international and national agencies involved."

HAITI *(AID Project No. 521-0169) (Cooperative Agreement)*

Produce Export Marketing Feasibility Study

Personnel

Dan Reis, Agronomist/Cooperative Team Leader
Eli Mizrachi, President, WWD Ltd./ Marketing Consultant
Ira Lowenthal, Cultural Anthropologist
AGRIDEV, five technical consultants

Background

As a result of several exploratory trips to Haiti, Eli Mizrachi, president of a small Israeli development company, proposed to ACDI a joint venture with Haitian and Israeli investors. It would establish in Haiti, on a cooperative basis, a pilot agricultural technical center and winter vegetable production and export effort. The combination of private initiative and cooperative involvement of Haitian small farmers was attractive to the AID mission as a potentially constructive use of available Caribbean Initiative funds. Following hurried negotiations early in 1983, a cooperative agreement was signed in March for a feasibility study to be conducted during the summer and a small pilot production and marketing test during the following winter. Since the Haitian group had been unable to assemble the needed local investment in time to meet the deadline for obligation of AID funds, the agreed project was substantially reduced in both time and extent from that originally proposed.

Project Progress

Dan Reis, an Israeli agronomist and cooperative development adviser, took charge of the project in May. Provision of the technical consultants needed for the study was subcontracted to AGRIDEV, an Israeli agricultural consulting firm. During the summer a soil scientist, agricultural economist, irrigation engineer, packing and storage engineer and a horticulturist from AGRIDEV provided five person-months of consulting time under Reis' direction. Lowenthal spent several weeks analyzing local relationships that might foster or hinder participation. Meanwhile, Mizrachi gathered marketing data and developed relationships with potential importing produce wholesalers. He also initiated the formation of a U.S. development investment company of broader scope which could, as its first venture, fill in the void left in the Haiti project by the absence of Haitian and Israeli investors.

The feasibility study indicated that production costs of vegetables, in great winter demand in the U.S., were low. Marketing them in New York would be profitable despite the high cost of air transport, if the quality was high. In addition, expanding the pilot tests to include surrounding small farmers, many of whom were experienced with winter vegetable production, would greatly enhance its financial feasibility and social and economic validity. The draft report with these conclusions was presented to the AID mission in early October. The mission concluded that since the private investment funds were not yet in hand and the marketing arrangements not solid or completely analyzed, there was insufficient time to organize the pilot production/marketing effort for that winter and canceled its remaining funding for the pilot test.

HONDURAS *(Project No. 522-0150)*

Cooperative Development Services

Personnel

Juan A. Alvarez, Cooperative Operations Adviser (Team Leader)
Jorge N. Chinchilla, Cooperative Administration Adviser
Richard L. Clark, Cooperative Management/Service Technician

Consultants

Loren Finnell, Evaluation
Kris Merschrod, Evaluation

Background

The development of regional cooperatives to serve the production and marketing needs of Honduran campesinos has been the purpose of this project since its outset. The design, based on the FECOAR project in Guatemala, contemplates the formation of multi-community, multi-service business organizations of several thousand farmer members. Its structure is a "star network" where local associated groups (GLA in Spanish) are the points of the star serving as the linkage between the central organization and the farmer members.

The regional agricultural service cooperatives are operated on a businesslike basis and follow cooperative principles. With the intended expansion of the project, ACDI's contract was extended to December 1984 and a third principal expatriate adviser was added.

Beginning in July 1983, project staff began assisting in the reorganization of the CREHSUL cooperative and with organization of the Fruta del Sol cooperative. Farmer members of both organizations produce for the export market; honeydew and cantaloupe melons by CREHSUL and cucumbers by Fruta del Sol.

CREHSUL, located in the Choluteca region of southern Honduras, had 152 active members as of December 31, with a potential of reaching up to 1,200 farmers in the area. Active members now plant about 380 acres of melons. However, the total land planted to melons in the Choluteca area is about 2,100 acres. CREHSUL, under a contract with PATSA, a subsidiary of Tela Railroad Co., exports about 250,000 cases of melons annually to U.S. markets. This contract expires in October 1984.

Fruta del Sol cooperative was formed in July 1983 in Comayagua in central Honduras. Its principal activity is the marketing of cucumbers for U.S. winter consumption. Most members were recruited from the cucumber producer's association established by the producers to represent their interests when dealing with the Standard Fruit Company. This company had been retained by USAID/Honduras to develop varieties, construct and operate a washing, waxing and packing facility and to develop U.S. winter markets. When the Standard Fruit contract ended, ACDI was asked by both USAID and the producers to help with the organization of the cooperative business to take over the packing, marketing and other aspects of the project.

Currently, the 82 members plant about 150 acres of cucumbers for export to the U.S. They are also considering planting acorn squash, pickling cucumbers, and cherry tomatoes for export, in addition to increasing production of canning tomatoes for the local market. Since its irrigation infrastructure is already in place, the cooperative has good potential for expanding into other vegetable areas.

Photo by Richard Clark

Maya Occidental cooperative personnel help shell corn for farmer members who deliver their bags of corn to the roadside. The Honduran cooperative takes the sheller close to the fields because members lack transportation.

Project Progress

Early in 1983, ACDI sent two outside evaluators to Honduras to objectively look at the project and provide feedback to both ACDI and the mission. As a result of this work and of the 1983 ACDI/Honduras work plan, efforts were directed at assessing and correcting weak points and problems faced in 1982, especially in the Maya Occidental cooperative. Attention also was given to promotion and organization of Fruta del Sol and CREHSUL.

Loan delinquency at Maya Occidental cooperative and its implications was a main concern. It led to changing the manager and two field men, adoption of strict credit policies, use of appropriate screening for selection of prospective members, enforcement of established capitalization requirements, and various actions against delinquent members.

These actions caused resignations and may limit membership growth, but will lead to sounder finances and long-

term health of the cooperative. With all its problems, Maya Occidental became a valuable lesson to all concerned.

The 20 de Marzo cooperative had a good year. Loan delinquency was minimal and credit services covered about 90 percent of membership. The cooperative's image within the community is excellent. Nonetheless, problem areas in the relationships between management and the directors indicated that some extra emphasis in training experiences was required to avoid more serious problems in the future. Fortunately, after a board session where everybody expressed feelings and concerns, the relationship improved and potential problems disappeared.

CREHSUL and Fruta del Sol cooperatives, while still in the formative stages, provided a number of important member services such as credit, supplies, technical assistance and, more recently, packing and marketing of produce. Administrative staffs of both these cooperatives are functioning well and the subsidies provided by USAID for their operational budget are being used as planned.

Training and educational activities were intensified during 1983. In addition to participation in all director's meetings of the four cooperatives and contract work with management staff, 24 member education programs were sponsored for 471 participants.

Loans obtained from BANADESA for the agricultural year 1982-83 were paid before the due dates. Substantially increased credits have been obtained by the cooperatives for the 1983-84 crop season.

Maya Occidental and 20 de Marzo cooperatives have purchased land (1.75 acres) for constructing office and storage facilities. Construction is scheduled for 1984.

Both Maya Occidental and 20 de Marzo cooperatives expect to reach a break-even point by June 1986. To reach this goal, they need to help members diversify production from basic grains into intensive crops for export and local markets. Crops contemplated for local markets are bell peppers, onions, tomatoes, and sweet corn while cayenne peppers, cherry tomatoes, and pickling cucumbers are being planned for export. To aid development of these new crops, the cooperatives have begun field trials with seeds obtained by ACDI.

Table 1 - Summary of Honduran Project, December 31, 1983

COOPERATIVES	20 DE MARZO	MAYA OCCIDENTAL	CREHSUL	FRUTA DEL SOL
Membership	501	442	152	82
Paid in capital	$50,400	$57,500	$60,000	$39,100
Production credit[1]	$362,000	$278,000	$128,000	$110,000
Delinquency rate[1]	3%	15.7%	9%	4.5%
Acres financed[2]	8,100	4,630	380	230

[1] None of the cooperatives are in arrears with the Agricultural Bank (BANADESA). The delinquent accounts are between members and the cooperatives.
[2] Accumulated.

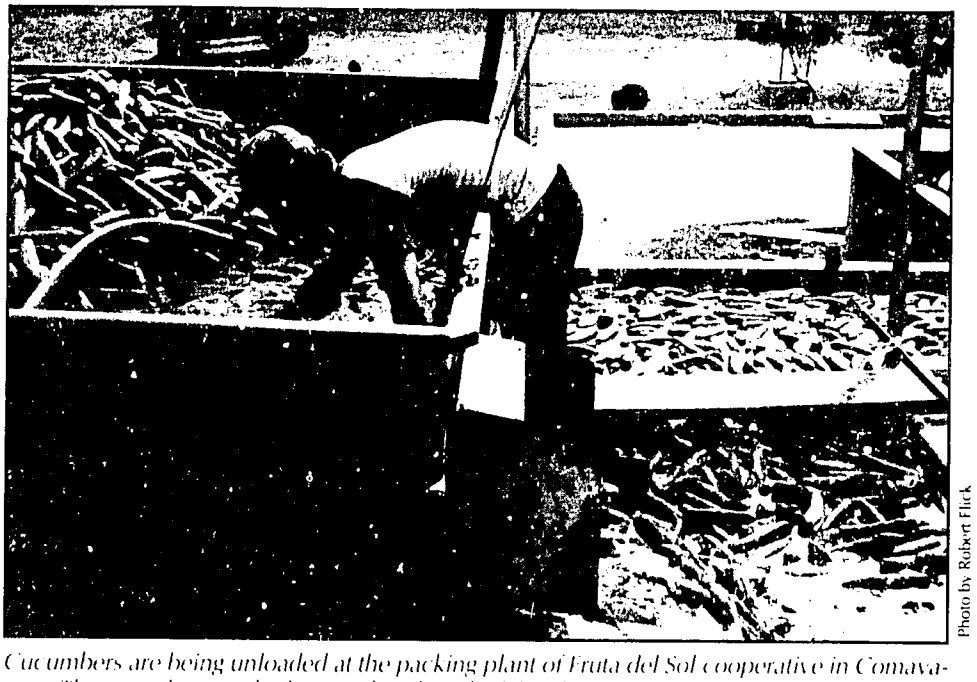
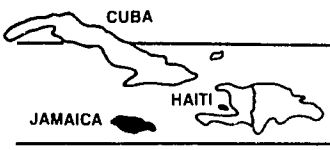


Photo by Robert Flick

Cucumbers are being unloaded at the packing plant of Fruta del Sol cooperative in Comayagua. They are then washed, waxed and packed for shipment to U.S. winter markets.

Richard Clark, cooperative management adviser in Honduras, helps with tying up cucumbers at Fruta del Sol cooperative whose principal activity is the marketing of cucumbers for the U.S. winter market.



JAMAICA *(AID Project No. 532-0060)*

Agricultural Marketing Project

Personnel

S. Allen Poole, Jr., Producer Marketing Organization Adviser

A Christiana Potato Growers Association employee at the potato washing and grading line installed in 1983. Some two million pounds of potatoes were handled by the cooperative during the year and 12 million pounds are expected to be marketed in 1984.

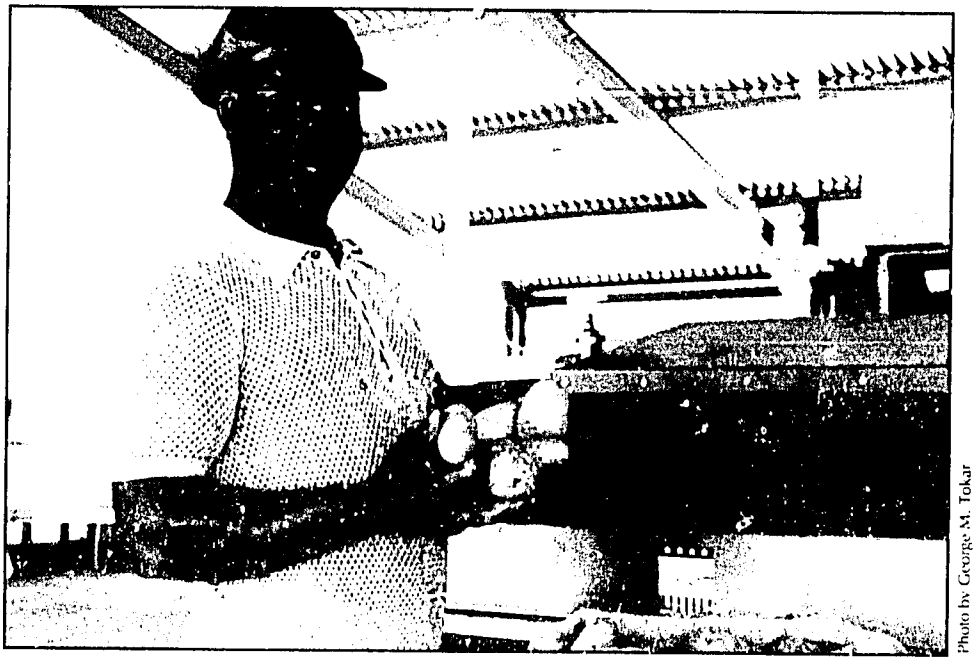


Photo by George M. Tokar

JAMAICA *(AID Project No. 532-0046)*

Integrated Rural Development Project

Personnel

George M. Tokar, Packing House/Marketing Adviser (Chief of Party)
Thomas H. Carr, Cooperative Management Specialist

Background

For the most part Jamaica is hilly country of small farms operated in many cases by descendants of slaves who escaped from the coastal plantations to take up subsistence farming in the interior. These farmers produce a wide variety of fruits and vegetables for the local markets, but due to inadequate prices, capital and organization, their production has not kept up with the growth of urban demand. Large amounts of fruits and vegetables are also lost due to spoilage. As a result, food imports have risen markedly in recent years.

AID has undertaken a number of major ventures to alleviate this situation, including integrated agricultural investment and training activities in producing areas and major efforts to improve marketing facilities and organization. These projects started in the late 1970s, but the investment phase of the area program ended in 1982 and the initial contractor on the marketing project was dismissed in that year. ACDI representatives visited Jamaica several times in 1980-82 reviewing possibilities of cooperative development. In the course of these trips they advised the AID mission that the marketing project needed major redesign with greater emphasis on the development of farmer-owned marketing organizations.

RONCO, a California consulting firm, was selected to carry out the marketing project with the Ministry of Agriculture, but ACDI, as subcontractor, is providing a producer organization adviser on that team. ACDI also received a contract from the mission under an extension of the area project to help develop the marketing and management capabilities of a major agricultural cooperative in the project area. These activities are being conducted in a coordinated fashion as parts of the total effort to improve agricultural marketing in the country.

Project Progress

Allen Poole, producer marketing organization adviser, arrived in Kingston with the rest of the marketing project team in May 1983. Since then he has been heavily involved in meetings with farmer groups, some already organized in cooperatives, some just contemplating that step. His aim is to identify or help the formation of groups willing and capable of taking responsibility for a field packing station and the conduct of marketing business for members. This effort has so far been successful with four such groups. Once the formalities of registration or incorporation are completed, considerable training in management, accounting and marketing will follow. Construction and

equipment of a vegetable washing, sorting, packing and cold storage facility will also be provided by the project on a loan basis to some of the producer marketing organizations (PMOs).

In this effort, Poole is working with a team of field staff of the marketing division of the Ministry of Agriculture. He has had the assistance of horticultural, engineering and training specialists on the RONCO contractor team, although the major focus of these other team members is on the development of the professional capabilities of the marketing division.

George M. Tokar, packing house/marketing adviser, was assigned in February to work with the Christiana Potato Growers Association, an organization of some 14,000 small farmer members. He assists them to effectively operate their potato, yam and other vegetable washing, packing and storage facilities. Areas of particular emphasis include procedures to be used in packing operations and conducting training sessions in quality control and produce handling. Working with the CPGCA marketing manager, an overall marketing strategy was developed and an aggressive marketing program started.

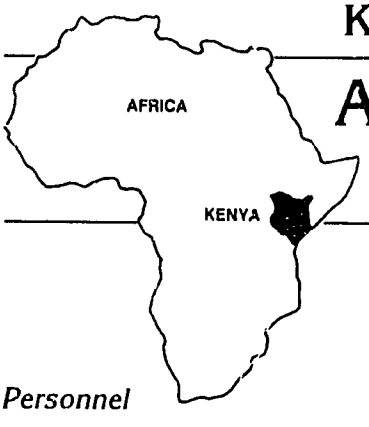
A major thrust was made to export ethnic produce, and shipments of pumpkin, squash, sweet potato and cho-cho (a climbing squash) were made during the year. Machinery installed earlier under the area development project was modified for use on locally produced crops, and installation of a potato washing/packing line was nearly complete by year-end. This will become an integral part of the operation as table potato cultivation becomes the principal member product. During the 1983 season, some two million pounds of potatoes were handled by CPGCA, but a crop of 12 million pounds is expected to be marketed by the cooperative in 1984.

Thomas Carr, cooperative management specialist, joined Tokar in November 1983 to work with management on matters relating to the organization and operation of the cooperative and relations with members. Following diagnosis of the cooperative's situation, he developed a work plan for strengthening member relations and revising accounting procedures. Under the extension of their tours through 1985, both Tokar and Carr will be spending at least half their time providing similar assistance to other producer marketing organizations developed in the central and western areas of the island under the overall market development project.

Photo by George M. Tokar

Yams grown by members of the Christiana Potato Growers Association in Jamaica are graded and packed for export. A major thrust was made by the cooperative in 1983 to export ethnic produce to the United Kingdom and the United States.

KENYA *(AID Project No. 615-0169)*



AID Agricultural Systems Support Project (Cooperative Training Sub-Project)

Personnel

Newton J. Guderyon, Cooperative Training Specialist

Background

Kenya continues to make economic and social progress despite limited natural resources, world economic downturn, and one of the highest population growth rates in the world. Since gaining independence 20 years ago, a stable, popularly-elected government has encouraged organization and growth of cooperatives. The government sees cooperatives as an ideal form of business to increase incomes of small-holding farmers and give them and workers a greater stake in the nation's economy.

Cooperatives of Kenya with a membership of half the families in the country, achieved a fair measure of success. In 1982, 2,400 active cooperative societies and unions had total sales of nearly 2.5 billion shillings (about $200 million). ACDI assistance began in 1980 with a USAID-funded project to study the cooperative training and education needs. The report called for expanding buildings and programs at the Cooperative College of Kenya. A team of four cooperative training specialists remained to work within Kenya's Ministry of Cooperative Development to improve its programs.

Much of USAID's assistance to cooperatives is designated for academic and job training in the U.S. Until 1982, AID and USDA administered this program. Delays in getting students enrolled in academic courses and failure to find appropriate on-the-job training opportunities caused AID and Kenya to ask ACDI to administer the U.S. training programs. This has now become a major component of the project although internal training assistance continues.

Project Progress

The 1980-81 study on cooperative education and training in Kenya revealed most lecturers at the college were well-educated in their specific areas, but many lacked field experience or involvement with current cooperative programs. ACDI established a program to send lecturers on field studies to gather data and get better acquainted with cooperative management practices. During the year, 18 staff members participated in such trips.

To help the college lecturers incorporate field experiences into their courses, a 10-day workshop for 23 of them was sponsored by ACDI in 1983. The workshop, "Writing Educational Material," utilized specialists from the University of Nairobi and Kenya Institute of Education. Participants reviewed the process of writing manuscripts suitable for use in the classroom and eventual publication. Results already can be seen in case studies of local cooperatives being used in management courses and in the cooperative accounting manual being prepared for publication. This will be the first textbook on the topic available to Kenyan students.

ACDI continued to purchase text and reference books for the college. During the year, 397 volumes and five periodicals were added. In reviewing ACDI assistance to the college, Principal Job Mukule said, "The ACDI project has been one of the most effective foreign assistance projects we have ever experienced. The entire lecturing staff is involved and motivated. We hope the program of field studies for our lecturers can be continued." Vice Principal and Director of Studies George Okeyo added, "Some projects at the college have spent more money than yours and had very little effect. The ACDI project, after only one and a half years, is producing tangible results. ACDI is able to move very quickly."

Training adviser Jim Guderyon taught a personnel management seminar for cooperative managers, introduced U.S. Peace Corps volunteers to cooperatives, and helped train cooperative field officers in techniques of adult education. He is also developing an instructor's guide for use by field officers to train non-literate cooperative members in remote districts of Kenya.

Photo by Newton J. Guderyon

The local tribal chief addresses a meeting of members of the Isiolo Farmers Cooperative Society. While the chief has no official control over the affairs of the society, his approval and encouragement are necessary to assure good member participation.

Training

Many graduates of the cooperative college, who hold a diploma in cooperative management, were frustrated by Kenya's system of higher education. Some students could not continue their education and acquire a bachelor's degree. ACDI helped solve the problem by contacting many U.S. universities and providing schools with information on the courses at the cooperative college as well as qualifications of their graduates. Several U.S. universities offered to transfer credits. ACDI placed each of the graduates nominated by the Ministry of Cooperative Development in a U.S. university. Twelve will have been enrolled by September 1984. Most will be able to complete course work for bachelor degrees within two years.

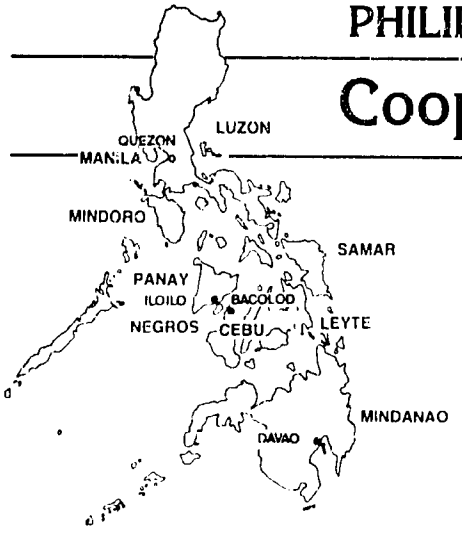
ACDI placed six candidates for master degrees in U.S. universities during 1983. They are enrolled in courses like agricultural economics, business, adult education, communications, economics, and marketing. Each participant also will gain some practical experience by visiting or working within American agricultural cooperatives, ACDI member organizations and their local affiliates. Many participants regard this as the most valuable part of their U.S. education.

Miriam Gachago, head of the ministry's training and education division, is enthusiastic about U.S. academic training. "Without the help of ACDI we never could have placed 18 participants in universities in 1983," she said.

Writing workshop for teachers at the Cooperative College of Kenya. Coordinators and facilitators meet to review progress. Third from right is Jim Guderyon, ACDI's cooperative training specialist. On his right is George Okeyo, vice principal and director of studies at the college.

PHILIPPINES *(AID Loan No. 492-T-051)*

Cooperative Marketing Project



Personnel

Richard A. Neis, Cooperative Finance Specialist/Chief of Party
Philip L. Brown, Cooperative Credit Specialist

Background

In 1978, USAID signed a loan agreement to provide U.S. $6 million, which together with nearly as much in Philippine government funds, would be used to develop a sound financial system for the country's newly organized area marketing cooperatives. The project included management advisory assistance to the cooperatives and assistance to the development of a Cooperative Finance Group at the Central Bank as a nucleus financing and guidance center for the rural cooperative banks through which the loans would be made.

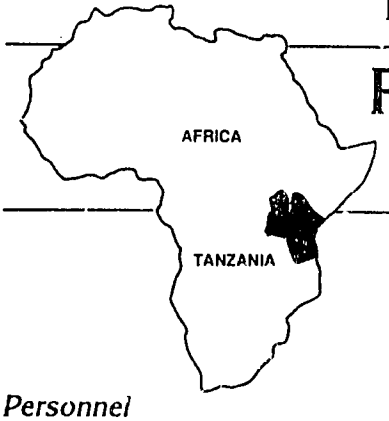
The project started in October 1979 with a three year contracted life, but the credit aspect was extended to March 1983 in view of the solid progress that had been made in developing a small responsible and skilled cooperative credit staff and because a substantial share of the available funds had not yet been committed.

The detailed preparatory work developing the Cooperative Finance Group bore fruit in the project's final months. Seven loans were approved by the end of the project in March and another four in the following three months. This compares to ten loans approved during the previous three years. All the approvals were subject to the cooperatives meeting rigid conditions precedent to the release of funds, principally increasing member equity. These conditions had not yet been completely met in many of these late approvals at the time of the evaluation of the project in July.

The evaluation, by a Filipino economic consulting firm, found that the project had contributed a series of valuable management manuals to the cooperative movement. Over 2,500 people from target cooperatives were involved in training programs, and a strong financing system that had made nearly 40 million pesos ($3.3 million) in loans to 16 cooperatives was developed. None of these were among the 15 cooperatives targeted for assistance in the project proposal, all of which failed to meet credit criteria. The evaluation also cites as an invaluable impact of the project exposure of deficiencies and weaknesses of the overall cooperative development program in critical areas.

TANZANIA *(AID Project No. 621-0155)*

Resources for Village Production and Income Project



Personnel

Charles W. Bennett, Banking and Operations Specialist (Chief of Party)
David Eding, Organization and Methods Specialist
William Schaffer, Data Processing Systems and Programming Specialist

Consultants

Donald W. Swenholt, Manpower Development

Background

The economic viability of Tanzania has been severely tested during the past three years. Declining production of agricultural products for export, coupled with depressed world prices for export products, have dealt a serious blow to Tanzania's foreign exchange earnings.

To encourage greater agricultural production, government controlled agricultural prices have been set at higher levels for 1983-84. Shortages of transport equipment, gasoline, diesel fuel, spare parts, and tires, combined with deteriorating road conditions make it extremely difficult to efficiently and effectively distribute production supplies and move farm products to market. If these problems and resultant cost increases are absorbed by government, then the price increases may result in production increases.

During the past year, the Tanzanian Government has increasingly emphasized the formation of new supply and marketing cooperatives. It is anticipated that in the year ahead a large number of cooperatives will be organized in the major agricultural producing areas of Tanzania. Financing new cooperatives will be a major role of TRDB in the future.

Reinstatement of cooperatives in Tanzania will bring with it an important benefit to the Tanzania Rural Develop-

Photo by Charles Bennett

The Dodoma regional manager of the Tanzania Rural Development Bank, left, and a bank trainee check the vineyard of a borrower. Dodoma, in central Tanzania, is one of the bank's several administrative regions.

ment Bank (TRDB). The bank will be relieved of seasonal distribution of supplies (fertilizer, chemicals, seed, etc.) starting with the 1984-85 season. Eliminating this time-consuming, difficult, expensive, non-banking function from TRDB has been a major goal of this project. ACDI, through recruiting an experienced team to study the proposed cooperatives, has shared in this success.

Project Progress

In 1983, several important developments occurred in TRDB as a result of identifying serious problems and making a commitment to finding and implementing solutions.

Loan and Accounting Records

- Bookkeeping training seminars were conducted for all regional and zonal bookkeepers and accountants.
- A bank-owned computer and entry terminals were installed. This will enable the bank to process loan and accounting records on a timely basis and improve accuracy of input information.
- A public accounting firm was contracted to review and reconcile loan records and other selected accounts to insure that only accurate records are transferred to the new computer files. The bank achieved a saving of more than 1 million shillings (about $100,000) on this project by using itemized borrower statements produced through joint efforts of the ACDI team. The team developed the logic and programs to revise and modify computer raw history tapes with the necessary data needed for printing complete statements.

Lending Policies and Procedures

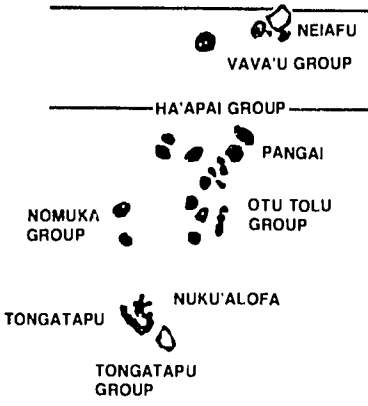
- Development investment training has stressed project appraisal as a way of comparing alternative investments and priorities for the use of scarce development funds and other national resources. This emphasis on project appraisal has led to neglect of careful analysis and evaluation of the borrower's credit worthiness, causing serious loan arrears.

  During this past year, the bank has committed its credit staff and management to adopt loan analysis techniques pioneered by the U.S. Farm Credit System. Emphasis is now being directed, not only at project appraisal (the loan purpose), but also at thorough analysis of the borrowers, using the five credit factors as a basis for analysis.
- Five two-week credit administration seminars for field personnel were conducted throughout Tanzania in 1983. Primary emphasis was based on application of the five credit factors.

Management Development

- During 1983, the bank's board of directors appointed a general manager to fill the vacancy that had existed for a number of years. The man appointed has a broad background in commercial banking in Tanzania. This action relieves the chairman and managing director from the day-to-day operating management responsibilities he has had for several years in addition to broad planning and management duties.
- An improved performance evaluation program stressing development of individual goals and objective appraisal techniques was developed during 1983. TRDB job descriptions also were reviewed and revised to reflect some streamlining of the organization. The improved evaluation program will be implemented in fiscal 1984.
- A policy and procedures manual, discussed for some time in TRDB, is taking shape with ACDI's organization and methods specialist managing and supervising its completion and publication. The manual will detail all areas of operating procedures to guide new and experienced personnel in TRDB operations and policies.
- Ten management and project officer personnel were enrolled in U.S. educational institutions during 1983 for training in management techniques. This brings the number of TRDB personnel funded by the project and trained by U.S. cooperatives and educational institutions to 29.

TONGA *(AID Grant No. 879-0251)*



Cooperative Federation Development

Photo by Jerry Lewis

The board of directors of the Tonga Cooperative Federation. Second from left is John Kreag, ACDI adviser and secretary-manager of the federation since January 1982.

Personnel

John G. Kreag, Secretary and Manager, Tonga Cooperative Federation

Consultants

Bruce Gervan, Evaluation
Raymond Lewis, VOCA, Fish Marketing

Background

This project is intriguing because ACDI has assumed direct management responsibility for development of business for the Tonga Cooperative Federation. At the same time, ACDI must train federation staff and its committees, and staff of member cooperatives in order to leave a successful and self-sustaining business.

Established in 1977 as a wholesaler of basic commodities and for marketing vanilla, the Tonga Cooperative Federation briefly flourished but then withered. By the end of 1981, incompetent and dishonest management had left the federation with accumulated losses of $76,000 and a capital deficit of $40,000. However, the membership base of more than 60 primary cooperatives provided hope the federation could revive and help member primary cooperatives fully realize their potential.

The project, designed by ACDI's Don Crane and Bruce Gervan, former AGWAY vice president for planning, involved substantial assistance from a large number of local and overseas sources. The federation members, Tonga government and the Development Bank of Tonga provided the initial capital to prevent federation bankruptcy.

In January 1982, John G. Kreag began his assignment as general manager of the federation with AID support for needed working capital and construction. He was joined in May by David Rushton, financial manager, from the British Overseas Development Agency program. The Peace Corps has also provided an average of three volunteers. In February 1983 Richard Elsy, fish marketing adviser, was assigned for two years by the Commonwealth Fund for Technical Cooperation. With these many contributions and the authority to hire and train personnel, it has been possible to far exceed expectations outlined in the original project proposal.

Project Progress

There are two principal criteria that will ultimately determine if the project has been a success:

- Have business activities flourished and become profitable?
- Are member cooperatives, management committee, and employees capable of carrying on after completion of the project?

In 1983 it was confirmed that business activities can flourish and be profitable.

The federation made a profit of $52,625 in 1983, even after a loss of $12,773 on fish marketing. A summary of the results of each of the federation's activities follows.

The wholesaling activity is the most important. Cooperatives and village stores have traditionally found it very difficult to obtain many of their goods at wholesale prices. Thus, their every day needs were much more expensive in villages and outer islands than in retail stores in the capital. Most of the member cooperatives have a consumer store as their central business. Several

	Wholesale Sales	Handicraft Sales
1982 January - June	$ 68,000	$ 429
1982 July - December	450,000	12,537
1983 January - June	929,000	16,324
1983 July - December	1,300,000	42,000

fundamental practices which have led to the success of the wholesaling business are:

- All sales are for cash.
- The federation discontinued all retail sales.
- Wholesale stores were remodeled to provide for self-service.
- Goods are sold in half dozen lots at wholesale prices.
- Goods are available to members and the public at the same prices. (Profits will be returned to member cooperatives based on patronage.)
- Volume and price discounts have been passed along to customers.
- Friendly and quick service.

A major factor in the growth of the federation's business was the work of Bernie Lovitky, Peace Corps volunteer and former owner of a drugstore chain, who worked continuously for two years to build business and obtain the best possible trade terms.

The federation has not done as well in the vanilla marketing. The cooperative's 1983 tonnage was 40 percent lower than in 1982. In part, this was due to a smaller crop. However, new aggressive competition from private curers also cut substantially into the federation's share. The federation was able to reduce the world market price differential from $3 to $1.50 per kilo which should help to improve its competitive position for 1984. Also, two of the primary societies built new curing sheds with loans guaranteed by the federation. This should substantially increase capacity for 1984.

The handicraft business is an excellent example of how a subproject can grow to be quite important. Though not included in the original project design, ever increasing amounts of money have been devoted to acquiring and selling quality crafts. Initially started with Peace Corps assistance, the section is now profitably run by Tongans. The growth in business is creating substantial new income for many women working in their homes. The federation also believes the availability of quality Polynesian crafts is quickly making Tonga an ideal place to buy them, a plus for tourism and the economy.

Fish marketing began in January 1983 with the arrival of Ray Lewis, a consultant for Volunteers in Overseas Cooperative Assistance, and Richard Elsy in February. Progress has been slow as the number of fishing craft and fishermen gradually increase in response to a steady market and good prices. The federation is buying fish from two of the outer islands, transporting and selling them on the main island Tongatapu. While losses of $12,700 were incurred in the first year, the project should break even in 1984. Beyond that, major government investment in fisheries development should begin to make fish marketing an extremely important activity.

The ultimate success of the federation will depend upon its member cooperatives, the management committee, and employees. The federation now has 31 local employees, most of whom are well-trained and capable of carrying on business activities. Three of the top management positions have been filled, namely, wholesale manager, handicraft manager, and Vava'u branch manager. Persons recruited for the positions of chief accountant and fish marketing manager did not join because existing employers offered them substantial salary increases to stay. In one case they doubled the salary.

Training of staff has included the following:

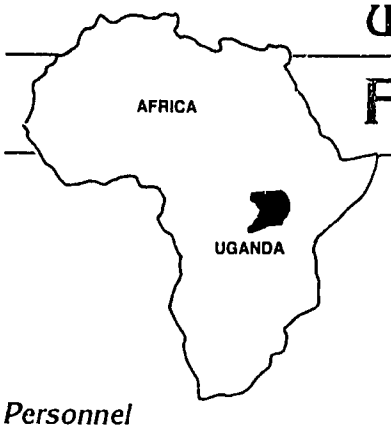
- Extensive one-on-one job training.
- Creation of formal documents and procedures for all aspects of the work.
- Establishment of job assignments and descriptions for all employees.
- Sending the Vava'u manager on a three-month cooperative training course in Israel.

Extra efforts also have been made at all management committee, subcommittee, and general meetings to increase the cooperative and business awareness of the members.

At the end of 1983, it appeared that the U.S. Agency for International Development would extend the project for another two years, continue technical assistance, and provide money for much needed expansion of facilities. The British government also has indicated willingness to extend the contract of the financial manager for another two years.

Photo by John Kreuz

Members of a handicraft cooperative on the South Pacific island of Tonga display some of the crafts they produce. The growth in the handicraft business is creating substantial new income for many women working in their homes.



UGANDA *(AID Project No. 617-0102) (Cooperative Agreement)*

Food Production Support Project

Personnel

Roger Newburn, Team Leader/ Planning Adviser
William Stonefield, Warehousing and Distribution Adviser
Lee Rosner, Primary Training Adviser
Lewis Clark, Credit Adviser

Consultants

Robert Gaarder, Management Development
Dale Bonde, Transportation
Ross Mann, Maintenance
Teresa Newburn, Women's Cooperative Program Development
Howard Whitney, Cooperative Education and Textbook Specialist
M.J. Carter, Cooperative Banking
William Aldworth, Sales Management
Donald Spears, Management Training Specialist
Dorothy Tucker, Management Trainer

Women in Development Project *(AID Contract DPE-0300)*

Personnel

Teresa Newburn, Nutritionist

Background

In 1979 USAID resumed assistance to Uganda through a commodity import program for the procurement of basic agricultural inputs including hoes, bicycles, and seeds. On ACDI's suggestion, USAID decided that these commodities should be distributed through the surviving cooperative distribution system. ACDI was subsequently asked to assess training and technical assistance requirements of the cooperative sector. In 1981 ACDI project officer Don Crane and Jim Guderyon, ACDI cooperative training specialist in Kenya, prepared a technical assistance and training component of the project which resulted in a cooperative agreement in early 1982.

Because of lack of housing and difficult living conditions in Uganda, the original agreement provided for only one resident adviser and concentrated on in-country training to be provided by short-term consultants and participant training in the U.S. Work under this agreement started in the latter half of 1982, with the arrival of Roger Newburn as team leader and of management training consultants Gaarder and Frederickson who developed plans jointly with the Ministry of Cooperatives and Marketing and the AID mission for a substantially increased amount of in-country training in the coming year. Also, Bonde and Stonefield worked with the Uganda Transport Union and Central Cooperative Union for three months each.

Project Progress

Early in 1983 the cooperative agreement was amended in line with these plans to provide increased training, add resident advisers in training, credit and supply management, and substantially increase short-term consultation. Training activities started even earlier with the conduct by Gaarder, Spears and Tucker in January and February of two 2-week management workshops for senior ministry and cooperative personnel and an intensive, three-week training of trainers session. Fifty-two cooperative leaders participated in the planning and staff management seminars and 42 in the training of trainers courses. Following these seminars, Gaarder developed a training plan for mid-level managers including accountants and factory managers. He selected a senior Ugandan lecturer from the Institute of Public Administration as the

Photo by Robert Gaarder

John A. Okodoi, permanent secretary of the Ugandan Ministry of Cooperatives and Marketing, with Don Thomas, president of ACDI. They attended the final function for returned participants at the Rubuga training site in Kampala, Uganda's capital.

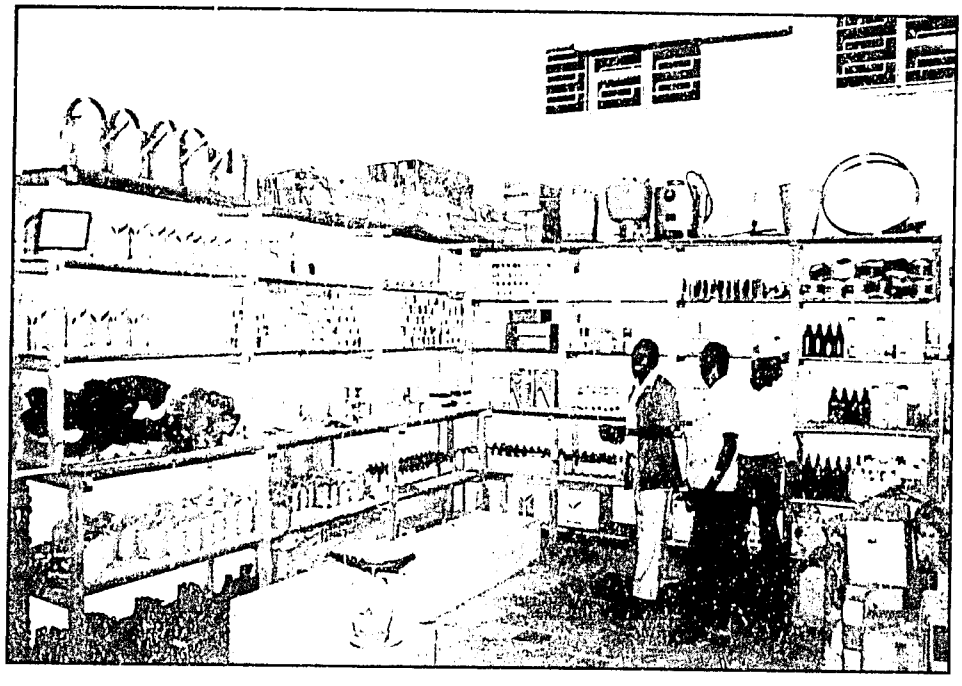


Photo by William Mitchell

A well stocked farm supply shop of the Banyankole Kweterang Growers Cooperative Union in Mbarara, Uganda

key person to assume his role as training consultant to the ministry.

Gaarder returned to Uganda again in July and November 1983 to help design and oversee the conduct of the mid-level management training program and to hold an assessment seminar reviewing the progress of selected secretary-managers from the advanced management seminars. Ugandan trainee trainers successfully conducted two- and three-week sessions for thirty-nine accountants and fifty-five production, factory, and ginnery managers with relatively little coaching. The assessment seminar documented the success of training efforts to date and resulted in the development by the participants of a cooperative training plan for 1984.

Rosner participated as co-trainer in the management and trainer workshops and then spent the rest of the year designing and assisting the Ministry of Cooperatives and Marketing (MCM) with the implementation of primary training seminars. Through a training of trainers approach, his program reached more than 1,000 field staff, primary cooperative managers and committee members in virtually every district. It also provided the participants with a basic understanding of cooperative principles and practices.

Training in the United States also was an important part of ACDI's project in Uganda. A total of 57 Ugandans came to the U.S. for short-term training in 1983. Five groups made up of participants with similar training needs were involved in two-month programs concentrating on aspects of cooperative management, credit, education, accounting, finance, and/or auditing. These U.S. training programs also included specialized seminars, a total of 995 days of on-the-job training with ACDI member organizations, non-member job training and homestays with American farm families.

Team leader Roger Newburn provided guidance to the eight short-term consultants and three other long-term advisers. Much of his time was also spent in providing the administrative and logistical backup for the complex programs of in-country training seminars and U.S. participant training. After a full-time planning director was appointed by the Ministry of Cooperatives and Marketing in July 1983, Newburn worked with him to develop a budget for the formation of an adequately staffed planning unit. Together they determined key areas on which the unit should initially focus its attention i.e., data gathering and the development of a usable management information system.

Because of his initial successful consultancy during the early stages of project implementation, William Stonefield returned to Uganda in August 1983 as warehousing and distribution adviser to the Uganda Cooperative Central Union (UCCU). During 1983 he trained eight of the union's storekeepers in effective store management and made recommendations to improve storage space, security, movement of goods, record keeping, and inventory control. He also made recommendations to improve job descriptions and performance evaluations.

William Aldworth, former salesman and area agronomist with CENEX, traveled to Uganda in late June for three months to assess the UCCU's handling of sales and distribution of agricultural inputs. Aldworth reviewed staffing patterns and conducted a training needs assessment of sales staff at both the union and primary society level. The UCCU accepted his recommendations which include a reorganization of its sales staff, a new method of handling orders and setting prices, and having its salesmen work on a commission basis.

Cooperative finance and production credit for farmer members were critical areas where ACDI technicians provided assistance in 1983. Shortly after retiring as president of the Spokane Bank for Cooperatives, M.J. Carter went to Uganda in mid-April to appraise the conditions and needs of the Uganda Cooperative Bank. He found the bank to be in deep financial difficulty and made several recommendations for consideration by both USAID and the MCM, including substantial financial assistance, reorganization, redefinition of the bank's purpose, and additional technical assistance.

Lewis Clark joined the ACDI team in August to assist with the revitalization of the cooperative production credit scheme and also provide some help to the bank. Lack of government funds for these purposes prevented rapid action in 1983, but Clark familiarized himself with Uganda's credit institutions. He also spent time in the field identifying critical training needs and served as a resource person on the Presidential Task Force for the Development of the Rural Credit System. This group is charged with determining the most effective means of meeting short-term credit needs for small farmers.

Transportation specialist Dale Bonde returned to Uganda in August 1983 along with Ross Mann, a maintenance and safety coordinator for CENEX, to carry out training programs for transport and workshop managers from selected cooperative unions and primary societies. During their three-month consultancy in Uganda, Bonde and Mann determined training needs followed by design and implemention of a training program for 20 transport managers, 21 workshop managers and 12 drivers.

Photo by William Aldworth

The farm supply shop of the Bugisha Coffee Union Ltd. in Mbale, eastern Uganda.

From February through mid-April, Dr. Howard Whitney from the University of Wisconsin's Center of Cooperatives assessed the textbook needs of the cooperative college and reviewed its status. His comprehensive report recommended a number of changes and improvements, many of which have already been implemented. At the end of 1983 approximately $50,000 dollars of cooperative related textbooks were delivered to the MCM.

In 1983 ACDI also provided assistance to women's groups. Teresa Newburn, wife of ACDI's team leader, working on a part-time basis, conducted a series of training needs assessments. This resulted in training for 47 cooperative agents to develop women's cooperatives for income generating activities and nutritional education. In addition to her work with women's cooperatives, Mrs. Newburn prepared a proposal and received funding from AID's Women in Development office. It will provide training in nutrition and home economics for the entire home economics staff of the Ministry of Agriculture. A handbook on child care and nutrition will also be developed.

Financial Statements—ACDI

Balance Sheet

December 31, 1983 and 1982

ASSETS	1983	1982
Current assets:		
Cash (including restricted contract advances of $50,976 in 1983; $76,562 in 1982)	$ 289,946	$ 114,846
Accounts receivable:		
Contracts and grants, including $236,267 unbilled in 1983; $148,813 in 1982	413,405	466,108
Project operating funds	8,851	84,406
Employee loans and advances	116,630	73,496
Other	8,147	5,404
Total accounts receivable	547,033	629,414
Short-term securities, principally U.S. government agencies, at cost which approximates market	376,000	339,350
Other assets, principally prepaid expenses	545	10,789
Total current assets	1,213,524	1,094,399
Office furniture and equipment, at cost, less accumulated depreciation of $60,610 in 1983; $28,381 in 1982	66,949	25,008
	$1,280,473	$1,119,407
LIABILITIES AND NET WORTH		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 285,829	$ 260,223
Contract and grant advances	371,087	313,154
Total current liabilities	656,916	573,377
Net worth:		
Membership certificates (Note 2)	88,200	88,200
Restricted surplus — Development Fund (Note 3)	373,636	364,756
Unrestricted surplus	161,721	93,074
Total surplus	535,357	457,830
Total net worth	623,557	546,030
	$1,280,473	$1,119,407

See accompanying notes.

Statement of Revenue and Expenses

Years ended December 31, 1983 and 1982

	1983	1982
Revenue:		
Contracts and grants	$5,465,641	$3,637,409
Member contributions (Note 3)	75,032	80,340
Interest	34,214	39,124
Other	24,043	52,903
	5,598,930	3,809,776
Expenses:		
Contracts and grants:		
Salaries and employee benefits	1,767,665	1,447,384
Overseas allowances, travel and relocation	875,428	722,022
Employees on loan from member organizations	317,683	368,030
Consultants	365,965	251,535
Training and workshops	1,218,672	218,837
Other	857,028	629,601
	5,402,441	3,637,409
Development Fund projects (Note 3)	66,152	71,624
Miscellaneous	52,810	79,124
	5,521,403	3,788,157
Excess of revenue over expenses before capital additions (grant)	14,327	21,619
Capital additions (grant)	63,200	—
Excess of revenue over expenses	$ 77,527	$ 21,619

Statement of Changes in Net Worth

Years ended December 31, 1983 and 1982

		Surplus			
	Membership certificates	Restricted for Development Fund (Note 3)	Unrestricted	Total	Total net worth
Balance at December 31, 1981	$86,200	$356,040	$ 80,171	$436,211	$522,411
Proceeds received for membership certificates	2,000	—	—	—	2,000
Excess of revenue over expenses	—	8,716	12,903	21,619	21,619
Balance at December 31, 1982	88,200	364,756	93,074	457,830	546,030
Excess of revenue over expenses	—	8,880	68,647	77,527	77,527
Balance at December 31, 1983	$88,200	$373,636	$161,721	$535,357	$623,557

See accompanying notes.

Statement of Changes in Financial Position

Years ended December 31, 1983 and 1982

	1983	1982
Sources of cash:		
Excess of revenue over expenses	$ 77,527	$ 21,619
Charge for depreciation not requiring cash in the current period	32,229	5,968
Cash provided from operations	109,756	27,587
Decrease in accounts receivable	82,381	24,976
Decrease in other assets	10,244	1,536
Increases in accounts payable and accrued expenses	25,606	77,802
Increase in contract and grant advances	57,933	21,592
Proceeds received for membership certificates	—	2,000
Total sources of cash	285,920	155,493
Uses of cash:		
Increase in short-term securities	36,650	138,256
Purchase of office furniture and equipment	74,170	1,253
Total uses of cash	110,820	139,509
Increase in cash	175,100	15,984
Cash, beginning of year	114,846	98,862
Cash, end of year	$289,946	$114,846

See accompanying notes.

Financial Statements—ACDI

Notes to Financial Statements

December 31, 1983 and 1982

1. Summary of significant accounting policies

Basis of presentation—Agricultural Cooperative Development International (Cooperative) is a nonprofit corporation funded primarily through grants and contracts with the Agency for International Development (AID). The accompanying financial statements combine the Cooperative's Government Agency Accounts and the Corporate Accounts, which include the financial activities of the Cooperative which are not funded under government contracts and grants.

Contracts and grants—Revenue from contracts and grants is recognized in amounts equivalent to reimbursable costs pursuant to the terms of each contract or grant. In 1983, $63,200 of a grant from AID was used for the purchase of office equipment. Title to the equipment vests in the Cooperative. However, at any time prior to January 1986, the Cooperative may be required, upon request, to transfer the title of such capital additions to AID.

Contributions—Contributions are recognized as income in the year received.

Depreciation—Depreciation is determined using the straight-line method over estimated useful lives of three to ten years.

Federal income tax—The Cooperative is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax.

Pension Plans—The Cooperative has a contributory target benefit retirement plan covering all eligible domestic employees. In addition, the Cooperative has a noncontributory defined contribution retirement plan covering overseas employees. Retirement benefits are funded currently. Pension expense was approximately $125,000 in 1983 and $100,000 in 1982.

2. Membership certificates

Membership certificates are issued to active and associate members upon payment of amounts pursuant to the by-laws. Voting rights are limited to active members. In the event of dissolution or final liquidation, any assets remaining after the liquidation of liabilities would be distributed to other nonprofit organizations.

3. Development Fund

In 1972 the Cooperative initiated efforts to obtain contributions from members to provide an expanded capability for service to cooperatives in developing countries to be supplemented by A.I.D. and other agency funding. The Development Fund was established as restricted surplus and Fund income and expenses are being accounted for separately. Contributions are recognized as revenue when received.

Activity in the Development Fund is summarized below:

	1983	1982
Member contributions	$75,032	$80,340
Expenses:		
Overseas development support	51,152	56,624
Contributions to Volunteers in Overseas Cooperative Assistance	15,000	15,000
Total expenses	66,152	71,624
Excess of contributions over expenses	$ 8,880	$ 8,716

The Cooperative has a grant from AID for project development and administration of development programs in less developed countries. From the Development Fund, the Cooperative pays a portion of the cost of certain programs under this grant which are determined by the Cooperative to be consistent with the purpose of the fund.

4. Commitments

The Cooperative is obligated under property leases for its office space. Rent expense was approximately $50,000 in 1983 and $36,000 in 1982. Future minimum lease payments are as follows:

1984	$ 66,000
1985	66,000
1986	66,000
1987	66,000
1988	22,000
	$286,000

Report of Certified Public Accountants

Board of Directors and Members
Agricultural Cooperative Development International

We have examined the accompanying balance sheet of Agricultural Cooperative Development International at December 31, 1983 and 1982, and the related statements of revenue and expenses, changes in financial position, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the financial position of Agricultural Cooperative Development International at December 31, 1983 and 1982, and the results of operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

Arthur Young & Company

Washington, D.C.
March 16, 1984

ACDI Members (As of Dec. 31, 1983)

Farm Supply, Processing and Marketing Cooperatives	Director
AGRI INDUSTRIES West Des Moines, Iowa. A regional grain marketing, exporting, processing and warehousing cooperative owned by 344 local cooperative elevators in nine states—Iowa, Minnesota, Texas, Wisconsin, Nebraska, South Dakota, Louisiana, Illinois and Kansas.	Lowell K. Rasmussen President
AGWAY, INC. Syracuse, New York. A farm supply and food marketing cooperative owned by farmer-members in the 12 northeastern states.	Arthur J. Fogerty Senior Vice President
ASSOCIATED MILK PRODUCERS, INC. San Antonio, Texas. A Farmer-owned purchasing, marketing and processing cooperative in 20 states.	William Lenschow Director-farmer
CENEX St. Paul, Minnesota. A regional agricultural supply cooperative serving 1500 local co-ops in a 14-state area with a wide range of farm and home products and a variety of management and technical services.	Dixie L. Riddle Director-farmer
CF INDUSTRIES, INC. Long Grove, Illinois. An interregional cooperative manufacturer and distributor of chemical fertilizers for 16 regional farm supply cooperatives in the U.S. and Canada.	Donald V. Borst Senior Vice President
DAIRYLEA COOPERATIVE, INC. Syracuse, New York. A farmer-owned milk manufacturing, processing and marketing cooperative in the New York-New Jersey-Pennsylvania area.	Clyde L. Rutherford President
FARMLAND INDUSTRIES, INC. Kansas City, Missouri. A farm supply, grain and meat marketing cooperative serving farmers in 19 midwestern states	David A. Fulton Vice President Government Affairs
FCX, INC. Raleigh, North Carolina. A centralized purchasing and marketing farmer cooperative serving the two Carolinas.	Marvin McClam President and General Manager
GOLD KIST, INC. Atlanta, Georgia. A farmer-owned marketing, processing and supply cooperative serving farmers in 12 southern states.	Emory H. Taylor Group Vice President Agri-Services
GROWMARK, INC. Bloomington, Illinois. A regional farm supply and grain marketing cooperative providing marketing, supply and manufacturing services to member cooperatives throughout Illinois, Iowa and Wisconsin.	Ross W. Gilfillan Senior Vice President Member and Corporate Services
INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC. Indianapolis, Indiana. A farmer-owned supply, purchasing, manufacturing and marketing cooperative.	Jack L. Beck Vice President Member Relations
INDIAN FARMERS FERTILISER COOPERATIVE, LTD. New Delhi, India. A multi-unit, farmer-owned cooperative. Manufactures and markets chemical fertilizers.	M.H. Avadhani Managing Director
INTERNATIONAL COOPERATIVE PETROLEUM ASSOCIATION Jersey City, New Jersey. Suppliers of all types and grades of quality lubricants, including lubricating oil base stocks and additives; designers and contractors for construction of lubricating oil blending facilities and other industrial plants.	Wayne M. McCann Executive Vice President
LANDMARK, INC. Columbus, Ohio. A farmer-owned supply, purchasing, manufacturing and marketing cooperative.	Robert D. Scherer Executive Vice President
LAND O'LAKES, INC. Minneapolis, Minnesota. A farmer-owned dairy/food processing/marketing and farm supply cooperative in eight midwestern states.	Vern L. Moore Senior Vice President Corporate Services
MFA OIL COMPANY Columbia, Missouri. A farmer-owned petroleum marketer affiliated with Missouri Farmers Association.	Dale H. Creach President
MFC SERVICES (AAL) Madison, Mississippi. A farmer-owned purchaser, process and marketer in three southern states and Puerto Rico.	Jerry L. Harpole, Sr. President and General Manager
MISSISSIPPI CHEMICAL CORPORATION Yazoo City, Mississippi. A fertilizer manufacturer owned by farmers, independent dealers and farm cooperatives in 10 southern states.	Gene A. Triggs Vice President Administration
NATIONAL COOPERATIVE REFINERY ASSOCIATION McPherson, Kansas. Interregional petroleum producing and refining cooperative owned by five large regional farm supply cooperatives.	Larry E. Williams President and Chief Executive Officer
SEALD-SWEET GROWERS, INC. Tampa, Florida. Farmer-owned marketer of citrus crops.	John T. Lesley, Sr. Consultant
SOUTHERN FARMERS ASSOCIATION North Little Rock, Arkansas. A federated farm supply regional cooperative in Arkansas and Louisiana.	A.M. Feland, III Executive Vice President and General Manager
SOUTHERN STATES COOPERATIVE, INC. Richmond, Virginia. Manufacturer and supplier of feed, seed, fertilizer, farm supplies and petroleum products and marketer in five states.	Robert W. Bryan Vice President Member and Public Affairs
SUNKIST GROWERS, INC. Van Nuys, California. Farmer-owned marketer and processor of citrus crops from two states.	John M. Van Horn Vice President Field Services

TENNESSEE FARMERS COOPERATIVE LaVergne, Tennessee. Farmer-owned supply organization.	W.E. Bailey President
UNIVERSAL COOPERATIVES Bloomington, Minnesota. Interregional manufacturing and purchasing cooperative serving its 37 regional cooperative members located throughout the U.S.A., Canada and Puerto Rico.	Donald R. Armstrong President and General Manager
WESTERN FARMERS ASSOCIATION Seattle, Washington. Engaged in supply and marketing functions for 26,000 commercial farmers and ranchers in the Pacific Northwest. In 1982, substantially all of the assets of WFA were sold to CENEX.	O. Roy Wiebe President (retired)

Farm Credit Banks

CENTRAL BANK FOR COOPERATIVES Denver, Colorado. Provides rediscount credit services for all 12 district banks for cooperatives.	Raymond Driscoll Director-farmer
FARM CREDIT BANKS OF BALTIMORE Maryland. Provide credit to farmers and cooperatives in five eastern states and Puerto Rico.	Dan S. Weybright Vice President
FARM CREDIT BANKS OF LOUISVILLE Kentucky. Provide credit to farmers and cooperatives in four midwestern states.	Alton B. Cook President, Federal Intermediate Credit Bank of Louisville
FARM CREDIT BANKS OF OMAHA Nebraska. Provide credit to farmers and cooperatives in four midwestern states.	John A. Harling President Omaha Bank for Cooperatives
FARM CREDIT BANKS OF ST. LOUIS Missouri. Provide credit to farmers and cooperatives in three midwestern states.	Keith K. Kennedy President, Federal Intermediate Credit Bank of St. Louis
FARM CREDIT SERVICES OF ST. PAUL Minnesota. Provide credit to farmers and cooperatives in four upper midwest states.	Fred P. Boeshans Director-farmer
FARM CREDIT BANKS OF SPOKANE Washington. Supplier of credit to farmers and cooperatives in five western states.	L. Ronald Bokma Director-farmer
FARM CREDIT BANKS OF SPRINGFIELD Massachusetts. Provide credit to farmers and cooperatives in eight northeastern states (New York, New England, New Jersey).	Clifford E. Busekist Senior Administrative Vice President

National Organizations

AMERICAN INSTITUTE OF COOPERATION Washington, D.C. The national educational organization for agricultural cooperatives. Chartered in 1925 as a university without a campus, its programs are designed to acquaint various publics with the role of cooperatives in the American competitive enterprise system.	Owen K. Hallberg President
COOPERATIVE LEAGUE OF THE USA Washington, D.C. National cooperative organization providing educational, legislative and developmental services to cooperatives in the United States and abroad.	Robert L. Beasley Chairman of the Board
NATIONAL COUNCIL OF FARMER COOPERATIVES Washington, D.C. National Association of farmers' marketing, purchasing and credit cooperatives.	Wayne A. Boutwell President
NATIONAL FARMERS UNION Denver, Colorado. National farm organization.	George W. Stone President
NATIONAL GRANGE Washington, D.C. National farm organization.	Edward Andersen Master

Other Cooperatives

GREENBELT COOPERATIVE, INC. Savage, Maryland. Consumer-owned retailer of groceries, petroleum, furniture and pharmaceuticals in the Washington, D.C. metropolitan area, Maryland and Virginia.	Paul Mohn Chairman of the Board
MSI INSURANCE St. Paul, Minnesota. A complete multi-line life and casualty insurer owned and controlled by 600 cooperative associations.	Gordon E. Lindquist President and Chief Executive Officer

Members of a handicraft cooperative on the South Pacific island of Tonga prepare pandanus leaves, the basic ingredient in many of the crafts prepared for sale by the cooperative.