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Dear Larry:

We are pleased to submit our six-month report on our Cooperative Development Program activities covering the period of July 1- December 31, 1999. We can say that the period actually was replete with good news, with the only rain clouds hovering a bit over the rural finance activities in Peru and Kyrgyzstan. Even these cases were not tragic. In Kyrgyzstan, government regulators are making rural credit association development complicated, so the groups with which we are working are modifying their structure to conform with official directives. In Peru, the village banks (cajas rurales) we have been assisting have had trouble keeping their national association afloat, so we continued to help them select viable options for future growth, including the possible establishment of their own mother bank.

In December we signed seven MOUs in Brazil. The two that relate directly to the CDP activity's core functioning were for funding volunteer placements in the Amazon and Mozambique. You will recall that the cooperative movement was having increasing difficulties securing funding from the the cooperative division of the Ministry of Agriculture, and our two projects were among many that suffered funding cuts or cancellation. As a result, the cooperatives successfully lobbied for the creation of a national-level entity that would support cooperative training and education. SESCOOP came into being, and with it a budget of approximately \$12 million per year. The two important MOUs cited above were directed at the reinstatement of funding for the Amazon and Mozambique programs under CDP. Dollar values are being arrived at this month, but the figures we were negotiating would cover in-country costs for 22 volunteers for Brazil and all costs to send 12 to 15 Brazilian volunteers to Africa.

The Southern States Co-op project in Western Ukraine has gained momentum, has achieved tangible and measurable results, and has finally begun to make a serious dent in its funding pipeline. One point of interest is the project's increasing profile with national-level officials, specifically President Kuchma and the minister of agriculture. They have been briefed on the project, and they have expressed and announced their support of our approach and the private farmer ownership and control model being nurtured in the Rivne region.

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We wish to point out that our pipeline presentation will differ from the attached SF-269A's total here because we have 1999 Southern States expenditure figures that are still being processed and could not be included officially in the 269. We are adding those expenditures to the pipeline so we can present a more accurate financial picture.

Regarding the pipeline, this period brought us to month 31 of a 60-month activity, or 51.6% of life of project. Funds expended to December 31 (\$1,890,632, unaudited and subject to minor adjustments at year-end final closing) of the total budget (\$3,749,606) represented 50.4% of budget at the 51.6% milestone of the program. Regarding volunteers fielded versus LOP targets, we reached 62 completions against the program goal of 109, or 56.9% of target.

On the qualitative side, we continued to work deep in the trenches in the early stages of co-op (Brazilian Amazon region and Ukraine) and producer association development (Mozambique), where in all cases the groups are just beginning to rise from stage 0 or 1 on a scale from 0 to 10. This report provides some details about specific improvements and interesting initiatives emerging in Ukraine and Mozambique. It is also true that our CDP activity in Ukraine is having some interesting spread effect, in fact reaching everyone from farmers in neighboring counties all the way up to the office of the president. In addition, this project is now considered by some to be the most significant private farmer support activity in Ukraine at present because the USAID mission has new agricultural sector initiatives on hold while it redesigns its country portfolio in light of recent severe budget cuts. In the post-socialist economy of Mozambique, there has been high demand among small-farmer producer association membership for the most rudimentary pamphlets on association organization, marketing, basic production practices for different local crops, and so on. And even in this start-up type of situation, several group marketing operations, such as those for hot peppers, have been carried out.

The Brazil component has been the most challenging of all. Funding limitations have made staff visits to most of the assisted co-ops impossible. The huge distances that must be covered to reach co-ops in the nine Amazon region states are akin to leaving from our office here to visit a co-op in Wyoming, and then jump over to the next one in Florida. The assisted co-ops are normally in remote areas, have marketable products but only in small amounts, and skeleton staff (due to the lack of income to pay competitive salaries.) The volunteer placements made to date have targeted viable assignments with the exception of a few where the co-op's financial position was untenable or their product simply uncompetitive (one case.) Multiple assignments to the Coopernorte dairy co-op resulted in better milk production and cleaner and more diversified products coming out of their processing plant. This outcome represents our normal best-case scenario, and similar results occurred in a few other states, but we consider ourselves to be underachieving in some regions due to our inability to put more of a full-court press on some of the co-ops and bring them up to higher performance levels.

We anticipate addressing these shortcomings through the execution of some of the other MOUs signed in December and a grant agreement now being finalized with the Ministry of the Environment in Brasilia. Each one of the new funding proposals includes financial support for

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our Brasilia office and funds for project development, monitoring and evaluation travel. We will be able to conduct detailed and well-tailored medium-term work plans with client cooperatives on site, and accompany the process more closely this year and next. In fact, this approach will mirror our successful methodology in Bolivia, where we have developed multi-year work plans with co-ops, associations and NGOs and achieved positive and sustainable growth with the client organizations.

Most of our work in the Brazilian state of Tocantins, which has existed for only ten years, has been supported financially and logistically by the Secretariat of Commerce and Industry, and very well, we might add. However, the assignments were targeted at feasibility assessments for agricultural and agribusiness growth in selected sectors such as fruit and vegetable production and processing, aquaculture, and wholesale produce market development. Only now are we moving toward second- and third-generation assignments in these sectors that will work at the producer co-op and association level to produce, assemble and market the various products. Therefore, producer-level impacts in Tocantins will be appearing under CDP in years four and five. This will hold true for most of the Brazilian client co-ops in the other Amazon-region states.

This is all we have for now. We will be pleased to answer any questions and/or provide any additional information you might require.

Sincerely,

Charles Cox
Senior Vice President and CDP Manager

Cooperative Development Program Semi-annual Report

July 1, 1999 to December 31, 1999

Cooperative Agreement FAO-A-00-97-00017-00

**ACDI/VOCA
Washington, DC
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Cooperative Development Program Report

July 1st – December 31st, 1999

Introduction

ACDI/VOCA has a long history with USAID's Cooperative Development Program (CDP). ACDI/VOCA was created through the 1997 merger of Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance. As separate entities, both ACDI and VOCA can trace their participation in this important program to their origins. ACDI/VOCA's roots with this program go back to the Humphrey Amendment of the Foreign Assistance Act of 1961, in which Congress called on USAID to include cooperative development in its assistance programs and to draw upon the resources of U.S. cooperatives to do so. Since 1963, ACDI/VOCA has been one of USAID's principal means of carrying out this important directive.

For this CDP report, we are happy to report that several Brazilian organizations have signed memorandums of understanding with us which should bring additional resources to fund in-country costs this year. Mozambique has participated in two national conferences on agriculture and drawn on the resources and insights generated by CDP volunteers to do so. Rural Finance continues to pull together lessons learned and utilize these with promising results in Kyrgyzstan.

Southern States Cooperative is proud to report that the President Leonid Kuchma of Ukraine was personally briefed by its representative about CDP activities and the importance of private agricultural cooperatives for economic development. SSC's activities in Ukraine capitalized on the new feed mill to carry out substantial feed trials and to promote the benefits of being a cooperative member. There were many encouraging results, and these will be mentioned below.

During the last six months, **14** volunteer assignments were completed during the July 1st - December 31st period. Currently three volunteers are overseas and three others are preparing to leave. To date **62** volunteer assignments and **eight** paid consultant assignments have been completed under the program.

Brazil Component

The original goal of the Brazil activity under CDP is to strengthen the institutional capacity of rural cooperatives in the Brazilian Amazon. USAID/BHR/PVC and USAID/Brazil have authorized us to expand our mandate to include assisting cooperatives in the impoverished Northeast as long as we achieve our work plan targets in the Amazon region. CDP activities support USAID/Brazil's strategic objective to promote environmentally and socio-economically sustainable alternatives for sound land use.

ACDI/VOCA has long history in Brazil; between 1973 and 1985 thirty volunteer assignments were conducted using our traditional cooperative development funding. That period introduced ACDI/VOCA to cooperative organizations in Brazil and positioned it for future activity.

The current Cooperative Development Program in Brazil is built on previous Farmer-to-Farmer activity conducted between 1994 and 1996, a period in which thirty-three assignments were carried out. Fifteen of these assignments were carried out in 1996, cementing the partnership with the Organization of Brazilian Cooperatives established in 1995.

The 1994 - 1996 activities included the 1995 launching of PRODESAM: the Program for the Development of the Amazon. PRODESAM was a collaborative effort supported by the Department of Cooperatives and Rural Associations (DENACOOP, Federal Ministry of Agriculture and Supply), the Organization of Brazilian Cooperatives (OCB), the International Cooperative Alliance (ICA) and ACDI/VOCA. ACDI/VOCA opened an office in 1995 in OCB's headquarters in Brasília. Since 1998, we have been officially registered with the Brazilian government.

Program Overview

ACDI/VOCA anticipates the release of funding through the new fund for cooperative training and technology transfer (SESCOOP- the National Service for Cooperative Training) during the first quarter of calendar 2000. SESCOOP is funded by the reprogramming of the 2.5% payroll tax that cooperatives pay to fund various training institutions in Brazil. SESCOOP is governed by a board consisting of one representative each from the Ministry of Labor, the Ministry of Welfare, the Ministry of the Treasury, the Ministry of Budget and Planning, and the Ministry of Agriculture and Supply. In addition to these representatives, the OCB president and four representatives sit on the board, as well as one representative from workers' cooperatives. The president of OCB is also the president of SESCOOP.

Charles Cox, the Senior Vice President for Latin America and the Caribbean, traveled to Brazil in December 1999 to sign memorandums of understanding with SESCOOP, OCB and the Ministry of Environment.

Finally, ACDI/VOCA anticipates continuing demand for cooperative management, agricultural processing, Brazil nut marketing and aquaculture assignments in the states of Amapá, Maranhão,

Pará, Rondônia and Tocantins, with in-country funding provided by SESCOOP, the State of Tocantins, and other potential donors like the Ministry of Environment.

Volunteer Activities

Between July 1st and December 31st 1999, ACDI/VOCA carried out **eight** volunteer assignments in **five** Amazon states using **seven** volunteers. (See attachments) Volunteer assignments focused on cooperative management, aquaculture and tropical fruit processing and marketing. Seven volunteers were hosted by individual cooperatives, and one by the state government of Tocantins (Secretariat of Industry and Commerce).

Cooperatives working with fruit pulp, rice, dairy products and furniture were assisted. One volunteer conducted a cooperative management evaluation with a rice cooperative in Maranhão (Larry Grell- CD300054). The volunteer assignment done in coordination with the Secretariat of Industry and Commerce in the state of Tocantins focused on fish processing and regional market development. (Dr. Roger Palm- CD300066). **18** volunteer assignments were completed in calendar year 1999, bringing to a total of **43** assignments completed, representing 69% of ACDI/VOCA's volunteer activities under the CDP grant.

ACDI/VOCA-Brazil's program continues to emphasize the need for improving cooperative management, and strongly advocates cooperative business standards and procedures that have long been part of the U.S. cooperative sector. Some examples include

- Employment of professionals to manage cooperatives;
- Independent financial audits;
- Inventory control systems;
- Regularly elected volunteer board members; and
- Well-defined business and strategic plans.

Mozambique Component

PROGRAM OVERVIEW

In the last six months, the CDP has met with over 15 international NGOs, 13 local NGOs and institutions, district and provincial government directorates and over 40 rural associations. A series of booklets focusing on the production of specialist crops were developed, due to be printed in the first half of 2000. A handbook outlining roles and responsibilities for association leaders, based on the Mozambique experience of a volunteer consultant, was created and distributed to more than 30 district unions nationwide. Five volunteer scopes of work were written, four completed during the reporting period and a further five were under development.

Presentations on previous ACIDI/VOCA Mozambique volunteer assignments were part of the agenda at two national conferences on agriculture in the public and private sector. The CDP assisted a USAID *Comparative Assessment of Farmer Producer Association Building Methodologies in Mozambique* research visit.

At the beginning of November, Mr. Amos Rafael, ex-provincial coordinator for WVI, began a 3-month consultancy focusing on ACIDI/VOCA's potential role in the marketing strategy of local producer groups. Ms. Janet Richardson also joined the CDP as a long-term volunteer, seconded from Voluntary Service Overseas (VSO), a British NGO. She has over twenty years of experience in small business planning and finance and is a member of the Chartered Institute of Bankers in Scotland (MCIBS).

FIELD ADMINISTRATION

In January 1999, the Ministry of Foreign Affairs and Cooperation ruled that all international non-governmental organizations must reapply for registration for the right to work in the country. In August 1999, ACIDI/VOCA was granted the right to operate for two more years, pending no further change in the law.

Equipment procurements over the period included a second laptop computer which will be available to the volunteers / consultants both at the office and for fieldwork. The purchase of a spiral binder has greatly reduced the costs of producing and distributing CDP reports and publications. A cost analysis and customer survey was completed to ascertain the viability to sell, for profit, ACIDI/VOCA publications. With agreement from ACIDI/VOCA HQ and USAID/Washington, revenue will be cycled back into the program as part of a small grants fund.

PROGRAM DIRECTION

During the reporting period the following scopes of work were under development:

- A study into the viability of spice production in Zambézia Province. A volunteer has been requested to develop the potential of black pepper production as a high revenue cash crop in conjunction with the work of WVI.

- Six smallholder associations with land around the city of Beira have requested assistance with project planning and training in the selection of economic activities. The associations form the 'Women in Agriculture' sector of the Provincial Union.
- ACDI/VOCA has been in contact with a local cooperative to conduct a series of seminars in relation to small business planning and proposal writing. The cooperative trains young men and women in craft skills and natural resource technology.
- Follow-up to a previous assignment in community land use planning has been requested by GTZ in conjunction with the local government. The second phase of the two-month project will focus on the implementation of land demarcation using G.I.S., and the strengthening of marketing links within the district.
- CDP will work with KSM, a local NGO, as part of their program to create rural credit unions in the target areas of Manica Province.

ACDI/VOCA has continued to work closely with local and regional buyers, contacting over thirty cereal and spice buyers in seven countries. In December, certification of organic crop status was granted to ginger producers in Manica Province, with the assistance of ACDI/VOCA, in partnership with local NGO, Kwaedza Simukai Manica (KSM). Negotiations for the sale of twenty metric tons of dried ginger to UK buyers were underway, due for completion in the first quarter of 2000.

At the conclusion of a three-month marketing consultancy in January 2000, ACDI/VOCA will research the potential to create a "Board of Trade & Commodity Exchange" in Manica Province. CDP may facilitate a central information point that will offer current price information and open negotiation links between buyers and producers. Research will be carried out concerning the legal aspects of buyer liability, commodity contracting and sustainability in the market place. The creation of a Marketing Division within the CDP will assist smallholder farmers and local entrepreneurs to increase their market share by active promotion of Mozambique produce, market linkages and the promotion of best practices in the market place.

Finally, one of the seven MOUs signed in Brasília by Charles Cox and SESCOOP revived the dormant program component of CDP that supports the fielding of Brazilian volunteers to Mozambique to carry out assignments developed by the ACDI/VOCA regional office in Beira. The MOU is intended to provide the funding to send 12 to 15 volunteers to Africa, with the lion's share targeted for Mozambique.

Rural Finance

Kyrgyzstan: Building the Viability of the Farm Credit in Kyrgyzstan

Program Overview

ACDI/VOCA has been operating in Kyrgyzstan since 1996, when it began implementing USDA food monetization activity. Since then, it has also fielded banking advisors under USAID's Farmer-to-Farmer programs, and short-term advisors under the Cooperative Development Program. The lending programs funded by ACDI/VOCA monetization activities have completed a second year of operations. With the help of technical assistance funded under the Cooperative Development Program, they have succeeded in developing a viable loan product for small- and medium-scale farmers, and the loan portfolio has continued to grow. Improvements have been made to lending procedures. An improved legal structure remains a pressing challenge, however.

Program Accomplishments

CDP Activities. Since July 1, CDP provided approximately 10 person weeks of technical assistance. In July, **Robert Fries**, ACDI/VOCA assistant vice president for rural finance, assessed progress made under the project and developed scopes of work to address critical issues. These included: developing a more sustainable legal structure for the association, procedures for improved internal controls, and routine financial analysis and planning.

From late July through mid-August, **Sylvia Wisniwski**, a bank operations advisor, worked the credit associations in Osh and Bishkek, to improve financial management and liquidity management procedures and systems; strengthen internal controls; and adjust accounting procedures to include loan write-offs and accrual-based accounting. In September and October, **Bryce Khadabux**, a banking advisor, worked four weeks with ACDI/VOCA staff and legal advisors to formulate a basic strategy for converting the associations into a specialized finance company, under the Kyrgyz banking law.

Impact. As the table below illustrates, the oldest credit association, in Osh, made its first loans in the fall of 1997 and is currently serving 288 borrowers. With the beginning of operations in Chui and Jalal Abad oblasts over the last year, the credit associations are now reaching 578 borrowers, with a portfolio of \$637,186.

<i>FCA Profiles as of June 1999</i>	Osh	Chui	Jalal Abad	Total (US\$)
First loans	Fall 97	Fall 98	Spring 99	
Number of borrowers	288	188	102	578
Portfolio in <i>soms</i>	12,842,355	10,306,374	6,079,000	\$637,186
Average balance	44,592	54,821	59,598	\$1,102
% of portfolio past due	12.9%	6.5%	0%	8%
Operating Expenses/Average Portfolio	17.5%	19.9%	17.5%	
Operating Self-Sufficiency	94%	188%	132%	
Financial Sustainability	36.5%	51.9%	40%	

The quality of the loans has declined somewhat, primarily in Osh. Delinquency remains manageable, however, with an average rate of 8%. The associations in both Djalal Abad and Chui have achieved operational self-sufficiency—that is their incomes from fees and interest exceed their expenses, including those for loan loss reserves and taxes. When one imputes the cost of inflation, however, the associations are not yet financially sustainable. In Chui for example, income for the year was equal to 52% of all costs, including the cost of inflation. A drop in the number of borrowers and size of the loan portfolio reflect several factors:

- The demand for fall loans is smaller than the demand for spring loans, and many of the spring loans have been repaid;
- Criteria for evaluating loan applications have become more stringent, in response to increase in loan delinquency;
- A conscious decision was made to disburse a smaller volume of loans in September, in recognition of the need for loan officers to dedicate more time to loan collection; and
- Devaluation continues to outpace inflation, so that the drop in the dollar value of the portfolio is more significant than the drop in the som value.

Counterpart Contributions. Interest payments to date total more than \$183,000.

Program Direction

In November, the government informed us that associations are not authorized to be engaged in commercial activities, which include lending. At the same time, the central bank is actively discouraging financial cooperatives. As a result of these developments, the lending programs begun by the credit associations are expected to be converted into a non-bank finance company over the next year. This finance company is expected to be structured in a way to attract a broad capital base, including equity investments by its rural borrowers. Over the next several months, CDP resources will be used to fund short-term assistance from a bank operations advisor, to ensure that the quality of the portfolio remains high. At the same time, a strategic planner funded under our USDA activity will help in the design of the new company. Upon completion of a viable business plan in April or May, we will request the use of CDP resources to fund a resident banking advisor.

New Business Development

During his July visit, Mr. Fries also drafted a concept paper for USAID/Almaty, outlining a role for mission funding in fiscal year 2001. The mission expressed initial interest in the concept. The mission director visited our program later that month. The mission continues to monitor progress with our activities in Kyrgyzstan, as part of their interest in development efforts in southern Kyrgyzstan.

Peru: National Association of Cajas Rurales

Overview

ACDI/VOCA has been working in Peru since 1994, when we signed a cooperative agreement with USAID/Peru to provide technical assistance to a model *caja rural* (small rural banking facility). Our agreement was amended in 1997 to include technical assistance to the new national association that had been formed by 15 *cajas rurales* from around the country. Under CDP, we have continued to provide technical assistance to the association and its members.

Achievements

During the last semester, the CDP has funded 13 person weeks of technical assistance to the *cajas rurales* in Peru. Volunteer credit advisor Charles Meeks (CD300069) worked with one of the *cajas* for three weeks, mapping out an emergency plan to improve its portfolio management. The *caja* had seen a rising rate of delinquency, which exceeded rates in other *cajas* in the association. Recommendations included:

- on-the-job training of loan offices in the area of loan analysis,
- changes in the reporting structure of the *caja* and in loan authority levels,
- introduction of a loan review process,
- more streamlined documentation process, and
- stricter management of the attorneys representing the *caja* in the judicial process.

Former Association manager Jorge Noda was hired for nine person weeks to:

- Map out the process, costs and benefits involved in a merger of 14 *cajas*, and their conversion into a Rural Bank.
- Prepare an emergency work out strategy for one of the *cajas*, and present the plan with the manager to the Superintendent of Banks. The plan was accepted by the Superintendent and implemented by the *caja*.

The analysis of this merger highlighted some significant discrepancies between the *cajas rurales*. Nevertheless, a majority of the *cajas* remains committed to continuing with this process.

Program Direction/ Business Development

In addition, Robert Fries traveled to Lima to meet with the board and management of the *cajas rurales*. They discussed their interest in forming a rural bank. The level of effort required for such an undertaking far exceeds the resources for technical assistance available under CDP. For this reason, he agreed to make resources available for the initial assessment that was carried out by Jorge Noda. It was agreed that other resources would be used to respond to the particular needs of individual *cajas*.

Also during this visit, Mr. Fries met with employees of USAID/Peru's Office of Rural Development, including its chief, Michael Kaiser. USAID was briefed on *caja* interest in

forming a new rural bank. They also explored how a buy-in might work in order to receive assistance from ACDI/VOCA in the area of rural finance. No specific proposals have been made to date.

HQ Strengthening

ACDI/VOCA proposed to use CDP resources to help establish a rural finance resource center at headquarters, one that could communicate best practices in the field, identify and share across our regional divisions the lessons learned and products developed by our projects, and help to diversify the sources of funding that ACDI/VOCA has to implement rural finance activities.

In the last six months, our Rural Finance unit has made progress in these areas by:

- continuing the creation and organization of a rural and microfinance library of ACDI/VOCA's best products;
- developing and carrying out an orientation program for new field staff hired to implement rural finance projects;
- completing the initial design of a database that will compile consistent performance indicators across all of our financial projects. This database design will be vetted with project managers and launched over the next quarter.

While time dedicated to proposal development is not charged to the CDP, Rural Finance staff members have also made a significant effort in working with regional staff to improve the quality of our proposals and project oversight.

ACDI/VOCA & Southern States Cooperative Development in Ukraine

Overview

Southern States Cooperative (SSC) is a long-time member of ACDI/VOCA and is a subgrantee to ACDI/VOCA. The primary deliverable of SSC's activity is a functioning, Western-style agricultural cooperative that is owned and managed by private Ukrainian farmers. While helping Western Cooperative to become a successful business will achieve our primary deliverable, SSC also intends to broaden its client base to include one or two additional cooperatives. SSC would like to point out the progress of Western Cooperative and other farmers, despite the very difficult system in which they must operate. This year, poor weather was added to the long list of obstacles they face, including lack of credit, poor or no inputs, no real market infrastructure, government interference, poor machinery and difficulties selling products for cash.

In the face of these severe challenges, the private farmers show up to meetings, debate their options, and seek ways to cooperate and keep an eye on the future. As one new member of Western Cooperative said, "We know that we may never receive the benefits from the cooperative that we're building, but we are doing this for our children's future." While the SSC's cooperative development project is relatively miniscule in the context of USAID's other larger agricultural programs, SSC believes that our progress to date provides useful examples for grassroots assistance to private farmers. SSC's CDP-funded project has been featured in the national newspaper of the Private Farmers Association, and has been cited as a model by the Ministry of Agricultural Policy (formerly the Ministry of Agriculture). Finally the president of Ukraine has been briefed on SSC's CDP-funded efforts to promote private agricultural cooperatives, and issued a presidential decree on December 3rd supporting agricultural cooperatives.

HQ/Field Administration

No significant staffing changes were made. Dr. Vitaly Zinovchuk, President of the National Cooperative Union and Vice President of the Private Farmer Association, is still SSC's primary paid consultant in Ukraine. In October Mr. Zinovchuk was honored to brief President Leonid Kuchma about CDP activities and the importance of private agricultural cooperatives for Ukrainian economic development.

SSC's manager of the project, Tom Garnett, remains firmly engaged in the project while in the U.S. by receiving bi-monthly progress reports from Ukraine by e-mail on CDP activities.

Garnett made his sixth visit to Ukraine October 27 to November 4, 1999 to continue supervision and planning with the board of directors and manager of Western Cooperative. Several days were spent discussing how the cooperative would operate as a Western-style retail farm supply business for its members. Garnett observed and assisted the board during a strategy session addressing budgeting, financing the cooperative, determining services needed by members, and member relation's issues. Substantial time was dedicated to budgeting the day-to-day operation of the small feed mill acquired under this project and how it would be used to enhance the

overall growth of the cooperative. The feed mill is an essential component for the ongoing feed trials, which have generated considerable interest in the region.

Now that Western Cooperative is operational, three other groups of farmers in Lviv *oblast* are showing interest in forming cooperatives or joining with Western. These three groups, located at Dubno, Sambir, and Zhydachiv, were visited in order to determine their potential to form a cooperative. Individual farms were visited and written agreements signed for nine farmers to conduct feed trials using feed manufactured by Western Cooperative in Rivne.

To gain maximum effectiveness with the limited project budget, Garnett made arrangements with the manager at Western to visit the nine farms before feed trials began to validate that on-farm facilities were properly prepared to conduct the feed trials. Additionally, the farmers consented in the written agreement to allow the manager to conduct unannounced visits to these farms to inspect records and feeding procedures.

SSC's activities include provisions for training Western Cooperative's two board members, the manager and the part-time project assistant at Southern States. Arrangements have been made for this training to occur the last two weeks of February, 2000.

Impacts

I. Western Cooperative: Our primary partner in the field, Western has made good progress over the past six months. Western's accomplishments include:

- Increase in members from 15 to 25;
- Increase in use of their grain cleaning and storage business;
- The acquisition and installation of a grain cleaning machine and feed mill;
- Successful conclusion of the swine and dairy feeding trials;
- Near completion of the corn production trials (with mixed results); and
- Improvement of their business plan.

SSC worked with the board of directors and management as they went through a planning process to determine an operations strategy for their new feed mill. The mill arrived in Ukraine on August 1, 1999 and after clearing Ukrainian customs was installed in October. Western's manager had prepared a rough plan for the operation of their feed operation that was substantially improved by SSC. SSC's first CDP-funded volunteer, Joe Neal (CD200001), traveled to Rivne in October in order to assist with the installation of the feed mill and train staff how to operate and manage it.

Feed trial results at Mlyniv were very positive, with one farmer having a daily weight gain of 907 grams per pig using the US-style improved feed produced by Western Cooperative. Before the project started private farmers were getting an approximate increase of 424 grams per day. To put it another way, before the project it took 15 months to get a pig to grow to 240 pounds. Now farmers can produce 240-pound pigs in seven months using improved feed. Prior to the project, private farmers fed feed with 3% to 5% protein in it, and varying low amounts of fat depending on what was available locally. According to the Veterinary Research Institute in

Lviv, the improved feed contains bone meal that increases its nutritional value to 14% protein and 14% fat.

During the months of November and December, 75 tons of feed were manufactured. Feed was delivered to farmers conducting trials in Sambir and Zhydachiv.

SSC was happy with the final business plan; progress included reaching the decision to redouble recruitment efforts to raise new funding, to attempt to get customers to prepay, and to go to existing members for further investment.

In September SSC visited the adjoining *raion* of Mlynev to meet with a group of farmers who wished to establish their own cooperative. Western's board resolved to persuade these farmers to become a branch of their business. Western's board chairman, Mikola Vozniak, and another member were able to persuade the Mlynev farmers to join Western. At the close of a long and contentious meeting, marked by inspiring speeches by private farmers from both *raions*, eight of the 15 farmers in attendance had agreed to join Western. This additional \$880 in membership revenue will be applied towards startup costs.

Western has acquired a grain cleaner from a member of the cooperative and has acquired the other half of their operations building. Now they have the mill, cleaner, packaged feed and grain all located in the same facility.

Our conclusion at this moment is that Western has made great progress but still faces daunting barriers to their success. The first priority is to get the feed business well established and maximize that revenue stream. The second priority is to increase membership and, thus, customers. The third is to develop a credit facility within the cooperative. Once progress has been made in those areas, SSC will seriously explore the possibility of processing and marketing pork and pork products like sausage.

II. Zhydachev Cooperative: Farmers in the southernmost *raion* of Lviv tend to have larger acreages and more animals than members of the Rivne group, but are less organized and less familiar with cooperatives. SSC traveled there to monitor their progress and learned that they are interested in grain storage and a possible feed business. They have made some progress and have a potential group of members that includes 17 private farmers. There are a total of 80 private farmers in the *raion*. Many of these farmers would join a cooperative if one were to be established. They have not yet incorporated or developed by-laws, but SSC stands ready to help them with that matter. The farmers have located one building where they could locate their grain storage and marketing business, and believe that they could easily get 650 tons of grain right away and then grow the cooperative from there. Phase two would possibly be the development of a feed business. SSC agreed that Vitaly would help them get the registration done and discussed the possibility of a visit to Western Cooperative, as well as perhaps starting some feed trials in Zhydachev.

III. Sambir Cooperative: SSC has met with Sambir twice before, both times ending in disagreement over the way the proposed cooperative should set up its business. This third trip

was the result of a contact Garnett made in Richmond with a Sambir Cooperative member who had traveled there on a Cochran Fellowship. This farmer returned to Ukraine and arranged our meeting. Several of the farmers who attended this meeting were also at our previous meetings, including the chairman.

Since our last visit, the farmers in Sambir have formed their cooperative but have not been able to collect membership fees from any members. Essentially, the cooperative is not functioning, although they have hired a manager. It is not clear whether or how much they are paying this manager. According to the manager, they had planned to purchase machinery this year but a bad crop had made it impossible.

Sambir has 16 members, most of whom own approximately 30 hectares but lease large fields from failing collectives. They claim a total of over 10,000 hectares among themselves. Four members are currently participating in feed trials. Their major problem is a lack of modern harvesting technology, in addition to poor storage and processing. They claim they only need the modern machines to be successful. SSC has suggested that their first problem is organization rather than mechanization.

Members of Sambir claim that Ronco has promised them a combine if they can come up with a 10% down payment. TACIS has promised them access to credit if they organize. SSC suggested that they rely more upon their internal resources than on external gifts, and has agreed to continue to monitor their progress and see if it can begin planning work together with SSC. Sambir members would like to visit Western to see how they are organized.

Conclusion

It is increasingly apparent that the lamentably few private farmers in Ukraine are beginning to realize that they cannot rely on external help, whether from their government or from foreign assistance organizations. Cooperatives are increasingly perceived as a way for them to band together to solve their own problems. Their perception of the true nature of cooperatives is often flawed, but with the sort of help ACDI/VOCA and Southern States offer, they can get to a starting point and begin building a business.

Assignment Number, Volunteer, and Host	Brazil Volunteer Assignment Summary, 7/99 – 12/99	Duration	State
CD300032 Mr. Bruno Keller Cooperativa Agropecuária Tocantinense Ltda. (COOPERNORTE) Tel: 63-602-1620	Evaluated their progress since COOPERNORTE's last diversification effort with ACDI/VOCA volunteer Robert Christie. Evaluated the cooperative's products and offered suggestions on further diversification. Provided current dairy processing information and wrote a plan that includes cost-estimates of equipment needed for diversification. Ultimately this will help COOPERNORTE obtain funding for product diversification.	6/21/99 to 7/15/99	Tocantins - TO
CD300052 Dr. David Swann Cooperative Mista Extractivista Vegetal (COMAJA) Tel: 096-621-1197	Assessed how to proceed with diversifying into aquaculture. Provided current information on cooperative fish production and trained personnel how to build tanks for aquaculture. Conducted farm visits in order to discuss site selection for build aquaculture tanks and management strategies for improving yields of fish stocked. A total of 15 farms were visited in Laranjal do Jari.	8/03/99 to 8/28/99	Roraima - RR
CD300054 Mr. Larry Grell Cooperativa Agropecuaria Batavo Tel: 011-98-741-2844	Analyzed management strategies. Helped to improve the cooperative's administration. Provided current information on cooperative management and total quality management. Wrote a report providing recommendations to improve management and increase profits.	6/28/99 to 7/24/99	Maranhão - MA
CD300058 Dr. David Swann Organização e Sindicato das Cooperativas (OCEA) Tel: 55-68-223-6094	Met with large-scale fish producers in Rio Branco area. Discussed technical aspects of spawning, fingerling, and finishing of primary production species. Met with secretary of Agriculture for Acre to discuss long-term technology transfer needs and cooperative marketing outside Acre. In addition the second week of the assignment was spent in seminars and round table discussions with personnel from various offices of the Secretaria Executiva e Agricultura, university professors, and local farmers	8/3/99 to 8/28/99	Acre - AC
CD300062 Dr. Hany Khalil Associação dos Produtores Rurais das Vicinias São João de Baliza (APRVSJB) Tel: 55-95-235-1223	Conducted a feasibility study and evaluated APRVSJB's marketing and processing of coconuts, açaí, cupuaçu, and graviola. Made suggestions on improving their profits by expanding production/processing of certain fruits using appropriate technology/resources for the state of Roraima. Provided current information on marketing and processing techniques. Wrote a draft plan that includes cost-estimates of inputs and equipment needed for improving marketing and processing.	6/14/99 to 7/10/99	Roraima - RR

Assignment Number, Volunteer, and Host	Brazil Volunteer Assignment Summary, 7/99 – 12/99	Duration	State
<p>CD300064 Mr. Michael Frinsko Cooperativa Agropecuaria de Aquicultura do Estado de Roraima (COOPERAQUI) Tel: 55-95-224-6033</p>	<p>Evaluated the feasibility of improving COOPERAQUI's production. Evaluated how this can be done profitably using appropriate technology/resources for the state of Roraima. Provided current information on aquaculture production as well as rudimentary marketing and processing techniques. Wrote a draft plan that includes cost-estimates of inputs and equipment needed for increasing fish production.</p>	<p>6/30/99 to 7/15/99</p>	<p>Roraima - RR</p>
<p>CD300065 Mr. Charles Lindberg Cooperativa de Servicos Gerais do Estado de Amapá (COSEGE) Tel: 55-96-251-1347</p>	<p>Held a three-day workshop on all aspects of foam cushion production, different types of machinery, economics of chemicals and future changes expect. Visited stores to see upholstered furniture and mattresses available in the state of Amapá. Held a one-day workshop on furniture sales, scheduling and production. Visited two wood factories to see type of production Macapá. Visited sales rooms to view beds and entertainment. Primarily focused on production feasibility and what it would take to develop a foam cushion production center.</p>	<p>8/9/99 to 8/17/99</p>	<p>Amapá - AP</p>
<p>CD300066 Dr. Roger Palm TOCANTINS- Secretariat of Agriculture Tel: 63-218-2133</p>	<p>Visited a variety of private fish farming operations throughout Tocantins to determine the current status of the industry and the most important constraints that should be addressed. Assisted the Secretariat of Agriculture in determining the optimum role of the state government in aquaculture extension and research. Identified the prices (producer and retail) and marketing systems for the primary species of river and farm-raised fish. Surveyed the fish consumption patterns, product quality, and consumer preferences regarding fish sales in the state. Developed the outline of a plan for the market promotion of farm-raised fish in Tocantins.</p>	<p>10/15/99 to 10/31/99</p>	<p>Tocantins - TO</p>

Assignment Number, Volunteer, and Host	Mozambique Volunteer Assignment Summary, 7/99 – 12/99	Duration	Province
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Assignment Number, Volunteer, and Host	Mozambique Volunteer Assignment Summary, 7/99 – 12/99	Duration	Province
<p>CD100012 Mr. Charles Groth UPCS (União Provincial dos Camponêse de Sofala) President: Mr. Jacinto Isias Tel: (258) 3 35341</p>	<p><i>Training of Union Leaders.</i> Undertook site visits to four district unions in Sofala Province, which form the nucleus of member associations to the provincial union. Developed a comprehensive handbook on the roles and responsibilities of elected union officers with recommendations for common problem solving and basic organizational development. Following this assignment, a seminar on the implementation and distribution of the handbook was given to the leaders of 16 district unions by ACDI/VOCA staff. The material has been used with local farmer groups by international NGOs in Sofala, Manica and Maputo, and printed in Portuguese.</p>	<p>7/12/99 to 8/1/99</p>	<p>Sofala</p>
<p>CD100013 Mr. Martin Hardison Food for the Hungry International Beira District Coordinator: Mr. David Chicodzore Tel: (258) 3 352152/355500</p>	<p><i>Apiculture.</i> Taught construction techniques to facilitate the move from traditional hives to top bar hives in five target areas. Practical demonstrations to over 90 registered keepers on the transferal of bee colonies from different hives. Sourced credit for construction possibilities with local carpenters and created central collection points to facilitate post harvest sales.</p> <p>This was a follow up assignment to CD10004. The second harvest since the two assignments has seen an increased yield and improved quality of product, which has resulted in interest from honey buyers in Zimbabwe. Exploration of using honey by-products was also conducted, and has been continued in a research capacity by the hosts. Colony numbers have increased by over 20%.</p>	<p>08/02/99 to 08/21/99</p>	<p>Sofala</p>
<p>CD100014 Ms. Suzanne Fisher IAC (Instituto Agrário de Chimio) Director: Mr. José Tuia Tel: (258) 51 22115 / 23293</p>	<p><i>Gender and Development.</i> Conducted a series of training seminars to the teaching staff focusing on ways of improving field communication and information distribution to female farmers. Created a comprehensive evaluation and analysis tool to measure training effectiveness, and outlined recommendations for inclusions of a Gender and Development component within the curriculum.</p> <p>This was the first in a series of three assignments with IAC, which is the only vocational agricultural institute in the country. The second and third assignments (institutional capacity strengthening and a production management assessment) are due for commencement in January 2000.</p>	<p>11/08/99 to 11/26/99</p>	<p>Manica</p>

Assignment Number, Volunteer, and Host	Mozambique Volunteer Assignment Summary, 7/99 – 12/99	Duration	Province
<p>CD100015 Mr. Terrill Cristensen Centro Comunitário das Mulheres de Dondo Coordinator: Ms. Alice Sebastião Tel: (258) 3 353285</p>	<p><i>Solar Fruit Drying & Value Added Processing.</i> Demonstrated construction of a mobile solar dryer and dehydrator, using locally available materials, for domestic use in increasing household food security, and for income generation. Discussed methods of pre-treatment, drying, packaging and marketing. Developed recommendations for the construction of a permanent dryer on site, and assisted with a finance and evaluation proposal to seek further funding.</p> <p>The demonstration model continues to be used to experiment with different fruits and methods of pre-treatment. Phase 1 of the marketing strategy has been implemented and resulted in the first project profits since inception in 1996.</p>	<p>11/3/99 to 11/16/99</p>	<p>Sofala</p>