

PN-ABD-195 62658



Developing Farmer Cooperatives
and Farm Credit Systems Overseas

Distinguished Contributions to ACDI's Development Fund—1988

Partners in International Development

(Organizations which contribute annually to ACDI's Development Fund \$4,000 per billion dollars of gross sales or banks in the Farm Credit System which contribute annually \$2,000 per billion dollars of loans outstanding.)

CENEX, St. Paul, Minnesota

Growmark, Inc., Bloomington, Illinois

MFA Oil Co., Columbia, Missouri

MFC Services, Jackson, Mississippi

Mississippi Chemical Corporation, Yazoo City, Mississippi

Southern States Cooperative, Inc., Richmond, Virginia

Sunkist Growers, Van Nuys, California

Universal Cooperatives, Inc., Minneapolis, Minnesota

Sustaining Members

(Organizations which contribute annually to ACDI's Development Fund \$2,000 per billion dollars of gross sales or banks in the Farm Credit System which contribute annually \$1,000 per billion dollars of loans outstanding.)

CF Industries, Long Grove, Illinois

Farm Credit Bank of Baltimore, Baltimore, Maryland

Harvest States Cooperatives, St. Paul, Minnesota

Land O'Lakes, Inc., Minneapolis, Minnesota

Seald-Sweet Growers, Inc., Tampa, Florida

Working Partners

(Organizations which contribute annually in cash or in kind \$25,000 or more in direct support of ACDI's projects and programs.)

CoBank--National Bank for Cooperatives, Denver, Colorado

1988 Annual Report



AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL

Developing Farmer Cooperatives
and Farm Credit Systems Overseas

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ACDI'S MISSION IS TO FOSTER ECONOMIC DEVELOPMENT BY IMPROVING THE INCOME AND WELL-BEING OF FARMERS WORLDWIDE, PARTICULARLY IN DEVELOPING NATIONS, THROUGH ASSISTING IN THE ORGANIZATION AND USE OF MEMBER-OWNED AGRICULTURAL AND CREDIT INSTITUTIONS.

ACDI Executive Committee

Chairman
Dixie L. Riddle
Director
CENEX

Vice Chairman
Arthur J. Fogerty
Senior Vice President
Corporate Relations
Agway, Inc.

Secretary
Carroll H. Gilbert
Director
Member and Institutional Relations
Southern States Cooperative, Inc.

Treasurer
Jon F. Greeneisen
Senior Vice President and
Corporate Secretary
National Bank for Cooperatives

Wayne A. Boutwell
President
National Council
of Farmer Cooperatives

Vern L. Moore
Senior Vice President (retired)
Land O' Lakes, Inc.

Gene A. Triggs
Vice President
Government Affairs
Mississippi Chemical Corporation

Curtis W. Anderson
Vice President
Member and Public Relations
Sunkist Growers, Inc.

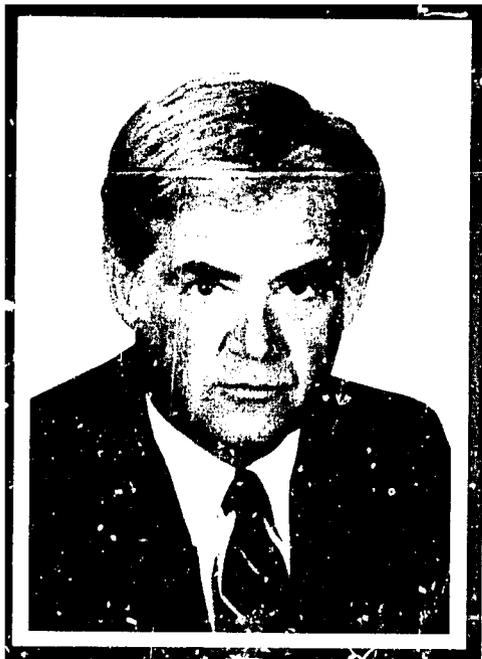
Vern J. McGinnis
Vice President
Corporate Services
GROWMARK, Inc.



Central Support Activities

AID/SOP/PDC-0330-G-SS-6050

A. Activities under Support Grant



In many ways, 1988 was a disappointing year for ACDI. After achieving a record level of new contract signings on the order of \$10 million in 1987. Although ACDI secured \$9.5 million of new contracts and grants in 1988, the bulk of this came in the fourth quarter of the year. This followed in the wake of the premature closing, in December 1987, of ACDI's Agricultural Cooperative Marketing project in Panama for the convenience of the U.S. Government, resulting from political differences with the Government of Panama. In addition, political turmoil in the West Bank and Gaza and in Burma significantly slowed the pace of project implementation in those areas. The Edible Oil Processing and Distribution Project in Burma was also terminated early for the convenience of the U.S. Government because of internal political turmoil.

The Central Support Grant itself was in its third and final year of a planned decrease of 12 percent over the period. Thus, revenue from this source declined from a base of \$780,000 in 1985 to \$686,400 in 1988.

As a result of the many setbacks encountered during 1988, ACDI suffered a significant decline in the level of its total program funding as compared with the annual business plan.

Consequently, ACDI was forced to reduce staff, initiate various cost reduction programs and apply for an increase in its indirect cost rate applicable to government grants and contracts. The full impact of these adjustments, however, will not be felt until well into 1989.

Until 1985, ACDI had experienced nine straight years of program growth from \$1 million in 1977 to about \$6 million in 1985. Since then, excluding 1987 which was an exceptionally good year, growth of program revenue has leveled off to a considerable degree. The bar charts on page 6 illustrate the indicators of growth.

Considerable effort was devoted to the task of preparing for a new five-year grant cycle to begin in 1989. The coordinator for cooperative development of the Agency for International Development convened a workshop in January 1988, in which all the cooperative development organizations receiving central support, including ACDI, were invited to participate in the process of revising guidelines for participation in the program. Continuous interaction on this task culminated in the submission of proposals in October.

A new component of central support for cooperative development known as the Cooperative Business and Trade Initiatives program was established in 1988. This program is designed to encourage innovative cooperative development projects for periods of from one to three years. Participation is competitive, with a limited fund being distributed to the projects deemed most worthy by the selection committee. ACDI was fortunate to be selected as one of five recipients under the program from the total of 23 proposals submitted. The Innovative Approaches to Cooperative Management Finance and Trade project described elsewhere in this report began in June 1988, with funding from this source.

Relations with U.S. Cooperatives and Affiliate Organizations

ACDI is affiliated with the National Council of Farmer Cooperatives (NCFC), the Farm Credit Council (FCC) and the American Institute of Cooperation (AIC). Within the affiliation, ACDI serves as the international development arm of the 5,100 agricultural cooperatives in the U.S. with a combined membership of nearly two million farmers.

The National Council of Farmer Cooperatives (NCFC) is a nationwide association of cooperative businesses owned and controlled by farmers. Its membership includes major marketing and farm supply cooperatives, all the banks of the cooperative Farm Credit System and nearly all the state councils of farmer cooperatives.

The Farm Credit Council (FCC) is a Washington-based federated trade association representing the nationwide network of Farm Credit banks and associations as well as other cooperative agricultural lenders before Congress and government agencies. Membership of the Council is comprised of 12 district Farm Credit Councils along with the National Bank for Cooperatives (CoBank).

The American Institute of Cooperation (AIC) is the national educational organization for cooperatives. Founded in 1925, AIC is a private, not-for-profit corporation chartered as a university in the District of Columbia. Its affiliation with NCFC became effective in 1985. AIC's membership is made up of all types of agricultural cooperatives: supply, marketing, farm credit, rural electric and farm business service. ►





◀ Ron G. Gollehon, president (center), Robert C. Flick, senior vice president, projects (left) and Donald R. Crane, senior vice president, management services.



ACDI staff: front row, from left: Yolanda Lewis, Jennifer LaBrecque, Connie Desasso (Administration), Gail Carter (Projects), Suzanne Rucker (Information); second row, from left: Alaina Gold (Information), Peter Fergin (Training), Umesh Mally (Projects), Kathleen Carley (Administration), Iskander Ibrahim (Finance), Sarah Grote and Robert Flick (Projects); third row, from left: David McCoy (Technical Services), Rex Schultz (Training), Donald Crane (Management), Ernest Bethe (Projects), Thandi Bergfalk (Communications), Ronnie Gollehon, president; last row, from left: Jerry Lewis and Anne Whitlock (Projects), William Carter (Communications), Michael Viola (Projects).

During the summer, ACDI again worked with AIC on the international luncheon held at its National Institute on Cooperative Education conference in Rochester, New York. By participation with AIC, in a Bider-Pell grant for development education, by regular submission of articles to the *Washington Cooperator* and in many other ways throughout the year, ACDI continued to emphasize development education of the American public and to interested cooperatives in supporting the overseas development role of AID by direct assistance.

In January, at the annual meeting of the National Council of Farmer Cooperatives, ACDI held a breakfast for about 150 U.S. cooperative leaders. A dinner, preceding ACDI's annual meeting in May was attended by more than 130 persons from member organizations, AID, the World Bank and other agencies.

A delegation of ACDI's board of directors visited several ongoing projects in Egypt in March. This was one in a series of visits the board undertakes to acquaint its members with ACDI project personnel and progress, and to make recommendations for greater member involvement and overall improvement of ACDI's efforts abroad. Board members have in the past visited many of ACDI's projects to observe operations. They do so using their own time and finances.

Sunkist Growers hosted ACDI's fall board meeting and organized a tour of California agriculture and cooperatives. While in California, ACDI staff called on 16 cooperatives in a recruitment drive that secured pledges from two cooperatives to join the membership of ACDI and led five others to promise to seriously consider joining. A presentation of the importance of U.S. foreign assistance to agricultural cooperatives was made at each visitation.

ACDI member, the National Bank for Cooperatives (CoBank), directly supported ACDI's Innovative Approaches to Cooperative Management, Finance and Trade project by supplying consultants and other technical resources from their staff to the project at no cost to ACDI or the U.S. Government.

Placement and Support of Field Personnel

ACDI began a major new effort in Uganda late in the year under the Cooperative Agriculture and Agribusiness Support project. In addition, an Emergency Assistance Program was initiated there. Projects in Tonga and West Bank/Gaza were extended and expanded.

In all, ACDI supported 29 short-term and long-term projects in 11 countries during 1988. These projects were staffed by 30 resident advisers and 39 consultants. In

addition, eight consultants worked in the U.S. and six other countries on developing new projects.

Training

During 1988, ACIDI's International Training Division provided training programs for 67 individuals from 16 different nations. They included Burma, Costa Rica, Egypt, West Bank/Gaza, Bolivia, Malawi, Sierra Leone, Philippines, Botswana, Zaire, Nigeria, Sudan, Thailand, Swaziland, Pakistan, and China. ACIDI members furnished over 200 person-days of assistance through on-the-job and orientation programs. Non-members contributed an additional 140 person days of assistance.

The international training division, in cooperation with the American Institute of Cooperation (AIC), has produced a training catalog for 1989 short courses. Six courses are described with specific scheduled dates, topics, target audience, and program cost. Courses offered are Rural Credit Implementation and Analysis, Training of Trainers, Organizing and Managing Cooperatives, Cooperative Executive Development, International Trade Financing, and Agribusiness Management. All courses will use ACIDI member organization facilities, their staff, or resources available through members. The two cooperative management courses, one for mid-level and one for senior level staff, will overlap with AIC's National Institute to be held in July 1989 in Indianapolis.

The training staff has worked with AIC to develop an international component at the National Institute which will feature sessions exclusively for international participants as well as sessions for U.S. participants. It is expected that 40 to 50 international participants will attend the conference.

The staff continues to work with several firms involved in international training but which do not have agricultural or cooperative expertise. For example, the Academy for Education Development has a contract to provide training for all USAID participants from Pakistan and ACIDI conducted two courses for those needing agricultural training in 1988. ACIDI is developing close working relationships with similar development organizations.

Coordination with Other Agencies

ACIDI is a member of the Society for International Development, the International Development Conference, the Organization of Cooperatives of the Americas, World Food Day, the Coalition for Food Aid, and the National Council of Returned Peace Corps Volunteers, and maintains relations with many international organizations.

ACIDI collaborates with the other U.S. cooperative development organizations in the Overseas Cooperative Development Committee (OCDC) and engages in joint projects with them. Also, ACIDI participates in the Debt for Development Coalition and Interaction through OCDC.

Harza Engineering Company, a leading American engineering consulting firm, established Agricultural Development Services (ADS), a consortium, in 1985. ACIDI is a charter member and has participated in several joint proposals. ADS signed two contracts in 1988 under which ACIDI will serve as subcontractor to Harza. The first is an irrigation and water management project funded by the Agency for International Development in Senegal and the other is an agricultural sector study funded by the Inter-American Development Bank in Guatemala.

ACIDI and its members have provided financial support to Volunteers in Overseas Cooperative Assistance (VOCA) every year since its founding as the Volunteer Development Corps in 1970.

Information and Publications

In recognition of the need for expansion of women's roles in development activities and specifically as project beneficiaries, ACIDI formed a Women in Cooperative Development Committee. Chaired by the director of information, the committee has as members women and men on ACIDI's professional staff and will seek to improve the male-female balance in ACIDI project design and conduct.

In January, ACIDI began publishing its newsletter under a new name, *Cooperative News International* (CNI). The quarterly publication is being prepared on an in-house desk

top publishing (DTP) system and distributed to cooperative organizations and individuals around the world. ACIDI is making extensive use of its DTP system, including the production of project reports and proposals and publications for distribution.

A special project being undertaken by the Information Department is preparation for publication of a book, *A History of the Cooperative Movement in Uganda*. Publication is underwritten by a grant from ACIDI's Development Fund and scheduled for the spring of 1989.

B. ACIDI Cooperative Development Fund

The Development Fund, established in 1971 and voluntarily contributed by members is a resource for financing ACIDI cooperative-to-cooperative development initiatives, including project identification and development, training and information activities, exchange visits by cooperative leaders, project internships, priority small investments and improved member information on overseas cooperative development.

The executive committee approved a program to facilitate voluntary but regular payments to the fund and which includes three categories of Member, Sustaining Member, and Partners in International Development. The committee determined such payments to be made on the basis of gross sales or, in the case of banks, on amounts of loans outstanding. Members contributing to the Development Fund are being listed in ACIDI's annual report and will receive other appropriate recognition.

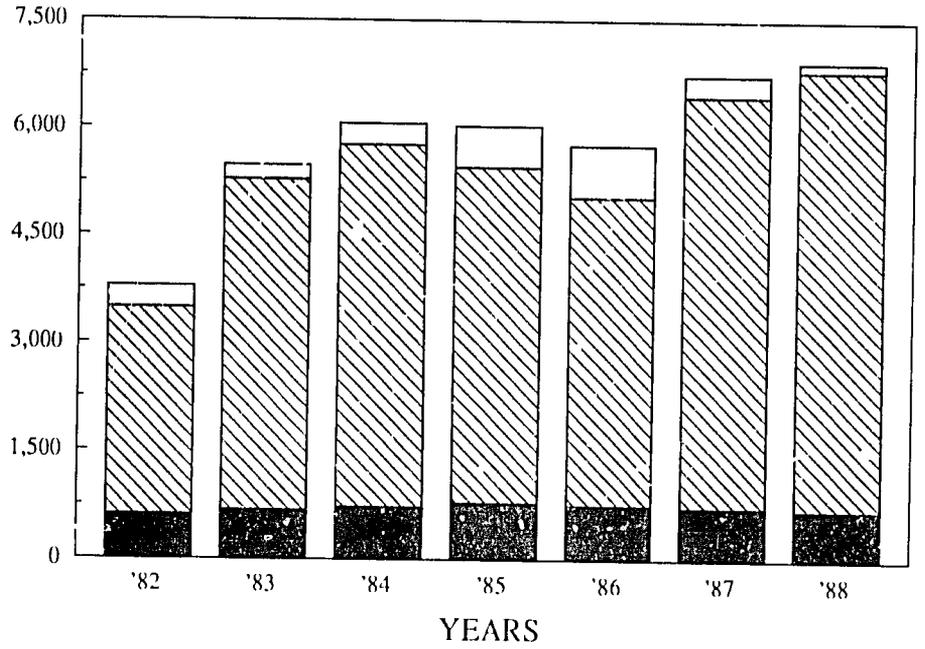
Contributions to ACIDI's Development Fund by members and friends during 1988 totaled \$56,788. In addition, in-kind contributions by members, such as training for overseas cooperators in the U.S., hosting of overseas visitors, and other services are estimated to account for more than \$300,000 annually.

ACIDI made only one new commitment for expenditure from the fund during the year. \$4,710 was granted to the Friendly Islands Marketing Cooperative for general cooperative development. ■

**Sources of Funding
for ACIDI Programs
(Dollars)**

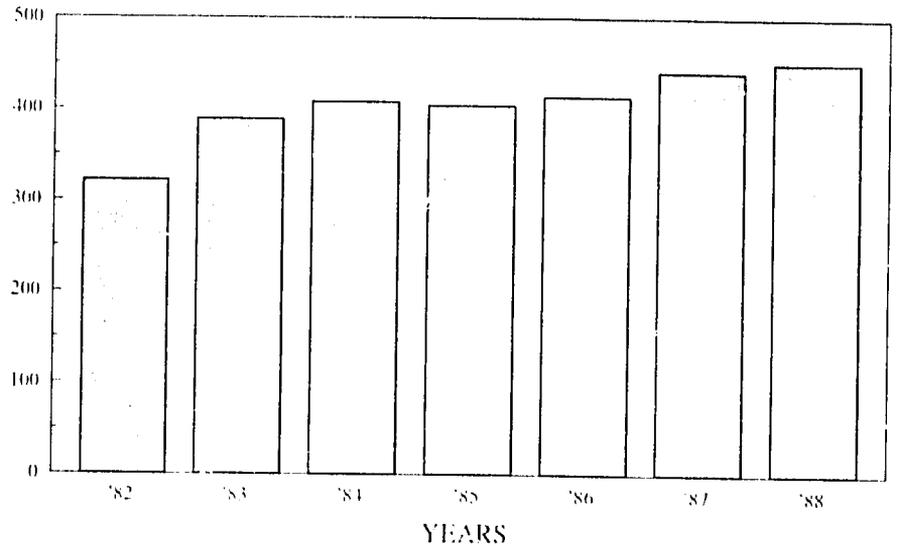
THOUSANDS

-  *Other Sources*
-  *AID-Financed Overseas Projects*
-  *AID Central Support Grant*



**Person-Months
Served Overseas
by ACIDI
Cooperative
Technicians**

PERSON-MONTHS



U.S.A.

(AID Grant No.
OTR-0230-G-SS-7140-00)

The Root of Anger

Personnel

E. Umesh Mally, Director of the Office of Global Programs and Project Manager, ACDI

Gary L. Maricle, Vice President, Education Administration, AIC

Dorothy J. Fisher, Director—Administration and Management Training, AIC

Background

In August 1987, ACDI and the American Institute of Cooperation (AIC) received a three-year Biden-Pell grant from the U.S. Agency for International Development to conduct "The Root of Anger" program. It seeks to reduce opposition to development assistance by increasing awareness of how hunger and development issues affect Americans involved in food and fiber production.

The "Root of Anger" program recognizes that many rural Americans are angry because their federal tax dollars are being spent to help develop agricultural sectors in foreign countries. The development education initiative of the project seeks to dispel the myth that USAID is helping potential competitors abroad and explains how American foreign assistance programs benefit U.S. producers while assisting others.

Project Progress

During 1988, teachers' training guides were developed for 4-H leaders and for voca-

tional agriculture teachers. A portable exhibit, "Windows on the World—Images of Interdependence," was created for display at agriculturally-related assemblies throughout the U.S. A five-lesson, on-line computer teaching module has been designed for the electronic network which incorporates information and exercises that correspond to the instructor's training manual. A 10-minute video cassette and information packets are in production and due for release in early 1989.

AIC has presented the "Root of Anger" project to a number of national association audiences. In 1988, eight workshops were conducted at meetings which included the National Institute on Cooperative Education in Rochester, New York; the National FFA meeting in Kansas City; 4-H and Vocational Agriculture Teachers Association, and the annual meeting of the National Council of Farmer Cooperatives in Hawaii. More than 30,000 American and foreign agriculturalists participated in these education conferences. Seminars and workshops have been developed and held in conjunction with established national meetings as well as on the state and local levels. The thrust of these presentations has been to introduce the project, provide information and education about the importance of development education and motivate the groups to utilize the information in their own programs and activities. ■

Regional Cooperative Representative for Latin America

Personnel

Steven Huffstutlar, Regional Representative
Miguel Angel Rivarola, Project Development Specialist

Background

Steven Huffstutlar became ACDI regional representative in September 1987, succeeding David Fledderjohn who had acted as regional representative since 1981. Along with his duties as regional representative, Huffstutlar works as a cooperative development specialist on the Quepos Oil Palm Project in Costa Rica, dividing his time between the two activities.

Activities

Honduras

Huffstutlar attended a regional conference in Tegucigalpa, Honduras, on the effect of inflation on investment decisions by agricultural cooperatives. He worked with Honduran agricultural cooperative representatives to explore the possibility of building a bulk blending fertilizer facility. In Tegucigalpa, he helped Fund for Financial Development/ACDI project personnel explore the possibility of ACDI's increased involvement with agrarian reform cooperatives.

Costa Rica

The regional representative and his staff actively promoted the Farmer-to-Farmer Program and placed 20 U.S. volunteer farmers with Costa Rican cooperative members growing ornamental plants, vegetables and coffee, and producing honey. Specific program activities are discussed under the Farmer-to-Farmer Program section in this report.

Huffstutlar recruited a local computer consultant for the ACDI Innovative Approaches team and did advance work with Costa Rican cooperatives to open doors and make the team's field work as productive as pos-

sible. After the team completed their Costa Rican visit, Huffstutlar followed up by beginning work on a computer communications course for cooperative personnel to be conducted early in 1989.

New Project Development

The regional representative, assisted by Michael Skelly, associate project officer for the Latin America region, ACIDI/Washington, wrote an unsolicited grant proposal for cooperative development services to Costa Rican agricultural cooperatives. The proposal focuses on assistance to coopera-

tives involved in non-traditional exports and the continuation of ACIDI's monitoring of the \$20 million coffee diversification program under the Costa Rican coffee cooperative marketing federation, FEDECOOP. The ACIDI activities under the project are to be funded for \$1 million over three years, beginning April 1, 1989. ■

Regional Cooperative Representative

for Asia and the Pacific

Personnel

Mark A. Van Steenwyk, Regional Representative (until August 1988)

Antonio A. Arcellana, Regional Program Director

Jaime Chua, Program Officer

Background

ACIDI's Regional Office for Asia and the Pacific (ACIDI/ASPAC), opened in 1984. It provides technical assistance to cooperatives, lending institutions and other government and private sector organizations operating within the region. The office seeks to develop and strengthen cooperative-to-cooperative linkages to include business and trade between Asian agricultural credit and cooperative institutions. It also provides consulting services in agricultural credit and cooperative development, promotes interregional and U.S.-based training and exchange programs for host government and private sector agricultural credit and cooperative personnel and serves as a liaison for cooperative development organizations (CDOs) in matters related to project development and implementation.

In the fall of 1988 ACIDI/ASPAC was designated the Philippine representative for Volunteers in Overseas Cooperative Assistance (VOCA). Under the technical supervision of VOCA's regional representative for Asia and the Pacific, ACIDI's regional office staff will undertake regular programming and implementation for VOCA in the Philippines.

Progress

Subsequent to an ACIDI/ASPAC-administered feasibility study, regional office staff advised a national task force which worked toward the organization of the Central Cooperative Financial Development In-

termediary (CCFDI) to deal with wholesale credit and financial needs of various types of cooperatives in the Philippines. The CCFDI was established in December 1988, concluding a nationwide promotional effort which began in the second quarter of the year. Its immediate tasks include the expansion of the number of cooperative members, official registration with the appropriate government agencies, board and core staff advance management development and pilot lending programs to begin servicing the major cooperative sectors.

The Cooperative Rural Bank of Negros Occidental (CORBON) requested ACIDI/ASPAC to repackage its project proposal for small farmer members. The project, the Central Negros Small Farmer Income Improvement Program, would help some 1,908 farmers to integrate their production, processing and marketing activities. ACIDI/ASPAC obtained Dutch government assistance for the project. The bulk of the project funds will cover paddy rice procurement from members while about 20 percent will be spent for communications equipment, a reconditioned delivery truck, improvements in processing equipment, as well as institutional development and training to be provided by NGOs in the area.

The CORBON project has asked ACIDI/ASPAC to monitor and advise the undertaking for one year, starting November 1988. Eighty percent of the service will be covered by the Dutch funding and 20 percent by the farmer organizations. The project area covers approximately 2,900 hectares, 95 percent of which is under the land reform program and will benefit 318 families or 11,500 individuals. Incremental income to farmers is estimated at 83 percent.

By 1988, the project had sold over half a million pesos of bulked rice products. Project

management has called on ACIDI/ASPAC to assist them in evaluating input costs to ensure that acceptable margins are arrived at. While the funding is from the Dutch government, the design calls for recycling of the grant funds to grow new beneficiaries to be included in the project.

The regional office fielded 10 U.S. Farmer-to-Farmer volunteers in 1988, the first of which arrived in July. Their activities are discussed under the Farmer-to-Farmer Program section of this report.

ACIDI/ASPAC was host to an ACIDI headquarters consulting team on Innovative Approaches to Cooperative Management, Finance and Trade in the fall of 1988. ASPAC facilitated meetings with cooperatives, private voluntary organizations, and relevant public and private sector agencies in Manila and other regional and provincial capitals. The team focused on the potential of electronic applications in the internal data processing and management needs of cooperatives, inter-cooperative communications and international cooperative trade and finance. It also evaluated alternative training sites and facilities where a regional program in computer communications could be conducted in 1989 to include the Philippines, Indonesia and Egypt. ■

Regional Cooperative Representative for the Middle East

Personnel

Joshua C. Walton, Regional Representative/Middle East
Adel A. Ali, Finance and Administration Manager
Mona El Tokaly, Administrative Assistant

Background

The ACDI Middle East Regional Office was established in June 1987 as a result of a bilateral agreement with the Egyptian Ministry of Agriculture, which allows ACDI to operate a representative office in Egypt as a local private voluntary organization and to solicit and manage grants from international donor agencies. ACDI employs a highly-qualified multi-lingual Egyptian and expatriate staff who have a good understanding of the regional economy and culture. The office is located in Cairo, Egypt and is intended eventually to cover the area from Morocco to Pakistan. However, at the present time ACDI is focusing its attention on building a sound base of operations in Egypt by developing and implementing a broad portfolio of diversified project activities.

The Middle East Regional Office is assisted by a technical advisory committee whose members include ACDI's regional representative and leaders from the Egyptian government, academia, and private business. The purpose of the committee is to ensure that development activities are proceeding in line with the goals of the current Egyptian Five-Year Plan, to facilitate cooperation with the Egyptian government and business community, and to provide ACDI with a valuable forum for the discussion of the technical aspects of its project activities.

During 1988 ACDI increased its regional office and project staff from 10 to 14 and moved to larger, more modern premises which will allow for greater expansion in years to come.

Local Currency Projects

Agribusiness Educational Television Series Project (TV)

In mid-1988 ACDI won AID funding for a novel new project which will test the use of prime-time television to provide Egyptian farmers with access to the latest available information on improved agricultural technologies, products and services available in Egypt but not widely disseminated. The program will be carried out with the cooperation of the relevant agencies in the Ministry of Agriculture and the Egyptian National Television Network. The first segments of the series are due to go on-the-air by summer 1989. ACDI began recruiting project personnel and planning of program format in late 1988.

Small-Scale Enterprise Credit Guarantee Fund (CGF) Project

The main objective of the CGF project is to bring more smaller businesses into the formal banking system by improving their access to credit for working capital and investment purposes. The project, approved in September, is intended to make 60 million Egyptian pounds available for a loan guarantee mechanism which will reduce the collateral requirements of commercial banks for loans to small- and medium-scale industrial enterprises in Egypt.

During 1988, ACDI's regional representative, working in consultation with Arab International Consultants (ARICON), designed a comprehensive business plan for the establishment of a new, private sector Credit Guarantee Corporation. The plan was based

on the findings of a survey of 45 small-scale enterprise credit guarantee schemes worldwide and was completed by ACDI in late 1987. By the end of 1988 the business plan had won the approval of 10 commercial banks which have agreed to participate in providing the share capital of the corporation. It is anticipated that the corporation will be formally established in early 1989 and that guarantee operations will commence by midyear.

Other Activities

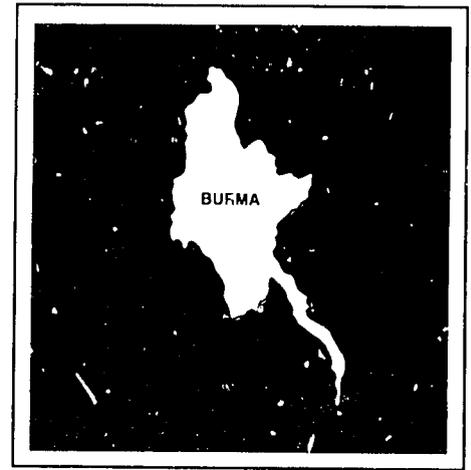
During 1988 ACDI developed close working relationships with two Egyptian national cooperative associations—the General Cooperative for Animal Wealth and the Potato Cooperative—which hopefully will lead to the development of new collaborative project activities in 1989.

As a result of the efforts of two Farmer-to-Farmer livestock specialists, ACDI won funding in December for two ancillary activities—the construction and management of a chain of livestock loading docks in the major cattle markets of Dekahleya governorate and the training of two laboratory technicians for a veterinary field laboratory which is being established in Tanta by the General Cooperative for Animal Wealth. Both activities are due to be carried out in early 1989.

ACDI also began preliminary research into the feasibility of a joint project with the National Cooperative Business Association (NCBA) to enhance the quantity and quality of fruit and vegetable production among the cooperatives in the New Lands so as to better access export markets and generate much needed foreign exchange for the country. ■

(AID Contract No. 482-0006-C-00-6060-00)

Edible Oil Processing and Distribution



Derrick Burgess, master mechanic, EOPD, and U Kyaw Sein, Sein Pan workshop cooperative secretary, discuss the condition of a 40-year old shaping machine. The project has been successful in upgrading oil seed expeller technology and expanding distribution of edible oils.

Personnel

Richard R. Perry, Oilseed Processing Specialist and Chief of Party
 Derrick A. Burgess, Master Mechanic, Mandalay
 David R. Zaleski, Master Mechanic, Rangoon
 Daw Tin May Thein (Judy), Administrative Officer
 Nang San Hom Maung, Secretary
 U Thei Tun, Expeditor, Rangoon
 U Winston Nyut Thein, Expeditor, Mandalay

Background

During the past several years, Burma's production of sunflower seeds has increased greatly but its ability to process these and other oilseeds into edible oils has not kept pace with production due to outdated and inefficient machinery. The Edible Oilseed Production and Distribution (EOPD) project began in late 1986, with the goal of upgrading existing oilseed expeller technologies and expand distribution in order to increase per capita consumption of needed oils.

While there are some 2,000 edible oil processing mills in Burma, only about 400 are considered economically viable. Fifteen of the mills have been designated as primary targets for rehabilitation and an additional 30-45 were to be in some phase of reconstruction by project end.

Project Progress

The project was terminated in mid-1988 because of political upheaval and the ACDI team was evacuated from Burma.

When it closed down, the EOPD project had accomplished many of its initial goals, primarily by supplementing existing local expertise with on-the-job training, using materials available in Burma, and developing processes and technologies that are specifically suited to the country.

Five oil mills were substantially restored with a projected capacity increase of 300 percent while one additional mill increased its operational capacity from 24 to 37 metric tons annually. Operating costs were reduced by up to 40 percent due to improved capacity for extraction and better use of machine parts and overall maintain-

ance and repair procedures. Reduced fuel costs of 41 percent were a direct result of boiler reconstruction and the use of insulation and steam traps.

Three particular mechanical breakthroughs led to significant increases in oil and cake production and savings to mill operations. Despite input constraints, the EOPD and Burmese technical staff produced new and longer-wearing expeller worm and collar parts from chill cast iron alloy, redesigned expeller shaft arrangements more suitable to Burmese oil pressing conditions and developed a longer-wearing expeller cage bar.

Other accomplishments included (1) development of the "master ingot" which is used to produce steel alloy, (2) solving the expeller shaft problem of worn gears and bearings, (3) incorporating mass production and quality control practices into machine part production, and (4) initiating semi-annual mill operation seminars for oil mill managers.

Workshops (Machine Shops and Foundries)

Several cooperative workshops which support the oil mills by manufacturing spare parts and equipment were upgraded.

The EOPD team taught four workshops on the production of chill cast iron alloy which makes harder expeller worm and worm collar parts. A new way for fabricating expeller cage bars was developed as a result of carburization and heat-treatment by which scrap metal can be used to produce a longer wearing part. Technicians have learned how to mass produce parts so that multiple copies can be made using the same dimensions. Modern quality control and materials testing instruments have been introduced into the workplace to assure high standards in parts production.

The team designed a central facility and foundry, and produced engineering plans for a workshop in Sein Pan, a collective of individual enterprises to create a training center for Burmese personnel.

A main laboratory was upgraded at the collage industry department and technicians were trained in the use of equipment procured from the U.S. Three satellite lab-

oratories were set up in project mills and equipment for 12 others have been ordered as well as over 300 items for additional training and the operation of a technical library.

Training

Two long-term overseas trainees completed their graduate work in chemical engineering and returned to Burma to work as project counterparts. Four others are completing master's degrees in nutrition and eight short-term overseas trainees who completed programs in Washington, D.C., were assigned to the Ministry of Cooperatives to work exclusively with the project. Two observation tours with five participants each were completed in the U.S. and the Federal Republic of Germany. The primary goal of the workshops were to introduce participants to modern production techniques for expeller parts.

Two short-term consultants conducted several in-country seminars including a metallurgy seminar which proved particularly valuable in contributing to the breakthrough made on the design and fabrication of a new expeller worm.

(Operational Program Grant No. 515-0227)

Coffee Technification and Diversification Project

Personnel

Cristobal "Frank" Astacio, Coffee Credit Specialist

Consultants

Edgar G. Nesman, Rural Sociology Specialist

Rafael Ledesma, Rural Extension Specialist

Miguel Angel Rivarola, Cooperative Development Specialist

Background

In 1983 coffee rust made its appearance in Costa Rica, seriously threatening the coffee-based economy of the country. The fungus disease gradually defoliates the trees, reducing their yield to the extent that production is no longer economical. The only viable way to prevent economic disaster is to replant groves with rust-resistant, high-yielding varieties and follow improved cultural practices, including substantial use of fertilizer.

The coffee cooperative federation, FEDECOOP, requested assistance from USAID to confront the challenge. The result was the Coffee Technification and Diversification project, which started in late 1984. The project, which operates under Costa Rican technical leadership and management, provides technical assistance, training, and local currency loans to small farmer members.

Project Progress

Both the coffee technification and the diversification efforts have had considerable impact. The excellent results of the program's technological package are evident in the increase in yield per hectare, which has jumped from 10 to 30 (100-pound) bags of green coffee.

A division of highly qualified professionals has been created within FEDECOOP, who are charged with modernizing and expanding the existing coffee processing facilities of the 33 cooperatives which constitute the federation.

Agricultural diversification has been equally successful. Almost one thousand hectares

have been planted with macadamia nuts, a crop with great promise for the country's economy. Another 322 hectares have been planted with cacao, cardamom, soursop, and others. Altogether, the project has financed 8,501 hectares, benefiting 8,124 small farmers, with disbursements close to one billion colones (US\$12,500,000).

In 1988, repayments of principal began to come due on loans. The collection rate has been above 95 percent, as a result of systematic crop controls and loan servicing by FEDECOOP and local cooperative technicians. Better than expected yields have also contributed to farmer willingness to repay, in some cases ahead of schedule.

A very important factor of the loan process is that it allows cooperatives to be selective about the eligibility of potential borrowers. Each cooperative knows its members' backgrounds and, depending on prior payment performance, can determine good credit risks.

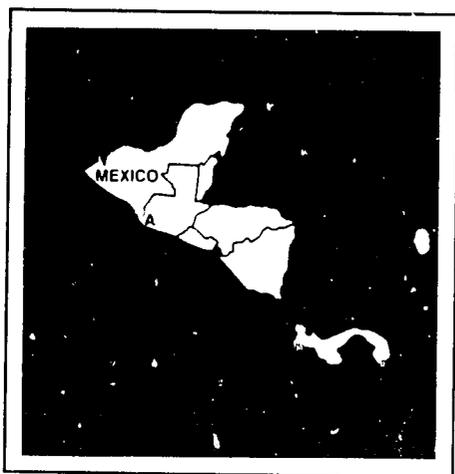
Under project auspices, Michael Skelly from ACDI/Washington, accompanied four FEDECOOP officials to visit macadamia production, processing, marketing, and research facilities in California and Hawaii. Initial marketing contacts were made with Blue Diamond Growers, which expressed an interest in buying FEDECOOP's macadamia production.

As part of an effort to bolster FEDECOOP's access to credit, the federation's General Manager Victor Calderon attended a "Debt for Development Workshop" held at ACDI headquarters in Washington. The workshop focused on building mechanisms through which developing countries' debt might be used to facilitate local development projects.

ACDI Cooperative Development Specialist Miguel Angel Rivarola performed an in-depth study of the management and administrative situation of a sample of FEDECOOP cooperatives. It will help focus ACDI's management strengthening initiatives in the future.

Training

During 1988, 554 persons received training in agricultural credit. They included coop-



Top:
Frank Astacio, ACDI coffee credit specialist in Costa Rica checks rust-resistant, high-yielding coffee plants. The project extends credit and technical advice to help farmers replant their groves with coffee rust disease resistant varieties.

Bottom:
This cardamom farm with coffee planted under shade trees in the background is being cultivated by a cooperative member in Sarapiquí, Costa Rica. Some 322 acres have been planted with cardamom, cacao and soursop as part of the agricultural diversification component of the project.

erative managers, agronomists specializing in coffee production, cooperative accountants, and para-technicians.

For the first time in FEDECOOP's history, training was offered to all of the vigilance committees of its member cooperatives. This training included basic accounting control, cooperative law, and the fundamentals of agricultural credit with emphasis on coffee production finance.

FEDECOOP professional staff, Rafael Alvarado, program coordinator, and Gilberto Gutierrez, technical adviser, continued their efforts to train field personnel in coffee technology. Dr. Edgar Nesman from

the University of South Florida and Dr. Rafael Ledesma from Texas A&M continued creating and consolidating the model for a para-technician or assistant agronomist program. This position is of prime importance to the program because of the increasing number of credit beneficiaries which require loan servicing and technical assistance.

The latest reorganization of the Coffee Project contemplates two major aspects: 1) autonomy for field personnel by the cooperatives affiliated with FEDECOOP and, 2) creation of a pool of regional coordinators who will be responsible for

providing logistic support for newly appointed para-technicians. They will also be responsible for strengthening program development at cooperatives in their respective jurisdictions. This latter effort assures greater operating efficiency and includes loan classification in accordance with the quality of the plantations being financed.

Statistical information is being improved by installing computer hardware in most of the 33 affiliated cooperatives. Future training will include courses in computer applications and use for cooperative personnel assigned to the project. ■

Quepos Oil Palm Project

(AID Grant No. 515-0227)

Personnel

Steven Huffstullar

Background

In the mid-seventies, Costa Rica's economy had developed to the point that the Agency for International Development (AID) decided it no longer needed help.

But Costa Rica had no petroleum and was caught in the vise of high imported fuel costs and lower prices for its exports. In the decade of the seventies, the nation's per capita external debt became one of the world's highest, and reliance on external economic assistance has since grown accordingly. Since 1980, Costa Rica's government has pursued policies of developing and encouraging new kinds of exports, reducing imports, promoting tourism, and divesting itself of inefficient government-owned industries.

As part of the program to reduce imports requiring use of scarce hard currency, the government has encouraged its farmers to grow African palm, the source of most cooking oil in the country. United Brands Company had produced palm oil in Costa Rica for many years, but domestic consumption exceeded production. The company offered to assist a group of former employees in setting up a cooperative, selling them 4,000 acres of land for \$2 million on long-term credit and offering technical production assistance. Six million dollars was provided in local currency financing by USAID and the government of Costa Rica to develop new palm plantings and rehabilitate housing and basic facilities on the land. ACIDI was contracted in 1984 to organize and develop the cooperative as a business. The group was incorpo-

rated in 1985 as Coopecalifornia and began business operations in January 1986.

Project Progress

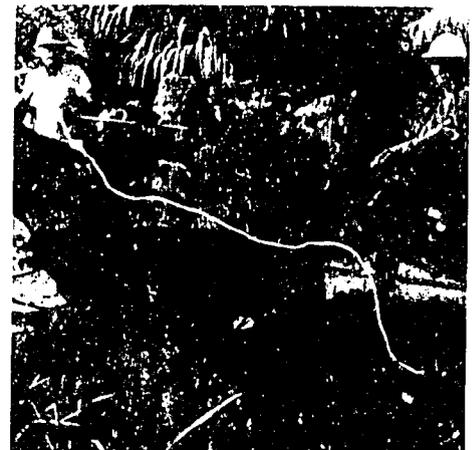
1988 was the last of four years of full-scale technical assistance to Coopecalifornia by ACIDI. The project is now operating as a successful, free-standing entity and is one of the most successful cooperatives of its type in Latin America.

Coopecalifornia hired a new manager in 1988, Mr. William Zamora. A certified public accountant by profession, Mr. Zamora reorganized the office, the books and computer files. Coopecalifornia now has a balanced staff in all management areas. Financial statements, budgets, and production reports are now internally generated and the need for outside assistance is greatly reduced.

Production in 1988 represented a 600 percent increase over 1987, cutting the need to borrow from the operating loan by half, and indicating that 1989 production will allow for the beginning of loan repayment, precisely on schedule. Operating expenses continue to be under the original projections made in 1984 at the inception of the project.

In late 1988 Coopecalifornia was visited by Costa Rica's minister of planning, who expressed his satisfaction with the cooperative's progress and acclaimed it as a model for development of tropical agricultural crops by small farmers.

Coopecalifornia now stands at 94 families and continues to add members. It inaugurated a cooperative grocery store, financed by the members' own funds and separate from the cooperative's business operations.



African palm oil kernels being delivered to a processing plant where they are cooked at high temperature, put into a mill which breaks the shells, and pressed for oil.

ACIDI has obtained AID support to continue its cooperative development activities in Costa Rica for another three years. Although ACIDI will now turn its efforts to other types of cooperatives and crops meant for export, its personnel will continue to monitor Coopecalifornia's progress and be available for short-term consultation.

The economic challenge of this project is to get Costa Ricans involved in owning and operating farms producing a product vital to their own economy. The human challenge is in helping a worker to start thinking like a farmer, and to build an independent mentality. Coopecalifornia members are responding very well to both. ■

Egypt

National Agricultural Research Project

(AID Contract No. 263-0152)



*Top:
An Egyptian farmer cultivates banana plants in a new nursery. Improving traditional farming methods was just one component of the ACP bridging project.*

*Bottom:
Egyptian farmer shows farmer volunteer Shannon Harris three-month-old potatoes which have been stored under three feet of rice straw.*

Personnel

Dr. Susan Emerson, Library and Information Systems Specialist

Background

The National Agricultural Research Project (NARP) is a large, complex USAID-funded program designed to help improve Egypt's food production capabilities through a program to strengthen the National Agricultural Research Service, which consists of approximately 31 field research stations, 20 agricultural research laboratories and the National Agricultural Research Center. The Egyptian National Agricultural Library (ENAL) and its network of laboratory and station libraries is part of this system.

Key to the success of any national research system and program is the ability to store and retrieve information, i.e., a modern library system accessible to scientists wherever they may be conducting research. As a subcontractor for NARP, ACIDI has been providing the services of Library and Information Systems Specialist Dr. Susan Emerson.

The program is operated under the overall prime contract of the Consortium for International Development (CID) of 10 western universities, with New Mexico State as lead university. Six other state universities, ACIDI and Winrock Institute are also participating and have contributed specialists to the program.

Project Progress

During 1988 Dr. Emerson worked intensively with local Egyptian architects and design specialists to set up a 2,500 square meter central library facility, including details of workflow, dimensions of service area, work areas, unassigned space and furniture design and layout. Early project documents and working drawings were carefully revised from the functional point of view, and memoranda with observations and recommendations were prepared and submitted through this process, which lasted from early March through October 1988. A detailed work plan for library construction with clear benchmarks was also prepared for USAID/Egypt.

In anticipation of the arrival of books, journals and library equipment, four training events were completed for more than 50 Egyptian members of the library staff between April and July 1988. A series of courses was planned and approved for organizing and learning to use the collections, and for publicizing library services to the user population to start early in 1989.

Researchers of the Agricultural Research Center (ARC) submitted requests for books and more journals, and a continuous process for acquiring and making literature available was initiated.

The computer catalog of useful and current books was prepared and managed by an Egyptian information specialist, who also trained staff in data entry.

From June to November 1988, prior to the arrival of the new journals, a "Current Contents" service was introduced, whereby more than 500 journal articles were acquired from authors all over the world for researchers at the ARC.

From September until year-end, Dr. Emerson worked closely with Egyptian professionals and para-professionals to provide for continuity in establishing the new library system, and improving information service beyond her stay. In addition to demonstrating new library procedure to librarians, two training manuals were prepared for them and distributed to staff. The Egyptian Documentation and Information Center for Agriculture (EDICA) prepared a bibliography of the research performed at the ARC in book form, and is presently offering and marketing computer searches from databases in the U.S.A.

Cooperation between the emerging Egyptian National Agricultural Library and other libraries began and is growing stronger.

At the end of 1988 his Excellency Dr. Yusuf Wally, minister of agriculture and land reclamation, agreed to appoint the director and deputy director of ENAL. They, in turn, proceeded to plan other appointments and take over all activities from Dr. Emerson. Before her departure, the first shipment of books and journals arrived from the U.S.A., furniture was purchased for numerous satellite libraries, a comprehensive work plan

and budget was completed for the life of NARP, and recommendations were made for additional technical assistance, as an option for the Egyptian management of ENAL.

The library and information system was designed to satisfy the information needs of a variety of users with a mix of tools, media and methods. It is anticipated that NARP's new technology transfer component will contribute to the library system the media and outreach methods designed for the farmers and extension personnel of the future.

Dr. Emerson is scheduled to complete her contract in January 1989 and return home.



Rural Small-Scale Enterprise Pilot Credit Project

(AID Cooperative Agreement No. 263-0161-A-00-7254-00)

Personnel

Karl Jensen, Technical Adviser
(1/1/88-4/30/88)

Consultants

James Hairston, Senior Banking Adviser
Michael A. Viola, Management Specialist

Background

The Rural Small Scale Enterprise pilot credit project (RSSE), launched in late 1987, was designed to provide formal bank credit through the National Bank for Development (NBD) to small rural businesses in Damietta and Sharkiya governorates on a trial basis. The delivery mechanism used was based on the proven principles of similar, highly successful lending systems in other developing countries. The project strives to bring commercial banking services down to the village level for the first time.

Project Progress

ACDI assisted the NBD's project team to recruit the RSSE credit program field staff, set up the national, provincial, and local branch offices and design the operational policies and procedures, and training manuals for the program. Initial training for 40 project field staff was also carried out.

The project encountered a brief hiatus while the participating agencies redesigned and restructured it and negotiated a 15-month

extension through December 1988. By year-end, a new adviser had been recruited and contracted. He is expected to depart for Cairo in early 1989.

Agricultural Production Credit Project

(AID Grant No. 263-0202)

Personnel

Arthur C. Buffington, Team Leader/Senior Credit Adviser
Bonnie Connors, Office Coordinator
Newton J. Guderyon, Training Specialist
Anthony J. Monaco, Credit Quality Specialist
Saad A. Nasr, Accounting and Management Information Specialist
Iven L. Ose, Agribusiness Specialist
Katherine Lewis Saleh, Secretary
Thomas G. Wetsel, Extension Farm Management Specialist

Consultants

Janet Augustine, Management Information Specialist, Deloitte, Haskins and Sells
Robert Fischer, Credit Operations Specialist

Background

The \$139 million Agricultural Production and Credit (APCP) bridging project was developed by AID as support to the efforts of the Small Farmer Production Project (SFPP) which came to an end in July 1987. The original purpose of the Small Farmer Production Project was to introduce a more effective system of small farmer credit and extension in three Egyptian governorates. ACDI had been working with the Principal Bank for Development and Agricultural Credit (PBDAC) in Egypt for seven years under the SFPP which was financed by AID with grants totaling \$49 million and by the Government of Egypt with similar contributions. Loans, which were based on farm plans using advanced "packages" of improved practices and seed for high yield crops and animal production, had a dramatic impact on production and farmer incomes. The repayment rate has been remarkable, with minimal delinquency and virtually no loan losses.

The APCP focuses on the basic elements of the PBDAC's structure and functioning as a bank, including information systems and partial conversion to computers; introduction of lending to farm-related business, and the development of capital management and finance on a basis less dependent on the government and central bank.

Project Progress

Originally of one-year duration, the APCP was extended to October 1988. It extended the services of the previous project to additional governorates and assisted the Principal Bank for Development and Agricultural Credit to improve its overall banking operations. During 1987-88, 736,632 loans valued at about \$197,500,000 were granted through 12 governorate banks. Other milestones included the completion of a new credit manual, the design of village bank accounting systems, and institutionalization of credit audit systems. ACDI maintained six long-term advisers during most of the bridging period who, in addition to the above areas, worked on a human resource development program for the bank and the promotion of improved farming methodologies. ACDI subcontracted Deloitte, Haskins, and Sells during the last six months of the project to provide management information systems and accounting services, and fielded a short-term credit consultant for three months to prepare a final report on the credit aspects of the project.



ACDI vegetable farmer volunteers Ruben Bartell and John Wetsel use pictures to illustrate crop damage caused by the stink-bug to a group of Egyptian farmers and extensionists.

Farmer-to-Farmer Program

(Cooperative Agreement No. PDC-0000-G-SS-6204-00)

Personnel

B. Umesh Mally, Director, Office of Global Programs

Andrew Simpson, Project Assistant

Laurie Timmermann, Project Assistant

Sherif Eheid, Program Manager, Egypt

Patricia Chaves Castro, Field Coordinator, Costa Rica

Antonio A. Arcellana, Program Manager, Philippines

Background

The Farmer-to-Farmer program's main objective is to foster improved farming practices and productivity in developing countries by recruiting experienced U.S. farmers to provide voluntary technical services to host country farmers. The program also seeks to promote continued friendships and two-way exchanges, as well as provide a learning experience about the conditions affecting developing country producers.

The program has existed under PL-480 authorization for almost two decades. In 1985, USAID selected Volunteers in Overseas Cooperative Assistance (VOCA) to conduct a pilot project to send more than 100 farmer volunteers to Latin America and the Caribbean. An independent evaluation team found the program to be cost effective in supplying a high degree of expertise resulting in substantially increased earnings by participating host farmers. An amendment to PL-480, enacted on Dec. 23, 1985, allocated funding to extend the pilot phase into an expanded program, encompassing Asia and Africa as well as Latin America. AID contracted with VOCA in 1985 to implement the program in AID-recipient countries and to oversee sub-grantee agreements with other private voluntary and development organizations.

Project Progress

ACDI's 1988 Farmer-to-Farmer Program is part of a larger worldwide effort administered by VOCA in 1987-1988. ACDI received a subgrant from VOCA to recruit and place 62 short-term U.S. volunteers in Egypt, the Philippines and Costa Rica. By the end of 1988, ACDI had completed 64 one- to three-month assignments providing hands-on technical assistance to farmers and their cooperatives. A four-month extension of the sub-grant to April 30, 1989 was approved by VOCA to continue the program in Egypt without additional funding.



Top:
Farmer-to-Farmer volunteer Randy Parker and an Egyptian interpreter discuss changing an Egyptian farmer's method of tomato production.

Middle:
Bill Clark and government apiculture technician inspect a frame of bees infected with American foul brood disease which is highly contagious and can last up to 50 years. In the past, infected broods were burned, but the disease is now controlled with antibiotics. Volunteers Bill and Bess Clark examined several hundred colonies in 15 Costa Rican apiaries.

Bottom:
Farmer-to-Farmer volunteer Dan Ellison shows photos of his own marketing cooperative to his Filipino counterpart. He was one of the group of U.S. volunteers who set up a grains classification system in the Philippines.

Egypt

In Egypt, 29 farmer volunteers have completed 34 assignments in herd health, dairy and livestock production and fruit, vegetable and honey production. More than 750 field visits and at least 20 village meetings and on-farm demonstrations accounted for 42 person-months of technical assistance provided to individual Egyptian farmers and to two farm cooperatives.

Farmer volunteers also helped initiate two additional sub-projects which will serve over 10,000 Egyptian farmers; a proposal for the construction and operation of loading docks for the cattle markets in the Mansoura area of the Delta region, to reduce injuries to cattle caused by current methods of loading and unloading, and a proposal to establish a field laboratory under the auspices of the General Cooperative for Animal Wealth. USAID/Egypt has approved both of these local currency sub-projects.

Costa Rica

Eighteen U.S. farmer volunteers have completed 20 assignments in Costa Rica helping farmers and their cooperatives with the production and marketing of strawberries, vegetables and honey. They also assisted with pest management, irrigation, cooperative management training, accounting and bookkeeping.

The program benefited some 1,000 small- and medium-scale farming operations and covered both individual farmers and cooperatives and their members. Most volunteers continued to communicate with their counterparts after their return home. Through their network of cooperatives and extension agencies, they have sent literature, equipment and seeds, and followed up on technical queries.

Philippines

Ten farmers and cooperative management technicians assisted the Philippine cooperative rural banks and marketing cooperatives in the development of a management information system, a financial system, a grains classification system and conducted a study of a corn project in Mindanao.

In addition, volunteers worked with farmer organizations on membership campaign issues, computerization in the information field and similar concerns. Corn farmers in Davao City and South Catabato Province received specific advice related to storage, processing, financing and marketing. ■

Guatemala

(AID Contract No. 520-0286-C-00-7021-00)

Cooperative Strengthening Project



Personnel

David Fledderjohn, Cooperative Operations Specialist/Deputy Chief of Party

Background

In 1987, ACIDI signed a subcontract with the World Council of Credit Unions (WOCCU) to provide an agricultural cooperative specialist to a team of consultants assigned to assist seven Guatemalan federated cooperative systems. The team is charged with reviving and improving the federations' operations, assisting them in achieving financial stability and in adopting policies and practices conducive to long-term viability. Other organizations participating in the project are the Latin American Confederation of Credit Unions (COLAC) and the National Cooperative Business Association (NCBA). David Fledderjohn, an ACIDI contract employee in Guatemala for many years, is ACIDI's representative on the team composed of four expatriate technicians and an equal number of Guatemalan professionals.

Activities

During the first half of the year, project staff prepared final drafts of diagnostic studies of eight cooperative federations and developed proposed work plans and budgets covering the remainder of the year. By August, work began with the federations under formal agreements signed between the national credit union federation, FENACOAC as administrator of the project, and the participating institutions. By year-end, two federations had withdrawn from participation, leaving six actively working with the project. These are FENACOAC, an artisans' group, a consumer organization, and three agricultural cooperative federations including FEDECOVERA, a federation of agricultural cooperatives providing inputs and credit services since its inception in the mid-seventies under an ACIDI project.

The principal assignment of the ACIDI technician has been with the Federation of Cooperatives of the Verapaz Departments, FEDECOVERA. This institution had its genesis in the expropriation of German-owned

coffee plantations during World War II. The properties were operated as government farms for over 40 years until cooperatives were formed with the resident work force as members under a mode of collective production in which an elected board of directors assumes farm management authority.

The federation was first conceived as a quasi-public institution dedicated primarily to marketing coffee. More recently, it has operated under terms of near autonomy and has expanded its service to include accounting for affiliates and credit in the form of advances against harvests. Problems in this area of credit are one of the principal concerns of the project since the institution is now threatened by insolvency.

Starting with a modest credit program five years ago, FEDECOVERA had accumulated some \$1.5 million in overdue loans with affiliates at the end of the 1988 harvest season. A government loan to the federation for operating capital became overdue and advances from coffee exporters were accepted to finance the continuation of operations in the affiliates. This problem area was pointed out in the early diagnostic study of FEDECOVERA and efforts were made to analyze the root causes of the problems and work toward corrective measures during the year. In order to understand and evaluate the situation of production and farm management in the affiliates, an extensive survey of the 25 currently active cooperatives was performed. The results were tabulated and presented together with an evaluative summary to point out both the areas of operation and individual cooperatives in most critical condition. Accounting systems and information were analyzed to detect problems and the results discussed at length with management and staff.

By year-end, attempts on the part of project staff to develop and install a more orderly system of credit procedures in the federation had met with little success. However, as the project is able to raise awareness as to the seriousness of the situation with management and elected leadership, it is hoped that a more disciplined and realistic system of credit administration in the federation, together with improved farm operations, can be achieved. Discussions and negoti-

ations between the federation and the project have already resulted in plans to make major changes in staffing and policy in the organization during the coming year. The project will also contribute to improving the productivity and profitability of the affiliates through an experimental program of supervision and technical assistance provided by a federation technician as well as a training program for cooperative directors and farm workers. ■



Honduras

(AID Project No. 522-0252-C-00-7160-00)

Small Farmer Organization Strengthening Project

Personnel

William Alvarado-Greenwood, Institutional Development Adviser

Consultants

Dale Key, Computer Specialist



Background

In 1987 the Government of Honduras signed a contract with USAID to provide technical assistance focused on strengthening three national federations and their member cooperatives. The federations were the Union of Regional Agricultural Cooperatives (UNIOCOOP), the Federation of Honduran Credit Unions (FACACH), and the Coffee Cooperative Federation. The latter dropped out of the project when it declared bankruptcy, however, shortly thereafter a new entity, the Coffee Cooperative Central (CCC), was created by the remaining viable coffee marketing cooperatives and began collaborating with the project.

Four international cooperative organizations formed a consortium, ACDI, the World Council of Credit Unions (WOCCU), the National Cooperative Business Association (NCBA) and the Confederation of Latin American Credit Unions (COLAC). They placed a team of five advisers in a new cooperative development finance organization, Fondo de Desarrollo Financiero (Financial Development Fund or FDF), which was created at the behest of USAID to implement the project. Eight Hondurans operate and administer the FDP, while the expatriate team acts in an advisory capacity.

The FDF employs three components in its work with cooperatives: institutional strengthening, financial stabilization, and credit. The first enables FDF to support certain types of operating costs while the organization restructures. The expatriate team promoted the handling of this component not as a subsidy but rather as an "institutional

Miguel Gutierrez, manager of Fruta del Sol cooperative in Honduras checks a box of cucumbers off the packing line. The cooperative grows and exports cucumbers for the U.S. winter market.



investment" by FDF in return for the cooperatives' commitment to implement agreed-upon operating reforms. The second component is a financing tool which enables the cooperative to be recapitalized by the members, and the third is market-rate credit used by FDF in conjunction with other sources of financing.

The ACDI adviser was contracted to work primarily with UNIOCOOP and its affiliates. This cooperative union, which grew out of the ACDI project in Honduras begun in 1982, comprises five "model cooperatives." Two of these were marketing cooperatives dealing primarily with fruits and vegetables while the other three were primarily farm supply and credit cooperatives which also marketed corn, coffee and rice.

Project Progress

Year-end 1988 marks the midway point in this three-year contract. Much was accomplished against formidable odds toward fulfilling project objectives.

UNIOCOOP Farm Supply Operations

At the outset of this project, UNIOCOOP made the strategic decision that its prime business activity would be in farm supplies. By the first quarter of 1988, however, Honduran foreign reserves had dried up and its agriculturally-based economy was in crisis for lack of fertilizer.

Against this backdrop, FDF approved, at mid-year, a \$3 million credit line for UNIOCOOP to import up to 15,000 tons of fertilizer. With the arrival in October of a bulk shipment of fertilizer, UNIOCOOP graduated from farm supply procurement for members to commercial-scale operations. Along with a November shipment, the fertilizers have been bagged and marketed for the first time under UNIOCOOP's own label.

This year UNIOCOOP began importing liquid fertilizer and light farm equipment. Negotiations were initiated to acquire distribution rights in Honduras for an agricultural chemical manufacturer. Urea produced by Farmland will be part of 1989 imports.

Regional Affiliated Cooperatives

UNIOCOOP began 1988 with the goal of diagnosing each of its five regional cooperative members and assisting them in formulating a development plan demonstrating self-sufficiency for each. Such plans are required to qualify for FDF financing and other assistance. A six-man team was formed of UNIOCOOP and FDF personnel, including the ACDI adviser and his Honduran counterpart, German Mejia Gailardo.

In-depth diagnostic analyses were completed and documents were approved on schedule for all five cooperatives. The di-



▲ *Rosalio Urquidia, manager of "20 de Marzo" cooperative in Honduras, with an ACDI-donated rice mill and grader delivered in 1985. The co-op generated nearly \$1 million in rice sales in 1988 and projects \$2 million for 1989.*

agnostic studies were designed and executed—not as static analyses—but as tools for change by the cooperatives themselves. The diagnostic recommendations provided a blueprint for the changes required to focus cooperative efforts on profitable business services to farmers.

At year-end, the cantaloupe and sesame exporting cooperative CREHSUL, located in Choluleca on Honduras' southern coast, was the only FDF beneficiary to have received disbursements from all three project components. While no cooperatives from any other sector have been qualified for FDF financing, of the five UNIOCOOP affiliates, three have had their development plans approved and are now qualified to receive FDF financing.

Coffee Cooperatives

For many years coffee has been a major export and foreign exchange earner for Honduras. Much of the coffee was collected and marketed domestically by cooperatives. Some cooperative coffee was also exported through the Federation of Coffee Cooperatives (FECOCAL). While not an entirely healthy group of firms, they were survivors in a difficult environment. However, in 1986 the federation took a speculative position on the international market and when prices tumbled, they incurred substantial losses and could not repay their creditors. ▶

As a result of these losses and inability to repay bank credits, the federation was forced into bankruptcy just as the Small Farmer Organization Strengthening Project (SFOSP) was beginning. The expatriate coffee cooperative adviser, provided to the project by the National Cooperative Business Association (NCBA), helped surviving cooperatives, three of which are substantial firms by Honduran standards, attempt to organize a new second order organization, the "Central de Cooperativas Cafetaleras," better known as the CCC. One of the existing "model" cooperatives (Maya Occidental), formed with ACDI assistance in an earlier project, also is a major coffee dealer and it too joined the CCC in addition to being a member of UNIOCOOP. Unfortunately, a new Honduran cooperative law made it impossible for the CCC to obtain a charter and legal recognition.

Since one of the necessary conditions for a cooperative to receive assistance from the SFOSP is that it must belong to a federation or a second order cooperative firm (or association) and since the legal charter was denied to the CCC in late 1988, the three strongest remaining coffee marketing cooperatives applied for membership in UNIOCOOP. Their applications were approved by the union in late 1988. The major challenge to UNIOCOOP is now to begin providing business services to its new members and integrate them into the SFOSP project and the UNIOCOOP family of firms. With three new members, UNIOCOOP's business base is greatly expanded, which offers increased potential to the firm. ■

Hector Moreira, 20 de Marzo's rice division head checks the quality of Morazan brand rice as it flows from the rice classifier. Rice, the cooperative's principal product since 1986, accounts for 85 percent of the cooperative's crop sales.



Innovative Approaches to Cooperative Management, Finance and Trade

(Cooperative Agreement
No. OTR-0192-A-00-8241-00)

Personnel

Susan Wexler, Project Manager
C. Thandi Bergfalk, Project Coordinator

Consultants

Walter A. Alpizar, Computer and Communications Specialist (Costa Rica & Honduras)
C. Thandi Bergfalk, Computer and Communications Specialist (Philippines & Indonesia)
Jack M. Carter, Trade and Finance Specialist (Costa Rica & Honduras)
Donald R. Crane, Team Leader (Philippines)
J. Bartlett Harvey, Team Leader (Indonesia)
Ken Novak, Data Communications Specialist (Philippines & Indonesia)
Miguel A. Rivarola, Team Leader (Costa Rica & Honduras)
Donald C. Temme, Trade and Finance Specialist (Philippines & Indonesia)

Background

The Innovative Approaches project is primarily USAID-funded and slated to proceed over a three-year period. The National Bank for Cooperatives, as well as the National Council of Farmer Cooperatives and ACDI's own Development Fund have also provided significant contributions to project funding. An 18-person advisory committee has been convened with areas of expertise related to various project components: training, software and systems, trade and finance, communications and information. The purpose of the project is to assist developing country cooperatives, credit institutions and the institutions that serve them to share in the benefits associated with the use of computers. This includes the traditional efficiencies in record keeping and management decision processes but with an emphasis on international communication for data acquisition, technical assistance, and trade relations. The broader objective of the project is to deliver technical assistance in the areas of management, finance and trade on a smaller scale, to a broader audience, on a continuous basis at a lower per unit cost than the traditional, (i.e., long-term, on-site,) means of delivery allow.

Project Progress

Project activity began in July when two, one-day workshops were held for the project's advisory committee. Advisers were trained to use CARINET, an electronic communications network owned by a consortium which includes ACDI. In addition, discussions were held concerning the project's goals, objectives and strategies. The group also considered specific aspects of various computer and communications technology. The advisory committee continues to provide input to the project via an "electronic conference" made available through CARINET. An early product of the project was a report which surveyed computer databases providing information relevant to agriculture and which compared and assessed the information made available through this mechanism.

Since July most project activity has focused on the conduct of four, month-long studies. These "country studies" were performed in Costa Rica, Honduras, the Philippines and Indonesia. Teams of three to four persons each were sent to assess the current situation of the cooperatives, credit institutions and their support organization in terms of management, finance and trade. They also examined the status of computer and telecommunications usage in these countries and, in particular, within the cooperatives. While performing the studies, the teams organized demonstrations of computer and communication technology for officials from the countries' government, cooperatives and AID mission. Representatives of these countries' telecommunications industry also provided input to the demonstrations/seminars. The study teams took the initial steps necessary to provide for training courses which will be offered as part of the project. They investigated potential training facilities and acquired resumes of candidates for the course. The training is to cover computers, computer applications and computer based communications.

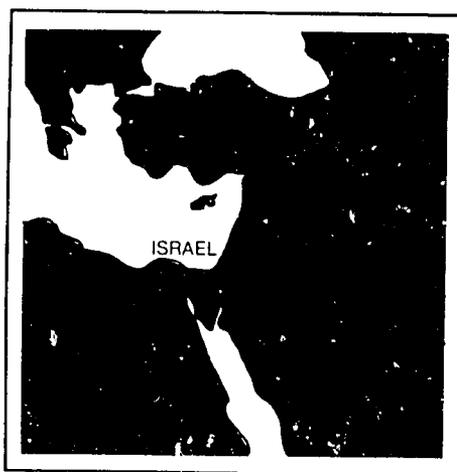
The trip reports of the study teams have revealed considerable differences in the structure and relationships among cooperative organizations in the participating countries and various stages of integration of computer technology into their operations. Ideas for follow-on projects are now being evaluated. 1989 activities will include: the



Top:
IAP Philippine study team members, from left, Thandi Bergfalk and Don Crane of ACIDI and Don Temme of the National Bank for Cooperatives with the general manager in a ramie warehouse in the Davao Fibre Producer's Cooperative, Davao, Mindanao. Ramie is a natural fiber used to make thread and cloth.

Bottom:
IAP Philippine team members Don Crane, left, and Don Temme of the National Bank for Cooperatives, far right, visit a prawn farm near Bacolod Negros.

development of these ideas into project proposals; the completion of at least two training courses; the continuation of electronic conferencing; two additional country studies in Egypt and Guatemala; and the development of a survey on computer software useful to agricultural cooperatives. ■



Jordan

(AID Contract No. ANE-278-0264)

Highlands Agricultural Development Project

Personnel

William Aldworth, Agribusiness Marketing Adviser

Background

In early 1987, the multi-university Consortium for International Development, with Washington State University as the lead organization began a seven-year, \$27 million AID-financed project to improve agricultural production and farmer incomes in the semi-arid highlands of Jordan. The project has since been expanded to cover the entire kingdom including the irrigated areas of the Jordan valley. A five-person technical assistance team is working jointly with the Jordanian agricultural research and extension services in the areas of cereal, fruit and vegetable production, and range management. ACIDI is participating in this project through the activity of William Aldworth as agribusiness marketing adviser.

Project Progress

Aldworth's work has been directed at increasing the production of rainfed cereal grains. He has been involved in staging 23 on-farm demonstrations and three field days where farmers observed the results and use of modern technology in cereal production. Aldworth worked with all the equipment dealers in the kingdom, acquainting them with the advantages of correctly used sophisticated equipment over the traditional plows and harrows now in use. Six regional agricultural service centers have been established by the project and staffed with



▲ ACIDI agribusiness marketing adviser, Bill Aldworth, right, and counterpart Mahmoud Hamzeh, left, explain the design and construction of a cost-saving prototype chisel plow/grain drill to machinist Mustafa Abidin. Part of the project's focus has been on increasing cereal grain production with modern equipment.

Jordanian extension agents. Aldworth has had a part in training service center staff in cereal production technology.

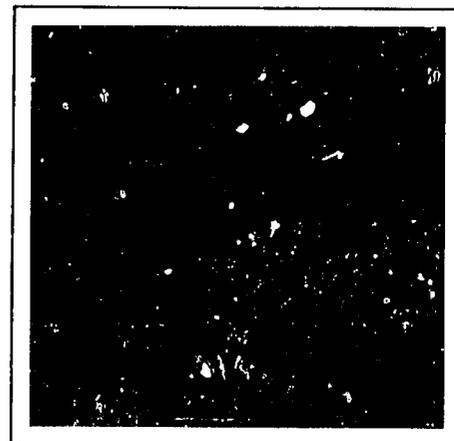
In a cooperative program between the German GTZ group and the Jordan Cooperative Organization, a TV tape was prepared on land preparation, seeding with a grain drill, and harvesting with a combine. Future tapes are going to be produced on weed spraying and postharvest care of grain.

Aldworth and his Jordanian counterpart are designing and constructing a prototype grain drill/chisel plow combination which can be used as a plow or as a grain drill, thus saving the cost of two pieces of equipment. There is interest among local machinists to produce this implement for the commercial market.

During the last half of 1988, Aldworth focused on working with independent operators who furnish the equipment and cultivate rainfed fields for Jordanian farmers. A broad survey has been initiated to determine the type of equipment they own and use, their financial capabilities and technical knowledge. After the survey has been completed, training will be provided in agronomics, business and financial management, and machinery operation and maintenance. Loan money is available to assist these custom operators in purchasing needed field equipment. The next step is to provide a system whereby the loans will be used judiciously to purchase chisel plows, grain drills, and weed sprayers which will increase the yield of rainfed cereal crops. Adoption of the improved equipment will increase yield as well as farmer profits and total production for the kingdom. ■

(AID Project No. 879-0010-G-SS-7037)

Cooperative Federation Development



Personnel

John G. Kreaq, Financial Manager, Friendly Islands Marketing Cooperative

Background

In January 1986, the Friendly Island Marketing Cooperative (FIMCO) was created to market vanilla, fish and handicrafts produced by members of the Tonga Cooperative Federation (TCF), an importing wholesaling cooperative. ACDI had been instrumental in the development of TCF when, from 1982 through 1985, it grew from near bankruptcy to a \$5 million a year business. Since 1985 ACDI has been working with FIMCO to assist in the development of its marketing activities.

Project Progress

Steady growth of FIMCO, together with the transfer of management to a Tongan, and progress toward the opening of a vegetable and root crop marketing section, were the principal accomplishments in 1988. Membership continued to grow in 1988 as shown in the chart below.

Growth of the cured vanilla, fish and fishing supplies, and handicrafts industries is illustrated in the chart on the following page.

FIMCO had a 13 percent increase in sales in 1988. In some respects the growth was even greater as the vanilla activity rose from 4.5 tons sold in 1987 to 10.0 tons sold in 1988. However, the weakness of the U.S. dollar and expanded inventory on hand at year end had the effect of making the dollar sales increase much smaller than the rise in volume. Also, the increases have been achieved without any addition to the administrative staff. This has been possible because of on the job training of employees, no administrative staff turnover and increased use of two personal computers for office work. No additions to administrative staff are anticipated in 1989 even with the start-up of a new vegetable and root crop marketing section.

On February 1, 1988, Edgar Cocker, FIMCO financial manager, and ACDI's John Kreaq traded positions with the former taking over as chief executive. The members,

most of government, the banks and the business community expressed confidence in FIMCO's future with Mr. Cocker in charge.

The relationship with the registrar of cooperatives has been strained for over a year. The basic issue is over the control and direction of FIMCO's activities to be exercised by the registrar, FIMCO's members, its committees, the banks and other levels of government have all firmly supported the position that FIMCO should solidly remain in the private sector, making its own decisions and competing equally with other Tongan businesses.

Vanilla

Vanilla is the backbone of FIMCO's business. The 644 vanilla farmers who are FIMCO members have in 1988 received an average of \$800 for their crop.

The Tonga Development Bank has shown its confidence in FIMCO's curing operations by increasing its lending for green vanilla bean purchases from \$400,000 in 1987 to \$600,000 in 1988.

Total purchases increased from 20,430 kg in 1987 to 43,881 kg in 1988, a 114 percent gain. As a result of this growth, savings are being achieved in curing which are expected to reduce the 1988 vanilla curing costs by 10 percent, equal to \$2.00 per kg. However, upon completion of the curing in December, it was found that the curing ratio was poorer than in 1987 and that vanillin content was also lower. Both of these are strong indications that the harvesting of beans was premature. FIMCO is working with the Ministry of Agriculture to create a new grading system which will be implemented in 1989.

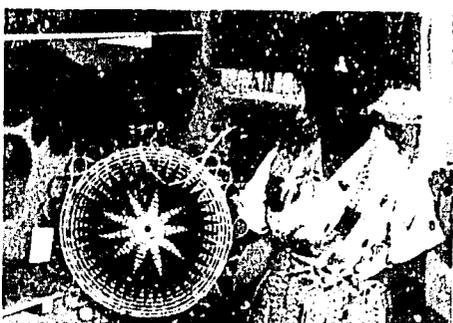


FIMCO fishing supply store clerk Peta Halafihi with a variety of fishing lures. The cooperative achieved a 54 percent sales increase reflecting increased use of fishing supplies by both commercial and private fishing interests.

Fish and Fishing Supplies

Fish sales declined from \$250,000 in 1987 to \$189,000 in 1988, caused by the closing of the fish section at the government meat market in the center of town when a new fish market opened nearby. Another reason for the slowdown in fish sales is increased imports of chicken and turkey parts resulting from a loophole in the import duty law allowing duty free entry for these commodities, which directly compete with fish in the Tongan diet.

	Handicrafts	Fish	Vanilla	Total
January 1986	6	—	—	6
December 1986	87	26	51	164
December 1987	226	57	553	836
December 1988	308	94	644	1,046



*Top:
Tongan fishermen haul in a catch of bonito, a type of tuna. Fishing cooperative membership grew from 26 in 1986 to 94 in 1988 and FIMCO is developing export markets to Fiji and Hawaii.*

*Middle:
Handicrafts manager in Vava'u retail store with some of the distinctive crafts produced and marketed by FIMCO members.*

*Bottom:
Cured vanilla beans, the backbone of FIMCO's business, are sorted and bundled in one of the cooperative's curing sheds.*

	Cured Vanilla	Fish and Fishing Supplies Sales	Handicrafts Sales
1985 (under TCF)	700 kg	\$225,000	\$ 60,000
1986	2,800 kg	411,000	122,000
1987	4,500 kg	376,000	222,000
1988	5,200 kg	379,000	294,000

FIMCO has responded to these challenges by lowering prices, improving customer services, and developing export markets to Fiji and Hawaii. At year-end, fish sales were picking up and profitability was improving.

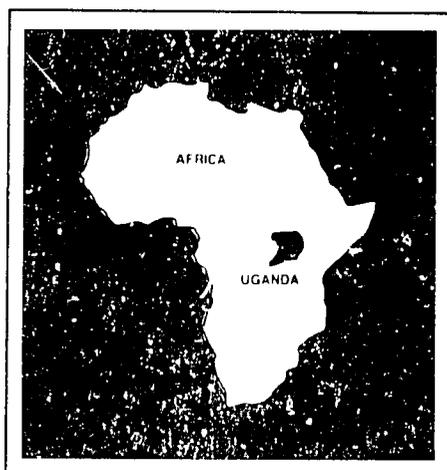
Sales of fishing supplies continued to expand with a 54 percent increase to \$188,000, reflecting increased use of the good quality and supply offered by FIMCO to commercial and private fishing interests.

Handicrafts

Handicrafts sales grew by 32 percent to \$294,000 in 1988. FIMCO has realized a 390 percent increase in sales in the last three years, outpacing increases in tourism, estimated at 25 percent over the same period. New sales have been generated because good quality handicrafts are available in more locations.

Vegetable and Root Crop Marketing

During 1988 ACDI and FIMCO were requested by the Ministry of Agriculture to consider the possibility of FIMCO's entry into vegetable and root crop marketing. An ACDI proposal was submitted to and accepted by FIMCO and the Tongan government, which requested USAID funding for this activity, which is expected to begin in early 1989. The new project will emphasize a coordinated approach to extension, credit and marketing services aimed at increasing production for both local and export marketing to New Zealand, principally, of selected crops. ■



Uganda

(AID Cooperative Agreement No. 617-0102-A-00-2005-00)

Food Production Support Project

Personnel

Thomas H. Carr, Cooperative Planning Adviser and Team Leader
Jacqueline Dicker-Carr, Project Administrator

Consultants

John King, Training and Education Specialist

Background

The cooperative movement in Uganda is extensive, with almost 5,000 primary soci-

eties and 36 district unions serving more than half of the country's population. Uganda is an agriculturally fertile country with sufficient rainfall and a moderate climate. It has the potential to be a large scale food exporter and could fill a critical need in this part of the world. The small farm sector accounts for the bulk of Uganda's farm produce for both domestic consumption and export.

The Food Production Support Project (FPSP) began in 1982 with the initial focus on distribution of essential tools and seed through the surviving cooperative organi-



▲ Workers at the Premier Building Society prepare clay tiles for firing. A brick and tile making machine was supplied by the project as part of the private enterprise component.



ACDI Chief of Party Dennis Frederickson and Ugandan cooperative society officials inspect commodities received by the project and distributed to co-op societies which in turn sell to farmer members.

zations, following the country's devastation by the Amin regime and subsequent civil war. By 1963 the FPSP had evolved into a cooperative assistance project.

A government overthrow in 1985 interrupted project work and forced the evacuation of all ACDI personnel. It was not until March 1986, after President Yoweri Museveni came to power, that project personnel were authorized to return to Kampala.

Project Progress

Planning Unit, Ministry of Cooperatives and Marketing

One of Carr's main tasks was to conduct a ministry-wide planning needs assessment, which included recommending improvements in the organization of the planning unit and suggesting better coordination in planning activities with other departments in the ministry. Carr also produced an operations manual for the planning unit which is now used as a model for other manuals produced in the ministry.

Another priority objective was the data management program which made significant progress. As a result of a computer needs assessment conducted by Carr, a ministry computer committee was formed to recommend policy for the introduction of this new technology. Terms of reference were established and a policy paper adopted by the ministry. With a newly installed computer, the planning unit started a series of statistical exercises aimed at improving the data base of the ministry. A personnel roster of the more than 1,500 employees of the ministry was completed and a program for the computerization of the registration records for over 4,000 cooperatives was started.

Uganda Cooperative Alliance

John King, an ACDI training and education consultant, arrived in January 1988 to carry

out a two-part assignment. The first component was a cooperative training needs assessment and the second involved the development of a long-term training and education plan. During the course of his four-month assignment, King also played a key role in a national workshop on cooperative training needs, the results of which were used as input to the training plan.

ACDI's team leader wrote the final proposal and assisted in the negotiation process between USAID, the Cooperative Bank and the Uganda Cooperative Alliance (UCA) to set up a special trust fund using PL-480 financing which would provide loans to cooperative organizations for the purpose of agricultural input procurement.

Carr also prepared a concept paper for a PL-480 monetization program, involving the direct importation of \$10 million of edible oil, the sale of which would create a "Cooperative Development Fund." It is anticipated that, once approved and implemented, this fund would be used to provide working and loan capital to the cooperative movement, as well as provide financing for non-economic activities such as training.

Project Completion

The Food Production Support Program completed its sixth and final contract amendment in September of 1988. Over the course of the past six years ACDI had fielded 32 consultants and advisers and had researched and produced 37 project reports and papers. More than 12,000 cooperative managers and management staff have been trained in the field by ACDI technicians and 111 cooperative personnel participated in U.S. training programs, four of whom received undergraduate degrees.

A strong beginning also was made in the development of women's cooperative programs. ■

Rural Economic Recovery Project

(AID Cooperative Agreement No. 617-0108)

Personnel

Dennis C. Frederickson, Credit Adviser/
Chief of Party
Donat Mubalya, Credit Adviser/Deputy Chief
of Party
Marshall Ferrin, Commodity Procurement
and Distribution Adviser (D.F.I.)
Ben Okullu, Procurement and Distribution
Officer

O. B. Katalikawe, Credit Officer
Tom Mayega-Kiwanuka, Credit Officer
George Bamugye, Purchasing Manager
Livingstone Mukibi, Warehouse Manager
Margaret Banura, Assistant Warehouse
Manager
Joseph Katumbula, Project Accountant
Amos Okiria, Data Processor/Administrative
Assistant

Consultant

Rick D. Pierce, Electronic Data Processing
Specialist

Background

The Rural Economic Recovery (RER) project was conceived in 1986 and begun in April 1987. Its goal is to help residents of war

damaged areas of Uganda rebuild their lives and resume economic growth

The project is aimed at reinforcing private sector efforts to re-establish traditional farm input supply routes to the peasant farmer. The sale of much needed agricultural inputs creates a pool of local currency which is then made available to small farmers for production credit

The RER project is funded through a Cooperative Agreement with USAID and has a projected duration of three years. Commodity procurement and distribution is due to be completed in April 1989, but end use monitoring of input distribution and credit will continue throughout the life of the project.

Project Progress

In 1988 the following commodities were imported and distributed in war damaged areas of Uganda to 42 cooperative societies and two wholesalers: 15,000 bicycles with spare parts, 40,000 grass slashers, 17,534 corrugated iron roofing sheets, 10 tons of assorted nails, 3,750 shovels, 2,734

wheelbarrows, 280,000 gunny bags, 22,500 axes, 22,500 machetes, 420 tons of cement, 4,636 roofing ridges, 10 brick and tile making machines, and two 12-ton trucks

Production credit to small farmers started in 1988, following the sale of the first agricultural inputs. Thirty eight of the 42 cooperative societies were selected to participate in the first round of distribution of commodities to be sold to farmer-managers and shs 45 million was made available to them for on-lending to their members. Five branches of the Uganda Commercial Bank, through their Rural Farmers Scheme are serving these societies. A total of 1,900 individual farmers received loans. Another 50 cooperative societies, located in the Luwero Triangle and four other war damaged districts were assessed for credit worthiness to qualify for the new round of commodities distribution in 1989. The Cooperative Bank will be the vehicle for disbursement of loans for this new round.

Following an appeal by the president of Uganda, the USAID Office of Foreign Disaster Assistance released an additional

\$220,000 to the project to purchase relief supplies for northern and northeastern Uganda. Another \$100,000, and shs 17 million were contributed by the project to buy seeds, hoes, machetes and gunny bags which were distributed through grants prior to the planting season in early 1989.

Grants of shs. 18 million were used to refurbish stores and offices of the 42 participating societies. New stores and offices were constructed for four societies whose facilities were destroyed during the civil war.

Training

Secretary managers of 42 cooperative societies received financial training in four different locations. The Uganda Cooperative Alliance and the Cooperative Bank will become partners in all future training activities for new societies participating in the commodities distribution/credit scheme.

Rick Pierce, an electronic data processing consultant, was responsible for further developing reporting programs and training project personnel in their use. ■

Cooperative Agriculture and Agribusiness Support Project (CAAS)

(AID Contract No. 617-0111-C-00-9100-0)

Personnel

Thomas H. Carr, Cooperative Development Adviser-Contractor's Representative, ACDI

William Verner, Input Distribution Adviser, ACDI

Michael Cornelius, Audit Adviser, Ronco
Augustine Nyamayaro, CAAS Project Administrator

Consultants

Richard Newburg, Home Office Project Coordinator, Ronco

Background

ACDI signed a three-year project agreement with USAID in November of 1988 to act as prime contractor for the Uganda Cooperative Agriculture and Agribusiness Support Project (CAAS), which is based in the Uganda Cooperative Alliance (UCA) in Kampala. Ronco Consulting Corporation, Inc. is ACDI's subcontractor to provide a long-term audit adviser and selected short-term technical assistance and procurement services.

The goal of the project is to raise the

standard of living of small farmers in Uganda through improved agricultural productivity and increased production. Through project efforts, the supply of agricultural inputs (farm supplies, fertilizer, credit, tools, extension services) will be increased and the project will assist in establishing a commercially viable marketing system for agricultural products in addition to stimulating agribusiness development.

The CAAS project's two major components are cooperative development or strengthening, and commodity import. The first will concentrate on greater efficiency in input distribution and commodity marketing. The second will address short-term foreign exchange constraints while increasing the availability of essential agricultural sector inputs such as seed, jute, fertilizer and agricultural implements which will be imported, using foreign exchange. The local currency obtained from the sales will be used for loans, matching grants and financial stabilization. Cooperatives, the best system for distributing inputs to the country's farmers, are under-capitalized, poorly managed, and hindered by outdated pricing

policies. Among other considerations, the project is designed to give cooperatives and other participating private entities an opportunity to recapitalize and improve their financial and business base standing.

Project Progress

Uganda Cooperative Alliance

Thomas Carr, cooperative development adviser who has several years of experience working for ACDI in Uganda, began work on the project in November. His immediate task was to set up the administrative apparatus of the project. This involved the hiring of all support staff including the project administrator, Augustine Nyamayaro, the development of job descriptions, establishment of office procedures, opening of bank accounts and setting up an accounting system.

ACDI President Ron Gollehon accepted an official invitation by the UCA to attend the 75th Anniversary celebrations of the cooperative movement of Uganda. He presented the Alliance with a draft copy of *A History*

of the *Cooperative Movement in Uganda*, a book written by a Ugandan and being published with a grant from ACDI's member contributed Development Fund.

Dr. Richard Newburg of Ronco arrived in November for a four-week assignment to assist USAID in the preparation of several

studies to be performed under the project's auspices. Michael Cornelius of Ronco is scheduled to begin his duties as audit adviser to the newly created UCA Statutory Services Ltd. early in 1989.

William Verner began his assignment as input distribution adviser to the Uganda

Central Cooperative Union (UCCU) in December. His responsibility is to assist UCCU staff in assessing their procurement and distribution system, transportation requirements, warehousing procedures, and training. ■



West Bank/Gaza

(AID Grant No.
ANE-0159-G-SS-6020-00)

Cooperative Development Project

West Bank/Gaza cooperative directors are instructed in management principles as part of an on-going course in management training. The project provided 17 courses in 1988 with attendance of 295 cooperative members.

Personnel

Donald H. Thomas, Cooperative Management Adviser and Project Director
David L. Davies, Training Manager
Richard A. Neis, Credit and Finance Adviser
Daoud Istanbuli, Cooperative Education Adviser
Joseph J. Nesnas, Administrative Manager
Tayseer Edeas, Field Educator---
Computers
Mansour al Gharaba, Field Educator---Dairy Operation
Nijad Ghannara, Field Educator---
Cooperative Promotion
Arafat Dajani, Field Educator---Marketing
Nabii Handal, Field Educator---Credit and Finance
Holy Hagopian, Administrative Assistant
Dalida al Ahwal, Secretary

Consultants

Joanne Abed, Information Resources
Abdul Rahman Abu Arafati, Livestock
Edgar Altman, Beekeeping
Adel Ansari, Evaluation
Wafa Dajani, Computer Programming
Omar Daoudi, Analysis and Planning
Martina Davies, Analysis and Planning
Mohamad Doudeen, Evaluation
Ziad Hussein, Marketing Allan Jones, Beekeeping
Ismail Masoud, Evaluation
Mohamad Milhem, Evaluation
Farouk Muzaffar, Evaluation and Accounting
Hamid Namourah, Evaluation



Adnan Obeidat, Cooperative Principles and Evaluation
Majoda Salem Zaher, Women's Cooperatives
Lawrence Samour, Translator
Ibrahim Sbitan, Accounting and Evaluation
Abdallah Totah, Animal Diseases
Len Wooton, Marketing
Abdul Lateef Zawati, Evaluation

Background

In February 1986, in response to a proposal prepared by a joint group of U.S. cooperative representatives, USAID approved a \$2.4 million grant to begin a three-year program of training and technical assistance for Palestinian cooperatives in the West Bank and Gaza (WBG).

The cooperative movement came to this region during the 1920s under the British Mandate. It has since persisted through several wars and changes in government. In 1948, the West Bank became part of Jordan and Gaza was annexed by Egypt. Since the 1967 war, both have been administered by Israel.

Two governmental bodies supervise West Bank cooperatives, the Israeli Civil Administration and the Jordan Cooperative Organization. The Israeli authorities employ a limited number of staff to oversee cooperative operations, including such functions as registration and legal advice. The Jordan Cooperative Organization has maintained a presence in the West Bank since 1967 and plays a significant role in matters involving cooperative policy, finance and

operations. WBG cooperatives face major difficulties because of marketing restraints imposed by both governments.

For 20 years prior to establishment of the Cooperative Development Project (CDP), there were no formal cooperative training or education programs available to WBG cooperatives. The main purpose of the CDP is to overcome this training education void so that the many thousands of cooperative members will begin to exercise the responsibility and authority incumbent on them in order to realize the economic benefits available from business enterprises that are run on sound cooperative principles. As a further outgrowth of this, CDP will begin work to establish an indigenous institution which can continue to provide training to WBG cooperatives after the project ends.

Project Progress

In order to achieve maximum impact, CDP's training and technical assistance must be provided to WBG cooperatives in Arabic. Hence, CDP emphasizes employment of Palestinian staff and consultants to the extent that the right skills can be identified locally. In the first two months of 1988, CDP employed four field educators and added one more in December. Of 21 consultants retained during the year, only three were brought from the U.S. In addition, 20 Palestinians (not listed under Personnel or Consultants above) were hired for one month as enumerators in the CDP cooperative evaluation program late in the year. Thus, progress is being achieved with a minimal input of expatriate personnel.

Originally scheduled to expire at the end of 1988, AID's grant to the project was extended in September for two years through February 1991. Additional funding of \$2.0 million was budgeted in the extension.

In the fall of 1988, the U.S. Agency for International Development performed a five-week evaluation of CDP and American Near East Refugee Aid (ANERA) as both organizations assist WBG cooperatives. The final evaluation report is to be issued in April, 1989 and is expected to provide suggestions for further strengthening and greater impact of CDP.

Early in 1988, the project's efforts were impeded by the intifada (uprising) which began in December 1987. However, by late April CDP had become adept at coping with the difficulties emanating from the intifada and, since then, much of CDP's work has moved ahead reasonably close to schedule and with relatively good impact.

Training

In spite of the slow start in 1988, CDP provided 17 training courses during the year with attendance by 295 cooperative

members and employees totaling 674 student-days.

The newly hired field educators were given a specially designed course in training methodology at the University of Wisconsin Center for Cooperatives. One of these participants received special training on the uses of computers in U.S. cooperatives.

A course in cooperative marketing was given to six managers of agricultural marketing cooperatives selected by the Union of Agricultural Cooperatives. The course was held in Cyprus under the auspices of the Department of Cooperative Development and SEDIGEP, the Cypriot cooperative marketing union, which is a major exporter of perishables to the European Common Market.

Among locally held courses, the four-day accounting course held in December merits special note. It was the first to be delivered by Palestinians with no input from any expatriate. Secondly, it was aimed at cooperatives with no full-time employees, i.e., the accounting is done by members on a volunteer basis. Finally, three days during the course were suddenly declared strike days during which nearly all Palestinian commercial activity halted, yet more than 30 cooperators attended.

Technical Assistance

Len Woolton carried out his third marketing consultancy for CDP during June-July. He was in particular demand by the West Bank agricultural marketing cooperatives in their efforts to initiate direct shipments to Europe, the first of which were eggplant sent to France in December. Woolton also assisted in setting up the Cyprus marketing course and advised the beekeeping cooperative in Jericho on how to improve earnings by entering into packaging and marketing to retail outlets.

CDP provided technical assistance in rearing queen bees and improving honey production to several beekeeping cooperatives by bringing two U.S. consultants to Jerusalem who were already scheduled for duty with ACDI in Egypt. Thus, the incremental cost of their services was minimized.

In the second half of 1988, CDP retained three Palestinian consultants for extended assignments. One, a female faculty member at Bir Zeit University, has assisted a women's cooperative in developing an income-generating project, namely the production and marketing of various pickled vegetables. The project has submitted a proposal to USAID for funding this Women in Cooperative Development project. As soon as the necessary seed capital, \$50,000, can be raised, the project will begin.

The second, a veterinarian, is designing and writing a series of 19 pamphlets about

pests and diseases transmitted from animals to humans in the West Bank. These will be reproduced by CDP and distributed to cooperatives throughout the region in an effort to control the spread of such diseases. The third consultant designed a computer program which was used in a major evaluation of cooperatives undertaken by CDP in September. He also led the way in entering and analyzing evaluation data. Carried out by 20 enumerators over a month's time, the program developed a wealth of data on 194 active cooperatives in the West Bank, a number which is now believed to be the total of all active cooperatives. This data bank is undoubtedly the most extensive source of information on West Bank cooperatives now in existence, and CDP intends to update it periodically.

Following up on an earlier consultancy by the National Rural Electric Cooperative Association (NRECA), CDP assisted in the purchase of maintenance tools and equipment for the (West Bank) Union of Electric Cooperatives and provided training in their effective use, including planning for future replacement. NRECA voluntarily funded half of the cost of these tools.

Another major accomplishment of CDP in 1988 was the development of a detailed loan administration manual which is intended to provide an organized and disciplined approach to be used by cooperatives in their lending activities. It includes 22 sample forms with appropriate simplified instructions to be used by lenders. The manual and forms are being translated into Arabic to begin their use in early 1989.

CDP also entered into an agreement with ANERA whereby CDP will provide technical assistance and training in ANERA's proposed \$3.0 million cooperative revolving loan fund program. The above loan administration manual is expected to be particularly applicable in this program.

At year-end Jack Edmondson, the new chief of party designate and Philip Brown, the new finance and credit adviser, visited Jerusalem to work with Don Thomas and Dick Neis, both of whom left in December. Edmondson and Brown will assume their new positions in January 1989. ■

ACDI Members

Farm Supply, Processing and Marketing Cooperatives

AGWAY, INC.

Director: Arthur J. Fogerty, Senior Vice President, Corporate Relations

Syracuse, New York. A farm supply and food marketing cooperative owned by farmer-members in the 12 northeastern states.

ASSOCIATED MILK PRODUCERS, INC.

Director: William Lenschow, Director-Farmer
San Antonio, Texas. A farmer-owned purchasing, marketing and processing cooperative in 20 states.

CENEX

Director: Dixie L. Riddle, Director-Farmer
St. Paul, Minnesota. A regional agricultural supply cooperative serving 1500 local cooperatives in a 15-state area with farm products and management and technical services.

CF INDUSTRIES, INC.

Director: Lawrence H. Devereux, Senior Vice President and Chief Financial Officer
Long Grove, Illinois. An interregional cooperative manufacturer and distributor of chemical fertilizers for 14 regional farm supply cooperatives in the U.S. and Canada.

COUNTRYMARK, INC.

Director: Harry L. Ditty, President
Delaware, Ohio. A regional farm supply and grain marketing cooperative serving farmers through a system of locally owned and locally-governed member cooperatives in Ohio, Michigan and Indiana.

DAIRYLEA COOPERATIVE, INC.

Director: Clyde E. Rutherford, President
Syracuse, New York. A farmer-owned milk manufacturing, processing and marketing cooperative in the New York-New Jersey-Pennsylvania area.

FARMLAND INDUSTRIES, INC.

Director: Bill Matteson, Director Public Affairs
Kansas City, Missouri. A farm supply and pork marketing cooperative serving farmers in 19 midwestern states.

GROWMARK, INC.

Director: Vern McGinnis, Vice President, Corporate Services
Bloomington, Illinois. A regional farm supply and grain origination cooperative providing origination, supply and manufacturing services to member cooperatives throughout Illinois, Iowa, Wisconsin

HARVEST STATES COOPERATIVES

Director: Edward Ellison
St. Paul, Minnesota. Harvest States Cooperatives is a grain marketing and processing cooperative serving 200,000 farmer-owners in 16 states from the upper Great Plains to the Pacific Coast.

INDIAN FARMERS FERTILISER COOPERATIVE, LTD.

Director: M.H. Avadhani, Managing Director
New Delhi, India. A multi-state farmer-owned cooperative, manufacturing and marketing chemical fertilizers and other agricultural inputs.

INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC.

Director: Dean Denhart, Vice President Sales
Indianapolis, Indiana. Indiana Farm Bureau Cooperative is a regional farm supply and grain marketing cooperative providing origination, supply and manufacturing services to member cooperatives throughout Indiana.

INTERNATIONAL COOPERATIVE PETROLEUM ASSOCIATION

Director: F.A.A. Van Dongen, General Manager/Secretary-Treasurer
Elmsford, New York and Dordrecht, The Netherlands. 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.

LAND O'LAKES, INC.

Director: Vern Moore, Senior Vice President, Corporate Relations (retired)
Minneapolis, Minnesota. A farmer-owned dairy food processing/marketing and farm supply cooperative in eight midwestern states.

MFA OIL COMPANY

Director: Dale H. Creach, President
Columbia, Missouri. A farmer-owned petroleum marketer serving farmers in five states.

MFC SERVICES (AAL)

Director: Jerry L. Harpole, Sr., President and General Manager
Madison, Mississippi. A farmer owned purchaser, manufacturer and marketer in three southern states and Puerto Rico.

MISSISSIPPI CHEMICAL CORPORATION

Director: Gene A. Triggs, Vice President, Government Affairs
Yazoo City, Mississippi. A fertilizer manufacturer owned by farmers, independent dealers and farm cooperatives in 10 southern states.

NATIONAL COOPERATIVE REFINERY ASSOCIATION

Director: Larry E. Williams, President and Chief Executive Officer

McPherson, Kansas. Interregional petroleum producing and refining cooperative owned by five large regional farm supply cooperatives.

SEALD-SWEET GROWERS, INC.

Director: J. W. Holford, Chief Executive Officer
Tampa, Florida. Farmer-owned marketer of citrus crops.

SOUTHERN FARMERS ASSOCIATION

Director: Robert P. Dixon, President and Chief Executive Officer

North Little Rock, Arkansas. A federated farm supply regional cooperative in Arkansas, Louisiana, Mississippi, Missouri and Texas.

SOUTHERN STATES COOPERATIVE, INC.

Director: Carroll H. Gilbert, Director, Member and Institutional Relations

Richmond, Virginia. Manufacturer and supplier of feed, seed, fertilizer, farm supplies and petroleum products and marketer in six states.

SUNKIST GROWERS, INC.

Director: Curtis Anderson, Vice President, Member-Public Relations

Van Nuys, California. Farmer-owned marketer and processor of citrus crops from two states.

TENNESSEE FARMERS COOPERATIVE

Director: None designated

LaVergne, Tennessee. Farmer-owned supply organization.

UNIVERSAL COOPERATIVES, INC.

Director: A. J. Oukrop, Vice President, Farm and Home Supply Division

Bloomington, Minnesota. Interregional manufacturing, importing and purchasing cooperative serving its 29 regional cooperative members located throughout the U.S.A. and Canada.

Farm Credit Banks

FARM CREDIT BANK OF BALTIMORE

Director: Barbara J. Chelton, Corporate Secretary

Baltimore, Maryland. Provides credit services to farmers, ranchers and other eligible entities in five eastern states and the Commonwealth of Puerto Rico.

FARM CREDIT BANKS OF JACKSON

Director: James L. Toft, Chief Executive Officer
Jackson, Mississippi

FARM CREDIT BANKS OF LOUISVILLE

Director: None designated

Kentucky. Provide credit to farmers and cooperatives in four midwestern states.

FARM CREDIT SERVICES OF OMAHA

Director: James D. Kirk, President and Chief Executive Officer

Nebraska. Provide credit to farmers and cooperatives in four midwestern states.

FARM CREDIT BANKS OF ST. LOUIS

Director: Douglas D. Sims, President and Chief Operating Officer

Missouri. Provide credit to farmers and cooperatives in three midwestern states.

FARM CREDIT BANK OF SPOKANE

Director: Duane Marshall, Senior Vice President, Corporate and Administrative Services

Washington. Provide credit to farmers and cooperatives in five northwestern states (Washington, Oregon, Idaho, Montana and Alaska).

FARM CREDIT BANKS OF SPRINGFIELD

Director: Mark F. Soukup, Senior Vice President

Massachusetts. Provide credit to farmers and cooperatives in eight northeastern states (New York, New England, New Jersey).

FARM CREDIT SERVICES OF ST. PAUL

Director: Jack Rose, Vice Chairman

Minnesota. Provide credit to farmers and cooperatives in four upper midwestern states.

NATIONAL BANK FOR COOPERATIVES

Director: Jon Greeneisen, Senior Vice President and Corporate Secretary

Denver, Colorado. Provides financing and related services to agricultural cooperatives and rural utilities, also provides credit for foreign purchases of cooperative exports.

WESTERN FARM CREDIT BANK

Director: James R.C. Salisbury, Vice President, International Services

Sacramento, California. Provide credit to farmers and cooperatives in five western states.

National Organizations

AMERICAN INSTITUTE OF COOPERATION

Affiliate Organization

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.

NATIONAL COOPERATIVE BUSINESS ASSOCIATION

Director: Frank Sollars

Washington, D.C. National cooperative organization providing educational, legislative and developmental services to cooperatives in the United States and abroad.

NATIONAL COUNCIL OF FARMER COOPERATIVES

Director: Wayne A. Boutwell, President

Washington, D.C. National legislative arm of farmers' marketing, purchasing and credit cooperatives.

NATIONAL FARMERS UNION

Director: Leland Swenson, President

Denver, Colorado/Washington, D.C. National farm organization.

NATIONAL GRANGE

Director: Robert E. Barrow, Master

Washington, D.C. National farm organization.

Insurance

MSI INSURANCE

Director: Richard N. Cowles, Vice President, Corporate Relations

St. Paul, Minnesota. A complete multi-line life and casualty insurer of cooperatives, commercial businesses and individuals, controlled by over 550 cooperative associations and licensed in 43 states and the District of Columbia.

NATIONWIDE INSURANCE

Director: Patrick Roberts, Vice President, Sponsor & Endorser Relations

Columbus, Ohio. An international enterprise of more than 125 companies serving the insurance and financial securities needs of families, businesses and cooperatives. ■

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