

**Agricultural Cooperative/Business Development
and Training in Central and Eastern Europe**

Annual Report

October 1, 1994 - September 30, 1995

Grant number: EUR-0024-G-00-1072-00

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I. Performance Indicators

Albania: October through December 1994 (end of project)	
Goal	
Increase the milk production and marketing capabilities of women dairy farmers in targeted villages.	
Indicator	Results
Women milk producers know most factors affecting quality and quantity of milk.	In a survey conducted in July 1994, which was administered to a sampling of 261 of the 3,800 women in the program, the Land O'Lakes participants tested higher on questions about milk quality than non-participants.
Milk produced by target audience tests better for various quality tests than milk from baseline survey.	A majority of the women surveyed had better milk quality as a result of the training. The milk had less sediment (54%) and did not spoil as fast (55%). Nineteen percent of the women surveyed received higher prices for their milk as a result of training
Amount of milk produced by target audience is higher.	Milk production reported by Land O'Lakes participants in the July 1994 sampling survey was 9.52 liters compared with 8.23 liters reported by non-participants.
Purpose	
Train 3,000-4,000 women milk producers three times each with information on milk handling, dairy nutrition and marketing.	
Indicator	Result
Numbers of women milk producers trained three times each.	3,900+ women have received training on three campaign messages: milk quality, herd health, and business and marketing.
Numbers of educational brochures on dairy production given out.	1,570 booklets distributed through organizations other than Land O'Lakes.
Numbers of advertisements in various media with estimates of audience reached.	<ul style="list-style-type: none"> -Eleven articles published by six different organizations in Albania. -A film created by the Albania Center of Information on Agriculture and Food depicts two Land O'Lakes field agents at work in Korçe. The film aired three times in March. -Parts of a Shkodra key leader meeting were filmed, along with an interview of village women, by an agricultural journalist from Tirana TV. The report was broadcast in June, 1994. -Radio Tirana broadcast an interview with the Albania Program Manager in December.

Outputs	
Increase in common dairy knowledge among producers by training 3,000-4,000 women three times.	3,900+ women participated in small group meetings led by campaign field agents. Each group received training on three campaign messages: milk quality, herd health, and business and marketing.
Producers demonstrate new knowledge during interviews.	In the July 1994 survey, women in the program tested higher on 27 of 28 milk production technical questions than non-participants. Over half reported they have changed their way of doing things, and 60% have fewer health problems with their cows, as a result of changing management practices.
Ten Albanians trained and functioning as extension agents.	Field agents received five days training from technical specialists on each of the three campaign waves. Working in teams of two, the field agents delivered each campaign wave message to all participants in the program.
250 local key leaders trained and functioning as technical resources for their communities.	Monthly, 264 key leaders, chosen by their peer groups, received additional technical training on each campaign wave topic; and in turn, provided this additional training to their respective groups. Key leaders serve as a resource and trainer in their village.
Distribution of dairy information sheets and indirect distribution of this information to other sources. 4,500 dairy information sheets distributed; 10,000 other people reached.	-Fifteen different booklets developed with a total of 78,000 copies published and distributed to women in the program. -In the sampling survey of 1994, 93% of non-participants living in a village where the Land O'Lakes Dairy Campaign was working, knew a women in the program. Seventy-seven of these non-participants said they had learned something useful about milk quality or cow health from the women participants.

Bulgaria - October '94 through September '95	
Goal	
To restructure the Bulgarian dairy industry by assisting small private commercial dairy producers to effectively compete in the marketplace.	
Indicator	Results
Competitive and profitable commercial-sized dairy operations	Significant progress has been made in the Nova Zagora region of Bulgaria where a producers association was formed.
Purpose	
Formation and strengthening of private producers associations in order to increase their income, milk quality and linkage to processors and input suppliers.	
Indicator	Results
Progressive, functioning associations which positively contribute to producer success.	One producers association was created and one processors association was created.
Outputs	
Creation of a producers association	Milk Way Producers Association was created and is functioning with a democratically elected board; association lobbying the government on pertinent issues.
Model Quality program for private producers	A milk quality program in Plovdiv region was created. A core of progressive producers participated in the milk quality program and increased their milk volume and quality.
Strengthening of existing farm network organizations	Direct assistance to Dairy Union was discontinued because the organization was too closely linked to state owned enterprises.
Formation of Dairy Service Cooperative	Environment in region not ready for cooperative formation; if environment changes Land O'Lakes will re-evaluate this activity.
Formation of private inseminator extension service	Two Bulgarians have become AI trainers and 10 Bulgarians trained as private inseminators.

Estonia-October '94 through September '95	
Goal	
To assist the Estonian private dairy industry to better compete within the evolving free marketplace.	
Indicator	Results
Competitive and efficient processing facilities	Four dairies were assisted.
Purpose	
To improve raw milk quality through creation of a model private extension service for small dairy producers.	
Indicator	Results
Better quality dairy products	Four dairies have assigned staff to assist farmers with production and/or milk quality.
Outputs	
Establish a model private extension service	<ul style="list-style-type: none"> • Two dairy plants use private extension and have committed a full-time employee. • One dairy plant uses retail store employees to educate its farmers who supply its milk. • One plant has assigned its testing laboratory director to assist farmers one day per week.
Improve sanitation on farms and in plants	Individual farmers report that they have improved their income by improving their milk quality.
Develop better marketing capability through better quality products	New product lines and new product packaging were developed by two dairy plants.
Strengthen capability of Estonian institutions	<ul style="list-style-type: none"> • Tartu University and Saku Agricultural Institute were given training materials and support from which they will reach an estimated 5,000 producers. • A former University instructor/researcher is using skills learned at Land O'Lakes courses in a private consulting practice. • The Estonia Animal Recording Centre in Tartu used information from a Land O'Lakes course to collect 30,000 EEK in previously unrecoverable receivables. • Estonia Animal Recording Center conducted training for farmers of two dairy plants who did not participate in the Land O'Lakes program. They used Land O'Lakes materials to conduct the course. The dairies paid for training materials and training site fees. • A progressive private farmer, who was trained by Land O'Lakes extension techniques, is now teaching improved farming methods to other farmers.

Latvia - October '94 through September '95

Goal	
To improve dairy/livestock production practices to enrich the standard of living for women and their families.	
Indicator	Results
Increase production and viable dairy/livestock farms.	Numerous dairy/goat producers reached with improved production practices information.
Purpose	
To provide information and enhance progressive dairy/livestock producers in Latvia through the advisory service (LAAS)	
Indicator	Results
Train Ag advisors in dairy production methods, family dietary practices and leadership organizational skills through participatory training.	Ag advisors trained in dairy production methods, family dietary practices, leadership and organizational skills through participatory training.
Outputs	
Assist goat registration system with MOAG and Goat Association. Improved on-farm animal registration practices.	The goat association was registered and is now a legal entity.
Provide training in goat product development and marketing. Goat producers with newly gained skills in adding value to their products.	Goat cheeses and milk are now available in several restaurants in Riga.
Strengthen community leadership skills and democratic values for rural women.	Key leaders in several districts are working to expand the goat association through local chapters.

Poland - October '94 through September '95	
Goal	
To assist in the privatization and restructuring of the private dairy sector in Poland	
Indicator	Results
A more efficient private dairy system	Major successes of the program were the formation of the FFA (Future Farmers of America)-style organization "Future Leaders of Polish Agriculture" and the development of private extension services within five Polish dairies.
Purpose	
To help dairy cooperatives become more economically sustainable and increase competition in the dairy sector.	
Indicator	Results
More profitable and democratically controlled dairy cooperatives. Market share increased by at least 5%	As a result of the marketing courses, several dairy cooperatives such as OSM Wloclawek, OSM Lowicz, OSM Piatnica, OSM Nowy Targ and OSM Rawa Mazowiecka developed logos. In the past packaging, materials were uniformly produced by the state and only a plant number was used to identify where the product was produced. Dairy Cooperative plants that developed more attractive packaging and improved quality noticed an increase in market share.

Outputs	
<p>Five private dairy firms/coops with increased profitability, higher quality products and increased market share</p>	<p>Mragowo - Land O'Lakes provided training and TA whey drying, marketing, and creating private advisory services. As a direct result of cooperation with Land O'Lakes, the management of this cooperative improved marketing practices (gaining new markets in Warsaw and Lodz), improved processing procedures (improved quality of dried whey and powdered milk which are being sold both on domestic and international markets), and they began working with a chosen group of "top producers" to improve the quality of raw product. The cooperative increased the amount of extra grade milk by 23%.</p> <p>Nowy Targ - Employees and Board Members of the cooperative participated in several courses organized by Land O'Lakes focusing on cooperative development, marketing, and environmental protection (primarily waste minimization, product recovery, and increasing production efficiency). The cooperative made improvements in all above-mentioned areas. The most impressive improvement, however, was in product recovery and waste minimization. They were able to decrease the amount of water used during processing procedures by over 30%. Other areas of success were in changing product packaging and introducing a logo increasing market share by 15%.</p> <p>Wysokie Mazowieckie - Land O'Lakes activities here were focused in two major areas: waste minimization (savings in water usage of about 20% following intervention), and the creation of private advisory services (resulting in the development of a program promoting young farmers and high quality milk producers)</p> <p>SPOMLEK/Radzyn Podlaski - Since the fall of 1993, Land O'Lakes has been successfully introducing a private advisory service model to this cooperative. The management of SPOMLEK cooperative invested a significant amount of capital in the development of these services. The cooperative hired five veterinarians to work directly with farmers on improving dairy herd health. The cooperative purchased milk testing equipment and is now capable of testing milk for bacteria and somatic cell count. This has resulted in an increased amount of high quality milk produced by farmers. The cooperative is also working with farmer-producers to improve on-farm production efficiency.</p> <p>Lowicz - Similar to the cooperative in Radzyn Podlaski, Lowicz has made great strides in working directly with farmers, focusing activities on the creation of a private advisory service. In addition, much of Land O'Lakes' assistance focused on marketing issues. As a result, management has formed a marketing department and implemented recommendations given by visiting experts. They now conduct market research on a regular basis. New marketing strategies have been developed which resulted in new markets and an increased market share (about 12% for hard cheese and 7% for UHT products).</p>

	<p>Rawa Mazowiecka - Following technical assistance by Land O'Lakes marketing experts, the cooperative began conducting market research and introduced a new logo, increasing market share by 25 percent. Processing TA interventions focused on quark production and new product development. As a result this cooperative is producing a new product: "cream cheese". Land O'Lakes assistance improved the processing procedures and the quality of quark cheese, which is now perceived by customers as one of the best on the market.</p> <p>Wielun - This cooperative received assistance in the creation of a private advisory service. The cooperative developed a program to supply farmer-producers with feed and sanitizing products. These activities have been very well received by farmers and has increased the income of the cooperative by approximately 7 percent.</p> <p>Wloclawek - Land O'Lakes activities here focused on marketing issues. The major impact was the creation of a logo. Products labeled with the new logo were introduced with great success. In less than one year the cooperative increased market share by 25% and profit by approximately 20%.</p> <p>"Luk-MIL" Private dairy firm/Lukta - Land O'Lakes provided technical assistance in processing and new product development. After several visits by Land O'Lakes processing specialists, "Luk-Mil" developed two new products: "cream cheese" and "cheese sauce" that were successfully introduced on the market. These new products increased the income level by 23% and enabled other products produced by "Luk-Mil" to enter new markets.</p> <p>CEKO company -- The major focus of Land O'Lakes activities here was new product development and improving processing procedures. Recipes and formulas developed by Land O'Lakes experts for dairy products were implemented by owners. New products produced were well received by customers. One new product introduced by CEKO gained approximately 20-25% of market share in the first year.</p>
<p>Five of the above organizations are democratically controlled dairy coops</p>	<p>The following became democratically controlled dairy cooperatives with help from the project: Nowy Targ, Nowa Huta, Mragowo, Lowicz, Radzyn Podlaski, Wielun, Liskow.</p>
<p>Five Young Agriculturalist Clubs in five regions which expose young agriculturalist to ag opportunities and democratic processes.</p>	<p>Establishment and registration of the association <i>Future Leaders of Polish Agriculture</i>.</p> <p>Development of articles of incorporation for the organization.</p> <p>Development of a six-year action plan (1994 - 2000).</p> <p>Establishment of 25 groups with a membership of over 600 young people.</p> <p>Two competitions organized for members of the association to test their knowledge of agriculture.</p> <p>Numerous training courses, field activities and other forms of training for young people.</p> <p>National general meeting of members of the association in October 1994, at which members of similar youth organizations expressed their willingness to join the</p>

	<p>association.</p> <p>Democratic election of the organization's governing bodies by members of the association, young farmers and vocational school students.</p> <p>Publishing a brochure of the association's activities to be distributed nationally.</p> <p>Development of a new vocational school curriculum geared towards promoting an enterprise spirit in rural communities.</p>
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Romania	
Outputs	Status
<ul style="list-style-type: none"> • 30+ private dairy processing plants with market-oriented management systems: improved sales promotion, advertising, sales management, product labeling, and marketing research. Assistance should yield an average increase in sales of 20 percent. 	Land O'Lakes currently assists six processors and is rapidly expanding the number of private processors assisted.
<ul style="list-style-type: none"> • A Private Processors Association which works to improve the business climate and opportunities for enhanced profitability of its members. 	The Association was formed in 1995.
<ul style="list-style-type: none"> • Expansion of the Private Processors Association to 200 members by the end of 1996 	The Processors Association membership currently stands at 30.
<ul style="list-style-type: none"> • Association will lobby or influence the GOR on at least one issue of importance to them. 	To be addressed in 1996.
<ul style="list-style-type: none"> • The Association will also establish a market information system for its members. 	To be addressed in 1996.
<ul style="list-style-type: none"> • Creation of a private distribution company to allow private processors to compete more effectively with state companies. Distribution company will save its users an average of 20 percent of normal distribution costs. 	To be addressed in 1996.
<ul style="list-style-type: none"> • Three or more dairy processors acting as private distributors of genetics and animal breeding supplies. The business will achieve 20 percent profit margin and sales of related dairy supplies of \$10,000/yr. 	To be addressed in 1996.
<ul style="list-style-type: none"> • Five or more veterinarians established as private Artificial Insemination businesses with \$4,000 profit. 	To be addressed in 1996.

II. Summary of Grant Activities and Significance of Activities

Albania

The project in Albania under the grant concluded its work in December 1994. It had been conducting dairy campaigns to teach rural women how to improve their dairy production, business management, and association building skills. The project was successful in teaching rural women skills which improved their lives. It also set up an infrastructure of informal organizations in villages has the ability to distribute information, skills and knowledge among the women in the villages. The women's groups serve as a spring board for future assistance from Land O'Lakes as well as other organizations.

Bulgaria

In Bulgaria, the project assisted private entrepreneurs, farmers, and companies to improve their incomes and improve their lives. The project helped groups of private farmers and private processors to organize in order to have more influence on their ability to profitably run their businesses. The participants of the 1994 National Dairy Forum have been able to address some of the challenges which hinder free enterprise and to influence the formation of policy by lawmakers and regulators.

Estonia

The project provided technical assistance to four dairies in the southern region of Estonia in an effort to create one or more a processor based models for a private extension service. The project concluded its activities in Estonia in June of 1995 and conducted an internal evaluation of the project. Two of the dairies have committed full-time staff to their extension services. One of the dairies uses retail sales staff to teach improved methods of dairy production to its dairy farmer milk suppliers. The forth dairy utilizes its laboratory manager for one day per week to address milk quality issues.

Latvia

Activities to supported the effectiveness of the Latvian Goat Keepers Association. The association was formed as a result of Land O'Lakes assistance in 1993. The project ended its activities in Latvia in January of 1995. At that time the association had over 130 members and nine regional chapters. It publishes its own newsletter and publishes a regular article in a bi-monthly agricultural magazine. During Land O'Lakes courses and technical assistance interventions, members of the organization learned how to make specialty cheeses and market their products. Some of the members have improved their income by selling fluid milk and cheese to stores and restaurants in Riga.

Poland

Through in-country courses, U.S. participant training and technical assistance, over 18 Polish dairies have become more efficient, democratic, profitable and environmentally friendly. Over the life of the project, Land O'Lakes had trained over 3,000 Poles and assisted over 20 dairies. A group of young Polish farmers who participated in internships through the project started a program, similar to FFA (Future Farmers of America) for Polish young people. It is called Future Leaders in Polish Agriculture. It is a democratic organization run by rural youth, for rural youth's future. The project's activities were concluded in Poland in April, 1995.

Romania

Using short-term and long-term technical assistance, private dairy processors increased their profitability, and marketing skills. A group of processors formed an association with help from Land O'Lakes project staff. The association's mission is to provide a forum for members to share information and technical expertise and to lobby on behalf of its members.

III. Financial Report

**FREE MARKET COOPERATIVE
GRANT # EUR-0024-G-00-1072-00
FINANCIAL REPORT**

	<u>Expenditures</u>	
	<u>Actual Grant to Date</u>	<u>Actual 07/01/95 to 09/30/95</u>
1. U.S. Training (Key Leader)	\$194,328	\$0
2. Country Forums	61,901	0
3. Program Management	2,479,631	62,189
4. Int'l. Agriculturalist. Training Program	238,535	0
5. U.S. Short Courses	264,306	29,467
6. In-Country Training	1,724,067	4,783
7. Dairy Campaign	110,720	(885)
8. ST Technical Assistance	1,142,668	27,972
9. LT Technical Assistance	652,357	62,739
10. Program Dev./Site Assessments	23,849	(7)
11. Independent Program Evaluation	46,953 (330)	0 0
Other	18,629	0
12. Subcontracts	751,388	57,564
13. Indirect Cost	2,871,474	156,407
Total Federal Funds	10,580,476	400,229
Non-Federal Funds	547,699	47,677
Total Project	\$ 11,128,175	\$ 447,906

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 reflected in the next quarterly financial summary.