

ASSISTANCE TO COOPERATIVES AND NON-GOVERNMENTAL ORGANIZATIONS

STATUS OF ACTIVITIES December 20, 2005

I. Introduction

Iraq's transition to a market-based economy has been accompanied by the emergence of private sector community-based cooperative groups and non-governmental organizations. The goal of these groups is to assist farmers in the transition to the new economy, and assist in the development of Iraq's agricultural sector. These new cooperatives and NGOs can help farmers improve their farm businesses and supplement government extension services to agricultural producers, particularly those in remote rural areas that are not easily reached by government extension agents.

This report will discuss the activities of the Agriculture Reconstruction and Development Program for Iraq (ARDI) to provide assistance to develop cooperatives and non-governmental organizations working in Iraq's agriculture sector.

II. Cooperative Development

Under the previous regime, cooperative groups functioned under the control of the government and served a social and political organizational function. In the centrally-led economy, some cooperatives served as points of distribution for government-provided inputs, such as fertilizer or seeds, to agricultural producers.

As the nature of agricultural production has changed in Iraq's new market-based economy, so has the role of cooperatives. Agricultural producers can no longer rely on the government for agricultural inputs, and must operate their farms as businesses. They must make economic choices regarding levels of inputs, cropping patterns, marketing and storage options, and livestock feeding rations.

The cooperatives that are now being established in Iraq are private sector entities with the goal of helping farmers succeed in running their farms as businesses. The cooperatives can help farmers understand basic business concepts such as budgeting, estimating rates of return and profit. Understanding these concepts will help farmers make good economic choices to maximize their profits. The cooperatives can also facilitate cooperation between agricultural producers to achieve economies of scale that will help increase production and

income. For example, a group of sheep breeders working together can buy feed in bulk at a reduced price, thus reducing the cost of their inputs and increasing their margin of profit.

ARDI has implemented a comprehensive program to develop new cooperatives in the agriculture sector. The cooperative groups, like individual agricultural producers, have little experience with basic agricultural economics. ARDI will help the cooperatives establish themselves according to a business model, according to the following process:

1. Identify cooperative groups

ARDI Private Sector Development Coordinators, with the assistance of local governments and NGOs, are identifying groups that are interested in establishing themselves as a cooperative group for agricultural production. The Coordinators are meeting with the groups to determine if they are likely to succeed as a cooperative, using such criteria as ability to work together as a group to establish a structure, and capability of running a large project.

2. Establish the cooperative structure

Once a group is selected, the ARDI Private Sector Development Coordinators work with them to develop a cooperative structure based on a business model. The cooperatives must elect a board of directors to lead the cooperative, including a president, accountant and technical supervisor. The Coordinators work with the group to select candidates with appropriate skills for each position.

3. Register the cooperative

The current law governing cooperatives still considers them to be social or political organizations and not business entities, so ARDI is helping the new cooperatives to register under a different process. Each cooperative registers with district, governorate, and Ministry of Agriculture offices. When a new law is created to govern business-oriented cooperatives, ARDI will help the cooperatives to re-register according to the law.

4. Conduct feasibility study

Each of the cooperatives that ARDI is assisting has a concept of a project that will help improve agricultural production. Before any implementation begins, the ARDI Private Sector Development Coordinators study each of these concepts for feasibility to ensure that the concept is workable. Based on information from the cooperative, the Coordinators construct cash flow and income statements, which show starting and ending balances, projected cash disbursements and income, and projected profit and loss. If the preliminary plan is not feasible, the Coordinators work with the cooperative to improve it. For example, the Coordinators are currently working with a cooperative with a plan for breeding dairy cows. After completing a feasibility study, the Coordinators realized that the business plan called for the purchase of too many calves of a variety that is not locally available. Based on the

recommendations of the Coordinators, the cooperative has changed its business plan to reduce the initial purchase of calves, and decided to buy a locally available variety.

5. Provide business management training and implement cooperative project

ARDI is conducting business management training courses for all of the cooperatives with which we are working. Most of the cooperative members have little experience with a market-based economy, and few have had any education in basic economics. The training course includes a discussion of the transition of Iraq's economy from central planning to market-orientation and covers basic economic principles. The course also addresses specific business management skills, including developing a business plan, creating an income statement, managing cash flow, and strategic planning. At the conclusion of the training course, the cooperatives develop their own business plans, income statements, and cash flow statements.

When the members of a cooperative complete the training course, they are prepared to begin project implementation. In some cases, ARDI grants the cooperatives some of the inputs necessary to start the project.

6. Monitoring and evaluation

ARDI will continue to provide assistance to the cooperatives during project implementation. The ARDI Private Sector Development Coordinators will visit the cooperatives once per month to monitor progress and ensure that each cooperative is operating according to its business plan. The Coordinators will update the cash flow and income statements based on actual results, and compare them to the original estimated statements to evaluate progress.

Current Status

ARDI is currently working to develop a total of 20 cooperatives, with such business concepts as sheep breeding, dairy farms (cows and buffalo), beekeeping, greenhouse cultivation (vegetables and flowers), calves fattening, production of dried fruit, and private veterinary service providers. Ten of the cooperatives have been established, and of these, the members of seven have attended an ARDI business management training course. The other thirteen cooperatives have been identified to receive assistance, and the ARDI Private Sector Development Coordinators are in the processing of helping them establish and register.

ARDI will provide grants to some of the cooperatives to help them implement their business plan. Two grants have been submitted to USAID for approval, to provide inputs to help professional veterinarians in Tameem and Ninewa open private veterinary clinics according to a feasible business model. The two cooperatives, one in each governorate, will receive grants of tools and equipments to set up clinics to enable 20 veterinarians in each governorate to provide veterinarian services to area livestock breeders. These clinics will

provide employment opportunities for veterinarians, and will meet a demand for veterinary services.

Another five proposals are in process, to provide inputs to sheep farm cooperatives in Tameem and Ninewa; calves fattening cooperatives in Tameem and Ninewa; and a beekeeping cooperative in Baghdad. These cooperatives have all received ARDI's business management training.

ARDI also provided business management training to the four cooperatives that each received a grant of a seed cleaning machine as part of the ARDI seed cleaner distribution program. These cooperatives learned how to make a business plan to ensure sustainable operation of the machines to clean farmers' wheat seed at a nominal price. The farmers will benefit from the access to seed cleaning facilities, which will enable them to plant clean wheat seed and increase their productivity.

ARDI will continue to work to establish and develop cooperative groups, and to provide business management training to private sector groups. Additional business management training courses are planned for Veterinary Syndicates in Dahuk and Diyala, and will be provided to other groups as they are identified.

The chart below shows the status of assistance to developing cooperatives in Iraq.

ARDI's Assistance to Developing Cooperatives in Iraq

Type of Cooperative	Location	Number of Members	Status- ARDI Assistance
Sheep Breeding	Tameem	50	Cooperative is established Cooperative is registered Cooperative has received business management training
Sheep Breeding	Ninewa	30	Cooperative is established Cooperative is registered Cooperative has received business management training
Calves Fattening	Tameem	35	Cooperative is established Cooperative is registered Cooperative has received business management training
Calves Fattening	Ninewa	35	Cooperative is established Cooperative is registered Cooperative has received business management training
Dairy Farm	Dahuk	25	Cooperative is established Cooperative is registered
Beekeeping	Baghdad	37	Cooperative is established Cooperative is registered
Greenhouse for Vegetables		42	Cooperative is identified to receive ARDI assistance
Greenhouse for Vegetables	Diyala	30	Cooperative is established
Sheep Breeding	Diyala	35	Cooperative is established
Calves Fattening	Diyala	40	Cooperative is established
Veterinary Service Provider	Diyala	20	Cooperative is established
Calves Fattening	Salah al-Din	38	Cooperative is established Cooperative is registered

ARDI's Assistance to Developing Cooperatives in Iraq *continued*

Type of Cooperative	Location	Number of Members	Status- ARDI Assistance
Beekeeping	Salah al-Din	30	Cooperative is established Cooperative is registered
Beekeeping	Tameem	35	Cooperative is established
Buffalo Dairy Farm	Tameem	41	Cooperative is established Cooperative is registered
Calves Fattening	Ninewa	31	Cooperative is established Cooperative is registered Cooperative has received business management training
Veterinary Service Provider	Tameem	20	Cooperative is established Cooperative is registered Cooperative has received business management training
Veterinary Service Provider	Ninewa	30	Cooperative is established Cooperative is registered Cooperative has received business management training
Veterinary Service Provider	Dahuk	20	Cooperative is identified to receive ARDI assistance
Fruit Drying	Erbil		Cooperative is established

III. NGO Development

There are a number of non-governmental organizations working in Iraq's agricultural sector to help farmers increase production and income. These NGOs often fill gaps in government extension, especially in rural areas where there are few government resources for extension services. ARDI has partnered with a total of 23 non-profit NGOs and cooperatives to implement 52 grants and 22 subcontracts for agricultural development projects. For example, ARDI is partnering with six NGOs to implement the Seed Cleaner Distribution program. ARDI has contracted with these organizations to operate the seed cleaners to clean and treat wheat seed for farmers in all 18 governorates. To date, the organizations have cleaned a total of 24,893 tons of seed, resulting in 21,127 tons of grade one treated seed that will enable farmers to increase their productivity and increase their income. These NGOs have been invaluable partners in helping ARDI reach thousands of farmers throughout Iraq to increase wheat production. In addition, one NGO contributed from its own funds the fungicide to treat farmers' seed to protect against fungal diseases.

These NGOs will be a valuable resource in continued efforts to develop the agriculture sector, and ARDI has made contact with additional NGOs to explore partnerships that will enable the expansion of development projects to reach more farmers throughout Iraq. However, like Iraq's cooperatives, many NGOs face constraints due to the experience of decades under a centrally-planned economy and government characterized by top-down management. ARDI is working with Iraqi NGOs to introduce organizational development skills, including strategic planning and facilitation, that will improve the ability of the NGOs to provide assistance to agricultural producers. ARDI is also assisting in the formation of a network of NGOs working in the agricultural sector, to encourage the coordination of efforts and efficient use of resources to maximize the impact of assistance to agricultural producers in Iraq.

Strategic Planning

Strategic planning is an important organizational development tool that helps an organization define its priorities in order to use its resources in a focused and efficient manner to achieve its goals. The strategic plan is a written statement of short-and long-term goals that are agreed to by the organization's members, and the tasks that must be completed to achieve them.

ARDI's Private Sector Development Coordinators are working with Iraqi NGOs to create strategic plans. The Coordinators are working with each group to facilitate discussions and reach consensus on the group's long- and short-term goals and objectives. The group then agrees on the tasks that are necessary to achieve the goals. The goals, objectives and tasks are then written down in the strategic plan, which will serve as a guide for the NGO's work in the short- and long-term.

ARDI has completed the strategic planning process with one NGO so far. The NGO defined two goals: to work with the local government to work out an agreement to compensate farmers for agricultural land taken for airport construction; and to improve crop production in the local area.

Facilitation Skills

ARDI is working with NGOs to develop internal capacity to operate through participatory decision-making, to reach agreements and solve problems by building consensus. Much of the Iraqi workforce is unfamiliar with this type participatory decision-making due to the experience of decades of top-down management under the former regime. It is important that NGOs adopt this participatory style of management and learn to make decisions by consensus, in order to operate efficiently and effectively.

In order to develop this capacity in NGOs, ARDI has created a training course in facilitation and a manual entitled *Technical Manual: Forming and Strengthening Associations in Iraq*, which contains capacity-building exercises to build facilitation skills. ARDI has held one two-part workshop for members of NGOs with which ARDI partners to implement programs. During the first workshop, the participants learned the four basic skills of facilitation: asking questions; paraphrasing; summarizing; and encouraging. After this workshop, the participants returned to their organizations and practiced their facilitation skills. They then returned for a second workshop, during which they learned how to use tools such as a flip chart to facilitate discussions to build consensus. In small groups, the participants chose a topic for discussion, designed flip charts and facilitated a discussion with the larger group. The participants also learned how a facilitator should interact with a client, including how to identify a client's needs and plan an agenda.

The NGOs that have participated in the training workshop will be more effective in their own operations, by solving problems and reaching agreement through building consensus. In addition, the NGOs will be prepared to train government and other private sector organizations that need to build capacity for participatory decision making. ARDI plans to

expand the scope of this training program and offer the course to more NGOs in the future. A facilitation training course is currently being planned for early January 2006.

NGO Leaders Workshops and NGO Network

In addition to working with individual NGOs to develop capacity, ARDI is promoting cooperation between NGOs to encourage the coordination of efforts to develop Iraq's agriculture sector. In September 2005, ARDI held the first NGO Leader's Workshop to bring together representatives from ten NGOs working in the governorates of Basrah, Muthanna, Ninewa, Tameem, Sulaymaniyah, Erbil and Dahuk. During the workshop, ARDI representatives provided an overview of ARDI activities in the agriculture sector, as well as an outline of priorities for the coming year. The NGO representatives shared their organization's areas of focus in the agricultural sector, and worked in small groups to discuss strategies for broad-based action in the agricultural sector through collaborative work with government agencies, private entrepreneurs, farmers' organizations, and the international community.

At the conclusion of this first workshop, the participants proposed the creation of a coalition of NGOs which would meet periodically to exchange ideas and discuss possible areas of collaboration. A second workshop will be held in late December to bring together the same NGOs to further discuss the creation of an NGO network organization and the formation of partnerships to support projects and activities to contribute to the development of Iraq's agriculture sector.