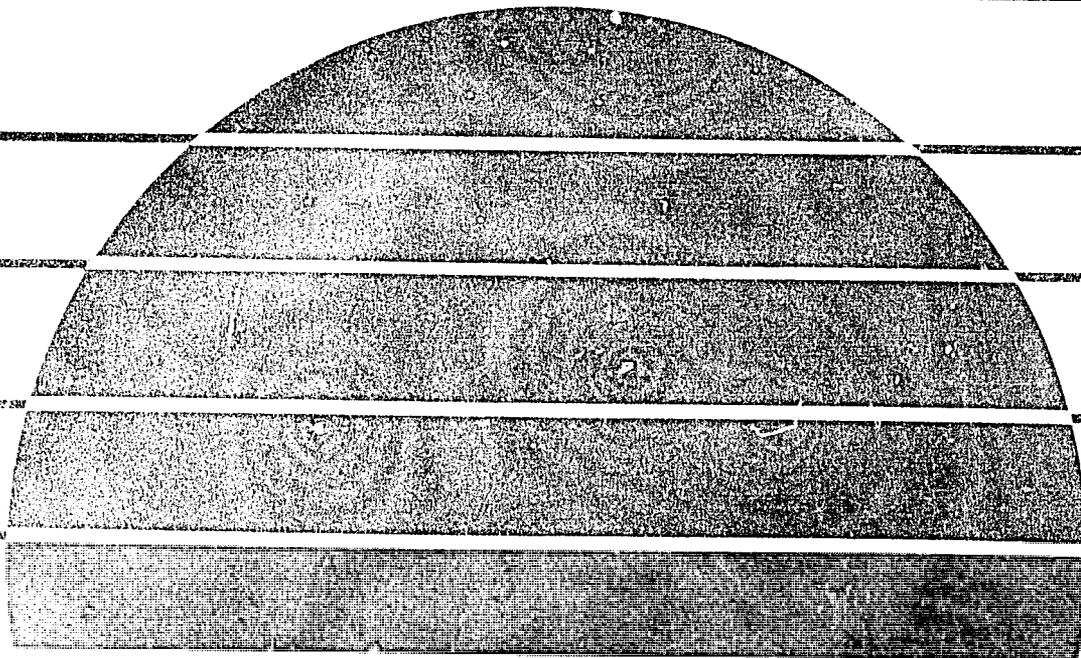


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Agricultural Cooperative Development International

1991
Annual Report



Fostering Agricultural Economic Development . . .

Distinguished Contributions to ACDI's Development Fund--1991

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Mississippi Chemical Corporation,
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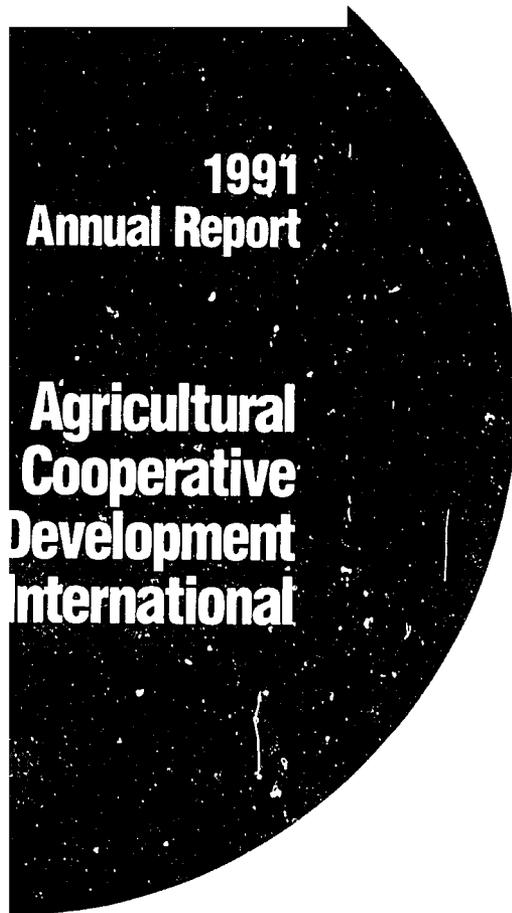
CF Industries, *Long Grove, Illinois*
Farm Credit Bank of Baltimore,
Baltimore, Maryland
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Seald-Sweet Growers, Inc.,
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St. Paul, Minnesota

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ACDI's mission is to improve the economic well-being of farmers worldwide by assisting agricultural and member-owned organizations increase trade and achieve sustainable economic development.

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Carol J. Yee, Project Assistant,
Asia, Near East and Pacific

*Labor is prior
to capital.
Capital would
not exist
if labor
had
not first existed.
That labor is superior
to capital
and deserves
the first
consideration.*

Abraham Lincoln



*Arthur J. Fogerty, Chairman
of the Board, left, and
Ron G. Gollehon, President.*

1991 in Perspective

1991 will be remembered as the Year of Hard Work. ACDI had a very successful year by a variety of measures. As farmers, cooperative directors or executives -- business people, we are interested in financial results. The hard work paid off in 1991. There was an operating surplus of approximately \$255,000. That surplus allowed us to substantially reduce the operating deficit carry-forward, resulting from the U.S. government cancellation of contracts several years ago.

ACDI's staff worked diligently to achieve the surplus and, in some cases, side by side with our board members and others in member organizations. A total of 38 project proposals were written and submitted to donor organizations. Seven were approved before year-end and are being funded. Five additional proposals are still being negotiated.

ACDI is actively involved in the emerging democracies of central and eastern Europe as well as the newly independent states of the former Soviet Union. We are not ignoring the areas of the developing world where we have traditionally worked, but are starting new projects or renegotiating old ones all over the world.

Starting up new projects or getting new people to the field is not something that just happens. It has taken a lot of hard work on the part of the entire ACDI team, in Washington and overseas, as well as the employees of USAID and other donors.

The Board of Directors and the Executive Committee are more actively involved in the mission of ACDI than ever before. We have members involved in practically every aspect of American agribusiness, and some of them are active partners in ACDI projects. They represent an unmatched resource to developing agricultural economies around the world. But matching the unique interests and capabilities of agribusinesses in the U.S. with the seemingly unlimited needs in less developed countries is a very difficult task.

Everyone associated with ACDI -- directors and staff -- is hard at work. We are dedicated to being the best at the business of betterment. We sincerely believe that people, given the opportunity to see what can be, will strive to make it happen.


Arthur J. Fogerty
Chairman of the Board


Ron G. Gollehon
President



A farmer, right, clears land in the Chapare region of Bolivia for planting yucca and bananas. A credit officer delivered loan approval from a USAID-funded project, now managed by ACDI, which extends credit to farmers for planting alternatives to coca.

In the project development area, ACDI is responsive to developing country needs and AID personnel requests for unsolicited proposals to carry out specific and unique tasks. During 1991, ACDI prepared 28 unsolicited proposals. Thus, with funds from this support grant, ACDI is able to respond to needs effectively and efficiently.

The training and technical assistance effort provided for by the Central Support Grant enables ACDI to carry out small projects and to finance limited training efforts that would otherwise not be possible.

During 1991, a major evaluation of ACDI headquarter operations was carried out by a team of consultants. The evaluation team included John Zarafonetis, evaluation specialist; Cliff Busekist, former ACDI board member and retired Farm Credit Bank of Springfield executive; Deborah Miller, project officer, AID/Washington, and Rex Schultz, ACDI vice president, Management Services. The team concluded that ACDI's most singular institutional characteristic may be its clear and consistent conception of its mission and the compatibility between that mission and ACDI's corporate culture. The team found a strong value structure and a set of shared beliefs about cooperative development.

Central Support Activities

By awarding a Central Program Support Grant to ACDI, the intent of the U.S. Agency for International Development (AID) is to provide strategic program support. The purpose of the agreement between AID and ACDI is to support ACDI's efforts to maintain and extend a capacity to design and implement cooperative development projects with a focus on agriculture and farm credit; making use of innovative financing approaches such as local currency generated from monetized food assistance and debt conversion; to provide technical assistance, training and information directly to cooperatives and related institutions in developing countries; and to mobilize resources from other agencies and non-government sources.

To accomplish this purpose, ACDI carries out a program in the areas of member affairs, public information, project development, training and technical assistance, evaluation, and program management.

Activities in the member affairs area enable ACDI to represent the U.S. cooperative community and open lines of communication between its members and other cooperative institutions in developing countries. With increased activity in the trade development area, ACDI has become the "window" for international activities of several member cooperatives.

Through ACDI's public information efforts, U.S. and overseas cooperative leaders receive a steady flow of information regarding cooperative development. ACDI publishes *Cooperative News International* quarterly, collaborates with the National Council of Farmer Cooperatives in producing several publications on a regular basis, and responds to requests for information from member and nonmember cooperatives for information used in their publications.

Development Fund

The ACDI Development Fund was established in 1971 for the purpose of initiating small pilot projects; encouraging direct relationships between U.S. and overseas cooperatives; enabling ACDI to have matching funds available when required, and to provide funding support for Volunteers in Overseas Cooperative Assistance (VOCA). Through the end of 1991, the members of ACDI have provided over \$1.2 million in voluntary contributions since the fund started.

Contributions from friends and members during 1991 amounted to over \$73,000. In addition, in-kind contributions from members and other supporters of ACDI's program amounted to well over \$500,000.

ACDI is participating, with other international cooperative development organizations, in the United Co-op Appeal (UCA). The Appeal is a grass roots effort aimed at providing cooperative directors, employees, and members an opportunity to be part of a "People Helping People" campaign. ■

Africa

Middle East Regional Office

Building upon almost a decade of experience in Egypt, ACDI established the Middle East Regional Office (MERO) in Cairo in 1987. The office is designed to supervise the development and implementation of projects in Egypt, and to explore program possibilities in other countries throughout the Middle East.

With a highly skilled Egyptian and expatriate staff, MERO responds to a variety of programs and constantly explores new initiatives. The staff also follows developments in other Middle Eastern countries, and in December began preparations for program development in North Africa for 1992. (The Farmer-to-Farmer program in Egypt is described under "Global Programs.")

Fruit and Vegetable Study - Egypt

Building upon pre-feasibility studies conducted in 1989 and 1990, ACDI worked with NCBA (National Cooperative Business Association) and EQI (Environmental Quality International, an Egyptian consulting firm) to explore the potential for increasing Egypt's export of fruits and vegetables. The study culminated with the design of an export production and marketing project, which was outlined in a proposal submitted to USAID in July 1991.

Through extensive contacts with representatives of cooperatives, farms, businesses, governmental ministries, European import companies, and USAID, the team (consisting of three expatriates and six Egyptians) analyzed domestic consumption, export sales, marketing channels, supply characteristics, farmers' organizations, exporters' needs, and policy and infrastructure constraints.

The team found that building linkages among growers, exporters and importers is crucial to the development of Egypt's stagnant fruit and vegetable export market.

Taking these findings into account, the team developed a proposal for a program that would aim to establish such linkages, including access to new buyers, the introduction of new varieties and production techniques, the development of postharvest handling facilities and techniques, and the organization of farmers' associations.

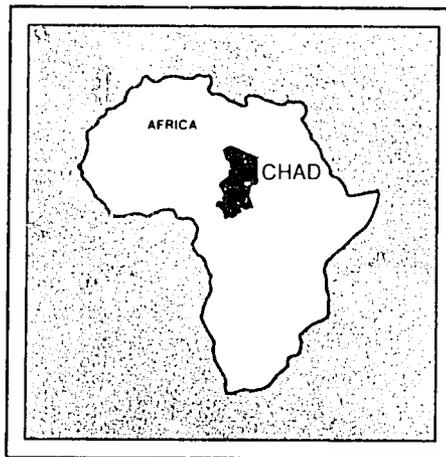
As of December 1991, USAID and the Government of Egypt were still reviewing the project proposal.

Trade and Investment Promotion Mission - Egypt

Aiming to address the overlapping needs of Egyptian farmers and ACDI member cooperatives, MERO staff worked with USIPO (U.S. Investment Promotion Office) to organize a reconnaissance trip in August 1991 for three ACDI member organizations

interested in exploring investment opportunities in Egypt. The trip was to be the first segment of a three-pronged trade and investment promotion strategy (reconnaissance trip, feasibility study, loan availability) funded by USAID and implemented by USIPO.

Representatives from Curtice-Burns Foods (an AGWAY subsidiary), Sunkist Growers, and Tri-Valley Growers participated in a week-long program providing them with information on Egyptian agriculture, business, banking, trade, export, investment, licensing, and legal matters. Commodity-specific field trips introduced the participants to production, processing, grading, packaging and export procedures in Egypt, while meetings with Egyptian farmers and agribusinesses provided them with opportunities to explore the potential for trade, investment, and joint ventures. ■



Chad

Pilot Project for Fruit and Vegetable Marketing

Background

This USAID-funded project began in June 1990 with the goal of increasing small farmer income and marketing fresh fruit and vegetables to consumers at affordable prices. Its focus is on improving postharvest technology, reducing transportation and market handling costs, providing timely market information, and organizing small farmers to market effectively as a group.

Only recently have farmers outside the capital of N'Djamena started producing significant quantities of fruits and vegetables for the city markets. At the same time, urban demand for produce has increased rapidly with population growth, leading to shortages and high prices, often making the market inaccessible to lower income consumers. However, farmers' returns remained low and risky as a result of market inefficiencies and uncertainties.

Project Progress

In the past year there have been major changes in the focus of project interventions based on a full season of closely working with farmers in the field and at the market, as well as the information from a baseline study and a postharvest technology consultancy. ▶

Chad



A groupement farmer in the Karal region of Chad harvests melon. The ACDI project assists farmers with appropriate technology in postharvest handling of fruits and vegetables.

Emphasis has shifted from the original design to implementation of various innovative appropriate technologies. ACDI/C has found that the technology for improving postharvest handling of vegetables is relatively simple and easily accessible. The more difficult problem is the organization, motivation and training of farmers to adopt new methods and manage long-term operations.

In 1991, the project established a good infrastructural and organizational foundation for the marketing interventions that will be implemented during the 1992 vegetable harvest season at the project site about 110 km north of the capital N'Djamena and at the wholesale markets in the city itself.

The project completed construction of a building in Karal for the federation of groupement (pre-cooperative organization) farmers. The facility includes vegetable storage and processing rooms, office and living space, as well as radio communications with N'Djamena. The building has become a focal point for daily meetings by farmers from various groupements.

The project worked closely with representatives of groupements in establishing federation bylaws and an activities program which will provide concrete benefits to its members. Project work has been on two levels: assisting farmers to identify substantive vegetable marketing activities, and organizing farmers to bring new marketing ideas to fruition.

In mid-year, a Marketing Information System was established to collect, analyze and disseminate market information. Price data on selected in-season vegetables is collected daily from the markets in N'Djamena and radioed to Karal where it is made available in French and Arabic in a central location. A monthly marketing bulletin is being circulated with information on prices, quantities and production locations of produce sold in the N'Djamena markets.

Late in the year project staff began close monitoring of marketing problems with newly harvested tomatoes produced in areas south of the project site as a prelude

to marketing activities to be expected in the Karal area during its harvest season. Farmers from the project area were brought to N'Djamena to provide them a better view of retailers' problems and to compare price and quality of tomatoes arriving from other areas.

At year-end the project work plan was substantially modified to take into account linkages of one marketing activity to the others. At the top of the marketing cycle the project is encouraging production of a more marketable, open-pollinated variety of produce and training farmers in selecting the best genetic material and preserving the seed for the next season. A late tomato planting program is also being introduced to lengthen the harvest season.

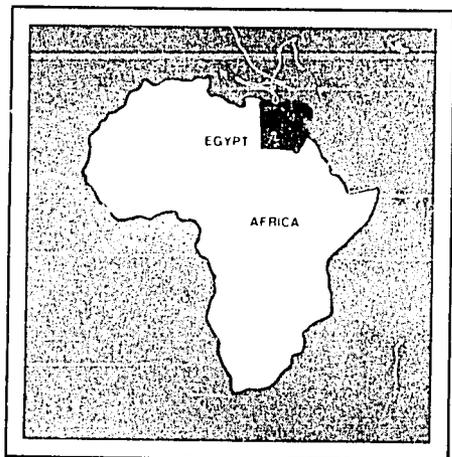
The project has begun farmer training in harvesting at early maturity to reduce postharvest loss. Field level transportation schedules have been organized to allow for frequent and regular pickups. Farmers are encouraged to sort and grade at field level to lessen spoilage.

The project is also assisting farmers in establishing a storage and point of sale facility in the N'Djamena market to increase individual farmer income and provide a revenue generating activity for the federation of groupements.

The missing link in the market cycle of activities has been field level processing. To address this, the project has established contact with businessmen who are interested in developing processing on a commercial scale in Karal.

Training

A training session was held in October for ACDI project staff and extension agents in improved harvest methods and postharvest handling. ■



Egypt

Rural Agribusiness Educational Television Series

Background

Launched in 1989 as a pilot project, the Rural Agribusiness Educational Television Series aims to increase farmers' awareness and acceptance of new agricultural development programs and services; to demonstrate new technologies and improved production techniques; and to strengthen the linkages between government extension agents, farmers, and private sector agribusiness.

The project achieves these goals by using the medium of television, available to 85 percent of the Egyptian population and watched on a regular basis. Well-known Egyptian actors and actresses dramatize agricultural problems, solving them through the use of methods and assistance programs available to the Egyptian farmer.

Topics are selected on the basis of farmer surveys and government priorities, and episodes are broadcast twice weekly on national television, with the government providing the air time as part of its contribution to the project.

Project Progress

The pilot phase of the project ended in July 1991, with the completion of 45 episodes and 70 broadcasts. An evaluation of the series revealed that 93 percent of the farmers surveyed know about the program and its purpose; up to 70 percent of the farmers surveyed have watched the program; every viewer who had watched most of the episodes said he had benefited from



them, and 86 percent of the viewers intend to apply what they have learned from the series.

In early 1991 the Ministry of Agriculture requested an expansion of the program over a three-year period. During that time 138 new episodes will be produced, and existing segments will be updated by the use of computer assisted graphics, as needed, to reflect new agricultural developments. As of December, ACDI was working with the Ministry and USAID to finalize the agreement for this second phase. In the meantime, ACDI's counterpart, the Technology Transfer Division of NARP (National Agricultural Research Project), requested that ACDI produce seven additional episodes, which were funded by NARP and aired in late 1991.

Top: This TV episode, one of 45 produced during the pilot phase of the program, provides instruction on postharvest treatment of peanuts. The highly successful Rural Agribusiness Educational Television Series was launched in 1989 and has broadcast 70 shows.

Below: Actors and production crew prepare to film an episode on tomato harvesting for the Rural Agribusiness Educational Television series. Standing in background are, center (gesturing), Ron Gollehon, ACDI president. To his left are Jeff Sole, ACDI regional representative, and Ahmed Nosseri, TV project director.

Egypt

Top left: Saphia Mouktar Mohammed, 18, has received two loans totaling the equivalent of \$350 from the RSSE program. Income from her vegetable business increased by 40 percent after the second loan.

Lower left: Upholsterer Abdalla Abdel Fatah Abdalla Dawad purchased a machine for cleaning cotton with two loans from the RSSE program and has seen his income rise by 30 percent.

Project Progress

Surpassing anticipated targets, RSSE field staff had disbursed 9,519 loans totaling \$2,532,288 by the end of the project in June 1991. Over 50 percent were repeat borrowers, and 27 percent of the funds were lent to women. Throughout the life of the project, a 98 percent repayment rate was maintained, a success attributed in large part to the frequent interaction and resulting rapport between clients and NBD staff.

RSSE loans reached an impressive array of entrepreneurs ranging from blacksmiths and electricians to bakers and spice retailers, from potters and tailors to painters and sheep breeders. By the end of the project, the NBD's RSSE portfolio included over 150 different categories of value-added activities. The average loan size was the equivalent of \$225, and the repayment period averaged 4.5 months. Surveys of borrowers indicated that the loans had yielded monthly increases in business income that ranged from 20 to 100 percent, with a weighted average of 50 percent. Using a standard multiplier calculation for employment generation based on dollar turnover, the RSSE project is estimated to have created over 2,500 new jobs.

The NBD, with a project staff of 52 (including 8 women), is now able to cover all recurrent costs for the program, thus enabling it to continue the small-scale lending program independently in both of the governorates targeted by the project.

Based on the success of the RSSE Pilot Credit Project, USAID asked ACDI to develop a similar project in Greater Cairo. The activity, scheduled to start in early 1992, will be called the Small Enterprise Credit (SEC) Program and will target 36,000 new borrowers through 16 NBD branches and an accompanying mobile banking system. ■

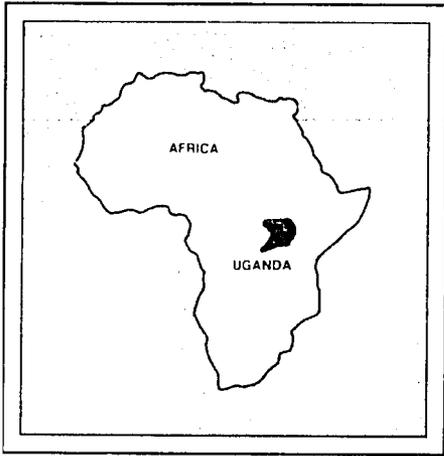


Rural Small Scale Enterprise Pilot Credit Project

Background

The Rural Small Scale Enterprise Pilot Credit Project (RSSE), conceived in 1987, launched in 1989 and successfully completed in June 1991, increased the income of the rural poor through the provision of credit for off-farm, small-scale, productive activities. Implemented by the National Bank for Development (NBD), the project targeted borrowers in the governorates of Sharkiya and Damietta--two rural areas in need of assistance to stimulate employment and income levels.

As a pilot activity, the project was designed to test the feasibility and impact of rural small-scale enterprise credit. ACDI chose to work through an established bank, developing its rural lending capability and thus creating a model for the replication of small-scale lending programs throughout the formal banking system. Features key to the success of the program include trained, pro-active bankers; market interest rates; a savings requirement; and a repayment schedule developed according to the client's cash flow.



Uganda

Cooperative Agriculture and Agribusiness Support Project

Background

ACDI has completed the third year of a five-year project agreement with USAID as the prime contractor for the Cooperative Agriculture and Agribusiness Support (CAAS) project, implemented through the Uganda Cooperative Alliance (UCA), the apex organization for cooperatives in Uganda. RONCO Consulting Corporation, Inc. continues to serve as subcontractor, providing long and short-term technical assistance and all project procurement services.

The CAAS project was redesigned in 1991 by a special AID team to meet the growing demand for improved export capability for coffee, cotton and non-traditional crops and the need to revitalize the edible oil sector. Both CAAS and the P.L. 480 Monetization program will concentrate on these activities over the remainder of the project, which has been extended to September of 1994 to achieve these objectives.

During 1991, the ACDI/RONCO team continued to collaborate with a number of Ugandan institutions, including the Uganda Cooperative Alliance, Uganda Central Cooperative Union, the Ministry of Cooperatives and Marketing, and the National Input Coordination Unit of the Bank of Uganda.

Project Progress

Uganda Cooperative Alliance (UCA)

The Uganda Cooperative Alliance (UCA), the apex organization for over 5,000 Ugandan cooperatives with a membership

of 1.6 million, is the center for CAAS project activities. ACDI's cooperative development adviser and top UCA management have continued to work closely together and have had major impact in several key agricultural sectors.

For the last two years, four coffee cooperatives have successfully marketed coffee from the farm directly to major international buyers, ending 22 years of marketing only through inefficient government marketing boards and providing a 20 percent increase in profit to small producers. Two additional cooperatives have been issued export licenses in 1991, and it is anticipated that eventually all coffee cooperatives will export directly, regaining the market share lost over the past few years.

In 1990, with assistance from CAAS and the Swedish Cooperative Center, UCA and the six exporting unions formed a marketing unit called Union Export Services (UNEX). By the end of 1991, UNEX had successfully conducted 25 tender sales, selling 15,231 metric tons of arabica and robusta coffee for \$18 million to a select group of 17 international buyers. The cooperative coffee export program has benefited substantially through crop finance provided under the UCA/ACDI-administered P.L. 480 Monetization program through the Uganda Cooperative Bank. Over \$1.3 million has been allocated for this purpose under the program.

UNEX and the CAAS project, with support from the Swedish Cooperative Center and the P.L. 480 program, are setting up pilot central coffee pulper units in Mbale and Mubende districts to improve the quality of coffee. The additional revenues resulting from improved quality are estimated to pay for the program within three years. ▶



Top: CAAS project engineer Russ Read installs an electric motor drive hammer mill for the Molo Cooperative Society during a workshop for mill operators. The CAAS project has been mandated to revive the edible oil industry in Uganda.

Below: Participants at the mill operators workshop assemble the cyclone used for milling at the Molo Cooperative Society in Tororo, eastern Uganda. The workshop was organized by the matching grant program and sponsored by the Human Resource Department of the Uganda Cooperative Alliance.

Workers at the South Bukedi Cooperative Union weigh in bags of sunflower seed the union bought from primary societies as their first production.



UCA and the CAAS project have been mandated to revive the edible oil industry in Uganda. With CAAS technical assistance and P.L. 480/Cooperative Bank financing, the farmers of South Bukedi Cooperative Union, following a "package plan," have planted 1,350 hectares of new, high-yielding, seed varieties. The anticipated production of about 250 tons of edible oil in one season represents 47 percent of the domestic commercial production but only one percent of the domestic demand. Efforts are under way to purchase and renovate existing mills and to increase oil seed production in nine areas of operation.

CAAS has continued to assist UCA Business Services and UCA Statutory Services, both UCA subsidiaries. UCA Business Services, with financial assistance from CAAS, has been successful in establishing computerized accounting systems in 16 district and national cooperative unions and creating central accounting operations at the district cooperative level for over 2,020 village cooperative societies. UCA Statutory Services, commonly referred to as the UCA Audit Company, has been successful, through CAAS assistance, in contracting auditing services with 13 national and district cooperatives, and 523 village cooperative societies. In some of the target districts the percentage of annual audits rose from 25 to 100 percent.

The Primary Society Matching Grant program has continued working in 11 districts with 118 village cooperatives on projects which include store construction, maize milling, cattle ranching, and coffee milling. Five districts were added to the program in 1991 and another 60 societies were approved to participate in the program.

Uganda Central Cooperative Union (UCCU)

Since the start of the project in November 1988, UCCU has imported more than \$3 million in agricultural supplies using foreign exchange funds from CAAS. With improved computerized accounting, payroll and inventory control systems, UCCU is in a unique position to make a substantial impact on agricultural input marketing in Uganda. With assistance from ACIDI short-term consultants, UCCU for the first time since its formation, is basing operations on a long-term comprehensive business plan. In 1991, a RONCO consultant assisted the cooperatives with the development of an input supply marketing plan.

National Input Coordination Unit (NICU)

NICU is responsible for the monitoring and research of agricultural inputs in Uganda. Established with assistance from the CAAS project, this is the first institution to carry out activities in this field and to recommend to the government appropriate policy alternatives regarding foreign exchange allocations, shortages, marketing constraints and end use priorities. ACIDI and RONCO consultants have assisted NICU with operational plans, data management systems and policy studies. ACIDI and RONCO completed their assistance to NICU in 1991.

Ministry of Commerce, Cooperatives and Marketing (MCCM)

In 1991 the Ministry of Commerce was combined with the Ministry of Cooperatives and Marketing. A RONCO institutional development consultant assisted in the reorganization of the new Ministry by conducting an organizational and staff analysis to eliminate redundancy and streamline operations.

ACIDI continued to assist the Ministry with effective information management systems within the cooperative and marketing departments and the planning unit. In 1991, the registration office completed the computerization of all its records, covering over 5,000 cooperatives with registration data dating back more than 50 years.

A CAAS consultant assisted the marketing department with the assessment of Uganda's current marketing situation, and designed a program and operational plan. This is the first marketing intelligence system in Uganda which concentrates on non-traditional crops with an emphasis on farmer information requirements. Up-to-date marketing information on a score of commodities is published weekly in Uganda's leading newspaper.

CAAS project assistance to the Ministry was also completed in 1991.

Training

Since the start of the project, 90 participants from the cooperative movement, the Ministry and the Bank of Uganda have attended short-term training courses organized by ACIDI in over 18 countries, totaling more than 118 person-months of training time. In 1991 one participant completed a one-year master's degree program in community development at Hampshire College, New Hampshire.

Through a grant from the ACIDI P.L. 480 Monetization program, the Human Resource Development (HRD) department of UCA is fully funded to carry out its five-year training plan. Over 500 cooperative management officials from over 40 district and national unions have participated in UCA's senior management training program. The CAAS project provided three ACIDI training specialists who assisted UCA in conducting courses on loan appraisal, international auditing and board member training.

The UCA rural training and education program, which began in 1990, uses grants from the HRD department for its activities. District training teams, headed by the cooperative education and promotion officers from 25 district cooperative unions, have conducted more than 270 training courses for 12,700 cooperative members, 1,055 committee members, and 731 village cooperative managers. Some 816 women participated in training programs representing about eight percent of all participants. ■

Asia, Near East and Pacific

Regional Office

ACDI's Regional Office for Asia and the Pacific (ACDI/ASPAC) opened in 1984. It provides technical assistance to cooperatives, lending institutions and other regional government and private sector organizations. The office seeks to develop and strengthen cooperative-to-cooperative linkages and trade between Asian and American agricultural credit and cooperative institutions. It 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 liaison for cooperative development organizations in matters related to project development and implementation.

Innovative Approaches to Cooperative Management, Trade and Finance

As a result of IAP initial assistance in the form of a computer grant and basic computer and data communication training last year, most of the 11 Mindanao-based cooperative rural banks have two or three work stations being used mainly for savings/current accounts and some general ledger applications. A post-implementation evaluation is scheduled for next year to confirm the commercial benefits of the system and to plan expansion and upgrading of the system to cover the entire Mindanao and most parts of the Visayas.

Cooperative Assistance Program

ASPAC also serves as the project development and field implementation arm of volunteers in Overseas Cooperative Assistance (VOCA) for its Philippine operations. Together, ASPAC and VOCA's regional representative for Asia and Near East fielded 10 senior professionals who assisted 14 cooperatives, farmer federations and the Land Bank of the Philippines.

As a result of their technical assistance, a feedmill system mechanization is now fully operational and will increase its capacity from 300 tons a day to 500 tons, as well as improve long-term profitability and competitiveness of the feedmill cooperative; an electric cooperative's system losses of 30-37 percent have decreased by about 10 percent; the capability of a newly organized cooperative to manage and operate its own ricemill warehousing and marketing operations has been improved; staff training was conducted and streamlining of the cattle handling and quarantine system have reduced the mortality of a cattle dispersal project; several cooperatives received guidance in making well-informed decisions about planned capital investments in a cotton ginnery, ice plant and cold storage, and a ricemill complex, and the accounting system for Philippine credit unions received help with standardization.

During the last quarter of the year, ASPAC also developed seven new and follow-up projects for implementation in 1992.

NRECA Liaison

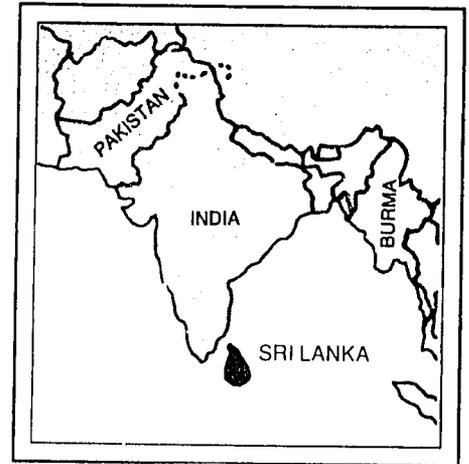
During part of 1991, the ACDI/ASPAC regional office assisted the National Rural Electric Cooperative Association (NRECA), principally in connection with Asian Development Bank (ADB) courtesy and project development visits as well as with a telephone cooperative initiative. This activity ended when NRECA opened its own project office in Manila.

New Project Development

ACDI/ASPAC has supported the ACDI/W initiative to join in the bid for the Agribusiness System Assistance Program (ASAP). This five-year program is intended to provide a set of policy reforms and support services to encourage private sector investment in the Philippine agribusiness sector.

In connection with a proposal for the Mindanao region, the regional office has started negotiations for a 60,000 mt/yr. corn trade between LIMCOMA, the largest cooperative feedmill and the Central Marketing Cooperative, a producers' cooperative in the Mindanao "corn bowl."

ACDI's representative visited the region on two extended trips to explore the potential for future projects. ■



Sri Lanka

Agro-Enterprise Project Design

In the summer of 1991 an eight-person ACDI team under the direction of USAID/Sri Lanka prepared a draft project paper for an Agro-Enterprise Project. The project was designed to provide support for producers and for businesses that are processing or marketing agricultural inputs or outputs.

Sri Lanka is recovering from several years of internal strife, at the same time trying to decentralize its economy. Farmers' incomes were stagnant and state enterprises controlled much of the agricultural production and processing of agricultural and food products. As the economy is privatized, more companies are seeking profitable operations in processing and marketing of agricultural products.

But farm production skills are sometimes limited and needed information is often not available to farmers. Likewise, business skills for operating in a market economy are not well developed.

For businesses, the Agro-Enterprise project should provide credit, equity investments, grants for selected equipment, training and technical assistance. For producers, it should provide credit through an approved intermediary such as a financial institution or a company handling agricultural inputs or outputs, training, grants for selected equipment, and technical assistance. ►



Martin West, pineapple nursery supervisor, left, and Dr. J. B. Smith, ACDI project consultant, right, check root system of pineapple plant. At center is Mahinda Gunazekera, ACDI director of agribusiness.



Bob Flick, center, ACDI's chief of party in Sri Lanka, visits a gherkin processing plant. He and Wilhelm Balthazaar, managing director of the plant, are discussing joint venture possibilities with Sri Lankan small farmers under the Agri-DEV umbrella.

Commercial Small Farm Development Project

Background

In September 1990 ACDI signed a Cooperative Agreement with USAID/Sri Lanka to implement the Commercial Small Farm Development project, a sub-project under the PVO co-financing project supported by USAID and the Government of Sri Lanka. The original project, which began in November 1990, called for subcontracting with local consulting firms to create at least two nucleus demonstration farms, one or two nursery farms and establishing private extension and training systems. Its goal is to improve farmer incomes and increase exports of non-traditional agricultural products.

During the initial two months of the project, extensive contacts were made with private sector agribusiness firms involved in the non-traditional fruit and vegetable sector and they agreed to join ACDI as joint venture partners in building the nucleus farms. Discussions with farmers and others revealed that true private sector farmer organizations and/or farmer owned businesses did not exist in Sri Lanka but that farmers were willing to become shareholders or partners with exporting or processing firms if they were also willing to invest.

As a result of this initial research, the project's direction was changed toward creation of joint venture companies in which farmers and exporters and/or

processors would be the shareholders. Further inquiries revealed that farmers did not have funds to invest but were willing to gradually accumulate shares in the new companies by having their cooperative systematically take part of their share of price or earnings and add it to their equity in the businesses.

To hold equity in trust for the farmers conducting business with the new firms, ACDI has established a local nonprofit, non-stock, limited liability company known as Agri-DEV. Over time, Agri-DEV will divest itself of ownership in the joint ventures by selling its shares to the farmers or to farmer associations. Farmers and farmer associations will purchase the shares with equity they have accumulated in the systematic equity contribution plan. As Agri-DEV sells its investments in the nucleus farming companies to the producers, it will reuse the returns for additional investments that develop vertical linkages between agribusiness firms and producers. ACDI, through Agri-DEV, will work with farmer leaders in the production centers or local groups to prepare them for their roles as stockholders, committee and board members, and owners of the new companies.

Project Progress

Highlights of this year include a meeting with the President of Sri Lanka, Ranasinghe Premadasa, and obtaining a commitment from the Government of Sri Lanka for 5,000 acres for a commercial pineapple farm. A smooth Cayenne pineapple nursery farm was established as



Dr. J.B. Smith, ACDI project consultant, with a Sri Lankan nursery supervisor. The lighter pineapple plants are recently planted, not yet rooted, suckers. Multiplication is achieved by "gouging" plants, thus destroying the growing tip and forcing the plant to send out suckers from below.

a joint venture with the Mahaweli Authority of Sri Lanka, an autonomous agency of the Government of Sri Lanka, which is implementing the Mahaweli River development program. The project also created, and incorporated at year-end, Agri-DEV, the non-profit agribusiness development company to hold CSFD investments.

A concept paper was prepared to create an organic certifying agency in Sri Lanka and various investment proposals were submitted. The first such proposal was for a gherkin processing and exporting company to be known as Pickle Cultivators (Pvt) Ltd. The company will produce gherkins for pickling in brine or vinegar, and export. An association of cucumber farmers will be organized to hold the farmers' equity in the business. A second investment proposal for a 12-acre nucleus demonstration farm was drafted by the end of the year. This project will produce commercial quantities of chilies, okra, onions and bananas.

After exhaustive studies, feasibility reports and sensitivity analyses, it was decided not to proceed with the proposed investment in a *Gloriosa superba* lily nucleus farm and outgrower scheme. The scheme of creating a cocoa nucleus farm was also abandoned after a financial and economic analysis.

In May, CSFD initiated the production of smooth Cayenne planting material in a joint venture with the Mahaweli Authority of Sri Lanka and the USAID-financed Mahaweli Agricultural and Rural Development (MARD) project. CSFD has invested JSS3,800 in the nursery farm. By the end of the year the nursery had reached a volume of over 130,000 pieces of mother stock planting material.

An investment proposal was prepared for a 100-acre pineapple nursery in the Bibile region, land was identified and the initial survey completed. This activity will be key to attracting a joint venture partner. Without planting material a commercial farming operation will be delayed.

ACDI's adviser visited Hongkong to meet with Dole Food Company executives and discuss the possibility of their joining Agri-DEV in the pineapple project nucleus farm and in a processing plant. At the same time, a contract was signed with AGPRO Associates to complete a pineapple feasibility study by early 1992.

ACDI contracted with the University of Colombo to conduct a comprehensive study to document the present system of

marketing and production and determine potential improvements through a CSFD investment. The survey was completed by year-end and the final report and data analyses will be issued in early 1992.

An initial assessment indicated that by establishing a vegetable auction market in the highlands, returns to farmers could be increased, wholesale dealers could more easily and quickly procure vegetables and quality could be improved.

An ACDI consultant identified land for the establishment of a passion fruit nucleus farm and negotiations are continuing with the owners regarding a joint venture with Agri-DEV. Contacts have been established with a Ministry of Agriculture researcher who has been actively involved in solving passion fruit disease problems in Sri Lanka and sources of seed have been found.

Studies and Reports

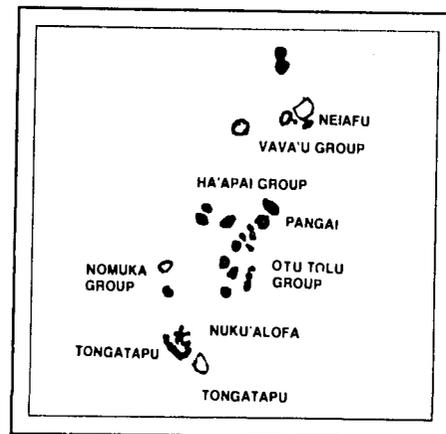
Three studies were completed during the year, in tissue culture, pineapple production and marketing and to determine cocoa investment potential in Sri Lanka. One article was prepared on the Dutch auction system by the ACDI adviser and the Dutch volunteer to the project, for publication in local newspapers. The ACDI adviser also developed a paper on capital retains and other simple and proven methods of assisting farmers to buy into ventures in which they are the producers.

Training

In April a VOCA (Volunteers in Overseas Cooperative Assistance) volunteer was the chief presenter at a workshop attended by over 150 participants. The principal topic was commercial production of pineapple and the world market situation regarding pineapple and industrialized pineapple products.

The project funded attendance of a Sri Lankan leader of the postharvest technology unit at the Ceylon Institute for Scientific and Industrial Research, and at the University of California Postharvest Technology course in late summer. Following the course, she visited Hawaii to study the tropical fruit industry and processing facilities.

In December a second workshop was held for 125 participants to discuss postharvest handling of fruits and vegetables, update participants on the world pineapple situation and present a paper prepared by FMC Corporation on wax coatings of fruits and vegetables.



Tonga

Produce Marketing Cooperative Development

Background

Over the last ten years ACDI has had two very successful USAID-funded cooperative development projects in Tonga. The first of these was a four-year project with the Tonga Cooperative Federation. During the period 1982-1985 the federation progressed from near dormancy to the largest wholesale business in the country. In the next six years, without ACDI involvement, TCF has maintained its leading position and far more than doubled its annual sales and profits.

In 1986 ACDI helped to organize the Friendly Island Marketing Cooperative (FIMCO) with the objective of providing Tongan farmers, fishermen, and handicrafts producers with a dependable and profitable buyer for their produce. FIMCO's original businesses were vanilla, handicrafts, fish, and the marketing of fishing supplies. In 1989 ACDI began a new project of assisting FIMCO to establish a fresh produce exporting business. Watermelon and root crop exports to the New Zealand market are the primary focus of present efforts. However, FIMCO continues to expand its product range and to enter additional markets.

Project Progress

Vegetable Marketing

FIMCO began the year by signing contracts with farmers to grow the primary crops that it wished to export (watermelon, root crops, green peppers, tomatoes, and zucchini). The contracts specified the time and size of plantings, the varieties, the pricing formula, and the quality requirements. While there was strong interest in growing watermelons, only a few farmers ▶



Tonga

Left: Some of the fine crafts produced by members of FIMCO's handicraft cooperative are displayed in one of the three stores the co-op maintains. Membership grew from six in 1986 to 1,180 in 1991.

Below: Vanilla beans are laid out to dry as part of the long curing process, after which they are packed and exported.

excessive spoilage, and flooding of the market with root crops from Western Samoa. Farmers faced problems with mosaic virus on their watermelon and zucchini and a prolonged drought in the September-December period. Thus, vegetable sales dropped to nearly half those of 1990. On the plus side, FIMCO gained two substantial new customers, in New Zealand and in American Samoa.

Vanilla Marketing

After a record vanilla crop of 61 tons in 1990, the 1991 crop amounted to only

Handicrafts Marketing

During 1991 FIMCO emphasized quality improvement as the focus for increased sales. ACDI's handicraft adviser worked with FIMCO's producers and employees to improve the quality of crafts purchased by FIMCO and their display and presentation. Despite lower tourism, sales increased by 21 percent over the previous year, to \$351,000.

Fish and Fishing Supplies Marketing

Fish sales became profitable in 1991. This was in large part due to an agreement where FIMCO began to export its fish from Vava'u through a larger Tongatapu fish exporter. Improved supply and quality control were beneficial to both parties and helped secure substantially better prices. Fishing supplies sales continued to increase and small quantities of farm supplies were added to FIMCO's line of merchandise.



FIMCO Sales (TD \$1.25 = US \$1.00)

Date	Vegetables	Cured Vanilla	Fish & F/Supplies	Handicrafts	Totals
1985	—	—	225,000	60,000	285,000
1986	—	264,000	411,000	122,000	797,000
1987	—	363,000	376,000	222,000	961,000
1988	—	416,000	379,000	294,000	1,089,000
1989	62,000	1,068,000	363,000	275,000	1,768,000
1990	407,000	1,084,000	449,000	289,000	2,229,000
1991	237,000	1,918,000	440,000	351,000	2,946,000

FIMCO MEMBERS

Date	Vegetables	Handicrafts	Fish	Vanilla	Totals
Jan 1986	—	6	—	—	6
Dec 1986	—	87	26	51	164
Dec 1987	—	226	57	553	836
Dec 1988	—	308	94	644	1,046
Dec 1989	19	355	98	659	1,131
Dec 1990	266	380	104	812	1,562
Dec 1991	377	421	105	977	1,880

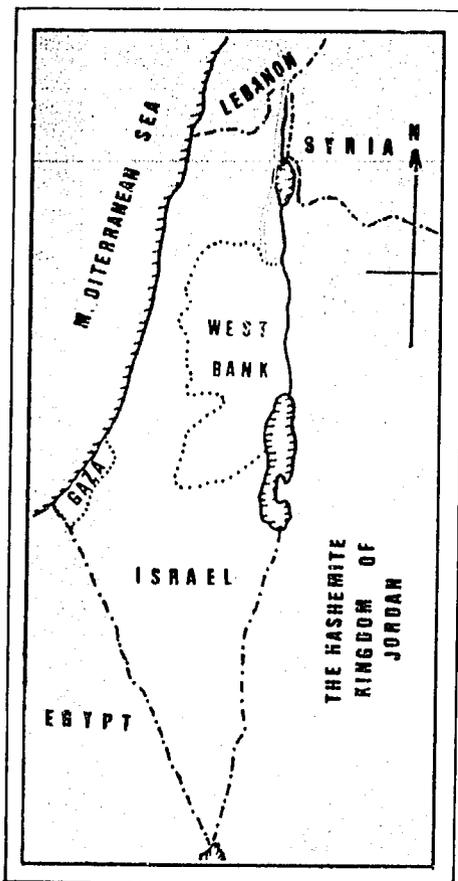
were interested in signing contracts for the other crops. FIMCO also imported fertilizer for watermelons and worked with farm supply stores to insure that seeds and other necessary supplies were available to farmers.

Despite an excellent start, FIMCO has had a difficult year in vegetable marketing. Problems were encountered when the New Zealand buyer failed to accept the quantities of watermelon ordered and which FIMCO had contracted with farmers to produce. Problems were also encountered due to the recession in New Zealand,

about 45 tons, of which FIMCO cured and marketed about 13 tons. While the tonnage was smaller, the quality was much improved because greater care was taken in buying only mature vanilla for curing. A large curing shed was also purchased and used in 1991. As a result FIMCO achieved a much better curing ratio, paid a higher price to farmers, and was more profitable with a substantially lower volume of vanilla. This was accomplished while the world market price remained the same as in 1990. Sales during 1991, which included part of the 1990 crop, increased by 77 percent to \$1,918,000.

Training

In August FIMCO's secretary/manager resumed duties after completion of a project sponsored MBA degree from New Hampshire College, and specialized business and marketing training. FIMCO's financial manager attended a course "Managing a Cooperative Business" conducted by ACDI member Land O'Lakes. In addition, FIMCO staff participated in several business related seminars sponsored by other agencies. ACDI's adviser attended two of the seminars, as a resource person and as a participant. ■



Fresh vegetable exhibit of Jericho Marketing Cooperative at the Rotterdam Fresh Fruit and Vegetables Fair in Holland in September 1991.



Gulf War Aftermath

The agricultural sector was severely affected by the Gulf crisis, with a month-long curfew that caused enforced abandonment of extensive croplands, resulting in huge production losses. In the Hebron region alone, escalating unemployment in early 1991 brought a severe drop in the standard of living. In the villages of Tarqumia, Saier and Rihieh, members of electric cooperatives had so little income that electric bills went unpaid. Their cooperatives' accounts receivables more than doubled.

Marketing cooperatives in the West Bank suffered a decline in shipments of produce to Jordan, and the Beit Lahia cooperative in Gaza discontinued its exports to Europe at the onset of the Gulf war. Curfews forced livestock cooperatives to hold perishable dairy products beyond their expiration date, causing loss of inventory and sales.

Project Progress

As a result of the Gulf war, the West Bank and Gaza resurfaced as a major focal point of world attention during 1991. Responding to new realities and demands, the Cooperative Development Project (CDP) has undergone an internal review and taken steps to achieve the optimal effectiveness of its programs.

Following the internal review in November, CDP adjusted its strategy and will concentrate its efforts on key cooperatives which offer the best prospects of replicability. At year-end, CDP concluded negotiations with a Palestinian finance organization to act as a conduit for its agricultural credit program.

Domestically, Palestinian farmers continue to face strong and unfair competition from Israeli produced fruits and vegetables which are permitted free access to WBG markets. However, Israeli markets, as well as those in predominantly Arab East Jerusalem are officially closed to Palestinian produce unless there are commodity shortages. Other obstacles to growth are regulatory in nature. Delays in registering primary and secondary cooperatives meet

West Bank/Gaza

Cooperative Development Project

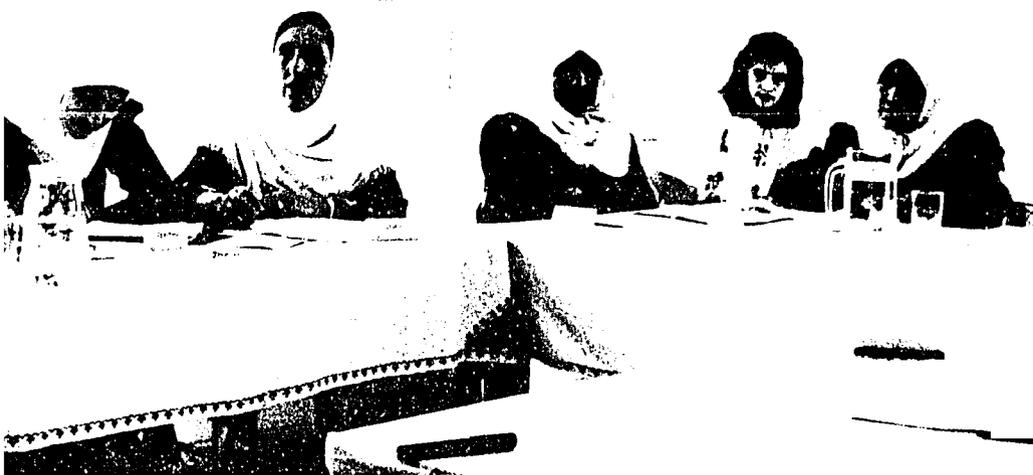
Background

Established in 1986 at the request of Palestinian cooperative leaders by the U.S. Overseas Cooperative Development Committee (OCD), CDP is administered by ACDI on behalf of the U.S. cooperative movement. The National Rural Electric Cooperative Association (NRECA), the National Cooperative Business Association (NCBA) and Volunteers in Overseas Cooperative Assistance (VOCA) participate as active partners. CDP is being funded through a USAID grant.

During its life CDP has been a patient teacher of sound business practices and democratic processes to Palestinian cooperatives. The major result of CDP's five years in the WBG has been the creation of a demand for training, technical assistance and disciplined credit. The fitful start of the U.S.-brokered Middle East peace process underscores the complexity of carrying out economic development programs in the West Bank and Gaza.



Fruit and vegetable exhibit of Beit Lahia, a marketing cooperative in the Gaza Strip, at the Rotterdam Fresh Fruit and Vegetables Fair in Holland in September 1991.



Members of the Soureef Women Handicraft Cooperative at a planning session. Over 300 members produce traditional Palestinian embroidery, which is marketed through the co-op.

Central and Eastern Europe

Background

In 1991 ACDI opened its latest regional office, for Central and Eastern Europe, in Warsaw, Poland, and established a country office in Sofia, Bulgaria. ACDI's approach to this vital and rapidly changing area is to focus on agribusiness as the best way to break the command-driven, centralized system that had been imposed on the countries of central and eastern Europe. To achieve this goal, ACDI will concentrate on existing or potential agro-enterprises and agro-entrepreneurs, which have demonstrated a commitment to a market economy.

The regional office in Poland will provide liaison between agribusinesses, government and related agencies, and ACDI member cooperatives and organizations.

Activities

In September, members of ACDI's Board of Directors visited Poland and Bulgaria to assess the recent changes in agriculture and meet with senior agriculture, finance, central bank, and European Community officials. Their tour included stops at cooperatives and other enterprises as well as meetings with local officials.

In the fall, ACDI and VOCA (Volunteers in Overseas Cooperative Assistance) senior staff attended a conference on "Small Business, Market and Society" in Moscow at the invitation of the Academy of Agricultural Sciences (VASKhNIL). A protocol, negotiated during their visit, was signed in Washington in December by ACDI, VOCA and VASKhNIL. The three organizations agreed to jointly seek ways to promote and assist agricultural cooperatives and other agribusiness in the former Soviet Union.

At year-end ACDI was positioned to identify and respond to needs throughout central and eastern Europe, and was exploring the potential for future assistance projects in the Baltic Republics and the countries of the former Soviet Union.

West Bank / Gaza

extraordinary delays, sometimes years. In late 1991 the authorities began to approve cooperative registrations, which had been submitted more than a year before.

Women in Development

The Soureef Women's Cooperative (handicrafts) established a cadre of eight CDP-trained member trainers who in turn held 16 workshops with an average of 12 participants in each. The women have become familiar with cooperative organization, principles and practices and understand that they are the owners of their enterprise.

Marketing

CDP obtains daily marketing information on price and volume of fruits and vegetables in the major wholesale markets of both the West Bank and Gaza. This is tabulated and sent in Arabic by fax to cooperatives, unions and organizations; these groups then pass along the information to farmers who may send their produce to the most promising market center.

Rural Electrification

The Israeli Civil Administration (CIVAD) finally approved the reactivation of the CDP-assisted Union of Electric Cooperatives after a waiting period of 14 months. Major outcomes at the end of 1991 are two well trained cooperative electric managers who now serve the membership of the

electric union in the Hebron area. Through routine surveillance, maintenance and technical assistance, this team has managed to assist many of its client cooperatives in reducing their electric losses by 30 to 40 percent. This program is supported by NRECA, which provides oversight and technical assistance through the CDP.

Publications

CDP continues to publish a bimonthly newsletter in Arabic, "Cooperative Horizons," with distribution throughout the West Bank and Gaza. The first issue of the newsletter of the electric union was published and a safety poster prepared. A distinctive brochure promoting the export capabilities of Beit Lahia cooperative was published for a major agricultural fair in Holland.

Training and Technical Assistance

Training continues to be the main thrust of CDP development efforts for WBG cooperative leadership. The constituents are both board and cooperative members and staff. An advanced five-day accounting course in September included participants from the major marketing and livestock cooperatives from the northern region of the West Bank. A planning course at the Gaza Beit Lahia cooperative, and a two-week computer course at CDP headquarters are just two examples of the training carried out. ■

Regional

Agricultural Business Exchange Program

Background

An implementation plan for projected activities during the three-year grant period was submitted to USAID in October 1991. ACDI implemented the program at that time and staffed its Warsaw office with a regional training coordinator and a full-time assistant. A full-time placement specialist, fluent in Polish and Russian, was added to the ACDI/Washington staff. ACDI member Land O'Lakes is a subcontractor on this program.

Project Progress

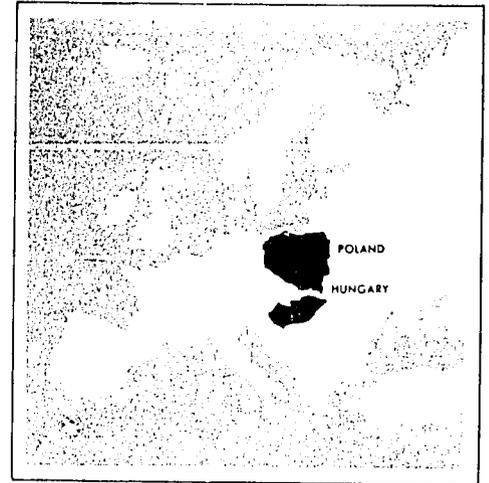
Baltic States

A needs assessment was conducted in Latvia, Estonia and Lithuania in December. The outcome of the assessment led to a revised implementation plan and budget for the Baltics component of the project. ACDI proposes training for two delegations of five participants each from both the Latvian and the Lithuanian Farmers Union in the U. S. The participants would receive an overview of U.S. farmer organizations and cooperatives and study agricultural credit and marketing. For Estonia, in-country workshops are proposed that would focus on agricultural credit.

Hungary

A training specialist spent four weeks in Hungary as part of a design team. Marketing was identified as the key training need among Hungarian agribusinesses. A three-step approach is proposed to match new components in privatization and marketing: Holding an in-country workshop on market oriented firms; arrange a U.S. training program that focuses on marketing operations for a small group of individuals from selected agribusinesses, and holding a follow-up, in-country workshop that will use the participant trainees as resources. Other identified training needs include financial analysis, planning, inventory management and the effective use of credit.

Toasting the protocol for a joint U.S. - Commonwealth of Independent States Foundation are the signatories, from left, Bolus Poshkus, vice president of VASKhNIL, Donald Cohen, president of VOCA, Ron Gollehon, president of ACDI, and Arthur Fogerty, ACDI chairman of the board.



Poland

Participant Training

In October, a ten-day training program was arranged for two bankers from Poznan who are leading the effort to establish regional cooperative banks. The training was conducted at CoBank, Denver, Colorado, and the St. Paul Bank for Cooperatives in Minnesota. It focused on corporate structure of cooperative banks, lending policy, and the relationship between cooperative banks and cooperatives.

A second group of ten cooperative managers and policymakers came to the U.S. in November for a three-week program. All of the participants had previously worked with VOCA volunteers and were identified as agriculturalists in the forefront of local efforts to re-orient Polish agriculture toward a market economy. Their U.S. training focused on marketing, agribusiness management, the structure of cooperatives, and lobbying. The program included an intensive four-day marketing seminar at

Oklahoma State University, as well as visits to cooperatives, farms and processing plants in Kansas City, Minneapolis and Pennsylvania. The training provided the participants with information on managing agribusinesses and marketing products under competitive conditions.

In-Country Seminars

ACDI's subcontractor Land O'Lakes conducted two five-day seminars, in the Olsztyn region and in Siedlce in early December.

The topic of the first course was "Introduction to Fruit and Vegetable Marketing," and the second focused on "Introduction to Dairy Marketing." Among the 65 persons attending the two courses were agribusiness managers, extension workers, farmers and farm managers and agricultural university instructors.



Central and Eastern Europe

They found that the earlier system of "producing to order" for the former Soviet Union and other eastern European countries had been replaced with a multiplicity of markets and marketing channels. Producers have to make their own decisions but do not know what factors are relevant. Hungary has made much progress in decentralizing, but many firms do not have a clear practical idea of what privatization means to them.

Their proposal for intensive assistance to a small number of carefully selected agribusinesses includes trade facilitation, technical assistance, and training, and was under review at year-end.

Poland

Agricultural Development Support Project

Background and Project Progress

Project activities began in 1991 with the preparation of a strategy to modernize and revitalize the 1,665 cooperative banks in Poland, and the establishment of the first regional banks. Polish bank leaders were assisted in formulating operating policies for these key financial institutions and in establishing a National Union of Cooperative Banks to coordinate the bank system's activities and development.

Two leaders of the cooperative bank movement visited the U.S. to study and establish relations with CoBank and the St. Paul Bank for Cooperatives. A cooperative agreement between CoBank and the first regional bank in Poland was signed, which pledges the two institutions to work toward a correspondent banking relationship and to identify business opportunities.

ACDI's rural credit adviser joined an EC/World Bank team to analyze rural finance institutions in Hungary. Conditions in the rural credit sector there are similar to that of Poland due primarily to years of central control formerly exercised from Moscow. There is potential for synergy between the two cooperative banking systems as they emerge into true cooperative institutions independent of government, owned and controlled by their user/shareholders.

Latin America and Caribbean

Agro-Processing and Trade Linkages Promotion (APTLINK)

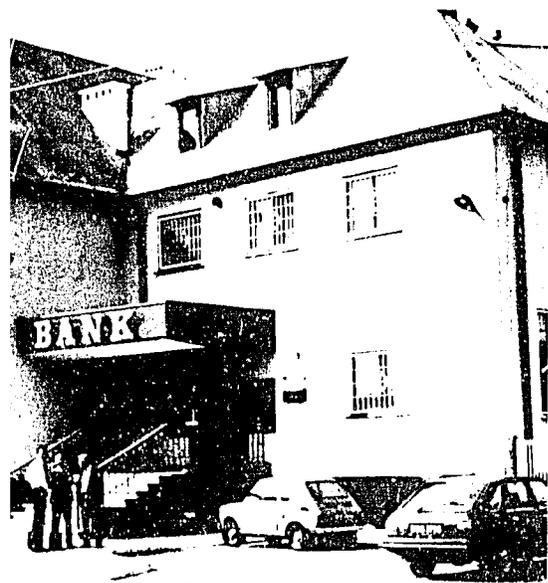
Background

The Agro-Processing and Trade Linkages Promotion project (APTLINK) began on June 15, 1991. The USAID-funded grant is designed to demonstrate how value-added agro-processing for export is a viable and timely option for farmer- and member-owned organizations in Latin America and the Caribbean (LAC). A two-year pilot project, APTLINK's mandate is to foster and facilitate marketing agreements between LAC producer/processors, and marketers in the United States.

The demand for processed agricultural products in the U.S. is strong and growing, at a time when production costs and land values continue to escalate. Marketers can benefit both by maintaining year-round supplies of seasonal crops and by expanding their product lines with compatible goods.

Agro-processors in Latin America have the potential to fulfill this demand. New technologies allow for food processing and other value-added activities which enable the producers to mitigate the risks associated with perishables, vertically integrate their operations, create more jobs and earn a greater return for their goods.

ACDI responded to these opportunities by designing the APTLINK project. It will promote ties between small to medium farmer-owned associations in three Latin American countries, capable of agro-processing, and U.S. marketers interested in marketing LAC processed goods. At least four long-term, mutually beneficial joint ventures or contractual marketing arrangements will be completed. Emphasis will be given to enhancing the involvement of U.S. cooperatives in international trade and cooperative development.



Employees of the cooperative bank in Olsnica provided much of the labor for two years to build a new bank, which opened for business in April 1991.

Other Activities

Jointly with ACDI and VOCA, Land O'Lakes identified and interviewed 27 candidates for four-month agribusiness internships in the U.S., to begin in April 1992. Six finalists were selected for the first course and an additional six candidates will begin their internship in mid-1992.

Hungary

Agribusiness Privatization and Marketing

The Agribusiness Privatization and Marketing project is designed to respond to the short-term need of Hungarian producers to sell their surplus inventories and then to address long-term issues of establishing market stability. The design phase of this business/development partnership was carried out in October by a team of four specialists.

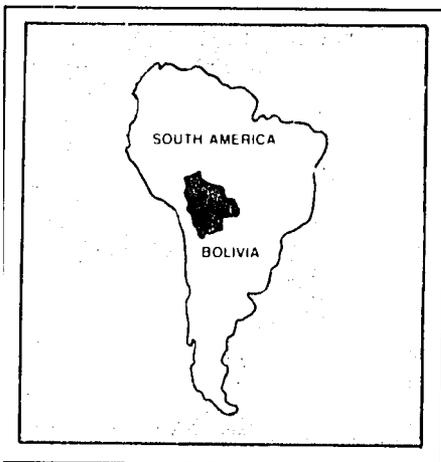
Project Progress

The project manager visited 10 countries in the region to select three final candidates for the pilot project. An inventory and appraisal was made of installed processing capacity, infrastructure, level of in-country interest, and macroeconomic environments. The countries visited were: Panama, El Salvador, Costa Rica, Guatemala, Honduras, Nicaragua, Bolivia, Peru, Ecuador and Jamaica. In December the project manager also attended the Agri-Trade Convention in Guatemala and participated in the associated U.S. Department of Agriculture sponsored trade mission there.



Bananas grown near Ivirgarzama await the pickup truck for transport to markets in Cochabamba. Trucks usually pass by twice weekly but may not always stop and pick up produce.

Bees are being cultivated for both honey and pollination of nearby crops, especially sunflowers and maize. This farm near Ivirgarzama also has a pasture and dairy operation.



Bolivia

Managed Rural Capital Resources Activity

Background

In October 1991 ACDI was contracted to assume from the P.L. 480 Executive Secretariat in La Paz the administration of the credit component of the Project for Alternative Development for the Department of Cochabamba (CORDEP). Project goals include formation of Agrocapital, a private non-profit foundation, which received the existing loan portfolio from the P.L. 480 Executive Secretariat for servicing and collections. ACDI/Bolivia and Agrocapital are also empowered to make new loans, grants and investments, and to provide

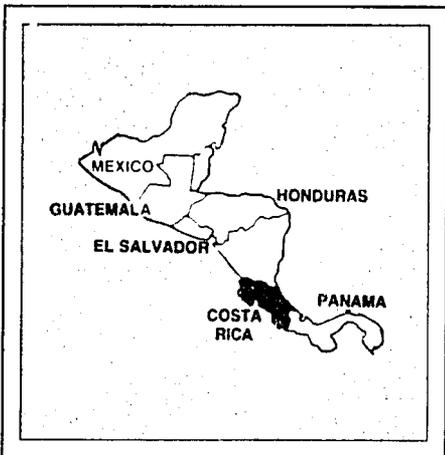
technical assistance. The company may also expand financial services to businesses serving producers.

The credit component is a crucial part of a \$120 million USAID project to assist the Government of Bolivia with developing crops and businesses in the Chapare region of Cochabamba and the associated high valleys as alternatives to coca production. Cultivation of coca is highly lucrative and estimated to cover some 40,000 hectares. The project complements joint U.S. Government and Government of Bolivia efforts to increase investment, productivity, and employment in legitimate activities and to build upon and expand a credit program begun in 1988 and managed until now by the P.L. 480 Executive Secretariat. Its purpose is to provide capital resources to stimulate a market-led effort to support agricultural diversification and agribusiness activities of credit-worthy small farmers and entrepreneurs in the Chapare project.

Project Progress

ACDI's initial move in strengthening agricultural financing was to establish Agrocapital, a private, non-profit company to manage the credit scheme. The new organization now employs 24 seasoned staff members. Their in-depth knowledge and experience with the project, supported by ACDI's long-term advisers, will allow current financial services to continue without interruption. Additional services being made available are an incentive fund to assist producers, or businesses serving producers, to cover the initial costs that often prevent small producers and entrepreneurs from planting, processing and marketing alternative crops.

Technical assistance is available through the CORDEP project to assist producers and businesses in developing alternative production and marketing activities. ■



Costa Rica

Cooperative Development Services for Costa Rica

Background

Like many Latin American countries during the 70s, Costa Rica was hit with the double impact of escalating prices for petroleum imports and falling prices for its agricultural exports. Government-backed industrial ventures, financed by all too available international borrowing, strained the federal budget. By the early 1980s, Costa Rica had a very high per-capita international debt and was looking for a formula to maintain social stability.

The solution was to reduce the size and scope of government, while encouraging foreign investment, tourism, and non-traditional agricultural exports. The latter included fruits, ornamental plants, spices, vegetables, fish, nuts, root crops and spices. Small farmers and their cooperatives have played an important role in these new crops. As a result, Costa Rican exports more than doubled in value between 1982 and 1991.

Project Progress

ACDI's work with non-traditional export crops began in 1985 with the FEDECOOP diversification credit program. As a result of that project, FEDECOOP members now control about 2,000 acres of macadamia nut, which will require a packing plant as they come into full production. ACDI completed a feasibility study for such a facility in 1991.

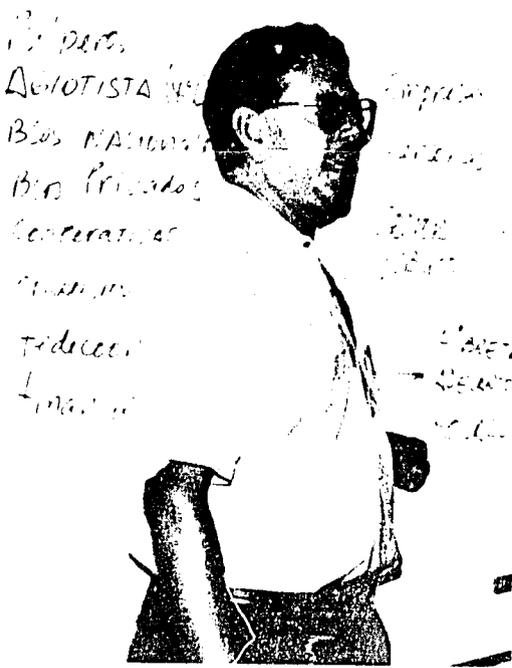
COOPECHAYOTE, a 160-member cooperative of small farmers who export specialty squash to the U.S., received design and planning assistance from ACDI to build the first cooling facility for squash products in the country. ACDI's feasibility study enabled COOPECHAYOTE to receive a loan from UNIBANC. The cooperative's 1991 results were outstanding. Total sales were up 49 percent to \$1,125,000. Squash export sales were 70.5 percent higher than the previous year.

Mangos are an important new export crop for Costa Rica. ACDI's client ASOFRUPAC is a major packer and exporter of mangos. Its 130 farmer members are planning a

major expansion with project assistance. A system of hot water treatment will be needed for mangos to eventually gain entrance to the U.S. market, and U.S. Department of Agriculture approvals are imminent for Costa Rica to begin using this system. ACDI has prepared a feasibility study for the treatment and packing plant and is assisting with business planning, accounting, and crop diversification. Mango volume is expected to triple in the next five years, as member trees mature and reach their full adult yield.

ACDI's efforts on behalf of the CCOAGROS division of COOPETIERRABLANCA came to fruition in late 1991. This vegetable freezing and exporting cooperative, owned by 800 farmers, was able to use an ACDI feasibility study to restructure, expand, and combine its operation into a new joint venture known as Productos Frescos de Costa Rica, S.A. Total financing for the new operation is \$2.175 million from a combination of cooperative, bank, and private investor sources. The business will produce frozen vegetables for local and export markets.

ACDI previously concluded a successful training program for members and management of ADAPEX, a pioneer exporter of mini-vegetables. These new crops bring needed income to an isolated community where farming had been declining. This year ACDI assistance in business planning and loan negotiation resulted in a multi-year line of credit. Prior assistance included upgrading cooling and packing procedures and identifying new markets and complementary crops such as fresh herbs.



Opposite page, left: Jose Antonio Murillo, left, ACIDI financial analyst, and Eladio Madriz, COOPECHAYOTE manager, inspect new forced air cooler built by using ACIDI design and financial feasibility study.

Center: AID Costa Rica Mission Director Ron Venezia, center, and Douglas Tinsler, left, AID deputy mission director, tour the facilities of ADAPEX cooperative with its manager, Tarcisio Nunez. ADAPEX is a pioneer exporter of mini-vegetables from Costa Rica.

Left: Jorge Cespedes, ACIDI director of technical assistance, lectures to FEDECOOP financial managers about economic history and the private banking system.

Additional efforts were started to assist groups of farmers involved in root crops, palm heart, and black pepper, all products with important export potential.

An ACIDI study of women's agricultural groups in Costa Rica identified about 20 such groups currently operating, of which 10 have an important economic impact on their rural communities.

Most significantly, ACIDI became involved with the Asociacion de Mantenimiento Vial (AMV) of Upala, in northern Costa Rica. This community of farmers who have difficulty transporting their crops to market is trying to rehabilitate and maintain farm feeder roads in the most backward part of Costa Rica. The AMV contracted with ACIDI to analyze their needs and potential, and to help the board and staff write a plan for the AMV's next five years of operation. The ACIDI assistance was well received. At year-end a long-term role for ACIDI assistance to the AMV was under discussion by the Ministry of Planning and USAID/Costa Rica.

Financial Technical Assistance to FEDECOOP/AID Loan Trust

Background

FEDECOOP is a federation of local coffee cooperatives representing over 44,000 farm families. FEDECOOP's annual sales exceed \$100 million, making it one of the most important agricultural exporters in Costa Rica.

The first phase of the FEDECOOP/AID loan project made \$20 million available for coffee

production and crop diversification. ACIDI assisted in carrying out this loan project in the period 1985 to 1989. FEDECOOP and AID agreed to re-lend the funds collected from the first phase loans as working capital for the processing operations of the 32 FEDECOOP local affiliates. In 1990, ACIDI's advisers helped design a credit delivery system using the private banks, and ACIDI obtained a contract from COFISA, a private financial institution, to provide supervision and training for the second phase loan program.

Project Progress

The project faced several challenges in making the new lending activity work. Many of the local cooperatives had previously depended on FEDECOOP for working capital loans, and they needed help developing written business plans as well as adapting to formal bank procedures. Training was necessary for cooperative employees in financial planning and use of credit. FEDECOOP's loan screening committee relied on ACIDI advice in evaluating proposals before recommending them to banks. Interest rates had increased by as much as five points since the beginning of the project, dampening loan demand. Finally, as a side-effect of national budgetary measures, during much of the project the government Central Bank has restricted lending activity by the participating banks.

By the end of 1991, the project had reached its halfway point and 16 of the 32 local cooperatives had been approved by the FEDECOOP credit committee for referral to banks, for about \$2 million of the \$4.6 million in loan funds available. The

private banks are assuming full risk for the loans being made under this project. The credit committee has worked so well that the banks have so far followed all of the committee's recommendations. Credit proposals rejected by the credit committee are the subject of an ACIDI-led process of questioning basic assumptions, restructuring balance sheets and projections, and providing hands-on training to cooperative staff.

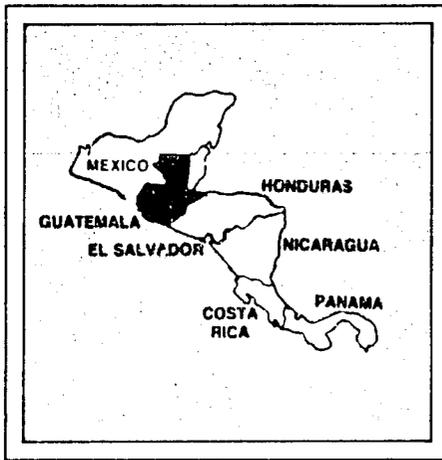
The project is an opportunity to improve the financial planning and management of the local cooperatives, through training as well as supervised credit. The underlying goal of both these activities has been to instill a new way of thinking in cooperative members and management. Private sector, sink-or-swim thinking is replacing the presumption that there will be government bail-outs.

As part of the ongoing educational work in financial planning and use of credit, ACIDI and FEDECOOP jointly sponsored two one-week, regional training seminars in 1991 for cooperative personnel involved in management and finance. Response has been so positive that follow-on seminars are now being planned.

The project has succeeded in bringing the local coffee cooperatives and the private banks together to do business for the first time. After initial start-up problems, loan funds are flowing at the appropriate rate to make full use of the resources by project end in April 1994.

Even though coffee prices have been in a three year decline, reaching levels at the end of 1991 which had not been seen since the mid-seventies, the majority of the 32 local cooperatives continue to be viable and credit worthy. A group of eight of the least financially capable of the cooperatives will not be eligible for loans under this project without major assistance. FEDECOOP and ACIDI have designed a new joint project to provide assistance in cooperative restructuring and mergers, with a view toward strengthening the overall system of FEDECOOP.

ACIDI has an expanding role in advising the management of FEDECOOP on long-term planning and administrative modernization of the federation itself. This has involved the upgrading of the computer system and the farm supply division, and the reduction, reorganization and relocation of the administrative staff, as well as training and supervising the financial department to orient them to working with private banks. ■



Guatemala

Cooperative Strengthening Program

Background

The Cooperative Strengthening Program, which began in 1987, was redesigned in the summer of 1990. The purpose of the USAID-funded project is to develop viable and effective Guatemalan cooperatives by working with selected organizations to enhance managerial and service delivery capabilities and their performance as profitable enterprises. In October of 1990 ACDI signed a new subcontract with WOCCU to provide a long-term agribusiness development specialist.

USAID's new focus on trade and investment prompted a re-evaluation of the cooperatives participating in the project. A short-term ACDI consultant helped to develop a matrix system which was used to determine that many of the cooperatives would not reach economic stability during the life of the project. These poorly conceived agribusiness ventures were eliminated and cooperatives with better potential were given project attention.

Project Progress

After completing eight months of evaluation and selection, the project concentrated its efforts on the support and stabilization of 27 agricultural cooperative businesses. They specialize in coffee (22); melons (2); strawberries and snow peas (1); snow peas/baby vegetables (1), and agricultural supplies (1).

FEDECOVERA, a coffee federation in the city of Coban, comprises 20 active, plantation-type, communal farms. Four of these cooperatives were selected to promote technical improvements in their basic

farming practices and skills, such as proper fertilization, pruning techniques and shade management. Training seminars and field days, attended by 90 cooperative leaders, were held to coincide with the recommended farm practices. The results have been so encouraging that the program is being expanded to include eight additional federated cooperatives.

A wage incentive program was established in the first four cooperatives. During the previous year, 30 percent of their coffee harvest was wasted by workers through spillage, a common occurrence in communal farming. By establishing the wage incentive program, this problem was diminished this season.

The Cooperative Strengthening Project (CSP) has also instituted changes in the wet milling process at the cooperative level. Through the promotion and financing of improvements in fermentation tanks, gravity selection and drying facilities, the participating cooperatives were able to extract greater quantity and higher quality of coffee from their harvest. In addition, 36 cooperative employees responsible for the wet milling facilities of 16 of the federated cooperatives, received training in the new technology. The result was improved quality which brought higher prices for the federation's coffee.

Caji-Juyu is a highland cooperative with over 400 members who produce snow peas, green beans and baby vegetables for fresh export. They also grow broccoli for the local freezing plants. The project assisted in developing managerial capabilities within the cooperative, including the hiring of managerial staff.

Simultaneously, the production component of the project concentrated on the development of agronomic plans and training. Seminars and field days were attended by 1,167 farmers and led to improved fertilizer and cultivation practices and safe handling of agricultural chemicals. The use of non-registered pesticides has been eliminated and there has been no evidence of pesticide residues since receiving project support.

Project assistance has been provided in the Jalapa region by encouraging three coffee cooperatives to form a regional association, thus pooling resources for accounting

and credit management. Project staff focused attention on the development of policies and internal control measures and assisted the cooperatives in developing detailed work plans and budgets for the coming year. A written credit policy has been established which will determine the real credit needs of members and also protect the cooperatives' assets.

Technical assistance and training has been provided to 366 farmers in Jalapa, through a series of seminars and field days which concentrated on proper fertilizer and pesticide use. The acceptance by growers of the recommended practices has been positive and has led to the affiliation of a fourth cooperative with the regional association.

The Zacapa region is a dry, desert-like area, ideally suited for the production of winter melons. The Motagua cooperative signed a fixed price contract with Chiquita to produce spring melons. The project provided crop financing, technical assistance and supervision for their program, resulting in financial gains for the cooperative and its members.

The project assisted Rio Grande, a new cooperative, in its efforts to export melons to the U.S. The co-op contracted locally for packing and pre-cooling cantaloupes, and with a freezing plant to purchase their culls. A U.S. firm was contracted to market Rio Grande's fruit. The project provided funds for crop production and salary subsidies for a manager and an agronomist.

FEDECOCAGUA is a coffee federation and the only cooperative entity in Guatemala to export coffee. Agreements to participate in the project were signed late in the year by five of its cooperatives in the Huehuetenango region. Work plans and budgets for 1992 were developed with cooperative leaders in each of these institutions. Training courses were held for federation agronomists in pesticide handling and wet milling practices.

FEDECOCAGUA, as a coffee exporter, entered into an agreement with FEDECOVERA to purchase the federation's coffee. To date, FEDECOVERA has sold all of this year's harvest to FEDECOCAGUA at higher prices than it would have obtained elsewhere.

Cupertino Morales, former head of extension services at CREHSUL cooperative describes product flow in its FDF-financed packing line to members of other UNIOCOOP affiliates



Additional Training Activities

The project arranged for 20 melon growers of the Zacapa region to be trained in Honduras. They participated in a production seminar at the Zamorano Agricultural College and a postharvest seminar in Choluteca, Honduras.

Project funding provided for members from six cooperatives to participate in Agritrade 1991, held in Guatemala City. While none of the cooperatives exhibited produce as in the previous year, members attended training seminars in topics such as quality grades and standards; how to negotiate; how to investigate an importer's payment capability; how to handle delinquent accounts; food sanitation; biological alternatives for pest control, and harvest and postharvest handling methods.

attention primarily on assisting the Union of Agricultural Service Cooperatives (UNIOCOOP).

ACDI, along with a consortium of cooperative development organizations, provides technical assistance to the project's implementing institution, the all-Honduran Fondo de Desarrollo Financiero (FDF). The consortium comprises the World Council of Credit Unions (WCCU), the Latin American Federation of Credit Unions (COLAC), and the National Cooperative Business Association (NCBA). It fields a five-person technical assistance team.

melon association grew out of a seminar conducted by ACDI's adviser. It presented the findings and recommendations of an ACDI-sponsored team of consultants who analyzed the effectiveness and efficiency of each melon cooperative's packing and cooling systems. A recommendation to hold an industry-wide short course on post-harvest handling prior to the 1991-92 season was put to use. ACDI's adviser counseled the Federation of Agricultural Exporters (FPX) in organizing this event which was attended by cantaloupe packers from nearly every country in the region.

In other developments concerning the melon cooperatives: the adviser was instrumental in analyzing and structuring \$336,000 in financing for two cooperatives by sources outside of the project; the newly affiliated COAGROVAL orchestrated a restructuring of its commercial bank debt, and an export control system for perishables was implemented by CREHSUL this year. The two cooperatives expect to pack and ship over 250,000 crates this season.

Another area of emphasis this year has been financial stabilization of the cooperatives, including debt restructuring and strengthening capital reserves and member equity. Improvements were also made in operating efficiency, administrative effectiveness and management information systems.

Training

This year the project sponsored a two-part seminar on financial stabilization. The first was conducted in Honduras for both FDF staff and for cooperative management. The second was hosted by the Land O'Lakes training center for FDF field and management personnel. The latter allowed the participants to visit farmer cooperatives and financial institutions in the Minneapolis area which have themselves been involved in financial stabilization and restructuring activities.

Project Progress

UNIOCOOP has continued its growth from five cooperatives, when the project began in 1987, to 13 affiliated regional cooperatives at year-end. Its strategic focus remains in the wholesale farm supply business. In continuing to encourage contact between its members and UNIOCOOP for training purposes, ACDI arranged a visit by farmer-members to Farmland Industries and Agway to boost UNIOCOOP's ability to deal directly with U.S. farm supply cooperatives.

A key component of UNIOCOOP's development is its strategy to access foreign exchange. Eight of its 13 member cooperatives produce coffee. The project has encouraged UNIOCOOP to assist them with the sale and export of their crop in order to assure foreign exchange for the financing of farm supply imports. In preparation for the bulk of the 1991-92 season crop, UNIOCOOP has its export license in force and is analyzing alternatives to respond to its members' demands for services.

Another foreign exchange strategy of UNIOCOOP has been an effort to unite its three affiliated cantaloupe exporting cooperatives into an informal association, similar to that of the eight coffee cooperatives. The impulse for the formation of the



Honduras

Small Farmer Organization Strengthening Project

Background

In 1991 the USAID-funded project was extended until August 1992. Its staff continued to assist with the development, restructuring and financing of Honduran cooperatives. ACDI's adviser focused his

Global Programs



Farmer-to-Farmer Program

Background

The Farmer-to-Farmer (FtF) program consists of two distinct but complementary training programs. Through "U.S. Volunteer Technical Assistance" and a subcontract with VOCA (Volunteers for Cooperative Assistance), ACDI identifies the technical assistance and VOCA recruits U.S. agricultural experts (farmers, researchers, and extension agents) who undertake 4-6 week volunteer assignments in Egypt.

The Egyptian Participant Training Program, managed by ACDI headquarters staff, consists of one-month study tours in the U.S. Innovative Egyptian farmers and extension agents participate in home stays and field trips that allow them to work side-by-side with American farmers and to gain

an understanding of the various technologies, products, services, and farmer organizations in the U.S.

Project Progress

While the Gulf War severely constrained the placement of U.S. volunteers in Egypt during the first part of 1991, project staff identified and oriented Egyptian farmers for the training program in the U.S., and worked with farmers to apply recommendations from previous volunteer assignments. The staff also used the early part of 1991 to initiate a computerized management information system designed to track the changes that farmers have implemented as a result of FtF assignments, and to analyze the socioeconomic impact of the program.

U.S. Volunteer Technical Assistance

Responding to specific needs of farmers in the Nile Delta and New Lands regions of Egypt, 28 volunteers provided over 100 person-months of technical assistance in 1991, focusing on a variety of areas that included dairy and beef production, veterinary medicine, vegetable production, and tropical and subtropical fruit development. Volunteers disseminated information on new or improved techniques by conducting on-farm demonstrations for the host farmer and his neighbors, village meetings that offered an informal forum for questions and answers from community farmers, and seminars, incorporating slide shows, videos, and printed materials, that provided more formal instruction on specific issues for farmers and extension agents.

Mini-Projects

Working to address farmers' needs that go beyond the limitations of a U.S. volunteer's visit, ACDI has implemented a series of mini-projects designed to provide longer term training for farmers and extension agents. The focus in 1991 was on herd health care, with over 250 dairy and beef farmers participating in eight-week courses. Project staff also worked with a cooperative in the New Lands and developed plans for an animal feed lot constructed in late 1991 and which will address problems of overcrowded cattle pens, inadequate feed, and alternative feed wastage.



Martin Krieg, right, who has made several trips to Egypt under the Farmer-to-Farmer program, works with Mahmoud Taha, FTF field assistant, to select grapes for a raisin-making project.

◀ Egyptian dairy farmers visit the dairy farm of Bill Kilby, center, in Maryland. Kilby served twice as a volunteer in Egypt, training farmers in herd management, sanitation, nutrition, and mastitis control. He and his wife have hosted several groups of Egyptian farmers at their farm.

Training Materials

With assistance from U.S. volunteers and input from the Ministry of Agriculture, ACDI produced two videos on "Grape-Pruning and Raisin-Making" and "Cattle Care and Milk Production," and two publications entitled "Raisin-Making in the Field" and "Potato Diseases." Two more publications on "Apple and Pear Pruning" and "Vegetable Diseases in Greenhouses" are scheduled for printing in early 1992. These training materials will continue to be used by U.S. volunteers, MOA extension agents, and ACDI field assistants.

Participant Training Program

The resulting technology transfer from on-farm training in the U.S. for 43 Egyptian farmers and extension agents yielded several "back-home" success stories. Egyptian potato farmers who were in Maine and Idaho are now using crop rotation to prevent disease, applying animal byproducts to enrich the soil, and have improved irrigation. Beekeepers who trained in Pennsylvania and New York have united weak colonies, decreased the number of beehives on each location, and feed their bees more often. Egyptian dairy farmers who trained with ACDI cooperative member Eastern Milk Producers in New York have instituted improved practices of herd management, hygiene, and disease control. All participants have become more involved in the day-to-day management of their farm. From their experience in the U.S. on the Farmer-to-Farmer program, participants expect to increase productivity, improve yields, reduce labor and improve farm management. ■

Food for Development

Indefinite Quantity Contract

Background

In August 1991 ACDI was awarded an Indefinite Quantity Contract (IQC) for Food Aid Programming and Management. An IQC allows AID to contract with firms to perform specific functions on an as-needed basis. The purpose of the contract is to provide quick response, short-term technical and advisory services in the area of food aid programming and management to AID/Washington, to USAID missions, private voluntary organizations, and host government entities in any AID-assisted countries. The technical assistance is carried out under delivery orders which have performance periods ranging from five to 120 days.

Activities

In late 1991 ACDI received two delivery orders from AID's Bureau for Food and Humanitarian Assistance. The first called for guidance to AID on how to coordinate and integrate P.L. 480 food aid programs with other U.S. economic assistance programs. ACDI consultants examined how food security and food aid could support four AID initiatives: Environmental; Democratic; Business and Development Partnership,

and the Family and Development Initiatives. A report was prepared on each of the four concepts.

The second delivery order focused on how the private sector could be more involved in U.S. government food assistance programs. The objectives were to provide guidance to AID on privatizing the food aid transaction and responding to the P.L. 480 legislation which directs AID to use private trade entities to the maximum extent possible in implementing food aid programs.

ACDI's report, which included a country case study, recommended ways in which the private sector could be used at all stages of the food aid transaction from initial commodity procurement, to its final sale to the consumer. Three consultants worked on this assignment in the U.S. and in Bolivia, the country selected for the case study.

ACDI's collaborators in the execution of this contract are subcontractors Associates in Rural Development, Inc., ATMA, Inc., the Mid-America Agricultural Consortium, Marine Overseas Services, Inc., and Planning Assistance, Inc. ■

P.L. 480 Monetization

Background

ACDI's P.L. 480 Title II Monetization Program, which called for delivery of 10,050 MT of vegetable oil to Uganda, was scheduled to end during the year. However, in December 1991, a two-year extension was approved which will provide an additional 10,500 MT of vegetable oil through 1994. In anticipation of the extension, an amendment was signed which will add 600 MT to the original amount, thus bridging the gap between the earlier project and the extension.

Local currency generated by the sale of this 600 MT was programmed to support the direct export of coffee by cooperatives and to promote oilseed production by members of cooperative societies.

The original targets of investment continued to receive loan funds. Using the Cooperative Bank and its 24-branch network to

receive, process and disburse loan funds, loans were made for the purchase and rehabilitation of fixed capital assets, agribusiness development, small farmer production credit, crop finance for non-traditional crops, coffee export crop finance and agricultural inputs.

Grants to the Uganda Cooperative Alliance for Human Resource Development and the Monetization project for operating expenses continued as originally planned.

The Uganda Cooperative Alliance functions as ACDI's national counterpart and serves as home for a P.L. 480 Financial Programs Office created especially for the project. All oil is sold by public tender and all payments are collected before the buyer receives the commodity. Transportation and leakage losses account for less than one percent and the average sales price is greater than the cost of the commodity and transportation to Uganda. ▶



Right: Scene at ACDI P.L. 480 warehouse where buyers are waiting to take delivery of vegetable oil.



BNF/Legume Management Outreach Project

Background

In mid-1989 a consortium of private agencies began a pilot project to promote the use of biological nitrogen fixation (BNF) technologies in low-input, sustainable agricultural systems in the tropics through research, training and outreach. Uganda was one of the four countries chosen initially for the introduction of BNF because of its need for crop diversification. ACDI was selected as the lead agency in familiarizing small farmers with the use of BNF.

In-country activities started in November 1989, with a BNF Awareness Workshop in Kampala, conducted by a consultant from NifTAL (Nitrogen Fixation by Tropical Agricultural Legumes) and coordinated by ACDI and the Uganda Central Cooperative Union (UCCU).

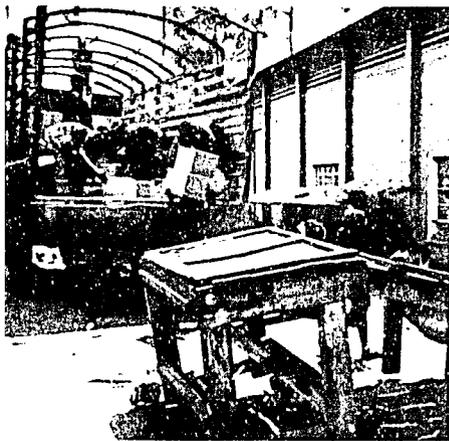
The pilot phase of this project came to its conclusion this year, but it is expected that additional funding will be provided through a follow-on program which has been proposed by the consortium to USAID.

Project Progress

A major obstacle to continuing progress in this project was the lack of funding. While there is a proven need for biologi-

The project's main focus is on improving agricultural production and living standards of peasant farmers. Over 100 primary cooperatives are now receiving funds for on-lending to their farmer members for short-term production credit. This year, 60 primary societies received non-traditional crop finance loans which enabled them to pay cash to their producer members for the purchase of beans, maize, rice, sesame and vegetables. Many of these crops are of export quality and are being used to lessen Uganda's dependence on cotton and coffee as foreign exchange earners. Coffee crop finance, always in short supply, is the other loan category that provides direct benefit to peasant farmers. With nearly 200 cooperatives participating in these programs, close to 25,000 farm families should have their standard of living improved by the project.

One of the highlights of the year was the acquisition of a modern, secure warehouse and office complex. The Monetization Section is now housed in the complex, providing greater ease of monitoring and supervision. The Financial Programs office, an extension of the Uganda Cooperative Alliance (UCA) projects office, was moved to the newly renovated UCA building, which was purchased with a P.L. 480 grant. ■



Above left: Buyer's truck being loaded with vegetable oil from the P.L. 480 Monetization program in Uganda.

Above right: Reconstitution crew repacks damaged units into 20-liter jerricans to prevent loss in storage.

Project Progress

Approximately 4,000 MT of vegetable oil were sold through the public tender process in 1991. The total income received from ten tender calls was Uganda Shs. 3,732 billion (about U.S. \$4 million).

The funds generated, plus carry-over funds from 1990, were used to make 83 loans and four grants and included production credit to 48 cooperative societies. As loan repayments are made, they retain their original identity in their respective loan category and are reloaned to the more successful cooperatives.

Since the inception of the project, 119 local, district and national cooperatives have received a total of Uganda Shs. 3,947 billion in loans and grants and another 13 have had loans approved in the amount of Shs. 184 million.

cal nitrogen fixation technology and legume/soils management, the absence of adequate funding has curtailed most activities associated with the project. The pilot phase of the project has been successful in raising awareness and bringing BNF to the attention of the small farmer through workshops and field trials.

On-farm trials with soybeans have shown increases of up to 300 kg per hectare with rhizobium inoculation, indicating the great potential for BNF technology in Uganda.

A soil microbiologist from Makerere University has produced rhizobium inoculum on a limited scale and mainly on request, since 1990. He has trained inoculum handlers during the year and held a training workshop in BNF technology at Masindi, a seed multiplication zone north of Kampala.

The Uganda Cooperative Central Union (UCCU) has designated an in-country coordinator who will share responsibilities for the project with the soil microbiologist, an advisory team and ACIDI staff.

Debt for Development

Background

Since being awarded a grant under the Agency for International Development's Cooperative Business and Trade Initiatives Program in 1989, ACIDI, with assistance from VOCA, has pursued opportunities for a "debt for development swap." The goal of this project is to increase services to small farmers through such conversions.

Conceptually, an investor in an agricultural project, in which a cooperative or farmer-owned business is a partner or otherwise involved, can purchase a loan owed by a heavily indebted country, a loan with dim prospects for repayment. The price of the loan will be discounted to reflect its riski-

ness. The investor can then resell the loan to the heavily indebted nation, receiving in local currency an amount greater than the price paid, and less than the face value of the debt paper. Thus, the country involved can retire some of its debt with local currency at a discount. The investor, however, gains access to significantly more local currency than would have been possible with a straight conversion of dollars.

Progress to Date

Contacts were made with a number of U.S. processing and marketing cooperatives interested in global sourcing of agricultural products. ACIDI and one of its members, Sunkist, participated in an investment mission to Argentina in April, at the request of the mission's sponsor, the Overseas Private Investment Corporation. Possible investment and marketing opportunities were identified and relayed to other ACIDI members.

A singularly important activity was the production of a video, *Debt for Development*, under a subcontract with VOCA. This educational tool received wide viewing in all USAID missions around the world and at AID's Washington headquarters. The Debt for Development Coalition assisted ACIDI in the showing and distribution of the video to many private voluntary agencies. It continues to use it as part of its educational material on the debt swap subject.

Daniel Chajj visited Uganda in July to identify the possibilities of converting blocked currencies at favorable exchange rates, to enhance the possible privatization of a parastatal edible oil plant, and the generation of local currency for a USAID natural resources management project. Although no decision has yet been made by USAID/Uganda on either option, the consultancy has given them new alternatives to consider as they seek to maximize funds utilization. ■

Innovative Approaches to Cooperative Management, Finance and Trade

The Innovative Approaches Project (IAP) is funded by the Agency for International Development (AID) to assist developing country cooperatives, credit institutions and the institutions that serve them to share in the benefits associated with the use of information and communication technologies. After a six-month extension, the IAP project was completed December 31, 1991.

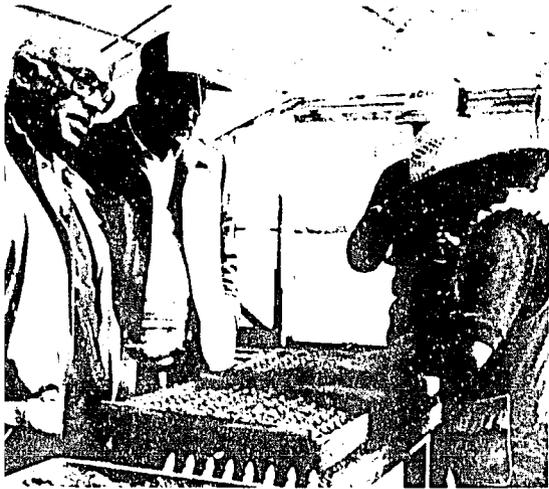
IAP's major accomplishments in its final year were a comprehensive *Computer Software Survey*, the *Computer Guide for Cooperative and Agribusiness Manager's Handbook*, a joint ACIDI/Philippine Cooperative Rural Bank Foundation (CRBF) radio communication project in Mindanao, Philippines, and an analysis of market and trade information sources in Hungary.

The *Computer Software Survey* was conducted by the Wisconsin Cooperative Development Council. The survey contains an evaluation of 12 accounting packages used by small- and medium-sized cooperatives in the U.S. Included in the report are listings for several hundred "off-the-shelf" software application programs used by cooperatives in the U.S.

The *Computer Guide for Cooperative and Agribusiness Manager's Handbook* is intended to provide agribusiness managers with an understanding of the concepts of how to use computers to increase information efficiency. The guide provides managers with a basic overview of computer technology, how computers are used in a management information system, and how to make effective use of them.

The joint ACIDI/CRBF radio communications project was successfully implemented in December 1991. After providing com- ►

Innovative Approaches to Cooperative Management, Finance and Trade



Training participants from Egypt observe transplanting in a California greenhouse. ACDI's expertise includes arranging specialized study tours, often combining classroom training with field experience.

puter equipment and training for four individual staff members, the banks have achieved a moderate level of sophistication. The banks use computer systems primarily for savings and loan processing, monitoring current accounts and general ledger applications.

Using grant-funded computers, a communications needs and network design analysis in mid-1991 led to the development of a radio system for cooperative and agribusiness development in Mindanao. The communications system was jointly funded by the ACDI project and the local co-ops represented by the Philippine Federation of Cooperative Rural Banks.

The system comprises 14 voice stations located in strategic areas of Southern Mindanao, and two data packet radio stations linking the cooperative rural banks

of Davao and Tagum. The heart of the system is the communications repeater installed at Mt. Baluyan in the Davao Del Sur Province. The high elevation allows for greater distance and clarity in the Voice/Data communications system.

The Voice/Data communications system will facilitate more rapid funds transfer and inter-bank lending between the Davao and Tagum CRBs, as well as promote trade and marketing activities of the banks' members and cooperative hospital field services.

The project staff also conducted an analysis of market and trade information sources in Hungary and the current infrastructure on the local Hungarian telecommunications industry. The results of this analysis will be used to help promote greater import and export potential for the privatizing agribusinesses. ■

Training

In 1991 ACDI's Training Department provided orientation and training in the United States for 102 individuals from 14 countries. Participants came from China, the Dominican Republic, Egypt, Malawi, Montserrat, Nigeria, Pakistan, Poland, Sri Lanka, St. Vincent, Thailand, Tonga, Uganda and the West Bank/Gaza.

One of the highlights was the coordination of a month-long program in July for eight farmers from Uganda. The visit was their reward for winning "best farmer" recognition in nationwide agricultural competitions. Their tour took them to cooperative and agricultural organizations in Washington, D.C. and surrounding states, as well as to Minnesota, where the visitors enjoyed one-week farm stays.

In August the Agency for International Development (AID) awarded ACDI a \$6.7 million contract for central and eastern Europe. The grant will be used for agribusiness training in-country and in the U.S. for agriculturalists from the region.

The department continues to work with organizations involved in international training but which do not have agricultural or cooperative expertise. These include the Academy for Educational Development and the Pakistan Participant Training Program. ■



A group of trainees who participated in the five-week Small Farmer Credit course held last fall. They came from Ghana, Malawi, Nigeria, and Thailand. Rex Schultz, left rear, vice president of Management Services, conducted the course.

Overseas Staff

Bolivia

Arvin R. Bunker, Chief of Party, ACDI/Bolivia, and General Manager, Agrocapital
Mario Candia, Manager, Agricultural and Agribusiness Credits
Cristina Humerez, Administrative Assistant

Bulgaria

Christo Petkov, Country Representative

Chad

Simon Gaissoumia, Office Manager
Kofi Oteng-Gyang, Product Engineer
John Smith, Chief of Party (as of July 1991)
Roger Vinita, Chief of Party (until July 1991)

Costa Rica

Manuel Carballo, CPA, Financial Adviser
Jorge Cespedes, Director of Technical Assistance
Margarita Gurdian, Director of Administration
Jose Antonio Murillo, Financial Analyst
Steven Huffstutlar, Chief of Party
Lydia Pastrana, Secretary

Egypt

Tarek el Abd, Program Coordinator, FTF
Hamdi Attia, Field Assistant, FTF
Galal el Barbari, Translator, FTF
Suzanne el Beltagi, Translator, FTF
Hazem Galal, Computer Specialist, FTF
Ashraf el Gharbi, Field Assistant, FTF
Mohamed el Ghoul, Administration Officer, ACDI/MERO
Ahmed Hamdi, Project Assistant, RSSE
Sarah M. Jackson, Program Coordinator, ACDI/MERO
Hala Kamel, Secretary, FTF
Mahmoud Kamel, Program Director, FTF
Wael Karkour, Translator, FTF
Jihan Khalil, Secretary, FTF
Mohammed Maksoud, Field Coordinator, FTF
Nahed Mourad, Executive Secretary, ACDI/MERO
Samya Nawar, Finance Officer, ACDI/MERO
Nahed Nassar, Secretary, RSSE
Nasr Abdallah Nasr, Field Assistant, FTF
Ahmed Nousseir, Project Director, TV
Abed Radwan, Translator, FTF
Said Radwan, Administrative Assistant, FTF
Osama Saafan, Accountant and Cashier, ACDI/MERO
Hanan Abdel Salam, Secretary, FTF
Abdel Basset el Sarawi, Administrative Assistant, FTF
Adham el Sherbini, Field Assistant, FTF
Mohammed Shinnawy, Field Coordinator, FTF
Jeffrey G. Sole, Regional Representative, Chief of Party, Egypt
Mahmoud Taha, Field Assistant, FTF
Amal Tantawi, Executive Secretary, FTF
Mona Tokali, Receptionist, ACDI/MERO
Charles J. Vokral, Technical Adviser, RSSE
Adel Zakaizak, Field Assistant, FTF

Guatemala

Garrett DenBleyker, Agribusiness Development Specialist

Honduras

William Alvarado-Greenwood, Institutional Development Adviser

Philippines

Antonio A. Arcellana, Regional Representative
Jaime D. Chua, Program Officer
George C. Dalire, Administrative Assistant

Poland

Jon F. Greeneisen, Cooperative Banking Adviser and Chief of Party
Lynn M. Moses, Regional Coordinator of Training

Sri Lanka

Robert C. Flick, Chief of Party
M. Gunazekera, Director of Agribusiness
Patsy Silva, Administrative Assistant

Tonga

John C. Kreag, Acting Secretary/Manager (through July), Adviser (August-December), Friendly Islands Marketing Cooperative

Uganda

Thomas H. Carr, Cooperative Development Adviser/Contractor's Representative, CAAS Project
Dennis C. Frederickson, UCA/P.L. 480 Financial Programs Adviser
Rick Pierce, BNF Lead Agency Representative
Bernie Runnebaum, P.L. 480 Monetization Specialist
Ron W. Shaw, P.L. 480 Monetization Specialist

West Bank/Gaza

Zaki Afaneh, Rural Electrification Specialist
Haydar Al Akras, Electric Technology Specialist
Mansour Al Gharabah, Dairy Specialist
Abdul Rahman Abu Arafah, Marketing Adviser
Lina Atallah, Executive Secretary
Philip L. Brown, Credit and Finance Adviser
Zuheir Bustany, Accountant
Arafat Dajani, Marketing Specialist
Tayseer Edeas, Computer Specialist
Jack Edmondson, Chief of Party
Nabil Handal, Credit Specialist
Nadia Handal, Publications and Resource Specialist
Maha Husseini, Market Data Processing Specialist
Daoud Istanbuli, Cooperative Education Adviser
Nuhad Judeh, Women in Development Specialist
Miranda Koussa, Secretary
George Khoury, Office Assistant
Joseph J. Nesnas, Director of Finance and Administration
Aown Shawa, Gaza Representative
Ali Tarshawi, Agricultural Machinery Specialist

ACDI Members

Farm Supply, Processing and Marketing Cooperatives

AGRICULTURAL COUNCIL OF CALIFORNIA

Director: Leland Ruth, President
Sacramento, California. Private trade association serving farmer-owned cooperatives in the fields of government relations, education and public relations.

AGWAY, INC.

Director: Arthur J. Fogerty, Senior Vice President, Corporate Relations
Syracuse, New York. Farm supply and food marketing cooperative owned by 91,000 farmer-members in the 12 northeastern states.

ASSOCIATED MILK PRODUCERS, INC.

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

BLUE DIAMOND GROWERS

Director: Steven W. Easter, Vice President,
Member/Government Relations
Sacramento, California. Grower-owned cooperative of nearly 5,000 almond growers who market under the Blue Diamond label.

CENEX

Director: Dixie L. Riddle, Director-Farmer
St. Paul, Minnesota. Regional agricultural supply cooperative serving 1,600 local cooperatives in a 15-state area with farm products and management and technical services.

CF INDUSTRIES, INC.

Director: John H. Sultenfuss, Vice President,
Marketing and Sales
Long Grove, Illinois. Interregional cooperative manufacturer and distributor of chemical fertilizers for 12 regional farm supply cooperatives in the U.S. and Canada.

COUNTRYMARK COOPERATIVE, INC.

Director: Dean Denhart, Vice President,
Member Development
Indianapolis, Indiana. Regional farm supply and grain marketing cooperative serving farmers through a system of locally-owned and locally-governed member cooperatives in Indiana, Michigan and Ohio.

DAIRYLEA COOPERATIVE INC.

Director: Clyde E. Rutherford, President
Syracuse, New York. Farmer-owned milk marketing cooperative in the New York, New Jersey and Pennsylvania areas.

FARMLAND INDUSTRIES, INC.

Director: Gordon M. Lormor, Director,
International Business Services
Kansas City, Missouri. A regional agricultural cooperative, serving over 1,800 local cooperatives farmers and ranchers in 19 midwestern states. Farmland's industrial and service structure includes refineries, fertilizer and ag chemical plants, feed mills, food processing plants, and an environmental and safety consulting company.

GROWMARK, INC.

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

HARVEST STATES COOPERATIVES

Director: Edward O. Ellison, Board Chairman
St. Paul, Minnesota. 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: B. L. Narayana, Managing Director
New Delhi, India. Multi-state, farmer-owned cooperative, manufacturing and marketing chemical fertilizers and other agricultural inputs.

INTERNATIONAL COOPERATIVE PETROLEUM ASSOCIATION

Director: F.A.A. Van Dongen, General Manager and Secretary-Treasurer
White Plains, New York; Dordrecht, The Netherlands, and ICPA FRANCE, Paris. 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: Martha Cashman, Vice President,
International Development
St. Paul, Minnesota. Farmer-owned dairy/food processing/marketing and farm supply cooperative in 15 midwestern and upper northwestern states.

MAINE POTATO GROWERS ASSOCIATION

Director: Gerald Sytsema, General Manager
Presque Isle, Maine. Diversified marketing and supply cooperative with approximately 1,100 farmer-members throughout Maine.

MFA OIL COMPANY

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

MISSISSIPPI CHEMICAL CORPORATION

Director: Gene A. Triggs, Vice President,
Government Affairs
Yazoo City, Mississippi. 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 four large regional farm supply cooperatives

NORPAC FOODS, INC.

Director: Arthur P. Christiansen, President
Stayton, Oregon. Farmer-owned processor and marketer of frozen and canned fruits and vegetables. The 240-member cooperative markets both domestically and internationally

SEALD-SWEET GROWERS, INC.

Director: John W. Holford, Chief Executive Officer
Vero Beach, Florida. Farmer-owned market of citrus crops.

SF SERVICES, INC.

Director: Robert P. Dixon, President and Chief Executive Officer
North Little Rock, Arkansas. Federated farm supply regional cooperative in Alabama, Arkansas, Louisiana, Mississippi 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 W. Anderson**, Vice President, Member/Public Relations
Van Nuys, California. Farmer-owned marketer and processor of citrus crops in California and Arizona.

TENNESSEE FARMERS COOPERATIVE

Liaison: **William E. Bailey**, President
aVergne, Tennessee. Farmer-owned supply organization.

TRI VALLEY GROWERS

Director: **James C. Salisbury**, Treasurer San Francisco, California. A farmer-owned and controlled cooperative. A major U.S. producer of canned tomatoes, fruit and vegetables, processing nearly 1.3 million tons of raw product each year.

UNIVERSAL COOPERATIVES, INC.

Director: **Terry Bohman**, CFO and Vice President
Bloomington, Minnesota. Interregional manufacturing, importing and purchasing cooperative serving its 26 regional cooperative members located throughout the U.S. and Canada.

Farm Credit Banks

CoBANK - NATIONAL BANK FOR COOPERATIVES

Director: **Robert O. Triplett**, Executive Vice President
Denver, Colorado. Provides financing and related services to agricultural cooperatives and rural utilities; also provides credit for foreign purchases of cooperative exports.

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 BANK OF LOUISVILLE

Director: None designated
Louisville, Kentucky. Provides credit to farmers and cooperatives in four midwestern states.

FARM CREDIT BANK OF SPOKANE

Director: **Duane Marshall**, Senior Vice President, Credit and Corporate Services
Spokane, Washington. Provides credit to agriculture in five northwestern states (Washington, Oregon, Idaho, Montana and Alaska).

FARM CREDIT BANK OF SPRINGFIELD

Director: **Franklyn F. Schafer**, Senior Vice President
Springfield, Massachusetts. Provides credit to farmers and cooperatives primarily in eight northeastern states (New York, New England and New Jersey)

FARM CREDIT BANK OF ST. LOUIS

Director: **C. T. Frederickson**, Chief Executive Officer
St. Louis, Missouri. Provides credit to farmers and cooperatives in three midwestern states (Missouri, Illinois and Arkansas).

FARM CREDIT BANK OF TEXAS

Director: **James A. McCarthy**, Director-Farmer
Austin, Texas. An agricultural credit cooperative serving 60,000 farmers and ranchers in Alabama, Louisiana, Mississippi, New Mexico, and Texas.

FARM CREDIT SERVICES OF OMAHA

Director: **John E. Martin**, Executive Vice President and Chief Operating Officer
Omaha, Nebraska. Provides credit to farmers and ranchers in four midwestern states (Iowa, Nebraska, South Dakota and Wyoming).

ST. PAUL BANK FOR COOPERATIVES

Director: **Jack Rose**, Vice Chairman
St. Paul, Minnesota. Provides credit to farmers and cooperatives in four upper midwestern states.

WESTERN FARM CREDIT BANK

Liaison: **Norman Payne**, Senior Vice President
Sacramento, California. Provides credit to farmers and cooperatives in six western states.

National Organizations

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 and educational arm of farmers' marketing, purchasing and credit cooperatives.

NATIONAL FARMERS UNION

Director: **Leland Swenson**, National President
Denver, Colorado, and Washington, D.C. National farm organization providing legislative representation for family farmers and ranchers and farmer-owned cooperatives.

NATIONAL GRANGE

Director: **Robert E. Brown**, Master Washington, D.C. National farm organization representing concerns of rural America, 4,000 local chapters, 36 state offices, 325,000 members. Also a fraternal order. Organized in 1867.

Insurance

MSI INSURANCE

Director: **Thomas R. Schori**, Vice President, Marketing Planning
St. Paul, Minnesota. A complete multi-line life and casualty insurer of cooperatives, agribusinesses and individuals, controlled by 600 cooperative associations and licensed in 42 states and the District of Columbia.

NATIONWIDE INSURANCE

Director: **Patrick S. Roberts**, Vice President, Sponsor and Endorser Relations
Columbus, Ohio. An international enterprise of more than 80 companies, serving the insurance and financial securities needs of families, businesses and cooperatives.