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**LAND O'LAKES, INC.  
COOPERATIVE PROGRAM SUPPORT PROJECT  
FAO-0192-A-00-4035-00**

**ANNUAL REPORT FOR YEAR ONE  
Period of April 29, 1994, through March 31, 1995**

**May 1, 1995**

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### **Attachments:**

<b>Attachment A</b>	<b>Project Indicator Tables</b> - Technical Capability - Planning Systems - Management Systems
<b>Attachment B</b>	<b>Proposals Submitted</b>
<b>Attachment C</b>	<b>Quarterly Financial Report</b>

**LAND O'LAKES, INC.**  
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**1. EXECUTIVE SUMMARY**

**Introduction**

The Cooperative Program Support Project (CPSP) is a three-year cooperative agreement administered by Land O'Lakes, at a USAID-funded level of \$1,425,000. The purpose of the CPSP is to promote sustainable economic development through the creation and/or strengthening of democratic grassroots cooperatives in developing and transitional economies which provide a means for people to increase their incomes, productivity, and human dignity. It strengthens Land O'Lakes' capabilities as a cooperative development organization to promote cooperation among agricultural and food producers, and to enhance the governance and operations of cooperatives and producer associations. The program advances three of the four AID strategies: 1) encouraging broad-based economic growth; 2) protecting the environment; and 3) building democracy.

**Accomplishments**

Land O'Lakes has improved its use of the CPSP to enhance activities funded under other Land O'Lakes USAID agreements and to expand particular facets of existing projects into entirely new projects. Technical assistance and training activities under the CPSP have been used to expand new project opportunities, rather than simply complement existing activities. Land O'Lakes has expanded its vision of its own projects and the ways in which these projects can be used to complement other non-Land O'Lakes development activities, thereby exponentially expanding the impact of the interrelated programs. Project development efforts have become increasingly focused on areas in which Land O'Lakes has a comparative advantage, that is, a good reputation and track record. Land O'Lakes has developed the ability to react quickly to immediate opportunities and is responsive to indications/requests from AID staff. Section 3, Report of Accomplishments, goes into greater detail about these accomplishments.

**Problems/Issues**

The cooperative agreement for the CPSP was not fully executed until September 1994. Activity level in year one was lower than anticipated due to the lack of an agreement and the obligated funds for the whole first half of the project year.

It has become increasingly difficult and time-consuming to push unsolicited projects through the review and approval process at AID. For example:

- Albania and Lithuania dairy programs were originally proposed in early 1994, approved verbally in June/July 1994, and were not fully executed until April 1995. Contract

procedure has been painfully slow and has consumed many hours of Land O'Lakes staff time.

- The Bulgaria proposal for a \$200,000 add-on to work in dairy policy was submitted and approved verbally in summer 1994, yet was not technically reviewed until March 1995. It was to have been submitted to the Office of Procurement on April 15, 1995.

Land O'Lakes has not been able to access multilateral bank funding despite tremendous encouragement, support, and time spent on this effort. Land O'Lakes has been unable to establish a useful working relationship that leads to additional funding.

### **Summary of Activities over Year One**

Land O'Lakes implemented a variety of development activities in year one. These activities fall into three main categories: new project development, short-term technical assistance and training, and Land O'Lakes' own organizational development as a cooperative development organization (CDO).

In year one of the program, exploration of three new countries and revisits to seven other countries were undertaken with the objective of initiating Land O'Lakes cooperative development activities. Land O'Lakes pursued the development of commodity monetization projects in South Africa and Russia. Technical assistance and training were provided to selected member-owned organizations in four countries, which serve as cornerstones for the development of more extensive programs or strengthening of existing programs. A key leader from Albania visited Land O'Lakes for more extensive leadership training in year one of the program. Refer to Section 4, Summary Highlights, for more information.

Land O'Lakes improved its capacity to effectively design and implement international cooperative development programs by forming strategic alliances and collaborative program relationships with strategic partners. Information exchanges and collaborative meetings occurred throughout the program year. Land O'Lakes International Development Division increased its internal organizational effectiveness through a continuous quality improvement program, with staff training taking place on a monthly basis, beginning in September 1994.

### **Future Intentions**

Land O'Lakes intends to continue to focus the CPSP on the development of new and expanded opportunities. Refer to the Annual Work Plan for Year 2 for more detail.

**Bumpers Act Restriction:** The CPSP targets the development of profitable agribusiness cooperatives based on growing domestic sales and does not promote the exportation of goods which could compete with U.S. domestic production. The CPSP does not implement activities causing Land O'Lakes to be in non-compliance with the Bumpers Act Restrictions.

## 2. OUTPUTS FOR LIFE OF PROJECT

Below are the outputs targeted for the life of project, as stated in the logical framework of the project implementation plan. These are activities funded either wholly or in large part by the CPSP. The table below does not gather in accomplishments that resulted solely from other Land O'Lakes projects funded by USAID.

LIFE OF PROJECT OUTPUTS	CURRENT STATUS
1. Seven cooperatives created or strengthened.	Uganda: 1 cooperative created, 1 strengthened. Poland: 5 cooperatives strengthened
2. Two process/production systems altered to reflect environmental and energy efficiency recommendations.	Lithuania: environmental audit of dairy plant
3. Two women-producer associations created or strengthened.	Albania: non-formal advocacy network of 260 volunteer women dairy producers
4. Communications network for public communication of project successes in place.	Quarterly newsletter issued. Land O'Lakes Annual Meeting. Introductory talks to groups who visit Land O'Lakes headquarters. Local public TV aired ten-minute spot on Uganda project. Articles in local newspapers. Responded to information requests by sending out brochures. Worked with OCDC to improve communication of cooperative development efforts.

### **3. REPORT OF ACCOMPLISHMENTS**

#### **Accomplishments**

- Land O'Lakes has improved its use of the CPSP to enhance activities funded under other Land O'Lakes USAID agreements and to expand particular facets of existing projects into entirely new projects:
  - Bulgaria -- from dairy production focus to working groups which enhance the dairy agribusiness environment.
  - Poland -- from agribusiness management to agricultural information network and development of agricultural advocacy groups.
  - Albania -- from dairy production to creation of a women's dairy network/advocacy group.
- Technical assistance and training activities under the CPSP have been used to expand new project opportunities, rather than simply complement existing activities:
  - Poland technical assistance on whey-drying is the first step toward formation of a possible regional cooperative structure which would own a future whey-drying facility.
  - U.S. training of Lulzim Daci of the Albanian Ministry of Agriculture and Food improves Land O'Lakes' potential to participate in upcoming World Bank dairy program.
  - Third country training in Albania in April 1995 will be used to initiate dairy-related activities before start-up of the new Macedonia program.
- Land O'Lakes has expanded its vision of its own projects and the ways in which these projects can be used to complement other non-Land O'Lakes development activities, thereby exponentially expanding the impact of the interrelated programs:
  - Romania - Integration of dairy development activities with World Bank loan program for agribusinesses. Land O'Lakes' Romanian collaborators/counterparts have benefited from this increased access to funding.
  - Bulgaria - Integration of Land O'Lakes' dairy development program with the Bulgarian-American Enterprise Fund has led to loans to Land O'Lakes program collaborators and expansion of their dairy herds.
- Project development efforts have become increasingly focused on areas in which Land O'Lakes has a comparative advantage, that is, a good reputation and track record.
- Land O'Lakes has developed the ability to react quickly to immediate opportunities and is responsive to indications/requests from AID staff.

## **Deviations**

There were few deviations from the annual work plan for year one, mostly because it was prepared half way into the project year. Here are the changes and the reasons for them:

- Trip to Vietnam canceled because U.S. federal funds may not be used for travel to Vietnam. Trip to Philippines was substituted.
- Trips to Albania and Romania were added to capitalize on possibilities to add funding on to existing Land O'Lakes projects.
- Third country training for Macedonians to Albania was postponed to April 1995 to accommodate the schedules of the trainer and participants.
- In-country training for South Africans was canceled because the monetization proposal was not approved and the training was to be coordinated with the project.

## **Proposals Funded**

Out of eleven (11) unsolicited proposals submitted, USAID funded three (3) unsolicited proposals from Land O'Lakes in year one of the CPSP, for a total of \$5 million. Another three unsolicited proposals totaling \$4,583,335 have verbal approval from an AID official or are in the contracts process in the Office of Procurement. Land O'Lakes signed subagreements and customized training contracts for another \$339,688 in AID-related funding and signed agreements totalling \$281,231 in non-AID funding. A subagreement for \$1.2 million from FINCA and a contract for \$405,347 from USDA should be forthcoming soon. Attachment B lists all proposals submitted, both funded and unfunded. Below is a list of projects for which Land O'Lakes has either verbal approval from the funding organization or a signed agreement.

- \$2,800,000 Lithuania Dairy Restructuring and Free Market Cooperative Program with AID/ENI. Agreement executed in April 1995.
- \$1,500,000 Expansion of Dairy Improvement Campaign for Albania, Phase II, with AID/ENI. Agreement executed in April 1995.
- \$700,000 Private Dairy Sector Development in Uganda: An Integrated Approach for Small-Scale Domestic and Export Production. Agreement was executed on September 30, 1994.
- \$2,766,950 Marketing and Livestock Improvement Project in Macedonia. Verbal approval was received from AID/ENI, and it is currently in the Office of Procurement as of April, 1995.
- \$1,500,000 Private Sector Polish Business Development. The PIO/T was signed by USAID/Warsaw and is pending a technical review by USAID/WDC.

- \$316,385            Integrated Dairy Development Impact in Bulgaria: A Collaborative Effort between USAID, World Bank, and Land O'Lakes. Verbal approval was received from the Mission in April, 1995. Currently the proposal is undergoing a technical review by USAID/WDC.
- \$1,200,000        Proposal for Microenterprise Credit Project in Kyrgyzstan and Kazakhstan, in which Land O'Lakes has a subagreement with FINCA. Project is approved--Land O'Lakes is awaiting a subcontract from FINCA.
- \$339,688            Customized training contracts signed with the Academy for Educational Development (AED) and other organizations.
- \$256,653            USDA Section 416(b) Butter Monetization Proposal for Russia, Year Two. Funded August 1994.
- \$405,347            Food for Progress Feed Grains Monetization Proposal for Russia. Submitted to USDA. Verbal approval has been received.
- ---                    RFP response: Central and Eastern Europe/NIS Privatization IQC type proposal in which Ronco is the prime. It is approved, but Land O'Lakes is awaiting an assignment.
- ---                    RFP response: Central and Eastern Europe/NIS Privatization IQC type proposal in which Citizen's Network is the prime. It is approved, but Land O'Lakes is awaiting an assignment.

### **Status of Long-Term Projects**

Refer to Section 5 for more explanation on long-term projects. This includes activities under the CPSP and from unsolicited-proposal projects. Highlights follow:

- Creation of a 6,000-member dairy producer cooperative in the Nova Zagora region of Bulgaria called Milk Way Dairy Producers Association. Some farmer members have obtained loans from the Bulgarian-American Enterprise Fund.
- Creation of the 85-member Maddu dairy producer cooperative in Uganda and the strengthening of the 65-member Kagooge cooperative.
- Self-sustainable Tadu Dairy Cooperative Society in Cameroon obtained a loan from the African Development Bank to build a dairy plant--after USAID activity in Cameroon is terminated.
- Provision of agricultural loans to 18 organizations through the Russia butter monetization project and leveraging of an additional 20 billion rubles (\$5 million) from the Russian government for more loans.
- Strengthening of eight dairy cooperatives in Poland, several of which are considering forming a whey-drying regional cooperative and two of which have instituted more environmentally sound processing practices.

- Formation of a 95-member pre-cooperative Latvia Goatkeepers Association, which is 90% women.
- Creation of an advocacy network in Albania of 260 women dairy producers who volunteer their time in various development projects of vital interest: dairy production, land tenure, potable water.
- Formation of National Dairy Processors Association in Romania. Dairy processors have accessed World Bank loans.

#### 4. SUMMARY HIGHLIGHTS

\* The asterisk indicates those activities added since the annual work plan was issued in November 1994. These activities are funded solely by the CPSP project.

MAJOR ACTIVITIES FOR YEAR ONE	TIMING
<b>Project Development:</b>	
Uganda	Completed May 1994
Macedonia	Completed June-July 1994
* Albania	Completed June 1994
Ethiopia	Completed October 1994
Vietnam	Canceled - no AID travel allowed
* Philippines	Completed March-April 1995
NIS - Moldova, Russia, Ukraine	Completed March-April 1995
* Romania	Completed April 1995
<b>Monetization:</b>	
South Africa	Proposal submitted in October 1994. Possible for 1996 funding
NIS - Russia	Awarded 3,000 tons butter 1994. Awarded 10,000 tons feed grains for 1995
<b>Technical Assistance:</b>	
Uganda dairy privatization	Completed May 1994
Poland dairy cooperatives	Completed October-November 1994
* Russia monetization fund	Completed March 1995
<b>In-Country Training:</b>	
South Africa	Canceled
<b>U.S. Training:</b>	
Albania key leader	Completed January 1995
Mexico	Postponed until 1996
<b>Third Country Training:</b>	
Macedonians to Albania	Postponed from Feb 1995 to April 1995

MAJOR ACTIVITIES FOR YEAR ONE	TIMING
Organizational Development:	
Collaborative meetings	ongoing
Quality Training	ongoing, beginning in September 1994
Newsletter	published quarterly

**NARRATIVE:**

**Project Development**

Albania: Kristin Penn traveled to Albania June 18-23 to examine the current project and methodology used in the dairy campaign as well as to investigate possible collaboration with other organizations. The outcomes of the trip were that an expansion proposal was written and subsequently funded at \$1.5 million. This will allow the campaign to reach more women throughout the country. Land O'Lakes was short-listed on World Bank's Dairy Marketing project.

Ethiopia:

Kristin Penn and Martha Cashman traveled to Ethiopia November 1-8. The purpose was to work with the Oromo Relief Association to help them define their agricultural and cooperative development objectives for the Oromo Region. Analyzed the environment and constraints facing private agriculture (specifically livestock) producers and processors in order to achieve improved agricultural production and cooperative development.

Macedonia: Kristin Penn and Rebecca Balogh traveled to Macedonia in June to better familiarize Land O'Lakes with the dairy sector situation and make contacts of key people in the dairy sector in efforts to refine the proposal: Community Development through a Dairy Development Improvement Campaign in Macedonia, initially submitted to USAID/WDC and USAID/Macedonia in May, 1994. The outcome of the trip was a revision of the proposal to address additional issues in the country. In August, Rebecca Balogh returned to Macedonia as part of the FAO/World Bank agriculture assessment team. A customized proposal to work with Macedonia's dairy livestock producers was submitted to USAID/ENI and USAID/Skopje.

Moldova: Kristin Penn and Jill Kohler traveled to Moldova in late March 1995. This was an initial trip to look at the potential for Land O'Lakes within the country. Possible collaboration with TriValley Growers was discussed. The outcome is that a concept paper for a women dairy development project will be developed.

**Philippines:** Keith Sherper traveled to the Philippines in order to meet with individuals from the Asian Development Bank to discuss potential funding opportunities. He met with the AID Mission at their request.

**Romania:** Kristin Penn traveled to Romania in early April 1995 in order to examine the current project and look at opportunities for expansion and collaboration. The expected outcome of this trip will be a proposal on the expansion of the current dairy project, accessing dairy earmark funds, submitted to USAID. Possible collaboration with CHF to obtain a subcontract under their existing grant which would allow Land O'Lakes to expand its work in the formation of a dairy association.

**Russia:** Jill Kohler traveled to Russia in early April 1995 to attend meetings regarding the USDA-funded butter monetization project, in order to check the status and outcomes of the project, so that when writing future monetization proposals, the lessons learned from this one can be incorporated.

**Uganda:** Kristin Penn and Martha Cashman traveled to Uganda May 10-15, 1994, in order to discuss and solicit comments/feedback from USAID/Kampala on the Land O'Lakes Dairy Development Proposal. Another objective of the visit was to brainstorm with small dairy production/processors and identify creative ways to improve the policy environment, individual production/processing skills, and domestic and export marketing channels for small dairy production and processing in Uganda. The outcome of the trip was the development of a proposal which was funded for \$700,000.

**Ukraine:** Jill Kohler and Martha Cashman traveled to Ukraine early April 1995 in order to attend a forum for U.S. agribusinesses and leaders of the ministries of agriculture from all of the CEE and NIS countries. The forum was sponsored by the International Committee for Economic Restructuring and was intended to identify and overcome barriers to foreign investment in the agriculture sectors of these countries. However, it became more of a networking and interaction setting in which individual discussions were of far greater import than the structured session. We discussed our programs with several high-level ministry representatives. The other portion of the visit to Ukraine was dedicated to the initiation of a Food for Progress feed grains monetization program in Ukraine, which will be similar to the Russia monetization project. The outcome of this trip was a monetization proposal for Ukraine to monetize feed grains.

## **Monetization**

### **Russia:**

**Butter:** A continuation of year one program, in which 3,000 metric tons of USDA-donated butter added \$2.5 million to the revolving fund for purchase of equipment by private agriculture sector organizations. Refer to Section 5, Status of Long-Term Projects for a more complete description.

**Feed Grains:** The monetization of 10,000 tons of USDA-donated soybean meal is planned for summer 1995. The revolving fund which is developed from the proceeds will be used for the purchase of food processing equipment.

**South Africa:** Land O'Lakes and Kagiso Trust developed a USDA Section 416(b) monetization proposal, the purpose of which is to promote private sector rural and agricultural development in South Africa through the sale of 10,000 metric tons of surplus butter, butter oil (60%) and feed grains (40% total) over three years. The revenues generated from the sale of the commodities would activate a rural/agriculture development fund to finance private sector and non-governmental agriculture and rural development programs throughout South Africa. These programs will serve as the catalyst for increased rural economic development by supporting the strong and creative efforts of beginner and small farmer entrepreneurs in the private agricultural sector. The proposal was not approved for 1995, but is slated for approval in 1996.

### **Technical Assistance**

**Uganda:** Robert Nechal and William Behrens completed a financial assessment of state-owned dairies to prepare for privatization. Since then, two dairies have registered as cooperatives.

**Poland:** Gint Behrens and Robert Nechal completed a feasibility study and business plan for a potential whey-processing collaborative effort by five Polish dairy cooperatives.

**Russia:** Tim Tobey audited the butter monetization loan program administered by the Russian Farmer Foundation.

### **U.S. Training**

**Albania:** Lulzim Daci, General Director of the Livestock Collecting and Processing Department at the Ministry of Agriculture and Food, participated in key leader training regarding government dairy policy and private sector dairy operations.

### **Organizational Development**

**Collaborative meetings:** Participated in at least eighteen meetings in the U.S., many more in foreign countries. Attended monthly OCDC quarterly meetings; met with VOCA, World Bank, Citizen's Network, American Breeders Service, Geonomics, and other development organizations in an effort to expand collaborative activities.

**Newsletter:** Published quarterly newsletters to a distribution of 1,300 and a special employee edition to 6,000 people with highlighted Land O'Lakes development activities.

**Quality Training:** Implemented training on selected quality topics to divisional staff

## 5. SUMMARY OF LONG-TERM PROJECTS

This section draws in results from USAID-funded unsolicited proposals, as well as results from the CPSP program itself. The Bulgaria, Poland, Albania, Latvia, and Romania projects below are all part of a \$13 million regional dairy development grant administered by AID/ENI.

**Bulgaria:** The dairy producers of the Nova Zagora region of Bulgaria have banded together and created a 6,000-member dairy cooperative called the MilkWay Dairy Producers Association. Land O'Lakes was highly instrumental in the creation of this cooperative, whose objective is to provide access to training, credit, and agricultural inputs for farmers. They are an advocacy group that speaks with one voice to the private MilkWay Dairy. They have also convinced the Bulgarian-American Enterprise Fund to extend loans to farmer-members. Land O'Lakes has also strengthened the Milks Cooperative in Plovdiv. This activity is funded by a regional dairy development grant from the ENI.

**Uganda:** Through the CPSP project, an assessment of Ugandan state-owned dairy plants by Land O'Lakes in spring 1994 recommended that some of the plants be sold to private concerns after renovation and others converted into cooperatives. Land O'Lakes was awarded \$700,000 dairy development grant through USAID/Kampala for work in Uganda October 1994 - March 1996. Its purpose is to promote the growth of the Ugandan dairy sector from a level that is currently below self-sufficiency to one that can begin to meet local demand and to introduce competition into the dairy food system. As part of the project, which is largely focused on increasing dairy production, two organizations have newly registered as cooperatives. The Maddu Livestock Association has now registered as a cooperative and has 85 members. The Kakooge dairy cooperative, which lay dormant for many years, is newly registered and has 65 members. Another pre-cooperative, Wakiso, has 35 prospective members and needs to recruit another 15 so there is enough to legally register as a cooperative. Next year's activities will include more emphasis on organizing the dairy farmers into cooperatives.

**Cameroon:** The Tadu Dairy Cooperative Society in the Bamenda Highlands of Cameroon benefited from five years of training and technical assistance from Land O'Lakes in cooperative development, dairy production, and artificial insemination. Land O'Lakes used a "core grant" and small grants from USAID/Yaounde to fund these efforts. Since the USAID mission closing in 1994, the cooperative has functioned independently. Moreover, it has obtained a loan from the African Development Bank to build a dairy processing plant and will break ground for the facility in May 1995.

**Russia:** Through funding by a cooperative agreement from the BHR Bureau, Land O'Lakes designed and developed a Russia butter monetization program that has energized the Russian private sector and has resulted in an unexpected but welcome development from the Russian government, whereby 20 billion rubles (\$5 million) were leveraged from the Russian government for private agricultural development. The butter monetization program sent 5,000 metric tons of Section 416(b) butter to Russia in 1993 and 3,000 metric tons in 1994. The monetization fund, established by Land O'Lakes and administered by the AKKOR/Russian Farmers Foundation, has provided low-interest loans to 18 private farmers cooperatives and

associations for purchase of bakery, meat, dairy, and feed processing equipment. The AKKOR/Russian Farmers Foundation has persuaded the Russian government to give them 20 billion rubles for the establishment of a parallel loan fund. Under this fund, applications from 28 private farmers cooperatives have been approved for receipt of food and agricultural processing equipment. In early March, Land O'Lakes received notice from USDA, that it will be awarded 10,000 metric tons of feed grains in 1995 for a Food for Progress grain monetization program in Russia.

**Poland:** Several Polish dairies are considering forming a federated cooperative to process whey, based on the technical assistance provided in October 1994 under the CPSP project. Through a regional grant, Land O'Lakes has strengthened eight dairy cooperatives in Poland: Mragowo, Nowy Targ, Wysokie Mazowieckie, SPOMLEK, Lowicz, Rawa Mazowiecka, Wielun, and Wloclawek in areas of special concern to the cooperatives, such as environmental protection, marketing, cooperative development, and private extension services. Two of the cooperatives, Nowy Targ and Wysokie Mazowieckie, have instituted waste minimization and product recovery processes that improve the environmental impact of the cooperatives. The regional grant's activities end in Poland in April 1995.

**Albania:** Though not formally organized into a women's producer association or cooperative, the 260 volunteer women group leaders in the Land O'Lakes Women's Dairy Campaign form a network/advocacy group through which other development organizations have funneled their activities, such as a village water project by Plan International and the formation of new land law by the Land Tenure Center of Albania. The 260 women were organized under the Land O'Lakes regional dairy development grant that concluded activity in Albania in December 1994; the women's activity in the project continues with two-year \$1,500,000 AID/ENI funding that resulted from an unsolicited proposal.

**Latvia:** The Latvia Goatkeepers Association (LKAA) is a pre-cooperative composed of at least 95 goatkeepers, 90% of which are women, and has a democratically elected board. Land O'Lakes formed the association in 1993 under its regional dairy development grant. The association is sustainable, though the project ended in December 1994.

**Romania:** The dairy farmers have no interest in forming a cooperative and Romanian law does not allow for formation of cooperatives, so Land O'Lakes turned to the dairy processors and has been instrumental in the forming of the National Dairy Processors Association. It should be registered by summer 1995 and will have a democratically elected board of directors. Some of the dairy processors have obtained loans from the World Bank. Land O'Lakes will continue to work with it through the close of its project there in 1998.

## 6. PROJECT INDICATORS

The table below includes successes of other Land O'Lakes projects awarded from unsolicited proposals which were developed with funds from both the current and the previous CPSP agreement.

CDO Program Level					
Agency Goal	Strategic Objectives	Indicators	Total Project Target	Year One Target	Year One Accomplishments
Broad-based Sustainable Economic Growth	Create and/or strengthen coops/credit unions	Number of coop systems strengthened/created	7	3	Total: 14 Poland - 8 Bulgaria - 2 Uganda - 3 Latvia pre-coop
		Estimated increase numbers of active coop members	Individuals: 500  Federated coop members: 10	Individuals: 100  Federated: 10	Total individuals: 6280 Bulgaria - 6000 Uganda - 185 Latvia pre-coop - 95 Federated: 0
		\$ in savings & capital mobilized by assisted coop members	10% increased revenue for participating cooperatives	all activities in pre-coop stage...not applicable	
	Change government policies to allow coops to compete as independent private sector entities	Number of policy reforms & programs to strengthen coops	2 countries	1 country	none

Economic Growth (continued)	Change...policies (continued)	Number of successful privatization models	6	1	Total: 2 Bulgaria Romania
Democracy	Introduce democratic principles through coop development	Number of coop members introduced	300	150	Total: 6280 Bulgaria - 6000 Uganda - 185 Latvia pre-coop 95
		Number of coop systems operating which were democratically created	4	1	Total: 3 Bulgaria - 1 Uganda - 2
Environment	Coop systems with improved environmental practices	Number of new and modified activities addressing conservation of environment and resource base	2	2	Instituted changes: 2 Poland dairies  Assessments: 2 Lithuania dairies
		Number of coops with renewable & energy efficient systems	2	0	none

<b>CDO LEVEL</b>				
<b>Program Goal</b>	<b>Indicators</b>	<b>Total Project Targets</b>	<b>Year 1 Targets</b>	<b>Year 1 Accomplishments</b>
1. Technical capacity	See Attachment A	See Attach. A	See Attach. A	See Attach. A
2. Planning systems	See Attachment A	See Attach. A	See Attach. A	See Attach. A
3. Management systems	See Attachment A	See Attach. A	See Attach. A	See Attach. A
4. Able to perform background studies for coop development	# of cooperative needs assessments	9	4	Total: 4 Poland - 1 Bulgaria - 1 Romania - 1 Uganda - 1
5. Able to write unsolicited proposals	Number of proposals - (successful and unsuccessful)	30	13	11
6. Distributing material demonstrating dev. through coops.	Number of newsletters and Land O'Lakes info packets distributed	11,100	3,700	11,900
7. Able to perform pilot projects to demonstrate effectiveness of co-ops as development tools.	Number of pilot projects. • Environment pilot projects in coops • Regional coop development • National assn development	6	2	Total: 2 Poland Bulgaria

8. Able to create a network through meetings and seminars	# of meetings	24	8	20
	# of collaborative projects	6	2	7 (FINCA, ABS, FFA, Sparks, Geonomics, Abt, Eurasia Found.)
9. Able to attract additional funders for coop development	\$ from AID	AID: \$6 million	AID: \$3 million	AID: \$5,000,000 (another \$4.5 million in Contracts or tech review)
	\$ from non-AID	non-AID: \$500,000	non-AID: \$200,000	non-AID: \$281,231
10. Enhanced communications and information systems	Number of U.S. and overseas people infomed through co-op publications and events	34,500 also see #6 above	17,500 also see #6 above	25,000 also see #6 above
11. INDICATOR ADDED BY LAND O'LAKES: Strengthening economic viability of women.	Number of women producer-associations created.	2	0	Total: 1 Latvia Goat Association created--150 members, 98% women

## 7. PIPELINE ANALYSIS

**LAND O'LAKES, INC.  
FAO-0192-A-00-4035-00**

LINE ITEM	STARTING DATE	DATE OF COMPLETION	LOP BUDGET	YEAR ONE BUDGET	ACTUAL COST THRU 3/31/95	BALANCE REMAINING FOR LOP
Personnel	4/29/95	3/31/97	\$595,631	\$201,412	\$152,301	\$443,330
Fringe Benefits	4/29/95	3/31/97	142,950	48,338	43,145	99,805
Consultants	4/29/95	3/31/97	35,710	11,300	21,082	14,628
Travel/Per Diem	4/29/95	3/31/97	199,792	53,823	87,717	112,075
Training	4/29/95	3/31/97	34,440	19,190	1,015	33,425
Equipment/ Procurement	4/29/95	3/31/97	10,300	3,500	0	10,300
Other Direct Costs	4/29/95	3/31/97	21,325	6,525	23,054	(1,729)
Indirect Costs (37%)	4/29/95	3/31/97	384,852	127,313	121,476	263,376
<b>Total</b>	<b>4/29/95</b>	<b>3/31/97</b>	<b>\$1,425,000</b>	<b>\$471,401</b>	<b>\$449,790</b>	<b>\$975,210</b>

Total non-Federal, matching funds, contributed through March 31, 1995: **\$85,372**

The project budget was closely managed: the AID allocation for year one was \$450,000; the actual spent was \$449,790. Refer to Attachment C for quarterly report for period January 1 - March 31, 1995.

## **8. CURRENT PROJECT IMPLEMENTATION PROBLEMS/ ISSUES**

It has become increasingly difficult and time-consuming to push unsolicited projects through the review and approval process at AID. For example:

- Albania and Lithuania dairy programs were originally proposed in early 1994, approved verbally in June/July 1994, and were not fully executed until April 1995. Contract procedure has been painfully slow and has consumed many hours of Land O'Lakes staff time.
- The Bulgaria proposal for a \$200,000 add-on to work in dairy policy was submitted and approved verbally in summer 1994, yet was not technically reviewed until March 1995. It was to have been submitted to the Office of Procurement on April 15, 1995.

Land O'Lakes has not been able to access multilateral bank funding despite tremendous encouragement, support, and time spent on this effort. Land O'Lakes has been unable to establish a useful working relationship that leads to additional funding.

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# **ATTACHMENT A**

## **PROJECT INDICATOR TABLES:**

**TECHNICAL CAPACITY  
PLANNING SYSTEMS  
MANAGEMENT SYSTEMS**

## PROJECT INDICATORS -- TECHNICAL CAPACITY

Table Code:    B = baseline status -- beginning of year 1  
                   T = target for year 1  
                   S = status at end of year 1  
                   P = end of project target

Check the box which best characterizes your organization's progress against the following criteria for improvements in technical capacity.

	START-UP	DEVELOPMENT	EXPANSION/ CONSOLIDATION	SUSTAINABILITY
<b>TECHNICAL POSITIONS</b>	Too few people are filling too broad a range of technical skills.	Specialists are brought on (or contracted) for key skill areas. Some gaps remain.	All core skills areas are covered with staff.	All skill areas are covered and capacity exists to contract out for other needed skills. B,T,S,P
<b>CAPABILITY FOR KNOWLEDGE TRANSFER</b>	Staff not fully capable of providing skills required of their positions.	Staff capable of providing technical skills of their positions.  B	Staff fully capable of identifying appropriate technical interventions and adapting to local conditions. S,T,P	Staff recognized for excellence outside organization. Papers and speeches solicited from staff.
<b>STAFF DEVELOPMENT</b>	No conscious human resource development strategy or practice.	General direction provided for staff development.  B	Staff development needs assessment and plan or system for technicians' skill enhancement. T,S	Professional development considered part of job performance.  P
	Little or no recognition of employee performance.	Performance recognized informally, but no formal mechanism exists.  B	Formal performance appraisal system established. Skills development not included in performance appraisal. T,S	Employees participate in objective setting and know what is expected in them. Skills development is included in performance appraisal. P
<b>ORGANIZATIONAL DIVERSITY</b>	Organization has little consciousness of importance of, or interest in, diversity.	Consciousness and interest increased.	Active recruitment of women and minorities for board and staff. B,T,S	Composition of staff and board adequately represents women and minorities. P

## PROJECT INDICATORS -- PLANNING SYSTEMS

Table Code:    B = baseline status -- beginning of year 1  
                   T = target for year 1  
                   S = status at end of year 1  
                   P = end of project target

Check the box which best characterizes your organization's progress against the following criteria for improvements in planning systems.

	START-UP	DEVELOPMENT	EXPANSION/ CONSOLIDATION	SUSTAINABILITY
<b>VISION STATEMENT</b>	No vision statement.	Vision statement exists but is unclear. Diverse portfolio of projects and proposals is not consistent with vision statement.  <p style="text-align: center;">B</p>	Vision statement is clear and generally consistent with portfolio. However, staff are not uniformly capable of articulating it and outsiders may not identify it with organization.  <p style="text-align: center;">T,S</p>	Clear vision statement. It can be articulated by board and staff and is consistent with the portfolio. Outsiders identify same mission with organization.  <p style="text-align: center;">P</p>
<b>STRATEGIC PLAN</b>	No strategic plan exists. Planning is predominantly ad hoc and incremental.	Planning is more forward oriented. Planning is structured around mission statement.  <p style="text-align: center;">B,T,S</p>	Mid/long-term strategic plan is developed formally. Plans are results of cooperative board/staff effort. Beneficiaries participate in planning.  <p style="text-align: center;">P</p>	Data is gathered and analyzed to track progress against plan. Strategic plan is specific enough to permit accurate budgeting but flexible enough to be modified as warranted.
<b>STRATEGIC PLAN LINKED TO MANAGEMENT SYSTEM</b>	Strategic plan does not relate specific resources needed to accomplish objectives.	Annual plans are developed and reviewed during course of year.  <p style="text-align: center;">B</p>	Wide participation planning among staff.  <p style="text-align: center;">T,S</p>	Data is used to track progress against plan. Mechanisms are built in for modifying plans.
<b>PROJECT SELECTION</b>	Project selection is ad hoc and responsive to opportunities.  <p style="text-align: center;">B,T,S</p>	Projects are selected within the scope of the vision statement.  <p style="text-align: center;">P</p>	Projects are a result of strategic/annual planning process.	

## PROJECT INDICATORS -- MANAGEMENT SYSTEMS

Table Code:    B = baseline status -- beginning of year 1  
                   T = target for year 1  
                   S = status at end of year 1  
                   P = end of project target

Check the box which best characterizes your organization's progress against the following criteria for improvements in management systems.

	START-UP	DEVELOPMENT	EXPANSION/ CONSOLIDATION	SUSTAINABILITY
<b>MONITORING AND EVALUATION</b>	No formal evaluation or performance monitoring mechanisms exist. Word of mouth and "gut" feelings are used.  No feedback from beneficiaries/clients.	Occasional evaluations are undertaken, usually at request of donor and implemented by outsiders.  Informal channels for beneficiary/client feedback.  B	Evaluations are initiated by staff; staff increasingly involved in the execution; some management decisions are taken based on data; ongoing M&E system is in place. M&E still isolated management function. Formal mechanisms exist for beneficiary/client feedback via evaluations and surveys.  T,S	M&E data and analysis are integrated into decision-making.  Continuous feedback and input from beneficiaries/clients.  P
<b>FINANCIAL MANAGEMENT</b>	Financial reports are incomplete and difficult to understand. Organization often needs to be prodded to produce them.	Financial reports are clearer but still incomplete. Usually timely.	Financial reports are clear and complete, even as portfolio becomes more complex.  B,T,S	Reports and data system can quickly provide a sense of financial health. Reports are always timely and trusted.  P
	Budgets are not used as management tools. Project funds are not separated.	Budgets are developed for project activities, but are often over- or under-spent by more than 20%.	Budgets are integral part of project management and are adjusted as project implementation warrants. Standard procedure is to avoid cross-project financing.	Financial systems are sound: budget procedures are established, audits are performed, and adequate controls exist.  B,T,S,P
<b>MANAGERIAL SYSTEMS</b>	Administrative systems (e.g., communications, operational backstopping) insufficient to support program objectives.	Administrative systems capable of supporting program objectives but with _____ment problems.  B,T,S	Administrative systems operate smoothly and efficiently (with only the usual problems of supporting overseas development programs).  P	Administrative systems operate smoothly and efficiently and are capable of responding to changes in needs and environment.

<b>MANAGERIAL SYSTEMS (CONTINUED)</b>	Staff size and skill composition (nontechnical) sufficient to support program objectives.		Staff size and composition appropriate to support international programs.  B,T,S	Staff size and composition appropriate and with sufficient depth to meet changing circumstances.  P
	Staff roles and responsibilities unclear and changeable.	Staff role better understood, but fragmented.  B,T,S	Staff understand role in organization more clearly and how to participate in management.  P	Staff increasingly able to shape the way in which they participate in management.
	Poor intra-staff communications.	Modest amounts of staff communications.  B,T	Communications are open and interhierarchical.  S,P	Organization periodically reviews communication flow to ensure free flow of information.
<b>IMPLEMENTATION PLAN</b>	Decision making is predominantly ad hoc and responsive to circumstances.	Planning systems being developed including detailed implementation planning.  B	Detailed implementation plan process leads to achievement of program objectives.  T,S	Detailed implementation plan process leads to achievement of program objectives with data feedback and decision made reflecting  P

Have you received direct support from PVC to improve your technical capacity?

Yes  No

Does someone from your organization generally participate in PVC workshops (such as the Health Credit Diagnostic)?

Yes  No

Through which programs:

Farmer to Farmer

Cooperative Development Program

Matching Grants

Child Survival

Are there things you are doing differently as a result of this assistance?

Yes  No If yes, please describe:

- Develop consistently high quality systems for implementation and evaluation.
- Pursuing non-AID funding.
- Investigating potential projects in new countries.
- Effectively communicating development goals and successes worldwide.

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**ATTACHMENT B**

**PROPOSALS SUBMITTED**

PROPOSAL STATUS GRID

Country & Name of Proposal	Amount of Money	Submitted to	Date of Submission	Status of Proposal
LITHUANIA -- Lithuania Dairy Industry Restructuring and Free Market Cooperative Program	\$2,800,000	AID/ENI	March, 1994	Project signed on April 7, 1995.
MACEDONIA -- Community Development Through Dairy Livestock Improvement Campaign in Macedonia	\$2,318,579	AID/ENI	April 14, 1994	Revised.
Title change MACEDONIA -- Proposal for Livestock Disease Awareness and Dairy Livestock Improvement Campaign in Macedonia	\$2,388,644 AID= \$2,370,246	AID/ENI	Sept. 9, 1994	Revised.
	\$3,031,481 AID= \$2,996,686	AID/ENI	Nov. 11, 1994	Revised.
Title Change (3/95): Marketing and Livestock Improvement Project-Macedonia	\$2,800,416 AID = \$2,766,950	AID	March 21, 1995	Proposal rewritten to incorporate marketing aspects, per request of the mission.
RUSSIA -- USDA Section 416(b) Butter Monetization Proposal for Russia Year 2	\$256,653	USDA	April 15, 1994	Approved and signed on August 9, 1994.
ALBANIA -- Expansion of LOL Dairy Improvement Campaign for Albania (w/Activities in Macedonia)	\$2,410,620 AID = \$2,400,000	AID/ENI	May 9, 1994	Revised.
Title change: ALBANIA -- Expansion of LOL Dairy Improvement Campaign for Albania, Phase II.	\$1,500,000	AID/ENI	August, 1994	Project signed on April, 18, 1995.
FINCA/KYRGYSTAN & KAZAKHSTAN -- Proposal for Microenterprise Credit Project in Krygystan and Kazakhstan	LOL sub = \$1,200,000	AID	July, 1994	Project approved, LOL awaits subagreement.

KRYGYSTAN -- Agriculture and Agribusiness Promotion Project Issik-Kul Region, Krygystan w/proposed expansion to Chuisk and Kjaloai-Abad Regions	\$1,050,876 AID= \$1,017,975	AID	July, 1994	Not approved.
UGANDA -- Private Dairy Sector Dev. in Uganda: An Integrated Approach for Small-scale Domestic and Export Production	\$700,000	AID	July 1, 1994	Project approved on September 30, 1994.
ALBANIA -- Democracy Network for Central and Eastern Europe: Albania Country Project	\$2,199,789 AID= \$1,750,000	AID	July, 1994	Not approved.
POLAND -- Private Sector Polish Business Development	\$6,816,942	AID	Aug. 1994	Revised proposal to lower budget per request of AID.
	\$3,528,585	AID	Oct. 30, 1994	Revised proposal to lower budget per request of AID.
	\$1,510,278 AID= \$1,500,000	AID	Feb. 28, 1995	Revised proposal to have clearer benchmarks/outcomes and clarify intent of activities.
	\$1,510,278 AID= \$1,500,000	AID	March 21, 1995	Pending: PIOT has been signed by Warsaw/USAID. A technical review is being done in WDC/USAID.
BULGARIA -- Additional Dairy Development Impact in Bulgaria: Collaboration with World Bank and EBRD	\$557,076	AID	Aug. 1994	Revised to lower budget, per AID request.
BULGARIA -- Title change (10/94):  Intergrated Dairy Development Impact in Bulgaria: A Collaborative Effort between USAID, World Bank, and LOL	\$316,385	AID	Oct. 11, 1994	Revised.
	\$316,385	AID	Jan. 24, 1995	Revised.
	\$316,385	AID	March 21, 1995	Verbal approval has been received, pending.

RUSSIA -- Agribusiness Cooperative Partnerships between Russia and US	\$761,109 Aguirre= \$604024	RFP: Aguirre Int'l Partner- ships Project/ AID	Sept. 1994	Not approved.
NIS -- Programmatic and Geographic Expansion of LOL's FTF Program: Russia, Ukraine, and Moldova	\$11,781,476 AID= \$10,061,940	AID	Sept. 1994	Will be let as an RFP, LOL will revise this proposal as appropriate for resubmission.
SOUTH AFRICA -- LOL-Kagiso Trust, Rural/Agricultural Development Project for South Africa, Using Section 416b Surplus Commodities	\$1,513,233	USDA	Oct. 1994	On hold, USDA will look at as a prospect for funding in 1996.
MEXICO -- Milk Quality Improvement Program for Jalisco State, Mexico w/Jadefo	LOL= \$1,117,060 Jadefo= \$1,579,655		Oct. 1994	Pending.
HUNGARY -- 1995 Hungarian Agribusiness Training Program	\$205,938	AID	Nov. 1994	Revised and lowered budget.
	\$198,447	AID	Feb. 29, 1995	Will resubmit in May, proposal will be revised to address more specific issues per request of Mission.
RUSSIA -- Food for Progress Feed Grains Monetization Proposal	\$405,347	USDA	Jan. 1995	Verbal approval received, currently in contracts.
RUSSIA -- Market-Oriented Farm Support Activity  LOL sub to Abt, Associates, Inc.		AID	March 14, 1995	Pending.
CEE/NIS -- Ronco Privatization Type IQC.	---	AID		Approved, but awaiting subcontract.
CEE/NIS -- CNAA Privatization Type IQC.	---	AID		Approved, but awaiting subcontract.

**ATTACHMENT C**

**FINANCIAL REPORT FOR QUARTER**

**JANUARY 1 - MARCH 31, 1995**

CPS

COOPERATIVE SUPPORT GRANT  
# FAO-0192-A-00-4035  
FINANCIAL REPORT

	Expenditures		
	Actual Grant to Date	Actual 01/01/95 to 03/31/95	Projected 04/01/95 to 06/30/95
1. Direct Labor	\$152,301	\$51,792	\$63,654
2. Fringe Benefits	43,145	20,365	0
3. Consultants	21,082	6,636	3,700
4. Travel/Per Diem	87,717	9,354	8,336
5. Training	1,015	58	1,900
6. Equipment/Procurement	0	0	0
7. Other Direct Costs	23,054	8,741	4,443
8. Indirect Cost	<u>121,476</u>	<u>35,870</u>	<u>30,352</u>
Total Federal Funds	449,789	132,816	112,385
Non-Federal Funds	<u>85,372</u>	<u>84,264</u>	<u>0</u>
Total Program	<u>\$535,162</u>	<u>\$217,080</u>	<u>\$112,385</u>

This report represents a summary of actual and accrued expenses for the referenced agreement or grant. If accrual expense amounts were not available for activities occurring in the reported quarter, those expenses will be included in the next quarterly financial summary.