

Strom: Co-op Structure Working for Farm Credit Armenia

By: Pamela J. Karg, USAgNet - 10/05/2009

On the eve of National Cooperative Month in America, a Farm Credit Administration official saw first-hand how the structure is working to extend much-needed capital infusion to farmers in a former Soviet country.

Leland "Lee" Strom, chairman of the board and CEO of the Farm Credit Administration, spent the first days of October -- National Co-op Month -- witnessing the successes and challenges faced by Farm Credit Armenia (FCA). From small-scale vegetable farmers to owners of newly constructed wineries, sometimes in broken English and other times through a translator, FCA member-borrowers repeatedly told Strom that the U.S. farm credit cooperative model is working well and functioning as an effective partner to help them finance their dreams.

"It's one thing to read about it, and I've read a lot about Farm Credit Armenia," said Strom. "It's a whole different thing to see it first-hand, and to hear the stories of what Farm Credit Armenia means to the agriculture industry, the farmers, and the businesses associated with them.

As part of his agricultural tour of a country about the size of Maryland bordered by Iran, Georgia, Turkey and Azerbaijan, Strom learned more about the challenges land-locked Armenia has faced in its past 100 years. He realized the cultural chasm farmers and agribusiness owners had to cross from the former Soviet collective ideals to the internationally recognized cooperative model.

"I better understand the basic challenges they're facing here, and they are complex. But I also see that a cooperative farm lending institution is the right structure and it's working," Strom said.

One of those challenges is sustainability. FCA received an initial infusion of capital from Millennium Challenge Account-Armenia and continues to get technical support from the Farm Credit Administration, the Farm Credit System and the U.S. Department of Agriculture. Strom says he hopes the Armenian government "will see how this structure can and will work, is working, and will help in its sustainability."

He sees parallels between the 1916 start of the American farm credit system, funded through legislation signed by President Woodrow Wilson, and the struggles Armenia faces today.

"The U.S. Farm Credit System started small and has grown to serve over 40 percent of U.S. farmers, and I can see the same thing happening in Armenia," Strom said.

As he sat through an FCA board meeting during his week in Armenia, Strom repeatedly reflected on more parallels. Where should a new rural office be constructed to more conveniently serve existing and new members? Who should be selected from the 170 applicants to fill the 11 new loan officer positions being created? When starting from scratch, from where can the cooperative get the capital it needs to remain a viable partner for farmers and agribusinesses?

"These are some of the same issues Farm Credit started with in 1916 in America. Boards of directors deal with some of the same issues every month or every quarter they meet," noted Strom. "But then you realize this is just the beginning for Farm Credit Armenia's five directors, outside director and staff -- at a time when there are global financial challenges."

Strom said one solution he has offered is to speak favorably about FCA and how its members have embraced the cooperative structure and principles as a means to re-building the agricultural sector in their country's emerging free-market economy.

Strom was appointed to a six-year term on the FCA board by President George W. Bush in 2006, and was designated chairman and CEO in May 2008. He also serves as a member of the board of directors of the Farm Credit System Insurance Corporation (FCSIC). He served for more than 25 years on the board of 1st Farm Credit Services in Illinois and for six years on the Federal Reserve Bank of Chicago Advisory Council on Agriculture, Labor, and Small Business. Strom also served on the Country Mutual Fund Trust Board, an investment fund of the Illinois Farm Bureau and its Country Financial organization, as well as on the boards of Northern F.S., Inc.; AgriBank, FCB; and the Farm Credit Council. Strom owns a third-generation corn and soybean farm near Elgin, Ill. He and his wife, Twyla, have two sons, a daughter and a daughter-in-law.

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