

**COOPERATIVE DEVELOPMENT  
PROGRAM**

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

**SEMI-ANNUAL REPORT  
FOR JULY - DECEMBER 2001**

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

**January 2002**

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**Cooperative Development Program (CDP)  
Semi-Annual Report  
July 1 – December 31, 2001**

**Land O'Lakes, Inc.**

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

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

**Project Duration:** June 1, 1997 - May 31, 2002

**Federal Funding Obligated:** \$3,750,000

**Federal spent through Dec. 2001:** \$3,024,668

**Project Contact:** Rodrigo Brenes  
International Development Division  
Land O'Lakes, Inc.  
P.O. Box 64406, St. Paul, MN 55164-0406 USA  
telephone: 651-634-4285  
fax: 651-634-4290  
e-mail: rrbren@landolakes.com

## Summary of Progress To Date

### IR 1 Operational and Technical Capacity of US PVOs Improved.

#### U.S.:

- Land O'Lakes project staff have received training on cooperative and association development. Land O'Lakes project staff have received training on cooperative and association development.

#### Tanzania:

- Three Land O'Lakes staff provided technical information in the form of presentations at the Roundtable in Tanzania in 1998.
- Land O'Lakes Tanzania, regional and U.S. staff have been trained in: 1) cooperative principles and practices through a series of training and technical assistance activities conducted; and 2) training on USAID administrative and financial compliance requirements, whereby each understood the management of the U.S.-funded projects.
- Land O'Lakes project staff participated in and received training on Africa Global Development.
- Land O'Lakes Tanzania staff participated in and received training on Dairy Cooperative formation and Management organized at Nakuru, Kenya.
- Land O'Lakes Tanzania staff participated in Dairy Processing Equipment and Food ingredients seminar organized by PROMACO in Dar Es Salaam.

### IR 2 Strengthened Partnership between USAID and U.S. PVOs.

#### Bulgaria

- USAID/Sofia officials participated in the Second and Third Annual Regional Dairy Roundtable in Sofia in May 2000 and May 2001.

#### Guatemala

- The relationship with the USAID/Guatemala Mission has developed into an active one with productive dialogue. Land O'Lakes has been gratified with communications surrounding initiatives to develop the indigenous Guatemala agricultural cooperatives. USAID Mission staff have scheduled meetings with Land O'Lakes while on business in Washington, D.C., to discuss approaches. Most noteworthy was the attendance and presentation by Mission Director George Carner at the recent Indigenous Enterprise roundtable sponsored by Land O'Lakes and CITI, Guatemala (International Indian Treaty Council, Central America) and IITC, USA (International Indian Treaty Council, USA) in June. This interaction was an extremely productive engagement with indigenous farmer organizations from throughout Latin America. Mr. Carner's perspective, and the fact of his participation in the CDP event, created tremendous goodwill with participants and Land O'Lakes.

**Tanzania:**

- USAID/Tanzania has had discussions with Land O'Lakes staff concerning the development resource funding base and long-term sustainability of the dairy sector in Tanzania.
- USAID/Tanzania participates in the yearly June Dairy Promotion events.

**Uganda**

- HealthPartners was awarded official registration status with USAID as a private and voluntary organization (PVO) in January 2001.

**IR 3 Strengthened US PVO and NGO Partnerships****Bulgaria:**

- Land O'Lakes/Bulgaria, as a member of the FLAG Consortium, works together with ACDI/VOCA and four other USAID implementing organizations with the goal to maximize efficiency in implementing programs and activities.

**Tanzania:**

- For Tanzania, there is a very strong linkage between Land O'Lakes and the Heifer Project International (HPI). For the remaining period of the project, major concentration will be put on the Northern Milkshed where Heifer Project International (HPI) has already introduced dairy cows. Land O'Lakes will provide technical assistance to the dairy farmers/processors in dairy cooperatives so that we can combine efforts in promoting and marketing of milk and milk products, which seem to be the major obstacles in pushing the sector forward.
- Regular dialogue and participation by NGOs in Regional Dairy Business Roundtable and in providing assistance to project cooperatives. For example the AUSTRO Project Association has lent different equipment to project co-operatives, e.g., CHAWAKIM – Milk Cooler, MTAKUJA Milk Cooler, and these cooperatives have managed to pay as per contract.
- AUSTRO Project, Southern Highlands Dairy Development Project, Kagera Livestock Program, Heifer Project International, and Tanga Dairy Development Project all participated in the 4<sup>th</sup> Regional Dairy Business Roundtable in Malawi. (May 2000).
- The Southern Highlands Dairy Development Project (SHDDP), Austro Project Association (APA), Heifer Project International (HPI), Small Holder Dairy Support Program (SDSP) participated and sponsored the year 2001 Dairy Promotion Week Campaign.
- A continuous and stronger dialogue has developed among the NGOs and a meeting was initiated where activities of each project were highlighted. Projects representatives who attended the meeting include Southern Highland Dairy Development Project (SHDDP), Small Dairy Support Program (SDSP), Heifer Project International (HPI), Tanga Dairy Development Project (TDDP), Austro Project, Technoserve and Land O'Lakes.

### IR 3.1 Empowerment of NGOs and local partners of PVC grantees

#### **Bulgaria**

- The National Bulgaria Dairy Association has strengthened in several ways. It has been effective in regional cooperation; has built beneficial relationships with EU partner organizations; provides profitable business opportunities to its members; effective in lobbying efforts; and is recognized and respected as a partner to government.
- The Yambol Regional Dairy Producers Association was formed due to the efficient activities of the BNDA Executive Director and CDP Coordinator. The association formed to ensure the region's representation as member of the National Dairy Producers Association (NDPA) and in turn of the Bulgarian National Dairy Association (BNDA). Likewise, the Lovech Regional Dairy and Meat Producers Association and the Sliven Regional Dairy Producers Association were formed for the same reason.
- The Bulgarian National Dairy Association through the support of Land O'Lakes assisted the formation of two national associations – the Holstein breeders and the Brown Swiss breeders.
- The regional and local structures of both the Association of Dairy Processors in Bulgaria and the National Association of Dairy Producers, members of BNDA, have organized member services, contracting between dairy producers and processors.
- An Agreement for Cooperation was signed between BNDA and DeLaval South East Europe GmbH in September 2000. The Agreement defines the joint development of projects with BNDA under the EU SAPARD Program. For each successfully completed project, BNDA will receive a fee for the service.
- The Union of Dairy Producers "Razvitie" – Dobrich generated more than \$2,500 from dairy processing companies, from members of Razvitie Union and from other agribusiness companies for the cow expo they organized during the Agribusiness Fair "Dobrich 2000."
- ADPB, the National Water Buffalo Producers Association, the Sofia Region Dairy Processors Association, Maritza Milk Dairy Processors Association, Zashtita Dairy Producers Association – Plovdiv, and the Union of Dairy Producers Razvitie – Dobrich generate income through rendering services to their members.

#### **Guatemala:**

- The Aguacatan Women Mayan Association was formed as a result of a Land O'Lakes workshop. Their goal is to help supplement their family income by doing joint business ventures such as weaving, poultry, pig, or rabbit production.
- A local NGO took the initiative in planning a roundtable. With the guidance given by Land O'Lakes, the NGO took a lead role in organizing and planning the event which included cooperative leaders, members of local credit and loan institutions, coffee buyers and other prominent organizations within the coffee production sector.
- A new job was created, the National Coordinator of Production and Commercialization, to assist the cooperatives and associations in organization, administration and overall capabilities in production and commercialization. It has

also created the necessary linkages to access money being offered via new government legislation in Guatemala, in order to help balance the large amounts of debt or high interest loans which are defaulting due to the drop in world coffee prices.

### **Tanzania:**

- Cooperatives have organized member services (artificial insemination kits, farm inputs supply shops), milk collection centers and value-adding after co-operative training.
- The milk processors have agreed to form a Tanzanian Milk Processors Association (TAMPA) and they are now working on the registration logistics.
- Local dairy industry used their own resources to provide sponsorship on June Dairy Promotion materials and support the dairy month event. The local dairy industry mobilized stakeholders in all milksheds to participate in the June Dairy Promotion week held in Arusha
- Cooperatives are sponsoring their representatives to different dairy-related trainings, seminars and workshops.
- The established cooperatives are providing training on milk handling testing to the new cooperatives.
- The local industry has sponsored the National Dairy Development Conferences using their own funding.
- The industry organized the Regional Dairy Business Roundtable with substantial self-funding.
- The Small Milk Processors of the Northern Milkshed organized their own mini dairy show in order to expand their market.
- Arusha and Kilimanjaro Dairy Primary Co-operatives have organized themselves to form their Dairy Network – known as Arusha and Kilimanjaro Dairy Network (AKIDANE) and they are now working on the registration process.
  
- Local Dairy Industry mobilized stakeholders from all the milk sheds and participated in the seminar organized by PROMACO and Small Holder Dairy Support Program (SDSP) in Dar es Salaam. The stakeholders also displayed their dairy products.
  1. Southern Highlands.
  2. Lake zones.
  3. Tanga.
  4. Coastal.
  5. Northern Milk shed.
  
- The dairy promotion campaigns have resulted in an increase of milk consumption.
- Small-scale milk processing co-operatives (NRONGA) and a private processor (Arusha Dairy Company Ltd.) have organized and implemented a school milk feeding, program.
- As a result of Land O'Lakes trainings the following groups namely IDAFASO (former IKUNDA), Nkwarungo and CHEMUCO have organized themselves to register as co-operatives.

**Uganda:**

- HealthPartners has continued enrollment of members into prepaid health plans. The health plan is active in five (5) hospitals in Uganda.
- Approximately 10 prepaid health insurance schemes are active in Kisiizi, Ishaka, Naguru, Bushenyi, Nsambya, Nyakibale, Mutolere, Luwero and Kisoro as a result of this project.
- Over 25,000 Ugandans benefit from this type of community-based health insurance.

**West Bank**

- A women's cooperative has been formed in the Marda village area of West Bank.

**IR 3.3 Local and global networks of PVOs/NGOs strengthened.****Worldwide:**

- Land O'Lakes is partnering with a local cooperative or association in each region. In the case of Guatemala, these counterpart cooperatives/associations provide coordination and logistical support to the project. Furthermore, the partnering cooperative or associations are receiving training in order for the local coordinator to provide training and technical assistance to their membership and other local cooperatives and associations.

**Africa:**

- An informal network has been established in the Great Lakes Region of Africa through the annual regional dairy sector roundtables. Delegates from each country are working on formalizing the group. The Regional Dairy Business Roundtables in Uganda, Kenya, Tanzania, and Malawi have brought together PVOs/NGOs in the dairy sector.

**Bulgaria:**

- Land O'Lakes is partnering with the Bulgarian National Dairy Association, the counterpart association for CDP support, which provides coordination and logistical support to the project. The Bulgarian National Dairy Association was founded by the unanimous vote of delegates representing the National Association of Dairy Producers (NADP) and the Association of Dairy Processors in Bulgaria (ADPB) in September 1998.
- In May 1999, the First Annual Dairy Association Roundtable in Sofia, Bulgaria, focused on association leadership and issues of common interest amongst the countries of Eastern Europe. In May of 2000 and May of 2001, the Second and Third Annual Dairy Association Roundtables were held in Sofia. As a result of these roundtables, an informal regional network has been established and delegates from each country are working on formalizing the network.
- In Bulgaria, the National Dairy Association (NDA), with the support of Land O'Lakes, assisted the formation of two other dairy associations. On July 29, 1999, dairy producers in the Shumen Region met to establish their regional association, and, on November 28, 1999, the Vratza region formed their Dairy Producers Association.

- In July 2000 Parliament voted the Law on animal production as a result of the successful efforts and work of BNDA within the MOA working groups.
- The implementation of the EU SAPARD "MILK Quality" pilot project, relying exclusively on associations assisted by Land O'Lakes, has started in the Dobrich Region. Razvitie Dairy Producers Association – Dobrich is conducting the selection of the farmers, members of the association, suitable for application for the EU SAPARD grant.

#### **Guatemala:**

- During marketing training workshops, participants exchanged contact information and took the first step towards establishing producer networks. Participants shared information from the workshop with other members of the community. Realized a profile of projects for the future.
- Land O'Lakes is partnering with a local cooperative or association in each region. In the case of Guatemala, these counterpart cooperatives/associations provide coordination and logistical support to the project. Furthermore, the partnering cooperative or associations are receiving training in order for the local coordinator to provide training and technical assistance to their membership and other local cooperatives and associations.

#### **Africa:**

- Local Projects/NGOs participated in seminar organized by PROMACO from Nairobi.

#### **IR 4 Resources Effectively Mobilized by PVC's PVO Partners**

- Land O'Lakes/Bulgaria, as member of the FLAG Consortium, works together with ACIDI/VOCA and four other USAID implementing organizations with the goal to maximize efficiency in implementing programs and activities.
- Advanced Business Concepts International (ABCI) generated revenue from the services it provides.
- A new area of funding was targeted, US government contracts. Land O'Lakes has already been awarded one contract in Macedonia.
- A combination of volunteers and consultants are used on the project. Land O'Lakes continues to view the use of volunteers as an integral part of maximizing results with limited resources.
- The Bulgaria National Dairy Association is implementing its action plan for the start-up of a Milk and Dairy Products Testing Laboratory in Dobrich, Bulgaria. Dr. Oblakov met with the Advisor to the President of the Republic of Bulgaria and requested assistance and support for the specific stages of the start-up of the laboratory. The equipment for the Laboratory has already been purchased and its installation started. The buildings are provided to the Association by the government of Bulgaria (Ministry of Agriculture). This proposal is funded by USDA.

## IR 5 U.S. Public Awareness Raised

- Land O'Lakes continues its efforts to illustrate the highly positive impacts of U.S. foreign assistance. A quarterly newsletter is distributed to members, employees, and other interested organizations and individuals to increase awareness.
- Approximately 2,600 members attend the Land O'Lakes annual meeting each February, where the Land O'Lakes International Development Division has an informational booth. Information on USAID programs, Land O'Lakes International Development projects, and information on the benefits of USAID assistance are given to members and company employees.
- Land O'Lakes has presented to various groups, including Land O'Lakes Young Producers, Twin Cities Rotaract Club, students at Hamline University, American Association of Agricultural Consultants Society, etc. Land O'Lakes also encourages its technical specialists to conduct community outreach as well. These individuals have presented to the Association of Cooperative Educators (ACE), New Visions/New Ventures Group of Minneapolis and St. Paul, and local service organizations.
- U.S. trainers used under the program have conducted presentations to U.S. audiences both to inform and develop linkages.
- Land O'Lakes has a web site highlighting Land O'Lakes USAID projects, including CDP ([www.landolakesidd.com](http://www.landolakesidd.com)).
- For Tanzania, linkages to other U.S. groups, such as Heifer Project International and African-American Institute, are being developed.
- A video and Land O'Lakes publication on Tanzania's cooperative dairy movement was developed and donated by Land O'Lakes cooperative training volunteers.
- HealthPartners: The HealthPartners web page ([www.HealthPartners.com](http://www.HealthPartners.com)) features regular updates on HealthPartners Uganda Health Cooperative. HealthPartners has featured articles in *Managed Care* and the Minneapolis and St. Paul newspapers about their Uganda project.

## FOCUS COUNTRIES

Land O'Lakes' focus countries are Bulgaria, Guatemala, and Tanzania. In each country the concept is to work with a cooperative or association that acts as the coordinating organization. One of the project goals is to institutionalize and strengthen this cooperative or association so that it will be able to continue to provide cooperative/association training to its members and member organizations. The main cooperatives/associations with which Land O'Lakes works are all at different stages in the process of assuming the coordinating role in-country.

### BULGARIA

#### I. NATIONAL LEVEL ASSISTANCE

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

##### A. Support for Agricultural Policy Reform

- The Ministry of Agriculture (MOA), through the State Fund Agriculture, has granted a total of 2,670,000 Bglv (approx. 1,335,000 USD) resulting from the Agreement signed between the National Association of Dairy Producers (NADP) and the Association of Dairy Processors in Bulgaria (ADPB). The agreement defines the direct involvement of MOA in the system for milk procurement through creating bonuses for documented purchases of quality milk. The efforts of NADP, which are focused on convincing the government to extend the period of the program, have resulted in the government prolonging the duration of the program on an annual basis, thus opening it up for more members to apply and benefit from it. As of April 2002, the program will also include buffalo producers and, in 2003, sheep and goat milk producers will also be included.
- Recognized as reliable counterparts by the Government of Bulgaria, the Bulgarian National Dairy Association (BNDA), ADPB and NADP were included in the Consultative Council on Milk Issues to the Ministry of Agriculture and Forestry. The Council is comprised of representatives from the MOA, the Ministry of Economy, Ministry of Finance, the State Fund Agriculture and the National Veterinary Control Services.

## B. Development of National Associations

- As a result of the Agreement signed between NADP and ADPB, MOA through the State Fund Agriculture granted a total of 2,670,000 Bglv (approx. 1,335,000 USD) to the group. The Fund is paying a 10 percent bonus over the price of quality milk at a standard of 3.6% fat content. For the reported period, the amount of 1,823,493 Bglv (approx. 911,747 USD) has already been paid to dairy farmers (members of NADP) who meet the requirements for producing and selling quality documented milk.

With the active assistance of Land O'Lakes, both national associations have developed the registration of their association members producing and processing documented quality milk. They have also finalized the list of milk collection sites abiding by the Agreement and of the volume of quality milk sold. Altogether, 5,818 farmers from 27 regions in Bulgaria applied for the subsidy. These lists were provided to MOA and the State Fund Agriculture on December 14, 2001.

- Effective in their actions to unite and protect the interests of their members, and being recognized as reliable counterparts to the government, BNDA, ADPB and NADP were included in the Commission on Milk Production and in the Commission on Milk Procurement and Processing of the Consultative Council on Milk Issues to the Ministry of Agriculture and Forestry. The three national associations supported by Land O'Lakes are to advise the Minister of Agriculture in conducting and implementing the government policy on production, procurement and sales of milk. They shall participate in the development of a strategy for the dairy sector as well as in the development and implementation of all related regulatory documents.

The first meeting of the Consultative Council was held December 21, during which time a detailed analysis of the dairy sector status was made.

- BNDA, established and supported by Land O'Lakes, for the second year has initiated a fundraising campaign, according to its agreement with the Bulgarian Red Cross (BRC) for developing and implementing joint dairy promotion programs (the website address for the Red Cross/FAMA fundraising campaign is at [www.redcross.bg](http://www.redcross.bg)). "The Right to a Future" is this year's logo of the nation-wide fundraising campaign in favor of homeless children, children in poverty, disabled children and orphans in Bulgaria. The selected BCR counterpart dairy company for the seven-month campaign is FAMA Ltd., a member of BNDA, whose owner and president was a Land O'Lakes US trainee in 1997. The selection was based on: high quality dairy products, a nation-wide distribution network and, a commitment to and active involvement in industry and community development. The nation-wide fundraising campaign includes a TV video-clip with famous Bulgarian actors, sportsmen, singers, and journalists promoting dairy products and "the right to a future" for every child. The BRC logo and the motto of the campaign is placed on the package of every dairy product and a portion of the sales incomes will be donated to Bulgarian Red Cross orphanages. Refer to Attachment B for a success story on the Red Cross project.

Through this campaign, BRC is expected to be rewarded with USD 40,000 to 80,000 in donations. The second winner is FAMA, with an expected sales increase of 25 percent. In addition, there is an expected increase in consumption of domestic branded, locally produced dairy products. This is a successful continuation of charity promotion campaigns initiated under CDP two years ago.

- During the Board of Director meetings of the three national associations on December 18, the NADP Board of Directors rendered an up-to-date report on the implementation status of the MOA/State Fund Agriculture grant to dairy farmers that meet the requirements for producing and selling quality documented milk. At these meetings, the issue of the re-registration of regional associations into associations of milk and meat producers was discussed. The national associations will focus their efforts in convincing MOA to apply, as of the beginning of 2002, a 10 percent price subsidy for documented purchases of quality meat.
- Two new regional associations have been approved for membership in the National Association of Dairy Producers – the Varna Regional Association of Dairy Producers (founded by 389 farmers with 2,314 cows) and the Ihtiman Regional Dairy Producers Association (founded by eight farmers with 50 animals).
- BNDA, in a continuous effort to provide services to its members, has negotiated and prepared a draft agreement for cooperation with the MOA National Extension Services in Agriculture. According to the draft agreement, the 33 Regional Extension Services will cooperate with the Regional Producer Associations in providing extension services to members in the areas of animal health control, nutrition, milk quality, dairy herd management, breeding, etc.
- With the goal to improve milk quality and to provide services to members, BNDA, ADPB and NADP signed an agreement with the Office of the Fermented Dairy Products Development Project of the Japanese International Cooperation Agency (JICA) for joint programs for improvement of quality parameters of raw milk and dairy products. Specifically, the project shall finance the physical, chemical and microbiological analyses of 10,000 dairy samples from 3,220 milk collection sites (i.e., 800 samples tested per week.) The National Veterinary Services shall provide for the transportation of the samples. The average price for one sample testing is approximately 10 Bglv, which amounts to 100,000 Bglv (USD 50,000) total for all samples.
- With the goal to expand its development approaches and focus on commercial activities and benefits to member associations, Land O'Lakes made a presentation to the board of NADP. The presentation included the three main aspects for future development efforts: 1) the creation of milk collection co-ops, 2) group purchasing, and 3) creation of credit coops and credit unions. The Board unanimously supported the new initiatives and suggested that Land O'Lakes organize meetings with Regional Producer Associations throughout the country.

### C. Support for EU Integration

Being recognized as a reliable and resourceful partner of the government and with the goal to protect the interests of its members, BNDA actively participates in policy working groups at the MOA for all issues related to EU integration. The last discussions are related to defending the milk quota system for Bulgaria. The Bulgarian position for the negotiations of the milk quota with EU is to request a national quote that would be derived from sub-quotes for milk produced for processing and a sub-quote for direct sales. According to EU Regulation 1255/99 regarding the common organization of the market for milk and dairy products (Chapter IV, article 16), Bulgaria requires an annual quote for the production of raw cow milk equal to 2.1 million metric tons as follows:

- raw cow milk produced for processing – 1.68 million metric tons accounting to 80% of the required quote;
  - raw cow milk produced for direct sales – 420,000 metric tons accounting to 20% of the required quote.
- BNDA has begun implementation of the BNDA EU PHARE project of the PHARE Multi-country Veterinary Diagnosis and Control Program. As part of this project: 1) EU 200,000 are granted to BNDA; and 2) it introduces a new system for improvement of the quality control, hygiene and food safety of Bulgarian raw milk and dairy products to meet EU standards.

The overall aim is to assist dairy farmers and processors with meeting national and EU quality requirements regarding raw milk and milk products. This will lead to improved food safety and a wider range of products for consumers.

## **II. REGIONAL LEVEL ASSISTANCE**

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

### A. Support for Regional Associations

Land O'Lakes, in its ongoing active support for regional associations, has initiated a new development program with the following objectives: formation of milk collection cooperatives, group purchasing, establishment of credit co-ops for dairy producers and credit unions for employees of dairy processing companies, and group promotion for dairy processors associations. The goals of these new programs are focused on increased income in rural areas through improved quality and bulk purchasing, access to credit resources, public awareness campaign and increased consumption of dairy products. Land O'Lakes began conducting regional dairy producers associations meetings to present the new projects and perform the

initial survey to investigate farmers' interest in forming milk collection cooperatives, group purchasing, and their interest in forming credit co-ops. Meetings were conducted with thirteen regional dairy producers associations in Haskovo, Kardjali, Sliven, Yambol, Plovdiv, Smolyan and Madan, Stara Zagora, Burgas, Varna, Dobrich, Shumen, Rousse and Lovech. There were 153 farmers who participated in those meetings. Eleven of these associations (Haskovo, Sliven, Yambol, Plovdiv, Smolyan and Madan, Burgas, Varna, Dobrich, Shumen, Rousse and Lovech) have shown vivid interest in group purchasing. The first group expressed their interest to buy a wide range of products as a group: feed concentrates, corn, sunflower meal, wheat bran, barley, wet brewery grain, silage, alfalfa hay, straw, salt, fuel, motor oil, seed, pesticides, herbicides and veterinary supplies. The other groups were much more specific and prioritized their needs for fewer products: feed, seed, salt, fertilizers and veterinary supplies. Farmers state that a reasonable discount for them to be involved in group purchasing would be between 10 and 20 percent. According to information provided from different regions, this discount could reach up to 50 percent of the actual input price.

The interviewed farmers expressed their interest in creation of credit co-ops as a comparatively inexpensive source of credit. They would like to form branches of existing ones or, if possible, to form new ones and they feel the need of specialized training in formation, operation and management. The responses regarding the initial and monthly installments varied, but could be grouped around 100 to 1000 BGL (\$50 to \$500) for initial payment and 50-100 BGL (\$25 to \$50) monthly payments.

Based on the initial surveys and further work with associations and farmer groups, there are four applications so far from farmer groups willing to establish milk collection sites –two from Lovech Producer Association and two from Plovdiv Producer Association. Two of these farmer groups have signed cooperative agreements for establishing their entity and have begun remodeling the collection sites to meet the sanitation requirements.

There are two producer associations that have negotiated with suppliers for group purchasing – Sliven and Plovdiv. The group in Sliven is buying semen, and the group in Plovdiv is purchasing feed concentrates. The associations are still discussing some of the transaction details and it is expected that they will be finalized in early January.

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

#### B. Training for Associations and Members

- During July - December, 2001, under the auspices of the CDP project, seven training courses, reaching 139 participants, were completed in Prevention and Treatment of Veterinary Diseases and in Milk Quality rendered to the Union of Dairy Producers "Razvitie" – Dobrich. One of the training courses was in Fermented Dairy Products and was delivered to Maritza Milk Dairy Processors Association – Plovdiv. According to the initial evaluation, 73 percent of the participants state that they would change prevention practices and treatment of

common diseases like mastitis, digestion disorders and diseases of the reproductive tract.

- Jointly with JICA, the BNDA organized one training course with Japanese experts in Plovdiv. The seminar was on dairy product development and 36 participants took part.
- Jointly with the Italian Foreign Trade Institute and the Italian University Research Center for Industry Interrelations, BNDA organized a seminar with Italian experts in Sofia. The topics in the seminar were: "Management in Free Market Economy Conditions" and "Establishment of Cooperatives and Associations."

On December 14, a group of all the former participants in the Land O'Lakes/ USAID US training programs for the period 1994 – 2000 held a meeting. The goal of the meeting was to summarize the achievements of the individual businesses, create contact opportunities, and identify new areas for partnership. For photos related to the Bulgaria project's activities, refer to Attachment C.

- During 1994-2000, there were 14 groups of dairy industry representatives trained in Land O'Lakes/USAID programs – a total of 107 farmers, processors, consultants, academicians, researchers, experts, government officials and parliament members. All these programs were very carefully designed to augment and enhance our in-country training programs, and to reflect the current status of the industry as well as the needs and interests of the participants. The programs were focused on Association Leadership and Dairy Farm Management, Dairy Products Safety Systems, International Trade and Business Development, Business and Professional Association Strengthening, Farm Management, Association Development and Dairy Markets, American Milk Marketing Orders, Dairy Processing and Marketing, Marketing and Promotion of Milk, Dairy Quality, and Dairy Policies and Information Systems.

Participants in these programs included: 40 farmers, 38 processors, 18 consultants and university professors, and 11 government officials and parliament members. Of all the trainees, 22 percent were women.

After six years, the following results were reported based on Land O'Lakes US trainees' evaluation forms:

- The total sales of the participants' companies during this period were \$574 million;
- The export of dairy products during this period totalled at \$55 million;
- The value of new investments in these companies was \$13 million;
- Loans received totalled \$26 million;
- The number of employees in the companies has increased by an average of 19 percent, with women representing 51 percent of these new employees;
- The participants provided their input into the development of 23 laws, industry standards, legislation documents and policy agendas concerning issues of extreme importance to the industry;
- There were 126 books, articles, brochures, lectures and materials written, based on the information received in the US;

- The lobbying efforts of the Bulgarian National Dairy Association (BNDA) led to the establishment of a US\$ 1.3 million government-sponsored milk quality bonus program that encourages production of high-quality milk;
- The efforts of BNDA led to government tax reform, saving US\$ 20 million annually for the food processing industry;
- The participants became leaders who assisted in the formation of four national and 26 regional associations of dairy producers and processors. All participants are active board members.
- The associations formed have increased their membership by 108 percent and their income by 41 percent;
- The BNDA, in collaboration with the Bulgarian Red Cross, has initiated and successfully executed two national fund-raising campaigns using dairy products. Proceeds provided financial support to disabled children, children in poverty and children with cerebral paralysis under the motto "Their smile brings us joy";
- The improved financial position of participants has enabled them to make donations to charities. These included: 12 orphanages, four children's folklore groups, six hospitals, 16 schools and cultural centers;
- Based on information received through their US training, participants produced 12 educational programs for farmers and processors and broadcast for free on the National TV;
- Nine TV health programs were produced and broadcast nationwide with the objective of reducing osteoporosis among elderly people and children, educating the population on the importance of calcium in the diet, causes of increased incidence of tuberculosis, etc.

### III. ADDITIONAL ACCOMPLISHMENTS

Land O'Lakes developed a survey on the current status of the Bulgarian Dairy Industry and conducted a Small Ruminant Sector Analysis. These surveys were carried out in an attempt to adjust the current programs with a goal to prepare the Bulgarian dairy industry for EU accession and to assist USAID in the preparation of its country strategy development assistance in agriculture.

As a result some of the main barriers and opportunities for the development of the dairy industry were outlined, as listed below:

#### Strengths

- Good dairy herd genetic potential for increasing the volumes of milk supplies, as evidenced by steady increases over the last two years.
- A climate which is conducive to producing good milk.
- Approved technical specifications and technical instructions for 343 products.
- The domestic market for dairy products, although presently depressed, is capable of growing steadily over the years.
- The high number of young entrepreneurs who have entered the dairy industry in the last

few years.

- Sheep milk cheeses, such as white brined cheese and Kashkaval, a number of eminently marketable products, especially for regaining positions on export markets.
- Relatively low labor and processing costs compared to the EU.
- Producer and processor professional organizations gaining respect and recognition among members and government.
- Adoption of legal and regulatory framework consistent with EU regulations.
- Current government recognizing the dairy industry as one of the main priorities in its six-year "National Development Plan."

### **Weaknesses**

- The bacteriological quality of milk received by the dairies is low. Lack of quality programs in the sector.
- Insufficient cooling facilities in the milk chain from farms to dairies.
- High percentage of small dairy operations and subsistence farming with no interest in quality.
- An enormous number of milk collection sites, one third of which do not have milk cooling facilities. In the case of sites collecting sheep milk, over 50 percent lack cooling facilities.
- Inconsistent performance on the part of the Veterinary and Sanitary Authorities in the licensing, registration and monitoring of milk collection sites.
- Illegal street sales of raw milk and dairy products.
- Big number of small (1–3 MT per day) dairies competing for milk, thus compromising quality.
- Excess capacity not utilized, in many cases with outdated and poorly maintained equipment.
- Lack of vertical integration in the milk industry.
- Seasonal variation of milk production reflected in prices.
- No independent accredited dairy testing laboratories for milk quality testing.
- Limited product range.
- Not enough variety in packaging.
- Dairy management lacks experience in marketing and business planning.
- Lack of adequate information services for farmers and dairy operations.
- As with farmers, access to credit is difficult.
- Lost domestic and export market share.

## Threats

- The conditions for development of an active land market are not progressed quickly enough by the government. Without this, the current 90 percent of farms with one to five cows will remain unchanged.
- The State Fund "Agriculture" is not turned into an Agricultural Credit Guarantee Fund, as advised by the World Bank.
- Legislation for the functioning of credit cooperatives is not adopted.
- The dairy industry does not actively support the work of NDA.
- Existing legislation is not enforced.

## Opportunities

- A domestic market of nine million people, many of whom are prepared to purchase imported foreign dairy products. In 2000, 14,000 MT were imported. With some exceptions, all of these products are also manufactured in Bulgaria. With good marketing programs this market share of \$40 million per year could be recaptured.
- Many keen young people, new to the industry, have entered the industry in the last two to three years. They often work in management in the new, smaller dairies and do not have the production-driven mentality of many of their predecessors, preferring to advance their businesses by a market-led approach.
- If the Bulgarian dairy industry can get its act together and bring quality and hygiene performance up to EU Standards, its export market potential to the EU for dairy products is enormous. Presently, 20 percent of dairy products are exported to different regions of the world. This could easily be doubled once European markets become accessible again.
- The foundation of the National Dairy Association, the umbrella organization for the corresponding constituent farmer and dairy organizations, is a real bonus for the industry. At the moment it is in its initial organizational stage. With proper support and active participation from farmers, dairies and government, it could be a real asset to the industry.
- The presence of EU projects, the SAPARD program and other development programs all working at the grass roots level of the industry, should give the Bulgarian dairy industry a real opportunity to develop systematically and profitably in the long run.

## Small Ruminants Sector Analyses Abstract

Sheep and goat production are traditional sub-sectors in Bulgaria and their place within the structure of animal production is significant.

In the past century, the sheep population in Bulgaria has varied between seven and ten million. In 1893, after the Liberation of Bulgaria, the number of sheep was 6.8 million, while in 1939 it was already nine million. After WWII, during the collectivization period, the sheep population fell to about 7.8 million (1950-1960). Then, for the period 1965-1984 it increased to 10.5 million. This

number was preserved in the next 20 years.

From 1955 to 1988 a complete renovation of sheep breeds took place. Pure world-known breeds for improving the sheep population were imported in Bulgaria and the merino, semi-merino, cross-breed and Tzigai breeds were created. In 1974 the first two fine-fleeced breeds were created – the Thracian and the Northeast Bulgarian breeds. Ten years later another two merino breeds were created – the Danube and Karnobat breeds. In 1988 two cross-breeds – the South Bulgarian and North Bulgarian Corridel and, two Tzigai breeds – the Rhodopa and the Balkan Mountains Tzigai, were created.

The maintenance up to 1990 of this considerable number of improved sheep breeds led to an abrupt increase in sheep production, and parallel to that, to an increase in the export of sheep products. For example, for the period 1983-1986, when the sheep population was highest, the annual export of sheep white-brined cheese and yellow cheese (kashkaval) reached 28,000 – 33,000 MT to almost 100 countries worldwide, 1.3 – 1.5 million fatted sheep and weaned lambs – mostly to Arab countries and, 2.8 – 3 million lambs – to Western European countries, mostly to Italy and Greece.

Subsequently, the sheep population decreased so that in 1990 it reached 7.980 million, in 1995 – 3.383 million, in 2000 – 2.549 million and in 2001 – 2.286 million, including 1.758 million ewes.

In 2001 the private sector holds 99.25% of the total number sheep (2.268 million) and 99.43% of the ewes (1.748 million).

The reasons for the drastic fall in the sheep population after 1990 are the following:

- dropping out of the obligation of farmers (state and cooperative farms) to maintain a certain number of sheep;
- the introduction of market economy and the lack of economic stimuli due to low purchase prices of sheep products;
- the loss of markets in Arab countries for cull sheep and fatted weaned lambs and, therefore the loss of foreign currency flow into Bulgaria from this type of trade;
- the epizootic situation on the Balkans and the live animals export ban to the EU countries;
- the speedy break-up of public farms when private farms were not yet ready to take up their assets;
- the demographic crisis and migration of the population from the villages, especially in the low mountain and mountain regions.

As of January 1, 2001, the sheep population was 2,286,406, including 1,758,899 ewes. The decrease compared to 1996 is by 1,096,634 (32.41%). Ewes have decreased by 924,861 (i.e., 34.47%. Compared to 2000, i.e., for one calendar year, the sheep population has decreased by 264,478 (10.3%); ewes have decreased by 189,377 (9.7%).

The data analysis of the number of sheep per category (ewes and young ewes over 18 months) and per region shows a troubling tendency. The number of young female animals which enter their breeding period and which are to form the flocks for the following years decreases considerably – by 16.3% (including in the private sector – 16.5%). The most troubling situation

is in the Vratza Region: total decrease – 31.8%, for the ewes – 24.9% and for the young ewes – 48.7%. The situation is similar in: the Gabrovo Region (total decrease by 25.5%, for the ewes – 13.6% and for the young ewes – 22.4%), the Haskovo Region (total decrease – 25.1%, for the ewes 23.3% and for the young ewes 38.7%) and the Sofia Region (total decrease – 23.6%, for the ewes 15.9% and for the young ewes – 68.6%).

The given data and especially that related to the decrease in the number of young female breeding animals shows that in most regions a further decrease in the population is expected.

There are also regions where there was a slight increase in the sheep population in 2001 compared to 2000, ( Dobrich, Razgrad and Plovdiv). This increase is too insignificant to influence the overall tendency of decrease in the sheep population in the country.

As of January 1, 2000, the number of goats in Bulgaria was 970,274, including 789,596 does, 99.945 of the total number and 99.96% of the does being in the private sector. Compared to 1996, their total number is higher by 136,449 (16.43%) and for does – by 121,346 (18.16%). The highest number of goats in Bulgaria was registered in 1999 – 1,048,000, including does – 831,000.

The dynamics of the change for the period 1992-2001 is due to the following reasons:

- low cost of production of goat raw milk due to the fact that the animals are undemanding and inexpensive to farm;
- high productivity and possibility for producing more meat from doe-kids;
- possibilities for early insemination and speeding the process for entering the breeding period;
- possibilities for sufficient supply of dairy products in an economic crisis.

The dynamics of the change shows a certain decrease in the goat population in 2001 compared to 2000. The total number of goats is lower by 78,012 (7.3%), and that of the does – by 57,231 (6.8%).

The data analysis per region shows that the most pronounced decrease in the number of goats and does is in Kardjali Region (22.8% and 19.2% respectively), Haskovo Region (13.7% and 17.2% resp.), Blagoevgrad Region (18.9% and 17.6% respectively.), Sofia Region (25.9% and 24.6%), Montana Region (10.0% and 8.9% respectively.), Gabrovo Region (12.5% and 6.9%), Varna Region (10.6% and 15.0% respectively.), etc.

The only increase in the goat population is in the regions of Pleven (24.6%) and Rouse (5.8% and 10.7%).

The decrease in the number of goats is due mostly to problems with selling goat milk and the lack of separate buying and processing goat milk.

Both sector analyses would enable the national dairy industry associations and the development assistance programs to prioritize their approaches in providing assistance to the dairy sector in Bulgaria.

#### **IV. ACTIVITIES PLANNED FOR NEXT QUARTER**

**During the next quarter Land O'Lakes will continue working on:**

##### **Milk collection co-ops:**

Continue surveying farmers interest on forming producer collection co-ops.

Train farmers on co-op formation.

Assist farmer groups in setting up milk collection sites and milk collection businesses.

Business plan development and marketing.

##### **Group purchasing:**

Continue identification of dairy producers groups interested in group purchasing.

Survey and identify possible products and sources of supply and negotiate contracts.

Assist farmers group in purchasing the first shipment.

##### **Credit coops for dairy producers and credit unions for employees of dairy processing facilities:**

Survey farmers and companies for interest.

Investigate potential collaborative partners.

Identify mechanisms for creation of credit co-ops and credit unions.

Identify three groups of interested farmers and three interested dairy companies.

##### **Group promotion for dairy processors:**

Identify mechanisms for group promotion for association members at

a) national level

b) regional level

Assist FAMA JSC, the company selected by the BNDA and the BRC to implement the promotion and charity campaign in further development of their promotion strategy and action plan development for implementing the campaign – USTA.

## GUATEMALA

CDP Guatemala continues to work with Land O'Lakes' CDP counterpart in Guatemala, the International Indian Treaty Council, Central America Office (IITC/CA). IITC/CA is a human rights organization representing indigenous people in Guatemala. Although the primary focus remains indigenous coffee growers located throughout four regions of Guatemala suffering from the results of the civil war, efforts to expand into the dairy industry have also been underway. This focus allows the CDP project to facilitate existing local development, credit, technical, and marketing resources to complement its cooperative development activities.

Over the last year, the CDP worked to strengthen the cooperatives that were feeling the effects of coffee prices bottoming out. Activities for these cooperatives were increased and our largest and most successful roundtable was held June 2001. Feedback was given by participants, which has in turn strengthened our understanding of issues and increased the CDP's capacity to assist local cooperatives. For example, clearly cooperatives were producing products that could be sold locally in their markets. However, many cooperatives felt that they lacked the skills and guidance to make appropriate commercialization and production decisions for their products. In order to address these concerns CDP established a new position in July 2001, the National Coordinator of Production and Commercialization (NCPC). The NCPC is assisting indigenous cooperatives and associations in organization, administration and analyzing overall production and commercialization capabilities. It has also created the necessary linkages to access money being offered via new government legislation in Guatemala, in order to help balance the large amounts of debt or high interest loans which are defaulting due to the drop in world coffee prices.

Land O'Lakes has gotten 29 indigenous cooperatives legally registered within the Guatemalan government, and is in the process of getting five more cooperatives legally registered. Once cooperatives have been legally registered, assistance can be provided in the areas of marketing, production, organizational analyzes and product diversification. A large portion of the NCPC's time goes to working with these cooperatives to get them legally registered and begin assessments of their financial situation.

Rodrigo Brenes, Senior Project Officer for Land O'Lakes, visited Guatemala during the first quarter and began introductory meetings with local dairy cooperatives. The objective of these efforts will be the establishment of a series of milk collection centers through the purchase of small collection tanks, which are cooperatively owned and operated by groups of individual small farmers. CDP hopes to strengthen the market linkages between producer and processors in Guatemala in order to increase the cost of cooled milk available on the market. Rodrigo contacted XELAC located in Quetzaltenango and VERALAC in Tactic (Alta Verapaz). Both of these cooperatives are fairly close to Guatemala City and were interested in continuing discussions with Land O'Lakes.

Planning meetings have also taken place to prepare for more technical assistance during year five of the project. These assignments will focus on legally registered cooperatives that need organizational planning, marketing assessments and production capabilities.

## TANZANIA

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

The focus of the CDP in Tanzania is to support the development of healthy dairy cooperatives (primary societies) which can provide the services needed by farmer-members to improve their on-farm production. The project encourages the formation of umbrella cooperatives where appropriate in order to allow sharing of business activities/assets for improved efficiencies. Finally, the project works to continue the development of a strong Tanzanian dairy association to lead the development of the sector.

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

- Increasing capacities of cooperatives through training and technical assistance while emphasizing importance of a cooperative as an instrument of development.
- Sharing information and economic links with other local and non-government organizations dealing with cooperative development.

### Summary of training activities

Land O'Lakes conducted two major training activities in the following areas:

- (a) Management of co-operatives as a business entity.
- (b) Value Adding (milk processing).

The following co-operatives participated in the trainings: CHEMUCO, CHAWALE, NG'UNI, MARUKENI, KALALI, NKWARUNGO, IKUNDA (IDAFASO), MEDAFA, KIJIMO, HP MAKAU and AGAPE

### **Impacts:**

1. After Land O'Lakes training on managing co-operatives as business entities:
  - (a) Groups like Nkwarungo are currently organizing themselves in order to register their co-operative.
  - (b) Nkwarungo group have initiated two meetings and now with the assistance of the District Co-operative Officer they are finalizing their bylaws and soon will be a registered cooperative.

- (c) Nguni Women Co-operative Society has managed to complete its accounts for 2000, which was long over due, and are now working on 2001 accounts ready to submit to co-operative auditors.
  - (d) Ikunda women group has restructured and reorganized itself to Ikunda Dairy Farmers Society (IDAFASO) to incorporate more members and it is no longer gender restrictive.
2. The following results are evidenced as a result of training in value-adding conducted by Land O'Lakes staff:
- (a) Ikunda women group used to pack their *mala* (cultured milk) in plain milk pouches. After the training, they started packing in formal labeled milk pouches.
  - (b) Nronga women dairy co-operative society used to sell milk in bulk and not labeled nor packaged. Now the group is packaging *mala* and fresh milk and selling directly to the market.
  - (c) Following Land O'Lakes advice, Nronga women group has employed a marketing specialist who is now monitoring their sales in Arusha and Kilimanjaro regions.
  - (d) Along with packaging *mala* and fresh milk into small pre-packs, Nronga has initiated school milk-feeding program to nearby schools for market expansion and nutritional quality improvement.
3. After the collapse of a former processing plant, New Northern Creameries Company (the then big processor in the northern zone), a private processor by the name of Arusha Dairy Company Limited obtained advice from Land O'Lakes. The new processing plant increased current processing capacity and improved the quality of the processing facilities to accommodate increasing supply and demand for dairy products. Arusha Dairy Company followed the advice, and, as a result, sales for the processing plant have increased by 50%.

### Future Plans

- i. Assist the existing and new dairy coops to improve milk procurement and quality control through establishment of collection centers, dairy processing equipment and food ingredients.
- ii. Conduct training and offer technical assistance on the following aspects:-
  - a. Coop formation and management
  - b. Milk production, collection, processing and packaging and distribution network
  - c. Record keeping and dairy marketing management
- iii. Conduct school milk feeding program in Kilimanjaro and Arusha.
- iv. Develop market information service outreach and information utilization to small-scale dairy farmers.
- v. Conduct intensive dairy promotion campaigns by including the mass media and road shows for product awareness.

## **LAND O'LAKES ORGANIZATIONAL STRENGTHENING**

### **Increase Cooperative and Association Knowledge of IDD:**

Land O'Lakes is working on institutionalizing cooperative development expertise within the International Development Division. Staff have received training both informally and formally through the following: attending conferences, taking training, and participating in development and leadership training. For example, IDD staff have discussed cooperative membership issues with the Land O'Lakes membership division to gain better understanding on the issues surrounding membership. Land O'Lakes staff regularly participated in meetings with a group of Twin Cities cooperative leaders called New Visions/New Ventures.

### **Land O'Lakes Promotion of USAID:**

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

- The division hosts a booth at Land O'Lakes Annual Meeting to explain its goals and activities. The division presents to the Young Producers group as well, to promote support for international development among our cooperative's future leaders.
- A web site highlighting Land O'Lakes USAID projects, including CDP, has been developed ([www.landolakesidd.com](http://www.landolakesidd.com)).
- A quarterly newsletter with information on USAID-funded projects is sent to approximately 1,200 people, including Land O'Lakes members, employees, volunteers, consultants, and other interested parties.
- The International Development Division sends out information packets discussing USAID and development projects on a regular basis upon the request of interested persons and as handouts to visiting groups.
- As appropriate, members and employees of Land O'Lakes are utilized for technical assignments.
- In Bulgaria: Land O'Lakes/Bulgaria staff participates in different association events, presents USAID-funded programs and promotes the international development efforts. Impact success reports are publicized through press releases and through television and radio interviews. Education of the efforts of the work that USAID foreign assistance does will continue through association newsletters and bulletins. Through the Annual Regional Dairy Association Roundtables in Bulgaria, USAID international development efforts are promoted to EU and third country representatives.

### **Cooperation with CDO partners:**

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

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

### **Adjustments to Project:**

There are no major adjustments to the project this past six months.

## **SUBGRANT TO HEALTHPARTNERS: Uganda Health Society Project**

### **Progress Towards IR's**

HealthPartners Uganda Health Cooperative (UHC), continues to improve the health of the population by reducing the financial barriers to accessing health services. UHC pools resources from cooperative members and other interested groups. Through the collection of premiums, members receive health care coverage. HealthPartners has made great strides over the past six months and continues to overcome barriers by educating or "mobilizing" rural populations on general health care and preventive medicine. As early health-seeking behavior and preventive measures become increasingly adopted by the communities, there has been a reduction in health service utilization, thus balancing the premium structure with provider cost.

The Uganda Health Information Services (UHIS) database system has been installed at Bushenyi Medical Center and a database support structure is being created with training for individual users, technical support and health plan administrators. The system will be installed in two new locations over the next six months and training will expand to include additional users and UCBHFA members.

HealthPartners continues to play an active role in mentorship and training of the UHC team as well as assisting with linkages and international promotion on the health scheme concept.

### **Activities**

#### **A. Summary of Intervention**

- Purchased equipment for additional Uganda Health Information Services (UHIS) database installations.
- Installed UHIS in Bushenyi Medical Center. Hired, trained and entered into a contractual relationship with a local administrator to maintain the database.
- Donated surgical eye packs from HealthPartners to Lacor hospital in Northern Uganda.
- Hired a new national coordinator for UCBHFA.
- Progressive weekly mobilization activities have been held with FINCA (Foundation for International Community Assistance), a large network of micro-credit groups recently joining UHC.
- Continued construction on the new clinic site in Buhweju.
- Hired a representative from Makerere Institute of Social Research in Uganda conduct a study on UHC extension. The report was based on interviews with UHC members on benefits and areas for improvement and interviews with non-UHC members about their impressions of UHC compared to other health care options.
- Working with Commercial Market Strategies (CMS) with funding from DfID on the In-net program, to distribute insecticide-treated bednets to UHC health plan members for malaria prevention.

- Local publicity augments efforts to build visibility of program internationally to mobilize additional interest (e.g., National Public Radio special, domestic newspapers)
- Scott Aebischer and Maureen Peterson traveled to Washington, D.C., in July to meet with LizAnn Prosser from CMS Corporation, Della Dash from USAID and Kristin Penn and Ted Weihe from Land O'Lakes. These meetings enhanced HealthPartners understanding of project funding and expectations.
- Scott Aebischer, HealthPartners VP International Operations and Uganda Project Leader visited Uganda in August/September 2001 to enhance relationships and consult on project management.
- George Halvorson, President HealthPartners traveled with Mr. Aebischer to assess the project and discuss linkages with other organizations. Mr. Halvorson inaugurated the new clinic site in Buhweju.
- Larry Landis, HealthPartners Information Services specialist traveled to Uganda for two weeks in August 2001 to train Stephen Baryahirwa, UHIS Technical Advisor and others from Computer Specialists on Oracle, UHIS and installation procedures.
- Joy Batusa, UHC Director traveled to Miami, Florida to speak on a panel and give a presentation at the sixth annual International Summit on the Private Health Sector. The symposium was entitled, Africa: Private Health Sector Trends and Opportunities. A copy of the presentation is included in Attachment D.

#### Impact/Results from Overall Program

- UHC Participating Providers
  - Ishaka Hospital, Bushenyi
  - Bushenyi Medical Center
  - Naguru Health Center, Kampala
  - Care Clinic, Kampala
  - Private clinics in Mukono
  - Lachor Hospital, Gulu
- Current Groups (all totaling 2,500 members)
  - Kigoma dairy co-operative (Bushenyi)
  - Buhweju tea co-operative (Bushenyi)
  - Bitereko/Nyakisiro UWESO (Bushenyi)
  - Igara Tea Factory (Bushenyi)
  - Bumbaire coffee co-operative (Bushenyi)
  - Kashozi dairy co-operative (Bushenyi)
  - Kanyinya Tea Cooperative (Bushenyi)
  - Uganda Microfinance Union (Kampala)
  - Finca Groups (Mukono)
- Prevention Retention Plan
  - Rolled out in several communities beginning with an introduction at the

community leaders' workshop.

- Groups were visited in Bushenyi and Mukono districts
- 152 members attended the meetings
- 103 families were visited
- 5 health education sessions were held on malaria prevention and sanitation and hygiene improvement
- 8 health education sessions were held on malaria prevention
- 181 SmartNets were sold to reduce incidence of malaria

## **B. Potential Issues/Hurdles/Results**

- The minimum group for membership is 60% of group member households or 20 families (whichever is the larger). This has been a difficult concept for new groups; however, the importance of this rule is increasingly clear as new members tend to turn over and the heaviest usage of prepaid health care is in the first months of membership.
- Sustainability is overly spoken and poorly understood. A five-year comparative study is being conducted and will provide additional parameters for the concept of sustainability.
- Using commodity sales for scheme payment is complex.
- Arbitration mechanisms need to be determined.
- Rumor control and mobilization continue to be important.
- Over-utilization can be expected early on but diminishes over time.
- Underwriting is an evolving process and requires extensive data.
- Important to educate providers on the financial benefits (e.g., reduced bad debt) and lessen dependence on re-insurance.
- The expertise of HealthPartners and continuous dialogue continues to offer significant benefits.

## **C. Proposed Next Quarter Activities**

- Partner with USAID and other projects to enhance the savings offered by the prepaid system.
- Increase adherence to prepayment rules of membership
- Collect and analyze year five reports
- Create work plan for extension and expansion
- Continue to mobilize new populations and educate providers
- Determine mechanism for arbitration
- Continue to expand prevention and retention initiatives
- Continue to provide quality service to member groups
- Evaluate UHIS reports and evaluate premium structure accordingly
- Continue to train UHIS users and administrators
- Install UHIS in additional sites

- Work more closely with the Ministry of Health to achieve MOH goals
- Continue to seek collaboration with related projects and missions

**D. Promotion of USAID and International Development Efforts**

- Scott Aebischer and George Halvorson traveled to Uganda with Joanne Silberner and Gary Convino of National Public Radio. Ms. Silberner is creating a report with a broadcast date TBD.
- George Halvorson, HealthPartners CEO, is working on a book about our Uganda experiences that could be used as a model for others to use in implementing similar programs.
- Joy Batusa, UHC Director traveled to Miami, Florida, to speak on a panel and give a presentation at the sixth annual International Summit on the Private Health Sector. The symposium was entitled "Africa: Private Health Sector Trends and Opportunities."
- George Halvorson and Scott Aebischer also attended the International Summit on the Private Health Sector in an effort to network and learn from other international operations.
- "HealthPartners International Involvement: The Uganda Health Cooperative" George Halvorson presented an overview of the project to a Rotary Club.
- For regular project updates see [www.HealthPartners.Com](http://www.HealthPartners.Com), "Who We Are," "HealthPartners in Uganda."

# **ATTACHMENT B**

## **IMPACT REPORT: BULGARIA RED CROSS PROJECT**

## 'THE RIGHT TO A FUTURE'

"And so this is Xmas  
For weak and for strong,  
For rich and the poor ones,  
The world is so wrong...  
And so happy Xmas  
For black and for white,  
For yellow and red ones..."

So goes the lyrics by John Lennon...

The right to a future is the undeniable right of every human being. "The Right to a Future" is also the logo of the nationwide fundraising campaign in favor of homeless children, children in poverty, disabled children and orphans in Bulgaria.

No need for greed or hunger  
A brotherhood of men  
Imagine...

The Bulgarian National Dairy Association (BNDA), established and supported by Land O'Lakes/USAID, for the second year now, initiated this fundraising campaign, according to its agreement with the Bulgarian Red Cross (BRC) for developing and implementing joint dairy promotion programs. This year's selected BCR counterpart dairy company for the 7-month campaign is FAMA Ltd., a member of BNDA. The selection was based on high-quality dairy products, nationwide distribution network and, commitment and active involvement in industry and community development.

The nationwide fundraising campaign includes a TV video-clip with famous Bulgarian actors, sportsmen, singers, journalists promoting dairy products and "the right to a future" for every child. The BRC logo and the motto of the campaign is placed on the package of every dairy product and a portion of the sales incomes will be donated to Bulgarian Red Cross orphanages.

"Health is one of children's rights and it is our responsibility to protect this right," said Mr. Svetlozar Lazarov, owner and president of FAMA and a participant in a Land O'Lakes Training Program in the United States back in 1997. "It is more than 11,300 homeless children per year that find shelter in the Red Cross homes. This is a win/win/win situation. The first winner is BRC with USD 40,000 to 80,000 donated to it, the second winner is FAMA with an expected sales increase of 25% and, last but not least, is the increased domestic consumption of branded local dairy products. This is a successful continuation of charity promotion campaigns. Through last year's campaign with the motto 'Their Smile Brings Us Joy,' children suffering from cerebral paralysis were assisted."

So this is Xmas.  
And what have you done?  
Another year over  
And a new one just begun.  
And so this is Xmas.  
I hope you have fun.  
The near and the dear one,  
The old and the young.  
A very Merry Xmas!  
And a happy New Year!  
Let's hope it's a good one  
Without any fear...

✓ **BNDA, established and supported by Land O'Lakes/USAID, initiates a charity campaign for the second year**

✓ **Dairy products sales incomes donated to Bulgarian Red Cross orphanages**

✓ **Public/private partnership creates an example for mutual benefit**

Red Cross - FAMA Isc Fund Raising Campaign Poster

# ДОБРИЯТ ДАРЯВА НАДЕЖДА



Фонд "МИЛОСЪРДИЕ" на Българския Червен кръст



## NATIONAL FUND - RAISING CAMPAIGN "RIGHT OF FUTURE"

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- [structure](#)
- [regional](#)
- [the emblem](#)
- [principles](#)
- [activities](#)
- [BRC Youth](#)
- [The Movement](#)
- [how to help?](#)

### BULGARIAN RED CROSS AND FAMA PLC. - DAIRY PRODUCTS MANUFACTURER NATIONAL FUND - RAISING CAMPAIGN "RIGHT OF FUTURE"

**DURATION: 11.12.2001 - 15.06.2002**

**AIM OF THE CAMPAIGN:** To help orphans, children at risk, children- victims of violence and children, suffering from heavy diseases.

In the hypermarkets in Bulgaria Metro Cash & Carry - Bulgaria, Billa - Bulgaria, Ramstore as well as in smaller shops will be sold dairy products of Fama Plc. with the trade mark Rosa - yellow and white cheese, butter, yogurt and fresh milk with the Bulgarian Red Cross logo on them.

Please send your comments to: [info@redcross.bg](mailto:info@redcross.bg).

Against using of the emblem the donor will donate percentage of sales, but not less than 40 000 BGL. The aim is to create a resource fund for the BRC's 6 social institutions in Bulgaria where children at risk, homeless, victims of violence and disabled are sheltered, given rehabilitation and medical help. These social institutions are in Sliven, Dobrich, Targoviste, Plovdiv, Russe and Gabrovo. Nowadays the Bulgarian Red Cross supports them through international programs with other Red Cross National Societies as well as with national fund-raising campaigns in Bulgaria.

THE ADVERTISING MATERIALS FOR THE CAMPAIGN (video of 75 seconds, 4 video spots of 20 seconds each; 75 seconds audio spot and print visual for press) has been created by the devoted team of CINEMAGIX agency.

**BULGARIAN CELEBRITIES, SUPPORTING THE CAMPAIGN AND PARTICIPATING IN THE VIDEO:** Zlatina Todeva - actress, Lilly Ignatova - world champion in gymnastics, Ina Grigorova - talking head, Maya Novoselska - actress, Maria Kavardjikova - actress, Beloslava - singer, Evgenia Atanassova - journalist, Georgi Chapkanov - sculpture, Christo Garbov - actor, Tedy Moskov - play writer, Vassil Vassilev-Zueka - actor, Nikolay Sotirov - actor, Nikolay Kanchev - showmen, D-2 - pop band and Nasko from BTR rock band.

These people, being opinion makers in Bulgarian society, consider as important the activities of the Bulgarian Red Cross. Some statistics could measure the size of BRC efforts towards children. Children in BRC's social institutions receive per year the following services:

- 8 600 hours rehabilitation for the children with cerebral paralysis
- 5 700 hours psihological, social and medical consultancies
- 25 400 meals served
- 11 300 receptions, providing shelter, food and medical care of street children

The Bulgarian Red Cross has invited media for help to launch for free the advertisement products for promotion the fund-raising campaign. TV and radio channels, press, both national and local were aksed to publish / launch for free the advertisements. We would like to thank all media, who were social responsible and reacted very quickly to our appeal. To date we have confirmation of the following media for their help:

Bulgarian National Television

New Television - national  
BTV - national  
Bulgarian National Radio  
Express Radio  
Trud and 24 hours newspapers - national  
Democracy Newspaper - national

We hope other media will join during the campaign. The Bulgarian Red Cross is considering media participation as donation. This way the above media become our donors. We invite them to send via e-mail their logo to:  
[a.nesheva@redcross.bg](mailto:a.nesheva@redcross.bg)  
We will have it on our website in our donors list.

The BRC thanks all media who joined already and to those who will join further.

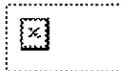
The BRC website will publish periodically information about the campaign,

The BRC magazine Zdrave also will be published the above information.

**For further information your can call:**

Angela Nesheva  
Head of Fundraising and Marketing Dpt.  
Tel. (+359 2 )66 02 08, 63 93 311  
Fax. (+359 2) 66 02 08  
E-mail: [a.nesheva@redcross.bg](mailto:a.nesheva@redcross.bg)

BRC Press Center - 63 93 220, 63 93 214



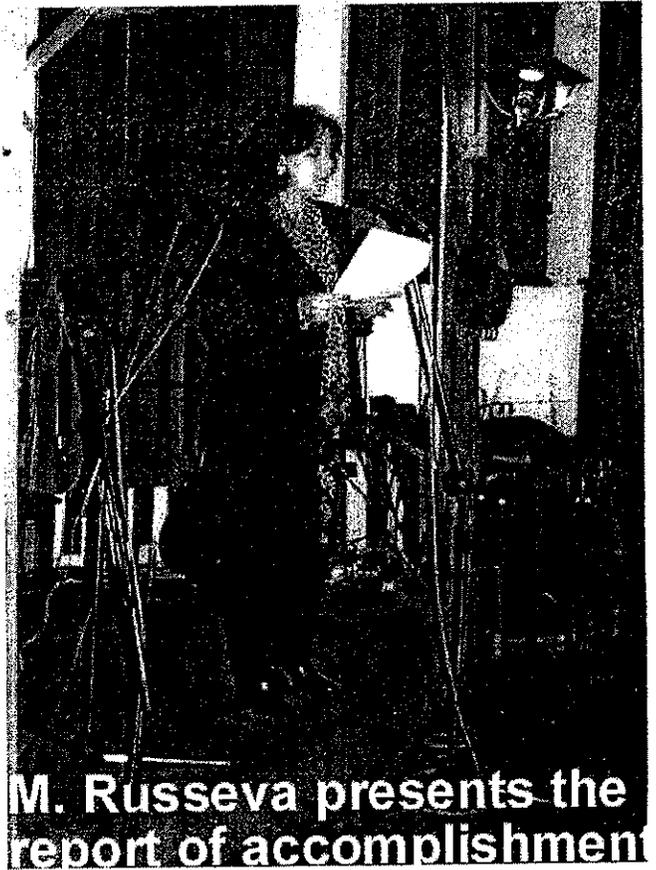
# **ATTACHMENT C**

**Photos from Bulgaria –**

**Meeting on December 14, 2001**



Participants open the  
S. training participants meeting



M. Russeva presents the  
report of accomplishment



Be Abrahamsis success



Haladjov talks about DA accomplishments



John Hooy and his success story



Meeting of the US training participants - Dec 14, 2001

## **ATTACHMENT D**

### **Presentation by Joy Batusa--Africa: Private Health Sector Trends and Opportunities**



*Uganda Health Cooperative*



*Uganda Health Cooperative*



*Uganda Health Cooperative*

Uganda

- Population: 23,985,712
- Per Capita Health Expenditure: \$12 year
- Economy: Primarily agricultural, peasant
- Care system: Some government, mostly private/NGO

## *Uganda Health Cooperative*

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An affiliate of HealthPartners, Minnesota  
an HMO serving 750,000 members.

## *Uganda Health Cooperative*

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UHC is

- A micro health system
- set up with local governance
- supported by systems and processes

## *Uganda Health Cooperative*

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Typical UHC schemes

- Dairy cooperatives
- Tea cooperatives
- Micro-credit cooperatives

## *Uganda Health Cooperative*

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Each group

- Chooses its leaders
- Chooses its care givers
- Chooses benefit set
- Chooses its operative rules

## *Uganda Health Cooperative*

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### Cooperative Leaders

- Recruit members
- Lead registrations
- Collect premium
- Serve as a link to caregivers, administrators

## *Uganda Health Cooperative*

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### Examples of “rules”

- Family definition
  - how many wives
  - how many people for the base premium
  - one description used: “People who sleep under the same roof and eat from the same pot.”

## *Uganda Health Cooperative*

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### Benefit Package

- Local care
- Acute care treatment
- Prevention

## *Uganda Health Cooperative*

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### Prevention services

- |                        |                 |
|------------------------|-----------------|
| • Mosquito nets        | • Immunisations |
| • Prevention education | • Deworming     |
| • Prenatal care        | • Clean water   |

## *Uganda Health Cooperative*

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### Special Innovations

- *In-Net*  
Aims to improve the health of low income Ugandans-particularly women and children by providing insecticide treated nets to reduce incidence of Malaria.
- *Mother Child Rescue*  
MCR reduces maternal and child mortality by providing a solar powered radio for rural cooperatives and a matatu (bus) equipped with a radio.

## *Uganda Health Cooperative*

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### Uganda Health Information System (UHIS)

- Computer system for micro health
- Developed with Oracle
- Full records of care and utilisation on a desk top computer
- Ability to track utilisation, care, costs and health

## *Uganda Health Cooperative*

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### Process steps

- Develop the tool kit
- Select likely groups (cooperatives, microcredit)
- Recruit the leaders
- Hold meetings
- Set up premium

## *Uganda Health Cooperative*

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### Premium

- 12,000 Uganda shillings for a family of four for three months
- Roughly \$1 USD per quarter, \$2.33 per month for a family
- \$ .58 per person per month

## *Uganda Health Cooperative*

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### Comparison premium cost per day

- HealthPartners Uganda \$. 02
- HealthPartners USA \$ 6.66
- USA average -- \$. 28 per hour

## *Uganda Health Cooperative*

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Cash flow set up to avoid opportunities for theft and fraud.

## *Uganda Health Cooperative*

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Money goes directly and immediately to prepayment

- No partial cash
- No reserves

## *Uganda Health Cooperative*

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Advantages of a cooperative program

- Sustainability
- Local control
- Local decisions