

# Russia

Since the collapse of the Soviet Union, Russia has undergone significant changes, moving from a centrally-planned economy to a more market-based and globally-integrated economy. Economic reforms in the 1990s privatized most agricultural land and many industries. By 1993, 266,000 *kolkhozes* (collective farms) and *sovkhazes* (state farms) had been reorganized, affecting 12.5 million Russians who had been employed there. These farms were transformed into cooperatives that combined land plots and property shares, resulting in more rights and powers for the agricultural producers.

By 2009 there were more than 12,000 agricultural cooperatives, involving around 1 million workers, but many suffered from low efficiency.

ACDI/VOCA has a rich history of working in Russia since the fall of the Soviet Union, and over twenty years has implemented programs targeting cooperative development as well as related management practices and financial services.

## Farmer-to-Farmer Program Boosts Technical Expertise and Management Practices

ACDI/VOCA's early work in Russia developed the technical capacities of farmers and



agribusinesses in an attempt to overcome limits from the earlier centralized state system of farming. As a key implementer of the **Farmer-to-Farmer (F2F) Program**, VOCA began sending volunteers to Russia in 1992. Over six years, VOCA mobilized around 1,000 volunteer experts, who worked with nascent private farms, agribusinesses, collective farm cooperatives and farmer associations. The program focused on strengthening member-owned and member-controlled service enterprises and improving post-harvest handling and storage techniques aimed at breaking state monopolies in food processing, distribution and marketing.

In a second F2F program from 1999-2008, ACDI/VOCA worked with Land O' Lakes and Winrock International to provide technical

innovations and sound business management practices to micro and small agricultural enterprises. Successful enterprises were encouraged to form cooperatives and agribusiness associations. The consortium also worked to strengthen rural financial systems in providing credit and other services to agricultural enterprises.

### Providing Financial Services for Business Development

ACDI/VOCA also led a number of projects that supported improved access to financial services and business development services in order to increase investment in profitable agribusinesses. The most significant of these programs was the **Mobilizing Agricultural Credit (MAC)** project, which lasted from 1998 to 2004. Under MAC, ACDI/VOCA established a self-sustaining fund to finance agricultural credit associations. The program addressed agricultural finance policy reform, production credit delivery systems and the provision of startup capital. MAC's legacy is the Rural Credit Cooperation Development Fund and 47 accredited rural credit cooperatives, which collectively make up the backbone of a robust rural credit system that has disbursed over \$24 million in loans.

Several other projects have targeted business practices and financial services. Under the **Consulting Services for Russian Entrepreneurship Project** and the **Entrepreneurial Business Service-Eastern Russia Project**, ACDI/VOCA provided technical assistance and services. These efforts strengthened local business support

institutions, aided small- and medium-sized enterprises and restructured firms. In 1999 ACDI/VOCA and the Russian American Business Training Center partnered to create the **Sakhalin Small Enterprise Growth Foundation**, a microfinance institution. The foundation provides credit to micro and small entrepreneurs in Sakhalin Oblast.

### Rural Cooperative Development

In addition to developing financial services in Russia, ACDI/VOCA has worked to strengthen the country's rural cooperatives through a combination of training programs and work on governance structures. The **North Caucasus Rural Credit Cooperatives and Agribusiness Development (NC-RCC&AD)** program employed a multifaceted approach consisting of training programs, hands-on short-term technical assistance and enhanced access to credit. These strategies helped to support nascent rural credit cooperatives (RCCs). NC-RCC&AD was implemented in two phases between 2005 and 2011.

In collaboration with the Rural Credit Cooperatives Development Foundation, ACDI/VOCA developed a variety of courses for RCC members. As integral institutions and businesses in the region, RCCs and the nascent extension system from the program helped to build stability within the rural population by promoting integration, good governance, democratic principles, economic leadership, community synergy and business opportunities. [Continue >>](#)

## Applying Value Chains to Agricultural Development

Most recently, ACDI/VOCA applied its value chain approach to agricultural development under the **Agriculture Development Project (ADP)**, also in the North Caucasus region in the republics of Chechnya, Dagestan, Ingushetia and Kabardino-Balkaria. Originally a four-year project that began in March 2011, ADP was cut short by Russia's decision to ask USAID to leave the country in October 2012.

During its 20 months of operations, ADP collaborated with local agricultural ministries and various partner organizations that support producers, processors and other agricultural stakeholders. The project focused on addressing key production, processing and marketing constraints to increase the economic viability of selected value chains.

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