



AmerInd Incorporated

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EVALUATION REPORT OF THE A.I.D. GRANT TO
AGRICULTURAL COOPERATIVE DEVELOPMENT
INTERNATIONAL (ACDI)

SUBMITTED TO:

OFFICE OF POLICY AND PROGRAM REVIEW (PRE)
BUREAU FOR PRIVATE ENTERPRISE
AGENCY FOR INTERNATIONAL DEVELOPMENT (A.I.D.)
WASHINGTON, D.C.

PROVIDED BY:

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**AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL
(ACDI)**

EXECUTIVE SUMMARY

Problem and Overview: In 1961 the Agency for International Development (A.I.D.) received legislative authority under the Foreign Assistance Act of 1961, to encourage the development and use of cooperatives in developing countries. Under this legislative authority, the Agricultural Cooperative Development International (ACDI) and its predecessor International Cooperative Development Association (ICDA), have been recipients of A.I.D. grant assistance since 1962. This funding has been used by ACDI to cover administrative costs for operating their Washington, D.C. headquarters office, and to facilitate the provision of agricultural cooperative and farm credit systems technical assistance to A.I.D. overseas Missions, host country governments and other donors. As of June 30, 1985, under grant funding, ACDI had developed approximately 22 A.I.D. financed projects located in Latin America, Africa, Asia and the Middle East. In addition, ACDI supports Regional Offices located in the Philippines and in Guatemala.

A.I.D.'s cooperative development program has been managed by various bureaus through the years. The current portfolio, consisting of core grants to six different organizations, was transferred to the Bureau for Private Enterprise (PRE) from the Bureau of Food for Peace and Voluntary Assistance in October 1984.

Grant PDC-0225-G-SS-3039-00 has been provided to ACDI at a cost of \$2.1 million for the current three-year period.

Yearly funding for calendar years 1983, 1984 and 1985 was \$670,000, \$720,000 and \$780,000, respectively. The grant also supports ACIDI's promotion for use of the indefinite quantity contract (IQC) as an additional funding mechanism available for feasibility analysis, project development and design. In addition to the "core" support grant received from PRE, ACIDI enters into grant agreements and/or contracts directly with USAID Missions overseas. USAID Missions' project funding since 1978 has totalled \$23.9 million. A.I.D. overseas Missions have undertaken numerous evaluations of projects receiving ACIDI technical assistance; however, this is A.I.D.'s first effort to document development benefits derived from the technical assistance provided through the centrally funded support grant.

Purpose of Evaluation: The evaluation was conducted during September, October and November 1985. This effort was undertaken by PRE to determine ACIDI's effectiveness in fulfilling the core grant purposes under the current grant and to assess the long-term effectiveness of ACIDI activities as a whole since the mid-1960's in the Philippines and since the mid-1970's in Honduras. This evaluation is part of the on-going effort to review the overall effectiveness of A.I.D.'s long standing grant relationship with cooperative development organizations.

Project Design and Policy Implications: The element most critical to the outcome of the grant utilized to fund ACIDI's activities is the strength and uniqueness of the organization to provide A.I.D. with highly specialized expertise in cooperative development and farm credit systems.

The grant places ACDI in the unique position of being able to call upon its member cooperatives in the U.S. to provide staff to fill consulting needs for both short and long term assignments, and who are allowed to maintain their seniority and position within their company for as long as four years while undertaking work on an A.I.D. project. Further, ACDI has the capability of being able to provide on-the-job training services to developing country cooperative staff through its U.S. cooperative members. General consulting firms do not have the facility to provide these services to A.I.D.

General

Examination of ACDI's activities has revealed that efforts have been undertaken to achieve each of the objectives listed in the Program Description. The results have varied greatly from country to country and region to region. During the period ACDI support was present and Mission funding was available, progress was made toward all the objectives. Achievement of program goals has been largely dependent on bilateral funding, which was available at varying levels. The Grant has borne a great portion of the financial burden, as matching funds have generally not been available. ACDI's effectiveness is closely linked to the availability of Mission funding.

It became apparent during the evaluation that the various Missions, host-country governments and cooperative organizations perceived a strengthening of agricultural institutions and an increase in productivity, as well as improved management during the period of ACDI's involvement. These improvements were not supported by quantifiable figures other than unanimous agreement regarding ACDI's successful training efforts. The strong

support and appreciation demonstrated by past beneficiaries of ACDI involvement, do not appear to have generated a great demand for future business in the Asian Region. This is not a reflection on ACDI's performance as much as an indication of the low priority placed on cooperative development in the region by A.I.D., the inability of ACDI to generate matching funds, the generally low level of support of cooperative development by host-country governments, and the generally weak agricultural economy.

The potential for ACDI to become completely or partially self-sustaining in the near term is weak unless those factors mentioned earlier can be altered. The greatest of these factors is the ability of ACDI to develop new business.

The Grant Agreement as it is currently constituted is appropriate. No substantive changes which would improve the Grant can be recommended.

MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

- o **Finding.** Sustainability at the present level of operation without Core Grant funding does not appear to be possible.

- o **Conclusion.(1)** ACDI cannot operate at the present level without the Core Grant.

Recommendation(1). The Core Grant should be continued through the next three years to allow for an organizational transition resulting from a continued reduction in Core Grant support.

- o **Conclusion(2)**. ACIDI overhead recovery (percent) is currently inadequate.

Recommendation(2). ACIDI should be allowed to increase their overhead recovery on direct contract work which will provide an offset to the decreasing Core Grant funds. If the Core Grant is reduced it is recommended that the overhead recovery be increased on existing and future contracts.

- o **Finding**. The "Model" Regional Cooperatives Project in Honduras was the most notable success story observed in all site visits. The sound credit and business practices employed by the two model grain cooperatives have resulted in business organizations well on the road to self sufficiency with credit delinquency rates of less than 10% compared to other similar cooperatives which showed no signs of progress toward self-sufficiency and with credit delinquency rates of up to 90%. The Agro-Export cooperatives have achieved less economic success due to well-documented external, non-operating circumstances, but show the same organizational strengths as the grain cooperatives. These successes have been influenced greatly by the leadership and management support of ACIDI Technical Assistance.

- o **Conclusion**. The establishment of a national organization, UNICOOP, as planned, is essential to the continued success and viability of the

regional cooperatives. ACDI is playing a critical role in the establishment of UNICOOP.

Recommendation. Continued technical assistance to UNICOOP beyond September 1, 1986, is highly desirable to ensure the firm establishment of UNICOOP in its designed role. ACDI is the logical organization to provide this assistance.

- o **Finding.** The current economic conditions in the Philippine agricultural economy have caused many family owned rural banks to fail. This has created a paucity of market rate credit available to farmers. Thus, there is a demand for CRB loans that exceeds the capacity of the CRBs to meet.

- o **Conclusion.** There is a need for continuing technical and financial assistance to Cooperative Rural Banks and Area Marketing Cooperatives. Specific areas that appear to need strengthening include:
 - Collection of past due accounts.
 - Information management and analysis.
 - Increased coordination in buying inputs.
 - Increased margins in handling inputs.
 - Increased management staff training.

- Increased effort in developing marketing agreements between AMC's and between AMC's and buyers of rice and other products.

To strengthen CRBs and AMCs a source from which Banks and cooperatives may acquire additional non-USAID project funding must be determined. While the funding issue is not within the scope of this report, additional funding should be contingent on stringent guidelines with respect to debt repayment, marketing agreements, etc. Any additional funding should be through the private areas, i.e., non-governmental, cooperative operating organizations. The purpose would be to strengthen the cooperative structures themselves. Appropriate bonding (if available) and accounting procedures should be made a part of the agreement, if implemented. ACDI is an organization capable of providing assistance in reinstituting an improved and revitalized system of CRBs and AMCs.

Recommendation. ACDI should be encouraged to enter into an arrangement to acquire funding with which to pursue an expansion and strengthening of the system of CRBs and AMCs within the Republic of the Philippines. ACDI's development activities should be funded by Mission supported projects with the Basic Core Grant provided to permit maintenance of a headquarters backstopping capability.

- o **Finding.** Little or no development of cooperative-to-cooperative contacts exists among United States, Latin American and Caribbean cooperatives.
- o **Conclusion.** It appears that American cooperative members may have little interest in developing cooperative-to-cooperative contacts.

Recommendation. ACDI should survey United States cooperatives for specific areas of interest. If none are found then eliminate them from the scope of work.

- o **Finding.** USAIDs in Asia have not increased or changed interest and demand for the services of the regional representative.
- o **Conclusion.** There is no evidence to suggest that this situation is likely to change.

Recommendation. The Regional Representative should obtain from each A.I.D. Mission in the region a copy of the Country Development Strategy Statement, and, if possible, the host country development plan, to ascertain where cooperative development and/or rural credit systems are being considered to better target marketing efforts.

- o **Finding.** The present contract with USAID/Guatemala which funds 75% of regional representative's expenses terminates in January 1986.

- o **Conclusion.** If the USAID contract is not extended or renewed the services of the regional representative will terminate.

Recommendation. That USAID Missions in Central America should jointly fund up to 75% of his available time.

- o **Finding.** First year funding of the Asia/Pacific Regional Representative position has been less than the actual cost to maintain it.

- o **Conclusion.** ACDI will incur a shortfall of approximately \$125,000 in their operating budget for 1985 aggravated by expenses for this position. This shortfall can be absorbed by ACDI reserve funds.

Recommendation. ACDI must develop strategies to acquire additional contracts through the marketing efforts of the regional representative, thereby contributing to the funding of this position.

A specific time frame should be established for the position to become financially self-sustaining. If this cannot be

achieved, consideration should be given to consolidating the regional activities into the Washington office. The evaluation team recommends the period not exceed August 1986 (two years total).

- o **Finding.** During the evaluation it was found that A.I.D. funded organizations are often forced to bid projects competitively. This action defeats the purpose and intent of A.I.D.'s Core Grant support to CDOs and the possibly of reducing Core Grant funds.

- o **Conclusion.** The option of using non-competitive grants might be in the best interest of A.I.D.

Recommendation. Consideration should be given to providing ACDI (and other CDOs) grants on a non-competitive basis for projects within their areas of expertise. This is believed to be most cost effective for A.I.D.

SYNOPSIS OF ESSENTIAL QUESTIONS AND ISSUES

The Statement of Work (SOW) required that certain essential questions and issues be addressed in this evaluation. The following provides a synoptic presentation of each question or issue contained in the SOW to the extent that available information permits each to be answered.

1. Has ACDI met the objectives as stated in "Program Description" of the Grant Agreement?

ACDI has provided the assistance required in the Grant Program Description. The successes that have been achieved in the program have been only partial in most areas. The results of the evaluation indicate that the greater the presence provided by ACDI at a particular location, the more completely the Grant Objectives were met.

Achievement of program goals has been largely dependent on bilateral funding, which has been provided at varying levels. ACDI activities have also been dependent to a large degree on the grant, which has borne the greater part of the financial burden, as matching funds have generally not been made available. ACDI's effectiveness is closely linked to the availability of Mission funding.

2. Have there been any constraints which have prevented or inhibited the ability of ACDI to accomplish project objectives? If so, describe and provide recommendations for overcoming these constraints.

There were several constraints which affected the ability of ACDI to accomplish project objectives. These included the low priority given by host-country governments to the strengthening of cooperative development, including subsidies and policies such as debt collection, as well as economic constraints, such as inflation and resultant expensive credit, and the difficulty of obtaining matching funds. These constraints may eventually be diminished by continued efforts to increase host-country assistance through policies which provide greater nurturing of cooperative development and through subsidy supports. Continued efforts to provide management training to include financial instruction and strict debt management, will provide a greater ability on behalf of cooperatives to provide internal control of the organization's progress.

3. Have ACDI projects influenced the development of the agricultural private sector in their host countries? If so, how? If no, why not?

Based upon an analysis of the cable responses, indications are that most Missions perceive an increase in productivity among members of project cooperatives, as well as some increase in agriculturally based income among those same members. Constraints against development in these areas generally were the low levels of host-country support and the poor economic conditions existing in developing countries.

4. Have ACDI projects had an impact in strengthening the long-term institutional capacity of coops in the host countries?

Indications gathered from the cable analysis and other sources, indicate that those countries which possess capable managers who exercise sound fiscal practices, and which were not subject to adverse economic circumstances were able, with ACDI involvement, to make progress toward self-sufficiency.

5. Has ACDI involvement in USAID projects made a difference to the host country economy and well being of cooperative members in the following areas: 1) employment generation, 2) foreign exchange generation, 3) management and technical skills development, 4) technology transfer, 5) increased income and economic activity to provincial areas, and 6) poverty alleviation in rural areas?

There were few definite or specific answers to these questions; however, indications were that most Missions perceived a sense of positive activity taking place in the areas addressed. Overall, the responses indicated that ACDI involvement had resulted in some degree of improvement in these areas.

6. Analysis of ACDI's Program Activities:

- Advisory Assistance - Project Identification
- Project Development
- Project Initiation
- Project Support
- Administration

The Program Description listed six specific categories of program activity which the Grant would enable ACDI to strengthen its institutional capacity to assist Missions, host country cooperatives and agencies in the development of effective agricultural cooperatives and credit systems. All of the program activities were properly and vigorously pursued by ACDI. Missions were unanimous in agreeing that ACDI was highly successful in the area of participant training, and that the level of cooperative management skills had increased. The impression received from the consideration of the cable analysis and the site visits, is that ACDI possesses adequate skills and drive, but the demand for those skills, as shown by the low number of projects, is limited.

7. Financial analysis conducted for Fiscal Years 1980-85 shall be performed indicating:

- Total contributions by USAID Missions to ACDI
- Total contributions from other sources
- Total costs for each regional representative, indicating source (i.e., Core Grant Development Fund, etc.)
- Overhead expenses

This section will also include a comparative analysis of ACDI's Washington Office administrative costs with funds received from USAID Missions. Address how ACDI determines the ratios of funding between A.I.D. and private contributions. Is this rationale consistently applied?

The total contributions from A.I.D. to ACDI for Fiscal Years 1980 through 1985 represent on average, 81% of ACDI's total revenue. The Core Grant represented an average of 15% of total revenue, and contributions from other sources, excluding member contributions, represented a five year average of 4%. The total revenue for the latest fiscal year is estimated to be \$5,400,000. The percentages remain consistent with the foregoing averages.

The cost for the Asia/Pacific Regional Representative was \$141,000 per annum, which was funded entirely by ACDI development funds. The Latin American/Caribbean Regional Representative cost was \$150,000 per annum, and was funded 25% by ACDI development funds and 75% by USAID Guatemala.

Expenses averaged 99.3% of ACDI revenue from all sources over the five year period.

The administrative costs of the ACDI Washington office over the same period were 75% recovered from the Core Grant. The remainder was recovered from USAID Mission funding.

The ratio of funding between A.I.D. and private contributions cannot be determined in advance of identifying a specific work activity. Funding issues are generally established between the host government and USAIDs. ACDI responds to the total individual project allocation, and cannot independently determine a funding ratio or consistently apply a stable method for determining a ratio.

8. Assessment of the effectiveness of each Regional Representative.

The Asia/Pacific Regional Representative's effectiveness has been limited, not by his qualifications, which were highly praised by those interviewed, but by the minimal demand for his services. Since August 1984, only one Mission utilized the representative's services, and that was for a period of less than one month. This reflects the fact that cooperative development is not an important objective of USAID programming in Asia. No change in the demand for the representative's services in the region are foreseen.

The Latin America/Caribbean Regional Representative is also viewed as being technically superior and valuable as a resource person. Although the representative is largely funded by one Mission on work for that Mission's bilateral cooperative project, many cooperatives and Missions have utilized his services. Several Missions in the region have recommended extending the position beyond the termination date. No Cooperative-to-cooperative contacts among U.S., Caribbean and Latin American cooperatives have been initiated during the representative's tenure.

9. Accomplishments vs. Objectives

- Those achieved and not achieved
- Why and why not
- Any unplanned benefits
- Development benefits/impacts

The first paragraph of the Grant Program Description states that the Grant enables ACDI to assist in

establishing agricultural cooperatives and farm credit systems, appropriately supported by governmental policies and institutions and to promote various services at reasonable costs to host country farmers. Examination of ACDI's activities has shown that efforts have been undertaken to achieve the listed objectives. The results have varied greatly from country to country and region to region. During the period ACDI support was present, and Mission funding was available, progress was made toward all objectives. The area in which the least success was achieved was creating organizations that were self-sustaining and financially viable. The causes for the lack of success in this area were a combination of lack of supporting governmental policies on the part of the host country, and ACDI's lack of success in raising sufficient matching funds with which to reduce their dependence on A.I.D.

Developmental impact and Mission and host-country support for cooperative development have been limited. Continued central funding for independent ACDI development activity is difficult to justify unless A.I.D. places a higher priority on cooperative development and increased or additional sources of funding are secured by ACDI.

10. Lessons learned.

Mission commitment and support of cooperative development are essential elements to increase the potential for successful agricultural development. The Core Grant provides a financial base for a development organization to support USAID Mission

projects in institution building. Without this financial base, or additional sources of income, the continued success of this type of project is uncertain. Even where technical assistance is augmented by bilateral funding, there is no guarantee of success. Technical assistance alone is even more problematical.

In the limited time available it was impossible to evaluate the relative efficiency of ACDI vs. other Cooperative Development Organizations and vs. private organizations.

ACDI's activities/projects overseas are closely linked to the availability of Mission funding for cooperative development.

11. Recommendations for redesign.

The Grant is satisfactory in its present form. There is no recommendation to alter its format or content.

12. Sustainability without A.I.D. funding.

Major changes would have to occur over a period of time in the latitude given to ACDI to eliminate the Core Grant. Several possibilities exist to accomplish this:

- o Increase direct contract recovery.

By ACDI increasing their administrative recovery (currently 13% average) to a much

higher amount, the Core Grant could be reduced. Overall results would not change, A.I.D. would still provide funds, but only through direct contract work.

- o Increase income.

The only flexible way to achieve this goal is to add or increase membership. This appears to be an unlikely possibility as it would require an increase in contributions from members who are already financially strapped due to poor U.S. farming economic conditions.

- o Broaden the services offered.

This is contrary to the purpose of the organization, and may, in fact, result in A.I.D. sponsored cooperative competition and an overlap of services.

- o Mandating utilization by A.I.D. of the A.I.D./PRE supported cooperative programs.

This is an expedient way to quickly reduce Core Grant allocations.

It is recognized that any major change is subject to internal management review and consideration, possible legislative revision and political scrutiny from outside factions.

PROJECT IDENTIFICATION DATA

1. COUNTRY : Worldwide

2. PROJECT TITLE : Agricultural Cooperative Development
International (ACDI)

3. PROJECT NUMBER: PDC-0225-G-SS-3039-00

4. PROJECT DATES :
 - a) Current Grant Agreement: 1/9/1983 - 1/9/1986
 - b) Final Obligation: N/A
 - c) Project Activity Completion Date (PACD): N/A

5. PROJECT FUNDING:
 - a) AID/FVA/PRE Funding: 1983 - 1985 total \$2.1
Million
 - b) USAID Mission Funds: 1978 - 1985 \$23.9
Million
 - c) Local Currency Matching Funds: N/A
 - d) Other Major Donors: N/A
 - e) Host Country Counterpart Funds: N/A

Total Funding: Loan - None
Grant - \$2.1 Million

6. MODE OF IMPLEMENTATION: Activity by Grantee

7. PROJECT DESIGN: Bureau for Food for Peace and
Voluntary Assistance

8. RESPONSIBLE OFFICIALS:

- a) Bureau for Food for Peace and Voluntary Assistance
Assistant Administrator: Julia Chang Bloch
1983 - 1984
- b) Bureau for Private Enterprise
Assistant Administrator: Neal Peden 1984-85
- c) Project Officer: Wil Holcolmb
- d) Mission Directors: N/A

9. PREVIOUS EVALUATION AND REVIEWS: N/A to A.I.D./PRE

The A.I.D. Cooperative Resources Committee, FVA Bureau was founded October 1984. The Report prepared by Development Alternatives, Inc., entitled "A Review Based on the Experience of U.S. Cooperative Development Organizations" is non-exclusive to ACDI.

10. COST OF PRESENT EVALUATION

- a) Direct Hire: \$ 3,300
- b) Contract: \$ 74,812
- c) Local Hire: \$ -0-

TOTAL: \$ 78,112

11. DATE OF PRESENT EVALUATION: September 16 1985 - March
15 1986

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I. INTRODUCTION

This Evaluation Report was commissioned by the Bureau for Private Enterprise (PRE) to review and analyze activities implemented under the current and past core grants provided by the Agency for International Development (A.I.D.) to Agricultural Cooperative Development International (ACDI).

Specifically, this evaluation is intended to provide PRE with an objective analysis of the grantee's performance to (1) provide consulting services to USAID Missions during the current three-year grant period, as called for in the Grant Agreement, and (2) evaluate ACDI's success and/or failure over the past ten to twenty years to affect and influence change in the development and profitability of cooperatives and their impact on host-country agricultural productivity. It was not PRE's intention to evaluate ACDI USAID Mission projects but rather to assess overall development benefits such as employment generation, foreign exchange generation, management and technical skills development, technology transfer, policy improvement, regulatory change, access to rural credit and strengthening credit systems and marketing.

A detailed Statement of Work is found in Appendix A, and the Grant Agreement is given as Appendix B.

The methodology and procedures used in the evaluation process were stipulated in the PRE Statement of Work. The four-person evaluation team consisted of: A Business Management Consultant experienced in business and agri-business operations in developing countries (Team Leader), a Cooperative/Business Management Consultant experienced in Cooperatives and Agriculture, a Financial

Consultant experienced in financial analysis and preparation of public sector reports, and an A.I.D./PRE Evaluation Specialist.

The activities of the team included the following:

Orientation/Planning/Data Collection-Washington, D.C.

Team Members participated in a 10-day Washington assignment (five days for the financial consultant) to interview ACDI Washington staff, study pertinent records, interview A.I.D. staff, and draft a cable to survey A.I.D. Missions with current ACDI project activities not scheduled for site visits (see Appendix C). A pre-departure workshop was conducted to review and revise the draft cable questions to the USAID Missions with current active projects. In addition to PRE staff, representatives from the following Bureaus participated: Asia and Near East, Latin America and the Caribbean, Africa, and Science and Technology.

Site Visits

The Team Leader, Cooperative Consultant, and Evaluation Specialist visited the Philippines for a 17-day period to evaluate the impact of ACDI activity since inception in 1965. The procedure included visiting with and interviewing various government agencies, members of the Asian Development Bank staff, surviving staff and members of the non-governmental structures (cooperatives, cooperative rural banks, trade associations, etc), university sources and farmers, and studying available data to obtain first-hand information on the development benefits

of ACDI Technical Assistance. In addition to interviews in Metro-Manila and Nueva Ecija, the team visited the International Rice Research Institute, the Agricultural Cooperative and Credit Institute, and the College of Economic Development at the University of the Philippines at Los Banos. The team also traveled to Iloilo, Panay to attend a meeting of a local cooperative.

The Guatemala and Honduras portion of the evaluation was performed by the Team Leader and the Cooperative Consultant during a 12-day period to evaluate present and past ACDI input. In Guatemala the procedure was to visit USAID, the ACDI Latin American Regional Representative and officials, and Cooperative Offices to review past ACDI projects. In Honduras, the team interviewed and visited government, banking, and cooperative officials. One regional grain marketing cooperative and two agro-export vegetable cooperatives were also visited in the Honduras countryside, where farmer members were interviewed.

A total of 85 on site interviews were conducted in addition to the direct cable request for input from all Missions having either active or past ACDI projects in their portfolio. The responses were reviewed and analyzed. The USAID Missions responding to the questions cabled were: Bolivia, Jamaica, Ecuador, Kenya, Tonga, Costa Rica, Panama, Honduras and Thailand.

Findings Review

Following the field work, all team members met in Washington, D.C. for a seven-day period to evaluate findings, to prepare the report, brief appropriate A.I.D./PRE officials, and obtain additional information from ACIDI/Washington.

During this period the Cooperative Consultant interviewed 8 of 40 of the ACIDI cooperative sponsors and Board Members by telephone to obtain information on their rationale for ACIDI support, financial commitment, and other attitudes toward ACIDI and its work program.

II. ACDI - THE ORGANIZATION

OVERVIEW

Agricultural Cooperative Development International (ACDI) is one of six Cooperative Development Organizations (CDOs) receiving institutional support grants from the Bureau for Private Enterprise (PRE) of the U. S. Agency for International Development (A.I.D.).

The rationale for supporting the CDOs is contained in A.I.D. PD-73, which is consistent with Section 102 of the Foreign Assistance Act of 1961, as amended, and in A.I.D.'s desire to maintain an available capability of technical expertise in cooperative marketing, rural credit, and other cooperative development activities in developing countries.

A.I.D. provided ACDI an Institutional Support Grant (Core Grant) of \$2.1 million during the three year period which ended December 31, 1985, which, in part, permitted ACDI to maintain an organizational capability to provide technical assistance in the areas of agricultural cooperative development and farm credit systems to A.I.D. Missions and other donors in developing countries. Funding amounts were \$670,000, \$720,000, and \$780,000 for each year of the grant.

The Core Grant funding was provided to partially provide for the Washington, D.C., headquarters administrative costs and to provide limited (usually five to seven days) field support activities directly to the USAID Missions. This was done to insure the organization a stable base of operations from which to conduct their activities as set forth in the A.I.D. policy cited above.

BACKGROUND

In 1962, the National Farmers Union established the Farmers Union International Agricultural Cooperative (FUIAC) and organized farmer exchange programs with A.I.D. These organizations were formed in response to a need, and an opportunity, to provide U.S. agricultural production and marketing technology to developing countries, and in response to the Foreign Assistance Act of 1961. The present ACDI organization had its beginning in 1963 when U. S. Agricultural Cooperatives formed the International Cooperative Development Association (ICDA). ICDA first received A.I.D. funds in 1965.

In 1968, ICDA and FUIAC merged and the name was changed to Agricultural Cooperative Development International (ACDI). ACDI is sponsored by 40 U. S. Agricultural Production, Marketing and Credit Cooperatives. Since 1982, it has had an international member, the Indian Farmers Fertilizer Cooperative Ltd., the result of a successful project of an ACDI affiliated organization.

COOPERATIVE MEMBERS

ACDI is sponsored by 40 agricultural production, marketing, and farm credit cooperatives in the U.S. plus the Indian Farmers Fertilizer Cooperative, Ltd. Each sponsoring member cooperative has a representative on the ACDI Board of Directors and is normally represented at the Semi-Annual Board Meetings. A nine member Executive Committee is elected from within the Board of Directors. The officers of the Board and Executive Committee meet three times yearly, but provide more frequent input and

direction to the ACDI executive staff. There is, typically, contact with the Executive Committee every four to six weeks.

The Chief Executive Officer of ACDI is also its President. He reports to the nine-man Executive Committee of the 40-member Board of Directors. The President is assisted by an Executive Vice President and other staff members in providing administrative services and support for the activities of ACDI. See Figure 1, Page 10.

ACDI reports frequently to its member organizations through meetings with the Board of Directors, a newsletter, and direct communication on specific activities. Also, ACDI sponsors overseas trips to various projects every one to two years, which enable members to inspect first-hand the ACDI project activities. It should be noted that members pay for the cost of these trips themselves.

The evaluation team conducted telephone interviews with six Board members concerning their support of and interest in ACDI activities. All respondents, including both officers and non-officers of the Board showed a consistent pattern of support of ACDI activities and purpose, and further interviews were deemed unnecessary.

In the interviews conducted, the respondents claimed that a sincere desire to help others less fortunate was their principal motivation for participation in ACDI. Few members expected increased cooperative business as a result of their support of ACDI.

The Evaluation Team found the ACDI organization and staff to be appropriate for existing projects. The staff

members had extensive international development experience and appropriate language capabilities.

The evaluators found the ACDI staff to be committed to cooperative and rural economic development, and oriented to project administration and support. The team sensed less orientation to the identification and development of projects.

STAFFING

ACDI, as currently organized, consists of the Washington, D.C. office, a regional office in the Philippines for Asia and the Pacific, a regional office in Guatemala for Latin America, and field project associated teams located in Jamaica, Costa Rica, Honduras, Panama, Bolivia, Egypt, Tonga, Uganda and Tanzania (see Figure 1, Page 10).

Current project-related positions as of September 30, 1985, were as follows:

31 project, long-term (includes two part time and four World Bank financed personnel)

6 support, long-term (Egypt four, Uganda one, Panama one)

22 professional, short-term (since January 1985)

59 total (22 of the 59 are partially supported by Core Grant Funds)

As would be expected, the project staff varies with project load. An effort is made to retain qualified, experienced long-term staff members between projects.

The field organization has long-term and short-term employees employed for specific projects using project funds obtained through USAID or other donor grants or project contracts.

In addition, members of the Washington and regional staff are assigned project tasks and are paid from project funds from time to time.

The Washington staff provides liaison among ACDI's cooperative members, A.I.D. and USAID staff, and administrative support to the field staff which in turn provides Technical Assistance to developing countries.

ACDI obtains many of its long and short-term project staff on a loan basis from the U. S. Farmer Cooperative and Agricultural Credit sponsoring organizations. ACDI considers this reservoir of talent to be a unique advantage in accomplishing its mission.

The Latin American Regional Office consists of one professional funded 25% by ACDI and 75% by USAID Guatemala.

The Asia Pacific Regional Office consists of one professional and one clerical/support, part time employee (funded 100% by ACDI).

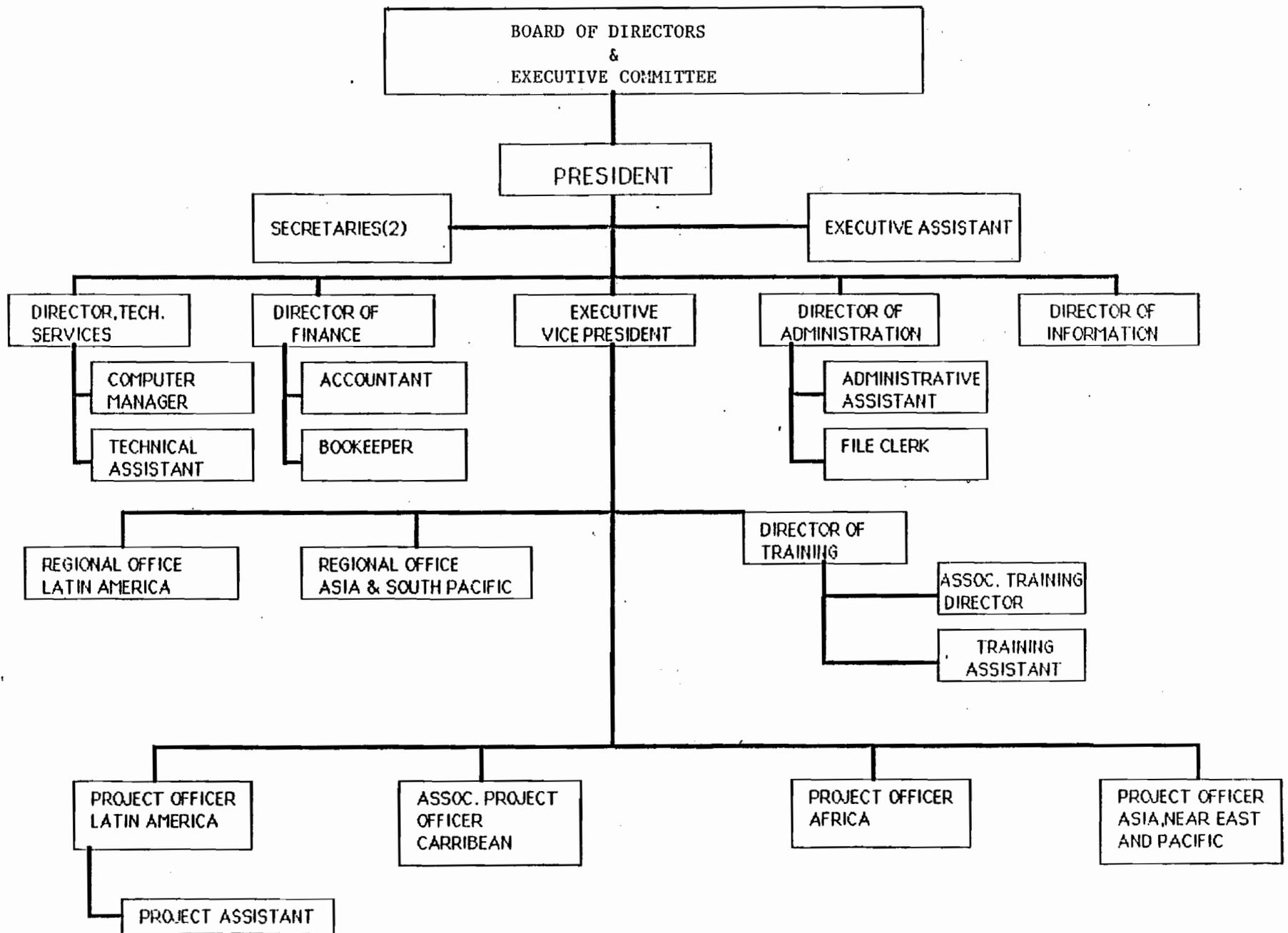


FIGURE 1. ACDI Organization

ACTIVITIES

ACDI provides Technical Assistance to developing countries in the areas of Farmer Cooperative Development (production and marketing), and Farm Credit Systems. The projects/programs may range from long-term (2-10 years) development and institution building activities to short-term (average 2-16 weeks) consultancies. In addition, ACDI provides U. S. training for developing country personnel at member U. S. cooperatives and academic institutions. ACDI also supplies in-country training and organizes and sponsors workshops and seminars.

The major portion of ACDI field project financing has been through USAID funds, either by direct grants, through competitive bidding on USAID Mission projects, or through host-country contracts or prime contract/subcontracts utilizing USAID funds.

ACDI has had an Indefinite Quantity Contract (IQC) with A.I.D. IQC activity involves short-term consulting assignments overseas. Under the IQC agreement in effect with ACDI, any USAID Mission may request short-term assignments (up to 17 weeks) from ACDI. As a matter of policy and tradition, ACDI provides consultation of five to seven days without charge to USAID Missions with funds from the Core Grant. The current IQC agreement expires December 31, 1985.

The USAID Missions with current ACDI project activity are:

Bolivia, Costa Rica, Honduras, Jamaica, Panama, Ecuador, Egypt, Kenya, Tanzania, Uganda and Tonga.

ADVISORY ASSISTANCE

Project Identification

ACDI maintains contacts with USAID Missions, developing country cooperatives, government agencies and donor organizations. ACDI offers advisory assistance when requested and assists interested organizations in identifying projects.

Project Development

When a project has been identified, the ACDI headquarters staff works with appropriate agencies in developing specific and detailed project proposals. The headquarters staff employs outside specialists or representatives of joint member organizations when necessary to develop project plans.

Project Initiation

If a project concept is approved the ACDI headquarters staff will initiate implementation activities including:

- Preparation of project proposals
- Redefinition of the concept, as necessary
- Subject to award, negotiation of contract/grant
- Preparation and negotiation of contracts with project personnel

- Development of project accounting and financial procedures
- Procurement of necessary materials and supplies
- Arrangement for housing, office and other support for project personnel
- Orientation of project personnel and dependents
- Arrangement for travel and relocation of project personnel

Project Support

The ACDI headquarters staff provides on-going field project support ranging from supervisory visits, to providing payroll and other logistical services, and reporting on project activities to funding agencies. These services are varied and continue throughout the life of the project.

OPERATIONS REVIEW

The following review by the evaluation team is intended to (1) provide a general narrative on the business activities of ACDI to allow an understanding of the areas that ultimately impact upon the management and financial soundness of an organization, and (2) to ascertain the effective and appropriate utilization of the A.I.D. Core Grant by ACDI from an objective non-affiliated point of view.

Inasmuch as this is an evaluation not an audit, verification of dollar expenditures and individual transactions were not addressed in this review. As such, the overhead expenses were not reviewed in detail. A general review follows below:

EXPENSE TO REVENUE ANALYSIS

<u>FY</u> <u>1980</u>	<u>FY</u> <u>1981</u>	<u>FY</u> <u>1982</u>	<u>FY</u> <u>1983</u>	<u>FY</u> <u>1984</u>
98.49%	98.57%	99.45%	99.75%	100.43%

Totals express total expenses as a percentage of all revenues.

In reviewing the ACDI operations it should be noted that the management, although not required to report directly to A.I.D. except pertaining to Core Grant and contract expenditures which are subject to review and approval, is subject to a structure which controls its actions.

The Board of Directors reviews all organization activities and holds the officers accountable for operations and management of the organization within the budgets and revenues generated.

Washington Facilities

As part of the evaluation a facilities and management survey of the Washington, D.C. office was conducted.

The appearance of the office was found to be neat, and efficient use of personnel was evident. Adequate

space was provided for the current staff with a small expansion capability.

From a financial aspect, the office costs are far below current market value of comparable space as a result of a well-negotiated older lease.

The financial statements for 1983 and 1984, reflected a marked increase in equipment expenditures. This increase reflects an investment in a computer system that is available to most administrative personnel for various general tasks (i.e., word processing), and specific tasks such as financial reporting. This enables ACDI to employ a lower than normal ratio of secretaries to staff members, as well as having increased access to information.

In summary, the facilities are neat in appearance, efficiently operated and adequate for their intended purposes.

Accounting System Overview

During the evaluation, a review of the accounting control and procedures was performed. As this was a review and not an audit, only general flow and reporting procedures were examined.

The payroll system is handled by an outside service bureau. All other functions are incorporated in the ACDI computer system.

All financial records are current, easily accessible, and in good order.

The allocation of project costs appears to reflect management review. Concern is exercised to appropriately allocate costs.

The comptroller is a former A.I.D. employee who is knowledgeable regarding the rules and regulations concerning compliance with recordkeeping and the reporting requirements of A.I.D.

In summary, financial operations appear to be well controlled, supervised and in compliance with A.I.D. regulations.

The home office staff is adequate to provide support for the current annual budget. However, should the revenue vary (either increase or decrease), the staffing level should be adjusted to reflect the change.

It should be noted that there are a number of time consuming difficulties in operating in an international environment. Travel, payroll distributions, relocations and general communications are but a few of these.

Field personnel present a different kind of problem. In order to maintain a technical nucleus in a changing environment, a base number of personnel are required. This cadre of technical personnel offers a unique blend of specialized backgrounds, knowledge and willingness to work in developing countries.

In review, it is believed that personnel may sometimes be carried between assignments or maintained on the payroll awaiting commencement of new programs, which represents an additional operating cost. This remains an

ACDI management decision which cannot be resolved on a purely financial basis.

Part-time staff members are only paid as needed and have little impact on operations.

During the evaluation, careful consideration was given to the semi-annual report provided to A.I.D. It fulfills the requirement to describe how funds are allocated, and provides a review of projects in process or concluding.

INCOME SOURCES

The Core Grant was found to provide more than 50% of the total operating budget of ACDI Washington office operations.

The Core Grant is utilized for home office support and for limited field work (usually one week or less) in support of feasibility studies and project planning at the Missions.

Current administrative recovery markups are as follows:

Contracts with USAID Missions	13-1/2% of total direct project costs
Host Country Contracts	Varies, mostly 13-1/2%
Subcontracts	Varies, negotiated
Grants from USAID	13-1/2% of total direct costs
IQC's	24% of consultant fees (i.e., no mark-up on other direct expenses)

Other income principally consists of membership contributions which are not on a set fee basis, but are voluntary on the part of the member companies. Initial membership is \$2,000.

Most sponsoring cooperatives contribute annually to the ACDI Corporate Development Fund, usually two hundred

to seven thousand dollars. Total member contributions have totaled \$60 to \$90 thousand per year in recent years. All sponsoring cooperatives contribute the time and travel expenses of their Board members. Many cooperatives contribute organization staff time and the expense of receiving and training foreign cooperative workers studying or visiting under the auspices of ACDI projects.

When asked if they would provide additional financial support in view of anticipated reduced A.I.D. Core Grant Funding, all members interviewed said they could not, citing the difficult economic conditions presently existing in the U.S. agricultural economy.

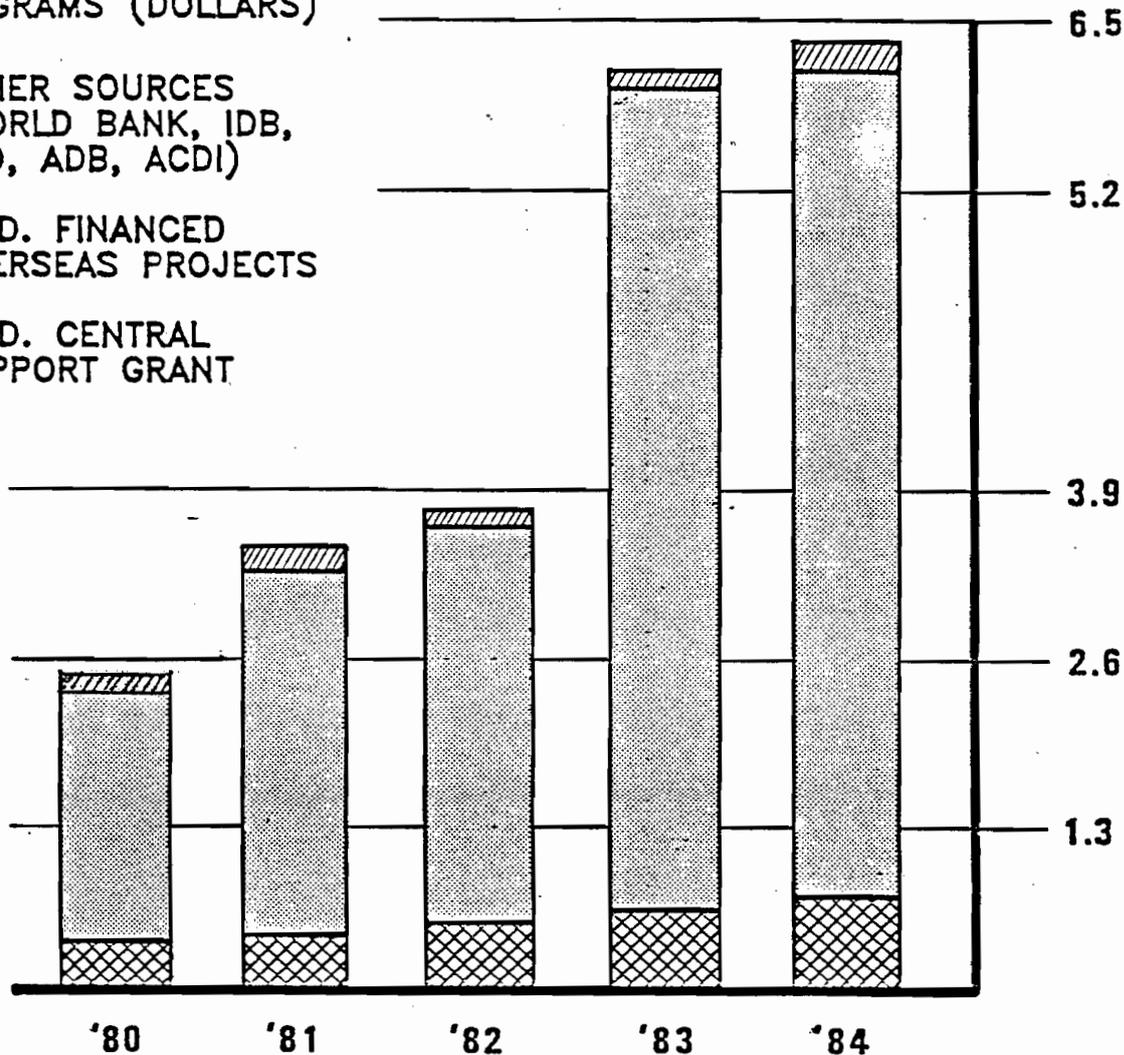
It appears that major increases in membership at this time are unlikely. Direct annual set fees or increased fees would likely result in membership loss.

Figure 2 (Page 20) sets forth the source of revenues for the past five years.

SOURCES OF FUNDING FOR
ACDI PROGRAMS (DOLLARS)

\$ MILLIONS

-  OTHER SOURCES
(WORLD BANK, IDB,
FAO, ADB, ACDI)
-  A.I.D. FINANCED
OVERSEAS PROJECTS
-  A.I.D. CENTRAL
SUPPORT GRANT



	'80	'81	'82	'83	'84
TOTAL REVENUES IN THOUSANDS	2,515	3,079	3,809	5,598	5,900
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	37.8	44.1	21.6	77.5	<27.0>
MEMBER CONTRIBUTIONS	76.7	75.7	80.3	75.0	78.3

FIGURE 2. PAST FIVE-YEARS INCOME SOURCES

REGIONAL REPRESENTATIVES

ASIA AND SOUTH PACIFIC REPRESENTATIVE

The Asia and South Pacific regional position was established by ACDI in 1984, primarily to strengthen cooperative-to-cooperative relationships, provide short-term technical assistance to USAIDs in the Asian Region and other international lending organizations, and to provide liaison on behalf of ACDI and other CDOs, specifically with the Asian Development Bank and trade liaison in the region for ACDI member institutions. The position has been operational for the past 14 months in Manila, Philippines. This position is not funded by the Core Grant.

The representative is an individual with extensive experience, widely known and respected among the organizations and institutions involved in cooperative development and rural credit systems in the region. Expressions of high esteem, outstanding competence, and willingness to assist on behalf of the representative were received from officials interviewed in the Philippines.

During the first year, the regional representative's priority focused on the preparation and coordination of a regional workshop entitled "Strengthening Small Farmer Credit Systems in Asia and the Pacific." This workshop was co-sponsored by the Asian and Pacific Regional Agricultural Credit Association (APRACA) and was held in Manila, May 13 - 17, 1985. APRACA represents 51 major agricultural lending institutions in 18 Asian and Pacific countries.

In preparation for this workshop the ACDI representative visited Indonesia, Malaysia, Thailand, Nepal and Bangladesh to collect data to assist in developing the issues papers used for discussion purposes. While in these countries meetings were held with USAIDs, each embassy staff, and selected host government officials, to discuss potential areas of ACDI involvement and to investigate prospects for cooperative development.

Other key activities included a non-A.I.D. funded trip to the Peoples Republic of China, a one-month contract with USAID/Manila to prepare a technical and administrative analysis of a proposed rural financial services project and contacts with senior staff at the Asian Development Bank, USAID/Manila, and various Philippine government credit and cooperative institutions.

In June 1985, at the invitation of the Agricultural Bank of China (ABC), the Regional Representative, accompanied by the President and the past and current Chairman of the Board of ACDI, visited the Peoples Republic of China to observe China's small farmer credit program and to explore possibilities for future mutual collaboration between ACDI and ABC in the areas of training and technology transfer. As a result of the visit several opportunities for further development and action were identified, e.g., joint ventures and technical assistance in the areas of fruit drying, processing citrus concentrates, cereal crop food processing and dairy products processing and development.

Invitations were extended by the ABC to ACDI to assist in establishing a representative trade office in Shanghai, to plan a U.S. agricultural exhibition to be held in China in cooperation with the Shanghai Agricul-

tural Exhibition and the ABC Shanghai Branch, and to plan a technology and trade Mission to visit China in 1986 to study further opportunities for development. In return, ACDI extended an invitation to the ABC to send a delegation to the United States to study the U.S. farm credit system and selected agro-processing technology in American cooperatives. The Regional Representative is continuing his efforts to nurture this business area.

Funding

Funding of this position is not provided by the Core Grant. Expenses are charged against the ACDI Development Fund. Funding provided by ACDI for this position through July 1985, totaled \$110,303, excluding administrative support allocation. Total requirements for the two-year initial assignment were estimated at \$283,863, based on ACDI's original proposal to A.I.D. to establish the regional cooperative representative for Asia and the Pacific, dated February 17, 1984. As ACDI's limited non-A.I.D. funds are largely committed to the support of the Latin America Regional Cooperative Representative, ACDI requested A.I.D. to provide basic funding for the Asia and South Pacific Regional Representative, either through an amendment to the basic Core Support Grant or through a special grant. A.I.D. did not approve the funding request.

ACDI has forecast that new income of approximately \$100,000 will be required to fully fund the Asia/Pacific office in 1986.

Assessment of Effectiveness

The evaluators found that neither a formal job description nor a work plan outlining goals and anticipated time schedules exist to enable evaluation of the effectiveness of the Regional Representative. ACDI Washington currently receives an activity plan outlining anticipated allocation of time. Overlapping job responsibilities with the Washington-based Asia/Near East project office in the areas of project design and market development unnecessarily increases ACDI overhead travel expenses. ACDI's proposal to A.I.D. outlined the following purposes: systematic development of cooperative-to-cooperative relationships, incidental cooperative management consultation, assistance to cooperatives in the preparation of investment finance proposals to country or international banks, the development of constructive relationships with sources of finance, planning and facilitation of training by cooperative leaders and an attempt to identify trade opportunities of interest to U.S. cooperatives. A further purpose would be liaison with the Asian Development Bank, and development of relationships with potential Asian partners for ACDI and other CDOs in the implementation of development projects. Also to be available as a resource person to USAIDs for project identification, project development, evaluation, and management consultation in the area of cooperative development and small farmer credit.

It is apparent that the Regional Representative is widely known and respected in the Philippines, especially in organizations and institutions involved with cooperative development and rural credit systems. These organizations have included the ACDI representative in various seminars, workshops, panels and exhibits, and

frequently seek his counsel, which he currently provides at no cost.

USAID/Manila is the only Asian Mission which has contracted the services of the regional representative to date. A one-month contract provided technical and administrative analysis for the rural financial services project design.

The USAID Missions in the region had responded to an earlier A.I.D. query that consultation with the ACDI regional representative would be on a limited, incidental basis. No USAID contracts for ACDI have been generated during the period August 1984, to October 1985 and there is no evidence to suggest that this situation is likely to change.

Liaison with the ADB for ACDI and other CDOs (NRECA and VOCA) has been established and is ongoing; however, no measurable results can be reported, which is not unexpected since efforts in this direction require a great deal of time. Embassy and USAID Mission liaison has been maintained primarily at the agricultural level, leaving the representative basically uninformed regarding trade and local private enterprise issues.

Lack of progress is also seen in the objective to establish cooperative-to-cooperative linkages. Further developments emanating from the visit to the Peoples Republic of China seem to offer the best chance for early progress in this area.

The successful regional workshop, sponsored by APRACA, has established relationships between ACDI and

agricultural lending institutions in the region and could lead to projects in the future.

The Evaluation Team found the ACDI organization and staff to be appropriate for existing projects. The staff members had extensive international development experience and appropriate language capabilities.

The evaluators found the ACDI staff to be committed to cooperative and rural economic development, and oriented to project administration and support. The team sensed less orientation to the identification and development of projects.

The first year of effort by the Regional Representative must be seen in the context of market development and the establishment of contacts. If acquiring contracts to rapidly generate revenue or trade opportunities for ACDI or its member institutions are used as an objective, results to date must be considered disappointing. If, however, the objective is the creation of goodwill and a willingness to delay accrued benefits, the year has not been wasted.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

- o **Finding.** The primary focus of the ACDI representative has been on liaison activity (cooperative-to-cooperative linkages and trade development; e.g., assistance to the Government of the Philippines without charge and trade development with the PRC).

- o **Conclusion.** Benefits to ACDI via the focus on the liaison approach has resulted in creating goodwill within the donor community; however, no long-term contracts can be expected in the near future.

Recommendation. If A.I.D. funding is not provided, ACDI should redesign this position from one that essentially generates goodwill to one that generates income for the company through charging fees for services rendered. The Regional Representative should obtain from each USAID Mission in the region a copy of the Country Development Strategy Statement, and, if possible, the host country development plan, to ascertain where cooperative development and/or rural credit systems are being considered to better target marketing efforts.

- o **Finding.** First year funding of the Regional Representative position has been less than the actual cost to maintain it.
- o **Conclusion.** ACDI will incur a shortfall of approximately \$125,000 in their operating budget for 1985 aggravated by expenses for this position. This deficit will be absorbed by ACDI

reserve funds. Substantial project activity in the region needs to be generated to offset this cost.

Recommendation. ACDI must develop strategies to acquire additional contracts through the marketing efforts of the regional representative, thereby contributing to the funding of this position.

A specific time frame should be established for the position to become financially self-sustaining. If this cannot be achieved, consideration should be given to consolidating the regional activities into the Washington office. The evaluation team recommends the period not exceed August 1986 (two years total).

The Asian/Pacific Regional representative position should be eliminated if sufficient business volume is not developed to sustain it.

- o **Finding.** USAIDs in Asia have not increased or changed interest and demand for the services of the regional representative.

- o **Conclusion.** There is no evidence to suggest that this situation is likely to change.

Recommendation. The Regional Representative should obtain from each USAID Mission in the region a copy of the Country Development Strategy Statement, and, if possible, the host country development plan, to ascertain where cooperative development and/or rural credit systems are being considered to better target marketing efforts.

- o **Finding.** No formal job description exists for the regional representative's position. The team received a July 1983 draft document entitled "Technical Functions of an ACDI Asian/Pacific Regional Office" upon which to base the assessment.
- o **Conclusion.** Overlapping job responsibilities with the Washington-based Asia/Near East Project Officer in the areas of project design and market development unnecessarily increases ACDI overhead travel expenses.

Recommendation. ACDI should consider redefining job responsibilities to avoid duplication of efforts specifically in the area of market development.

- o **Finding.** No formal work plan is in place for the regional representative's position. ACDI Washington currently receives only an "Activity Plan" outlining anticipated allocation of time.

- o **Conclusion.** The representative's "Activity Plan" for the period July through December 1985 is not quantifiable, therefore, performance cannot be measured.

Recommendation. A formal work plan for Calendar Year 1986, with quantifiable objectives by which the representative's performance may be evaluated, should be developed by ACDI. The plan should be reviewed by ACDI Washington and the regional representative to allow for any necessary program adjustments. Consideration should be given to have the regional representative come to Washington for planning meetings once a year, i.e., the ACDI annual strategic planning and operating budget review. ACDI should examine the cost vs. benefits of having the Representative visit the Washington office.

- o **Finding.** Embassy and USAID Mission liaison has been maintained primarily at the agricultural levels leaving the representative basically

uninformed regarding trade and local private enterprise issues.

- o **Conclusion.** A closer link to local business communities and increased opportunities for business development could result if liaison with the U. S. Embassy Commercial Attache is pursued.

Recommendation. The representative should expand his exploration for business development opportunities through contact with Commercial Attache's and, where applicable, USAID Private Enterprise Officers. Monthly contact with the PRE Bureau Regional Private Enterprise Advisor in Bangkok is also advised.

- o **Finding** Liaison and business development with the Asian Development Bank have been, and will continue to be very slow moving due in part to the procurement policies and the high volume of competitive companies registered at the bank.

- o **Conclusion.** Opportunities exist for the regional representative to work under contract for the Asian Development Bank as a staff consultant for short-term project design and appraisal in the near future.

Recommendation. The representative should identify marketing efforts which should

be intensified and directed to the Project Officer and the Chief of Division levels, with the prime objective of getting ACIDI short listed for projects in their areas of expertise. The team also suggests that ACIDI consider linking up with local partner(s) (local consulting companies) on a project-by-project basis, to improve their chances for obtaining ADB contracts.

LATIN AMERICA AND CARIBBEAN REPRESENTATIVE

The Latin American and Caribbean representative position was established by ACDI in 1982, primarily to maintain cooperative to cooperative contacts, but also to promote the interchange between the United States and Latin America and Caribbean cooperatives, to provide technical assistance to area cooperative organizations and farm credit systems, and to provide short-term technical assistance to the Regional Office Central America and Panama (ROCAP) and USAID Missions in the area. The position is based in Guatemala City, Guatemala.

The representative is widely known and highly respected by USAID Missions, organizations and institutions working with cooperative development and rural credit systems.

A breakdown of the regional representative's work shows that substantial time - 52% in the period April 1982 to September 1983 - was spent on Indefinite Quantity Contract (IQC) work orders in the region, with 41% spent on regional representative duties and 7% working for ACDI/Washington.

Cooperative Institutions and USAID Missions in Honduras, Guatemala, Costa Rica, Panama, Peru and El Salvador have made use of the services of the regional representative during the current three-year grant period.

Key activities have included IQC assignments for short-term studies, surveys and cooperative development work in Costa Rica, Guatemala, Honduras, Panama and Peru.

An ACDI background information and briefing paper dated October 19, 1983, stated, "Partly because of the effort put into satisfying the USAIDs requests and partly because ACDI did not wish to openly advertise a service which might be transient, demand for the regional representatives services from Latin American cooperatives has been relatively light."

Little or no representation has been undertaken on behalf of the other five CDOs.

Only in Guatemala has the regional representative responded to specific requests from local cooperatives.

Funding

For the period 1982 to 1984, funding for this position was supplied through an A.I.D. matching grant which contemplated a two-year budget of \$304,400. Of this amount, up to \$150,000 was to be provided by A.I.D. and the remainder funded by ACDI from its development fund.

For the period January 1985 to January 1986, a contract (No. 520-000) was executed with USAID/Guatemala for \$82,176 under which the regional representative is committed to work for nine months out of the year for USAID/Guatemala with the remaining three months available for other duties, paid from the ACDI Core Grant.

Assessment of Effectiveness

The evaluators found that no formal job description or work plan exist to enable evaluation of the effectiveness of the regional representative. Stated purposes for the establishment of the regional representative include:

- o To establish and maintain cooperative-to-cooperative contacts and to promote the interchange between the United States and Latin American and Caribbean cooperatives for purposes of development, trade and investment of mutual interest, not only among agricultural cooperatives but in all fields of cooperative endeavor.
- o To serve as a cooperative extension agent responding to requests from area cooperative organizations and from credit systems for technical and organizational advice either by providing such advice himself on a time available basis or by further specifying the need and putting them in contact with an appropriate source.
- o Being available as a resource person on cooperative development to ROCAP and USAID Missions in the area for short-term consultations related to cooperative development and farm credit development.

Under the USAID/Guatemala contract, the regional representative has proven to be a very effective resource person, but again, not enough time has elapsed to enable him to develop the areas mentioned.

USAID Missions in the region, specifically USAID/Guatemala, USAID/ROCAP, USAID/Honduras and USAID/Costa Rica, strongly supported the retention of the regional representative position beyond the January 1986, termination date.

- o **Finding.** Cooperative Institutions and USAID Missions in Honduras, Guatemala, Costa Rica, Panama, Peru and El Salvador have made use of the services of the regional representative under the current three-year grant cycle. The regional representative was found to be well qualified for the position.

- o **Conclusion.** The current regional representative is highly regarded by cooperative and rural credit implementing agencies and USAID Missions.

Recommendation. That A.I.D. take action to retain the services of a regional representative.

- o **Finding.** The present contract with USAID/Guatemala which funds 75% of regional representative's expenses terminates in January 1986.

- o **Conclusion.** If the USAID contract is not extended or renewed the services of the regional representative will terminate.

Recommendation. That USAID Missions in Central America should jointly fund up to 75%

of the Representative's
available time.

- o **Finding.** No formal work plan other than the grant statement of work is in place for the regional representative.
- o **Conclusion.** The work activities outside the USAID/Guatemala contract cannot be measured.

Recommendation. A formal work plan for the performance of a regional representative should be developed.

- o **Finding.** According to the ACDI representative, little or no representation has been undertaken on behalf of the other five CDOs.
- o **Conclusion.** CDOs do not consider the ACDI regional representative as representing them.

Recommendation. The representative should contact other CDOs to formalize the relationship. If there is no interest in formalizing the relationship, then eliminate this responsibility from the scope of work.

- o **Finding.** Little or no development of cooperative-to-cooperative contacts exists among United States, Latin American and Caribbean cooperatives.

- o **Conclusion.** It appears that American cooperative members may have little interest in developing cooperative-to-cooperative contacts.

Recommendation. ACDI should survey United States cooperatives for specific areas of interest. If none are found then eliminate them from the scope of work.

SUSTAINABILITY WITHOUT A.I.D. CORE GRANT FUNDING

A specific task under the Statement of Work was to assess the capability of ACDI to achieve a position of operation without Core Grant funding.

Major changes would have to occur over a period of time in the latitude given to ACDI to eliminate the Core Grant; several possibilities exist to accomplish this:

- o Increase direct contract recovery.

By ACDI increasing their administrative recovery, (currently 13% average) to a much higher amount the Core Grant could be reduced. Overall results would not change, A.I.D. would still provide funds but only through direct contract work.

- o Increase income.

The only existing way to achieve this goal is to add members, or increase membership contributions. This appears to be an unlikely possibility

as it would require an increase in contributions from members who are already financially strapped due to poor U.S. farming economic conditions in the U.S.

- o Broaden the services offered.

This is contrary to the purpose of the organization and may in fact result in A.I.D. sponsored Cooperative competition and overlap of services.

III ACDI PHILIPPINE ACTIVITY

Background

ACDI's predecessor organization, ICDA, began its Philippine USAID involvement in February 1965, to provide technical assistance to the Government of the Philippines (GOP) in the organization, training and development of an agricultural cooperative development leadership program. Since that time, ACDI has received ten USAID or USAID-funded host country projects totaling \$2,094,476. The most recent project was completed in March 1983. An historical listing of projects is shown in Figure 3 on the following page.

In 1984, ACDI established a regional representative office in Manila to serve the Philippines and the countries of Asia and the South Pacific. A.I.D. approved this position as a function but declined to provide funding to maintain it. An assessment of the effectiveness of this position is contained in Section II.

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PHILIPPINES

ACDI Project Activity

<u>Purpose</u>	<u>Dates</u>	<u>Funding</u>	<u>Funding Source Contract Number</u>
1. To provide technical assistance to the Government of Philippines in the organization, training and development of agricultural cooperative development leadership programs.	2/65 - 8/67	\$177,800	CSD 255 T.O. 9
2. Provide technical assistance in the formulation of practical lending policies, supervised credit techniques and a sound collective policy to increase farmer agricultural production.	6/67 - 10/69	\$22,534	CSD 1489 T.O. 7
3. To provide technical assistance in strengthening purchasing and marketing cooperatives and assisting in irrigation projects.	7/69 - 6/71	\$105,349	CSD 2219 T.O.5
4. To provide assistance in land reform integrated development program and grain marketing cooperatives.	2/72 - 3/76	\$111,740	CSD 2219 T.O. 18
5. To assist the Government of Philippines in formulating plans for development of a national cooperative union marketing system.	1/73 - 1/75	\$99,939	CSD 2219 T.O. 19
6. To assist the Government of Philippines in formulating plans for development of a national cooperative union marketing system.	2/75 - 9/75	\$73,300	BOA 1078 T.O. 3
7. To pilot-test an effective and viable package of support service technology for small-scale farmers utilizing the organizational structure of the Samahang Nayon as basic delivery mechanisms.	5/75 - 5/77	\$83,585	T.O. 5
8. Provide support services to the training programs for cooperative managers of the Bureau of Cooperative Development.	3/76 - 5/76	\$8,000	BOA 1078 T.O 1
9. Start Cooperative marketing project.	10/79 - 3/83	\$1,409,500	Host Country Contract
10. Provide advisory to Cooperative marketing project.	1/80	\$2,729*	Development Fund
<u>*Corporate Funds</u>		<u>\$2,094,476</u>	

FIGURE 3. ACDI Project Activity for the Philippines

Economic Overview: An Agricultural Perspective

As with most, if not all, developing countries, agriculture has traditionally been the foundation of the Philippine economy. Although the industrial and service sectors have developed substantially since World War II, those engaged in agriculture (47% in 1979), have remained the largest sector of the Philippine economy, and at the bottom of the economic ladder.

Traditionally, the largest categories of agriculture production such as field crops, estate crops and forestry, had been held by large landowners while livestock and fishing were found among the smallest operators. Restructuring of these categories occurred in 1972 as a result of a Presidential Decree instituting agrarian reform. This created thousands of new small holders of land. The Decree mandated that no rice or corn farmer could farm over seven hectares (17 acres). Provisions were made for the new owners to purchase their land through the Philippine Land Bank, a public institution, over a period of 15 years. The great majority of farms producing rice and corn are one to three hectares in size (2.5 to 7.4 acres) with an average size of 1.7 hectares (4.2 acres).

The economic environment of the new, small landholder farmers was one of buying inputs and selling outputs to the local dealer, paying relatively high prices for inputs and receiving relatively low prices for outputs. Credit was available only through local money lenders and private banks who charged usurious annual interest rates of reportedly up to 600 percent.

Agricultural cooperatives were introduced to the Philippines in the early part of this century and again in

1953, meeting with limited success. In 1973, a new cooperative movement was initiated by the Ministry of Local Government with the goal of providing cooperative marketing and rural credit services to the small farmers. These efforts resulted in the establishment of 18,616 village-level pre-cooperatives, called Samahang Nayons, along with 64 area marketing cooperatives (AMC) and 29 cooperative rural banks (CRB). These institutions met with limited success in serving their small farmer members. The CRB's major problems have been local management ability, financial integrity and debt repayment. Of these totals, approximately 5,000 Samahang Nayons, 43 AMCs and 29 CRBs have survived and continue to operate with varying degrees of success.

During the 1970's rice yields increased dramatically due to the introduction of improved varieties, and increased use of chemical fertilizers, as well as improved agricultural and management practices. The Philippines became a rice exporting nation for the first time. Since 1980, rice production has remained relatively stable. The Philippines became a rice importing nation again in 1984, due to population growth and the depletion of rice reserves.

In 1984, the Philippine economy underwent its sharpest contraction since World War II with real GNP declining by 5.3%. Hardest hit was the industrial sector. The services sector declined slightly while the agricultural sector increased slightly in real value. Inflation spiraled in 1984, reaching an annualized peak of 64% in October and averaging 50% during the year. With the imposition of government reform to fiscal projects inflation has been reduced to 15% in mid-1985 and commercial interest rates have declined to 25-28%.

During this period farmers were denied credit because of the higher alternative interest rates available for investment by banks in less risky, higher yielding government debt instruments, and because of earlier non-payment by farmers. As a result of the latter situation, many family-owned private, rural banks are now in default with the Central Bank and are not operating.

In 1985, farmers finding themselves faced with higher production costs and lower prices for rice, have been unable to meet debt obligations. This situation exacerbates the problems of an already troubled economy.

Review of ACDI Activity in Technical Assistance

During the course of the Philippine site visit the evaluation team met with former ACDI project staff members still in the Philippines, government officials, university faculty, bank officials, cooperative officials and managers, and farmers. In Iloilo Province, visits included a cooperative rural bank, participation in a Samahang Nayon farmers meeting, and two marketing cooperative meetings in Central Luzon. Additional visits included the International Rice Research Institute, the Agricultural Credit and Cooperatives Institute at the University of the Philippines at Los Banos, and other faculty at the University of the Philippines College of Economic Development.

Visits to the Cooperative Rural Banks (CRB) indicated that ACDI had played a key role in designing the credit procedures and administrative procedures used by the CRBs. The input of ACDI and its staff was well regarded by cooperative officials. Many of the procedures

established by ACDI were no longer being followed at the time of the evaluation. This situation reflects the absence of direct ACDI involvement since 1983. Most CRBs were experiencing very high credit delinquency rates and as a result, lost most of their A.I.D.-supplied capital. While many farmers have been unable to repay loans, others have not repaid believing that it was not necessary to do so. Unfortunately, the majority of cooperative managers and directors, with the apparent approval or consent of government officials, have made little or no effort to collect delinquent accounts. This was viewed by the evaluators as a serious weakness in the program, but is a result of Philippine tradition and custom and should not be considered a weakness in ACDI's effort in establishing a sound rural credit institution.

Visits to the Area Marketing Cooperatives (AMCs) revealed sound business concepts in supplying fertilizers, chemical inputs and sound marketing concepts for rice and peanuts. Indications were that ACDI had provided useful and appropriate technical assistance in establishing the AMCs. Many AMCs are now apparently barely operational because of poor management practices and control including inadequate gross margins, debt collection, and problems of management's fiscal interpretation. However, the AMCs visited had management and directors who understood the problems and were operating soundly.

Interviews with cooperative leaders showed a very high regard for the ACDI role in the cooperative marketing project and for the consulting services provided in the past year by the Regional Representative of ACDI. Although there is a request for future services, cooperative development appears not to be an important objective of USAID programming in the Philippines.

Interviews with government officials responsible for cooperative development indicated a strong awareness and appreciation for the role of ACDI in providing technical assistance in the development of cooperative organizations throughout the Philippines.

The most notable legacy of the years of USAID/Manila funding and ACDI technical assistance in the Philippines is the small remaining cooperative management structure which can be used to rebuild a sound cooperative system.

It is usually difficult to collect adequate hard, sound economic data on technical assistance in developing countries; however, certain observations seem clear, such as lack of local leadership, management ability, integrity, and, to some extent, the independent character of the Filipino farmer appear to be the major reasons for the lack of success of large-scale efforts to develop village cooperatives and cooperative rural banks. These efforts, however, have produced a nucleus group of Cooperative Rural Banks (CRBs) and Area Marketing Cooperatives (AMCs) that appear to be adequately managed, and are supported by farmers who appreciate the role of the cooperatives in increasing their income through improved purchasing of supplies, marketing, and lower credit costs. A visit to a Samahang Nayon village farmer group meeting revealed strong support for the AMC and CRB organizations.

FINDING, CONCLUSION AND RECOMMENDATION

- o Finding. The current economic conditions in the Philippine agricultural economy have caused many family owned rural banks to fail. This has created a paucity of market rate credit available to farmers. Thus cooperative leaders and government officials call on the ACDI Regional Representative for assistance as a resource person.

Conclusion. There is a need for continuing technical and financial assistance to Cooperative Rural Banks and Area Marketing Cooperatives. Specific areas that appear to need strengthening include:

- Collection of past due accounts.
- Information management and analysis.
- Increased coordination in buying inputs.
- Increased margins in handling inputs.
- Increased management staff training.
- Increased effort in developing marketing agreements between AMCs and between AMCs and buyers of rice and other products.

To strengthen CRBs and AMCs a source from which banks and cooperatives may acquire additional

non-USAID project funding must be determined. While the funding issue is not within the scope of this report, additional funding should be contingent on stringent guidelines with respect to debt repayment, marketing agreements, etc. Any additional funding should be through private areas, i.e., non-governmental, cooperative operating organizations. The purpose would be to strengthen the cooperative structures themselves. Appropriate bonding (if available) and accounting procedures should be made a part of the agreement, if one is implemented. ACDI is capable of providing assistance in reinstating an improved and revitalized system of CRBs and AMCs.

Recommendation. ACDI should be encouraged to enter into an arrangement to acquire funding with which to pursue expansion and strengthening of the system of CRBs and AMCs within the Republic of the Philippines.

ACDI's development activities should be funded by Mission supported projects with the Basic Core Grant provided to permit maintenance of a headquarters backstopping capability.

IV ACDI HONDURAS ACTIVITY

Background

ACDI's predecessor organization, ICDA, began its A.I.D. supported activities in Honduras in 1966, with a project designed to provide technical assistance for the development and establishment of agricultural cooperatives. Since that time, ACDI and its predecessor organization have been involved in nine different technical assistance projects totaling \$1,766,984, as shown in Figure 4 on the following page.

Records of projects before 1981 were not available from the USAID/Honduras office, nor were knowledgeable personnel available for input on the earlier projects. However, the evaluation team located Honduran government individuals and a Honduran businessman familiar with a 1976-1977 project dealing with small farmer organization management and accounting training. Information was, of course, available on projects after 1980.

The level of recently completed and current activities provided the basis for selecting Honduras for site review.

HONDURAS

ACDI Project Activity

<u>Purpose</u>	<u>Dates</u>	<u>Funding</u>	<u>Funding Source Contract Number</u>
1. Technical assistance for the development and establishment of agricultural cooperatives.	10/66 - 12/66	\$174,928	CSD 683 T.O. 4
2. To assist the government in the reorganization of cooperatives and its management and financial systems.	1/67 - 12/67	\$28,900	CSD 683 T.O. 5
3. To advise national development bank and extension services on a livestock credit program.	1/69 - 7/71	\$111,664	CSD 2219 T.O.2
4. To provide organization of agricultural cooperatives, continuing education of cooperative members, operations, agricultural improvement and financing.	1/69 - 12/72	\$316,154	CSD 2219 T.O. 4
5. To assist the National Development Bank in the implementation of its agricultural credit and technical assistance program for small and medium farmers.	7/71 - 1/74	\$83,260	CSD 2219 T.O. 15
6. To provide assistance in the development of small farmer organizations in accounting and management training.	1/76 - 2/77	\$170,000	522-UN-94-T
7. Designs initiation of a project for the development of regional coops.	9/80 - 10/80	\$5,642*	Corporate Funds
8. Regional Cooperative Development.	6/81 - 5/85	\$480,700	
9. Regional cooperative "Unicoop" (Federation) project.	7/85 - 8/86	\$395,500	
<u>*Corporate Funding</u>		<u>\$1,766,948</u>	

FIGURE 4 ACDI Project Activity For Honduras

Economic Overview: An Agricultural Perspective

Honduras is the second largest Central American country and has the second lowest per capita income in the Caribbean Basin. Agriculture remains the largest sector of the Honduran economy while the industrial sector remains largely undeveloped.

The agricultural sector is divided into the following categories:

Small Farms:	Normally one to five acres providing mostly subsistence crops but also includes small-scale production of corn, coffee and vegetables
Medium/Large Farms:	Normally 20 to 200 acres producing livestock and corn
Commercial Farms/ Plantations:	Typically foreign owned, producing bananas and sugar cane
Forestry:	Covering 78% of the countryside, is marginally productive and typically government owned.

As may be expected, the largest sector of the population is engaged in small, subsistence farming activity. Many of the small landholders are recent beneficiaries of the Agrarian Land Reform Program which

was initiated in 1975, and until the reform, had not experienced land ownership or farming as independent farmers.

Review of ACDI Activity in Technical Assistance

The earliest ACDI activity reviewed for this report is the Technical Assistance in accounting and management training provided to small farmers' organizations. During 1976 and 1977, ACDI organized a Technical Assistance Team composed of U.S. cooperative experts and Honduran nationals to tour the countryside providing courses and instruction in management/organization and accounting for members of rural cooperatives. The target audience was small farmers receiving land under the Agrarian Reform Program.

Work under a major four-year contract was begun in 1981, for the purpose of establishing economical model regional cooperatives. These were established and were operated outside existing host government agencies, although under host government general supervision with professionally trained managers, and operated according to sound business principles. The project, developed by USAID/Honduras and ACDI, offered a departure from earlier cooperative development projects where cooperatives were more directly administered by government agencies. Management and management principles were taken from the private sector. Earlier projects in Honduras and other developing countries had encountered many delays because of bureaucratic inefficiency and cooperative credit projects had experienced credit delinquencies of up to 90%. The politically influenced host government agencies had no inclination or desire to control the

issuance of credit nor to pursue the collection thereof. The goal of this new project, termed "model" cooperatives to distinguish it from other ongoing in-country projects, was to issue credit and to provide for debt collection on a business-like basis.

Several revisions in design were made during the course of the project, with the end result being the establishment of two diversified input/output regional marketing cooperatives and the revitalization of two Agro-Export melon and vegetable export marketing cooperatives. ACDI provided technical assistance in the organization, management selection, operating management, supervision, credit procedures, accounting procedures, purchasing of supplies and inputs, marketing (including grading, transportation, etc.), production and processing expertise to the cooperatives. This was accomplished through the use of expatriates (short and long term) and a national counterpart. The project ended in 1985.

ACDI has one on-going project in Honduras which began on July 1, 1985, and is scheduled to end September 1, 1986. Project objectives are to provide technical assistance for the four existing model cooperatives, and one additional Agro-Export vegetable cooperative (plus probable additional regional cooperatives in the future), and to establish an independent National Federation of Regional Cooperatives to provide non-governmental support system services ranging from governmental liaison to auditing, collective purchasing of supplies and marketing to outputs. The organization, UNICOOP, has been staffed and is receiving USAID/Honduras funds in addition to the ACDI two man team plus short term technical consultants.

Interviews with government officials familiar with the Small Farmer Organizations Accounting and Management Training Program, and a former "National" staffer, now a businessman, indicate ACDI has had a very positive influence, and had established principles and procedures still in practice in many local cooperative structures across the countryside. All sources indicated approval and high regard for the quality of ACDI's staff and program content.

FINDING, CONCLUSION AND RECOMMENDATION

- o **Finding.** The "Model" Regional Cooperatives Project in Honduras was the most notable success story observed during any site visit. The sound credit and business practices employed by the two model grain cooperatives have resulted in business organizations well on the road to self sufficiency with credit delinquency rates of less than 10% compared to other similar cooperatives which showed no signs of progress toward self-sufficiency and with credit delinquency rates of up to 90%. The Agro-Export cooperatives have achieved less economic success due to well-documented external, non-operating circumstances, but show the same organizational strengths as the grain cooperatives. These successes have been influenced greatly by the leadership and management support of ACDI Technical Assistance.

- o **Conclusion.** The establishment of a national organization, UNICOOP, as planned, is essential to the continued success and viability of regional cooperatives. ACDI is playing a critical role in the establishment of UNICOOP.

Recommendation. Continued technical assistance to UNICOOP beyond September 1, 1986, is highly desirable to ensure the firm establishment of UNICOOP in its designed role. ACDI is the logical organization to provide this assistance.

V ACDI GUATEMALA ACTIVITY

BACKGROUND

Guatemala was visited in order to meet with the ACDI regional representative. A brief overview is provided.

ACDI activity with USAID/Guatemala began in December 1970, with ACDI providing technical assistance in the establishment and operation of FECOAR, the Federacion de Cooperativas Agricolas Regionales. That assistance ended in 1975. A second major project was that of providing technical assistance to the National Land Transformation Institute, INTA (and later to FECOAR), for a project designed to relocate 5,000 poor families on 50,000 hectares (123,500 acres) of public lands, in an undeveloped area known as the Northern Transversal Strip (NTS) in northern Guatemala. The project activity began in 1975, and ended in 1980. Both projects were supported by USAID/Guatemala.

During the aforementioned projects and subsequently, ACDI has provided consultant services to USAID/Guatemala on a variety of USAID issues. ACDI has maintained a Latin American Regional Office in Guatemala since 1982. During calendar year 1985, the regional representative spent 75% of his time as a consultant to USAID/Guatemala's office of Rural Development advising and consulting on various issues.

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Activities/Economic Overview: An Agricultural Perspective

FECOAR was organized in 1972, by three regional cooperatives expanding to encompass six regional cooperatives. The purpose of the Federation was to provide assistance and support to the "regionales" in the areas of administration, credit, technical assistance, marketing and purchasing of inputs. The Federation and regionals experienced a rapid growth in membership and service during the time of ACDI's technical assistance, which ended in 1975. The majority of the members, called Socios, are small holders with plots ranging from one-half to two hectares (1-1/4 - 5 acres). Many were new landowners under the resettlement program, or farmers having informal land tenure. The Federation played a major role in providing a variety of services to the regionals, but the principal services were supplying credit and the purchase of fertilizers. Five of the six regionals were located in the Highland areas of Guatemala, and the other was located in the Eastern area.

In 1976, Guatemala experienced a severe earthquake which disrupted the economy and diverted national attention and resources. Beginning in 1978, the northern areas began to have increasing guerrilla activity which increased in intensity to a point where large numbers of residents were killed or fled to Mexico and other areas. Several cooperative employees were killed and others fled. The resulting impact on the five cooperatives operating in these areas was one of greatly reduced membership and business activity, and unpaid debts. The guerrilla activity was under control by 1983, but the damage to the regional cooperatives and the Federation had been done.

Today, a reduced Federation staff and adequate physical facilities remain. Five of the six regionals have very large debts to the Federation because of unpaid member debts, and exist only through earlier capital infusions. Increased efforts are being made to collect debts where the debtor is known but, in many cases, debtors were killed or have disappeared. In other cases, weak management and local custom did not enforce debt collection. The future viability/role of FECOAR and these regionals will be dependent on additional capital and increased administrative control in credit extension and collection.

The original FECOAR General Manager remains in place. Some of the managers of regionals have been replaced by "controllers" appointed by the Federation to more closely control debt and work on debt collection.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

- o **Finding.** After talking with the FECOAR Manager, USAID representatives and reviewing documents, the evaluators found that ACDI's technical assistance during the contract period was of the highest quality and well received.

- o **Conclusion.** The current situation surrounding FECOAR is not a reflection on ACDI.

Recommendation. Additional technical assistance to the FECOAR/Regionals in the form of administration/control/planning

and capital may be a wise investment for USAID/Guatemala.

- o **Finding.** The Northern Transversal Strip Land Resettlement Project (NTS) began in 1976 and continued for five years. A two-person team worked with various Guatemalan government agencies for a period of two years in the design, planning and preparation for implementation of the plan. The overall goal of the project was to resettle 5,000 poor families on 50,000 hectares of public lands in the NTS during the five-year life of the project. The plan called for the establishment of an economic and social infra-structure to include roads, health posts, etc., and cooperative organizations to support the residents of the area. The initial plans were for four cooperatives to assist in the implementation of the project.

There were many bureaucratic problems among the government agencies involved and varying degrees of interest among the cooperative Federations. By February 1979, two cooperative federations were left to implement the settlement plan in four development blocks. FECOAR was selected to implement settlement in two increments.

Almost every imaginable problem presented itself, but was overcome or circumvented, and settlement activities began in January 1981. Families began arriving at the rate of 100 per month with 1,000 families settled by October 1981. Nearly 2,000 families were in place by early 1982. Of the two implementing cooperative federations, FECOAR was by far the most effective, settling over 95% of

the families. ACDI's assistance role came to an end at this time.

During this time (early 1982), violence began to increase in the area and military authorities ordered all activity in the area to be stopped. Many families disappeared, fearing for their safety.

- o **Conclusion.** Indications from interviews and written reports were that ACDI's input was critical and decisive, at times of bureaucratic infighting, in meeting settlers' needs and desires in obtaining land titles, and in keeping the project moving at times when there was little encouragement elsewhere. The problems resulting from the violence in 1982, and the resulting damage to the program's success can, of course, in no way reflect on the quality of assistance provided by ACDI.

Recommendation. When the host government determines that conditions are favorable to resume or re-design the NTS project, ACDI's assistance role to FEOCAR should be continued.

VI GENERAL FINDINGS, CONCLUSION AND RECOMMENDATIONS

- o **Finding.** Sustainability at the present level of operation without Core Grant funding is not possible.

- o **Conclusion(1).** ACDI cannot operate at the present level without the Core Grant. Their effectiveness overseas is clearly linked to the availability of Mission funding for cooperative development.

Recommendation(1). The Core Grant should be continued through the next three years to allow for an organizational transition resulting from a continued reduction in Core Grant support.

- o **Conclusion(2).** ACDI overhead recovery (percent) is currently inadequate.

Recommendation(2). ACDI should be allowed to increase their overhead recovery on direct contract work, which will provide an offset to decreasing Core Grant funds. If the Core Grant is reduced, it is recommended that the overhead recovery be increased on existing and future contracts.

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- o **Finding.** The success of ACDI in cooperative-to-cooperative linkages has been marginal with one exception, a fertilizer cooperative in India.
- o **Conclusion.** ACDI American cooperative members appear to have little interest in developing cooperative-to-cooperative contacts.

Recommendation. ACDI should survey United States cooperatives for specific areas of interest. If none are found then eliminate them from the scope of work.

- o **Finding.** Additional complex reporting procedures will not improve operations nor result in net savings to A.I.D.
- o **Conclusion.** Changes in the current reporting system can be made to reduce administrative costs.

Recommendation. A new reporting system could be developed to provide data from existing ACDI reports which would decrease administrative overhead expense.

- o **Finding.** ACDI is projecting a shortfall in 1985, and a more serious one in 1986, at present levels of business.
- o **Conclusion(1).** New business areas need to be developed.

Recommendation(1). Additional related business areas and new donors should be developed to increase the revenue base.

- o **Conclusion(2)**. The Asian/Pacific Representative position is operating without a firm business base.

Recommendation(2). The Asian/Pacific Regional representative position should be eliminated at the expiration of the present commitment if sufficient business volume is not in place at that time.

- o **Finding**. It would appear that A.I.D. currently supports two organizations, ACDI and NCBA, which are competitively working in the same technical areas.

- o **Conclusion**. Duplicate services are offered by Cooperative Development Organizations.

Recommendation. Steps need to be taken to eliminate duplication of efforts by ACDI and NCBA in order to avoid unnecessary A.I.D. expenditures.

- o **Finding**. During the evaluation it was found that A.I.D. funded organizations are often forced to bid projects competitively. This action defeats the purpose and intent of A.I.D.'s Core Grant

support to CDOs and the possibility of reducing Core Grant funds.

- o **Conclusion.** The option of using non-competitive grants might be in the best interest of A.I.D.

Recommendation. Consideration should be given to providing ACDI (and other CDOs) grants on a non-competitive basis for projects within their areas of expertise. This is believed to be most cost effective for A.I.D.

Appendix A - Statement of Work

C.1. Objectives

Review and evaluation of the Agricultural Cooperative Development International grant to provide A.I.D./PRE management with an objective analysis of the project's performance to:

- 1) Provide consulting services to A.I.D. Missions during the current three-year funding cycle, as required in the Grant.
- 2) Evaluate ACDI's success and/or failure over the prior ten to twenty years to affect and influence change in the development and profitability of cooperatives and their impact on host country agricultural production and productivity.

C.2 Scope of Work

a) A.I.D./PRE has selected two countries for review - The Philippines and Honduras. Since the mid-1960's these countries have experienced the majority of project activity in their respective regions. The evaluation will begin on or about September 16, 1985, and be completed by November 30, 1985.

b) Methodology and Procedures - The team will spend approximately seven working days in Washington, D.C. to perform the necessary research and analysis of pertinent project documentation including reports of recent Mission evaluations conducted in Egypt and Kenya. Mission

responses to cable inquiries by A.I.D./PRE regarding the current ACIDI project portfolio will also be included. Interviews in the United States will include, but not be limited to: (1) A.I.D./PRE staff including the Project Officer, (2) appropriate ACIDI staff, (3) representatives from the donor community, (4) A.I.D. regional bureau project staff familiar with ACIDI projects, (5) selected members of the Board of Directors and Executive Committee of ACIDI, (6) representatives of affiliated U.S. cooperative associations including the National Council of Cooperative Associations including the National Council of Farmer Coops and the Farm Credit Administration. Additionally, A.I.D./PRE will conduct a two-day pre-departure workshop for team members.

In the field, data will be collected from selected local cooperatives, agricultural banks, appropriate host government agencies, donor organizations and the A.I.D. Mission. Site visits will also include the Latin America Regional Office in Guatemala.

The itinerary will be planned in consultation with the Contractor and the respective A.I.D. Missions. Consultants will be employed for six-day work weeks.

c) General - The evaluation report shall address the following essential questions and issues:

1. Has ACIDI met the objectives as stated in the "Program Description" of the grant agreement?

2. Have there been any constraints which have prevented or inhibited the ability of ACIDI to accomplish project objectives. If so, describe and provide recommendations for overcoming the constraints?

3. Have ACIDI projects influenced the development of the agricultural private sector in their host countries? If so, how? If no, why not?

4. Have ACIDI projects had an impact in strengthening the long-term institutional capacity of coops in the host countries?

5. Has ACIDI involvement in A.I.D. projects made a difference to the host country economy and well being of cooperative members in the following areas: 1) employment generation, 2) foreign exchange generation, 3) management and technical skills development, 4) technology transfer, 5) increased income and economic activity to provincial areas, and 6) poverty alleviation in rural areas.

Additional questions will be developed by A.I.D./PRE and participants at the predeparture workshop.

6. Analysis of ACDI's Program Activities:

- Advisory Assistance and Project Identification
- Project Development
- Project Initiation
- Project Support
- Administration
- Member Relations

7. Financial Analysis conducted for Fiscal Years 1980 - 85 shall be performed indicating:

- Total contributions by A.I.D. Missions to ACDI
- Total contributions from other sources
- Total costs for each regional representative indicating source (i.e. Core Grant development fund, etc.)

- Overhead Expenses

This section will also include a comparative analysis of ACDI's Washington Office administrative costs with funds received from AID Missions.

Address how ACDI determines the ratios of funding between AID and private contributions. Is this rationale consistently applied?

8. Assessment of the effectiveness of each Regional Representative.

9. Accomplishments vs. Objectives

- Those achieved and not achieved
- Why and why not
- Any unplanned achievements
- Development benefits/impact

10. Lessons learned

11. Recommendations for redesign, if necessary.

12. Sustainability without AID funding.

Appendix B - Grant Agreement

Mr. Donald H. Thomas, President
AGRICULTURAL COOPERATIVE DEVELOPMENT
INTERNATIONAL
1012-14th Street, N.W.
Washington, D.C. 20005

Subject: Grant No.
PDC-0225-G-SS-3039-00

Dear Mr. Thomas:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Agricultural Cooperative Development International (hereby referred to as "ACDI" or "Grantee"), the sum of \$670,000 to provide ACDI the capacity to maintain its in-place technical capability in the areas of agricultural cooperative development and farm credit systems, and to make this expertise available to A.I.D. and other donors engaged in development activity in developing countries, as described in the Schedule of this grant and the Attachment 2, entitled "Program Description", and ACDI's proposal dated October 15, 1982.

This grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period January 10, 1983 through January 9, 1984.

This grant is made to ACDI on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, the Schedule, Attachment 2, entitled "Program Description", and Attachment 3 entitled "Standard Provisions".

Please sign the original and eight (8) copies of this letter to acknowledge your receipt of the grant, and return the original and seven (7) copies, including all those stamped "Funds Available", to the Office of Contract Management.

Sincerely,

Edward H. Thomas
Grant Officer

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL

BY: _____
TYPE NAME: D. H. THOMAS
TITLE: President
DATE: February 18, 1983

Fiscal Data

Appropriation: 72-1131021.3

Budget Plan Code: EDAA83 13810 AG11

(343-38-099-00-76-31)

PIO/T No.: 3834002

Project No.: 938-0225

Total Estimated Amount: \$2,170,000

Total Obligated Amount: \$ 670,000

IRS Employer Identification Number: 52-0811461

Funding Source: A.I.D./W

SCHEDULE

A. Purpose of Grant

To provide ACDI the capacity to maintain its in-place technical capability in the areas of agricultural cooperative development and farm credit systems, and to make this expertise available to other donors engaged in development activity in developing countries.

B. Period of Grant

1. The effective date of this Grant is January 10, 1983. The expiration date of this Grant is January 9, 1986.

2. Funds obligated hereunder are available for program expenditures for the estimated period January 10, 1983 to January 9, 1984 as shown in the Financial Plan below.

C. Amount of Grant and Payment

1. The total estimated amount of this Grant for the period shown in B.1 above is \$2,170,000.

2. A.I.D. hereby obligates the amount of \$670,000 for program expenditures during the period set forth in B.2 above and as shown in the Financial Plan below.

3. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3 Standard Provision 7A, entitled "Payment - Federal Reserve Letter of Credit (FRLC) Advance".

4. Additional funds up to the total amount of the grant shown in C.1 above may be obligated by A.I.D. subject to the availability of funds, and to the requirements of the Standard Provision of the Grant, entitled "Revision of Financial Plans".

D. Financial Plan

The following is the Financial Plan for this Grant, including local cost financing items, if authorized. Revisions to this Plan shall be made in accordance with Standard Provision of this Grant, entitled "Revision of Financial Plans".

<u>Cost Element</u>	<u>Obligated Amount</u>	<u>Estimated Additional</u>	<u>Total Estimated</u>
	FR: 1/10/83	FR: 1/10/84	
	<u>TO: 1/09/84</u>	<u>TO: 1/09/86</u>	
Salaries	\$ 530,000	\$ 1,210,000	\$1,740,000
Payroll Added Costs	125,000	280,000	405,000
Consultants	28,000	63,000	91,000
Workshops	55,000	125,000	180,000
Travel & Transportation	115,000	260,000	375,000
Other Direct Costs	190,000	439,000	629,000
Reg. Coop Rep (LAC)	140,000	280,000	420,000
LOL Project	268,000	536,000	804,000
Miscellaneous	<u>63,000</u>	<u>177,000</u>	<u>240,000</u>
Subtotal	\$ 1,514,000	\$ 3,370,000	\$4,884,000
Less Other Support	<u>844,000</u>	<u>1,870,000</u>	<u>2,714,000</u>
Total A.I.D. Support	670,000	\$ 1,500,000	\$ 2,170,000

The Grantee may not exceed the total obligated amount of \$670,000. The Grantee may not exceed the dollar costs for any cost element by more than 20% of such cost element without prior written approval of the Grant Officer.¹

¹ Deleted by Ammendment Number One.

E. Reporting and Evaluation

ACDI will be required to submit semi-annual reports on activities funded under this grant, using a format agreed upon between ACDI and A.I.D.. ACDI will also be required to conduct at least one processor impact evaluation of an overseas cooperative project in each of the three years. At least two of those evaluations should involve projects which are ending or have previously ended. As part of the evaluation, the following two questions should be addressed:

1. Has the project led to strengthening of long-term institutional capacity?

2. How has the project influenced the development of the private sector in the target area?

F. Special Provision

1. Delete the following Standard Provisions because they are not applicable:

a. Standard Provision No. 5A, entitled "Negotiated Overhead Rates - Predetermined"

b. Standard Provision No. 5B, entitled "Negotiated Overhead Rates - Nonprofit Organizations-Other Than Educational Institutions"

c. Standard Provision No. 7B, entitled "Payment - Periodic Advance"

b. Standard Provision No. 5B, entitled
"Negotiated Overhead Rates - Nonprofit Organizations-Other
Than Educational Institutions"

c. Standard Provision No. 7B, entitled
"Payment - Periodic Advance"

d. Standard Provision No. 7C, entitled
"Payment - Reimbursement"

e. Standard Provision No. 10B, entitled
"Procurement of Goods and Services Over \$250,000"

f. Standard Provision No. 13B, entitled "Title
to and Care of Property (U.S. Government Title)"

g. Standard Provision No. 13C, entitled "Title
to and Care of Property (Cooperating Country Title)"

2. Change the title of Standard Provision No. 15 to
"Termination and Suspension" and insert new paragraph
"(d)" as shown in the Alterations in Grant dated July 1982
attached to the Standard Provisions and incorporated
herein.

d. Standard Provision No. 7C, entitled "Payment - Reimbursement"

e. Standard Provision No. 10B, entitled "Procurement of Goods and Services Over \$250,000"

f. Standard Provision No. 13B, entitled "Title to and Care of Property (U.S. Government Title)"

g. Standard Provision No. 13C, entitled "Title to and Care of Property (Cooperating Country Title)"

2. Change the title of Standard Provision No. 15 to "Termination and Suspension" and insert new paragraph "(d)" as shown in the Alterations in Grant dated July 1982 attached to the Standard Provisions and incorporated herein.

G. Title to Property

Title to all property acquired under this grant shall vest in the Grantee.

H. Provision for Partially Funded A.I.D. Grants

1. The funds provided by this grant represent partial support of the program/project as described in the Schedule of this grant, and may be used to support the costs of the program/project as specified in the Financial Plan included in the Schedule.

2. The restrictions on the use of A.I.D. grant funds hereunder set forth in the Standard Provisions of

this grant are applicable to expenditures incurred with A.I.D. funds provided under this grant. The Standard Provisions are not applicable to expenditures incurred with funds provided from non-Federal sources. The grantee will account for the A.I.D. funds in accordance with the Standard Provisions of this grant entitled "Accounting, Audit and Records".

3. Notwithstanding paragraph (b) of the Standard Provision of this grant entitled "Refunds", the parties agree that in the event of any disallowance of expenditures from A.I.D. grant funds provided hereunder, the Grantee may substitute for such disallowance expenditures made with funds provided from non-Federal sources provided they are otherwise incurred for the purpose of this grant. At the expiration or termination of this grant, amounts of disallowance of expenditures from A.I.D. grant funds for which a substitution with expenditures from non-Federal funds cannot be made will be refunded to A.I.D.

PROGRAM DESCRIPTION

A. Description

The program that this grant supports enables ACDI to:

1. continue assistance in planning, development and establishment of self-sustaining, financially viable, properly managed agricultural cooperatives and farm credit systems, appropriately supported by developing country governmental policies and institutions; providing effective supply, credit, information and/or marketing services at reasonable costs to developing country farmers, especially those included among the rural poor; and

2. to further strengthen the institutional capacity of ACDI to assist Missions and host country cooperatives and agencies in development of effective agricultural cooperatives and agricultural credit systems.

Specifically, ACDI's program activities are grouped into six categories:

1. Advisory Assistance and Project Identification--ACDI will invite requests to consult with selected developing country cooperatives, agricultural banks, government agencies and donor organizations on cooperative development and farm objectives, problems and strategies;

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2. Project Development--When a project has been identified as having donor or cooperative-to-cooperative interest, more extensive field consultation will be required and ACDI headquarters staff will be involved in drafting feasibility studies, market analysis, cost projection and plans if action;

3. Project Initiation--When a program is approved for funding, ACDI staff will initiate implementation activities which will include, among other things: preparation and negotiation of contracts with project personnel; procurement of necessary materials and supplies; and orientation of project personnel and dependents;

4. Project Support--This function includes supervisory visits to the projects, response on project progress and problems from the field, and recruitment of project consultants and replacement personnel.

5. Administration--These functions include continuous review and updating of corporate personnel policies and practices, central procurement, office management, reporting, etc.;

6. Member Relations--ACDI must ensure that the members of its Board of Directors (all of ACDI's member organizations are represented on its Board) are informed of activities and problems, so that they may make informed policy decisions.

Under this grant, ACDI will expand and improve its activities with private non-governmental organizations. It will also expand its activities in advising A.I.D. Missions and developing country governments on cooperative

institutions; the training of cooperative credit management staff; and the conduct of management and policy-oriented workshops on an international and regional basis.

B. Participant Training

Increasingly, participant training activities are being included in project contractor responsibility rather than handled by A.I.D. As an important aspect of project work, ACDI arranges observational and on-the-job training as well as short course study programs for host country personnel. ACDI member organizations are particularly helpful in hosting these foreign visitors and giving them a thorough view of American operations which relate to their work at home. The grant includes provisions for additional technical and administrative support personnel necessary to respond to the existing and prospective level of participant trainees, while permitting management and project officers to continue adequate response to current project activities and project proposals developed by A.I.D. and other donors. 1983 projections are 28 long-term academic participants, and 59 short-term, one month or longer, participants. ACDI is not providing services for the benefit or use of A.I.D./W or the A.I.D. Missions under this Grant.

C. Indefinite Quantity Contract (IQC)

1. The grant supports ACDI's promotion for use of the indefinite quantity contract as an additional funding mechanism available to cooperative contractor organizations, especially in the areas of investigation of poten-

tial for feasibility analysis, project development, and project design. The IQC will be used where an initiative by a cooperative contractor organization is directly supported at that stage by an A.I.D. Field Mission or by A.I.D./W.

2. Paragraph C.1 is not intended to convey that this grant is being used to provide services for the benefit or use of A.I.D./W or the A.I.D. Missions.

Appendix C - PRE Cable to USAID Missions with Active
Projects

Text of A.I.D./PRE Unclassified Cable to USAID Missions in
La Paz, Quito, San Jose, Kingston, Nairobi, Dar Es Salaam,
Cairo, Suva, Bangkok, Manila, Tegucigalpa, Guatemala City,
Lima, Panama City, San Salvador.

ORIGIN AID-00

-----C. METHODOLOGY AND PROCEDURES:

ORIGIN OFFICE PRE-06

INFO NEPO-04 FPA-02 ASDP-02 LAEM-02 LACE-03 LACO-02 LADP-04
 LAGR-03 NEOP-03 AMAD-01 GC-01 GCFL-01 ANMS-01 ASPD-03
 ANTR-06 CMGT-02 CTR-02 STAG-02 STPO-01 SAST-01 RELO-01
 ANEA-02 /055 AD

INFO LOG-03 EB-08 ARA-00 L-03 EAR-00 /011 R

DRAFTED BY: AID/PRL/PPR: SREINHARDT: SE
 APPROVED BY: AID/PRE/PPR: HBECKMAN
 AID/ASIA/EA/P: BOEELL (PHONE) AID/LAC/CAP/H: HKAUFMAN (PHONE)
 AID/PRE/PPR: WHOLCOMB (INFO) AID/PRE/PPR: HUEGNER
 AID/ASIA/PD: RPRATT (INFO) AID/ASIA/DP/E: MNCRTOM (INFO)
 AID/LAC/DR/PC: ROTTO (INFO) AID/LAC/DP/SD: JFRANCIS (INFO)

-----245311 051840Z /38

R 051837Z AUG 85
 FM SECSTATE WASHDC
 TO AMEMBASSY MANILA
 AMEMBASSY TEGUCIGALPA
 INFO AMEMBASSY BANGKOK

UNCLAS STATE 239257

AIDAC, MANILA - RICK RHODA, BANGKOK - O/RPE, L. BROWN

E.O. 12356: N/A

TAGS:

SUBJECT: PROPOSED EVALUATION OF PRE BUREAU GRANT TO THE AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL (ACDI)

1. THE PRE OFFICE OF POLICY AND PROGRAM REVIEW IS PLANNING TO UNDERTAKE AN EVALUATION OF ITS GRANT TO THE AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL, AND SEEKS MISSIONS' CONCURRENCE TO BEGIN THE FIELD WORK BEGINNING ON A SEPTEMBER 27, 1985 IN MANILA AND O/A OCTOBER 23 IN TEGUCIGALPA.

2. SCOPE OF WORK IS OUTLINED BELOW. YOUR COMMENTS WOULD BE WELCOMED.

-----A. PURPOSE:

-----SPECIFICALLY, THE EVALUATION WILL PROVIDE PRE WITH AN OBJECTIVE ANALYSIS OF THE PROJECT'S PERFORMANCE TO:

(1) PROVIDE CONSULTING SERVICES TO USAID MISSIONS DURING THE CURRENT THREE-YEAR FUNDING CYCLE, AS CALLED FOR IN THE GRANT AGREEMENT; AND (2) EVALUATE ACDI'S SUCCESS AND/OR FAILURE OVER THE PAST TEN TO TWENTY YEARS TO AFFECT AND INFLUENCE CHANGE IN THE DEVELOPMENT AND

PROFITABILITY OF COOPERATIVES AND THEIR IMPACT ON HOST COUNTRY AGRICULTURAL PRODUCTION AND PRODUCTIVITY. IT IS NOT PRE'S INTENTION TO EVALUATE ACDI USAID MISSION PROJECTS.

-----B. BACKGROUND:

-----AS YOU MAY KNOW, THE COOPERATIVE DEVELOPMENT PROGRAM WITHIN A. I. D. HAS BEEN IN EXISTENCE FOR TWENTY YEARS. PRE BUREAU NOW PROVIDES QUOTE CORE UNQUOTE GRANT SUPPORT FOR ADMINISTRATIVE COSTS TO A PORTEFOLIO CONSISTING OF SIX COOPERATIVE PROGRAMS. PRE'S GRANT TO ACDI ENABLES THE COOP TO MAINTAIN ITS IN-PLACE TECHNICAL CAPABILITY IN THE AREAS OF AGRICULTURAL COOPERATIVE DEVELOPMENT AND FARM CREDIT SYSTEMS AND TO MAKE THIS EXPERTISE AVAILABLE TO AID AND OTHER DONORS ENGAGED IN DEVELOPMENT ACTIVITY IN DEVELOPING COUNTRIES. THE GRANT IS NEARING COMPLETION OF ITS THREE-YEAR FUNDING CYCLE.

-----PRE HAS SELECTED TWO COUNTRIES FOR REVIEW: THE PHILIPPINES AND HONDURAS. SINCE THE MID-1950'S THESE COUNTRIES HAVE EXPERIENCED THE MAJORITY OF PROJECT ACTIVITY IN THEIR RESPECTIVE REGIONS. THE EVALUATION WILL BEGIN ON OR ABOUT SEPTEMBER 15, 1985 AND BE COMPLETED BY NOVEMBER 30, 1985. A PRE-DEPARTURE WORKSHOP WILL BE CONDUCTED FOR TEAM MEMBERS, AND WILL INCLUDE PARTICIPANTS FROM A. I. D. AS WELL AS PRIVATE INDUSTRY.

IT IS ESTIMATED THAT EVALUATION TEAM MEMBERS WOULD SPEND APPROXIMATELY TWENTY-ONE DAYS IN THE PHILIPPINES, AND UP TO TEN DAYS IN HONDURAS.

DATA WOULD BE COLLECTED FROM SELECTED LOCAL COOPERATIVES, AGRICULTURAL BANKS, APPROPRIATE HOST GOVERNMENT AGENCIES, DONOR ORGANIZATIONS AND USAID MISSION STAFF.

FOR MANILA: THE TEAM WOULD ALSO WISH TO MEET WITH REPRESENTATIVES OF THE ASIAN AND PACIFIC REGIONAL AGRICULTURE CREDIT ASSOCIATION AND SELECTED LOCAL PARTICIPANTS IN THE ACDI REGIONAL WORKSHOP, HELD IN MANILA DURING MARCH, 1985.

-----D. THE EVALUATION REPORT WILL ADDRESS THE FOLLOWING ESSENTIAL QUESTIONS AND ISSUES:

----- (1) HAS ACDI MET THE OBJECTIVES OF THE GRANT AGREEMENT, AS STATED IN ATTACHMENT 2 ENTITLED QUOTE

PROGRAM DESCRIPTION? UNQUOTE

----- (2) HAVE THERE BEEN ANY CONSTRAINTS WHICH HAVE PREVENTED OR INHIBITED THE ABILITY OF ACDI TO ACCOMPLISH PROJECT OBJECTIVES? IF SO, DESCRIBE THEM AND PROVIDE RECOMMENDATIONS ON HOW THESE MAY BE OVERCOME?

----- (3) HAVE ACDI PROJECTS INFLUENCED THE DEVELOPMENT OF THE AGRICULTURAL PRIVATE SECTORS IN THEIR HOST COUNTRIES? IF SO, HOW? IF NOT, WHY NOT?

----- (4) HAVE ACDI PROJECTS HAD AN IMPACT IN STRENGTHENING THE LONG-TERM INSTITUTIONAL CAPACITY OF COOPS IN THE HOST COUNTRIES?

----- (5) HAS ACDI INVOLVEMENT IN USAID PROJECTS MADE A DIFFERENCE TO THE HOST COUNTRY ECONOMY AND WELL BEING OF COOPERATIVE MEMBERS IN THE FOLLOWING AREAS: (1) EMPLOYMENT GENERATION; (2) FOREIGN EXCHANGE GENERATION; (3) MANAGEMENT AND TECHNICAL SKILLS DEVELOPMENT; (4) TECHNOLOGY TRANSFER; (5) INCREASED INCOME AND ECONOMIC ACTIVITY TO PROVINCIAL AREAS; AND (6) POVERTY ALLEVIATION IN RURAL AREAS?

-----E. THE REPORT WILL ALSO INCLUDE:

-----1. ANALYSIS OF ACDI'S PROGRAM ACTIVITIES: (1) ADVISORY ASSISTANCE AND PROJECT IDENTIFICATION; (2) PROJECT DEVELOPMENT; (3) PROJECT INITIATION; (4) PROJECT SUPPORT; (5) ADMINISTRATION; AND (6) MEMBER RELATIONS.

-----2. FINANCIAL ANALYSIS FOR FISCAL YEARS 1980 THROUGH 1985: (1) TOTAL CONTRIBUTIONS BY USAID MISSIONS TO ACDI; (2) TOTAL CONTRIBUTIONS FROM OTHER SOURCES; (3) TOTAL COSTS FOR EACH REGIONAL REPRESENTATIVE, INDICATING SOURCE (I.E. CORE GRANT, DEVELOPMENT FUND, ETC.); AND (4) OVERHEAD EXPENSES.

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Department of State

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-----3. ACCOMPLISHMENTS VS. OBJECTIVES

----- THOSE ACHIEVED/NOT ACHIEVED
 ----- WHY/WHY NOT
 ----- ANY UNPLANNED ACHIEVEMENTS UNDER THE PROGRAM
 ----- DEVELOPMENT BENEFITS/IMPACT

-----4. LESSONS LEARNED

-----5. RECOMMENDATION FOR REDESIGN, IF NECESSARY

-----6. SUSTAINABILITY WITHOUT A.I.D. FUNDING

3. ADDITIONAL QUESTIONS ARE BEING DEVELOPED BY PRE AND
 WILL BE CABLED OR POUNCHED TO THE FIELD.

4. PRE HAS NOT COMPLETED SELECTION OF TEAM MEMBERS;
 HOWEVER, SANDE REINHARDT, PRE EVALUATION OFFICER, WILL
 PARTICIPATE IN THE PHILIPPINES.

5. IT IS PRE'S INTENTION THAT THE EVALUATION TEAM REMAIN
 AS SELF-CONTAINED AS POSSIBLE. WE WOULD, HOWEVER,
 APPRECIATE USAID ASSISTANCE IN LOCATING SECRETARIAL
 SUPPORT AND IDENTIFYING RURAL COOPERATIVES FOR SITE
 VISITS.

6. PLEASE RESPOND DIRECTLY TO SANDE REINHARDT,
 EVALUATION OFFICER, PRE/PPR. (DRAFTED BY: PRE/PPR, SANDE
 REINHARDT; APPROVED BY: PRE/PPR, ROBERT BECKMAN).
 SHULTZ

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Appendix D - Cable Analysis

The PRE Cable contained in Appendix C queried specific USIAD Missions who have active ACDI projects in their portfolio, regarding the level of demand for the provision of consulting services, and the effectiveness of those services, during the three-year funding cycle ending December 31, 1985. Of the 15 Missions queried, six Missions responded to all the questions contained in the cable and four others limited their responses primarily to question five.

1. The first question asked if, in general, ACDI involvement had made a difference in the areas listed below:

- A. Employment generation
- B. Foreign exchange generation
- C. Management and technical skills development
- D. Technology transfer
- E. Policy improvement, regulatory changes
- F. Access to rural credit
- G. Strengthening COOP credit systems and marketing institutions

Seven Missions addressed these areas. Overall the replies were largely positive, in that some degree of difference had been made as a result of ACDI involvement.

- D. The application of new crops or technologies to local agriculture by ACDI - Honduras and Bolivia were beneficiaries of new technologies or crops.
- E. Increased productivity among members of project cooperatives because of cooperative and ACDI assistance - Five of the seven Missions responding indicated some degree of increase in productivity among project cooperative members. In two cases no determination could be made.
- F. Increased agriculturally based income among project cooperative members because of cooperative and ACDI assistance - One of the seven Missions responding could not determine from existing data if an increase had occurred, the remaining six all indicated that an increase occurred.
- G. The degree of operating self-sufficiency achieved by cooperatives - USAID/Jamaica indicated cooperatives there were not self-sufficient, although members do support new cooperatives with personal investment. Three respondents indicated at least limited self-sufficiency and two other project cooperatives were seen as essentially self-sufficient. The moderate successes by the cooperatives which were approaching self-sufficiency were attributed to sound management and good fiscal procedures. Fluctuations within the economy, and lack of, or mis-directed, emphasis of government

5. Missions were asked in question five, to evaluate the performance of the ACDI regional representative, if the Mission had been visited by either of these representatives. Five of the ten Missions had received visits or had utilized the services of the regional representatives. The replies were uniformly favorable regarding the representatives' technical qualifications, responsiveness and performance. Three Missions plan to utilize the services of the ACDI regional representatives during the next year.

6. The responses to question six enumerated the strengths of ACDI as perceived by the Missions. The strong points were ACDI's broad knowledge of the cooperative system, their rapid response, initiative, and their available resources. Weaknesses were considered to be a lack of technical support to in-country personnel, impatience with sociological factors (mores/folkways of the local culture), and project coordination. Project coordination was defined in this case as a need to improve interactions with other institutions. Six Missions addressed ACDI's strong points and three listed what they considered to be a weak point.

7. All of the Missions responding were aware of the Indefinite Quantity Contract (IQC) available to them. Six of the eight Missions responding had utilized the services available within the IQC. Two of the eight Missions do not plan on accessing the IQC for available services for reasons that do not evolve from ACDI performance.

G.1. In addition to the foregoing seven specific questions, comments were solicited on some general areas concerning cooperative development. The first of these asked if the agricultural cooperative program including

addressed, but indications are that if existing market forces continue as they are, the prospect of progress in cooperative development in some countries is not auspicious.

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Appendix E - Lessons Learned

- o Mission commitment and support of cooperative development are essential elements to increase the potential for successful agricultural development.

- o The Core Grant provides a financial base for a development organization to support USAID Mission projects in institution building. Without this financial base, or additional sources of income, the continued success of this type of project is uncertain. Even where technical assistance is augmented by bilateral funding, there is no guarantee of success. Technical assistance alone is even more problematical.

- o In the limited time available it was impossible to evaluate the relative efficiency of ACDI vs. other Cooperative Development Organizations and vs. private organizations.

- o ACDI's activities/projects overseas are closely linked to the availability of Mission funding for cooperative development.

Appendix F - Glossary

- ABC - Agricultural Bank of China
- ACDI - Agricultural Cooperative Development International
- ADB - Asian Development Bank
- AID - Agency for International Development
- AMC - Area Marketing Cooperative
- APRACA - Asian and Pacific Regional Agricultural Credit Association
- CDO - Cooperative Development Organization
- CRB - Cooperative Rural Bank
- FECOAR - Federacion de Cooperativas Agricolar Regionales
(Federation of Regional Agricultural Cooperatives)
- FUIAC - Farmers Union International Agricultural Cooperative
- GOP - Government of the Philippines
- Hectare - Unit of land measure equal to 2.47 acres
- ICDA - International Cooperative Development Association
- INTA - National Land Transformation Institute
- NCBA - National Cooperative Business Association
- IQC - Indefinite Quantity Contract
- NRECA - National Rural Electric Cooperative Association
- NTS - Northern Transversal Strip Land Resettlement Project
- PRE - Bureau for Private Enterprise
- ROCAP - Regional Office Central America and Panama
- USAID - United States Agency for International Development
(Overseas Missions)
- VOCA - Volunteers in Overseas Cooperative Assistance