



COOPERATIVE DEVELOPMENT PROGRAM

USAID CA# FAO-A-00-97-00009-00

SEMI-ANNUAL REPORT

FOR JANUARY – JUNE 2002

**Land O'Lakes, Inc.
P.O. Box 64406
St. Paul, MN 55164-0406**

Cooperative Development Program (CDP)

USAID CA# FAO-A-00-97-00009-00

Semi-Annual Report

January – June 2002

Land O’Lakes, Inc.

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Project Overview: The Land O'Lakes Cooperative Development Program (CDP) develops cooperative business systems in target countries. The current target countries are Bulgaria, Guatemala, and Tanzania for Land O'Lakes and Uganda for HealthPartners, the subgrantee. The goal of the program is to promote economic growth through the development and strengthening of agribusiness cooperatives. Eventually these efforts will spread to the surrounding geographic regions. The focus of the project is four-fold, to:

1. Identify progressive cooperatives and provide targeted assistance to improve their profitability and member services.
2. Strengthen the cooperative development expertise in the Land O'Lakes International Development Division (IDD) and in targeted overseas cooperatives to enable more efficient and cost effective response to specific cooperative development needs.
3. Build grassroots support for U.S. international development efforts by sharing the information and successes of this program to a broad audience of US farmers and agribusinesses.
4. Build the capacity of Land O'Lakes to access non-U.S. government funding for future cooperative development programs.

Project Duration: June 1, 1997 – June 30, 2002

Federal Funding Obligated: \$3,750,000

Federal spent through June 2002: \$3,533,163

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EXECUTIVE SUMMARY

Land O'Lakes Cooperative Development Program (CDP) continues to focus its efforts on three primary countries: Guatemala, Tanzania and Bulgaria. In these three focus countries, we continue to strengthen dairy cooperatives through equipment, technical assistance and practical seminars. With a subagreement with HealthPartners, we are also able to implement a project in Uganda centered around establishing health care cooperatives.

Significant growth and ongoing progress has been made towards achieving the projected targets. In Bulgaria, we continue to work on improving the policy and regulatory environment of the national dairy industry. As our partnership with the Bulgarian National Dairy Association (BNDA) becomes stronger, so does our ability to reach a broader market in the dairy industry. A great success during this semi-annual period was the "Dairy Fiesta," a national dairy promotion and fundraising campaign held in two major markets. Products either sampled or promoted throughout the Fiesta saw a dramatic increase in sales, and that trend hopefully continues far beyond the completion of the "Dairy Fiesta."

In Guatemala, work continues with indigenous cooperatives in coffee production, but has expanded to capitalize on dairy production potential within the country. This semi-annual report provides information on steps to increase Land O'Lakes' impact in the dairy industry. Great strides have been made since the last semi-annual report to establish strong contacts and relationships with a number of local, national and regional partners. With the help of Land O'Lakes Honduras Dairy Directive project, local dairy cooperatives and processors are taking the necessary steps towards creating more synergy, and more efficient and effective working standards. Cooling tanks provided by CDP are scheduled for delivery to the areas of focus in the Peten Region of Guatemala. Anticipated results for the next semi-annual report include increased revenue to farmers that use the bulk cooling tanks, better milk collection practices, and increased revenue from processors for purchasing chilled milk.

Tanzania continues its very successful work with women's cooperatives in the Arusha and Kilimanjaro regions. In particular, one success in enterprise development has shown a dramatic increase in improved operating and management activities, achieved by local technical assistance and education information sessions. The targeted results were for at least six farmer groups/cooperatives to improve their operating and management activities and increase their profit margin by 10%. Due to overwhelming success, improved operating and management activities have been achieved by over 75% in at least six farmer groups/cooperatives. Also noteworthy was the visit by USAID Administrator Andrew Natsios in May 2002.

HealthPartners continues its successful work in western, central and northern Uganda. They continue to improve on the fine balance between keeping premiums low enough for increased membership but high enough to adequately cover membership healthcare. Installation and training for the database system, that has been under way for sometime now, is rapidly coming to an end as the final stages approach.

Land O'Lakes looks towards the extension of the project as a time to capitalize on this great momentum in cooperative strengthening and dairy development. As the projects progress, we have come to realize many lessons learned, which help to better facilitate our ability to work within various countries. Through partnerships with other Land O'Lakes projects and local/national organizations, we expect to continue to see more results in the next two years of the project.

FOCUS COUNTRIES

BULGARIA

I. NATIONAL LEVEL ASSISTANCE

Land O'Lakes, via the CDP project and in collaboration with our partner organization, the Bulgarian National Dairy Association (BNDA), is working to improve the policy and regulatory environment for the dairy industry in Bulgaria. The CDP project also supports the development of national associations representing the dairy industry in Bulgaria, and it seeks to assist Bulgaria in efforts to integrate with the European Union. To achieve this objective the CDP project accomplished the following during this reporting period:

A. Support for Agricultural Policy Reform

- Recognized as reliable counterparts by the Government of Bulgaria, the Bulgarian National Dairy Association, the Association of Dairy Processors in Bulgaria (ADPB) and the National Association of Dairy Producers (NADP) actively participate in the work of the Consultative Council on Milk Issues to the Ministry of Agriculture and Forestry. The Council is comprised of representatives of the Ministry of Agriculture, the Ministry of Economy, the Ministry of Finance, the State Fund Agriculture and the National Veterinary Control Services. As a result of this effective joint work, in March 2002 a Memorandum was signed defining the joint actions of the Bulgarian government and BNDA, ADPB and NADP in ensuring efficient conditions for the production, procurement and sales of documented quality milk and dairy products. This partnership has made them quite effective in their actions to unite and protect the interests of their members and be recognized as reliable counterparts to the Government.

The continuous efforts of NADP, focused on convincing the government to extend the period of the program, have resulted in the government prolonging the duration of the program on an annual basis. This has allowed more members to apply and benefit from the program. As of April 2002 the program also includes buffalo producers and, as of 2003 will include sheep and goat milk. Last year the Ministry of Agriculture granted a total of 2,670,000 Bglv (approx. 1,335,000 USD) as a result of the agreement signed between the NADP and ADPB.

This agreement defines the direct involvement of Ministry of Agriculture in the system for milk procurement through creating bonuses for documented purchases of quality milk.

The three national associations supported by Land O'Lakes advise the Minister of Agriculture in conducting and implementing the Government policy on production, procurement and sales of milk and dairy products. They participate in the development of the strategy for the dairy sector as well as in the development and implementation of all related regulatory documents and joint programs for improving the quality parameters of raw milk and dairy products.

- As a result of the Memorandum:
 - 1) The Ministry of Agriculture, through the State Fund Agriculture, has granted a total of 2,200,000 Bglv (approx. USD 1,100,000) for the period April – September 2002; 2) An Agency for Control of Livestock Breeding to the Ministry of Agriculture and Forestry was established. An agreement between BNDA and the Agency was signed at the end of April, defining BNDA as its counterpart and coordinator in all joint activities related to livestock breeding control, selection and reproduction.
- The persistent and efficient cooperation of the Ministry of Agriculture with BNDA, ADPB and NADP, members of the Bulgarian Food and Beverage Association, resulted in their inclusion in the MOA National Food Safety Council. The Council is comprised of representatives of all food and beverage sectors and will participate in the development of all food safety regulatory documents.

B. Development of National Associations

- Land O'Lakes assisted the General Assembly of the Association of Dairy Processors in Bulgaria (ADPB), held on June 18, 2002. The delegates elected their new chairman, a new thirteen-member BOD and three-member Controlling Council. The Assembly decided on the following foci of activities:
 - To proceed with active joint work with government on all aspects and problems in the dairy sector with regard to EU accession negotiations;
 - To continue lobbying efforts and strengthen ADPB relations with government in pursuing support for membership interests;
 - To work closely with government in order to improve and minimize the procedure under the MOA milk quality bonus program;
 - To work closely with government institutions and develop a program for increasing the quality and quantity of milk used in processing dairy products;
 - To create mechanisms and stimulate the building of commercial farms with quality recorded milk production;
 - To activate efforts in assisting dairy companies in developing business plans for the SAPARD grant;

- To continue with the establishment of the network of coordinating units covering the territory of the country to coordinate the implementation of all decisions taken by ADPB BOD in order to protect and support dairy processors members of the association;
 - To establish professional clubs (dairy products exporters, wholesale dealers, etc.) to fight disloyal competition;
 - To work on the establishment of an agency for export crediting;
 - To take actions for and promote the increase in milk and dairy products consumption through designing focused programs for different age groups and customers;
 - To work on improving business opportunities through advertising campaigns and marketing surveys;
 - To apply for restoring the membership of ADPB in the International Dairy Federation and to apply for membership in the European Organization of Dairy Producers.
- The newly founded National Water Buffalo Producers Association of Azerbaijan was approved for honorary membership in the Bulgarian National Association of Water Buffalo Producers on January 15, 2002. The Bulgarian Association of Water Buffalo Producers was established in January, 1999. Through the ongoing support and assistance of Land O'Lakes, it has increased its membership five times in three years.
- The Government of Azerbaijan, and the Minister of Agriculture of Azerbaijan, invited Professor Aleko Alexiev, President of the Bulgarian National Water Buffalo Association, to provide assistance in the establishment of the National Water Buffalo Association of Azerbaijan. Professor Alexiev assisted in the development of the charter of the Azeri association and presented on the importance of associations in the development of water buffalo production, based on his three years' experience in Bulgaria. The charter that was developed and adopted by the Azeri association was based on the Bulgarian charter, which was developed by Land O'Lakes/Bulgaria. All the assistance that Land O'Lakes has provided in association strengthening was also shared with the Azeri buffalo producers. Professor Alexiev was elected an honorary president of the Azeri association.
- BNDA, established and supported by Land O'Lakes, successfully conducted the continuation of the nationwide fundraising campaign on a regional basis, according to its agreement with the Bulgarian Red Cross (BRC), which focuses on developing and implementing joint dairy promotion programs. "The Right to a Future" was the logo of the nationwide fundraising campaign in favor of homeless children, children in poverty, disabled children and orphans in Bulgaria. The selected BCR counterpart dairy company for the seven-month campaign was FAMA Ltd., member of BNDA, whose owner and president was a Land O'Lakes U.S. trainee in 1997. The selection was based on high-quality dairy products, national distribution network, and commitment and active involvement in industry and community development. The nation-wide fundraising campaign included a TV video-clip with famous Bulgarian actors, sportsmen, singers, journalists promoting dairy products and "the right to a future" for every child. The BRC logo and the motto of the campaign was placed on the package of every dairy product and a portion of the sales incomes was be donated to Bulgarian Red Cross orphanages. Through this campaign BRC was awarded USD 40,000. The second

winner is FAMA, with an overall sales increase of over 25 percent. The other benefit was the huge increase in the domestic consumption of branded local dairy products.

The regional dairy promotion and fundraising campaign titled “Dairy Fiesta” took place in Burgas (May 20-26, 2002) and Varna (May 27-June 2, 2002). Land O’Lakes provided TA on marketing and sales for this specific campaign. The target group of the campaign was the young adults and families with children up to the age of ten. In both locations, the event included daily half-hour radio competitions giving information on the quality of milk and dairy products. There were also daily yogurt tastings with 6,000 yogurt samples given away in 12 supermarkets. During the two-hour tasting sessions sales reached the total amount of sales normally achieved in an entire day. The culmination of the campaign was the fiesta, gathering more than 100 participants and over 400 viewers. The fiesta consisted of a two-hour dairy show with games designed to teach lessons on the importance of milk quality and dairy products. All participants received “Rossa Eco” – the yogurt produced by FAMA, and the winners were awarded with a bag of FAMA dairy products – yogurt, *kashkaval*, cream, milk, cheese-and-ham roll and white brined cheese.

The effect of the “Dairy Fiesta” campaign was realized immediately following with increased sales of FAMA products, such as cheese by 269.6 percent; yogurt – 68.6 percent; pasteurized milk – 46.5 percent; butter – 41.9 percent; and, *kashkaval* – 3.13 percent. The most important effect of these fundraising campaigns is the increased domestic consumption of branded, locally produced dairy products. This is a successful continuation of charity promotion campaigns initiated under CDP two years ago.

- Four new regional dairy producers associations have been approved for membership in the National Association of Dairy Producers: the Montana Regional Association of Dairy Producers (founded by 50 farmers); the Ihtiman Regional Dairy Producers Association (founded by 29 farmers); the Veliko Tarnovo Regional Dairy Producers Association (founded by 45 farmers); and the Gorna Malina Regional Association of Dairy Producers (founded by 33 members).
- In a continuous effort to provide services to their members, BNDA, ADPB and NADP have signed an agreement for cooperation with the Ministry of Agriculture’s National Extension Services. The 33 Regional Extension Services cooperate with the Regional Producer Associations to provide extension services to members in the areas of animal health control, nutrition, milk quality, dairy herd management, breeding, etc. The services are free for members of the associations.
- On March 14, NADP organized a meeting with companies who presented their products and discussed with them group member benefits alternatives. There were 50 NADP members that participated. The company “Veterin” presented their variety of products: plant protection chemicals, disinfectants, and vet supplies, which the company provides at a discount for group purchases. NADP is in the process of negotiating the price for these products. “Agroleasing” proposed favorable terms for leasing as a possibility for acquiring investment funds.

With the goal to expand its development approaches and focus on commercial activities and benefits to member associations, Land O'Lakes made a presentation at the meeting organized by and rendered to members of NADP. The presentation included the three main aspects for future development efforts: the creation of milk collection cooperatives, group purchasing and creation of credit co-ops and credit unions.

- BNDA and NADP jointly participated in the Agricultural Expo Agra 2002, held in Plovdiv, March 6-10. During the fair the associations presented their services to potential members and introduced the new magazine to be published.

C. Support for EU Integration

Recognized as a reliable and resourceful partner of the government whose goal is to protect the interests of its members, BNDA actively participates in policy working groups at the MOA for all issues related to EU integration.

As a member of the working group on the implementation of the EU SAPARD Program, BNDA took part in the Selection Committee meeting at the Ministry of Agriculture and Forestry on February 11, 2002. Thirteen applications submitted by members of regional associations and with a total value of 5,648,578 Bglv (approx. USD2,824,300) were approved.

Lessons Learned:

In an effort to adjust to the EU requirements for quality, the MOA issued ordinance No. 30 on the Veterinary and Sanitary Requirements in Raw Milk Production, the Construction and Exploitation of Dairy Processing Facilities and the Production and Trade with Milk and Dairy Products. Land O'Lakes reorganized its program and focused its efforts and training activities to inform producer and processor associations and their members on the new standards and requirements. Association representatives were also included in the different commissions and Consultative Council on Milk Issues to the Ministry of Agriculture and Forestry. They also participated in the regular inspections of collection sites and dairy processing plants. The CDP program provided additional support through producer associations in helping dairy farmers participate in the Milk Bonus Program of the Ministry of Agriculture. As a result from April through June 2002, 1111 producers members of the different associations received an additional \$171,000 for their milk.

II. REGIONAL LEVEL ASSISTANCE

In addition to the four national-level associations that receive support from Land O'Lakes, the CDP project provides support to regional associations which group together producers and processors in the main dairy producing regions of Bulgaria. Project support includes assistance to the leadership of these associations to help them develop and provide services to their members, and direct technical assistance to their membership. Activities undertaken during this reporting period are as follows:

A. Support for Regional Associations

Land O'Lakes, in its ongoing active support for regional associations, is implementing the new development program with the following tasks: formation of milk collection cooperatives, group purchasing, establishment of credit co-ops for dairy producers and credit unions for employees of dairy processing companies, and group promotion for dairy processors associations. The programs focus on increased income in rural areas through improved quality and bulk purchasing, access to credit resources, public awareness campaigns and increased consumption of dairy products. Last year Land O'Lakes conducted regional dairy producers associations meetings to present the new projects and perform the initial survey of farmers' interest to investigate farmers' interest on forming milk collection cooperatives, group purchasing and also their interest to form credit co-ops.

Milk Collection Cooperative Formation

Land O'Lakes identified three dairy producers groups interested in the formation of milk marketing cooperatives. They are from the Lovech Region – the villages of Demantzi (9-member group), Slatina (7-farmer group) and Slavyantzi (7-farmer group). The groups have followed Land O'Lakes selection criteria (see Annex E) and have passed all legislation procedures for registration. The members have signed co-op formation agreements that include their individual shares, income, profit, management and loss. There are over fifteen dairy producers groups from other regional associations that are candidates to form milk marketing co-ops.

Lessons Learned:

Land O'Lakes initiated this new project to meet the needs of relatively small dairy farmers that could not qualify for EU SAPARD funding for equipment. Initially we designed the selection criteria for the farmer groups only for cow milk, but since we found out that there is interest in sheep and water buffalo milk collection, we developed criteria to meet the needs of those farmers, too. In addition, we extended the leasing period from 1 to 2 years, since it turned out that it would be hard on farmers and we wouldn't be able to meet the project goals. As a result from those changes and adjustments, we received many more applications, and we'll be able to make a better selection of the farmers' groups applying for this program.

Group Purchasing

As a result of the vivid interest shown in group purchasing, Land O'Lakes donated 2,575 kg alfalfa seed, financing the first purchase amounting up to 1,000 Bglv (approx. USD 500) for each association that presented their list of farmer members forming a group. The total value of the group purchases was 18,710 Bglv (USD 9,355), of which the initial amount financed by Land O'Lakes was USD 5,000. In other words, the sales generated was 187.1%. The expressed interest was to buy a wide range of products such as feed concentrates, corn, sunflower meal,

wheat bran, barley, wet brewery grain, silage, alfalfa hay, straw, salt, fuel, motor oil, seed, pesticides, herbicides and vet supplies.

One national and nine regional associations made the following purchases:

- A farmer group of 12 members of the National Association of Water Buffalo Producers purchased 400 kg of alfalfa seed at the price of 4.50 Bglv (approx. USD 2.25). The association used the incomes for financing two editions of their bi-monthly magazine and for additional group purchases.
- There were seven regional associations that each bought 300 kg alfalfa seed (the dairy producers associations of Bourgas, Dobrich, Lovech, Plovdiv, Rousse, Sredetz and Shumen). The Gorna Malina association purchased 75 kg alfalfa seed. They have used the incomes for the group purchases of feed concentrates, corn, seed, fuel, pesticides, herbicides and vet supplies. The discount for these purchases is between 10 to 15 percent. The Dobrich Union of Dairy Producers has purchased an additional quantity of 800 kg alfalfa seed at 5.50 Bglv (approx. USD 2.75).

Land O'Lakes also financed 1960 kg of corn seed amounting up to 4,704 Bglv (approx. USD 2,352). The total value of the group purchases was 5,292 Bglv (USD 2,646), or generated sales of 8%.

Soon after Land O'Lakes began the group purchasing project, three regional dairy producers associations bought feed concentrates, semen and rock salt. The Plovdiv Dairy Producers Association purchased 5,000 kg feed concentrates at 0.33 Bglv, 1,650 Bglv total (approx. USD 825). The Sliven Association purchased 193 semen doses for 1,000 Bglv. plus they were given additional 14 doses of semen free of charge. Through the Association for import of rock salt, 10 MT were group purchased by the Veliko Tarnovo dairy producers association at 0.145 Bglv/kg (discount of 3%), total of 1,450 Bglv (approx. USD 725).

Lessons Learned:

Land O'Lakes originally initiated this new program, offering a small grant (\$500) to each producer association to be used as a start-up capital. Since only one producer association applied, that was changed and instead of the small grant for purchase, LOL offered high-quality alfalfa and corn seed. As a result, 13 regional dairy producer associations applied and generated sales to members of feed, seed, pesticides, herbicides, vet supplies, etc., at considerably lower prices. Now all of these associations and the national dairy producers association continue providing such services to their members and have made contracts with suppliers at 15-30% discount.

Land O'Lakes participated regularly in BNDA BOD and Committee meetings and delivered assistance to the Boards of Directors of ADPB, NDPA and their regional and local structures.

B. Training for Associations and Members

- During January - June, 2002, under the auspices of the CDP project, seven training courses, with 193 participants in attendance, were completed in Milk Quality and in Veterinary Aspects for Milk Quality Improvement. These courses were presented to the Union of Dairy Producers “Razvitie” – Dobrich, the regional and local dairy producers associations of Varna, Lovech, Plovdiv, Gulyantzi, Ihtiman, Sofia, Veliko Tarnovo, Shumen, Rousse, Montana, Sliven, Haskovo, Bourgas and the National Dairy Producers Association.

III. ACTIVITIES PLANNED FOR NEXT QUARTER

During the next quarter, Land O’Lakes will continue working on:

Milk collection cooperatives

- Continue surveying farmers’ interest on forming producer collection co-ops.
- Train farmers on co-op formation.
- Assist farmer groups in setting up milk collection sites and milk collection businesses.
- Business plan development and marketing

Group purchasing

- Continue identification of dairy producers groups interested in group purchasing.
- Survey and identify possible products and sources of supply and negotiate contracts.

Group promotion for dairy processors

- Identify mechanisms for group promotion for association members at the national and regional levels.

GUATEMALA

Vision Development

The CDP's program for Guatemala has begun to shift its primary focus from indigenous cooperatives to the development of associated organizations within the Guatemalan milk sector, be it for milk producers and/or for milk processors.

The original concept applied in the development of Milk Collection Centers (MCCs) for previously established cooperatives and/or new cooperatives to be organized has dramatically changed because the milk sector in Guatemala is going through a multisectoral effort that is expected to completely reorganize and reorient the evolution of the milk sector in this country.

In order for the program to be successful, the conception of a broader program for cooperation and development was necessary. The Ministry of Agriculture (MAGA) appointed Land O'Lakes as a member of the Comisión Ejecutiva de la Leche - Executive Milk Commission (CEL). The CEL is a technical task force, which was divided into five tables made up of milk producers, milk processors, MAGA, Ministry of Economy (MINECO), Ministry of Health and the Inter-American Institute of Agricultural Cooperation (IICA). The results from this work are to be computed and will serve as a framework to develop the National Task Force. This new task force will take place in September. Again, the CEL will be a key participant in the National Task Force.

The development of the task forces is aimed at obtaining consensus within the main actors of the MPC on a vision for the next ten years and on the development of strategies needed to be implemented to improve the present competitiveness, both at government and private levels.

Also, the pretension is to define a general strategy to follow the endorsement of a permanent competitive status, along with the assumed agreements between the state and the private sector.

The original vision was transformed beyond the establishment of MCCs to the formation of national collaborative groups. The project is in the initial stages of establishing Milk Collection and Refrigeration Centers (CREL). Specific local projects have been identified based on criteria learned from a SWOT analysis of the current national milk production situation. Those project sites that have been identified are to be integrated into other regional projects and indexed with the policy development and policy implementation plan of the National Development Program for the Guatemalan milk sector.

The most critical criterion of this SWOT analysis is a study of the overall production systems used throughout Guatemala. The primary milk production regions in Guatemala are located in the southeast (37%), northeast (19%), and central (16%) areas of the country. The remaining 28% of milk production is produced sporadically in other regions of the country.

There are two heavily used production systems, *specialized and double purpose*; nevertheless, lately there is a tendency to have *tropical milk production*, which emphasizes the traditional *double-purpose* herds to improve their productivity.

Traditional Double Purpose

This is the most important milk production system in the country, both for the number of animals and for the contribution to milk production (about 90%). It is widely distributed throughout the country, but there is a major concentration in the southern coast, in the southeast and in the northeast – regions with warmer climate and with a relatively long average distance from the production farms to the processing industries.

The technological level in this system is low, as well as productivity and sanitary quality. In a test developed in 22 farms in the east, southeast and southern coast, the average herd size is 142 head (62 cows), pasture and forage land area is 41 hectares, average milk production is 4.1 liters per day, and overall production per hectare per year is 2,267 liters.

Tropical Milk Production

There is a great potential to improve productivity and quality of milk for the double-purpose herds, and that is through its reconversion into a system of tropical milk production. The development of this system implies improving genetics, feeding and hygiene of the herds, the utilization of pasture and forages and management throughout the year, the improvement of infrastructure and milking practices, and the proper conservation of milk by installing milking machines at the farm and cooling equipment on or near the farm.

In a test developed in 15 representative farms, the average showed that herds in this system are formed by 95 head (45 cows), pasture and forage land of 32 hectares, milk production per cow of 8.9 liters per day, and overall production per hectare per year of 4,560 liters.

Specialized System

Farmers using the specialized system are located in the highlands, where climatic conditions are favorable for specialized breeds but unfavorable for pasture and forage production.

To reach the production potential of the specialized breeds (mainly Holstein and Jersey), the pasture has to be complemented with feed. The favorable climate, the short distance to consumer centers or to processors, and the better milking practices and handling of milk that are predominant within the specialized system make production of better hygienic quality.

In a test developed in 36 farms, the average herd was of 37 head (21 cows), pasture and forage land of 23 hectares, production per cow of 11.7 liters per day, and production per hectare per year of 3,899 liters.

Milk Collection and Transportation

The operation of keeping and transporting fluid milk from the production areas to the industrial plants or artisan manufacturers constitutes a major weakness in the MPC of Guatemala.

Milk collection from the farm is usually done after several hours after milking has taken place. Transportation of milk is normally made with traditional vehicles of different capacities (pick-ups, small and large trucks) and without refrigeration units.

Generally, several hours after milking and milk reception, the lack of refrigerated equipment causes an accelerated bacterial count growth, deteriorating the hygienic quality of milk. Milk, once collected from the farm, is tested for density, acidity and by means of visual observation.

Another relevant aspect is that milk quality is not controlled by the producers or processors because about 66% of the milk that processors receive is transported by intermediaries. In order to preserve milk quality, intermediaries often add hydrogen peroxide or sodium bicarbonate.

Only a few industrial plants have their own milk collection centers with cooling equipment within the production regions, as well as specialized milk transport trucks with cooling units. A study made in 1998 shows that there were 5 collection centers with a total capacity of 65.2 thousand liters per day. This volume represented 24% of processing capacity of the industrial circuit.

I. Level Areas for Application of Work Program

(1) Local Level within the National Context

- **Vision**

The vision developed at the local level is directly related to the creation of understandings, links and agreements between the milk producers and the processing plants. This process will eliminate intermediaries that distort milk quality once it has been picked up from the farm on the way to the plants, as well as poor prices often paid to producers. Direct relationships between producers and processors give the advantage of price improvement scales related to producing, delivering and processing milk of better quality and better quality product to the consumer market.

- **Specific Projects and Expected Impact**

Sociedad Colectiva "El Colorado"

A milk production study has been conducted with the small and medium milk producers of the mountains and valleys of the Pinula region, about 55 kilometers away from the capital city of Guatemala. The study allowed the identification of prospective partners to form a collective society that will own and operate a CREL (Milk Collection and Refrigeration Center). The basic group of partners is formed of 14 farmers that produce on average 100 to 560 liters of milk per

day. The proposed CREL will have an initial daily capacity of keeping and cooling 3,900 liters. Presently, the median production of milk in the region is about 20,000 liters per day.

A cheese manufacturer in the town of San José Pinula has agreed to purchase the milk directly from the producers. This cheese manufacturer has been producing aged cheeses for fourteen years, after learning cheese manufacturing techniques and cheese recipes from a Cheese Technical School that was established with USAID funds and functioned for nine months under the planning, development, teaching techniques and coordination by Land O'Lakes.

For example, fat and protein tests done with the cheese manufacturer in front of the milk producers, using random samples from the morning milking, provided median results of 4.24% fat and 3.53% protein; one producer had counts of 6.48% fat and 3.83% protein; and another 6.02% fat and 3.53% protein. The cheese manufacturer expressed his astonishment because the milk he has been receiving from the same area and probably from some of the same producers but provided by intermediaries never reached the median counts, much less the high counts. This exercise provided first-hand examples to both producer and processor on the importance of creating direct linkages with one another. Furthermore, the average price increase for producers from this new direct relationship is about 20%.

The new arrangement will also be the basis to endorse the following programs: better quality control during the milking process, better milk handling and delivery from the farms to the CREL and from here to the processing plant, improved genetics and health programs, and proper record keeping. The processor is also furnishing a milk transport stainless steel tank (free of charge) that will be mounted on a truck provided by one of the partners of the CREL which will have a transport charge with a set fee per liter. The transport fee has already been agreed upon.

The initial partners of the CREL have initiated the following actions that will take place in the short run: development of their constitutional contract to allow them the legal operation of the CREL, personal visits to each milk producer and to the processor from a LOL-Honduras technician to lecture them how the CREL has to be operated and how the milking process and transportation have to be done, development of a three-party agreement (LOL, producers and processor), development of a contract between the producers and the processor, construction of the building that will house the CREL, and installation of three keeping tanks and their cooling units with a 3,900 liter-per-day capacity.

The scope and expected impact from the initial CREL is to develop new CREL facilities that should eventually process most of the milk produced in the mountains and valleys of the Pinula region, at least to the pasteurization stage. The basic agreement with the producers has a special condition: the equipment that will be provided by LOL will have a reimbursement value on a set calendar related to delivered milk to the processor within a price range that will allow the future purchase of a used keeping tank in good operational condition and the purchase of its new cooling unit. The producers have signed a commitment, and they will make a bank deposit provision to start saving for the reimbursement since day one of delivery. The future equipment could be offered to the same CREL if the surrounding milk produced is within the delivery time boundaries, but, if not, a new group of producers will be organized somewhere else in the same

region.

The main axes of implementation for this general development program are milk, horticulture, fruitculture and forestry; being the best natural elements for development of this region. The talks with both Vice-Ministries have included specific support for specifically identified projects but also support for the general development program. The overall vision aims to develop a line of high-quality agricultural products branded as products of origin.

(2) Regional Level in the National Context

- **Vision**

The regional level should be a consequence of a better-structured and better-developed local level. The need to strengthen the organization at the regional level is urgent because it would open the possibilities of developing economies of scale that are presently nonexistent in the country. With this type of arrangement, all supporting actions and programs to develop an adequately structured MPC could be more effective and would have an optimal environment for development that would allow having them appropriately created, implemented, accommodated, perceived and recognized. The end result would be of a general saving of efforts and of an improvement in the usage of resources as a tribute to national progress.

- **Specific Projects and Expected Impact**

Queseros Artesanales "San Juan Bautista"

Proposal and requests have been made to Land O'Lakes from the MAGA to cooperate with the study and analysis of artisan cheese manufacturers in the town of San Juan Bautista. The fourteen (14) cheese manufacturers of this town utilize a daily amount of approximately 80,000 liters of milk per day.

The artisan cheese manufacturers have poor-quality milk controls and dubious cheese quality. The proposed support aims at correcting all steps in the process. Each cheese manufacturer will produce its own level of manufacturing in his own factory but within a preset standard of quality, presentation, hygiene and any other universally needed factors. The criteria of product of origin are also endorsed.

There have been two meetings already. The first one related to the Ministerial Decree 147-2002 that states the new regulatory measures taken by the government to regulate the milk sector. The second meeting included visits to some of the artisan cheese production plants. In this visit, the Vice-Minister of the MINECO witnessed and cooperated with the efforts being made by the MAGA. Twelve artisan cheese manufacturers, government staff and Land O'Lakes representative Alvaro Rodriguez signed an Agreement to Support the Organizational Development proposed by Land O'Lakes. This document is being kept at the City Hall of San Juan Bautista.

Further action will soon resume but the National Task Force will be developed prior to continuing work. Both Vice-Ministers expressed the need to find international cooperation and expressly requested LOL's involvement.

VERALAC

There have been two field trips made to VERALAC, one to allow the evaluation of future construction of a CREL and the other visit to evaluate the operational status of the machinery at the plant. Both of these actions are still in process and are supposed to generate results in a short period of time.

This cooperative was organized about 25 years ago and is located in the central part of the country. It is processing about 8,000 liters per day. They have a complete operational facility for milk products. It has transitioned through different stages of membership, once recorded at about 400 members, but now down to a more manageable group of 90. With the lower membership, better operational results have occurred. Most of the equipment is old and has had a recent revision developed by LOL through Mr. Mel Jolly. Mr. Jolly's final comments and recommendations will be forthcoming.

VERALAC should develop a CREL, and for this facility it will be furnished with a keeping tank of 1,300 liters and a cooling unit. The conditions of using LOL's equipment will be similar to those set for Sociedad Colectiva "El Colorado." VERALAC will have an added condition, which is that the beneficiary producers will have to become new members of the cooperative.

PETENLAC

This cooperative is located in the northern region of Peten, the largest and less-developed department of the Guatemalan republic. It has had difficulties in its development and apparently has had some cooperation from VERALAC. It seems that VERALAC would want to keep some kind of control over PETENLAC in order to enlarge their naturally influenced market area into the Peten area as well. LOL will promote the development of a CREL with the same capacity of VERALAC's and make future evaluations and recommendations that should allow PETENLAC a development for its own benefit.

TANZANIA

Tanzania became the focus country for Land O'Lakes CDP in Africa beginning July 1, 1999, replacing Uganda.

The CDP in Tanzania seeks to support and strengthen the development of healthy dairy cooperatives, which can provide the services needed by farmer-members to improve their on-farm production. Land O'Lakes' interaction with farmer groups has expanded the formation of farm-to-market dairy co-operatives. Dairy farmers in Tanzania who have been assisted by Land O'Lakes through technical assistance, trainings and advisory services have now started to possess new skills and a clear vision of their potentials.

USAID Administrator Andrew Natsios visited the CDP/Tanzania project. Refer to Attachment B for photos and accompanying story.

Activities in Tanzania during the past semi-annual period have been focused on the following areas:

Community Development

The following specific activities were carried out during this period.

- Facilitating self assessment and participatory planning/ follow-up
- Providing support services such as exchange visits, training and advice
- Promoting dairy farmer groups network

Land O'Lakes worked with twelve (12) dairy farmer groups and with over 1,000 farming families in the Arusha and Kilimanjaro regions. Women farmers in Tanzania are the main caretakers of dairy livestock and on-site small-scale processing. Due to increased training sessions and technical assistance from CDP through Land O'Lakes, the role of women in dairy development has improved by 20%.

Land O'Lakes also works with the farmer groups advisory services in implementing other community development activities which included opening a nursery school in the area.

Democracy Initiatives

Participatory Planning Workshops

During the month of April 2002, participatory planning workshops were held with six farmer groups in Arusha and Kilimanjaro areas. Land O'Lakes facilitated the planning workshop, and the primary focus was on determining how cooperatives can be an instrument for empowerment and development. The purpose of the planning workshop was to allow participating dairy co-operatives to actively take part in identifying and assessing their own their strengths and weaknesses. The following areas were addressed during the workshop.

- Open membership
- Limited return on equity capital
- Accountability to all co-operative members
- Locations clustered for efficient delivery of technical assistance, training and advisory services

At the end of the workshop, the farmer groups took the following strategic action plans:

- Co-operative members are now aware of their constitutional rights.
- Nkwarungo Women's Group has registered into a co-operative with several economic activities.
- Nguni Women's Dairy Co-operative has completed auditing their accounts for 2000 and 2001 and has democratically elected new leadership.
- Ikunda Women's Group reorganized and restructured to Ikunda Dairy Farmers Society (IDAFASO), now with 54 members (formally 12 members).
- Marukeni Women's Dairy Co-operative elected new leadership, replacing the long former leadership through democratic election.
- Land O'Lakes facilitated the move of Arusha and Kilimanjaro dairy co-operatives to organize and form a dairy network known as Arusha and Kilimanjaro Dairy Network (AKIDANE). The group is now working on the registration process.

Enterprise Development

Improving the dairy sector production has resulted in increased income of dairy-producing households among communities in Arusha and Kilimanjaro.

Expected Impact and Measurement (July 1999 - May 2002)

At least six farmer groups/cooperatives will have improved their operating and management activities and will increase their profit margin by 10%.

Improved operating and management activities have been achieved by over 75%. These improvements are defined by the following:

- Business Planning: i.e., business plan development
- Operations: i.e., processing improvements or new product development
- Financial Management: i.e., use of accounting records
- Management: i.e., training in leadership and/or cooperative development principles

Name of Group	1999			May 2002		
	Number of Members	Milk Collected (liters/day)	Income Per Day (in Tanzania Shillings)	Number of Members	Milk Collected (liters/day)	Income Per Day (in Tanzania Shillings)
Nronga	75	400	85,000	352	1200	486,000
Marukeni	100	500	100,000	300	650	130,000
Ng'uni	100	350	75,000	185	500	215,000
Kijimo	12	80-100	36,000	30	150-200	78,750
Medaf	12	120-150	54,000	30	300-400	147,200
Idafaso	12	80-100	34,200	50	200-350	107,250

Source: Land O'Lakes monitoring and evaluation report

1 US Dollar = Tsh 755 (August 1999)

1 US Dollar = Tsh 961 (May 2002)

Learning Opportunities

In carrying out project programs (activities) for the last six months on the key components – Community Development, Democracy Initiatives, Food Security, Health and Nutrition, Enterprise Development and Policy Reform – Land O'Lakes/Tanzania has experienced the following hardships:

- (i) Lack of effective milk collection and quality control, due to lack of milk collection centers with cooling facilities and testing equipment.
- (ii) Lack of a market information system, which hinders producers/processors exploration of new market opportunities such as market segmentation, pricing, distribution, new product development, packaging, labeling/branding, cost-effective milk production and processing.
- (iii) Low per capita milk consumption (28 liters per annum)
- (iv) Poor co-operative management
- (v) Lack of credit to farmer groups and co-operatives

Solutions created to meet project needs:

- (i) Conduct milk handling training, which covered the following:
 - Milk composition and properties
 - General dairy microbiology
 - Milk quality testing practical
 - Sources of contamination

- Dairy hygiene and cleaning practicals/procedures

In order to implement the milk handling exercise, Land O'Lakes is planning to install milk cooling tanks at five (5) dairy co-operatives in the near future.

- (ii) Land O'Lakes organized a workshop involving dairy producers, processors and markets/consumers in order to create market linkages and raise consumer awareness to influence purchase intent. The objectives of this workshop were:
- Provide an opportunity for dairy stakeholders to exchange views with each other and share experiences.
 - Equip participants with the basics of marketing management to identify and understanding issues and opportunities for sales and promoting.
 - Strengthen linkages between producers/processors to consumers.
 - Build strategic business relationship among stakeholders.
- (iii) To raise per capita milk consumption, Land O'Lakes, in collaboration with other NGOs and other stakeholders, organized the June Dairy Week campaigns.

NB: Such campaigns were initiated by Land O'Lakes since 1997 and have been implemented ever since.

In addition, LOL participated in the establishment of the National Dairy Development Board which will be used to increase dairy policy advocacy and lobbying.

- (iv) To improve the co-operative knowledge, LOL organized one seminar and a workshop comprised of all the co-operative members and leaders respectively on co-operative principles and management.
- (v) To enable dairy farmer co-operatives to access credit, LOL, in collaboration with another dairy project in Tanzania, is compiling a micro-finance, savings and credit societies directory which will be distributed in order to introduce such financial institutions to our co-operatives, let them understand the terms of lending, etc.

In order to create a stronger demand for dairy products, sustainability and future growth of the dairy industry, Land O'Lakes through CDP funds should effectively assist dairy co-operatives to strengthen their dairy development efforts to address the hardships outlined above.

Future Plans

CDP/Tanzania future plans include:

- a) Effective milk collection and quality control** - Assisting existing and new dairy co-

operatives to improve milk procurement and quality control through establishment of collection centers with cooling facilities.

- b) Improve management of dairy processing operations** – Assist expansion of processing capacities through accessibility of processing equipment, affordable packaging materials and machinery, and efficient distribution system.
- c) Marketing and distribution** – Identify new markets, establish and strengthen the links among dairy stakeholders
- d) Conduct training, technical assistance and advisory services in cooperative strengthening and management**
- e) Dairy promotions campaigns**

LAND O'LAKES ORGANIZATIONAL STRENGTHENING

Increase Cooperative and Association Knowledge of IDD:

Land O'Lakes is working on institutionalizing cooperative development expertise within the International Development Division. Staff have received training both informally and formally through the following: attending conferences, taking training, and participating in development and leadership training. For example, IDD staff have discussed cooperative membership issues with the Land O'Lakes membership division to gain better understanding on the issues surrounding membership.

Land O'Lakes Promotion of USAID:

It is Land O'Lakes International Development Division's continued goal to build the organizational commitment of Land O'Lakes membership to support USAID and international development activities. Several ways that information on USAID and Land O'Lakes projects is shared include:

- The division hosts a booth at Land O'Lakes Annual Meeting to explain its goals and activities. The division presents to the Young Producers group as well, to promote support for international development among our cooperative's future leaders.
- A web site highlighting Land O'Lakes USAID projects, including CDP, has been developed (www.landolakesidd.com).
- A quarterly newsletter with information on USAID-funded projects is sent to approximately 1,300 people, including Land O'Lakes members, employees, volunteers, consultants, and other interested parties.
- The International Development Division sends out information packets discussing USAID and development projects on a regular basis upon the request of interested persons and as handouts to visiting groups.
- As appropriate, members and employees of Land O'Lakes are utilized for technical assignments.

Cooperation with CDO partners:

Land O'Lakes works with a variety of CDO partners:

- Land O'Lakes is assisting HealthPartners to mature as a CDO internationally. HealthPartners was awarded official registration status with USAID as a private and voluntary organization (PVO) in January 2001.
- Land O'Lakes is a subawardee to Winrock International and ACDI/VOCA on several new Farmer-to-Farmer programs in the NIS; a subawardee to Winrock in Guinea on an agricultural development project and in Nigeria for cooperative development; and a subawardee to Mercy Corps International in Mongolia on their Gobi Regional Economic Growth Initiative.

- Land O'Lakes continues to explore viable partnering opportunities with CDOs on future projects.

SUBGRANT TO HEALTHPARTNERS: Uganda Health Society Project

Progress Towards IR's

HealthPartners' Uganda Health Cooperative (UHC) continues to grow, offering basic health care coverage to groups in western, central and northern Uganda. The UHC prevention and retention program has contributed to both membership growth and health status of members. Members are taught methods of improving safety and hygiene in the home environment, which reduces coverage costs for illness in the provider locations. The challenge of charging low-enough premiums for members to be able to join and high-enough premiums to cover necessary treatment for members' remains. A minimal administration fee would ideally be added to this premium to cover UHC costs.

The Uganda Health Information Services (UHS) database system has been installed at Bushenyi Medical Center. Hardware and environmental challenges necessitated a contract between UHC and Computer Facilities in Kampala. Computer Facilities is responsible for configuration and installation of servers and clients and creating a hospitable and sustainable electronic environment in all locations. The initial phases of installation and training have been completed at Ishaka hospital, and final installation will take place this month. Database administrators have been trained in Bushenyi and Ishaka, and they are working on incorporating the system into their daily transactional flow. Utilization of reports and improvement of data entry processes will be the focus of the next phase of UHS. Following this, the database technical advisor will present statistics from UHS utilization and basic training to USAID, UCBHFA and other interested parties.

Members of UHC attended continuing education training in Kampala and a training session on Marketing held by UHC Director, Joy Batusa and HealthPartners Director of Member Communications and Advertising, Matt Malloy. Through this session several new strategies were developed and will be implemented in the following months. A celebration was held at the five-year mark for long-term staff and their continued success. Scott Aebischer, Uganda Team Leader and HealthPartners Senior Vice President Customer Service and Product Innovation, will travel to Uganda for staff training in September 2002.

Activities

A. Summary of Intervention

- Two new providers joined UHC, Comboni Mission Hospital in Bushenyi and Mukono Health Centre in Mukono.
- Baseline study was carried out for the Foundation for International Community Assistance (FINCA) to identify health needs and affordability of the health plan.
- FINCA groups joined UHC, a launch ceremony was held in May and ID cards were distributed.

- Bushenyi Medical Centre, the hospital with the largest number of UHC members, is utilizing the Uganda Health Information System (UHIS) and continues to work with the Database Technical Advisor on fine-tuning reports and data tracking.
- UHIS was installed at Ishaka Hospital in Southwestern Uganda. Hardware and power issues delayed training and incorporation of the systems into daily use.
- Computer Facilities was hired on contract to provide hardware support and system troubleshooting for UHC and UHIS.
- Ian Atkin, co-owner of Computer Facilities, traveled to Minneapolis for training on UHIS and Oracle systems.
- Computer Facilities addressed power protection systems for UHIS which required building earthing pits and upgrading voltage protectors to ensure clean power and consistent output.
- Some UHIS database hardware had to be replaced due to age and compatibility issues. Used equipment was originally utilized for this project.
- UHC set up a new office in Buhweju to administer the Igara growers plan (1013 members) and to foster growth in that area.
- UHC began hosting leaders meetings in March as a venue for the leaders of member groups to get together and discuss benefits, challenges and the next steps for their health plans. Representatives from Bumbaire, Kanyinya, Kashozi, Kigoma, Kihungye and Nyakashaka attended.
- UHC staff attended ILO International Training conference in April: “Training for Trainers and Promoters on the Administrative and Financial Management of Micro Health Insurance Schemes.”

B. Impact/Results from Overall Program

- UHC Participating Providers
 - Ishaka Hospital, Bushenyi
 - Bushenyi Medical Center
 - Naguru Health Center, Kampala
 - Care Clinic, Kampala
 - Private clinics in Mukono
 - Comboni Mission Hospital
 - Mukono Health Centre
- Current Groups
 - Kigoma dairy co-operative (Bushenyi)
 - Buhweju tea co-operative (Bushenyi)
 - Bitereko/Nyakisiro UWESO (Bushenyi)
 - Igara Tea Factory (Bushenyi)
 - Bumbaire coffee co-operative (Bushenyi)
 - Kashozi dairy co-operative (Bushenyi)
 - Kanyinya Tea Cooperative (Bushenyi)

- Uganda Microfinance Union (Kampala)
 - Finca Groups (Mukono)
 - Kiyaga
 - Kihungye
 - Nyakashaka
- Prevention Retention Plan
 - Held contest for drama troupe to present UHC advantages and preventive health activities. Winning drama troupe traveled throughout Uganda presenting shows to increase awareness of the health plan and to present information how to improve health.
 - Home improvement competitions were also held to promote preventive health care. Initially, health education sessions were held where members agreed on improvements for their homes. Rain water collection tanks were offered as incentive. In order to have a water tank installed in a central community location, the entire group had to meet the following criteria in their homes: clean compound, house, kitchen, clean bathroom and toilet, hand washing can, dish drying rack, garbage collection pit, animal house and clean water storage facility. Fifty homes participated in the home improvement competition.
 - Two rain water collection tanks were donated to the home improvement communities in honor of George Halvorson, past HealthPartners President and CEO, who was instrumental in the development of UHC. One tank was donated by HealthPartners' Board of Directors, the other by Scott Aebischer, Senior Vice President Customer Service and Product Innovation. The tanks collect rain water and store it without risk of bacterial infection. The tanks are located in a central location, making clean water available to all community members.

C. Potential Issues/Hurdles/Results

- Lack of district stakeholders' involvement
 - Created "Leaders Group" of health plan leaders to increase involvement, satisfaction and ownership of cooperative health care.
 - Also a "District Leaders" meeting was held in Bushenyi with the District Director of Health Services, the District Health Inspector, District Health Educator, District Public Health Officer, District Nursing Officer, District Water and Sanitation Officer, District Vector and Malaria Control Officer and 5 subdistrict clinical officers.
 - Additional District Leaders meetings are scheduled for other districts.
- Distance: Some groups who wish to join are far away from providers
 - In some cases small clinics with limited services have been created at outposts to serve members.
 - In Bushenyi, a Matatu, an ambulance-like vehicle equipped with a radio was tested as a solution to this problem. The Matatu was not the best solution because when there was no need for emergency service, the Matatu would pick up regular passengers for fee like a taxi. Then, when there was an

emergency, passengers were forced to travel to pick up the member and to go to the hospital. People quit paying for the unreliable taxi service and the Matatu did not have enough payment to continue with just emergency service.

- New solutions are being discussed by the leader's group.
- 60% membership and co-payment rule
 - This rule has still been determined necessary to avoid adverse selection; however it is difficult for this percentage of a member group to join due to lack of funds. Increased marketing with different strategies has been employed to explain to members and potential members how their health care is important and worthy of investment.
- Lack of basic services in hospitals, e.g., dental in Ishaka hospital
 - UHC is working with providers to develop plans for expanded coverage of services.
- Referral system still needs improvement.
 - UHC is also working with providers to develop a referral program.

D. Proposed Next Quarter Activities

- Continue stakeholders meetings in UHC districts.
- Recruit new groups.
- Continue drama and song competitions for UHC promotion.
- Continue to refine payment processes with new groups to ensure timely payment and actuarial procedures.
- Continue UHIS training at Bushenyi Medical Centre, Ishaka Hospital and Lacor Hospital. Train on reports generation and utilization. Systematize data entry and reporting procedures.
- Expand UHIS training.
- Continue to train UHC staff on actuarial decision making, management, administration and marketing.
- Continue to systematize and document UHC administrative procedures for reproduction.

II. Promotion of USAID and International Development Efforts

- “Bringing Health Care to Rural Uganda: Village-Run Clinic Provides New Model of Success” radio broadcast and website coverage by Joanne Silberner, National Public Radio, May 20, 2002, broadcast and website review by Joanne Silberner, National Public Radio, May 20, 2002. Refer to Attachment C. The website address is <http://www.npr.org/programs/atc/features/2002/may/uganda/index.html>.
- Regular project updates are provided on a quarterly basis through www.HealthPartners.Com, “Who We Are,” “HealthPartners in Uganda.”

ATTACHMENT A

FINANCIAL REPORT

ATTACHMENT B

USAID ADMINISTRATOR'S VISIT TO TANZANIA

USAID ADMINISTRATOR'S VISIT TO TANZANIA

On May 26, 2002, Land O'Lakes CDP/Tanzania was privileged to host a USAID/Washington, D.C. delegation. The USAID delegation included Mr. Andrew Natsios, USAID Administrator; Ms. Constance Newman, Assistant Administrator for Africa; Mr. John Simon, Deputy Assistant Administrator for Policy and Program Co-ordination; and Ms. Kate Almquist, Special Assistant to the Administrator. Also included was the USAID/Tanzania team: Dr. Ray Kirkland, USAID Director; Mr. Stafford Baker, Deputy Director; and Mr. Onesmo Shuma, Assistant Private Enterprise Officer. The team visited the Kijimo Women's Group. The USAID team was impressed and appreciated what co-operative members have achieved and urged them to work hard and expand their operations to increase household incomes.

The Kijimo Women's Group with USAID Administrator Mr. Andrew Natsios. Also in the picture is the USAID delegation and Land O'Lakes staff.



KIJIMO WOMEN'S GROUP

The Kijimo women's group began their activities in 1996 with twelve (12) members. With their limited resources, they started to process cheese in a very small wooden hut. They then got a small grant from Global Partners of USA, where the group constructed a modest cheese house. In 1999, the group organized itself and was registered as Kijimo Women's Group. The membership did not stop at twelve but increased steadily. At the moment the group has thirty (30) active registered members.

Kijimo wanted to expand their dairy business line; therefore, they approached Land O'Lakes in 2000 for training and technical assistance to improve their products. Land O'Lakes Cooperative Development Program offered to provide training and technical assistance in cooperative management, product diversification, and identification of new markets and strengthening business linkages.

Impacts to date:

- Product diversification: The Kijimo Women's Group processes a variety of processed cheeses, which include mozzarella, Gouda, Cheddar, and Camembert. They also process unsalted butter and cultured milk.
- The group is practicing poultry rearing and added income generating project funds received from selling dairy products.
- Income per household has increased.
- The number of members increased from 12 to 30.

Below: The Kijimo Women's Group leader told their success story.





USAID Administrator Andrew Natsios (left) exchanged views with Mrs. Magreth Sirikwa- (center), the Kijimo Women's leader, and Mrs. Elizabeth Njiu (right), Land O'Lakes/Tanzania Country Coordinator, during the visit at the Kijimo cheese house.

ATTACHMENT C

NPR RADIO PROGRAM ON UGANDA HEALTH COOPERATIVES