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**AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523**

**AMENDMENT NO. 1
to the
PROJECT MEMORANDUM**

**NEW INDEPENDENT STATES: FOOD SYSTEMS RESTRUCTURING
(110-0006)**

Approved: May 22, 1992

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Food System Restructuring
No. 110-0006

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- TAB A - Initial Project Authorization signed May 5, 1992
- TAB B - Initial Environmental Examination dated May 19, 1992
- TAB C - Interim Reorganization Delegation of Authority No. 10
dated March 30, 1992
- TAB D - Technical Proposals, KSU and PIP



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MAY 15 1992

ACTION MEMORANDUM FOR THE DIRECTOR, NIS TASK FORCE

FROM: NIS Task Force, Brian Kline *Brian Kline*

SUBJECT: Project Authorization Amendment No. 1 for the Food Systems Restructuring Project (110-0006.1)

PROBLEM: Your approval is required to amend and increase the Project Authorization for the Food Systems Restructuring Project No. 110-0006 to support the Grains and Perishables Storage Activity. A.I.D. intends to obligate \$635,000 for this activity in FY 1992, which will raise the previously authorized life-of-project total from \$3.75 million to \$4.385 million.

BACKGROUND: On May 5, 1992 you signed the initial authorization for the Food Systems Restructuring Project (Attachment A) which authorized \$3.75 million for the Armenia Agricultural Extension Collaboration Program with USDA. In that authorization, we anticipated the need to amend the project to add additional activities. The Grains and Perishables Storage Activity is one such activity.

There is considerable concern over food availability for the next couple of years, given the dramatic political and economic changes that have taken place over the last year in the former USSR, and the significant reduction in agricultural productivity in 1991 (down 10 percent overall, with grain production down 25 percent). The current collapse of the centralized command input and output distribution systems is also expected to further reduce food availability in the short-term. All these pressures argue strongly for reducing post-harvest losses which are estimated to be 20-40 percent of total grain and perishable production.

The Grains and Perishables Storage Activity will concentrate on storage, since substantial losses occur while agricultural outputs are in storage and because private on-farm storage and nearby facilities are generally rudimentary, to the extent they exist at all.

The development of private, low-cost on-farm and/or nearby private storage and the provision of technical assistance and training in the producing areas have been cited as important ways to reduce storage losses. In addition, losses in existing food and feed storage facilities, which in general have been larger

facilities controlled and operated by the government, could be reduced significantly by providing some technical assistance and training.

DISCUSSION: Funds herewith being authorized will finance a grant to Kansas State University's Food and Feed Grains Institute (KSU) for \$343,000, and a grant to the University of Idaho Postharvest Institute for Perishables (PIP) for \$292,000--for a total of \$635,000.

Each institution will arrange a five person team, with private sector participation, to better identify storage constraints (e.g., technical, physical, policy, training, and management practices), starting at farm level and moving up the food distribution system through regional and urban storage centers to retail outlets. Recommendations will be developed to address constraints, focusing on how to reduce losses with existing storage facilities. It is anticipated that a substantial training and technical assistance storage program will be developed and carried out in the NIS as a follow-on activity, prior to the harvest season this fall.

In addition, the teams will also look at the need for private low-cost on-farm or nearby storage facilities, since the inadequacy of local facilities in both quantity and quality has often been cited as a major factor in crop losses. U.S. storage companies have advised A.I.D. of their interest in marketing U.S. storage facilities, equipment and technology in the NIS. They claim to know the storage needs. As a means of informing the process, we will arrange for representatives of U.S. firms to brief the two teams prior to their work in the NIS. Furthermore, the two teams will be asked to look at ways to promote increased investment and marketing opportunities for U.S. agribusinesses in storage related areas. The two teams are to share their findings and recommendations with the U.S. private sector at a workshop to be held upon their return to the U.S.

We are coordinating with the World Bank and the EEC in the design and conduct of this activity. Both institutions have reviewed the draft scope of work for the teams; they are supportive of the activity and welcome coordination on this as well as follow-on activities.

AVAILABILITY OF FUNDS: \$6 million has been apportioned by OMB to A.I.D. for the Food Systems Restructuring Project.

ENVIRONMENTAL: This activity will finance technical assistance and training and, as such, has no significant environmental impact. Programs which involves technical assistance and training are excluded from examination under 22CFR 216.2 (c) (1) (ii) and 216.2 (c) (1) (ii). The IEE is attached (Attachment B) for your signature.

IMPLEMENTATION DETAILS: Funds for these storage activities will be obligated through grants to KSU and PIP. Justification for non-competitive procurement have been prepared as part of each PIO/T.

AUTHORITY: You have authority to authorize this project amendment pursuant to Interim Reorganization Authorization Delegation of Authority No. 10 dated March 30, 1992 (Attachment C).

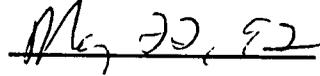
RECOMMENDATIONS: That you approve the Grain and Perishable Storage Activity by authorizing Amendment No. 1 to the Food Systems Restructuring Project, in the amount of \$635,000, for a new LOP total of \$4.385 million. You are also requested to sign the Initial Environmental Examination, Attachment B.

Approved: _____



Disapproved: _____

Date: _____



Attachments:

- A: Initial Project Authorization
- B: Initial Environmental Examination
- C: Delegation of Authority No. 10
- D: Technical Proposals, KSU and PIP

Drafted: CFields; U:\EURDR\DOCS\FSTORAGE; 5/18/92; x7-7361

Clearances:

- GC/NIS:TGeiger (draft)
- OPS/NIS/FM:INesterczuk (draft)
- OPS/NIS:HJohnson (draft)
- OPS/NIS:MKorin (draft)
- OPS/NIS:MARiegelman (draft)
- DD/OPS/NIS: LCrandall 



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

APR 24 1992

ACTION MEMORANDUM FOR THE DIRECTOR, NIS TASK FORCE

FROM: NIS, Barbara Turner *BT*

SUBJECT: Authorization of the Food Systems Restructuring Project (110-0006)

PROBLEM: Your approval is required to authorize the Food Systems Restructuring Project. Total planned life-of-project funding is \$25.0 million of which \$6.0 million is immediately available for obligation. However, at this time you are being asked to authorize only \$3.75 million, which is the amount required to finance the one element of the project which is immediately ready to be implemented - the Armenia Agricultural Extension Collaboration Program (AAEC).

You will be asked to sign a Project Authorization Amendment authorizing the balance of the funds required for implementation of the entire project (\$21.25 million) when all design and development work associated with the project is completed.

The Armenia Agricultural Extension Collaboration (AAEC) Program will be implemented by the U.S. Department of Agriculture. Of the funds you are herewith being asked to authorize, \$1.245 million will be immediately transferred to the USDA under terms of a 632 (b) Inter-Agency Agreement. The funds will finance the first year of operations of an anticipated three year effort. A.I.D. and the USDA will discuss directly providing the funds needed to finance activities to occur during years 2 and 3 (i.e., \$2.505 million), consistent with the general guidance of OMB, key committees on the Hill, and the NIS Coordinator. The project assistance completion date (PACD) for the Food Systems Restructuring Project will be four years from the date of first obligation of funds under the project.

BACKGROUND: The purpose of the Food Systems Restructuring Project (110-0006) is to help ameliorate food shortages problems being faced by the peoples of the New Independent States (NIS) while at the same time facilitating and accelerating the emergence of market-based food production and distribution systems. A number of efforts will be mounted under the project, one of which is the Armenia Agricultural Extension Collaboration Program (AAEC).

The objective of the AAEC Program is to support initial efforts aimed at creating an extension service within Armenia's Ministry of Agriculture that is capable of providing useful service in a market-based agricultural sector. Need for this program has been expressly and frequently articulated by leaders of both the executive and legislative branches of Armenia's government who realize that they have only begun the transition to a market economy.

They understand clearly that a strong and dynamic private agriculture and agribusiness sector will be crucial to their overall economy and understand also that an effective extension service is necessary for the accelerated development of a sound, market-based agricultural sector. They are willing to commit all resources necessary and available to assure the success of this effort.

DISCUSSION: Funds herewith being authorized will finance an anticipated three year program of technical assistance to Armenia's Ministry of Agriculture. Assistance will be provided in a range of organizational development, policy, and technical areas. In the area of organizational development, assistance will be provided on such matters as the mission, structure, and staffing of the Extension Service. Policy advice will be provided on matters centering on the legal framework for commercialization of agriculture and agribusiness. Specific technical issues to be addressed will be: salinity problems in the Ararat Valley, vegetable variety selection, dairy breeding, and post-harvest handling of crops.

Much of the assistance provided during the first year of the effort will be geared toward the identification of steps that can be taken immediately that could result in increased availability of staple foods, and in the implementation of programs aimed at assisting producers and handlers of those foods to take those steps.

The technical assistance will be provided through a mix of long-term and short-term advisors. At this point, plans are to provide the following:

- a long-term Senior Extension Advisor, who will be resident in Yerevan, and who will provide advice primarily on organizational development matters;

- a long-term Agricultural Policy Program Specialist, also resident in Yerevan, who will focus on policy issues;

- four 2-person teams of Technical Specialists with expertise in the technical areas mentioned above which will each make several visits to Armenia to advise on their areas of specialty. Up to three months of service could be provided by each team each year;

- four small "Action Teams" made up of Extension Specialists, American farmers, and agribusiness executives who will focus on providing advice and assistance on specific actions that can be taken to increase availability of four staple crops. Up to 4-6 weeks of service could be provided by these teams each year;

- eight 2-person Regional Field Teams, each of which will be assigned to one of Armenia's 38 regions for six months, and focus on the development of Extension Service capabilities in those areas. Two of the teams will be deployed in the first year of the project. Three teams will be deployed in each of the following years.

Some limited U.S. training may also be provided.

All technical assistance and training made available under this program will be provided through, and managed by, the U.S. Department of Agriculture (USDA). Additional detailed information about the program is provided in the attached USDA document entitled "Proposal for Extension Collaboration in Armenia, March 1992" (Tab A).

BUDGET SUMMARY:

	year 1	LOP
1. Senior Extension Advisor	\$180,000	\$540,000
2. Ag. Policy Prog. Spec.	\$140,000	\$420,000
3. Admin. Support (field)	\$ 9,000	\$ 27,000
4. Action Teams	\$ 46,000	\$138,000
5. Tech. Spec. Teams	\$325,000	\$975,000
6. Reg. Field Teams	\$230,000	\$690,000
7. Other TDY & US training	\$125,000	\$390,000
8. Backstopping/Admin.	\$190,000	\$570,000
Total	\$1,245,000	\$3,750,000

DESIGN AND REVIEW PROCESS: The project subactivity attached as the USDA Program Proposal was originally developed by the International Program Staff of the Extension Service of the U.S. Department of Agriculture in response to an announcement for such a program by President Bush in late 1991. While no formal interagency review meeting was held on this subactivity of the Food Systems Restructuring Project, informal approval for it was received from all agencies concerned. The subactivity in all other ways meets A.I.D. regulations and policies. A full Project Memorandum describing the overall project is presently being prepared. That document will be formally reviewed and approved using established procedures for NIS project approvals.

The project Memorandum will clearly show the role of the USDA Extension Service subactivity in supporting the attainment of overall project objectives.

CONGRESSIONAL NOTIFICATION: The CN for the overall Food Systems Restructuring Project (110-0006) expired on 21 March 1992. A copy is attached at Tab B.

SOURCE AND ORIGIN AND NATIONALITY: Goods and services procured under the project shall have their source and origin in the United States (000) for foreign exchange costs or in the cooperating country for local currency costs. A formal determination under Section 604(a) of the Foreign Assistance Act of 1961, as amended, was approved March 30, 1992 by the Deputy Secretary of State to remove the states of the NIS from the category of non-Free World Countries (Tab C). Local procurement within one of the NIS will be conducted in accordance with Chapter 18 of A.I.D. Handbook 1B.

ENVIRONMENTAL CONSIDERATIONS: The program is predominantly a technical assistance effort associated with the establishment and strengthening of Armenia's Agricultural Extension Service. It is not anticipated that the program will have any significant impact on the environment. Programs of this nature are generally categorically excluded from environmental examination under 22 CFR 216 Environmental Procedures, Section 216.2 (c) (1) (i) and (c) (2) (i). All funds for this program are to be transferred to the USDA using established transfer procedures. As such, environmental protection procedures of the USDA will apply to this program. An IEE certification covering this program is attached for your signature (Tab D).

AVAILABILITY OF FUNDS: A total of \$6,000,000 is currently available for obligation for the Food Systems Restructuring Project. A total of \$3,750,000 of those funds will be authorized at this time for this program. Of this amount, \$1,245,000 will be immediately transferred to USDA via a 632 (b) Inter-agency Agreement (IAA) for their use in implementing the first year of activities under the program. Funds for activities to occur during years 2 and 3 of the program will be transferred to the USDA as sufficient funds become available for obligation.

IMPLEMENTATION DETAILS:

Monitoring. Overall supervision and monitoring of this program will be the responsibility of the A.I.D. project officer for the Food Systems Restructuring Project (NIS Task Force). Project implementation will be the responsibility of the USDA, which will submit periodic reports to A.I.D. on the status of these activities. Monitoring will be generally conducted from Washington and will be based upon field reports from USDA personnel working on the program, and upon reports from State Department and A.I.D. personnel posted in or visiting Armenia.

Quarterly reports will be required from the USDA. Project Implementation Reviews will be conducted by A.I.D. on a semi-annual basis for the Food Systems Restructuring Project, and this program will be reviewed as part of that effort. Periodic field assessments will be undertaken as necessary.

Evaluation. The USDA will conduct evaluations of the program as prescribed by USDA policy. Also, this activity will be evaluated as part of the Food Systems Restructuring Project when evaluations of that project are conducted.

Audit. The IAA executed under this project will provide that audit and inspection requirements as set forth in the Inspector General Act of 1978, as amended, shall apply. A.I.D.'s IG shall ensure full compliance with all applicable provisions of the act. In addition, appropriate audit rights will be provided for in an agreement between the USG and Armenia as noted below with respect to taxes.

Host Country Duties and Taxes. A Circular 175 authorization was obtained from the Deputy Secretary of State on February 4, 1992 permitting negotiation of U.S.-NIS states agreements covering these matters (Tab E). Negotiations should commence shortly. These written arrangements will include appropriate language concerning aid recipients' responsibilities and contributions, duties and taxes, as well as audit rights. The written agreements will ensure, inter alia, that A.I.D. funds are not used to pay host country duties or taxes, that site inspections by the IG may be made, and that A.I.D.-financed commodities will be used only for project purposes.

STATUTORY CHECKLIST(S): State completed a checklist for all states of the NIS, except Georgia, on 17 January 1992 and 27 February 1992. Copies of those classified documents are on file in OPS/NISTF. Assistance may be extended to Georgia in the near future; however, this will be done only after a checklist is completed and after "taking into account matters" are reviewed and approved by the Administrator specifically for that state.

Because certain states of the former Soviet Union are indebted to U.S. citizens, the Secretary of State issued a 620(c) determination on 20 January 1992 allowing program activities to proceed based on national security considerations. The determination is attached at Tab F.

All "taking into account" matters were reviewed and approved by the Acting Administrator on March 27, 1992 (Tab G). One matter needed consideration. It was that, pursuant to FAA Section 620(1), OPIC has initiated negotiations but has not yet executed investment guaranty agreements with any of the NIS states (including Armenia) to whom we plan to render assistance, but that, under the circumstances, assistance should be permitted to flow to the NIS.

AUTHORITY: The Secretary of State signed a Section 620(f) determination (tab H) to permit assistance for the states of the former Soviet Union on 10 September 1991. You have authority to authorize this project pursuant to Interim Reorganization delegation of Authority No. 10, dated March 30, 1992 (Tab I).

RECOMMENDATION: That you : a.) sign this memorandum in the space indicated below thereby authorizing the Food Systems Restructuring Project (No. 110-0006) and, b.) sign the attached Initial Environmental Examination Certification thereby indicating your approval of that document.

Approved: _____

Malcolm B. Burt

Disapproved: _____

Date: _____

MAY 5 1992

Attachments:

- Tab A - USDA Program Proposal
- Tab B - Congressional Notification
- Tab C - Section 604(a) Determination dated 3/30/92
- Tab D - Initial Environmental Examination Certification
- Tab E - Circular 175 Authorization dated 2/4/92
- Tab F - 620(c) Determination dated 1/20/92
- Tab G - Action Memo to the Administrator dated 3/27/92
- Tab H - 620(f) Determination dated 9/10/91
- Tab I - Delegation of Authority No. 10 dated 3/30/92

Clearances (Project no. 110-0006)

GC/: TGeiger [Signature]
 OPS/NIS/FM: INesterczuk [Signature]
 OPS/NIS: HJohnson [Signature]
 OPS/NIS: MKorin [Signature]
 OPS/NIS: PO' Farrell [Signature]
 OPS/NIS: BTurner [Signature]
 OPS/NIS: ~~LG...~~ [Signature]

Date 4/24/92
 Date: 4/24/92
 Date: 4/29/92
 Date: 4/28/92
 Date: 4/28/92
 Date: 4/28/92
 Date: 4/28/92

STATE:

D/CISA: KVolker [Signature]

Date: 4/24/92

drafted: NISTF, CEFields 4/28/92

INITIAL ENVIRONMENTAL EXAMINATION

- (A) PROGRAM COUNTRY: New Independent States (Regional)
- (B) ACTIVITY: Food Systems Restructuring Project, Grain and Perishable Storage Activity No. 110-0006.1
- (C) FUNDING: \$635,000
- (D) PERIOD of FUNDING: FY 1992
- (E) STATEMENT PREPARED BY: Charles E. Fields, OPS/NIS Task Force
- (F) ENVIRONMENTAL ACTION RECOMMENDED: Categorical Exclusion under A.I.D. Regulation 22CFR 212 Environmental Procedures 216.2 (c) (1) (i) and 216.2 (c) (2) (i)
- (G) DECISION OF ENVIRONMENTAL OFFICER:
 APPROVED: Michael S. Philley
 DISAPPROVAL: _____
 DATE: 5-19-92
- (H) DECISION OF DIRECTOR/NIS TASK FORCE:
 APPROVED: Jan Lundquist
 DISAPPROVED: _____
 DATE: May 22, 92

**EXAMINATION OF THE NATURE, SCOPE AND MAGNITUDE OF THE ENVIRONMENTAL
IMPACT OF THE FOOD SYSTEMS RESTRUCTURING PROJECT No. 110-0006**

- A. **DESCRIPTION OF THE PROGRAM:** The Grain and Perishables Storage Activity is the second element of the Food System Restructuring Project No. 110-0006. This IEE relates solely to the Grain and Perishable Storage activity. This activity will deal primarily with the identification of storage constraints (e.g., technical, physical, policy, training management practices) at the farm level and moving up the food distribution system through regional and urban storage centers to retail outlets. Recommendations will be developed to address constraints, including how to better utilize existing storage facilities. A substantial training and technical assistance storage program will be developed and carried out in the NIS as a follow-on activity, prior to the harvest season this fall. In addition, a workshop will be conducted under this activity to provide all storage related companies with information on potential storage related markets and investment opportunities in the NIS.
- B. **RECOMMENDED ENVIRONMENTAL ACTION:** Because the program provides only technical assistance and training, a categorical exclusion from A.I.D.'s Initial Environmental Examination, Environmental Assessment and Environmental Impact Summary Requirements is proposed. This proposal is in accordance with A.I.D. Environmental Procedures 22CFR part 216, section 216.2(c) (1) (i) which generally provides for a categorical exclusion in situations where proposed action does not have any effect on the natural or physical environment. Specifically, this activity is categorically excluded under section 216.2(c) (2) (i) for education and technical assistance.

U:\EURDR\DOCS\FIEE: May 18, 1992



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

Associate
Administrator
for Operations

INTERIM REORGANIZATION
DELEGATION OF AUTHORITY NO. 10

TO: Director of the Task Force for the
Newly Independent States of the Former Soviet Union

FROM: Associate Administrator for Operations

SUBJECT: General Authorities

Pursuant to my authority as Associate Administrator for Operations, it is hereby ordered as follows:

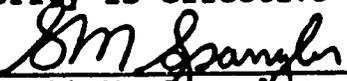
A. With respect to all former republics of the Soviet Union (except Latvia, Lithuania, and Estonia), there is delegated to the Director of the Task Force for the Newly Independent States of the Former Soviet Union all of the authorities delegated to me from the Administrator.

B. Any individual designated by the Director of the Task Force to be the acting Director of the Task Force during the absence of the Director of the Task Force is authorized to perform the functions delegated hereunder.

C. All references in A.I.D. Handbooks, policy statements, guidance cables, and regulations to Assistant Administrators having responsibility for geographic regions shall be deemed to include the Director of the Task Force.

D. The General Provisions of chapter 1 of Handbook 5 apply, unless provided otherwise in a specific delegation.

E. This Delegation of Authority is effective immediately.



Scott M. Spangler
Associate Administrator
for Operations

Date: 3/30/92

MA-14-1982 05:28 FROM AID SGT AGR/AF

TO

76962 .. P.02/06

**TECHNICAL PROPOSAL
FOR
STORAGE OF GRAINS IN THE NIS**

**KANSAS STATE UNIVERSITY
FOOD AND FEED GRAINS INSTITUTE**

STATEMENT OF WORK

1. Identify storage constraints (e.g., technical, physical, policy, training, management practices) starting at farm level and moving up the food distribution systems through regional and urban storage centers to retail outlets. Develop recommendations to address constraints, including how to better utilize existing storage facilities. Particular attention will be given to the need for private low-cost on-farm or nearby storage facilities.
2. If private low-cost on-farm or nearby storage facilities should prove to be a feasible priority, provide recommendations on type of facilities, equipment, and training needed. Identify and make recommendations on issues that may arise, e.g., ownership, management, maintenance, and operational responsibility for the facilities and equipment.
3. Recommend technical assistance to host-country counterparts on technical aspects of establishing, operating, and maintaining storage facilities that will minimize food losses. This will include a review of not only facilities but storage equipment, including dryers, aerators, handling/moving equipment, temperature/humidity measuring equipment, sampling/testing equipment, etc.
4. Identify training needs at all levels related to storage and develop a short-term training and technical assistance plan focused on in-country training which can be completed before the fall harvest. Provide recommendations on how any longer-term training needs could be met giving attention to in-country public and private training resources.
5. Identify potential marketing and investment opportunities for the U.S. manufacturers and suppliers of storage facilities and equipment.
6. Provide AID with recommendations on potential activities, e.g., certain types of training, that AID or other donors could provide to assist with food and feed storage prior to the upcoming fall harvest.
7. Prepare a report on storage facility and agribusiness opportunities for U.S. business and organize a one-day (1) workshop with U.S. agribusiness to report the findings.

6. **Coordinate with the USDA Wholesale Market Program and identify areas where close collaboration will be mutually beneficial.**

TECHNICAL PROPOSAL

Objectives

1. **To assess the food and feed grains handling, storage, and marketing situation in Ukraine and the Republic of Russia.**
1. **To identify constraints that exist in the food and feed grains postharvest system and allied agribusiness systems.**
2. **To develop a series of recommendations based on the identified constraints.**
3. **To determine the possibilities for U.S. private-sector opportunities.**

Implementation

1. **Collection and review of available and pertinent information relating to postharvest grain systems within Ukraine and the Republic of Russia.**
2. **Develop a tentative work plan for arranging contacts with organizations that are responsible for or concerned with handling, storage, and marketing of grains.**
3. **Develop coordination linkages to on-going development programs and host-country institutions.**
2. **Specific issues to be addressed in the assessment of handling, storage, and marketing of food and feed grains at all levels of the postharvest system.**
 - **Grain Conditioning Operations**
 - **Grain Sampling and Grading Operations (If Any)**
 - **Grain Quality and Standards (If Any)**
 - **Grain Postharvest Integrated Pest Management and Control**
 - **Quality Preservation of Stored Grains and Cereal Products**
 - **Grain Storage Facilities, Types, and Locations**
 - **Condition of Grain Storage Facilities**
 - **Maintenance of Grain Storage Facilities**
 - **Grain Handling Procedures**
 - **Grain Handling Equipment Operations**
 - **Grain Handling Equipment Repair and Maintenance**
 - **Grain and Cereal Product Storage Management**
 - **Grain Transport and Distribution**
 - **Current Marketing Procedures**

4. **Specific issues to be addressed in assessment of private-sector development in the food and feed grain marketing system and allied agribusiness systems.**
 - **Current status of privatization**
 - **Obvious constraints to privatization**
 - **Specific needs to encourage privatization**
5. **Specific issues to be addressed in assessment of potential investment and marketing opportunities for the U.S. private sector.**
 - **Identifiable opportunities for co-ventures**
 - **Identifiable opportunities for marketing equipment and facilities**
 - **Current business and financial climate**
 - **How business is currently being conducted**
 - **How business conduct has changed over the past six (6) months**
 - **Constraints to conduct of business**
 - **Evaluate the element of risk in investment and business**
6. **Develop a report which encompasses findings of the assessment on food and feed grain handling, storage, and marketing (which will include constraints), provides recommendations on storage and handling equipment facilities changes or improvements, provides recommendations for actions needed in the marketing system to assist in improving storage and handling of grains, provides specific recommendations on training needs, and provides specific recommendations on technical assistance.**
7. **Develop a report which encompasses findings of the assessment of potential investment and marketing opportunities for the U.S. private sector. Refine this report in to a six-page (6) executive summary and a brochure for use in the following workshop.**
8. **Conduct a one-day (1) workshop for up to 200 participants in Washington, D.C. covering potential agribusiness investment and marketing opportunities for U.S. businesses in Ukraine and the Republic of Russia.**

Time Period

June 4-5	Washington, D.C.	Team briefing, AID/Washington
June 8	Kiev, Ukraine	Assessment - Ukraine
June 29	Moscow, Russia	Assessment - Republic of Russia
July 15	Return to U.S.	
July 16 & 17	Washington, D.C.	Team debriefing, AID/Washington
Aug 1		Draft Storage Report
Aug 7		Storage Report Finalized
Aug 7		Draft Investment/Marketing Report
Aug 14		Investment/Marketing Report Finalized
Sept 3		Workshop "Potential Opportunities for Investment and Marketing of Products in NIS"

Team Composition

Roe Borsdorf
Team Leader

Marketing, marketing management, general management, training requirements

Storage Engineer

Storage structures/conditioning equipment, handling procedures and equipment, transport, preparation for storage and processing, losses, training requirements, management capabilities

Storage Specialist

Quality grain maintenance practices, preparation for storage and processing, losses, training requirements, operational management

Storage/Processing Specialist

Quality grain maintenance practices, transport and handling, condition (quality) at processing site, losses, transportation management

Grain Marketing Specialist

Domestic, intra-state, and international marketing, transportation, storage and handling costs and revenues, market flows

Translator(s)

Deliverables

- 1. Report on food and feed grain handling, storage, and marketing**
- 2. Report on potential investment and marketing opportunities and related documents**
- 3. One-day (1) workshop for up to 200 participants in Washington, D.C.**

**Kansas State University
Food and Feed Grains Institute
Roe Borsdorf, Coordinator
May 13, 1992**

18

Handwritten signature

**NIS Grain Storage Assessment
 ESTIMATED BUDGET
 June 1 - July 11, 1992**

Salaries and Wages	11474	
Fringe Benefits (30.9%)	3545	
Consultants (321.00/day)	44940	
Interpreter	7500	
Travel, Transportation, and Per Diem	94079	
Other Direct Costs	7244	
Subtotal	168782	
Indirect Costs (44.0% of total direct costs)	74264	
TOTAL	243046	
* Workshop - Washington, D.C.	81566	
Indirect Costs (22.6% of workshop)	18434	
TOTAL	343046	
BUDGET DETAIL		
Salaries		
Ros Borsdorf (55,824/260 = 214.71/day) x 45 days	9662	
Karen Dungey (23,556/260 = 90.60/day) x 20 days	1812	11474
Fringe Benefits		
30.9% of salaries (11474 x .309) = 3545	3545	3545
Consultants		
Grain Handling Specialist (321.00/day) x 35 days	11235	
Grain Marketing Specialist (321.00/day) x 35 days	11235	
Grain Storage Consultant Specialist (321.00/days x 35 days	11235	
Grain Storage Facilities & Handling specialist (321.00/day) x 35 days	11235	
Interpreter (250.00 per day) x 30 days	7500	
International air tickets (1 trip x 3 persons x 6400.00	32000	
International Per Diem		
London (2 days x 227.00/day x 5 persons)	2270	
Ukraine Per Diem (10 days x 194.00/day x 5 persons	9700	
Russia Per Diem		
Moscow (10 days x 308.00/day x 5 persons)	15400	
Other areas (15 days x 112.00 x 5 persons)	8400	
In-country travel		
Moscow (50.00/day x 10 days)	500	
Other areas (15 days x 50.00/day)	750	
Miscellaneous travel expenses (1 trip x 300.00 x 5 persons	1500	

Airline ticket (?/WASH/? x 700.00 x 4 persons)	2800	
Washington, D.C. (2 days x 4 persons x 131.00/day)	1048	
Miscellaneous travel expenses (4 persons x 50.00)	200	127008
Travel, Transportation, and Per Diem		
International air ticket	6400	
International Per Diem		
London (2 days x 227.00/day)	454	
Ukraine Per Diem (10 days x 194.00/day)	1940	
Russia Per Diem		
Moscow (10 days x 308.00/day)	3080	
Other areas (15 days x 112.00/day)	1680	
Miscellaneous travel expenses (1 trip x 300.00)	300	
In-country Travel		
Moscow (10 days x 70.00/day)	700	
Other Russia (15 days x 70.00/day)	1050	
Miscellaneous travel expenses (1 trip x 300)	300	
Airline ticket (MFK/WASH/MFK)	700	
Washington D.C. (131.00/day x 2 days)	262	
Miscellaneous travel expenses (1 trip x 100.00)	100	16966
Contingency (15% of travel)	2545	19511
Other Direct Costs		
In-country office support		
Secretarial service, computer rental, communications, local logistical/appointment support (5 wks x 450.00/wk)	2250	
Final and draft report publication (paper, reproduction, printing)	1500	
DBA workmens comp insurance	299	
Medical evacuation insurance	75	
communications (Phone, FAX, Telex)	1000	
Postage and/or Delivery Services	400	
Translation Services	375	
Film processing	400	6299
Contingency (15% of other direct costs)	945	7244
Subtotal		168702
Indirect costs (44% IDC)		74264
TOTAL PROJECT COSTS		243046
Workshop Washington, D.C.	100000	343046

* If workshop's indirect cost rate is considered to be on-campus base cost of workshop would be as follows:

Workshop	69444
Indirect cost (44.0%)	30596 * 100000

May 8, 1992

**NIS Potato Storage Improvement Project Proposal
Postharvest Institute for Perishables****Purpose:**

The purpose of this project is to assist, primarily, the Russian Republic and secondly, the Ukraine Republic to reduce the high losses of potatoes in storage and distribution. Potatoes are the second most important food crop in the NIS Republics. An estimated 72 million tons of potatoes are reportedly grown in Russia with some 34 million tons produced in the Ukraine.

The team of specialists to implement this project will be action oriented in that technical advice and recommendations for improvement will be offered as problem situations arise. Realizing that 70 years of food production and handling of disincentives in the former Soviet Union cannot be corrected by one team in one trip, another purpose will be to identify problem areas that need additional attention, such as follow-up technical assistance, training or facilities, and to make recommendations to address these problem areas in the future.

Objectives:

To identify primarily potato storage, handling and marketing problems in the Republic of Russia and to a lesser extent, the Ukraine.

To provide on-the-spot technical assistance, as appropriate, to improve the storage and handling of potatoes in various facilities, and to recommend specialized TA and training needed to significantly reduce losses and increase the supply of potatoes to urban centers during the critical winter season.

To promote collaboration between the U.S. private sector potato industry and appropriate Russian organizations or firms.

To solicit the assistance of various NIS organizations to work with the team and future specialists to develop a partnership for improving their storage facilities.

To document procedures for conducting business in the NIS Republics to U.S. businesses interested in becoming involved in the NIS.

Team Composition:**Team Leader--Market Analyst**

This position will be filled by PIP's Market Analyst who has many years of experience with international marketing and development projects. He has excellent organizational, project evaluation and writing skills as well as experience in Eastern Europe and a number of years managing agri-industries.

Training--Director of Postharvest Institute for Perishables, University of Idaho

The PIP director has over 30 years of international experience in many facets of agriculture related activities. PIP offers several training short courses which may fit into the program to reduce potato storage losses. These will be examined for applicability as well as other training programs which may be appropriate.

Potato Postharvest Specialist

PIP's postharvest potato specialist has eight years of private sector experience with Ore-Ida Corp. in different facets of potato handling, storage and processing, with emphasis on storage. He has also been a state extension agent concerned with potato production, storage and handling.

Storage Facilities Specialist

This specialist has many years of experience with facilities related to storage, including buildings, air and humidity systems, loading and unloading equipment, etc. He is familiar with low and high tech facilities. He is employed by Industrial Ventilation Inc., an Idaho perishable storage facilities firm.

Economist

The economist is a Russian native who was previously connected with the National Academy of the Economy in the Russian Republic. He has numerous contacts in and outside of the government. He will be responsible for organizing meetings, interpreting, and providing inputs into the economic component of potato handling and storage.

Briefing

Mr. Harold Riley will come to Washington to brief the team leader and AID project officer on his previous two trips to the NIS on marketing consulting work for the World Bank. He will provide the names of various reports he is aware of in the

World Bank which could be useful for this project as well as giving a detailed briefing on his activities while in the NIS.

Project Implementation:

Meetings with key people and organizations will be arranged by the Russian economist on the team in the Republics of Russia and the Ukraine. The Minister of Agriculture in the Russian Republic has recently recommended a number of people and organizations to contact, anticipating that this project would come to fruition.

Team members will visit various facilities and organizations concerned with potato storage and handling, to provide a comprehensive picture of the constraints and technical assistance/training required to overcome these constraints.

A small fund will be used to provide technical publications and small testing equipment anticipated to be needed by storage facility managers.

It is anticipated that the specialists will split into two teams much of the time, necessitating hiring a second interpreter. A set aside of consultant time is being proposed as it is anticipated that returning to some sites will be necessary in order to complete assistance or information gathering.

There is a possibility that one of PIP's collaborating private sector potato organizations in the U.S. may begin to manufacture potato storage facilities in Russia in a joint venture. The cooperating Russian enterprise will be contacted to determine its ability to provide low cost potato storage facilities manufactured in the NIS.

The feasibility of smaller storage facilities near production areas and existing structures, equipment, training needs etc. will also be examined.

The Commodity Systems Assessment Methodology (CSAM) and the Cold Storage Management short course developed by PIP (in conjunction with other institutions) will be evaluated as potential training tools in the NIS for potatoes.

The team members will examine various aspects of conducting business in the NIS. The result will be the subject of a seminar held in the U.S. for businesses interested in becoming commercially involved in the NIS. The Russian economist will spend additional time in the NIS to begin gathering information for a pamphlet on doing business in the NIS and aid in the selection of appropriate persons to make presentations at the seminar. Several appropriate Russian business people or officials will be selected to attend the seminar in Washington to interact with the U.S. private sector on conducting business in the NIS Republics.

Anticipated Follow-up Work:

It will be most important for the potato specialists to be on-site in Russia during the key periods of harvest and transportation of potatoes to and from storage facilities. In June, most of the potatoes will be removed from storage so that the specialists can observe the empty storage units. Harvesting and putting potatoes in the storage units is the other very important part of the equation in learning where the major problems exist. September/October is the period during which harvesting and filling the storage units will be observed.

Time Period:

It is proposed that the team assemble in Moscow during the first week of June, with each consultant spending 28 days in-country. A six day work week is proposed. Additional days are provided for report preparation after their return to the U.S. It is proposed that the team leader spend additional days in pre-trip and report preparation. The PIP Director will also assist in preparing the final report. The Russian economist will remain in Russian extra days to collect and translate identified reports in potato storage.

Deliverables:

A report will be prepared detailing the team's findings in the Russian and Ukraine Republics. The report will consist of the team's observations, problems identified, assistance provided and recommendations for improvements and follow-up work to continue the assistance process. The report will be translated to Russian and copies provided to the Ministry of Agriculture and other officials involved with the project.

Oral debriefings will be given to the AID representatives in both Republics on the team's findings. An effort will be made to meet with Ministry of Agriculture officials in the two Republics to debrief them on the team's findings and solicit their future assistance to improve potato storage efficiency.

The team leader will give a debriefing to the AID/NIS office in Washington on his return.

Postharvest Institute for Perishables
 Potato Storage Project - NIS
 May 1, 1992

	Rate	Units	Subtotal	Totals
I. DIRECT LABOR-PIP Admin				
Director (H Nease) Trip & Report preparation	\$264	4	\$1,056	
Accounting (T Scherer)	\$124	4	496	
Secretary (S Peterson)	\$58	6	348	
SUB-TOTAL DIRECT LABOR			\$1,842	
Fringe (24.5%)			451	
TOTAL DIRECT LABOR				\$2,293
II. CONSULTANTS				
Team Leader	\$293	40	\$11,708	
Training	\$264	40	10,560	
Potato PH Spec.	\$250	33	8,250	
Storage Facilities Spec.	\$300	33	9,900	
Economist (Russian)	\$250	45	11,250	
Interpreters (Split Teams)	\$100	20	2,000	
Set aside Consultant Time	\$275	20	5,500	
Harold Riley, Briefing	\$321	3	963	
Fringe on UI consultants			5,458	
TOTAL CONSULTANTS				\$55,588
III. TRAVEL				
Airfare - Bus class*				
(*Pullman - Russia - Pullman)	\$4,672	1	4,672	
(*Boise - Russia - Boise)	\$4,584	2	9,168	
(*Wash DC - Russia - Wash DC)	\$3,568	1	3,568	
(Paris - Russia - Paris)	\$1,708	1	1,708	
(Lansing, MI - Wash DC - Lansing)	\$380	1	380	
Domestic Russian travel	\$1,500	5	7,500	
Per diem				
Moscow, Russia	\$308	95	29,260	
Other Russia	\$112	35	3,920	
Kiev, Ukraine	\$194	40	7,760	
Wash DC	\$144	5	720	
TOTAL TRAVEL				\$58,658
IV. OTHER DIRECT COSTS				
Postage/Delivery			\$400	
Communications (Phone, Fax, Telex)			1,000	
SOS Insurance (\$40/mo)	\$40	4	160	
DBA Insurance (\$3.00/\$100 salary)			1,249	
Visas, immunizations, airport taxes		6	600	
Computer rent (\$300/mo)	\$300	2	600	
Copying/printing/translation tech documents			1,200	
Report preparation/Russian translation/copying			3,500	
Video/camera film/processing			500	
TOTAL OTHER DIRECT COSTS				\$5,609
TOTAL DIRECT COSTS				\$148,046
V. INDIRECT COSTS @ 24.5%				
Bus Seminar/Wash (inc indirect costs)				100,000
Potato Pub/CSAMs/Testing Equip				10,000
VI. TOTAL PROJECT COSTS				\$291,828

**Postharvest Institute for Perishables
U.S./NIS Agribusiness Workshop Proposed Budget
May 1, 1992**

	Rate	Units	Subtotal	Totals
I. DIRECT LABOR-PIP Admin				
Workshop Coordinator	\$294	15	\$4,410	
Admin Asst	\$142	30	4,260	
Accountant	\$124	2	248	
Secretarial	\$58	10	580	
SUB-TOTAL DIRECT LABOR			\$9,498	
Fringe (24.5%)			2,327	
TOTAL DIRECT LABOR				\$11,825
II. CONSULTANTS				
** Three(3) Russian resource people	\$250	15	3,750	
Four(4) U.S. Agribusiness representatives	\$321	16	5,136	
Four(4) USAID Tech. Assist. team members	\$280	16	4,480	
TOTAL CONSULTANTS				\$13,366
III. TRAVEL				
Airfare				
(Russia - D.C. - Russia)	\$4,500	3	13,500	
Domestic travel(U.S.)	\$800	8	6,400	
Per diem				
Wash D.C.	\$144	75	10,800	
TOTAL TRAVEL				\$30,700
IV. OTHER DIRECT COSTS				
Conference facilities	\$3,200	2	\$6,400	
Translating - simultaneous/ & equipment	\$2,500	2	5,000	
Conference materials	\$20	200	4,000	
Breaks/beverages			525	
Communications(phone/fax/postage)			1,000	
Conference proceedings-prep/copying			7,500	
TOTAL OTHER DIRECT COSTS				\$24,425
TOTAL DIRECT COSTS				\$80,316
V. UI INDIRECT COSTS @ 24.5 %				\$19,677
VI. TOTAL PROPOSED WORKSHOP COSTS				\$99,993

** OPS/NIS does not agree to provide funds to support Russian Consultants (Resource People) from the Former Soviet Union.