

Consultancy Report
Quarterly Progress Report: January - March, 1994

CEE: Agribusiness Exchange Program (ABE)
EUR-0024-G-00-1066

Prepared for:
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AGRIBUSINESS EXCHANGE PROGRAM FOR CENTRAL AND EASTERN EUROPE

Grant Number EUR-0024-G-00-1066-00

Quarterly Report

January 1 - March 31, 1994

ADMINISTRATIVE DATA

Implementing Agency: Agency for International Development

Grantee: Agricultural Cooperative Development International

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Washington, D.C. 20001

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AID Project Officer: Dr. James Snell

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Estimated Completion Date: 8/1/94

Employees in CEE: Romania - 1 U.S., 1 Romanian

Poland - 1 U.S., 2 Polish

Bulgaria - 1 Bulgarian

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PERFORMANCE DATA

I. Project Purpose and Progress Toward Objective

The purpose of the project is to increase the efficiency and the effectiveness of the agricultural sectors of the economies of Central and Eastern European countries. The objectives are to provide training in management, financial and technical skills to agriculturalists and the staff of rural credit institutions; and to extend the benefits of Farmer - to - Farmer programs and other ACDI technical assistance projects in CEE. The project has provided training in the United States for participants from nine countries (Poland, Czech and Slovak Federal Republics, Albania, Bulgaria, Romania, Macedonia, Lithuania, and Latvia). Agriculturalists and bankers have received training through in-country workshops in Poland, Romania, Bulgaria, Albania, Estonia, and the Czech and Slovak Federal Republics.

II. Situation

The Agribusiness Exchange Program is currently focusing its training efforts in Poland, Bulgaria, Albania, Romania, and Macedonia. In each of these countries, the agricultural sector plays a key economic and political role in the transition from a planned to a market economy. Each of these countries faces some common problems: unresolved land tenure issues; control of farm supply, agricultural marketing, and food processing by inefficient state enterprises; lack of agricultural credit; and lack of trained individuals with skills in management and marketing. However, there are also significant differences in the pace of privatization and the particular problems each of these countries face. For example in Poland more than 80% of productive land remained in the hand of small farmers, while in Bulgaria, land was expropriated by the State and farmed in large collectives.

III. Implementation Methodology

In order to achieve the project objectives, the following methodology is employed:

Assessments:

- * Initial country-wide and sector-specific needs assessments or quick survey assessments are conducted in targeted countries to ascertain needs and resources. In response to AID directives and within budget constraints an implementation plan is developed.

Participant Training Selection:

- * A training candidate selection process is determined for each of the targeted countries.
- * ACDI works closely with VOCA and other ACDI projects in CEE to identify candidates and to prioritize training needs. Previous participants also make recommendations. Site visits are made to candidates' place of employment to ensure that supervisors support the training.

Participant Training:

- * ACDI arranges training programs that range from two weeks to two months, but average four weeks. Programs are designed to meet the specific needs of participants and may include study/observation tours, seminars, and on the job training.
- * When appropriate, ACDI also arranges internships at various cooperatives and other agribusiness areas for English speaking participants.

In-Country Training:

- * ACDI conducts a series of workshops in managing agribusinesses, cooperative organization, farm enterprise management, marketing, management, and technical areas.
- * In addition, ACDI conducts specialized training for agricultural credit institutions on cooperative business practices, farm financial analysis, cooperative financial analysis and other banking topics.

Follow-On:

- * ACDI conducts periodic follow-up evaluations to assess the impact of training.
- * ACDI facilitates regular meetings of training groups; organizes seminars; and involves participants in planning future training programs and identifying training candidates.

IV. Progress

During this quarter a total of 14 participants received training in the United States; and 18 in-country training workshops for 465 participants were held in Romania, Poland, and Bulgaria. Details of programs follow:

ROMANIA

The two major ABE activities in Romania proceeded as planned during the quarter covered by this report.

1. Romanian Bank for Development (BRD) Program

The second in the series of four in-country training programs was conducted during March. This training is targeting loan officers from the BRD branches most active in agriculture and agribusiness lending. The program was conducted twice, once for loan officers from the eastern region and once for those from the west. A total of 54 participants attended the two courses, of which 20 were women.

This training was a follow-up to the first course, entitled "Analysis of Agricultural Credit," conducted in October of last year, which focused on reducing BRD's strict reliance on collateral as a means of analyzing loan applications. The course encouraged loan officers to consider other factors such as cash flow, financial history, project quality and management characteristics in addition to collateral in making loan decisions. ACDI consultants Phil Brown and Paul Gill, who conducted the first course in October, returned to conduct this second course. A case study approach was used.

VOCA volunteers Herbert Hawkins and Bob Coots, whose assignments followed the first course, were able to make good use of the checklist and worksheet developed by Brown and Gill to review loan applications at the branch level. A total of eight branches were visited by Hawkins and Coots, a 20% sample of those branches most active in agriculture. Both reported that loan officers were doing a fine job of documenting their loans and that reasonable credit memoranda were being prepared. They recommended that loan officers receive additional training in financial ratios and cash flow and, of particular importance since BRD remains new to lending in agriculture, exposure to basic concepts of agriculture and problems peculiar to the agriculture sector in Romania. As a result of these recommendations, consultants Brown and Gill emphasized additional training in cash flow and financial ratio analysis for the second course. Additionally as a result of the VOCA recommendations, the fourth course will focus exclusively on issues related to agriculture in Romania.

Feedback received from participants as a result of the first course indicated the following:

- a. Virtually all participants are preparing and analyzing balance sheets, profit and loss statements and cash flow statements when making loan decisions;
- b. A few participants (6) attempted to introduce the farm record book (one of the manuals used in the first course to assist farmers to track revenues and expenses) to their farmer clients, but only one farmer expressed interest in this system. It was viewed as simply too onerous, especially since farmers had never been previously asked to maintain such records.
- c. Approximately a quarter of the participants reported that few or no new agricultural loans were being made at their branches. Several reasons were offered for this, including: unfair competition from Banca Agricola which offers subsidized interest rates; problems with applicants meeting minimum down payment requirements; lack of collateral; and lack of historical financial information. (The Government of Romania has recently announced that subsidized agricultural loans will no longer be available through Banca Agricola). These issues underscore the difficulties inherent in lending for agriculture, indeed in development of the agricultural sector in general, in Romania.
- d. Most of the agricultural loans which were made by participants were for equipment purchases.
- e. Thirteen participants had either submitted or were working on World Bank loans. BRD President Marian Crisan informed us that only 10% of the \$25 million in World Bank funds allocated to BRD has been disbursed. To improve the level and quality of loan activity, Mr. Crisan recently established eight regional loan centers with supervisory and, up to a certain threshold, approval authority for loans in the branches. Several of the directors of these new regional centers are being selected as participants for the U.S. training to take place this summer.
- f. The World Bank has also taken action to improve loan activity by assigning a "Privatization Team" to assist prospective BRD and Banca Agricola borrowers in preparing loan applications. The documentation needed for World Bank loan applications has been simplified and is now not significantly different from the requirements of most U.S. commercial banks. However, an internal rate of return and sensitivity analysis must be prepared on World Bank loans.

- g. BRD has been selected by the Government of Romania as the first state bank to be targeted for privatization. A complete audit of the bank's operations to determine its suitability for privatization will be initiated shortly by KPMG Peat Marwick. There is widespread agreement within the development community that BRD is the most appropriate candidate of all the state banks for this action.

The second course entitled "Practicum in Agricultural Credit," sought to provide a laboratory in which participants could apply the concepts learned in the first course to actual loan applications on which they were currently working. Additional focus was placed on increasing participants' ability to utilize financial ratios to evaluate a loan applicant's historical financial trends and projections, calculate debt service capacity, quantify working capital requirements and estimate breakeven sales. Through participation in mock loan committee meetings, the loan officers also gained experience in assessing the relative strengths and weaknesses of a variety of actual bank loan proposals and the use of the bank's new standards for determining credit risk. The overall goal, as in the first course, was to improve the quality and efficiency of BRD credit decisions.

Actual loan applications used in the workshop as cases included dairy and meat processing, flour milling, egg production and one large diversified state farm. Of the nine cases which were used in the workshops, only two loans had a financial history of greater than one year. Almost all the cases involved new equipment and working capital. Particular emphasis was placed on the use of financial ratios in evaluating an agribusiness's financial performance and in preparing financial projections. Understanding the impact of sales growth on a business's working capital requirements was also stressed. Lessons from the October seminar were also reviewed, contrasted and integrated with the new material. At the end of the workshops, participants were tested to determine their knowledge of financial ratios, debt service coverage and working capital. Results were impressive. More than half the participants scored perfect or near perfect scores. Virtually all participants demonstrated the ability to understand and spread financial statements and to calculate financial ratios. Financial ratios in the test included the gross profit percentage, current ratio, debt/worth ratio, working capital, days receivable, days inventory, days payable and days accruals. Calculation of the "historical debt service coverage" was the most difficult section for participants. About one-third of the participants failed to correctly make this calculation.

Participant evaluations of the course were highly laudatory. Many expressed a desire for a course on loan administration, which is the topic for the third course in the series, to be conducted in May. Several participants suggested using already approved loan applications as case studies, which would help them learn better the credit criteria of the bank. Some participants indicated that there remain some differences between the credit analysis methods being taught by ACDI and the lending criteria of the bank. During the past six months,

however, these differences have been reduced and hope was expressed that the bank will continue to adopt more of the credit standards taught in the workshops.

The May course, which is the third of the four course sequence, is entitled "Loan Servicing and Administration." The course will emphasize the measures and actions of a loan officer after the approval of a loan. Topics will include disbursement procedures, security documentation, recording and monitoring loan performance, and collection alternatives for delinquent or problem loans. All topics will be consistent with BRD's loan policies and procedures manual; indeed, this manual will be used as the primary reference material for the course. The training team will be headed by Paul Gill, who has taught in the first two courses.

The fourth course, to be conducted in July, is entitled "Issues in Agriculture for BRD Loan Officers." The course is designed based on participant comments from the first course, and will emphasize issues and problems specific to Romanian agriculture in order to provide exposure to agriculture by BRD loan officers. Agricultural production and processing practices which affect the management of the business enterprise, its profitability and cash flow will be the focus. The program will include visits to farms and agribusinesses for observation of production practices as well as classroom participation in farm management exercises to determine capacity of farm businesses to repay debt.

The U.S. training for selected loan officers to take place in June and which is a part of the overall intervention with BRD will focus on practical exposure to the concepts presented at the in-country courses. Tentatively, the topics will include:

- a. exposure to agribusinesses that have experienced rapid growth, the problems they have incurred and how they were overcome, and study of their financial history and historical performance;
- b. how the borrower and lender utilize financial reports and statements to both analyze loan applications and monitor loans;
- c. determination of the kinds of financial information needed to analyze agricultural loans;
- d. how commercial banks involved in agriculture market their services, i.e., attract depositors, loan applications, etc., and the various kinds of services they provide;
- e. observation of agricultural commodities markets in action, such as the Mercantile Exchange and the Chicago Board of Trade;
- f. use of computers in the loan analysis and management process.

The U.S. training will be coordinated by consultants Brown and Gill and include visits to both of them, Brown in northern California and Gill in central Illinois and Chicago. The fact that both have been intimately involved in the program since its inception provides assurance that the training will be relevant and of the highest quality.

2. Program for Private Flour Millers

The first training in a three-part in-country series for private flour millers in Romania was conducted in February. This program, to include in-country and U.S. training as well as VOCA short-term technical assistance, was designed based on the results of the survey of the flour milling sector conducted last November. This week-long course, entitled "Principles of Effective Milling and Successful Marketing Management for Millers" was conducted twice, once in Galati for millers from the eastern region, and once in Sibiu for those from the western portion of Romania. Course trainers were Donald Pickering, of the American Institute of Baking (AIB), and Howard Weber a retired senior management official of General Mills.

The response to our recruitment efforts was overwhelming - 108 millers attended the two courses, 53 in Galati and 55 in Sibiu. Only nine participants were women; unfortunately, this sector is not one that has as yet attracted many women to it. Seventy companies were represented. Recruitment criteria required that millers be in business at least a year, have made an investment in plant and equipment, have at least three employees, and that the mills they represent either be entirely private or in the process of privatization. Virtually all participants represented private mills; a few "privatizing" mills were included to provide perspective. The response was so great that we ended up turning away an equal number of acceptable participants as attended. We simply had no more room at the training sites to admit additional people; they were packed to capacity.

Topics covered related to flour milling were: (a) characteristics of wheat to include wheat components, wheat's unique milling characteristics, and wheat farming and harvesting practices throughout history; (b) grain structure, types, grades and specifications, including properties, analysis, instruments for measuring rheological properties, extraneous matter, and wheat microbiology; (c) mill equipment practices to include mill types and milling functions; (d) mill operational practices to include processing steps, mill cleaning flow and operations, separation, dust collection, wheat and seed discs, mill rollers, sifter units, hanger rods, sieve opening sizes, flour purifying, fractionating flour, and air classification; and (e) milling guidelines including protein fraction profile, criteria for measuring flour quality, and evaluating flour quality for various baking operations. Marketing topics included: (a) market research; (b) packaging; (c) niche selling; (d) the importance of quality; and (e) the importance of customer service.

The initial survey of the flour milling sector conducted in November, 1993 was too restricted to fully describe the true picture of milling activities in Romania. Three major snowstorms and treacherous road conditions during the two-week period in which the consultants were present resulted in far fewer interviews with millers than were originally planned. However, the topics of instruction to be addressed in the three-course series of in-country training programs, at least those related to technical aspects of flour milling, proved to be quite accurate relative to the needs and desires of program participants.

Once again, course evaluations reveal that participants enjoyed the training and viewed it as very useful. This is particularly true of the flour milling portion, and participants appeared to thoroughly enjoy the training conducted by Mr. Pickering. Reactions to the marketing portion were also positive, although the style and content of these presentations were rather general and often academic in nature, i.e., not entirely relevant to participants. This has resulted in a change in approach regarding the design of the program; ensuing workshops will make use of local available U.S. resources for the business skills portions. This will maximize relevancy of these portions for participants.

Although a number of the participants in this seminar were from mills of larger capacity and had somewhat greater experience than the average survey interviewee, entrance and exit exams conducted with course participants reaffirmed a lack of knowledge in alternative processing technologies, basic cereal chemistry and sanitation issues. These will be topics to be addressed in the remaining two in-country courses as well as during the U.S. training. A balance will be struck between the main interests expressed by millers - expansion, diversification, technological upgrade (both machine and process-based), and credit - and those topics viewed as of paramount importance by Mr. Pickering.

Pre and post-course test results of participant knowledge of course topics indicate a substantial improvement as a result of the training. A ten question test was used. Average correct responses to the pre-test was 3.75; average correct responses to the post-test was 7.78. While it is obviously too soon to begin drawing conclusions about the overall efficacy and impact of the program, and such a test is not necessarily a reliable indicator of course success, these results do provide some evidence that participants are receptive to the approach and substance of the program.

Mr. Pickering collected flour samples from each participant, which we were able to send to AIB's laboratory in Manhattan, Kansas. The representative of the Foreign Agricultural Service in Romania, Mr. Anton Pavel, was most helpful in providing us the documentation necessary to expedite the samples through U.S. customs. As of this writing, Mr. Pickering is analyzing the samples for quality and consistency, and will report the results back to participants along with recommendations for improving flour quality during the second seminar in May. Another sample will be collected in May and again analyzed at AIB's lab to provide further feedback regarding quality and consistency.

We were able to use the opportunity of having so many private millers in one place to encourage the formation of an independent private flour millers association. The millers were actively interested in the idea of a representative group which would perform advocacy, promotion, information sharing and technical assistance functions on their behalf. The association has been formally registered, and a VOCA volunteer knowledgeable about flour miller associations will arrive late-April to provide assistance to the fledgling group. The danger at this stage is building unrealistic expectations which could be counterproductive later on. During the next course in the sequence, described below, two days will be devoted to a general meeting of the association, during which the VOCA volunteer will provide instruction in the democratic nature of an association, its functions, what it is designed and not designed to do, the rights, roles and responsibilities of members, the function of a board of directors, etc.

The second of the three-course in-country sequence will be conducted in May, again conducted twice for the eastern and western groups. Entitled "Technology of Milling Operations and Business Guidelines for Millers, the course will include the following topics: (a) wheat and flour storage practices; (b) basic flour testing practices; (c) mill flow, design and construction practices; (d) basic flour testing, to include two laboratory sessions; (e) mill stream selection, direction and blending; (f) specifications and selection of milling equipment; and (g) Romanian flour standardization. The business skills portion of the workshop will focus on development of business plans for both credit applications and joint venture possibilities. This latter portion will be conducted by Mr. Jim Marten, a U.S. Peace Corps volunteer who has been conducting business plan seminars for small businesses as part of his Peace Corps responsibilities. VOCA volunteer technical assistance will commence after this second course; two volunteers will be sent, each to spend a week with each of four millers to follow-up and reinforce course material.

The third and final course in the sequence, entitled "Advanced Milling Techniques and Financial Management Practices," will be conducted in July. The June U.S. training is in the process of being designed with the input of Mr. Pickering to ensure program relevancy. The selection process, to be conducted with substantial input from VOCA, will take place during April.

3. Planned Activities: April-June, 1994

- Participant selection for BRD U.S. Training
- Participant selection for flour miller U.S. training
- 3rd BRD in-country course conducted (May)
- 2nd flour miller in-country training conducted (May)
- BRD U.S. training (June)

- Flour miller U.S. training (June)
- Prepare for July BRD in-country training
- Prepare for July flour miller in-country training
- Planning for the year Aug., 1994 - July, 1995

BULGARIA

The second of the four-course in-country private meat processor training sequence was conducted this quarter. The course, entitled "Marketing and Pricing for Private Meat Processors", was conducted twice, first in Plovdiv from February 28 - March 2, and next in Blagoevgrad during March 7-9, 1994. A total of 53 participants attended the two courses, of which 18 were women, and 34 companies were represented. Course trainers were Mr. Norval Dvorak, a retired meat processing professional from Wisconsin, and Mr. Dennis Buege of the University of Wisconsin. These gentlemen co-trained the first course on "Slaughterhouse Management" in December; Mr. Dvorak also conducted the survey on private meat processors in Bulgaria last year.

Topics covered were market surveys, pricing, promotion, packaging logos and distribution. The course also included a processed meat product show, providing participants an opportunity to compare and contrast their products among each other. A panel of judges was selected from among the participants who grouped the products into seven categories, and awarded ribbons for 1st, 2nd and 3rd place finishers.

The program has also been instrumental in assisting in the formation of an independent private meat processors association. Long disillusioned with state agricultural policies, the meat processors attending the course were fertile ground for initiating such an activity. Mr. Dvorak has provided valuable guidance in the drafting of by-laws. A board of directors has been selected, consisting of nine members and the association was formally registered on February 28.

A survey of private meat processors in the northeastern region of Bulgaria will be conducted early in the next quarter. Our desire is to increase the number of participants attending the courses. The survey of private meat processors conducted last year and upon whose results this program is based did not include interviews with processors in this region. The northeastern region contains a high concentration of private processors, and we will be attempting to recruit additional participants from that region.

The next course, the third in the sequence, will focus on financial management issues, and be conducted in May. The fourth course will be on preparation of business plans and be conducted in July. A four-week U.S. training for a selected group of the meat processors will take place in June; participant selection and program design are currently in process. Mr. Dvorak and Mr. Buege will be prominently involved in the design of the U.S. training considering how closely they have both been involved in the program since its inception. VOCA has also been an active partner in the program. The first two volunteers will be arriving in June to spend four weeks with each of eight private processors to follow-up and reinforce course content. VOCA has also been closely involved in selecting participants for the U.S. group.

Activities planned for next quarter are:

- conduct course in financial management for meat processors (May)
- U.S. training for meat processors (June)
- arrangements for course on business planning for meat processors (July)
- planning activities for period Aug., 1994 - July, 1995

POLAND

1. **U.S. Training Programs**

During this quarter, a group of 12 Polish cooperative bankers attended a three week program in the U.S. as part of the joint ACDI/VOCA Banker to Banker program. The group visited the Farm Credit Banks of Baltimore for training in credit granting and monitoring, marketing, human resource development, council member development, business and strategic planning, and financial analysis and performance.

2. In-Country Training

ABE financed a second series of eight farmer cooperative courses during March in eight regions: Ostroleka, Olsztyn, Siedlce, Skierniewice/Bielice, Zamosc-Sitno, Nowy Sacz-Nowo Jowa, Sandomierz, and Kielce-Modliszewice. These courses are part of ABE's efforts to institutionalize farmer cooperative education within the Agricultural Advisory Centers (ODRs). ABE financed the cost of housing and meals for course participants, course materials and rental of the training facility; the ODRs provided the trainers and the logistical support.

This second series of courses were in follow-up to a first series of eight courses in the same regions conducted between November, 1993 and February, 1994, reaching 195 participants. These initial eight courses were conducted with the assistance of U.S. cooperative expert Jim Oliver. A two week follow-up training of trainers was conducted in February by ACDI consultant Gwen Clark of Meridian International. The first TOT, conducted last October, was designed to train twenty ODR instructors in experience-based training techniques for use in courses on developing farmer cooperatives. The February course served to reinforce the use of the new methods, refine the instructors manual which was designed and developed by the ODR trainers under Ms. Clark's guidance, and to provide instruction on how to train trainers. These ODR trainers, operating in regional teams, have now conducted a total of 16 courses since last November - the most recent eight entirely on their own - using methods which were foreign to them only six months ago. The instructors manual is a key output of the TOT courses since trainers will be conducting these courses on their own long after ABE completes its activities in Poland.

3. Planned Activities for April-June, 1994

In April, ABE will host a meeting in Warsaw for the ODR trainers and their directors to discuss the future of the project. The agenda will include:

- a. The development of two training centers responsible for the coordination of farmer cooperative education within the ODR system to encompass:
 - training ODR trainers from other regions in Poland, using the network of 20 trained trainers;
 - conducting farmer cooperative courses for farmers from these newly selected regions.

- b. Future funding support for the training centers beyond FY 1995 when ABE no longer has funding for in-country training activities;
- c. Development of a TOT instructors manual.

Other activities planned for the coming quarter are:

- design and selection of participants for a third U.S. group of cooperative bankers under the Banker to Banker project
- a group of 13 women agribusiness professionals (fruit and vegetable processing, meat processing and bakery sectors) to study agribusiness management, marketing, the female role in agribusiness, and visits to food processing operations
- design and selection of participants of a U.S. training program on the U.S. bonded warehouse system, coordinated with the Foundation for the Development of Infrastructure of Agricultural Markets, to take place in June, 1994
- design and selection of participants of a U.S. training program on strawberry production and marketing
- planning activities for period Aug., 1994 - July 1995

MACEDONIA

1. **Veterinary Training**

Two veterinarians from the state veterinary service received training in the U.S. this quarter on Brucellosis diagnostics and eradication. Brucellosis presents a severe, wide spread problem in Macedonia. The present type of this disease, found in sheep and goats, is the *Brucella Melitensis*, biotype 3, which is the most virulent *Brucella* type. Infections with this type occur with both, animals and humans. It is necessary to implement a strict, overall and detailed program for control, eradication, and prevention of this disease in order to decrease economic losses and to protect human health. The two participants were instructed in laboratory techniques for Brucellosis diagnostics as well as mapping the affected regions and implementing measures for eradicating Brucellosis.

2. Training at the Ministerial Level

Candidates were selected and a program designed for U.S. training of five Ministerial level participants involving exposure to the U.S. farm credit system, U.S. cooperative movement, U.S. extension service, and visits to commodity exchange markets. Three participants are from the Ministry of Agriculture, including the Deputy Minister and two Counselors to the Minister of Agriculture. The remaining two participants are from the Ministry of Commerce, including the Deputy Minister and a Counselor to the Minister. These two Ministries were targeted because the Ministry of Agriculture has jurisdictional control over all agricultural land in Macedonia, while the Ministry of Commerce is in charge of all processing facilities. This four week program will take place in late-April, early-May.

3. Training for the Macedonian Extension Service

The extension service is a department within the Ministry of Agriculture. All extension activities are financed and coordinated from there. During the 1980's, most of the Government subsidies and equipment donations to private farmers were distributed through this service, which motivated private farmers to cooperate closely with them. More recently, however, the extension service is having financial problems - many offices do not even have fuel for their vehicles. FAO is considering granting \$12 million for strengthening private agriculture in Macedonia, and approximately a quarter of this amount may go toward supporting the extension service. VOCA also has devoted significant resources to the extension service, and this U.S. training will support their efforts. The program will involve how the U.S. extension service operates, how extensionists communicate with private farmers, and what is involved in establishing and maintaining a well functioning extension service. The group will also learn how U.S. cooperatives and farmers associations are organized since this group can be quite influential in communicating this information throughout the Macedonian agriculture sector. Four extensionists will comprise the group, scheduled for a late-April departure.

4. ABE Appearance on Macedonian Television

ABE Macedonia Representative Aleksandar Nacev was invited by Macedonian National Television to discuss ACDI activities in Macedonia. The interview aired on April 3 as part of the Farmers Documentary Serial broadcast each Sunday. The text of the presentation is attached at the end of this report.

5. **Planned Activities for the Period April - June, 1994**

- Logistical arrangements for the Ministerial and extension U.S. training groups to depart in April
- Logistical arrangements for milk processing and marketing U.S. training group to depart in June
- Follow-up planning sessions with fruit and vegetable drying group and veterinary group
- With VOCA, planning for activities to be undertaken during the first year of the new project

NATIONAL TV BROADCAST, APRIL 04.1994

Introducing ACDI to the Macedonian public

The abbreviation ACDI comes from "Agricultural Cooperative Development International", or translated to Macedonian: "Megunarodna pomos na zemjodelski zadruzi". ACDI is non-profit, non-Government corporation established in 1963 by the biggest US Ag. cooperatives, Farmers associations and Agricultural save-loan organizations. ACDI's mission is providing technical assistance to the developing countries, aimed to improve the economic well being of the private farmers in those countries. During the 31 year of its activities ACDI has completed a lot of successful projects in the developing countries in Latin America, Africa, Asia and after the changes occurred in the former Socialist Countries of Eastern Europe, ACDI concentrates its efforts in this area. That is why, in August 1993 ACDI opened a representative office in Macedonia. Most of the Acid's activities are financed by the Government Agency USAID. The initial project of ACDI in Macedonia is providing US based training program for Macedonian farmers, AG.businessmen and Government Agencies that support them. We are organizing groups of 5 Macedonians participating in a 3-4 weeks training program in US, on certain topic. So far we have organized 2 groups in this manner. The first one left in October 1993 and spent 4 weeks in US covering the topic "Fruit and Vegetable drying industry". They also discussed other issues like fruit and vegetable growing, packaging and marketing. At the beginning of this year two veterinarians left on "Brucellosis Diagnostics and Eradication" topic

At this moment we are working on two groups due to leave in April this year. The participants of the first group were selected from the Ministry of Agriculture and Ministry of Commerce. They will cover the following topics: "US Cooperative Movement and US Agricultural Credit System" The second April group comes from the Macedonian Extension Service and they are to visit the US Extension Services to see how they operate.

During the 31 years of providing technical assistance to the developing countries, ACDI has gained a lot of experience in providing expert help and training in restructuring Ag. Credit systems that deal with private farmers. At this moment there is no credit available to the private farmers because of the inflation and high interest rates. We hope that the conditions in Macedonia will improve eventually and that ACDI will be able to raise funds to provide expert help and training to the decision-makers in Ag. credit-distribution.

QUARTERLY REPORT: Technical Programs
 Training Cost Analysis (TCA)

SEE "Instructions: Quarterly Report", Reverse of Page 4

PROJECT TITLE Agribusiness Exchange Program for CEE	PROJECT NUMBER EUR-0024-G-00-1066-00	IMPLEMENTOR ACDI
CONTRACT QUARTER <u> 9 </u> of <u> 12 </u>	REPORT PERIOD October - December 1993	DATE April 27, 1994

II. ADMINISTRATIVE COSTS

II. F. ADMINISTRATIVE COSTS	BUDGET	PROJECTED THIS QUARTER	EXPENDED THIS QUARTER	EXTENDED TO DATE	BALANCE REMAINING	% OF BUDGET
1. Salaries	\$ 232,710	\$ 27,303	\$ 29,640	\$ 171,341	\$ 61,369	74 %
2. Fringe Benefits	73,163	9,972	8,946	48,869	24,294	67 %
3. Travel	141,104	21,082	8,381	79,303	61,801	56 %
4. Consultants	0	0	0	0	0	0 %
5. Equipment	32,100	2,798	4,523	27,296	4,804	85 %
6. Sub-Contracts	75,600	0	0	75,556	4	100 %
7. Indirect Costs	685,700	86,970	72,877	468,677	217,023	68 %
8. Other	134,406	14,341	13,752	100,354	34,052	75 %
II. F. TOTAL ADMINISTRATIVE COSTS	\$ 1,374,783	\$ 162,466	\$ 138,119	\$ 971,396	\$ 403,347	65 %
GRAND TOTAL, TRAINING COSTS:	\$	\$	\$	\$	\$	%

NOTE: % Of Budget refers to that %age of the total budget (for each line) that has been spent.

$$\% \text{ of Budget} = \frac{[\text{Expended to Date}]}{[\text{Budget}]}$$

**QUARTERLY REPORT: Technical Programs
Training Cost Analysis (TCA)**

****SEE "Instructions: Quarterly Report", Reverse of Page 4****

PROJECT TITLE Agribusiness Exchange Program for CEE	PROJECT NUMBER EUR-0024-G-00-1066-00	IMPLEMENTOR ACDI
CONTRACT QUARTER 9 of 12	REPORT PERIOD October - December 1993	DATE April 27, 1994

I. PARTICIPANT TRAINING COSTS

ACADEMIC PROGRAMS:	BUDGET	PROJECTED THIS QUARTER	EXPENDED THIS QUARTER	EXTENDED TO DATE	BALANCE REMAINING	% OF BUDGET
A. Education/Training Cost	\$ 551,033	\$ 81,141	\$ 27,250	\$ 307,812	\$ 243,221	56 %
B. Allowances	540,500	53,272	43,968	406,893	133,607	75 %
C. Travel	627,400	85,435	79,673	422,290	205,110	67 %
D. HAC	32,712	4,563	1,560	19,063	13,649	58 %
E. Supplemental Activities	3,000	315	0	1,951	1,049	65 %
Total, Academic Costs	\$1,754,645	\$ 224,726	\$ 152,451	\$ 1,158,009	\$ 596,636	66 %

THIS QUARTER:

Number of Participant Months Projected: 20

Number of Participant Months Completed: 13

TOTAL PROJECT:

Number of Participant Months Projected: 238

Number of Participant Months Completed: 185

IMPORTANT: SPECIFY PROGRAM TYPE

(Check Only One Category)

- Classroom Training
- Observation Tour
- On-the-Job Training

BB 10, 11, 10:108

**QUARTERLY REPORT: Technical Programs
Training Cost Analysis (TCA)**

SEE "Instructions: Quarterly Report", Reverse of Page 4

PROJECT TITLE Agribusiness Exchange Program for CEE	PROJECT NUMBER EUR-0024-G-00-1066-00	IMPLEMENTOR ACDI
CONTRACT QUARTER 9 of 12	REPORT PERIOD October - December 1993	DATE April 27, 1993

I. PARTICIPANT TRAINING COSTS

SPECIAL TRACKING ITEMS:	BUDGET	PROJECTED THIS QUARTER	EXPENDED THIS QUARTER	EXTENDED TO DATE	BALANCE REMAINING	% OF BUDGET
E. 1. ELT, In-Country	\$	\$	\$	\$	\$	%
E. 2. ELT, U.S.	\$	\$	\$	\$	\$	%
Escort/Interpreter	321,032	27,215	29,279	259,592	61,440	81

NOTE: Special tracking items are costs that are included in Participant Cost, Page 1, but are broken out here for special review.

QUARTERLY REPORT: Technical Programs
 Training Cost Analysis (TCA)

SEE "Instructions: Quarterly Report", Reverse of Page 4

PROJECT TITLE Agribusiness Exchange Program for CEE	PROJECT NUMBER EUR-0024-G-00-1066-00	IMPLEMENTOR ACDI
CONTRACT QUARTER <u>10</u> of <u>12</u>	REPORT PERIOD January - March, 1994	DATE April 27, 1994

II. ADMINISTRATIVE COSTS

II. F. ADMINISTRATIVE COSTS	BUDGET	PROJECTED THIS QUARTER	EXPENDED THIS QUARTER	EXTENDED TO DATE	BALANCE REMAINING	% OF BUDGET
1. Salaries	\$ 232,710	\$ 26,301	\$ 19,142	\$ 190,483	\$ 42,227	82 %
2. Fringe Benefits	73,163	10,411	5,141	54,010	19,153	74 %
3. Travel	141,104	26,486	1,636	80,939	60,165	57 %
4. Consultants	0	0	0	0	0	0 %
5. Equipment	32,100	2,059	1,212	28,508	3,592	89 %
6. Sub-Contracts	75,600	0	0	75,556	4	100 %
7. Indirect Costs	685,700	93,010	38,300	506,977	178,723	74 %
8. Other	134,406	14,594	4,767	105,121	29,285	78 %
II. F. TOTAL ADMINISTRATIVE COSTS	\$ 1,374,783	\$ 172,861	\$ 70,198	\$ 1,041,594	\$ 333,149	76 %
GRAND TOTAL, TRAINING COSTS:	\$	\$	\$	\$	\$	%

NOTE: % Of Budget refers to that %age of the total budget (for each line) that has been spent.

$$\% \text{ of Budget} = \frac{[\text{Expended to Date}]}{[\text{Budget}]}$$

**QUARTERLY REPORT: Technical Programs
Training Cost Analysis (TCA)**

****SEE "Instructions: Quarterly Report", Reverse of Page 4****

PROJECT TITLE Agribusiness Exchange Program for CEE	PROJECT NUMBER EUR-0024-G-00-1066-00	IMPLEMENTOR ACDI
CONTRACT QUARTER 10 of 12	REPORT PERIOD January - March, 1994	DATE April 27, 1994

I. PARTICIPANT TRAINING COSTS

ACADEMIC PROGRAMS:	BUDGET	PROJECTED THIS QUARTER	EXPENDED THIS QUARTER	EXTENDED TO DATE	BALANCE REMAINING	% OF BUDGET
A. Education/Training Cost	\$ 551,033	\$ 104,237	\$ 0	\$ 307,812	\$ 243,221	56 %
B. Allowances	540,500	57,260	1,829	408,722	131,778	76 %
C. Travel	627,400	87,904	9,849	432,139	195,261	69 %
D. HAC	32,712	5,849	3,240	22,303	10,409	68 %
E. Supplemental Activities	3,000	449	0	1,951	1,049	65 %
Total, Academic Costs	\$ 1,754,645	\$ 255,699	\$ 14,918	\$ 1,172,927	\$ 581,718	67 %

THIS QUARTER:

Number of Participant Months Projected: 23

Number of Participant Months Completed: 11

TOTAL PROJECT:

Number of Participant Months Projected: 238

Number of Participant Months Completed: 196

IMPORTANT: SPECIFY PROGRAM TYPE
(Check Only One Category)

Classroom Training

Observation Tour

On-the-Job Training

**QUARTERLY REPORT: Technical Programs
Training Cost Analysis (TCA)**

SEE "Instructions: Quarterly Report", Reverse of Page 4

PROJECT TITLE Agribusiness Exchange Program for CEE	PROJECT NUMBER EUR-0024-G-00-1066-00	IMPLEMENTOR ACDI
CONTRACT QUARTER 10 of 12	REPORT PERIOD January - March, 1994	DATE April 27, 1994

I. PARTICIPANT TRAINING COSTS

SPECIAL TRACKING ITEMS:	BUDGET	PROJECTED THIS QUARTER	EXPENDED THIS QUARTER	EXTENDED TO DATE	BALANCE REMAINING	% OF BUDGET
E. 1. ELT, In-Country	\$	\$	\$	\$	\$	%
E. 2. ELT, U.S.	\$	\$	\$	\$	\$	%
Escort/Interpreter	321,032	26,331	8,781	268,373	52,659	84

NOTE: Special tracking items are costs that are included in Participant Cost, Page 1, but are broken out here for special review.

Agricultural Cooperative Development International (ACDI)
 Quarterly Report, Agribusiness Exchange Program for Central and Eastern Europe
 January 1 - March 31, 1994

S. Cokrevski	Macedonian	Male	USDA, National Veterinary Services Laboratory, IA, Colorado State Univ., CO Pan American Vet.Lab., TX Center for Epidemiology & Animal Health, TX	February 11 - March 10, 1994	Brucellosis Prevention & Eradication	Technical	AID
S. Tetikovik	Macedonian	Male	USDA, National Veterinary Services Laboratory, IA, Colorado State Univ., CO Pan American Vet.Lab., TX Center for Epidemiology & Animal Health, TX	February 11 - March 10, 1994	Brucellosis Prevention & Eradication	Technical	AID
Z. Czerwinski	Polish	Male	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID
Z. Sorny	Polish	Male	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID
A. Jaworski	Polish	Male	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID
S. Kondraciuk	Polish	Male	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID
W. Krzewina	Polish	Male	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID

R. Lutomierski	Polish	Male	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID
G. Nicewicz	Polish	Female	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID
T. Polanski	Polish	Male	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID
A. Szkliniarz	Polish	Male	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID
H. Wereski	Polish	Male	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID
Z. Zubek	Polish	Male	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID
S. Zuk	Polish	Female	Farm Credit Bank of Baltimore	February 19 - March 15, 1994	Credit Granting Systems Financial Performance Personnel Management Marketing Working with Board of Directors	Technical	AID
Quarter Totals	M	12					
	F	2					
LOP Totals	M	155					
	F	60					

FINANCIAL STATUS REPORT
(Short Form)

1. Federal Agency and Organizational Element to Which Report is Submitted Agency for International Development		2. Federal Grant or Other Identifying Number Assigned By Federal Agency EUR-0024-G-00-1066-00		OMB Approval No 0348-0039	Page 1	of 1	pages
3. Recipient Organization: Agricultural Cooperative Development International 50 F Street, NW, Suite 900 Washington, DC 20001							
4. Employer Identification Number 52-0811461		5. Recipient Account Number 72-00-1395		6. Final Report NO		7. Basis Cash	
8. Funding/Grant Period From: 07/31/91		To: 08/01/94		9. Period of this Report From: 01/01/94		To: 03/31/94	
Transactions:				I Previously Reported	II This Period	III Cumulative	
a. Total outlays				4,785,130.54	339,403.76	5,124,534.30	
b. Recipient share of outlays							
c. Federal share of outlays				4,785,130.54	339,403.76	5,124,534.30	
d. Total unliquidated obligations							
e. Recipient share of unliquidated obligations							
f. Federal share of unliquidated obligations							
g. Total Federal share						5,124,534.30	
h. Total Federal funds authorized for this funding period						6,419,680.00	
i. Unobligated balance of Federal funds						1,295,145.70	
10. Indirect Expenses		a. Type of Rate: Fixed					
		b. Rate 36.6%	c. Base 248,465.41	d. Total Amount 90,938.34	e. Federal Share 90,938.34		
11. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.							
12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.							
13. Frank J Wellner Assistant Vice President, Accounting and Finance				14. Telephone: (202) 879-0258			
				15. Date Report Submitted: 04/12/94			