

**PROGRESS REPORT ON VOCA
CEE PROGRAM FOR THE PERIOD
November 1, 1992 - April 30, 1993**

Grant Number: EUR-0024-G-00-1036-00

I. INTRODUCTION

Beginning as usual with some quantitative information: we were somewhat surprised to suffer a slight dip in project completions as compared to the previous reporting period - 114 versus the previous 131. The winter went much more slowly than anticipated, but there was no generalized phenomenon that would have slowed us down, and there was no abatement in project development activity. We will discuss some localized reasons for the dip in activity in the narrative below.

Meanwhile, we looked at our completed projects for the current May 1 - July 31 period to confirm that this slowdown virus has not contaminated our system. It has not: we have 94 assured project completions for the last three months, for a monthly pace of 31+. On the expenditure side, we drew down the northern tier funds on hand to zero during the period, but this is being replenished. The funds on hand were stacked in favor of the three southern-tier countries, and the going was slow in one of them (Romania).

On the program management and implementation side we had significant developments in virtually every one of our field operations in the 10 CEE countries in question:

1. We posted Maura Schwartz to Albania as our first country representative there after a seemingly endless search for the appropriate individual;
2. Onute Babraviciene settled into the country directorship for VOCA/Lithuania;
3. We got 10 specialists to volunteer for a minimum of eight weeks each to work in teams of two out of several mayors' offices in Bulgaria to help new private farmers, pre-cooperatives, pre-associations and others starting up in private agriculture and private agribusiness plan for the upcoming agricultural season in the face of all the delays and problems related to land ownership and the liquidation/transformation of the collective farms. The deputy mayors responsible for agriculture were the official hosts for farmer meetings and farm visits, land councils and liquidation committee officials participated, and Peace Corps volunteers made many local arrangements;
4. We opened the Bratislava office and were fortunate to secure the services of Pavol Vajda as Slovakia country director;

5. Romania was put in a "half-court press": while we continued to seek a qualified individual for the post of country representative, Jeff Levine began spending approximately half of his time establishing an office and developing a program in Romania while keeping the frisbees in the air in Bulgaria;

6. Members of the Polish senate and sejm involved in the debate over the new cooperative law were proposed by VOCA/Poland for the ACDI U.S. training/orientation program. They came here in the winter, had a very enlightening visit to American farmer co-ops, and returned to Poland declaring themselves convinced that farmer-owned co-ops (NOT employee-owned co-ops) represented the model they preferred. Subsequently both houses of the Polish parliament passed a progressive cooperative law and sent it on to President Walesa for his signature.

The attached representatives' monthly reports will provide substantial details on a country-by-country basis, so we won't drone on any more here. Further, this week under separate cover we have submitted to Norm Sheldon a rather extensive collection of impact statements and foreign and domestic press articles relating to our CEE program. We won't cover that ground again in this report.

We will provide a short country-by-country commentary on salient events and issues, followed by the reps' monthly reports, a listing of completed projects, and a statement of expenditures.

NOTE: While the Macedonia activity is only now having its funding instrument finalized and is not yet included in a periodic progress reporting schedule, we want to note here that in our copious free time we made arrangements to establish a joint VOCA/ACDI office in Skopje, made preparations to send several volunteers by July (eight assignments were completed), and sought qualified candidates for VOCA country representative during this reporting period. We will submit to you a detailed report on Macedonia in coming days.

II. COUNTRY PROGRAM ACTIVITIES

ALBANIA: The country is in full swing again, aided greatly by the posting of country representative Maura Schwartz. Rich Boni has been liberated from rather intensive Albania involvement, and he has now been able to attend to other responsibilities around the region. The main target in Albania continued to be the new PFAs and how to help them plan for upcoming business challenges. VOCA continued to work at the MinAg and university level on selected

assignments during the run-up to the initiation of the big USAID project scheduled for later this year. Some good groundwork was done on the beginnings of a market information system with the Ministry. Some breaths of life were beginning to be detected in the PFAs, many of which were rather depressed after a shaky 1992 season. Project development intensified with

the arrival of Maura Schwartz and the hiring of a very dynamic and seemingly inexhaustible Florian Shaqiri as administrative assistant. We are bullish on Albania for the rest of the year.

BULGARIA: The volunteer blitz mentioned above was the only mechanism we could come up with to keep the pressure on and transmit useful information and a message of hope to the crestfallen and depressed emerging private agricultural sector. The seminars and farm visits were well received by all, and the volunteers briefed/debriefed key officials on all levels on the needs and bottlenecks extant in the nascent private agricultural sector. One interesting spinoff from this activity: 10 of the deputy mayors that hosted the volunteers are scheduled to come to the U.S. in September under USAID/PIET auspices.

Bulgaria continues to present a complicated panorama, as the land and decollectivization questions are being resolved at a glacial pace, at best. We have positioned ourselves as strong champions of the private agriculture that will finally emerge from this process, and we should be up to our necks in productive and interesting work there in the next few years.

ROMANIA: The going has been slow. We continue to seek the appropriate candidate for country representative, with Jeff Levine performing yeoman duty covering this country and Bulgaria. GOR commitment to rapid privatization of the agricultural sector is not totally convincing, and we are not unearthing many interesting private local organization partners (e.g. farmers associations, federations) with which to work. Further, we have not always been sure if we were on the same wavelength with AID/Bucharest about what approaches to take, or with whom. The latter questions are now being resolved; the former ones are more thorny.

We have set a target of September to have a representative posted in Bucharest. We hope the situation will begin to shake loose during the last half of this year.

POLAND: The program goes well there. We continued to branch out geographically, as requests for assistance have been coming in from all regions. As anticipated, our interventions with many enterprises are beginning to come in at levels well beyond the startup phases. Value-added activity, joint venture opportunities, export openings are popping up as many businesses are reaching higher levels of maturity. We will be able to observe and document some of this in the external evaluation we intend to conduct in the September-October period.

Another point of interest: it appears that we will finally begin to send substantial numbers of cooperative banking specialists to the regional and branch levels in support of the ACIDI co-op banking project, as ACIDI is now prepared to take a big technical package to the countryside under a "banker-to-banker program". We have decided that while this name borders on trademark infringement, we are willing let them get away with this one.

BALTIC STATES: Project activity has become brisk, and we have been very satisfied with some very positive and concrete economic impacts from a lot of projects. We have overcome our slow start in Lithuania for lack of a country director until last fall. (By now you have

probably noticed that we will leave positions vacant and take the consequences rather than merely fill them and perhaps suffer worse consequences.)

CZECHIA-SLOVAKIA-HUNGARY: Project activity was mysteriously low in these countries during the reporting period. We brought on board our first country director for Slovakia, so of course he had to learn the ropes for a few months. VOCA's Hungary focus had a strong thread of privatization running through it, but not many enduring relationships were developing with local partners last year. Czechia was a major hotbed of activity for us last year during the collective farm transformation process, and everything slowed down after all the groups submitted their transformation plans to government for approval and thereby entered a waiting period. The Slovaks, by the way, were operating under the same transformation rules and procedures.

Regional representative Rosemary Mahoney liked the look of the program in the three countries as it had evolved by this spring. A lot of assignments were having economic and organizational impacts, and project activity has been increasing. Some 40 new volunteer placements are being arranged for now, and completions should run into the 60s this year (against a target of 75, or 25 per country).

We will home in on the question of impacts in the upcoming external evaluation. After several conversations with your office and others here internally, we have decided to target Poland, the three countries in our Prague regional operation, and Albania. We will cover the details on this in a separate communication to you within two weeks.

This is all we have for now. We can summarize the six-month reporting period as one where we saw the maturing or emergence of many viable working partnership organizations in eight of the ten program countries, with only Bulgaria and Romania lagging behind on that front. Issues relating to policies/politics have gotten in the way in those two countries as well, which is not to say that the others have been rose gardens along those lines. At any rate, we know those logjams will crumble everywhere since it is ultimately in the best interest of their economies. We will continue to harp on that point.

One last note which does not relate directly to these reports: we are beginning to provide impact statements to FHA/PVC for our eight NIS countries on a scheduled basis. Our target is to provide a minimum of two solid statements per month that will be replete with quantified impacts, whether they relate to economic/commercial outcomes or substantial organizational restructuring of an agribusiness, association, food industry or other related business that clearly transforms it out of the old mold and into a streamlined, competition-oriented enterprise. Macro-level impacts (e.g. co-op law reform) would also be included. We have instructed our staff to assemble such statements in the CEE countries as well for submission to your office.

ATTACHMENT I

**COPIES OF VOCA REPRESENTATIVES'
MONTHLY REPORTS FOR THE REPORTING PERIOD**

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COEV

FROM: Carl Hamnerdorfer

TO: Don Cohen, Charles Cox, Don Mooers, Kristin Giantris, Neil Mozer, Jenny Hughel, Sonia Nofziger, Stacy Kamin

Program Report: 11-1 thru 12-1, 1992

I. Volunteer Projects Completed and Impact

- A. *EF3029 Warsaw ODR Cooperative Development* Working with the agricultural advisory service for the Warsaw province, Job Savage conducted seminars on cooperative formation and management for farmers wishing to transform existing coops or create new ones.
- . IMPACT: Extension agents have a deeper understanding of western cooperative principles and are better able to advise farmers and cooperators within their region on proper structure and management.
 - . CATEGORY: Cooperative Development
 - . SPOUSE ROLE: No apparent impact on project.
- B. *EF3033 Prosper Poultry Marketing* Working with management and employees of a private poultry processing facility, Stan Luckman improved Prosper's procurement and processing capabilities, and assisted them in arranging new markets for their products.
- . IMPACT: Luckman streamlined the production line and dramatically increased the number of birds the plant processes per hour. Luckman also taught management and production line personnel the importance of percentages. To wit, if you're cutting a piece of poultry into two separate parts, one of which sells for 10,000 zlotys per kilo and the other for 15,000 per kilo, where one makes the cut has a great deal to do with the business's profit per bird.
- Luckman provided hands-on training to the procurement supervisor and the marketing director, going through the

process of inspecting incoming product and through the sales process. Further, Luckman helped Prosper to seal an arrangement with a processor in Katowice who will produce salami from turkeys provided by Prosper.

In sum, Luckman's project should have a substantial effect on the profitability of Prosper over the next three months. We will, therefore, monitor the situation carefully in order to produce reliable, quantitative data indicating the impact of this project.

- PROJECT CATEGORY: Food Processing

- SPOUSE ROLE: Mrs. Luckman was quite actively involved in the discussion of employee relations with Prosper's management and staff. I believe she had a positive effect on the morale of Prosper employees and increased understanding of human relations by management.

C. EF3047 Marszew Coop Financial Management Working with the ODR in Marszew, Steve Reynolds analyzed the financial condition of several cooperatives, making recommendations on improved management and financial analysis.

- IMPACT: Improved skills of coop accountants and financial management personnel. Increased the level of knowledge on cooperatives of extension agents in Marszew.

- PROJECT CATEGORY: Cooperative Development

- ROLE OF SPOUSE: n/a

D. EF3051 Nowy Sacz Cooperative Management Working with the management and board of a horticultural marketing coop, Dick Shumway provided training in improved product procurement, marketing. Additionally, Mr. Shumway advised management and members to restructure based upon western-style cooperative principles.

- IMPACT: The cooperative management understand that they must compete in price and quality if their 11 retail outlets are to survive. We anticipate that the retail operations, which have been losing money steadily for over a year, will begin to show some profit in several months. We will monitor this one closely.

- PROJECT CATEGORY: Food Processing, Marketing

- ROLE OF SPOUSE: Mrs. Shumway was useful in the support which she provided for Mr. Shumway and participated in numerous discussion sessions on western marketing coops and retail shops.

E. EF3065 Srebrna Dabrowka Processing Working with the

management team of a large collective cooperative, Dick Shumway provided advice on the modification of a business plan and application for investment to expand processing and marketing activities.

- IMPACT: Cooperative management and members have a greater understanding of marketing. The coop has applied for funding from the Joint Commission on Humanitarian Assistance. Their application is being considered.

- PROJECT CATEGORY: Food Processing and Marketing

- ROLE OF SPOUSE: Minor

F. EF3050 Nowy Sacz Dairy Management Working with the management and dairy producers who supply the dairy, and with extension agents, Damon Szymanski provided training on improved milk quality, herd management, and farmer relations.

- IMPACT: Farmers and dairy plant personnel have a greater understanding of product handling procedures necessary for improved milk quality. We will check with the plant manager periodically to determine whether bacteria numbers are decreasing and milk-fat increasing.

- PROJECT CATEGORY: Ag. Production and Food Processing

- ROLE OF SPOUSE: n/a

G. EF3061 Ostrolenka Cooperative Extension Working with the agricultural advisory service for the Ostrolenka province, Job Savage conducted seminars on cooperative formation and management for farmers wishing to transform existing coops or create new ones.

- IMPACT: Extension agents have a deeper understanding of western cooperative principles and are better able to advise farmers and cooperators within their region on proper structure and management.

- CATEGORY: Cooperative Development

- SPOUSE ROLE: No apparent impact on project.

II. Programmatic Issues

VOCA has received a copy of the latest draft of a cooperative law, provided us by Sejm Deputy Maczkowiak, Chairman of the Sejm's Special Committee for the Cooperative Law, to have its second reading in the Sejm some time in January. We were

delighted to find language in the law stating that employee membership in farmer cooperatives will cease in June, 1994. We were dismayed to see language allowing the establishment of an apex organization not unlike the loathsome Supreme Cooperative Council which governed coops during the communist era.

We continue to persuade our friends in the Senate, Sejm and Ministry, not to mention our farmer and coop friends in the field, that this could have disastrous effects on the future of farmer coops in Poland. We have suggested to ACDJ that we assemble a group of the most influential policy-makers involved in the debate, and invite them to the U.S. for a whirl-wind tour of American cooperatives and cooperative support institutions. This looks like it will happen next month, with the participation of three Senators, three Deputies from the Sejm, and the Deputy Minister of Agriculture in charge of coops.

We are beginning to receive requests for VOCA assistance from various commodity exchanges which have sprung from the cold, cruel ground over the past two years. We visited one in Poznan and were extremely impressed with the technological side of their operation. (every broker has five phones, fax, computer and modem) Interest on the part of producers and biznes-people is still low since they do not trust anyone who says they will pay in three days, or in three minutes for that matter. Cash on the barrel-head. We may assist the Poznan exchange.

VOCA has work with three private dairies, an indication of the sorry state of most dairy coops. We should see in the next six months if the coops will roll over and die, if the state will bail them out, or if they, and VOCA, will save themselves.

Other than that, no really big shakes here.

III. Country News

I enclose several articles on developments in Polish agriculture taken from large daily newspapers. These articles have been lifted from the Polish News Bulletin, a joint, daily publication of the U.S. and British embassy containing translations of major Polish news stories. If you are interested in more than just ag-related stories, please let me know.

IV. Collaboration

- A. USDA: Volunteer, Linda Campbell, the President of the American Dairy Goat Producers Association is in Bielsko Biala working with Polish dairy goat producers identified by a member of the Polish American Extension Project.

- B. ACDI: VOCA and ACDI are attempting to put together a group of top Polish policy-makers from the Senate, Sejm and Ministry of Agriculture to travel to the United States for an intensive overview of U.S. cooperatives. As the final vote on a new cooperative law approaches, a trip such as this could have a substantial effect on the positions which these individuals take in the debate.
- C. Peace Corps: VOCA volunteer, Bud Strashun, is in Chelm assisting a Peace Corps Volunteer who is helping local farmers establish a fruit and vegetable drying facility.

V. Media Coverage

- A. Several articles in newspapers: 1) Rolnik Spółdzielcza, Poland's leading farmer weekly, did a feature on VOCA volunteer Job Savage who has been doing great cooperative development work in the Warsaw and Ostrolenka provinces. 2) Three local papers in the Konin province covered the visit of VOCA Poland and VOCA/Baltics staff to the county cooperative in Strzalkowo where two volunteers have worked.
- B. We have plans to get Damon Szymanski on national television while he's on assignment in January. We would like for him to address both the dairy situation, and the necessity that farmers keep record of their farm businesses for better management and access to credit.

COPY

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FROM: Carl Hammerdorfer

TO: Don Cohen, Charles Cox, Don Mooers, Kristin Giantris, Neil Mozer, Jenny Hughel, Sonia Nofziger, Stacy Kamin

Program Report: 12-1 thru 12-31, 1992

I. Volunteer Projects Completed and Impact

A. EF3067 *Strykow Strawberry Production and Marketing* Working with farmers and local government officials, Bud Gassett advised on the establishment of a farmer-owned, modernized strawberry production, handling, and marketing business.

- IMPACT: The farmers have received a guarantee from the Ministry of Agriculture for a \$400,000 loan. They are now in the process of finalizing their business plan, negotiating their own investment, and hiring staff for the business. If all goes as scheduled, farmers expect a 400% increase in yield per hectare a six to eight week increase in the length of their harvest period. Because of the scope and expense of this undertaking, the farmers are targeting the 1994 harvest.

- PROJECT CATEGORY: Agricultural Production and Marketing

- ROLE OF SPOUSE: Ms. Gassett was instrumental in all of the formal and informal meetings with officials and farmers.

B. EF3054 *Nowy Sacz Agri-tourism Development I* Working with the agricultural advisory service for the Nowy Sacz province, Phil Alexander conducted seminars for farmers and extension agents on the establishment of an agritourism association and advised farmers on measures to improve their current agri-tourism businesses.

- IMPACT: Extension agents have a deeper understanding of the kind of advice which they should provide to farmers interested in earning extra income from agri-tourism. Farmers have a higher understanding of the standards which they must achieve in order to succeed in their

tourist oriented businesses. Municipalities learned how they can promote and assist in the development of profitable agr!-tourism.

- CATEGORY: Agri-tourism Development and Marketing

- SPOUSE ROLE: n/a

C. EF3072 *Olsztyn Cooperative Development* Working with the members and management of three agricultural cooperatives, Norval Dvorak advised on improved management, merger opportunities, and the implementation of a patronage dividend system.

- IMPACT: All of the coops have a greater understanding of member and management relations and responsibilities. Two of the coops are evaluating the possibility of a merger. A county cooperative is implementing a system of patronage dividends.

- PROJECT CATEGORY: Cooperative Development

- ROLE OF SPOUSE: n/a

D. EF3066 *Rejowiec Fruit and Vegetable Dehydration* Working with the agricultural advisory service of the Chelm province, Sumner Strashun advised producers on the establishment of a fruit and vegetable drying business, including construction of the facility, management of the enterprise, and domestic and international marketing possibilities.

- IMPACT: Local producers are in the process of establishing a business (perhaps a coop). On Strashun's recommendation, and in coordination with the ODR, they may seek funding for the construction of several dehydrators.

- PROJECT CATEGORY: - Food Processing, Marketing

- ROLE OF SPOUSE: n/a

E. EF3053 *Nowy Sacz Agri-tourism Development II* Working with the agricultural advisory service for the Nowy Sacz province, Rita Hodgins conducted seminars for farmers and extension agents on the establishment of an agritourism association and advised farmers on measures to improve their current agri-tourism businesses.

- IMPACT: Extension agents have a deeper understanding of the kind of advice which they should provide to farmers interested in earning extra income from agri-tourism. Farmers have a higher understanding of the standards which they must achieve in order to succeed in their tourist oriented businesses. Municipalities learned how

they can promote and assist in the development of profitable agri-tourism.

- CATEGORY: Agri-tourism Development and Marketing
- SPOUSE ROLE: n/a

F. EF3070 *Bielsko Bialo Goat Production* Working with dairy goat producers and processors, and the agricultural advisory service, Linda Campbell advised on improved breeding and care of animals, intensified marketing activities, and product diversification.

• IMPACT: Farmers will improve the quality of their herds by importing breeding stock and changing their breeding practices. The association of dairy goat producers will become more active in product promotion and the establishment of standards.

- PROJECT CATEGORY: Ag. Production and Marketing
- ROLE OF SPOUSE: n/a

G. EF3071 *Przeworsk Feed Mill* Working with staff and management of several private feed mills in southern Poland, James McDougall advised on improved management, and alternative feed ration preparation.

- IMPACT: Too early to tell.
- CATEGORY: Ag Processing
- SPOUSE ROLE: No apparent impact on project.

H. EF3069 *Rzesow TAO Dairy Plant Management* Working with the management and production staff of a private dairy plant, Milton Knapp advised on equipment changes necessary to double production, improved sanitation, and market diversification.

• IMPACT: The management will implement all of Knapp's equipment recommendations and seek to begin production of cottage cheese. They also have a request for financial assistance on line with CARESBAC which, due to Knapp's services, stands a good chance of being approved.

- CATEGORY: Food Processing
- SPOUSE ROLE: Mrs. Knapp provided support in Mr. Knapp's discussions with plant management and staff and provided secretarial support.

II. Programmatic Issues

No revolutionary changes this month.

III. Country News

I enclose several articles on developments in Polish agriculture taken from large daily newspapers. These articles have been lifted from the Polish News Bulletin, a joint, daily publication of the U.S. and British embassy containing translations of major Polish news stories. If you are interested in more than just ag-related stories, please let me know.

IV. Collaboration

- A. USDA: Volunteer, Linda Campbell, the President of the American Dairy Goat Producers Association worked in Bielsko Bialo with Polish dairy goat producers identified by a member of the Polish American Extension Project.
- B. CARESBAC: VOCA sent a volunteer to the TAO private dairy in Rzesow to help them improve their processing capacity and marketing. TAO management came to us on the recommendation of CARESBAC which may invest in the dairy in the near future. The volunteer, Milton Knapp, helped CARESBAC to assess the viability of such an investment.
- C. Peace Corps: VOCA volunteers will assist the commodity exchange in Poznan (Gielda Poznanska) next month. The request was generated with the assistance of Peace Corps volunteer Tim Dowd who works with the Poznan Regional Cooperative Service Unit and with the exchange.
- D. ACDI: ACDI will send two Senators and five Deputies from the Sejm to the US in January. All of the officials have experience with VOCA volunteers and were chosen on the recommendation of VOCA/Poland's staff. VOCA Country Director, Urszula Long, will travel with the delegation as an interpreter and trip facilitator.

V. Media Coverage

- A. Lengthy interview of yours truly with the ag editor of Rzeczpospolita, one of the largest, nationwide, daily newspapers. Article should appear shortly.
- B. Rolnik Spolędzielza dedicated about half of their last edition to VOCA's farewell fete for Don Mooers. Included photos and quotes of Don, Carl, Marshall Slisz and numerous other luminaries. I told Don he will probably have to assassinate the Pope to ever get this much publicity again.



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FROM: Carl Hammerdorfer

TO: Don Cohen, Charles Cox, Don Mooers, Kristin Giantris, Neil Mozer, Jenny Hughel, Sonia Nofziger, Stacy Kamin

Program Report: 1-1 thru 1-31, 1993

I. Volunteer Assignments Completed

- A. EF3075 *Skierniewice Rabbit Business Development* Skierniewice and Bialystok provinces; Extension Service; Tex Thomas; Marionville, Missouri.

Working with extension agents, rabbit producers and rabbit processors in two provinces, Tex Thomas advised on improved management of commercial rabbit operations and association development.

- RESULTS: Farmers and extensionists are increasing their efforts to establish a production to processing to marketing cycle in order to increase profitability of the commercial rabbitries.

- PROJECT CATEGORY: Agricultural Production and Marketing

- ROLE OF SPOUSE: Did not accompany

- B. EF3080 *Piatnica Milk Quality Improvement* Lomza; The Piatnice Dairy Cooperative; Damon Szymanski; Pulaski, Wisconsin.

Working with dairy producers supplying milk to a large cooperative, Damon Szymanski advised farmers on improved nutrition, sanitation and product handling to improve milk quality.

- RESULTS: Farmers and dairy personnel have improved milk handling procedures.

- CATEGORY: Ag production and processing

- SPOUSE ROLE: did not accompany

- C. EF3062 *Ostrolenka Farmer Organization* Ostrolenka; Extension Center; Bill Trevathan; Tipton, Iowa.

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Working with extension agents, Bill Trevathan conducted numerous seminars for farmers on the establishment and management of farm organizations for the purpose of marketing, cheaper inputs, lobbying and education and exchange.

- RESULTS: Over 500 farmers and numerous local agricultural officials have a better understanding of farmer controlled organizations.

- PROJECT CATEGORY: Association Development

- ROLE OF SPOUSE: did not accompany

D. EF3081 Siedlce Farm Records Siedlce Province; Extension Center; Damon Szymanski; Pulaski, Wisconsin.

Working with advisors from the Provincial Extension Center and local farmers, Damon Szymanski provided training in farm management and record keeping.

- RESULTS: Farmers wishing to apply for credit now have the ability to present their farm operations as a business to bankers. Extension advisors have an improved ability to assist farmers with their farm records.

- PROJECT CATEGORY: Agricultural Advisory Service

- ROLE OF SPOUSE: Did not accompany

E. EF3057 Skierniewice/Bialystok Rabbit Production Skierniewice, and Bialystok Provinces; Animal Production Institute, Warsaw; Asa Childers, College Station, Texas.

Working with extension agents, animal scientists, and rabbit producers, Asa Childers provided training in improved breeding and herd health management to rabbit producers and researchers. Additionally, Childers provided information on the marketing of rabbit products to the biological market.

- RESULTS: Extension agents and researchers have a deeper understanding of the kind of advice which they should provide to farmers. Polish processing facilities will soon be able to compete with western European buyers, as they will begin realizing a higher profit due to the sale of rabbit blood and brains which were previously disposed of.

- CATEGORY: Ag production and processing

- SPOUSE ROLE: Did not accompany

II. Programmatic Issues

VOCA/Poland's assistance to agricultural credit institutions has been on hold for approximately a year due to the ferment and turmoil taking place within cooperative banks. (Our assistance to Credit Unions in conjunction with WOCOU's efforts continues.)

ACDI's project to assist in the transformation of the over 1600 co-banks has not requested VOCA assistance as originally anticipated. (ACDI initially envisioned the use of 25 VOCA volunteers to assist with training of bank personnel) There is some indication that ACDI's project is now at a stage where they will become more involved in assisting individual banks with their internal operations and management. This may signal a need for VOCA to begin providing volunteers.

Coincidentally, VOCA has received a request for assistance from a new bank which has been capitalised almost entirely by over 2000 farmers. In fact, board members inform VOCA that over 95% of bank shares are held by farmers. Unfortunately, the bank has only approximately 1.5 million dollars in start-up capital, whereas recently passed banking legislation now requires banks to have approximately six million dollars.

The bank could seek to attach itself to one of the three regional coop banks which ACDI has helped establish or to another large bank to satisfy this capital requirement. The board, however, is fiercely independent and does not wish to "jump into a boat full of old nomenklatura". VOCA will send them a volunteer to evaluate their situation and assist them with a management plan.

As with ag credit, VOCA's activities in the area of privatization of state farms and food industries have been limited in recent months. The State Treasury's Agricultural Properties Agency has expressed strong interest in VOCA assistance, but due to complicated political wrangling their request for assistance has been repeatedly delayed. Our latest information from the agency is that they will need our help two to three months from now.

The bulk of our activity continues to be in the areas of cooperative development, food processing and marketing, and ag extension. Evaluations completed by recipients of VOCA assistance in these sectors continue to highly complementary of our assistance.

III. Collaboration

- A. USDA: Four VOCA volunteers, Wells, Besse, Pepper, and Buchanan will coordinate activities in western Poland with USDA extensionists assigned to the Jelenia Gora ODR center.

- B. CARESBAC: Invested in the TAO private dairy in Rzesow to help them improve their processing capacity and marketing, after the dairy received assistance from VOCA volunteer, Milton Knapp.
- C. Peace Corps: VOCA volunteer, Bud Strashun continues to assist a Peace Corps initiated food dehydration project in the Chelm province.
- D. ACDI: ACDI may send Polish management and producers from a VOCA assisted strawberry industry revitalization project to the states this summer. Details are currently being discussed.

IV. Media Coverage

- A. Volunteer Bud Gasset was on television with a well known parliamentarian to discuss the revitalization of the strawberry industry in the Lodz province.
- B. Rolnik Spoledzielza ran several articles on VOCA assistance to cooperatives.
- C. Volunteer, Ray Kueneman and Country Rep, Carl Hammerdorfer were captured by television cameras while speaking at a conference on "why farmers should organize" in Lublin.

V. Office Operations

VOCA/Poland has hired a new part-time bookkeeper, Ms. Alina Majewska.

VI. Country News

I enclose several articles on developments in Polish agriculture taken from large daily newspapers. These articles have been lifted from the Polish News Bulletin, a joint, daily publication of the U.S. and British embassy containing translations of major Polish news stories. If you are interested in more than just ag-related stories, please let me know.

Agricultural Prospects Bleak

Rzeczpospolita No. 9, 12 January 1993 p.1

(by Edmund Szot) The basic factor to have checked the development of agriculture in the last three years was the low demand for food. The situation in the current year will not stimulate this demand either, as households' expenditures on energy, central heating, hot water and rent will increase, while the real salaries will remain at the last year level. Farmers cannot rely on growing food exports, either. The planned 25% rise in the dollar exchange rate will not make exports more profitable, and with regard to certain products will undoubtedly restrict them.

The introduction of equalisation charges will not affect the local demand seriously. It can merely help fixing prices for certain goods at a level favourable to the development of production.

In the current year, conditions will not be conducive to significant restructuring of agriculture. The rise in unemployment from 14.7% to 18% will check the outflow of redundant manpower from the land. Only the taking over of state farms by the State Agency for Agricultural Assets will make it possible to enlarge farmholdings somewhat. This will be helped by the lowering of the interest on refinancing credit from 39% to 28.7%.

All in all, external conditions will not help the intensification and restructuring of Polish agriculture. Therefore one cannot expect a rise in agricultural production or the full utilisation of the food industry's production capacities.

The anticipated situation in particular segments of the food economy seem to corroborate such gloomy prognoses. For example, the growing demand for agricultural inputs can be expected only in those regions where the crop failure was fully made up for by an increase in prices. For that reason, any revival in the market for such manufactures as tractors or other farm machinery is out of the question. One can only hope for a slight increase in the demand for fertilisers (nitric fertilisers in particular) and pesticides.

The level of this year's agricultural production will be lower than last year's.

Below are the estimates of the market situation with regard to crucial agricultural products:

Grains - No direct consumption, the volume of grain to be sown or its industrial use is expected to remain at present levels. However, the fattening of animals with them, and grain exports are expected to diminish depending on the amount of grain imports. The present industrial grain reserves are enough for two months.

Rape seed - In autumn, 360,000 hectares, i.e. 14% less than a year earlier, were put under rape. Yet, already last year, industry did not use its processing capacities to the full, due, among other things, to uncontrolled exports.

Sugar beets - The world sugar price is currently so low that there is nothing to encourage beet root cultivation and sugar production beyond the local needs.

Potatoes - The feed market situation as well as the possibility to export potatoes to CIS countries favour an increase in their production.

Gardening products - The shrinking local and foreign demand for them prevent an increase and intensification of gardening.

Meat - The current situation on the meat and feed markets is unpropitious to farm animals breeding, and therefore a vehement cut in the national herd (of pigs in particular) is to be expected.

Milk - The present milk supply does not meet the local demand, therefore it is to be presumed that cow breeding will show a growth tendency.

Summing up, no increase in local or foreign demand for food products is to be expected. The practice of land retiring should increase. Animal production will decline. Taken all together, this year agricultural production will be 3%-7% smaller than a year earlier. Once the food industry is cleared of its debts, it will increase its output by about 4%. It is anticipated that foreign trade in food products will bring in a deficit.

Kaliningrad Governor In Poland

Rzeczpospolita No.12, 15 January 1993 p.1

Nikolai Zachmatov, a trade representative of the Russian Embassy in Warsaw told journalists that the value of trade exchange between Poland and Russia in 1992 amounted to 5.2,8 billion, of which 3.1 billion was earned by small and medium-size firms.

The report comes in connection with the current visit to Poland of Yuri Matochkin, who is a representative of President Yeltsin and the governor of the Kaliningrad district. The visit is taking

The Russian delegation expressed hope that Polish capital will participate to a large extent in investments connected with developing the duty free area in the Kaliningrad district. So far 368 firms with foreign capital operate in the district, including 118 Russian-Polish firms, and 68 Russian-German firms. The Germans are in the lead as far as the size of capital investment is concerned, and Poles come second.

The Kaliningrad district is Russia's window to the world. Over 8,000 large Russian enterprises operate in the district or have their agencies here.

Bielsko Biala Wool Plants to Be Restructured

Nowa Europa, No. 18, 27 January 1993, p. 12

An unprecedented recovery programme for a group of wool industry plants is to be implemented by the Industrial Development Agency (ARP) in cooperation with the local government and the regional development agency from Bielsko Biala. It is projected that the programme will be implemented within the next six months.

The programme concerns nine wool industry plants from the Bielsko Biala region: Bawelana, Bielska Działana, Finex, Kontex, Krepol, Merlana, Welux, Kelana, and the spinning plant Weldoro. Altogether, these are seven weaving plants, one spinning plant, and one plant processing waste wool.

For years, wool products from Bielsko Biala were very popular in the market. This situation changed after the collapse of the USSR. In order to make up for the losses related to losing the Soviet market, the wool plants' managers started to make efforts to establish contacts with customers from Western Europe and the United States. At the same time, they asked the Industrial Development Agency (ARP) for help in preparing and implementing a restructuring programme for the plants. A programme of measures necessary in order to improve the plants' situation was prepared together with the Agency.

French financing will be provided for half of the costs related to implementation of the programme. The ARP signed an agreement on that matter with the France-Pologne foundation. The total cost of the programme is estimated at 1.3 million of French Francs. The remaining half of the costs will be covered by the wool plants themselves, although they will make the payments after the implementation of the programme is concluded, while current costs related to the programme will be paid with a zero interest loan from the ARP's resources.

The programme of restructuring the wool plants is carried out by Algae Management, a French consulting company, with the help of the Orgbudin company. Both companies were selected from among 4 French and 8 Polish firms which competed for the contract. Implementation of the programme is supervised by the Steering Committee, and, at the level of the companies, the efforts made by the consultants and the wool plants are directed by the Regional Development Agency from Bielsko Biala. The implementation stage of the programme began last October. By the end of August 1993, basic elements of the programme should have been implemented.

Under this programme, individual wool plants are to be restructured. Their restructuring will be based on the analysis of the market situation and prospects for each of them, taking into account

the projected developments in the Polish and international markets [...]

The second element of the programme is to develop a single organisation concept which would comprise the nine plants. This organisation would promote the plants' products, it would help to establish trade contacts, carry out market research, and organise training for the management. Details concerning this part of the programme are still to be settled.

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Discord in Cabinet Over Food Imports

Zycie Warszawy No. 11, 14 January 1993 p.1

The Government Economic Committee (KERM) could not agree yesterday on equalising charges that would eliminate differences in prices between imported and home-grown food. Agriculture Minister Gabriel Janowski, who advocates the charges, clashed with Jan Krzysztof Bielecki, the minister in charge of relations with the European Communities.

Bielecki questioned yesterday the purpose of the whole exercise and pointed to the incompatibility of such plans with the rules of Poland's association with the EC. [...]

Small Banks Forced to Merge

(by Maciej Kiedzik) The EEC countries decided that starting next year, small banks would have to have at least 5 million ECU equity. In terms of the Polish zloty, this makes 70 billion. Does this decision augur the end of small and medium-size banks?

The NBP National Bank of Poland's scenario does not anticipate the liquidation of small banks. Instead it offers them a chance to concentrate and establish intermediate organisations.

The most difficult will be the situation of the 1,630 cooperative banks whose joint net capital is calculated at 1.365 billion zlotys, which makes an average of less than a billion zlotys per bank. The best situation is that of those banks who have several dozen billion zlotys at their disposal. The worst is that of the banks with an equity of merely several hundred million zlotys, who are in debt and who are helpless *vis-a-vis* their insolvent debtors.

Among the latter banks are ones with nearly one-hundred-year traditions, who survived socialism in Poland, and who would now like to demonstrate how they can prosper under a free market. Despite appearances, it is not big money, but their perfect knowledge of the area where they operate that is their greatest asset. Now, in order to survive, they will have to merge into bigger ones, which will largely reduce their independence. The Bank Unii Gospodarczej, the Gospodarczy Bank Wielkopolski and the Gospodarczy Bank Polski Południowo-Zachodniej have been the first cooperative banks to declare their readiness to merge. Their joint capital will be greater than 75 billion zlotys. The BGZ Agrarian Credit Bank is also a possibility for small banks. Their shares in the BGZ have exceeded 280 billion zlotys already.

The ten cooperative banks established by self-employed tradesmen, and remaining outside the BGZ and the Bank Unii Gospodarczej organisations, are in an exceptional situation. Six of them have already declared their readiness to associate with the Bank Rzemiosła of Warsaw. The two largest, those of Poznan and Lodz, are going to remain independent.

The most ludicrous is the situation of private banks, established only three years ago. Irrespective of the volume of their respective equity, their independence was their greatest asset. At the moment, only a few of them can boast having equity of as much as 70 billion zlotys. The majority of them will be forced to merge with other banks with similar equities. This means the end to their independence.

The imposition of such high, under Polish circumstances, requirements is meant to streamline the existing banking system, to prevent bankruptcies and to guarantee the safety of bank deposits. The state treasury cannot afford the liquidation or receivership of the banks declaring themselves bankrupt. In the near future, several banks will do that. This will be an inevitable and natural process. The newly-imposed requirements should help avoid such situations in the future.

[...]
ch pr

Sheep Breeders Happy to Take Control

Rzeczpospolita No. 235, 4 December 1992 p.11

(by Edmund Szota) For several years, the Polish national sheep herd has been shrinking - from almost 5 million heads in 1985, to about 4.4 million in 1990, to 3.2 million last year, to 1.8 million in the current one (although some people say that there are even less sheep in Poland than that now). The decline is the result of the unremunerative nature of sheep breeding. Australian or New Zealand wool is better; several warm winters have lessened Poles' interest in sheepskins, and, what is more, Poles have never been very fond of mutton. In this situation, that small national herd that is still there, is bred only for the sake of exports of lambs to EEC countries. Exports of fat sheep to other countries hardly brings any profit at all.

As regards sheep exports to the EEC, they are limited by a special quota. Last year it amounted to 6,000 tons; this year, to 6,600 tons. In keeping with the relevant Polish-EEC agreement, every year the quota will rise by 10% (taking 6,000 tons as a base). [...]

Several days ago, the Sejm Commission on Agriculture and Food and the Senate Agriculture Commission accepted Deputy Jacek Soska's proposal to turn the division of the quota over to the breeders' union. [...] The Agriculture Ministry and its Exporters' Club, and also the farmers' Solidarity are against Soska's proposal. [...]

Lamb exports to the EEC are very profitable. The Italians pay 4,600 liras (i.e., more than 50,000 zlotys) for a kilogramme of lamb between 13 and 15 kg of weight. The breeder obtains about 40,000 zlotys for a kilogramme. [...] However, if the lamb is bigger than that, its price goes down. In extreme cases, the sheep are directed to other countries (e.g., to the Arab ones), where the price is ten times lower. The taking over of the division of the EEC quota by the breeders themselves can help eliminate cases where the sheep goes outside the EEC, the breeders argue. [...]

Janowski Wants to Recall Tanski

Gazeta Wyborcza No. 10, 13 January 1993, p. 14

Rural Solidarity and its former leader, now Minister of Agriculture, Gabriel Janowski, demand recalling Adam Tanski, head of the State Agricultural Assets Agency which is in charge of privatisa-

tion of state farms (PGR). On the other hand, experts in law and economics defend the Agency's chairman.

Adam Tanski was the Minister of Agriculture in the Dulecki cabinet. Already at that time, he was severely criticised by the Rural Solidarity and Gabriel Janowski, then, the union's chairman.

Now, Minister Janowski accuses Tanski of failing to implement the government's agricultural policy which is to foster the development of small and medium-size private farms. Therefore, according to the Minister, farmers should be granted priority for the purchase of land of the liquidated PGR farms. However, the Agency sells land to those who offer the highest price. "There is no demand for land anyway," Tanski claims, and tries to attract foreign investors to buy land, particularly in the northern part of Poland.[...]

As *Gazeta Wyborcza* has learnt from well-informed sources, recently, Minister Gabriel Janowski addressed a request to Prime Minister Hanna Suchocka to recall Adam Tanski. In order for the request to be considered, it also has to be signed by Minister of Privatisation Janusz Lewandowski who refused *Gazeta Wyborcza* to comment on the matter. At the same time, *Gazeta* was unable to get in touch with Minister Janowski.[...]

Experts in law and economics claim that the accusations against Tanski are of an ideological and propagandistic character. "Adam Tanski proved to be an outstanding expert in economic and financial matters related to agriculture, and he is doing very well in the difficult position which he holds," experts, including professors Antoni Leopold, Wojciech Jozwiak, and Wojciech Zietara, wrote in a letter to Prime Minister Hanna Suchocka.

According to them, it is unjustified to accuse the Agency of failing to implement the government's agricultural policy. "There is a wide offer of sale or lease of land addressed to the private farmers, and the access to the land as well as terms of payment are relatively convenient for them," the letter reads. They believe that there is no economic justification for dividing the whole land of the state farms into small lots.[...]

New Exchange Rate

\$ 1.00 = 16,400 PZL

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COMMENTARIES

Agriculture: More Partners Behind the Eastern Border

Rzeczpospolita No. 2 4 January 1992 p.1

Following the collapse of the Soviet Union, Poland's food trade with its eastern neighbours took on a new dimension. In 1991, invoiced exports fell by 87.1 percent from 1990, or eight-fold, and imports fell by 82.9 percent, or six times.

Still, in 1990 invoiced trade represented 86.2 percent of exports and 73.6 percent of imports in the case of agro-food products, while a year later the figures were 56.5 percent and 35.4 percent, respectively. Thus, the actual decrease in sales was certainly lower than that. Adding to this the spontaneously developing bazaar trade, not subject to any controls, one can reach the conclusion that most probably it was only the form of trade with the eastern neighbours that changed, while its volume remained fairly stable. But this conclusion will only be partially true because the former Soviet republics are experiencing a crisis that hampers their possibilities for expansion.

Crisis in the Baltic states

After they shed their ties with Russia, the Baltic states ran into major problems. Their economies, strongly dependent on Russian deliveries, declined, and at least for the time being no signs of revival are in sight.

In Lithuania, industrial production in the first 10 months of 1992 fell by 8.5 percent. Farming production also plummeted, due to a spell of hot weather and draught. This is one of the reasons behind the large exportation of Lithuanian cattle to Poland. Lithuania's agriculture is going through a difficult process of profound changes. The process is actually far along, but there is a general shortage of farming equipment for private farms in Lithuania.

The situation in Latvia is similar. Both these states are eager to develop economic contacts with Poland. In addition to deliveries of equipment needed for small farms, such contacts can provide these countries with help in the training of farmers. Many Lithuanians are gaining professional skills in Polish centres for agricultural consulting and on Polish private farms.

Latvia is interested in buying Polish tractors and farm machinery. Poles also train Latvia's seed scientists. Latvia is cutting its huge herds of farm animals. It was forced to maintain these throughout the Soviet era. Latvia is also going through major economic problems following a deterioration in the supply of energy and an unfavourable relation between the price of the Russian ruble and the price of Latvian money. Both Lithuania and Latvia count on loans from the European Community. The EC has committed 100 million ECU for Lithuania and 80 million ECU for Latvia. But actually getting the money depends on whether they meet the requirements of the International Monetary Fund.

Estonia, the third Baltic state, does not seem interested in more extensive economic contacts with Poland. It does not treat Poland's agriculture as a useful model. For linguistic and cultural reasons, Estonia tends toward Finland, and toward Sweden for economic reasons.

Belarus: Improvement at the expense of reform

The situation of Belarus is quite different than that of the Baltic states. Industrial production in Belarus in the first seven months of 1992 fell by only 13.4 percent. In September, the drop was 10.8 percent, and in October: only 5.8 percent. Belarus' economy is showing signs of overcoming the crisis, but this is taking place at the expense of the near total halt of economic changes. So far, only 0.3 percent of the land has been privatised.

Belarus is interested in closer economic links with Poland, especially in agriculture and the food industry, including the production and processing of meat, sugar and oil, and the manufacture of packaging. Belarus also hopes to receive deliveries of Polish potatoes, fruit and vegetables. Belarus is ready to use Polish assistance in the training of farmers. Appropriate agreements on the matter have already been signed.

Continued.

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Russian officers turned farmers

The pace of privatisation in agriculture in Russia is much faster than in Belarus. In Russia, the number of private farms has been quickly increasing to reach 130,000 at the end of September 1992. But the Russian economy is in recession and inflation this year will reach 2,000 percent. Next year, it will probably be brought down to 70 percent, but it is actually difficult to predict if this plan will succeed.

Russia wants to buy Polish machines and equipment for private farms. Besides, it buys Polish foodstuffs in exchange for oil and gas. Young Russians are learning farming in Polish schools. Poles are also retraining former military men from the Kaliningrad district to work as farmers.

Ukraine prefers other partners

The Ukraine approaches work with Poland in a different way. Some influential politicians in the Ukraine believe that it is in this country's interest to develop contacts with countries such as Germany, Austria and Hungary rather than with Poland.

The Ukrainian economy is no exception: it is going through an acute crisis. Inflation is about 30 percent a month. There is even talk of introducing a state of emergency in the economy. The privatisation of agriculture is proceeding sluggishly. In mid-1992, only 10,000 private farms existed here with an average area of 16 hectares. Work between Poland and Ukraine in agriculture proceeds at a slower pace than it could.

Several Ukrainian specialists have already been trained in Poland, and several exhibitions and fairs have been held with the participation of both partners. Consultative meetings and similar events are taking place. But taking into consideration the farming potential of both countries, the scope of joint projects in agriculture can be described as unsatisfactory.

Moldova waiting for reforms

Moldova, which has not been spared by the economic crisis, either, is reporting readiness to buy Polish potatoes and machines and equipment for agro-food processing. In exchange, Poland can buy from Moldova wine, cognac, fruit, hot peppers, fruit and vegetable preserves, tobacco products, and household appliances. But most of these Moldovan products are somehow still not to be found in Poland, so it will probably be necessary to wait until a market economy takes firmer root in Moldova.

Kirghizian looks like an interesting partner

Among the Central Asian republics, Poland established its first contacts with Uzbekistan (cotton in exchange for food). But there are better prospects for trade with Kirghizia. Kirghizia suggests Poland organise an exhibition of Polish agricultural technology there and use the country as exercise grounds for Polish farm machinery.

The mountainous Kirghizia is rich in minerals. It has uranium, gold and other precious metals, and it grows fruit, vegetables, wheat and cotton. It is interested in Poland's achievements in pomology, irrigation, and the artificial insemination of horses and bees.

This brief review suggests that the East is ready to take advantage of Poland's offer in agriculture and related fields. For many reasons this offer is more favourable for the former Soviet republics than the offer of Western countries. For example, Poland is able to offer tractors and farm machinery at much cheaper prices than other countries. But it is difficult to be happy with the current sales. Currently, joint projects are largely hampered by the economic crisis and the trauma of political reform.

Edmund Szoł

gjp

VOCA POLAND

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Phone: 4822 27-96-51 FAX 27-96-71

FROM: Carl Hamnerdorfer

TO: VOCA: Don Cohen, Charles Cox, Don Mooers, Kristin Giantris,
Neil Mozer, Jenny Hughel, Sonia Nofziger, Stacy Kamin,

ACDI: Ann Lewis

AJD: Norm Sheldon

Note: Please notice the addition of Ann Lewis and Norm Sheldon
as recipients of this report.

Program Report: 2-1 thru 2-26, 1993

I. Volunteer Assignments Completed

- A. EF3085 Strzalkowo Cooperative Feed Mill Konin province;
Strzalkowo County Cooperative; Bob Albrecht; Wisconsin.

Working with cooperative management and feed mill staff, Bob Albrecht provided advice on improved management of the existing feed-mill and conducted a feasibility study for a proposed expansion.

. RESULTS: The cooperative has a plan to expand their feed mill operation to serve growers who will provide turkeys and chickens to a large poultry processing plant to be constructed in Konin. Feed mill staff have a series of concrete recommendation to increase the productivity of their current operation.

. PROJECT CATEGORY: Agricultural Processing and Marketing

. ROLE OF SPOUSE: Did not accompany

- B. EF3074 Olsztyn Potato Processing Olsztyn province; Olsztyn
Potato Starch Plant; Bob McGee; Idaho.

Working with management of a large potato starch plant under privatization, Bob McGee conducted an analysis of starch production costs and advised on alternative potato processing possibilities.

. RESULTS: Plant management and production personnel learned that the amount of water currently used for starch extraction is more than ten times what it should be. They were made aware of the costs and benefits of putting in chip and fry lines and construction of modern potato storage. This information will be essential to the creation of a business plan and the acquisition of financing and/or joint venture partners following privatization.

. CATEGORY: Food processing

. SPOUSE ROLE: did not accompany

C. EF3082 Poznan Commodity Exchange Poznan province; Gieda Poznanska; Patricia Henderson; Minneapolis, Minnesota.

Working with the manager of a private commodity exchange, Patricia Henderson provided training for management and brokers. Ms. Henderson also reviewed and helped revise the exchange's marketing strategy.

. RESULTS: Brokers at the exchange have a more thorough understanding of their job responsibilities as relates to sales, prospecting, and exchange promotion. The exchange is implementing a revised marketing strategy.

. PROJECT CATEGORY: Agricultural Marketing

. ROLE OF SPOUSE: did not accompany

II. Programmatic Issues

A. VOCA/Poland's project flow has slowed over the last two months due to a shift in the program's focus. As of the first of the year, we began targeting new, private food processing plants and state processing plants under privatization. Although VOCA assistance has always been available to these businesses, VOCA has not concentrated project development efforts on such operations.

As state processing plants come under increasing pressure to privatize and numerous small, private plants begin to emerge, VOCA is assuming a higher profile in an effort to generate requests from this important sector. Not surprisingly, the easiest nut to crack has been the dairy processing sector. Over the next two months, VOCA will work with at least four dairy processing plants. Other focus areas include potato and poultry processing.

VOCA/Poland is trying to broaden our efforts to improve

prospects in the dairy industry. In addition to work with processors, we are continuing to promote improved milk quality. Volunteers continue to work with procurement staff and farmers in an effort to promote quality programs. VOCA is also promoting the establishment of Dairy Herd Improvement Associations. Additionally, VOCA will assist a plant in Krosno which produces milk coolers. Volunteers will help the plant improve the quality of their 200 and 400 liter coolers and assist the marketing department in their promotion efforts.

- B. The internal evaluation system implemented in December is working surprisingly well. Response to evaluation questionnaires has been quite high and respondents have proved willing to provide candid and useful input.

VOCA/Poland is planning a program evaluation workshop in late May. We intend to invite roughly fifty recipients of VOCA assistance for a one and a half day session on the changing needs of farmers and agribusinesses and steps which VOCA must take to meet these needs. Apart from the valuable programmatic input which we anticipate, we also believe that unsuccessful and moderately successful recipients of VOCA assistance will benefit from the interaction with VOCA recipients which have achieved great success.

III. Collaboration

- A. PAEF: VOCA will send a volunteer to a large cold storage facility in which the enterprise fund has invested. The Polish principles seek assistance in the creation of a computerized accounting system.
- B. CARESBAC: VOCA will provide assistance to a private poultry processing facility which seeks an investment from CARESBAC. Also, CARESBAC is eager to invest in the construction of a modern potato storage which VOCA vols Kueneman and McGee have been promoting. The Polish principles must, HOWEVER, secure more financing to realize the project.
- C. Peace Corps: VOCA volunteer, Patricia Henderson collaborated with a Peace Corps volunteer assigned to the commodity exchange in Poznan.
- D. ACDI: ACDI may send Polish potato growers and processors interested in the construction of controlled atmosphere storages to the U.S..
- E. Foundation for Rural Cooperatives: VOCA has met several times with FRC staff to discuss closer collaboration between our volunteers and their twelve regional cooperative service units. The FRC is an EC/World Bank funded effort.

IV. Media Coverage

A. Volunteer Bob Albrecht was interviewed by various media in Konin.

V. Office Operations

VOCA/Poland's computer network was, we think, attacked by a virus. (perhaps Michelangelo?) Every file on our 120 MB hard disk was consumed. Oh what joy!

Email has been quite disastrous this month. We actually spend more time trying to get it to work than we would sending a fax. I thought technology was supposed to be our friend.

VI. Country News

I enclose several articles on developments in Polish agriculture taken from large daily newspapers. These articles have been lifted from the Polish News Bulletin, a joint, daily publication of the U.S. and British embassy containing translations of major Polish news stories. If you are interested in more than just ag-related stories, please let me know.

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COPY

FROM: Carl Hammerdorfer

TO: VOCA: Don Cohen, Charles Cox, Don Mooers, Kristin Glantris, Karen Drolette,
Jenny Hughel, Sonja Nofziger, Stacy Kamin,

AID: Norm Sheldon

Program Report: 3-1 thru 3-31 1993

I. Volunteer Assignments Completed

A. EF3079 WEST ODR Agribusiness Advisory Services

- Provinces of Zielona Gora, Gorzow and Legnica
- ODRs (Extension Centers)
- Bob Wells, Raleigh North Carolina

Working with farmers, provincial extension directors and agents, Mr. Wells conducted trainings on farm and agribusiness management. Specifically, extension agents responsible for serving these businesses received intensive training on how to analyze and advise farmers and managers.

- **RESULTS:** Agents at the three extension centers will now be able to serve thousands of farmers and agribusinesses badly in need of management advice.
- **PROJECT CATEGORY:** Extension Service Development
- **ROLE OF SPOUSE:** Mrs Wells advised on 4-H in the US.

B. EF3073 Olsztyn Potato Processing

- Olsztyn province

- Olsztyn Potato Starch Plant

- Ray Kueneman, Caldwell, Idaho

Working with management of a large potato starch plant under privatization, Ray Kueneman evaluated the plant's waste-water disposal and processing line, and advised on the construction of controlled atmosphere potato storage. Mr. Kueneman also provided plant management with strict criteria for evaluating joint venture partners.

- RESULTS: Plant management will seek a means to reduce the astronomical costs of water used in starch extraction, which currently runs more than ten times what it should be. Plant management is also better equipped to bargain with potential partners as they go through a difficult privatization process.

- CATEGORY: Food Industry Privatization

- SPOUSE ROLE: did not accompany

C. *EF3088 Brzezna Fruit Institute Extension*

- Nowy Sacz province

- Brzezna Institute of Pomology

- William Kleiner; Biglerville, Pennsylvania

Working with the director and researchers at the leading fruit research Institute in southern Poland, Bill Kleiner advised on means to deliver research findings to thousands of fruit producers. Mr Kleiner also held trainings for apple producers on improved orchard management.

- RESULTS: The Institute will implement a new strategy for its extension activities and introduce new and creative steps to generate badly needed capital. From the production standpoint, Kleiner introduced new thinning techniques which have already been implemented by some orchardists. This will result in larger fruit for the Polish consumers. Currently, much of the larger, premium fruit sold in Poland is produced by western European countries.

- PROJECT CATEGORY: Agricultural production

- ROLE OF SPOUSE: Mrs Kleiner participated in discussions on alternative processed fruit products.

D. EF3076 West ODR Extension Methodology

- Provinces of Zielona Gora, Gorzow and Legnica
- ODRs (Extension Centers)
- Steve Besse; Corvallis, Oregon

Working with provincial extension directors and agents, Steve Besse conducted trainings on extension methodology. Mr Besse held numerous seminars and went on visits to farms and agribusinesses with agents for hands-on training.

- **RESULTS:** The ODR agents have a greater understanding of the different means of delivering information to producers. At a time when the ODRs have implemented substantial changes, such improvement in the methodology of individual agents is essential for the ODRs to regain farmers' confidence. Mr. Besse trained over 300 agents.

- **PROJECT CATEGORY:** Extension Service Development

- **ROLE OF SPOUSE:** Dyna Besse advised on the organization of the 4-H program and provided information on nutrition to extension home-economists.

II. Programmatic Issues

No substantial programmatic concerns at the moment. The temporary reduction in projects mentioned in last month's report was shorter than anticipated. As of today, we have eight volunteers in country.

III. Collaboration

- A. CARESBAC: The ubiquitous Mr Szymanski is advising a private dairy and dairy producers on the establishment of a Dairy Herd Improvement Association. If the farmers want to go ahead with it, this would be the first DHA in Poland.
- B. TechnoServe: VOCA will provide assistance to a group of potato producers who intend to grow russet burbanks for McDonald's expanding operations in Poland. The producers are receiving management assistance from a TechnoServe project in Sandomierz.
- C. ACDI: ACDI will send a group of strawberry producers and the management team of their joint stock company to the US for training in May. This business was the result of Bud Gassett's work and will receive funding from the Ministry of

Agriculture.

- D. Foundation for Rural Cooperatives: VOCA vol Gerald Pepper is following up on an assignment in 1991 when he assisted in the establishment of a private foundation for assistance to coops in Rzesow. The founder and Director of that foundation now heads the EC/World Bank funded FRC and has sought Pepper's council on how to improve their efforts.

IV. Media Coverage

None that we know of.

V. Office Operations

We have had real problems with e-mail for the last six weeks. In fact, we have not received a call from DC today!!!! What's the deal? If you send us a message, please ask the system for a confirmation. If it's a very important message, you may wish to fax or telephone us.

VI. Country News

I enclose several articles on developments in Polish agriculture taken from large daily newspapers. These articles have been lifted from the Polish News Bulletin, a joint, daily publication of the U.S. and British embassy containing translations of major Polish news stories. If you are interested in more than just ag-related stories, please let me know.

The BIG NEWS in the AG community is that Janowski, the minister of Agriculture, and several deputy ministers resigned last week. Mr Janowski has been the object of constant, vociferous and criticism from virtually every sector for almost a year. His resignation seemed, to most observers, inevitable, however, he seems to be going out under a cloud of corruption. Deputy Minister Ray, who has been responsible for administering the ministry's fund for restructuring agriculture, may have hastened Janowski's demise. Mr Ray allegedly restructured the debt of one of his uncles and issued him a preferential credit. Under the guidelines of the program, the ministry can only refinance 80% of ag debts, however Ray's uncle allegedly had 100% refinanced on a non-agricultural business. Other accusations of improprieties are too lengthy to cover in this report.

Speculation on a replacement for Janowski is wild and scattered right now. There may be a reshuffling of the coalition with the PSL taking over the agricultural mantle. If this happens, there may be a slow-down in efforts to privatize farms and agribusinesses, although it's hard to imagine things moving too much slower.

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Milk Dries Out

Zycie Warszawy No. 52, 3 March 1993 p. 11

The number of cows in Poland is decreasing, and whatever cows still remain give less and less milk. Dairy cooperatives are deeper and deeper in debt.

The drop in milk production, which started three years ago, will not stop in 1993, say specialists from the Institute of Agriculture Economics and Food Management. There are many causes for this.

In 1992, production of milk in Poland fell by about 13 percent from 1991, down to 12.4 billion litres. This year, production will fall by another 400 million litres. These unfavourable results stem from last summer's drought and decreased production of feed leading to an increase in the prices of feed. Farmers are revising feeding standards to make the production of milk profitable. This tendency is contrary to the trend in Western Europe where cow herds are being reduced but individual cows provide more and more milk.

g mb

Credits for Farmers

Gazeta Wyborcza No. 70, 24 March 1993 p. 7

So far the Fund for the Restructuring and Reduction of Agricultural Debt has issued farmers Zl 700 billion of credit.

The credit bears a 20% interest rate and the repayment is spread over a seven year period (with the possibility of obtaining a one year's grace).

This year's credits are meant solely for the production and processing of milk, meat, fruits and vegetables. Preferences are given to ecological farming and to the processing of potatoes and grains.

Over 300,000 private farms have taken advantage of the credits. Their debt at the end of 1992 to the Bank Gospodarki Zywnosciowej and to cooperative banks amounted to approximately Zl 9,000 billion. In the middle of last

year the farmers' overdue credits amounted to Zl 530 billion. The Fund has bought those

IMF to Support Polish Reforms

Zycie Warszawy No. 57, 9 March 1993 p. 1

The International Monetary Fund endorsed preliminary guidelines for an agreement with Poland. Yesterday's decision in practice means granting credit to Poland worth 655 million dollars. In the future the credit can be increased to cover funds for the restructuring of Poland's debt. However, IMF makes this conditional upon progress in the Polish economy.

Under the agreement the government pledges to reduce budget deficit to 5% of gross national product through tax system reform, stimulation of investment and anti-inflation measures. Poland will take further steps on the road towards economic integration within the GATT system and it pledges to adopt a programme to reduce customs barriers and revoke some restrictions on the export of profits from investment projects financed by foreigners.

"Endorsement of the agreement is an important fact, the Polish government has been looking forward to it," Minister of Finance Jerzy Oslatynski said.

Imports Taxed Treble

Rzeczpospolita No. 54, 5 March 1993 p. 1

Although the value-added tax and the excise duty are to replace the present sales tax, the Ministry of Finance wants to retain the present 6% tax on imported goods. That would mean that beginning on July 5, imported goods will be subject to the VAT, excise duty (in the case of goods embraced by it) and the 6% border tax [...]

Finance Ministry representatives conceded on Thursday that the introduction of the new tax could accelerate inflation because producers and traders can be tempted to tax the same goods twice and add VAT to the gross rather than net price. This is what happened in Czecho-Slovakia at the time of the switch to VAT in the beginning of 1993. The Ministry is going to prepare regulations that should prevent this from happening, however [...]

pg mb

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Import Surcharges and Food Prices

Rzeczpospolita No. 70, 24 March 1993, p. 1

The Polish public had mixed feelings when the Government Economic Committee (KERM) approved the draft of the bill and of the ordinance on the introduction of import

surcharges for certain food and agricultural products.

Farmers are rather pleased because they see the act on surcharges as a guarantee that they will be able to sell their products at decent prices, i.e., prices which would not be lowered in result of unfair competition. On the other hand, consumers fear that the introduction of surcharges might lead to perceivable increase in food prices. The point is by how much the prices of products for which surcharges will be introduced will increase.

"For the KERM meeting, we prepared figures on that, but they were not presented," Jozef Niemczyk, director of the Foreign Economic Relations Department in the Ministry of Food and Agriculture, said. "According to our calculations, one should expect a price increase at the level of about 5%. The maximum price increase should not exceed 8-10%."

These projections were confirmed by the Institute of Food and Agriculture Economics which did similar calculations for a group of 10 agricultural products. Unfortunately, for the time being, it has not been disclosed which products were concerned. According to the studies carried out by the Institute, for one of these 10 products, there will be no need to apply any surcharge which means that its price in the Polish market is lower than the price abroad. The greatest price increase of 8% was projected for one of the products included in the study. In case of four other products, one should expect a price increase of about 1%, while for the remaining products, the increase will probably be of 3-5%.

According to the Institute's estimates, one should expect that, due to the introduction of import surcharges, food prices will increase by about 6.5%. However, the prices will go up not only because of the surcharges, but also because of growth in the prices of energy and other products.

"The growth of food prices will be minimal if, as we have projected, only of the following two conditions are fulfilled: first, the Anti-Trust Office must prevent profiteering prac-

tices on the part of importers, and, secondly, there cannot be an uncontrolled export of large quantities of food causing shortages in the market," Niemczyk said. "Of course, in a market economy, it is difficult to forbid anyone to sell agriculture produce abroad, particularly when it is encouraged by the financial system, as it is the case in Poland. By exporting the produce right after the harvest, one may avoid the need to take expensive loans to store the products. On the other hand, later, when the products are imported, attempts are made to sell them at the highest possible prices in the Polish market. In other words, the point would be to regulate the export of food."

ap mb

Land for Rent

Gazeta Wyborcza No. 80, 8 April 1993 p. 8

(by Monika Dzierzynska) The State Agency for Agricultural Assets has resolved that farmers may rent the land of state farms undergoing privatisation. The farmers interested would merely pay the land-value tax [...] After the harvest, the farmers may either buy or give back the rented land.

The Agency who has been operating since January, last year, has already taken over nearly 1.8 million hectares of land - this way winding up more than a thousand state farms. The land it takes over is to be either sold or rented. However, demand for this land is very low, due, among other things, to an excessively high interest on investment credits. Last year, a hectare of arable land cost about 12 million zloty.

The Agency's Koszalin branch has sold 1,700 out of the 29,000 hectares of land available, the branch in Warsaw - 24 out of the 11,000 hectares available. Last year, the amount of the idle land grew almost eightfold. In this situation, the Agency has allowed for the free use of land in the areas abounding in idle farmland, i.e. in Koszalin, Suwalki, Lublin and Olsztyn regions.

"The procedure of taking over this land is very simple," Jan Wojcik, adviser to the Agency's head, told *Gazeta*. "It is enough if the man interested advises the farm's director or receiver about his desire to cultivate a definite amount of land, and pay the land-value tax."

The Agency does not know yet how many farmers will show interest in their offer.

chmb

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New Tariffs: Up and Down

Gazeta Bankowa No. 14, 2 April 1993 p. 1

by Halina Binczak

The list of new tariffs is to be ready in early April. Work on them has been going on for long--even at the Government level--and the differences of interest seemed irreconcilable. These differences in fact boil down to the question of how far domestic producers could and should be protected with tariff instruments.

The present tariffs have stayed in force for nearly two years. Introduced in 1991, they were strongly criticised since the beginning. Their design was influenced by two major factors: negotiations on tariff reduction with the EEC, going on at the time (which means that they were so defined as to provide room for future concessions), and

a large budget deficit (part of which was to be filled with tariff revenue). It was the latter factor which underpinned an increase in tariffs on imported semi-manufactures and the imposition of tariffs on raw materials and machinery (5%). When after several months these revised tariffs overlapped with the effects of tariff reduction under the EEC association treaty, a situation developed where imported components were often charged with higher tariffs than the import of the final product.

Agricultural interests

Much greater problems emerge in connection with tariffs on agricultural products, as manifested spectacularly by the question of charging the sugar contained in various products (the idea finally did not catch on). Tariff reduction will be applied to raw materials and semi-processed items not produced in Poland and to "short-supply items", while tariffs on imported articles "which exert influence upon a reduction of domestic production" will be increased. This translates into an increase in tariffs on nearly all agricultural products. Room will be provided for their diversification in accordance with seasonality, the notion of "season" sometimes meaning a period of up to half a year.

This shows that the efficacy of the agricultural lobbyists is exceptionally high, especially so if we remember that tariff increases are to be accompanied by the introduction of border levies on agricultural products. In the opinion of the Institute for Farm Economics and Food Production (IERGZ), the levies alone will add at least 6.5% to average food prices.

The final schedule of new tariffs has not yet been made public, but fragmentary reports indicate that it is going to be more diversified than the previous one. Importers--who should be given enough time to recalculate contract profitability and, possibly, withdraw without paying penalty--will be additionally troubled with a short interim period of *vacatio legis* (two weeks). Upon careful perusal of the new customs tariff, many importers of industrial goods are likely to divert their orders to countries with which duty-free trade is conducted.

Less State Enterprises

Zycie Warszawy No.70, 25 March 1993 p.11

Last year the economy underwent very clear structural changes which point to a market direction of the transformations. The number of state enterprises was reduced by over 1000 and the number of companies organised under commercial law increased by almost 2,000. Part of those companies has already been privatised, which means that the state treasury or other state legal persons have sold the controlling interest to active investors (owners). Most of the newly formed companies have foreign capital shares whereas few foreign investors are willing to buy 100% of enterprise shares. Last year the number of private compa-

nies almost doubled and at the end of 1992

Unemployment In February

Gazeta Wyborcza No. 60, 12 March 1993, p. 2

According to the latest figures published by the Central Statistical Office (GUS), in February, the number of people registered in job centres as unemployed was over 2.6 million. This figure is 42,000 greater than in January. On Thursday, Vice-Minister of Labour Michal Boni told the press that the rate of unemployment had reached 14.2%.

Voivodships with the largest number of unemployed include: Koszalin, Suwalki, Olsztyn, Slupsk, Elblag, Walbrzych, Ciechanow, Pila, and Wloclawek. Traditionally, the lowest unemployment was seen in Warsaw, Poznan, Bielsko Biala, and in Katowice.

Costs of Not Implementing Privatisation

Rzeczpospolita No. 70, 24 March 1993 p.1

[...] The Privatisation Ministry has calculated the likely costs of the non-implementation of the mass privatisation programme. The programme provided for privatisation of nearly 600 enterprises. The total cost of privatising one enterprise ranges between 3 billion and 5 billion zloty. Thus the privatisation of nearly 600 of them would cost between 1.8 trillion and 3 trillion zloty.

With its present number of personnel, the ministry is capable of privatising between 30

and 60 large and medium-size enterprises [a year]. This means that either privatisation would take them several decades or the ministry would have to take on more staff.

Many of the enterprises and companies included in the programme require restructuring. The ministry estimates the cost of one restructuring programme at about 1.5 billion zloty, and the expenses related to its implementation at about 10% of the business's sale value. With regard to all of the businesses embraced by the mass privatisation programme, the cost of the restructuring [plan] of all of them would amount to 900 billion zloty, and of the restructuring's implementation to 1.5 trillion zloty, which neither the enterprises concerned nor the state budget can afford. Therefore one should reckon with the possibility that some of them can find themselves in a difficult financial situation or just go bankrupt. Also, such ailing businesses will return smaller taxes to the Treasury.

Moreover, the abandonment of the mass privatisation programme would retard the development of the capital market as the stock exchange would not quote shares in investment funds - as originally planned.

According to public opinion polls, the majority of the public are in favour of mass privatisation. Resignation from it would mean the government's failure to keep its promise.

Furthermore, in the situation where all other former socialist countries have been, more or less successfully, implementing similar privatisation programmes, Poland's credibility abroad would suffer. This would have an adverse effect on the country's agreement with the IMF. (A.K.K.)

chmh

US Threatens Economic Sanctions

Zycie Warszawy No. 79, 3-4 April 1993, p. 1

Poland was one of the 44 countries accused of unfair trade practices towards the United States. "Violations of American copy rights have reached a very dangerous level," reads the document in the chapter devoted to Poland. "Nearly 100% of computer software and 70% of video movies on the Polish market are illegal copies," [retranslated - trans. note].

Also the number of illegal publications of western books is growing. The annual losses of US companies are estimated at US\$140m.

The report prepared by Mickey Kantor, the US government representative for foreign

trade, was received in Washington as another step taken by the Clinton Administration towards a stricter foreign trade policy. The 275-page document emphasises the US trade relations with Japan and with the EEC countries, nonetheless, it devotes two pages to Poland.

Soon, the US government representative's office will publish a list of countries committing the most serious trade offences. A regulation adopted by the Congress commonly referred to as the Special 301 Act, imposes an obligation on the President to conduct 7-month negotiations with the countries concerned, and stipulates a possibility of introducing economic sanctions against them unless some progress is reached through the talks.

Last year, Poland was entered on the watch list. This year, not only is the pressure exerted

by US corporations greater, but also the Clinton Administration seems to be much more strict about all the violations of international trade regulations. The staff of Mickey Kantor's office decline to speculate about the sanctions. However, Washington lobbies representing the interests of software and movie producers assure that they will spare no effort in order to have Poland entered on the list of countries against which the United States should undertake more determined measures. The American side is to demand sanctions which would be proportional to the size of losses suffered by US companies.

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FROM: Carl Hammerdorfer

TO: VOCA: Don Cohen, Charles Cox, Don Mooers, Kristin Giantris, Karen Drolette,
Jenny Hughel, Sonia Nofziger, Stacy Kamin,

AID: Norm Sheldon

Note: A report for April was not completed due to mental overload of the country rep. This report, therefore, covers two months. I would like to heartily second the motion by my esteemed colleague from the great country of Zimbabwe that we be required to submit reports every other month. If we stagger them properly, Washington should still be receiving plenty of info from the field each month.

Program Report: 4-1 thru 5-30 1993

I. Volunteer Assignments Completed

A. *EF3094 Sierpc Poultry Processing*

- Plock province.
- Agro Food Processing Enterprise
- Henry T McBride; Harrisonburg, Virginia

Working with management and line operators of a private poultry processing facility, Mr McBride provided advice on increasing yield, improving sanitation, purchasing new equipment and recommended changes in the plant's marketing strategy.

- RESULTS: The plant will be able to implement numerous low-cost and no-cost improvements to their processing operation which will result in greater efficiency and higher profits. Additionally, plant management is

now better qualified to make intelligent choices as they purchase new machinery to expand their activities.

- PROJECT CATEGORY: Food Processing and Marketing
- ROLE OF SPOUSE: Mrs McBride provided secretarial support for Mr. McBride.

B. *EF3084 Skierniewice Cooperative Development*

- Skierniewice province
- Institute of Pomology
- Stephen and Eileen Zielinski, Salem, Oregon

Working with the Director of Poland's main fruit research institute, Mr. Zielinski participated in a national conference on cooperatives and conducted seminars on the structure and management of marketing cooperatives in a free market economy.

- RESULTS: Institute personnel and farmers participating in the seminars have a better understanding of how they must reform their cooperatives based upon more efficient management and business principles.
- CATEGORY: Agricultural Cooperative Organization
- SPOUSE ROLE: Since Mrs Zielinski is an active partner in the Zielinski farm, she was just as much a teacher as her husband and essentially doubled the impact of every seminar.

C. *EF3090 Ostrow Dairy Milk Quality*

- Ostrolenka province
- Ostrow Dairy Cooperative
- William Kleiner; Clyde Romanesko, Depere, Wisconsin

Working with milk procurement, processing plant staff and milk producers of a large dairy cooperative, Mr Romanesko provided training in proper milk handling procedures to assure higher quality inputs to the dairy.

- RESULTS: Farmers know how to lower bacteria count in the milk they produce and improve their feed rations. The plant is able to innovate new

requirements and incentives to assure better inputs and higher quality products.

- PROJECT CATEGORY: Agricultural production
- ROLE OF SPOUSE: Did not accompany

D. *EF3078 West ODR Cooperative Development*

- Provinces of Zielona Gora, Gorzow and Legnica
- ODRs (Extension Centers)
- Gerald Pepper; Ames, Iowa

Working with provincial extension directors and agents, Gerald Pepper conducted seminars on cooperative structure and management for extension personnel and over five-hundred farmers.

- RESULTS: The ODR agents and farmers have a greater understanding of the structure and function of farmer-owned and controlled cooperatives. With the passage of a new cooperative law, farmers will now be able to implement the knowledge gained at these trainings.
- PROJECT CATEGORY: Agricultural Cooperative Organization
- ROLE OF SPOUSE: Mrs. Pepper participated in discussions on free market agriculture in the United States.

E. *EF3092 TAO Dairy Milk Quality*

- Rzesow Province
- TAO Dairy
- Damon Szymanski; Pulaski, Wisconsin

Working with the management team of a new, private dairy, Mr Szymanski provided training to farmers supplying milk to the plant in improved animal nutrition, sanitation and milk handling. Mr. Szymanski also advised on the establishment of an artificial insemination cooperative.

- RESULTS: Producers learned numerous low-cost and no-cost ways to decrease harmful bacteria in their milk, and they are exploring the need for an AI cooperative. The dairy, which relies on higher quality milk to

increase their sales in the fluid milk market, will improve their quality premium program.

- PROJECT CATEGORY: Agricultural Production
- ROLE OF SPOUSE: Did not accompany.

F. *EF3077 West ODR Agri-tourism Development*

- Provinces of Zielona Gora, Gorzow and Legnica
- ODRs (Extension Centers)
- Thomas Potts; Clemson, South Carolina

Working with the agricultural advisory service in four provinces in Western Poland, Tom Potts conducted seminars for farmers and extension agents on the establishment of an agritourism association, provided advice on the development and promotion of regional and local assets and advised farmers on measures to improve their current agri-tourism businesses.

- RESULTS: Extension agents have a deeper understanding of the kind of advice which they should provide to farmers interested in earning extra income from agri-tourism. Farmers have a higher understanding of the standards which they must achieve in order to succeed in their tourist oriented businesses. Municipalities learned how they can promote and assist in the development of profitable agri-tourism.

- PROJECT CATEGORY: Extension Service Development
- ROLE OF SPOUSE: Provided secretarial support.

G. *EF3093 Sieradz Integrated Poultry System*

- Sieradz province
- Local producers and processing facilities
- Delane Borron, Athens, Georgia

Working with poultry producers and two private processing facilities, Mr. Borron provided training on the formation of an integrated poultry management system from breeding through grow-out, processing and marketing.

- RESULTS: All of the essential elements for the creation of such a system are in place. With the severe problems facing the private poultry industry in Poland, the linking of all of these elements will be essential in order for the domestic industry to become competitive.
- CATEGORY: Food Processing and Marketing
- SPOUSE ROLE: Did not accompany.

H. *EF3083 Poznan Commodity Exchange*

- Poznan province
- Gielda Poznanska
- Silas Matthies, Pomeroy, WA

Working with the management and shareholders of a fledgling commodity exchange, Si Matthies provided advice on a transformation of ownership structure from stock to membership based, the establishment of an ethics policy and the implementation of a new broker loan policy.

- RESULTS: The exchange owners and management have a greater understanding of the necessary structure for the management of an efficient and reputable commodity exchange.
- PROJECT CATEGORY: Agricultural Marketing
- ROLE OF SPOUSE: Did not accompany

I. *EF3088 Siedlce Cooperative Development*

- Siedlce Province
- Siedlce ODR (Extension Center)
- Steve and Eileen Zielinski; Salem, Oregon

Working with extension agents. Mr. and Mrs. Zielinski held seminars on the structure and management of cooperatives in a free market system, particularly as they pertain to marketing of farm products.

- RESULTS: Producers and extension agents have a better

understanding of the difference between centrally controlled cooperatives and farmer-owned and controlled coops.

- PROJECT CATEGORY: Agricultural Cooperative Organization
- ROLE OF SPOUSE: Mrs Zielinski's contribution to the project was as important to the project as her husband's.

J. EF3089 Ostrow Dairy Processing

- Siedlce Province
- Ostrow Dairy Cooperative
- William Broske, Platteville, Wisconsin

Working with the management of a struggling dairy cooperative, Bill Broske advised on the introduction of new products, including mozzarella cheese, and provided training in marketing of existing products.

- RESULTS: The dairy is formulating a medium and long-term marketing strategy and conducting market research based upon the volunteer's recommendations.
- PROJECT CATEGORY: Food Processing and Marketing
- ROLE OF SPOUSE: Did not accompany

K. EF3091 Gdansk Poultry Management

- Gdansk province
- Local producers and processing facilities
- Stanley Luckman, Camp Hill, Pennsylvania

Working with poultry producers and several private and privatizing processing facilities, Mr. Luckman advised on the structure and management of poultry production, processing and marketing in a free market system.

- RESULTS: Numerous producers and processors struggling to compete with imported poultry products have improved their understanding of a free market poultry industry and the skills necessary to compete in the market place.

- CATEGORY: Food Processing and Marketing
- SPOUSE ROLE: Provided essential secretarial support.

L. *EF3095 Rzesow TAO Dairy Marketing*

- Rzesow province
- TAO Dairy
- Jim Hoyt, West Des Moines, Iowa

Working with the management of a fledgling, private dairy, Jim Hoyt provided training in general marketing principles, arranged product demonstrations and recommended several new approaches towards building a positive company image among producers, retailers and final consumers.

- RESULTS: The management of this dairy will now be able to increase milk supply, and improve sales figures based upon Hoyt's recommendations.
- PROJECT CATEGORY: Food Processing and Marketing
- ROLE OF SPOUSE: Did not accompany

II. Programmatic Issues

We are trying to assume a more active role in the development of commodity regulation, grading and trading mechanisms. We have now worked with two new commodity exchanges which are well on their way towards profitability and acceptance by traders. We have reached a tentative agreement with the Ag Marketing Service in the Ministry of Agriculture to assist in the design and implementation of a reliable, voluntary grain warehousing program based upon the U.S. model. We would help the regulatory body devise a fool-proof monitoring program in which elevators could voluntarily choose to participate. The advantage to elevators would be that the elevator receipts which they provide to their clients would effectively be guaranteed collateral or could serve as a negotiable, financial instrument.

A further potential outgrowth of this program might be a farm program similar to the one in place in the U.S. which guarantees that farmers have cash in hand after their grain is harvested if stored in a participating elevator. The implementation of such a program would provide a valuable source of credit to Poland's rural sector and would allow the government to effectively manage the production of various crops.

ACDI's banking project has proposed that VOCA participate in a "people to people"

component of their project to reform cooperative banks. This component would bring 80 representatives of different coop banks to the US for training and 80 VOCA banking vols to Poland to work for six weeks in the participating banks.

No other major programmatic shifts took place over the reporting period.

III. Collaboration

- A. CARESBAC; VOCA provided volunteers to three private food processing businesses in which CARESBAC has invested, including TAO dairy, Sierpc Poultry and Prosper Poultry. We are exploring the possibility of providing VOCA and CARESBAC assistance to a progressive group of potato producers in northern Poland.
- B. TechnoServe: VOCA has provided volunteer Pat Rowe to a group of potato producers who are growing Russet Burbanks for McDonald's expanding operations in Poland. The producers are receiving management assistance from a TechnoServe project in Sandomierz.
- C. ACDI: VOCA has helped ACDI put together a group of potato growers and processors to visit Idaho for an intensive course in integrated potato production, storage and marketing. Volunteers Ray Kueneman and Bob McGee will lead the training.
- D. Peace Corps: VOCA volunteer Si Matthies worked along side PCVs Kevin Fogerty and Tim Dowd at the Poznan Commodity Exchange.

IV. Media Coverage

- A. VOCA got some air-time on the nationally televised Sunday Farm Review. We were described as a different kind of technical assistance designed to answer the real needs of Polish agriculture. We have received numerous visitors and phone calls from people interested in our services. Urszula is trying to arrange for a longer feature on VOCA assistance and it looks pretty promising.
- B. Lengthy interview with me in Poland's national food processing quarterly.
- C. Our program was described in BOSS, the Ministry of Agriculture's weekly publication.
- D. Rolnik Spdzielcza, the national cooperative publication, continues to publish installments of Marvin Scharr's blockbuster, "Cooperatives; Practices and Principles" on a weekly basis.

V. Office Operations

VOCA/Poland staff were stunned by the news that Urszula Lonc will close her three+ year career with VOCA in September of this year. She will join her husband, Tomasz, in Rome where he will begin work for the FAO. Urszula will be sorely missed!

VI. Country News

I enclose several articles on developments in Polish agriculture taken from large daily newspapers. These articles have been lifted from the Polish News Bulletin, a joint, daily publication of the U.S. and British embassy containing translations of major Polish news stories. If you are interested in more than just ag-related stories, please let me know.

The big news for VOCA was the passage of the new cooperative law in both the Sejm and Senate. The legislation is now on President Walesa's desk and we have learned that he intends to sign it into law despite heavy lobbying by former central controllers of coops. I've attached a copy of the potential quantitative and qualitative impact of the new law.

The big news in Poland was the vote of no confidence which Prime Minister Suchocka lost by one vote. Ostensibly, the vote came about as a result of the PM's refusal to give in to Solidarity demands for increased wages for public sector employees. Although it is true that pressure from the IMF to maintain the budget deficit below 5.5% of GNP prevented Suchocka from giving in to demands for higher wages, I don't believe that this was the main reason this government fell.

The main reason, in my view, was petty bickering between individuals and parties struggling to gain political strength. The wage issue was a convenient pretext for the frustrated Solidarity leadership which has begun losing influence over the economic restructuring and privatization process. They have, quite frankly, grown jealous over Suchocka's domestic and international popularity. As she has become stronger, she has become more willing to dismiss ideological rhetoric coming from the more socialist, frequently shrill voices of many of the smaller parties of both the left and right.

At any rate, after the vote of no confidence, a clearly beleaguered Ms. Suchocka handed in her resignation to President Walesa who then shocked at least 95% of his fellow citizens by refusing to accept it. He chose instead to dissolve what is widely viewed as an ineffective Parliament. Indeed, it was revealed that many of the ex-Parliamentarians were not aware that the Polish constitution allowed the President to throw them out under such circumstances. It was an historic first for this country.

So Suchocka is in and 500 odd deputies and Senators are out on the campaign trail. Our coop law, incidentally, was passed a day before the excrement hit the

rotary ventilation device. Otherwise, we'd have been in for at least five months wait and possibly another year. "

No more big shakes here.

COPY

VOLUNTEER PROJECTS COMPLETED:

No projects completed in month of December. On-going project with private farmers in southeastern Bohemia.

PROJECT FOLLOW-UP TIDBITS:

EF 1015/EF 1039 Hustopece Cooperative Transformation Blair/Kutil

Learned that following the second general meeting where entitled members rejected the management and transformation council plan for transformation and accepted the past president's plan, the current president, Jan Vrba, lost in his re-election bid for leadership of the cooperative. The former president was elected and it appears that the former Communist leadership in the area is back in control of the cooperative. No VOCA follow-up is anticipated.

EF 1045/EF 1078 Zichlinek Cooperative Transformation Pennell/Baer

Met with farm director, Josef Rotter, to discuss status of farm's privatization bid for ACHP Lanskroun. Later met with Vice-Minister Trusty to discuss this privatization offer. Learned that Zichlinek with cooperation of state farms can submit a request to the Czech National Council to purchase the state farms' shares in ACHP Lanskroun prior to final determination of privatization plans for the state farms. The success of this seems narrow as the council is absorbed with drafting a constitution for the new nation and other necessary legislation. Thus, Zichlinek will have to wait until the privatization plans are complete to learn whether their bid was accepted or to attempt to purchase the shares from their new owners.

EF 1019 Dubne Cooperative Transformation Cook/Nielsen

In follow-up meeting with management, they reported that this farm was the first in the district to pass a transformation plan. They are still calculating shares and have submitted paperwork for registration of the new company. They transformed into a cooperative of owners and report that the Cook/Nielsen advice was very helpful in preparing new by-laws and in structuring financial operations. We obtained a copy of the new by-laws and are having them translated. Will be forwarded when ready.

PROJECT IMPACT STATEMENTS:

EF 1019 Dubne Cooperative Transformation Cook/Nielsen

Based on recommendation of volunteers, this farm has decided to focus production efforts on livestock production and has begun implementing volunteers' recommendations on livestock selection and care. Impact of changes not yet quantified but management believes there will be positive results.

PROGRAMMATIC ISSUES:

1. Country Director and Regional Representative have been working on country strategies and focus for 1993. Are currently making contacts to establish a stronger private farmer component in VOCA program in the Czech Republic. Continue to monitor cooperative transformation process and will provide follow-up where appropriate.
2. Recent conversations with AID office in Prague indicate they are still on track to phase out agriculture programs at the end of existing contracts. Iowa State University requested and received a letter from Czech Minister of Agriculture Lux to Ambassador Basora expressing appreciation for the agriculture programs and a continuation of them for several years.
3. Met with Land Fund, a recently organized agency responsible for the actual transfer of state properties to the private sector. Meeting provided many leads for potential projects and generated a request for advice on how to privatize state owned irrigation and drainage systems.
4. Met with Czech Ministry of Agriculture Vice Minister Tlusty to discuss state farm privatization and situation with Zichlinek Cooperative Farm. Tlusty was very receptive to VOCA program and offered information specific to Zichlinek and also to provide a list of state farms with innovative, private farm oriented privatization plans.
5. The government is currently debating a sanctions law targeted toward making cooperative farm presidents personally liable for blocking or delaying restitution claims. Seen as a necessary tool for enforcement of current laws, but constitutionality of legislation is being questioned. Some believe it violates the federal protection of human rights contained in the constitution. VOCA is attempting to obtain a list of farms accused of blocking restitution.
6. During the month, we received visits from Tim White, Regional Desk Officer for CSFR and Hungary as well as the Baltics Rep, Eric Brainich. Tim and Eric worked with Prague staff and all learned much from each other.

7. Mr. and Mrs. George Futey have been working with private farmers in southeastern Bohemia. George has had several opportunities to speak with groups of private farmers and agricultural organizations in the region. We are expecting additional requests from the region.

COUNTRY NEWS:

1. According to information provided by the Czechomoravian ACA, as of October 31, 1992, 27.6 percent of all cooperative farms in the Czech Republic had held their second general meetings. Of those, 87.8 percent accepted transformation into a cooperative of owners; 5.7 percent broke up; 4.9 percent accepted transformation into a joint stock company; and, 1.6 percent accepted some other form. The survey also found that the second general meetings generally had a low participation of entitled persons forcing some cooperatives to convene another second general meeting. There is a continuing resignation of management due to pressure from entitled persons; and in most cases the management plans were the only ones submitted. As expected, some farms will be liquidated before the January 28, 1993 deadline because of insolvency and the decision of members to simply liquidate.
2. The Agrarian Union newspaper published a report on the expectations of milk production and consumption in the coming months. Briefly, there continues to be a surplus in milk production and forecasters predict a continued decrease in cattle numbers, with a slight increase in production per cow. Consumption is expected to remain constant and exports will decline further. Currently costs of production are generally below market prices. This cost/price squeeze should ease as cattle numbers decrease.
3. More importantly in a recent report on the effect of the new taxes to be introduced on January 1, 1993 on beer prices. The Czech Ministry of Finance predicts the taxes should not increase the price of beer more than 13 percent. But officials of the Czech Ministry of Agriculture, after completing an exhausting tour of breweries in the Republic, report that beer prices will increase 15-20 percent in the coming year due to an increase in input prices for everything including water!
4. Rent prices are expected to increase 25-30 percent on January 1, 1993. The inflation rate in the CSFR for the first ten months of 1992 was approximately 9 percent.
5. The Federal Fund of Market Regulation will be abolished on December 31, 1992. Stocks in food and agriculture industry owned by the fund will be divided among the Czech and Slovak Republics, with the Czech Republic obtaining 2/3 of the funds assets.

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6. The leader of the recently organized Union of Land Owners, Mr. O. Rezac told reporters that the purpose of the Union is to defend landowners against the management of several cooperative farms and state farms who are not complying in good faith to the conditions of the restitution legislation. The Union is a strong supporter of the sanctions legislation currently under debate in the Czech National Council.

MEDIA COVERAGE:

None.

COLLABORATIVE RELATIONSHIPS:

1. Met with GAO officials to discuss relationship between voluntary organizations and the Czech and Slovak American Enterprise Fund. They were researching the success of the investment funds.
2. Met with Iowa State University to discuss possible cooperation of follow-up to cooperative transformation. Determined that with time constraints, etc. it would be preferable to not cooperate directly but rather informally. Provided leads to identifying appropriate farms for their RAAFS program.
3. Had lunch with NCBA Vice-President Russ Notar during his recent visit to Prague. Discussed work in the region and continued cooperation between VOCA and the ACE Center.

INTERNAL OFFICE UPDATE:

Nothing.

REQUESTED INFORMATION FROM WASHINGTON:

None.

OTHER:

Nothing.

cc: Don Cohen
Charles Cox
Bruce White
Rich Boni
Tim White
Mazen Fawzy
Jenny Hughel
Sonia Nofziger
Stacey Kamin
Dusan Cechvala
Istvan Mikus
Pavol Vajda

VOCA/CZECH REPUBLIC
December 1992/January 1993
Rosemary K. Mahoney

I. VOLUNTEER ASSIGNMENTS COMPLETED

EF1079 Private Farm Management, Horepnik, Czech Republic, George and Byrd Futhey of Woodward, Pennsylvania. Working with local farm leaders, Mr. Futhey met individually with several new farmers to assist them in determining appropriate crop and livestock choices for existing conditions. In conjunction with regional Ministry of Agriculture, Mr. Futhey conducted a seminar for local farmers.

Results: Farmers in local area are better able to view their operations in a business sense and are beginning to find ways to earn income from existing resources while further restitution and economic transition take place in the district. Mr. Futhey addressed over 100 farmers in the seminar organized by the Regional Ministry of Agriculture and also spoke with students at two agricultural high schools in the district.

Category: Farm Management

Spouse Role: Mrs. Futhey attended meetings and farm visits with Mr. Futhey. She assisted him in helping farm families identify opportunities and choices. Her involvement with the assignment enabled Czech farmers to experience the husband-wife partnership common to most farm operations in the U.S.

II. PROGRAMMATIC ISSUES

1. A short paper describing the agricultural situation in the Czech Republic and the focus for the VOCA program in 1993 was prepared by the Regional Representative and the Country Director. (See attachment.) This strategy will be distributed to the local AID Representative office and to VOCA Washington. The VOCA strategy for the Czech Republic will be to continue follow-up with previous cooperative transformation work and to provide additional support to farms with innovative economic transformation plans as well as to strengthen relationship with local private farmer associations through which advice can be brought to new and emerging private farmers. We will also continue to identify opportunities for new marketing/service/supply organizations for private farmers.
2. In efforts to strengthen relationships with private farmer associations, Dusan Cechvala has met with the leader of the national Association of Private Farmers,

Dr. Pavel Beran. These talks have led to additional contacts in local areas which are currently being pursued.

3. We continue contact with cooperative farms completing transformation. We seek to determine the impact of the VOCA assignment as well as the future plans for the newly private enterprises. We are looking to provide additional assistance to those farms with innovative and forward looking plans.
4. In cooperative development activities, we have identified two potential future projects. First, the cooperative farm in Telc, whom we assisted in transformation, is working with two other cooperative farms and 50 private farmers to purchase the old supply and marketing cooperative in Telc. They intend to transform this company into a farmer owned and controlled cooperative. If their purchase plan is approved by the Ministry of Privatization, VOCA will assist these efforts. Second, the Czech Union of Medicinal Herb Growers and Processors (PELERO) has requested assistance in developing a supply and marketing enterprise for its members. VOCA is currently completing logistics for this project.
5. For privatization work, VOCA is continuing follow-up with the former state Agricultural Supply and Marketing Company in Breclav. This company has been privatized as a joint-stock company and has requested additional assistance in marketing, by-law preparation, and general operating efficiency. VOCA has also received a request from the Ministry of Agriculture to provide advice on privatization of the irrigation and drainage systems throughout the republic.
6. Impact/Results:

EF1014 AGRIA Private Farm Management Update - these farmers continue to face tremendous problems in negotiating with the management of the local cooperative for restitution claims. The COOPERATIVE farm management is portraying the private farmers as enemies of the cooperative and in lieu of the private farmers 3,000,000 kcs restitution claim, has provided 12 cows. With passage of the Sanction Law, the farmers are hopeful that their situation will improve.

EF1030/1040 Telc Cooperative Farm Transformation

Impact: Following advice of VOCA advisers, Dave Kettering and Albin Kudlacek, the farm was able to reduce overall debt by 70,000,000 kcs. The farm is also utilizing the cost center cost/benefit analysis established by the volunteers.

Update: The farm was unable to carry out all recommendations left by Dave and Al because one unit of the farm withdrew taking 1,100 hectares and much of their inventory. In addition, 30 landowners withdrew a total of 800 hectares of land. The farm management is looking to transform the operations of the cooperative to service/supply and marketing for private farmers and is participating in the local effort to obtain the town's former agricultural supply and marketing cooperative (see above).

7. VOCA has received follow-up requests from Breclav ZZN, the Zlin Regional Ministry of Agriculture (Vsetin District) and the Slapanice Private Farmers pending progress on their restitution claims.

III. COLLABORATIVE RELATIONSHIPS

1. Met several times in recent months with representative of the Czech-American Enterprise Fund to discuss a meat processing project being considered by the Fund. While the Fund's earlier interest in agricultural projects appears to be waning, they clearly consider VOCA a resource for advice regarding agricultural issues and projects.
2. During the recent visit by Jim Snell, the agriculture contractors for the Czech Republic (Land O'Lakes, Iowa State University, NCBA American Cooperative Enterprise Center, and VOCA) coordinated a program designed to update both Jim and the local AID Representative, Lee Roussel of the currently situation in Czech agriculture. All participants considered the week quite successful and additional areas of cooperation among the contractors were identified, particularly developing a concept paper concerning agricultural credit in the Czech Republic.
3. The Iowa State University RAAPS project will soon be initiating a cooperative transformation component. The VOCA Regional Representative will brief the ISU team on the transformation history, and current status.

IV. MEDIA COVERAGE/RECOGNITION

VOCA has established good relationship with two reporters from the Prague Post, an English language newspaper. These reporters are both working on articles on agriculture. But as yet, these articles are unpublished. One reporter interviewed Mr. George Futhey during his recent visit and the other visited with one of the host farmers for Mr. Futhey's assignment in the Czech Republic.

V. OFFICE OPERATIONS

1. Office operations continue to go well. Martina Bartova and Lida Fortova worked with the Assistant Country Directors for Slovakia and Latvia, Elizabeth Pocs and Daina Yurika on office management and organization issues.
2. Office staff continue efforts to plan and coordinate the upcoming retreat for VOCA's European Program. Lodging was identified and secured, while the retreat's program continues to evolve (as does the participant list).
3. E-Mail hook-up was completed in January.

VI. COUNTRY NEWS

1. The big news story in recent months has been the separation of the Czech and Slovak Republics, referred to as the Velvet Divorce by the clever press. The separation has proceeded relatively smoothly with the disruptions being minor in nature and primarily attributed to mistakes made by new countries, the uncertainty surrounding the joint currency, and the new tax codes which became effective on the same date as the separation (January 1, 1993).
2. Vaclav Havel was elected as the first president of the new Czech Republic. Havel's election was not much of a surprise, although the position of president does not hold as much power as he would have liked, nor is the president elected in a general election. The Slovak Prime Minister, Vladimir Meciar, did not attend Havel's inauguration, which caused quite a stir in the press and among Czech officials.
3. The currency officially split in early February. Although the republics had announced intentions to maintain a joint currency as long as possible, the uncertainty over when the inevitable split would occur was affecting economic activities in both republics. The Slovak crown is expected to devalue, possibly rapidly and significantly, against the Czech crown. The republics placed stamps on existing currency until new currency can be printed.
4. The Bankruptcy Law, passed in 1992, still has not been implemented. It is expected to go into effect in April, 1993. The number of companies effected varies depending on the sources of the prediction. Agriculture is expected to be significantly impacted, both food processors and cooperative farms.

5. Enactment of the new tax code caused much disruption as many merchants did not understand how to calculate the new Value Added Tax and others took advantage of the confusion. Officially, the VAT has increased overall food prices by 10 percent. Other price increases are attributed to additional liberalization of prices.
6. The Czech Ministry of Agriculture will introduce a 15 year, zero-interest loan program for farmers. The details of this program are still unavailable.
7. The Sanction Law, holding cooperative farm presidents personally liable for slow or faulty restitutions to individuals has been passed. As with all new legislation, effectiveness of this law will depend on the extent to which it is applied by authorities.
8. In December, the Agrarian Commodity Exchange was established by 12 of the largest joint-stock companies in agriculture, cooperatives, and banks. They hope to also attract members from foreign and local companies as well as from private citizens. The exchange will trade corn, oilseeds, potatoes, sugar and other agricultural commodities.
9. Attached are other news stories of interest.

VOCA 1993 COUNTRY STRATEGY - CZECH REPUBLIC

Rosemary K. Mahoney
Dusan Cechvala

Background:

VOCA has been operating in the Czech Republic since November 1990. Economic, political and social changes have continued in this period and VOCA has made every effort to be responsive to the changing conditions. When VOCA programs were first initiated here the political mood was optimistic and the economic forecasts were uncertain to dire. During this period the leaders and people have worked hard to transform their state-owned and controlled economy to a privately owned, market oriented one. Much progress has been made in this area. In agriculture, the cooperative farms will have completed their transformation to private enterprises by January 28, 1993 and the state company privatization will be completed in the coming year. By the middle of 1993, nearly all companies will be privately owned and controlled and by the end of 1993, a majority of property, including land, should be in private hands.

This distribution of property to private ownership is the first and very important step to transforming the entire economy. This has been a difficult process but the government has shown a strong commitment to seeing it completed¹. Much of the economic transformation is still to be accomplished. Assisting in this on-going economic transformation will be the focus for VOCA in 1993.

Future expectations:

In production agriculture, many of the former large farms still exist, although most are in severe financial condition, and an increasing number of private farmers are emerging. These private farms are by and large quite small, but the farm operators are becoming increasingly skillful both as producers and managers. It would appear that market forces will break the larger farms into economically viable sized units while concurrently, private farms will grow to correspondingly viable units. Large farms unable or unwilling to adjust to market realities will fail and private farmers or neighboring large farms will be in position to take over the productive assets of failing farms.

Needless to say, many people currently employed in production agriculture will be displaced over the next several years. Hopefully, growth in the agricultural service and supply sector and in other sectors will be able to absorb many of these workers.

¹ The planned separation of the Czech and Slovak Republics on January 1, 1993, is not expected to effect the commitment to nor the pace of privatization in the Czech Republic.

Monopolies continue to dominate agricultural processing and marketing as well as agricultural supply and service sectors. A large number of small livestock slaughter and processing plants have emerged as well as small dairies. As these enterprises gain experience, they should be able to expand and provide marketing options to farm operators as well as considerable competition to the large monopolies which are seriously overcapitalized. As private farm operators become more established and better organized they will begin to actively seek new marketing opportunities. VOCA anticipates playing an important role in assisting these farm operators to successfully establish new processing and marketing enterprises.

Program focus for 1993:

Given the situation detailed above, VOCA intends to focus its efforts in the following areas:

1. Assistance to private farmers and organizations in area of farm management and establishing cooperative relationships in processing, marketing, farm supplies, and farm services.
2. Assistance to reorganized cooperative farm units in area of farm management, financial planning, and vertical integration.
3. Selected work in privatization of state farms. If possible, one or two model reorganizations will be produced for distribution to interested individuals.

VOCA/CZECH REPUBLIC
February/March 1993
Rosemary K. Mahoney
Dusan Cechvala

I. VOLUNTEER ASSIGNMENTS COMPLETED

EF1087 Breclav ZZN Management Consultation, Breclav, Czech Republic, Kenneth Baer, Hot Springs Village, Arkansas.

Results: Mr. Baer worked with management at the Breclav Supply and Marketing Company to review progress on previous recommendations, to implement new management practices, review and discuss future plans, and to prepare management strategy for first stockholders' meeting.

Category: Agricultural Marketing/Management

II. PROGRAMMATIC ISSUES

1. In February, Jim Snell visited the Czech Republic to assess the current agricultural situation and to determine whether the existing AID agricultural strategy was still valid or needed updating.

VOCA, along with NCBA, arranged a trip to the country to meet with agricultural leaders in Telc attempting to form a new service and supply cooperative as well as a meeting with a privatizing Supply and Marketing Company (ZZN). In addition, the agricultural contractors (VOCA, ACE, Land O'Lakes, and Iowa State University) organized an agricultural focus discussion group for Jim and Lee Roussel, AID Representative to the Czech Republic. This focus group included private farmers, cooperative farm directors, and agri-business directors, who discussed the agricultural situation they confront on a daily basis. The focus group format was quite successful in bringing out many of the issues and situations the ag. contractors confront on a daily basis. It succeeded in effectively communicating these problems to the listeners.

At the conclusion of Jim's visit, a wrap-up meeting was held with Lee Roussel, John Rogers, and Jan Doscetil from AID and representatives of the ag. contracting organizations. It was agreed that the contractors would: continue in their current focus areas, continue to coordinate our activities, and begin to look at ways we can address the agricultural credit needs of the Czech Republic.

2. We have been meeting with representatives from the Ministry of Agriculture to discuss the needs for assistance by the ministry in the area of reforestation.

The Bohemia Forest, north of Prague, has suffered extensive damage and destruction due to pollution and acid rain. This destruction of large parts of the forest is causing erosion problems. The Ministry has requested VOCA assistance in determining an appropriate cover crop for these damaged regions. Discussions continue as to the appropriate cooperation.

3. VOCA Country Director attended an eco-tourism seminar in Mikulov at the request of Peace Corps volunteers in the region. At this meeting, VOCA assistance in the area of organic farming and sustainable agriculture was discussed. Project development in these areas will continue in the Mikulov region.
4. VOCA helped to organize some meetings in Prague for the Kansas Agri-Leaders visit. In addition, the Country Director met with the group to present the VOCA program and to inform the members about the volunteer opportunities with VOCA.
5. VOCA representatives have been meeting with MOA staff responsible for organic agriculture to explain the type of assistance available through VOCA. Further meetings are planned to identify potential projects in the area of organic production and marketing, as well as in sustainable agriculture.
6. During his assignment in the Czech Republic, Ken Baer worked with ag-leaders in Telc who are attempting to form an agricultural supply and marketing cooperative. Mr. Baer encouraged their efforts and answered many of their questions concerning cooperative structure, financing, and operations. Mr. Baer encouraged them to pursue many options in terms of setting up the cooperative and not to become too committed to one plan.

Mr. Baer also paid a follow-up visit to Zichlinek Cooperative Farm where he had previously worked. While at Zichlinek, he reviewed their progress to date and advised on further actions. Since his previous visit, the farm was able to obtain 1/2 of the local meat processing plant. Mr. Baer had discussed this purchase with the local mayor on behalf of the farm, during his previous visit.

7. One comment on an issue which was raised during Mr. Baer's work at Breclav. In the privatization of the food and agricultural state companies, agricultural producers were essentially locked out of the process and many companies were privatized largely through coupon privatization. Managers of these companies are now seeking ways to satisfy the expectations of returns on investment (dividends) of their investors and the need to

provide service to the agricultural customer. Companies seeking to pursue a growth strategy will be hindered by the dividend demands of investors and investment funds. Agricultural producers will have suppliers limited in their ability to provide added service to farmer customers. Had agricultural producers been allowed to participate substantially in the privatization of these companies, then an agriculture and food system responsive to the needs of consumers and producers would have been facilitated. As it is now, this type of company will have to be established separately, and development of these companies will take time, as the sector is already over-capitalized and new capital investment is extremely limited.

III. COLLABORATIVE RELATIONSHIPS

1. VOCA and World Council of Credit Union (WOCCU) representatives met in Prague to discuss WOCCU's investigation of the level of credit union interest and the viability of credit union development in the Czech Republic and Slovakia. VOCA helped to organize some meetings for the WOCCU representatives and discussed the current economic and agricultural situation in the republics.
2. The ag. contractors in the Czech Republic continue to meet once a month and to coordinate programs when appropriate. Much cooperation was used for Jim Snell's visit. In addition, the contractors have launched a program to define the agricultural credit problem in the Czech Republic and to identify a program targeted to address this problem. A series of discussion groups are planned in Louny region. All ag contractors will identify and invite participants to these meetings. Transcripts from the meetings will be distributed and the contractors will meet again to determine the best way to address the needs identified. The ACE Center is taking the lead on organizing the discussion groups. VOCA will provide many participants.
3. Several discussions were held with representatives of the Czech-American Enterprise Fund on potential agricultural projects and possible VOCA assistance to the CAEF in servicing these projects. To date, no assistance has been formally requested.

IV. MEDIA COVERAGE/RECOGNITION

1. Attached is an interview with Martina Bartova. It is from an Indiana newspaper and was conducted during her visit to the United States last summer.

V. OFFICE OPERATIONS

1. VOCA Office Manager, Martina Bartova, resigned in March to accept a job with the East-West Strategic Studies Organization. March 19 was Martina's last day with VOCA.
2. Dagmar Vyklicka, was employed on March 29 as Assistant Country Director. Dagmar will be responsible for office financial operations as well as for project evaluation and follow-up. Concurrently, Lida Fortova has received substantially expanded responsibilities for office administration.
3. A meeting for Country Directors from Slovakia, Hungary and the Czech Republic was held in Prague. Several programmatic issues were discussed as well as new responsibilities defined for Country Directors.
4. Mauricio Delgado for VOCA Washington office conducted a training program for VOCA's office staff in expense reporting to VOCA's Washington office and in using Quattro Pro.

VI. COUNTRY NEWS

1. Many of the organization and association representing private farmers and landowners have combined their efforts under a new organization entitled Agricultural Initiative. These organizations have agreed to work together to promote their common objectives, especially during formation of the Agricultural Chambers. These organizations felt the need to work together in order to gain some clout against the larger, better financed and well organized associations representing agricultural processors, cooperative farms, and other former state institutions.
2. From the "whatever it is worth file", during a recent visit to Rome, Czech Minister of Agriculture, Josef Lux, was received by the Pope. Local press speculation surrounds whether they prayed for a solution to the agricultural crisis facing the Czech Republic, or just for rain.
3. In February, cooperative farm workers and private farmers blocked the main highway in Moravia near Breclav, to protest current government policies toward agriculture. In subsequent meetings, the protestors threatened republic wide protests unless government officials agreed to take a serious look at the current agricultural situation and began to implement some policies with more-favorable impact for agriculture. Specifically, ag

producers are angry at policies which limit direct supports to agriculture while at the same time, trade policies which allow free access to Czech markets for other countries. The Czech Republic has the lowest subsidy level for agriculture in Europe, at 14 percent. Interestingly, the protestors included cooperative farm workers and private farmers and when farm organizations tried to take credit or to organize the protestors, they were asked to leave. The general feeling among producers is that current policies are a disaster for one and all, both private farms and collective farms feel at a distinct disadvantage.

4. The economic ministers have announced creation of an Agricultural Guarantee and Development Fund. This fund will be backed by state subsidies as well as by the 20-30 percent share of food processing companies held by the government for agricultural producers. Initially these shares were to be distributed to agricultural producers in 1995, but it has now been decided that these shares will be sold to the highest bidder in order to finance the guarantee fund. Much work is yet to be completed before the Fund is actually operational. It will have no influence on the 1993 crop year.
5. The Bankruptcy Law has still not been enacted. It is expected to have a large agricultural representation once in effect. Currently, cooperative farm leaders are concerned that if they take their farms into bankruptcy protection, they will be unable to protect the assets of the farm. Many recognize that most moveable assets will be removed by employees and owners.
6. At a meeting of the Union of Landowners in Hradec Kralove, the government was urged to accelerate the restitution process. Agricultural Minister Lux acknowledged that adjusting property rights in agriculture is essential for success transformation of the sector. He noted that while there has been 400,000 requests for restitution, only 50,000 have been settled. Vlastimil Tlustý is the new chairman of the Union and during the meeting he noted that amendments to the Land Law and the Cooperative Transformation Law are expected as a method of speeding restitution in agriculture.
7. The Czech Statistical office recently announced new livestock numbers. Compared to the same period one year ago: total cattle numbers are down 14.1 percent (cow numbers are down 9.1 percent); hog numbers declined by 2.1 percent; poultry numbers are down by 8.7 percent, and sheep numbers declined 28.9 percent. Milk production has declined by 9.9 percent and egg production is down 9,4 percent.

VOCA/CZECH REPUBLIC
April/May 1993
Rosemary K. Mahoney
Dusan Cechvala

I. VOLUNTEER ASSIGNMENTS COMPLETED

EF 1095 Bezdez Private Farm Management, Okna, Czech Republic, Terry Niblett, Eastman, Georgia.

Results: Volunteer worked with managers of this 600 hectare farm, which was recently privatized from the former Military Farms and Forests, to assess current situation, identify opportunities and to increase production efficiency. Volunteer found very capable management and made several recommendations geared toward lower costs of production and increased marketing opportunities.

Note: Mr. Niblett offered his expertise through a mutual agreement between the Georgia Agri-Leaders Program and VOCA.

Category: Farm Management

EF 1096 Zeopol Private Farm Management, Brniste, Czech Republic, Jimmy Pierson, Culloden, Georgia.

Results: Volunteer worked with managers of this 550 hectare farm, which was recently privatized from the former Military Farms and Forests, to assess current situation, identify opportunities and to increase production efficiency. Volunteer found very capable management and made several recommendations geared toward lower costs of production and increased marketing opportunities.

Note: Mr. Pierson offered his expertise through a mutual agreement between the Georgia Agri-Leaders Program and VOCA.

Category: Farm Management

II. UPCOMING PROJECTS:

EF 1097 Louny Private Farm Management Louny District, Czech Republic. Norman/Jeanne Danielson, Rochert, Minnesota.

Target date: June 12, 1993

Assignment: To work with private farmers in region on farm management issues, crop planning and identifying market opportunities.

Length of assignment: 4 weeks

EF 1098 Agro-Prim Farm Management Sebenice, Czech Republic.
Jim Boyle, Columbia, Missouri.

Target date: July 1, 1993

Assignment: To work with this newly formed farm management firm on developing an operating and development plan for the next 3-5 years. Agro-Prim currently manages land for over 600 small landowners. They offer production and marketing services to these landowners.

Length of assignment: 4 weeks

EF 1088 Pelero Herb Growers Association Pardubice, Czech Republic. Steven Foster, Eureka Springs, Arkansas.

Target date: July 1, 1993

Assignment: To work with association of herb growers to develop a marketing strategy for the company. In addition, a management/organizational review will be completed.

Length of assignment: 3 weeks

III. PROGRAMMATIC ISSUES

1. Held additional meetings with Czech Ministry of Agriculture, Department of Ecology and Organic Farming, to discuss possible cooperation between VOCA and organic/sustainable projects in the Czech Republic. Through this offer, contact has been made with two groups in Southern Moravia. VOCA is developing projects in organic potato(e) production and marketing as well as with organic milk production, processing and marketing.
2. Meetings with Czech Ministry of Agriculture, Branch of Forestry Management has led to a request for 3 projects in: erosion control/water quality; renewing forestry information system; and planning to reduce pollution effects on forests and agricultural land in Northern Bohemia. Awaiting project approval from Washington.
3. VOCA Country Director, Dr. Dusan Cechvala, attended the annual meeting of the International Cooperative Alliance's Agricultural Committee in Bratislava. At the meeting, Dr. Cechvala spoke to the assembly about the VOCA program worldwide, and in particular, VOCA's work in the Czech Republic and Slovakia.
4. Work continues throughout the Republic on project development

targeted toward private farmers. In the next 3-4 weeks, several project requests will be submitted to VOCA Washington in the areas of farm management and marketing.

IV. COLLABORATIVE RELATIONSHIPS

1. In cooperation with the ACE Center, VOCA is preparing a fruit storage and marketing project in Northern Bohemia. Contact with the host organization was made through the ACE Center.
2. The AID Agriculture Contractors in the Czech Republic (VOCA, ACE Center, Iowa State University, and Land O'Lakes) are working together to develop a pilot agricultural credit program. Focus group interviews with farmers, farm directors, bankers, and agri-business leaders have been held as a method of defining the problem with ag. credit. These interviews were also used to develop the concept paper for the proposed ag. credit project. For the first stage, the ACE Center is providing a consultant from CoBank to further elaborate the project, it's design and implementation.
3. The AID Agriculture Contractors in the Czech Republic are working together to host an agricultural policy retreat in Karlovy Vary. The retreat is planned for June 28-29 and will be attended by officials of the Czech Ministry of Agriculture and the Czech Parliament. The contractor's intend to use the input from these participants to reassess the work of the contractors in the Czech Republic and to determine needed adjustments.

V. MEDIA COVERAGE/RECOGNITION

1. Articles about the VOCA program in the Czech Republic, as well as the remainder of Eastern and Central Europe and the former Soviet Union, were printed in several publications and presented on local radio, following a press conference held during the annual retreat of VOCA representatives in Europe.

VI. OFFICE OPERATIONS

1. The VOCA Prague office hosted the Second Annual VOCA Retreat for European Representatives. The retreat was held from May 3-7 in Prague. It was attended by 29 VOCA staff members from offices throughout Europe and the former Soviet Union.

VII. COUNTRY NEWS

1. In early April, the European Community banned imports of

livestock and animal products from countries in Eastern and Central Europe until May 7, due to the detection of foot and mouth disease in livestock thought to originate in Yugoslavia. Although no evidence of foot and mouth disease were found anywhere else in the region, the ban went into effect for the entire region. This was viewed as a protectionist move for the EC just before the Easter season, thus countries throughout Eastern and Central Europe responded in kind, with a similar ban on EC products until May 10. Beyond all the rhetoric and debate, farmers throughout the region were seriously effected by this EC ban, especially sheep producers who had thousands of Easter lambs ready for market. These producers were unable to market Easter lambs to Western Europe as planned and with very low local demand for lamb, were stuck with these animals. Most have kept the lambs and will continue to fatten until Fall, when they hope to market them.

The ban has been lifted, but a quarantine is still in effect for livestock bound for Western Europe.

2. Czech Minister of Agriculture, Josef Lux, announced on Monday, April 5, that the Czech Republic is prepared to join the U.S. and New Zealand in a battle with the EC to eliminate dumping of farm products. During the first three months of 1992, apple imports to the Czech Republic totaled 189 tons. In the same time period in 1993, they totaled 820 tons. Quoting GATT allowances for protections against dumping, Lux pledged to stop these dumping practices. It is to be seen what will happen, but this is the first indication of any willingness on the part of the Czech government to provide some protection for domestic agriculture producers.
3. On April 19, Prime Minister Klaus stated that Czech agriculture cannot be an export sector because it is not competitive and the world does not want exports from the Czech Republic. Klaus also expressed dissatisfaction with the slow process of privatization and restitution in agriculture.
4. It was reported on April 21, that over 4,600 privatization projects had been submitted to the Czech Ministry of Privatization for over 1000 enterprises. Of these projects submitted, 2,700 relating to 500 enterprises have been concluded. But, there has been a significant slowdown in processing projects. Currently, projects are being decided at a rate of only 2-3 per week. The Ministry of Privatization has criticized the Ministry of Agriculture on its administration of privatizations within the agriculture sector and has returned 50 drafts to the MOA because of incomplete restitutional claims.
5. President Vaclav Havel and his brother have petitioned the State for restitution of their family property in Barrandov,

a district of Prague. The film studios in Barrandov were established by the Havels' father in 1931.

6. The Czech-Moravian Union of Agricultural Cooperatives announced recently that 80 percent of agricultural cooperatives in the Czech Republic were unprofitable last year.
7. There is currently an on-going debate about the restitution of former church land. The Christian parties, led by Mr. Benda and Minister of Agriculture Lux, favor restitution of these lands to the churches. The catholic church would receive over 90 percent of this disputed land. Prime Minister Klaus opposes this restitution and favors an alternative compensation. It appears as though a majority of Czechs also favor alternative compensations. A compromise is expected soon.
8. An amendment to the Land Law was recently adopted. This amendment will allow for "internal auctions" within cooperatives. These auctions would be held in the event that entitled members dissatisfied with restitution offers made public offerings for farm assets. These offers could then be countered with other offers. This has been an intense debate and the amendment passed by a slender margin. The Parliament has one month to determine how this process would actually work. Opponents fear it could mean the dismantling of cooperative farms. This legislation was proposed and passed in response to continuing delays in restitution and in perceived injustices of restitution. These injustices center primarily on the valuing of assets on a book basis rather than on a market basis.
9. By May 1, 80 percent of state farms had been rented out. In addition, 62 percent of their assets had also been leased. Within two months, 94 percent of the assets are expected to be leased.

NOVEMBER COUNTRY REPORT - SLOVAK REPUBLIC
December 13, 1992 Vol. 1 No. 2

VOLUNTEER PROJECTS COMPLETED:

None.

PROJECT FOLLOW-UP TIDBITS:

None.

PROJECT IMPACT STATEMENTS:

None.

PROGRAMMATIC ISSUES:

1. Have been concentrating on making contacts and pursuing leads for potential projects. We have several good projects about to be submitted for volunteer recruitment. These include a regional cheese marketing project with 6-7 small dairies equipped with Western equipment and designed to produce a variety of sheep and cow cheeses; two-three private farmer groups seeking assistance in farm management and marketing; one progressive cooperative farm requesting help in reorganizing operations in a strategy to ultimately have private farmers with a cooperative oriented toward providing services and marketing products to farmer members; and two food processing companies with forward looking management seeking marketing and organizational assistance.
2. Based on recent meetings with government officials, representatives of the traditional agricultural community, and farm managers, the VOCA Bratislava office has developed a strategy for project development in 1993. The cooperative farms in general are showing a marked reluctance to make necessary changes for competitiveness in a market economy, rather they are waiting for relief from Bratislava in the form of increased subsidies. Prior to 1989, many of these farms in mountainous and submountainous regions were receiving subsidies up to 96 percent of the value of sales. Those subsidies are now around 12 percent. Needless to say, these farms are experiencing severe financial crisis and cash flow problems. Given the reluctance of these farms to seek local solutions and the continued emergence of private farmers, the VOCA staff has decided to focus on private farmer management and marketing programs as well as assistance to collective farms with innovative management. Additional assistance will be provided to established processing and marketing organizations if assistance can be of use.

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3. Attached is a thank-you memo from Pat Lerner regarding the follow-up work of the VOCA office in the Rimavska Sobota region of southern Slovakia. After two trips to the region and several meetings with agricultural leaders, it appears there are some good prospects for future projects in the region, including work with the local canning company and the flour milling company. Both of these companies were privatized in the first round of privatization.

COUNTRY NEWS:

1. A new agricultural law is being drafted by the Ministry of Agriculture. Much to the frustration of the VOCA Bratislava staff and the regional representative, no information can be obtained. It is rumored that subsidies to farms smaller than 50 hectares are going to be stopped and amendments to the land law are expected.
2. Recently, logging equipment was found in the American Consulate in Bratislava. Currently there is much finger pointing between leaders of the Slovak government and leaders of the Federal government in Prague over responsibility. The one thing agreed upon is that the technology is too recent for the equipment to have been installed prior to 1990. The mystery continues to unravel - a special investigator has been assigned to the case as well as the CIA.

MEDIA COVERAGE:

None.

COLLABORATIVE RELATIONSHIPS:

1. We are still considering sharing office space with NCBA but schedules have not permitted NCBA to look at the available space and for the agreement to be completed.
2. We have met with the Slovak-American Enterprise Fund to discuss the possibility of providing one-two day consultation on a meat processing project they are considering. We intended to use the experts from the Znojmo project. Timing will be the biggest factor in whether this cooperation is realized.
3. We facilitate introductions between a private entrepreneur from Zvolen and the Business Enterprise Center in Bratislava. The BEC will be helping to prepare a business plan for the Zvolen businesswoman.

INTERNAL OFFICE UPDATE:

1. The Bratislava office is now computerized - although the printer is still to arrive. We expect to be on E-mail in the very near future. Still working on the phone line situation.
2. Pavol spent 3 days in Prague working with Martina and Dusan on office administration, project development, and volunteer logistics issues.
3. VOCA Baltics Rep, Eric Brainich traveled with Pavol and Rosemary to the mountains of central Slovakia on a project development trip. Despite the long drive (8 hours), the trip was successful.
4. As of this writing, it appears we have hired a secretary/assistant for the Bratislava office. Her name is Elizabeth Pocs. She is a Hungarian from southern Slovakia and has most recently been working with the negotiations between the CSFR government and the government of Hungary concerning the Gabickovo Dam controversy.

REQUESTED INFORMATION FROM WASHINGTON:

None.

OTHER:

None.

cc: Don Cohen
Charles Cox
Bruce White
Rich Boni
Tim White
Mazen Fawzy
Jenny Hughel
Sonia Nofziger
Stacey Kanin
Dusan Cechvala
Istvan Mikus
Pavol Vajda

VOCA/SLOVAK REPUBLIC
December 1992/January 1993
Rosemary K. Mahoney

I. VOLUNTEER ASSIGNMENTS COMPLETED

None.

II. PROGRAMMATIC ISSUES

1. A short paper describing the agricultural situation in the Slovak Republic and the focus for the VOCA program in 1993 was prepared by the Regional Representative and the Country Director. (See attachment.) This strategy will be distributed to the local AID Representative office and to VOCA Washington. The VOCA strategy for the Slovak Republic will be to seek out groups of private farmers and provide assistance in farm management and marketing issues. Given the current economic and political situation in Slovakia, it appears work with cooperative farms and privatization projects will be limited. Nevertheless, cooperative farms exhibiting innovative and forward thinking plans will be targeted for transition assistance. We will also continue to identify opportunities for new marketing/service/supply organizations for private farmers and provide assistance to already privatized companies in the agricultural sector.
2. One project awaiting a volunteer will provide assistance to a transforming cooperative. The farm in Horna Strehova is preparing plans to establish private farm operations with the cooperative center transforming into a service/supply and marketing cooperative for farmer members. VOCA will provide assistance to these efforts.
3. The efforts to reach Slovakia's private farmers were enhanced by two encounters. First, the Regional Representative and the Country Director were invited to address the annual meeting of the Slovak Association of Private Farmers in Zvolen on December 18, 1992. This provided direct access to nearly 400 farmers from throughout Slovakia and enabled VOCA to further spread the word of the assistance available. VOCA also met with the former Vice-Minister of Agriculture, Mr. Habovstiak. Mr. Habovstiak is a strong, outspoken proponent of private farmers and willingly provided a list of local leaders to VOCA. We are currently contacting and meeting with the individuals on this list. Several projects appear likely from this contact.
4. Following a request from the AID Representative's office in Bratislava, VOCA met with several leaders in the Rimavska Sobota district. Following these visits, two

projects have been submitted. VOCA will advise the Riso Canning Company and the local Flour Milling Company on marketing, operational, and organizational issues. Both companies are private, joint-stock companies.

5. VOCA is also awaiting a volunteer to advise 3 small cheese plants on marketing strategies for sheep and cow's cheese. The outcome of this project may be a cooperative marketing organization or something similar.
6. In January, VOCA was audited by the Inspector General's office for Audits, based in Vienna. The IG personnel interviewed the Country Director and the AID Representative. They also reviewed project files in the Bratislava office and visited 8 project sites. All project hosts visited expressed appreciation for the assistance from VOCA and described the recommendations which had been implemented.
7. Project Impact Statement:

Cooperative Transformation Projects completed by Foulks and Householder. On the four farms assisted by these two volunteers, all had implemented soil conservation recommendations left by the volunteers. These farms are busily removing highly erodible land from crop production and replacing it with pastures. They have plans to begin grazing these pastures in the coming year.
8. In response to an offer of policy advisers, the Slovak Ministry of Agriculture has indicated an interest in requesting VOCA assistance with public relations, reorganization of the Ministry, and administration of the Minister's office. If a policy component can be added to this request, it may be of benefit to consider accepting the request. Will need to consider access to top level staff and the willingness of MOA officials to listen to outside advice.

III. COLLABORATIVE RELATIONSHIPS

1. Stemming from the monthly meetings at the AID Representative's Office, VOCA has been placed in a study group looking at Small and Medium Size Enterprises in Slovakia. The Country Director attends these monthly meetings and advises on VOCA activities. Each committee makes a report at the AID monthly meeting.
2. Country Director will help brief Iowa State University cooperative transformation team. This work is part of the ISU RAAPS project.
3. Country Director met with Land O'Lakes representatives. Agreed that VOCA would help identify candidates for the

... LOL training programs. A meeting was also held at the Ministry of Agriculture with LOL and ISU to discuss the program focus of each contractor.

4. Through the Small and Medium Size Enterprises committee, VOCA has made contact with the Entrepreneurship Center. VOCA has directed several entrepreneur to the center for assistance with business plan preparation, etc.

IV. MEDIA COVERAGE/RECOGNITION

1. Articles were published in the local Rimavska Sobota newspaper regarding VOCA's interest in working with local agriculturalists.
2. A radio interview was conducted for the agricultural program of the Banska Bystrica radio station.
3. VOCA received recognition for its participation in the Slovak Private Farmers Association annual meeting.

V. OFFICE OPERATIONS

1. E-Mail hook-up was completed in January.
2. Elizabeth Pocs, Assistant Country Director, spent three days in Prague learning about the administrative and organizational issues involved in operating a VOCA Country Office.

VI. COUNTRY NEWS

1. The big news story in recent months has been the separation of the Czech and Slovak Republics on January 1, 1993. The separation has proceeded relatively smoothly with the disruptions being minor in nature and primarily attributed to mistakes made by new countries, the uncertainty surrounding the joint currency, and the new tax codes which became effective on the same date as the separation.
2. The currency officially split in early February. Although the republics had announced intentions to maintain a joint currency as long as possible, the uncertainty over when the inevitable split would occur was effecting economic activities in both republics. The Slovak crown is expected to devalue, possibly rapidly and significantly, against the Czech crown. The republics placed stamps on existing currency until new currency can be printed.

3. A new tax code took effect on January 1, 1993. This code introduced higher income taxes on individuals and companies, higher employment taxes, and a Value Added Tax. The VAT has reportedly increased prices throughout the Republic 10-40 percent.
4. The U.S. Embassy officially opened on January 4, 1993. A new ambassador is expected to be named in the summer.
5. Shortly after the separation of the republics, the Czech government banned the import of hogs from Slovakia. Officials cited lower sanitary conditions on Slovak farms as the reason. This move is seen as part of the effort by the Czech Republic to speed its entry into the European Community.
6. Farm subsidies and government intervention in agriculture is expected to increase significantly in 1993. Subsidies have been promised to large farms and state companies by the Ministry of Agriculture, but approval of the subsidy program is being held up by the Ministry of Finance. Farms are waiting until subsidies are approved before ordering or purchasing inputs for spring. The support programs appear to favor large farms, in fact, to qualify for subsidies, farms must have over 250,000 kcs of total sales or be larger than 50 hectares. These qualifications effectively eliminate most private farmers in Slovakia from state subsidies.

VOCA 1993 COUNTRY STRATEGY - SLOVAK REPUBLIC

Rosemary K. Mahoney
Pavel Vajda

Background:

VOCA has been operating in the Slovak Republic since November 1990. Economic, political and social changes have continued in this period and VOCA has made every effort to be responsive to the changing conditions. When VOCA programs were first initiated here the political mood was optimistic and the economic forecasts were uncertain to dire. During this period the leaders and people have struggled with the best way to approach privatization and have been concerned that the programs coming from Prague ignored the specific conditions present in Slovakia. This concern manifested itself in the June elections as the majority of voters supported the HZDS party led by Vladimir Meciar. As voters in the Czech Republic gave strong support to moving forward along the same path towards privatization by supporting ODS and its leader, Vaclav Klaus, leaders of the two republics were unable to reach a compromise on economic and political issues, thus the federation will be dissolved on January 1, 1993 and each republic will become an independent nation.

A certain amount of uncertainty regarding the future of privatization and economic policy has slowed down the efforts going into transformation of cooperative farms and privatization of state companies. The government has publicly declared a commitment to privatization but rumors persist that the process will be altered and government subsidies will increase. In agriculture, the cooperative farms will still have to complete their transformation to private enterprises by January 28, 1993, but in general, farms in Slovakia appear to be proceeding in this process with less enthusiasm than in the Czech Republic. State company privatization will reportedly be completed in the coming year but coupon privatization will no longer be used. Rather remaining state companies will be privatized through direct sales and auctions. A revised land law is expected in the coming months, as well. In fact, an agricultural law is currently be drafted in the Ministry of Agriculture. It's contents are unknown but it will likely alter the existing legislation and shed much light on the future policy direction of the government with respect to agriculture. VOCA expects to adapt its program focus in response to the direction of the government.

Future expectations:

In production agriculture, many of the former large farms still exist, although most are in severe financial condition, and an increasing number of private farmers are emerging. These private farms are by and large quite small, but the farm operators are

becoming increasingly skillful both as producers and managers. It would appear that market forces, if allowed to operate freely, will break the larger farms into economically viable sized units while concurrently, private farms will grow to correspondingly viable units. Large farms unable or unwilling to adjust to market realities will fail and private farmers or neighboring large farms will be in position to take over the productive assets of failing farms.

If the government shows a strong commitment, both economic and political, to the large collective farms, thus protecting these operations from the forces of a market economy, VOCA will likely focus its efforts on private farm programs. If the government shows a strong commitment to transforming these farms, VOCA will work with selected farms displaying a commitment to change.

Needless to say, many people currently employed in production agriculture will be displaced over the next several years. Hopefully, growth in the agricultural service and supply sector and in other sectors will be able to absorb many of these workers.

Monopolies continue to dominate agricultural processing and marketing as well as agricultural supply and service sectors. A large number of small livestock slaughter and processing plants have emerged as well as small dairies. As these enterprises gain experience, they should be able to expand and provide marketing options to farm operators as well as considerable competition to the large monopolies which are seriously overcapitalized. As private farm operators become more established and better organized they will begin to actively seek new marketing opportunities. VOCA anticipates playing an important role in assisting these farm operators to successfully establish new processing and marketing enterprises.

Program focus for 1993:

Given the situation detailed above, VOCA intends to focus its efforts in the following areas:

1. Assistance to private farmers and organizations in area of farm management and establishing cooperative relationships in processing, marketing, farm supplies, and farm services.
2. Assistance to reorganized cooperative farm units in area of farm management, financial planning, and vertical integration.
3. Selected work in privatization of state farms. If possible, one or two model reorganizations will be produced for distribution to interested individuals.

VOCA/SLOVAK REPUBLIC
February/March 1993
Rosemary K. Mahoney
Pavol Vajda

I. VOLUNTEER ASSIGNMENTS COMPLETED

EF1090 Sheep Cheese Marketing, Middle Slovakia, Ezell Goodwin, Stockton, Missouri.

Results: Mr. Goodwin worked primarily with one sheep cheese plant in Ruzemberok, but visited and consulted with 3 other similar plants in middle Slovakia. Mr. Goodwin recommended these processors begin producing a cheese with a local market, rather than continue in feta production. For the existing and growing inventory of feta cheese, Mr. Goodwin contacted several potential buyers and interaction between the potential buyers and the plants is on-going.

Category: Agricultural Marketing

Spouse Role: n/a

Follow-up: Mr. Goodwin will return to Slovakia in June to work with these 4 plants. While in the U.S., he has been working on identifying other cheeses which these plants can successfully produce and market.

II. PROGRAMMATIC ISSUES

1. Blanket country clearance was received for VOCA employees and volunteers from the AID Representative's office in Bratislava. Due to the separation of the republics and the emergence of Slovakia as an independent nation, this new clearance was needed.
2. A trip by the Regional Representative and the Country Director to Eastern and Middle Slovakia included 11 meetings with private farm leaders. This initial contact is expected to lead to 3-4 potential projects for late Summer, early Fall.
3. The Country Director continued meetings with the leadership of the Slovak Private Farmers Association. Areas of future cooperation were discussed including management and marketing projects with local associations, credit advising, and assistance for their monthly publication.
4. From a request of the AID Representative's office in Bratislava, VOCA met with the leaders of the new agricultural commodities exchange. Assistance with education, promotion, and general operations were

discussed. VOCA expressed a willingness to provide consultants to this project. Further follow-up is expected, as an AFA has not yet been received.

5. Additional meetings with private farmers in the Rimavska Sobota area have been held. Continued project development with these farmers is planned.
6. In project follow-up, it was learned that at the Horne Dubove Cooperative Farm, VOCA volunteer, Keith Weimer's recommendations regarding reduced tillage and soil conservation have been implemented. The farm is plowing less intently, thus reducing production costs, without a decrease in yields. In addition, they have planted perennial fodder crops on steeper land to reduce soil erosion. Impact from these changes is yet to be measured.

III. COLLABORATIVE RELATIONSHIPS

1. An agricultural subcommittee has been formed from the larger AID contractors monthly meeting. This group includes the agricultural contractors as well as the US Agricultural Attache in Vienna, Frank Tarrant. Monthly meetings have been held and the AID Representative to Slovakia has requested input from this group as her office prepares an AID strategy for agriculture in Slovakia.
2. VOCA also participates in the monthly meeting of the small and medium size entrepreneurs working group. This group also stems from the AID monthly contractors meeting. Issues affecting the success, emergence and future of small and medium size businesses in Slovakia are discussed.
3. VOCA met with the Iowa State University RAAPS group for cooperative farm transformation. The current situation in agriculture was discussed and a promise to share information and experiences was made.
4. As VOCA has agreed to work with the Dedinsky Honey Company, the largest private honey processor in Slovakia, and the Slovak-American Enterprise Fund is also cooperating with Dedinsky, an agreement between VOCA and SAEF was made to share information.

IV. MEDIA COVERAGE/RECOGNITION

1. VOCA Country Director was interviewed by Banska Bystrica Radio concerning the VOCA program in Slovakia.

V. OFFICE OPERATIONS

1. Mauricio Delgado for VOCA Washington office conducted a training program for VOCA's office staff in expense reporting to VOCA's Washington office and in using Quattro Pro.
2. A meeting for Country Directors from Slovakia, Hungary and the Czech Republic was held in Prague. Several programmatic issues were discussed as well as new responsibilities defined for Country Directors.

VI. COUNTRY NEWS

1. Slovakia's first democratically elected president, Michal Kovac was chosen in February. Although Mr. Kovac is a member of HZDS (Mr. Meciar's party), he has promised to be a president above parties and their intrigues.
2. Slovakia has felt intense pressure from international organizations to devalue the crown following the currency separation with the Czech Republic. The government has resisted, stating that it prefers import control to currency devaluation.
3. In February, the agricultural subsidy program was announced for 1993. Total expenditures equal 7 billion Slovak crowns, about the same level as in 1992, without compensating for inflation. Despite earlier statements, private farmers were not excluded from these programs. In general, agriculturalists of every ilk are dissatisfied with this program.
4. The Ministry of Agriculture and the commercial banks also agreed to a 1.5 billion Slovak crown credit for producers so that spring field work could begin.
5. Following a rather intense public debate, Slovak President Michal Kovacs recalled the Vice-Prime Minister and Foreign Relation Minister Knazko from office. This was at the insistence of Prime Minister Meciar, who threatened to resign if Knazko was not recalled. Knazko has subsequently founded his own political party.
6. Chairman of the Slovak National Party, Mr. Cernak also resigned from the government. This resignation along with the departure of the Knazko supporters has left Meciar's party, HZDS, without a majority in Parliament. Mr. Meciar has admitted that early elections may be necessary.
7. Minister of Agriculture Baco, reported to Parliament that agriculture lost \$500 million in 1992 and 95 percent of

agricultural enterprises reported a loss on 1992 operations. In addition, agriculture has accumulated \$300 million in debt and owes the government \$200 million in salary taxes. According to the Cooperative Union, it would take \$200 million to stabilize 60-70 percent of the agricultural enterprises.

8. Lamb exports for Easter were devastated by an EC ban on livestock to Italy. Slovaks fear increased protectionist measures from the EC.
9. Due to unresolved negotiations on debt settlement between Slovakia and the Czech Republic, the Czech government has frozen all Slovak investment in Czech companies. As this investment stems from the coupon privatization of 1992, it affects Slovak citizens directly. Ironically, it punishes those citizens who believed in the continuation of the federation.

VOCA/SLOVAK REPUBLIC
April/May 1993
Rosemary K. Mahoney
Pavol Vajda

I. VOLUNTEER ASSIGNMENTS COMPLETED

EF 1086 Galanta Private Farm Management, Galanta, Slovakia.
Richard/Carol Toevs, Quincy, Washington.

Results: Mr. and Mrs. Toevs worked with private farmers in Galanta region to establish an effective "green" fertilizer program. New private farmers here lack resources to purchase manufactured fertilizers and/or livestock for natural fertilizer, therefore, they sought assistance in establishing an appropriate crop rotation program to meet their fertilizing needs. The expected results of this assignment are reduced costs of production and increased yields for participating farmers.

Category: Farm Management

Spouse Role: Mrs. Toevs worked with her husband in assessing situation and developing recommendations.

EF 1081 Horna Strehova Cooperative Farm Transition, Dolne Strehova, Slovakia. Ronald C. Atkinson, Watkinsville, Georgia.

Results: Mr. Atkinson reviewed the management's plan for transforming this cooperative into a Western-style cooperative based on private farming. He advised on management issues and provided several recommendations on reducing costs of production, increasing efficiencies, and enhancing marketing achievements.

Category: Farm Management

EF 1084 Riso Canning Company Management Review, Rimavska Sobota, Slovakia. Howard/Emilie Weber, Wayzata, Minnesota.

Results: Mr. and Mrs. Weber spent worked with the Riso Canning Company management team to review their operations and marketing plans. The Webers were in Rimavska Sobota working with the local flour mill on similar issues and agreed to work also with the Riso Company when arrival of their volunteer adviser was delayed. Mr. and Mrs. Weber provided some new soup recipes for the company and also provided input on their marketing strategy. In addition, they personally contacted several potential buyers of the canned food produced by Riso.

Category: Food Processing and Marketing

Spouse Role: Mrs. Weber worked with her husband, taking notes and helping him to prepare his final report.

EF 1085 Rimavska Sobota Flour Mill Management Review,
Rimavska Sobota, Slovakia. Howard/Emilie Weber, Wayzata,
Minnesota.

Results: Mr. and Mrs. Weber worked with the recently privatized flour mill in Rimavska Sobota to improve efficiencies, consider appropriate reorganization and to establish a marketing strategy, including new product development. Mr. and Mrs. Weber provided several recommendations focused on improving the overall operation of the flour company and also made several contacts with potential buyers of products produced by the company.

Category: Grain Handling and Processing

Spouse Role: Mrs. Weber worked with her husband, taking notes and helping him to prepare his final report.

II. PROJECTS UNDERWAY

EF 5000 Riso Canning Company Marketing Review, Rimavska
Sobota, Slovakia. Douglas and Ruth Bartley, Edinburg, Texas.

Assignment: Mr. and Mrs. Bartley are working with the management of the Riso Canning Company to review and advise on their current marketing strategy; assess operations and advise on areas for improvement; and to review and advise on the organizational structure of the company.

Starting date: May 31, 1993.

Length of Assignment: 4 weeks

EF 5009 Dolne Dubove Cooperative Farm Management Review,
Dolne Dubove, Slovakia. James Boyle, Columbia, Missouri.

Assignment: Mr. Boyle is working with the management of Dolne Dubove Cooperative Farm to assess the management's work in transforming this business into a market-oriented enterprise. Dolne Dubove received VOCA volunteer, Keith Weimer, in April, 1991. Mr. Boyle is following up on the work initiated by Mr. Weimer.

Starting date: May 28, 1993

Length of assignment: 2-3 weeks

III. UPCOMING PROJECTS

EF 1082 Slovakian Sheep Cheese Marketing II, Central Slovakia. Ezell/Bess Goodwin, Stockton, Missouri.

Assignment: Mr. and Mrs. Goodwin will provide follow-up assistance to host organizations from his earlier assignment. Mr. Goodwin is working to help these small dairies find markets for their products. He will follow-up on an earlier recommendation to change the types of cheeses currently being produced.

Target date: July 4, 1993

Length of assignment: 3-4 weeks

EF 1093 Dedinsky Beekeeping Management Review, Bratislava, Slovakia. Walter and Bess Clarke, Canton, Pennsylvania.

Assignment: To advise manager of new beekeeping, honey processing and marketing company on business plan and marketing strategy for the future.

Target date: June 17, 1993

Length of assignment: 4-6 weeks

EF 1094 Ivanovsky Dairy Management, Hlinik, Slovakia. Ivo and Gladys Otto, Cumberland County, Pennsylvania.

Assignment: To advise farm on proper herd management, feed quality and turnkey dairy operation. To work with local private producers on assessing potential for working jointly on marketing and/or herd management.

Target date: July 4, 1993

Length of assignment: 4-6 weeks

IV. PROGRAMMATIC ISSUES

1. At the request of AID Representative to Slovakia, Patricia Lerner, VOCA has been discussing the potential of providing policy advisers to the Slovak Ministry of Agriculture. Currently, draft scopes of work for 3 volunteers are being reviewed by the Ministry of Agriculture. It appears likely that VOCA will provide two volunteers to work with those responsible for drafting the new agriculture bill and one

adviser for the new cooperative legislation.

2. VOCA continues to meet with leaders of the Association of Private Entrepreneurs in Slovak Agriculture to identify areas of future cooperation. The Association is under severe financial stress and is seeking to alleviate this matter in some way. VOCA has offered to provide technical assistance in this matter.
3. Stephen Sposato, USAID/EUR/DR/FS, spent one week in Slovakia reviewing the agricultural situation and assessing additional needs for AID agriculture strategy in Slovakia. VOCA arranged several meetings for Mr. Sposato in an effort to assist him in learning about the current situation in Slovak agriculture. (See attached letter.)
4. Recent meetings with Ministry of Agriculture staff members has lead to increased interest in the VOCA program and in the opinions of our volunteers. Mr. Toevs met with State Secretary, Juraj Moravcik, to discuss the overall situation in agriculture and in particular, that facing private farmers.
5. The Slovak-American Enterprise Fund has launched a joint-lending program with the Slovak Agriculture Bank. These small loans (\$21,000-\$120,000) will be geared toward agriculture, but primarily food processing and job creation projects and are geared toward more mature companies.
6. VOCA Country Director, Paul Vajda, has made several project development trips to the more remote regions of Slovakia. Several projects are being prepared for agriculturalists in these regions.
7. VOCA will begin holding meetings with officials responsible for environmental and natural resource issues related to agriculture, forestry and water to present the opportunity of receiving VOCA advisers on agricultural related environmental issues.

V. COLLABORATIVE RELATIONSHIPS

1. The USAID agriculture contractors in Slovakia (VOCA, ACE Center, Land O'Lakes and Iowa State University) have begun holding monthly meetings. The purpose of these meetings is to share information and discussing possible areas for future cooperation.
2. VOCA and the ACE Center met jointly with private farmers identified by VOCA, to discuss the possibility of launching a joint project on dairy herd improvement. A follow-up meeting to draft a concrete project proposal is being held in June.

VI. MEDIA COVERAGE/RECOGNITION

1. Radio interview with Slovak Radio reporter, Eva Ferkova, by Mr. Richard Toevs, Pavol Vajda, and Rosemary Mahoney.
2. Radio interview with Hungarian language radio by Mr. Ron Atkinson, Pavol Vajda, and Rosemary Mahoney.
3. TV Interview to introduce VOCA assistance to entrepreneurs for Slovak National Television, by Pavol Vajda.
4. Slovak economic newspaper carried article on VOCA activities following VOCA press conference in Prague during the VOCA Annual Retreat for European Directors.
5. VOCA's Regional Representative has been asked to prepare an article on American agriculture structure, cooperatives and marketing for a local newspaper in the Orava region.

VII. OFFICE OPERATIONS

1. Country Director, Pavol Vajda, will be traveling to the United States for training in Washington and a study tour of American agriculture. He will travel to Maryland, Kentucky, Illinois, Wisconsin, Minnesota, Pennsylvania and New York. Visits will include: a dairy/crop farm, milk and cheese processing, a land grant university, processing and marketing of sheep products, and the support system for a typical American farm (ie: credit, insurance, government support programs, etc).

VIII. COUNTRY NEWS

1. President Kovac visited the United States recently and visited President Clinton, Vice-President Gore and others. Discussions were focused on the Slovak interest in closer ties with the U.S. and possibly, NATO.
2. Prime Minister Meciar also visited the United States recently. His meetings with senators, the World Bank and IMF focused on a proposal to create a new Marshall Plan for CEE countries.
3. Problems with large scale privatization continue. The lack of capital has led to a special agreement between the Slovak National Bank and the Slovak Fund for Administration and Privatization of National Property. This agreement will hopefully provide more credit for privatization projects.
4. The Bankruptcy Law with amendments was passed and becomes effective June 1. The amendments enable the primary creditors to take control of an indebted company and try to manage it to

solvency. Opponents claim this will further delay needed bankruptcies and restructurings.

5. A Sanctions Law aimed at punishing collective farm presidents who delay restitutions, is being discussed in Parliament. The Agriculture Committee refused to hold hearings or to discuss the issue.
6. The Czech government has agreed to release the investments in Czech companies by Slovak citizens. These investments had been frozen pending settlement of debt issues between the two republics.
7. In early April, the European Community banned imports of livestock and animal products from countries in Eastern and Central Europe until May 7, due to the detection of foot and mouth disease in livestock thought to originate in Yugoslavia. Although no evidence of foot and mouth disease were found anywhere else in the region, the ban went into effect for the entire region. This was viewed as a protectionist move for the EC just before the Easter season, thus countries throughout Eastern and Central Europe responded in kind, with a similar ban on EC products until May 10. Beyond all the rhetoric and debate, farmers throughout the region were seriously effected by this EC ban, especially sheep producers who had thousands of Easter lambs ready for market. These producers were unable to market Easter lambs to Western Europe as planned and with very low local demand for lamb, were stuck with these animals. Most have kept the lambs and will continue to fatten until Fall, when they hope to market them.

The ban has been lifted, but a quarantine is still in effect for livestock bound for Western Europe.



MAY 18 1993

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

May 14, 1993

Mr. Charles Cox
Director of European Programs
Volunteers In Overseas Cooperation (VOCA)
50 F Street N.W.
Washington D.C. 20001

Dear Mr. Cox:

I want to take a moment from a busy work day to convey my thanks to VOCA and its excellent overseas personnel for the assistance they rendered in making my recent mission to Slovakia a successful one. While funded by A.I.D. VOCA's grant from A.I.D. does not encompass taking time from a hectic schedule to assure that A.I.D. officers are well informed on the agricultural sector in Eastern Europe. Nevertheless, Rosemary Mahoney and Pavol Vajda did just that on my recent visit to Slovakia, in spite of the short advance notice they had of my mission and interest in better understanding the agricultural sector. Not only did they share their own highly professional understanding of the sector with me but arranged a series of appointments and visits for me with knowledgeable people which were invaluable.

Additionally, I am pleased to note, while in Slovakia I had a chance to observe the high quality of still another VOCA volunteer, Mr. Richard Toevs. I am confident that his contribution to restructuring Slovak agriculture will be significant and was pleased to see that Rosemary and Pavol were able to schedule radio time for Mr. Toevs and the VOCA program, allowing our assistance to reach a wide audience of Slovaks. Please convey my thanks to Rosemary and Pavol.

Sincerely yours,

A handwritten signature in cursive script, enclosed in a hand-drawn oval.

Stephen Sposato
Agricultural Economist
EUR/DR/FS

cc: Jim Snell, Chief EUR/DR/FS

VOCA/HUNGARY
December 1992/January 1993
Rosemary K. Mahoney

I. VOLUNTEER ASSIGNMENTS COMPLETED

EF2028 Kecskemet Wholesale Market, Thomas and Gertrude Moriarty, Hartford, Connecticut. Working with local organizers of the wholesale market, Mr. Moriarty assisted them in market layout, start-up strategies, and in general operating issues for the proposed market. If started, the market would potentially service thousands of private farmers in Central and Southwestern Hungary.

Results: Mr. Moriarty, relying on his experience as manager of a wholesale market in Connecticut, helped the organizers view their plans for the Kecskemet market in terms of successful start-up and management, rather than investment and equipment.

Category: Marketing

Spouse Role: Mrs. Moriarty volunteered at a local school to help with students studying English.

II. PROGRAMMATIC ISSUES

1. A short paper describing the agricultural situation in Hungary and the focus for the VOCA program in 1993 was prepared by the Regional Representative and the Country Director. (See attachment.) This strategy will be distributed to the local AID Representative office and to VOCA Washington. The VOCA strategy for Hungary will be to seek out groups of private farmers and provide assistance in farm management and marketing issues as well as to provide assistance to newly privatized cooperative farms and farming units displaying innovative and forward looking plans. We will also continue to identify opportunities for new marketing/service/supply organizations for private farmers and provide assistance to already privatized companies in the agricultural sector. Additionally, VOCA will follow-up as appropriate with previous projects in credit union development and advising the Hungarian government on land mortgage issues.
2. Efforts toward assisting private farmers have been enhanced by two contacts. A good contact between VOCA and the new National Association of Private Farmer Associations has been recently established. It appears likely that VOCA and the Association will work together to provide assistance to local associations on marketing, cooperative development and farm management. Secondly,

VOCA continues to work with the Progress Foundation in Szeged. Through this foundation, VOCA has met with several mayors and agricultural leaders seeking ways to help the farm community in their area. We are working to develop an appropriate project to meet these needs.

3. Met with Eva Gura and Lajos Erdelyi to discuss progress on credit union development following the work of VOCA volunteer, Paul Hebert. Although Tolna County is running into problems in establishing the first agricultural credit union in Hungary, two other counties are anxious to proceed as advised by Mr. Hebert. VOCA has offered to provide follow-up assistance as advised by Mr. Hebert and as appropriate.
4. Traveled to Tokaj to meet with producer cooperatives seeking assistance in cooperative organization, structure, management, and marketing. These cooperatives were returned to local producers who are attempting to re-establish the cooperatives as they existed prior to 1948. Will return to collect information for scope of work. May be a similar project in Csongrad County.

III. COLLABORATIVE RELATIONSHIPS

1. Met with Land O'Lakes representative to discuss their work in Hungary and the possible areas for cooperation. VOCA agreed to help identify potential candidates for the LOL training programs.

IV. MEDIA COVERAGE/RECOGNITION

1. Credit Union development project was noted in the WOCCU newsletter (attached).
2. Interview with Thomas Moriarty was published in local Kecskemet newspaper. (Translation attached.)

V. OFFICE OPERATIONS

1. E-Mail hook-up in January.
2. Staff completed Word Perfect and computer training in December/January.

VI. COUNTRY NEWS

1. Cooperative farms completed the legal transformation on December 31, 1992. By that date, all property was to be

allocated to individual owners. This year, the actual economic transition will begin in earnest. Officials were surprised at the low number of new, private farmers emerging from the cooperative farms. The primary reason for the lower than expected numbers is the lack of credit available to new farmers and the lack of support for the start-up of such farms.

2. The International Monetary Fund refused to provide a \$400,000 loan to Hungary as agreed upon in a 1991 treaty due to the poor performance of Hungary's economy.
3. Due to last year's drought and the lower use of inputs, Hungary is experiencing a shortage in wheat for flour and feed. Imports of wheat are estimated at 100,000 to 200,000 tons.
4. Although credits are extremely difficult to obtain (150 percent collateral is required in agriculture), Hungary is actually awash in funds to lend. The problem is twofold. First, good credit risks are difficult to find and second, Hungarian banks are becoming very popular among Russians, Ukrainians, and others in the former Soviet Union, for deposits. Hungarian banks are seen as more secure than local banks as well as the high level of secrecy laws for Hungarian banking. The U.S. is conducting seminars for Hungarian officials to help them recognize and deter funds from illegal activities.
5. The Hungarian Parliament has recently established an agricultural committee. The members of the committee are listed on an attachment.
6. The ruling party, the National Democratic Forum, recently held a national meeting. President Antall was able to remain in control of the party despite efforts of far-right conservatives. The conservatives are promoting a nationalistic, populist program.
7. The government reported a boom in tourism in 1992. Profits from tourism were up \$600 million. The government estimates Hungary received 33 million foreign tourists last year.

VOCA 1993 COUNTRY STRATEGY - HUNGARY

Rosemary K. Mahoney
Istvan Mikus

Background:

VOCA has been operating in the Hungary since November 1990. Economic, political and social changes have continued in this period and VOCA has made every effort to be responsive to the changing conditions. When VOCA programs were first initiated here the political mood was optimistic and the economic forecasts were uncertain but in general, optimistic. During this period the leaders and people have gotten busy to transform their state-owned and controlled economy to a privately owned, market oriented one. Much progress has been made although in a lumpy fashion. Hungarian leaders seem to be unwilling to give up much control and are thus slowing the transition. This has hindered progress and delayed hard decisions.

In agriculture, the cooperative farms will complete their transformation to private enterprises by the end of 1992. This process has been somewhat chaotic and has proceeded with mixed results. The assets of the farms were to be auctioned with members having first priority. Members were to use their ownership certificates to purchase specific assets. Unfortunately, some farms held auctions before all members had their shares from the government. Nevertheless, many reorganized farm enterprises and private farm operations will begin operation with the coming crop year. The state company privatization will be completed in the coming year. This process has been lumpy. The economically desirable companies were sold to foreign investors early on, but the Hungarians seem unwilling to accept that there are not buyers for all companies. Unfortunately, many companies have filed for bankruptcy and still the government is looking for foreign buyers as opposed to letting the productive assets be auctioned or given to farm operations. Despite this, by the middle of 1993, most companies will be privately owned and controlled and by the end of 1993, a majority of property, including land, should be in private hands. At this time, the government intends to lease unrestituted land, rather than selling it. This could seriously hinder the development of private agriculture as individuals will be less willing to make land improvement investments.

The distribution of property to private ownership is an essential step to transforming the entire economy. Hopefully in the coming year the Hungarian government will recognize this as well, especially in the area of distribution of state lands. Despite the progress made in privatization of state owned companies and state controlled enterprises, much of the economic transformation is still to be accomplished. Assisting in this on-going economic transformation will be the focus for VOCA in 1993. In Hungary, VOCA will return to its strength of helping people at the local

level to seek manageable solutions to their problems. VOCA is committed to seeking good partners and supporting local, grassroots initiatives.

Future expectations:

In production agriculture, many of the former large farms still exist, although most are in severe financial positions, and an increasing large number of private farmers are emerging to be added to the large number which already existed in Hungary during the late 1980s. These private farms are by and large quite small, but the farm operators are becoming increasingly skillful both as producers and managers. It would appear that market forces will break the larger farms into economically viable sized units while concurrently, private farms will grow to correspondingly viable units. Large farms unable or unwilling to adjust to market realities will fail and private farmers or neighboring large farms will be in position to take over the productive assets of failing farms.

Needless to say, many people currently employed in production agriculture will be displaced over the next several years. Hopefully, growth in the agricultural service and supply sector and in other sectors will be able to absorb many of these workers. In addition, much of the capital investment in large-scale agriculture is likely to be lost and replaced with modern, yet appropriate technology.

Monopolies continue to dominate agricultural processing and marketing as well as agricultural supply and service sectors. A large number of small livestock slaughter and processing plants have emerged as well as small dairies. As these enterprises gain experience, they should be able to expand and provide marketing options to farm operators as well as considerable competition to the large monopolies which are seriously overcapitalized. Furthermore, both large and small producers will begin to seek and develop alternative markets for their products and sources for farm supplies and services. Hungary is world renown for the quality of its agricultural production, thus many untapped market opportunities exist for today's Hungarian producers. VOCA intends to focus assistance to help these producers capitalize on these opportunities.

Program focus for 1993:

Given the situation detailed above, VOCA intends to focus its efforts in the following areas:

1. Assistance to private farmers and organizations in area of farm management and establishing cooperative relationships in processing, marketing, farm supplies, and farm services. VOCA has the unique ability to be responsive to these farm operators, as no other AID funded program in agriculture is

focusing on these operators. These farm operations, though small, are the basis for future Hungarian agriculture. Much opportunity exists in developing marketing and other cooperative associations among these farmers.

2. Assistance to reorganized cooperative farm units in area of farm management, financial planning, marketing, and vertical integration.
3. Selected work in privatization of state farms. If possible, one or two model reorganizations will be produced for distribution to interested individuals.
4. Follow-up activities as needed in land mortgage issues, credit union development, and state company privatization.

VOCA/HUNGARY
February/March 1993
Rosemary K. Mahoney
Istvan Mikus

I. VOLUNTEER ASSIGNMENTS COMPLETED

None.

II. PROGRAMMATIC ISSUES

1. VOCA staff focused on project development during these two months. Following a series of meetings in the countryside, eleven new projects were submitted to VOCA headquarters for recruitment. These projects include: advising the leadership of the National Association of Hungarian Farmers' Societies on ways to better serve their membership; advising private berry producers on post-harvest handling and marketing options; advising private storage cooperatives on organizational and marketing opportunities; working with two private honey processing enterprises on packaging and marketing; helping the tillage research institute develop a demonstration project oriented toward minimum tillage as a method of reducing production costs, etc.
2. Had follow-up meetings with volunteers from the National Service League working in Szeged to support credit union development. VOCA is also actively working in the Szeged area through the Progress Foundation to bring technical assistance to the agricultural producers in the region, especially in terms of marketing.
3. Met with Ministry of Agriculture's Department on Cooperatives to discuss opportunities of advising privatized cooperatives on further economic transformation. The department leaders agreed to provide the names of several cooperative's needing such assistance and to spread the work among cooperatives of VOCA's ability to help on an individual basis.

III. COLLABORATIVE RELATIONSHIPS

1. Met with Dr. Gordon from Arizona State University for an update on his efforts to establish business incubators for Hungarian agricultural enterprises. Agreed to cooperative on a project by project basis with technical advisers to potential incubator participants. In addition, the Regional Representative accepted a position on the advisory council for the incubator program.

2. Continued contact with WOCCU on probable follow-up of the agricultural credit union development project completed in 1992. Will continue to coordinate with WOCCU as the situation warrants.

IV. MEDIA COVERAGE/RECOGNITION

None.

V. OFFICE OPERATIONS

1. A meeting for Country Directors from Slovakia, Hungary and the Czech Republic was held in Prague. Several programmatic issues were discussed as well as new responsibilities defined for Country Directors.
2. Mauricio Delgado for VOCA Washington office conducted a training program for VOCA's office staff in expense reporting to VOCA's Washington office and in using Quattro Pro.
3. Staff responsibilities were partially reassigned to increase the effectiveness of daily operations and to meet the additional demands on the staff. Kati Szigeti is oversees for all administrative operations and Aniko Gal is now responsible for project follow-up and evaluation.

VI. COUNTRY NEWS

1. The agricultural support programs were announced in February. They include a set of market interventions, government purchases to stabilize prices for corn, milk, pigs and cattle, as well as the option of other indirect interventions such as licensing to stabilize prices to producers. A total of 26 billion HUF have been allocated for this program in 1993.
2. As of January 1, 1992, cattle numbers had declined 12.4 percent from the previous year; hog numbers were 10.5 percent lower; sheep numbers had dropped by 3.1 percent; while poultry numbers grew by 2.4 percent and milk production decreased by 6.9 percent.
3. Of the 81 state farms to be privatized, valued at 60 billion HUF, only 2.8 billion HUF have been privatized. Thirty-nine farms will remain in long-term ownership of the government. The farms to be privatized cover 800,000 hectares, but the land will not be sold with the farms, it will remain in state ownership. Distribution of this land will be determined in the upcoming Land Law.

4. At the end of January, unemployment was at 13.3 percent, or 694,000 people. Agriculture currently employs 360,000 people, only half as many as in 1990.
5. Hungary's trade balance for 1992 showed a considerable improvement from the previous year. Exports exceeded imports by \$356 million, down from \$1,110 million a year earlier. In agriculture, Hungary maintain a trade surplus, exports totaled \$2,571 million and imports were \$649 million for a surplus of \$1,922 million.
6. Agricultural cooperatives and state farms owe 10 billion HUF to banks, most of which is considered to be uncollectible. These debts will be placed into a credit consolidation scheme, but credit to agriculture remains a serious problem. One solution actively pursued by the government to alleviate the credit situation, is establishment of a land credit institution. VOCA advised the MOA on organization and operation of such an institution in the fall of 1992.
7. An Agricultural Development Fund has been established, with 40 billion HUF. The Fund will be operational soon and will provide agriculture and forestry with investments and will also have money for the development of a consultancy system for agriculture. The fund is designed to help small and medium enterprises with annual turnover of less than 100 million HUF.
8. Attached are several articles of interest to Hungarian agriculture and the economy in general.

VOCA/HUNGARY
April/May 1993
Rosemary K. Mahoney
Istvan Mikus

I. VOLUNTEER ASSIGNMENTS COMPLETED

EF 2030 Maros Hajnal Cooperative Farm Transformation,
Marcali, Hungary. Martin/Larue Clark, Dyersville, Indiana.

Results: Mr. Clark worked with Marcali Cooperative Farm to assess over management and operations of the farm. Suggested alternative management and control structure, similar to a Western-style cooperative as well as providing several recommendations for increased efficiencies and lower costs of production.

Category: Farm Management

Spouse Role: Mrs. Clark worked with her husband and helped to prepare the report.

EF 2029 Selleye High School Curriculum Review, Selleye,
Hungary. Dr. James P. Key, Stillwater, Oklahoma.

Results: Dr. Key worked with directors at the agricultural high school in Selleye to review their new curriculum for training students as balance farm operators rather than specialists solely in farm mechanization. New curriculum is designed to prepare more balanced skills so student can work independently or with a collective farm. Dr. Key recommended including economic aspects of purchasing, marketing and efficiency in school farms as an educational tool. In addition, several recommendations were left on executing their plans.

In addition, Dr. Key worked with officials of the Hungarian Ministry of Agriculture to review their work and support of agricultural high schools under their jurisdiction. He made several recommendations including 3 pilot programs for a Future Farmers of Hungary program in the coming school year. VOCA, in conjunction with the Future Farmers of America, will be providing follow-up assistance to this effort as well as others suggested by Dr. Key.

Category: Agricultural Education/Economics

EF2031 National Association of Hungarian Private Farmers'
Societies, Budapest, Hungary. Robert Ray, Macon, Georgia.

Result: Mr. Ray worked as a personal adviser to Dr. Josef Nagy, director of the National Association of Hungarian

Private Farmers' Societies, to assist Dr. Nagy in identifying ways of better serving the needs of the Association's members, ways to finance the Association, and to review future plans for the Association. Mr. Ray provided many useful recommendations and suggestions to Dr. Nagy.

Note: Mr. Ray offered his expertise through a mutual agreement between the Georgia Agri-Leaders Program and VOCA.

Dr. Nagy is a VOCA recommended candidate for the USDA Cochran fellowship program.

Category: Producer Association Organization

EF 2037 Private Honey Processing and Marketing, Solymar, Hungary. Ann Harmon, Flint Hill, Virginia.

Results: Ann Harmon worked with the Czedulas family to develop production and marketing plans for their new honey processing company. In addition, she worked with local producers to discuss methods of working together both as a representational organization and for business purposes.

Category: Food Processing and Marketing

EF 2039 Godollo Agricultural Advisory Service, Godollo, Hungary. Glenn and Evelyn Maddy, Helena, Ohio and Susan Ragan, Americus, Georgia.

Results: Mr. Maddy and Susan Ragan worked together to review the University's plans for offering an Agricultural Advisory Service. Plans were reviewed and several recommendations provided for operating the advisory service.

Note: Ms. Ragan offered her expertise through a mutual agreement between the Georgia Agri-Leaders Program and VOCA.

Category: Extension Service Development

II. ON-GOING PROJECTS

EF 2035 Vacs Regional Berry Marketing, Vacs Region, Hungary. Herbert Mohn, Gresham, Oregon.

Assignment: Mr. Mohn is traveling to several towns and villages in the Vacs region to assess their berry production, processing and marketing resources. Mr. Mohn will work with local officials and farmers. In each village, he will conduct a seminar to local producers on production issues, marketing, cooperative marketing and the tools necessary to respond to a

market economy. In addition, he will advise individual producers in the region.

Length of Assignment: 6 weeks

EF 2038 Minimum Tillage Field Demonstration Development, Godollo, Hungary. Donald and Sharon Erbach, Ames, Iowa.

Assignment: Dr. Erbach is working with representatives at the Institute for Agricultural Mechanization to establish a field demonstration program for minimum tillage practices. The major aim of the program is to help Hungarian farmers adapt low-cost, efficient tillage practices. Dr. Erbach will also conduct a seminar while on assignment.

Length of assignment: 4-5 weeks

III. PROGRAMMATIC ISSUES

1. Met with representatives responsible for organizing National Grain Warehouse System. The purpose of this system is to ensure adequate grain reserves for security purposes and to provide financial instruments to producers for obtaining operating credits. VOCA has agreed to provide volunteers to help design the system and to identify financing options for such a system.
2. Continued project development efforts in Csongrad County and utilized volunteers in country to assess potential projects in their area of expertise.

VI. COLLABORATIVE RELATIONSHIPS

1. Held meetings with William Binney of CDC, Agnes Budai of IESC and the ACE Center to discuss possible areas of cooperation.
2. Working with Future Farmers of America to launch pilot Future Farmers of Hungary program.

V. MEDIA COVERAGE/RECOGNITION

1. Ann Harmon conducted interviews with two beekeepers' magazines.
2. Regional Representative, Rosemary Mahoney, and Deputy Director for European Programs, Rich Boni, were interviewed on Radio Bridge (VOA) on the Day and Night radio program.

VI. OFFICE OPERATIONS

1. Much to everyone's delight, a printer box was installed for the office printer - no more queuing.

VII. COUNTRY NEWS

1. Exports of agricultural products are expected to drop in 1993. This decrease results from a reduction in output due to the on-going drought, bankruptcies, and transformations. Pessimistic estimates in the decline range from \$500 million to \$1 billion. The export situation is not expected to improve significantly over the next two years.
2. In early April, the European Community banned imports of livestock and animal products from countries in Eastern and Central Europe until May 7, due to the detection of foot and mouth disease in livestock thought to originate in Yugoslavia. Although no evidence of foot and mouth disease were found anywhere else in the region, the ban went into effect for the entire region. This was viewed as a protectionist move for the EC just before the Easter season, thus countries throughout Eastern and Central Europe responded in kind, with a similar ban on EC products until May 10. Beyond all the rhetoric and debate, farmers throughout the region were seriously effected by this EC ban, especially sheep producers who had thousands of Easter lambs ready for market. These producers were unable to market Easter lambs to Western Europe as planned and with very low local demand for lamb, were stuck with these animals. Most have kept the lambs and will continue to fatten until Fall, when they hope to market them.

The ban has been lifted, but a quarantine is still in effect for livestock bound for Western Europe.

VOCA/Romania Monthly Report
December/January

I VOLUNTEER PROJECTS COMPLETED & IMPACT

No volunteer activities. Projects have all been postponed at the request of applicants until Jan/March. Two banking volunteers will work with the AgroBank and the Romanian Development Bank for 1 month each beginning mid-January and the end of January. Four livestock farmers/extensionists working in two teams will visit Romania in March to conduct seminars for private livestock operations and family/trade associations on livestock management practices in the free market. A Farmer Organization specialist activity was cancelled at the organization's request. They need to conduct some internal re-organization before they feel they can make use of the volunteer.

II PROGRAMMATIC ISSUES

VOCA's programmatic activity in early 1993 will focus on two areas: private livestock activity and agricultural credit. The reasons are that many of the former state livestock enterprise facilities have been auctioned and are now privately owned. Others have been taken over by former workers in a stock company. In any case, many of these individuals will be participating in a USAID soybean meal program and will be requiring technical assistance to maximize it's use.

As for the agricultural credit focus, the World Bank has had \$100 million sitting in the banks for nearly 9 months and almost none has been moved. After talks with the banks, we believe that VOCA volunteers working at the branch level may be of some assistance with the application processing and in aiding the loan officers themselves in better understanding credit to private individuals and how to work with them.

III COLLABORATIVE RELATIONSHIPS

As mention, we are collaborating with USAID and the WB. We have also developed relations with the UNIDO program in Romania. UNIDO is working with micro-enterprise development and believes that a partnership with VOCA where they supply the business specialists and VOCA the management specialists will be very helpful to Romanians applying to UNIDO for assistance. UNIDO already has two years of work in Romania.

IV MEDIA COVERAGE

None to date.

V INTERNAL OFFICE UPDATE

Office looks very good. First volunteers have approved the location and conditions. We are awaiting our first VOCA personage to grace our hallowed halls in March ... Richard Boni. We are in the process of looking for a Program Director/Country Director and a secretary.

Romanian Dec/Jan Report

Of special interest maybe ... we have hooked up with an orphanage in Romania which will help out our volunteers while they are in Bucharest by serving as interpreters and tour guides in the volunteer's spare time! We are all hoping this will give the women some additional confidence in their personal abilities as they prepare to leave the orphanage. The first VOCA-Orphanage adventure was a success!

VI COUNTRY NEWS

The government has changed! What other news do you expect to hear from the Balkans!!!! The biggest impact of this for VOCA, of course, was that all of our contacts at the Ministry of Agriculture are gone!!!! Bye Bye! Cioa. Hasta la Vista!!!! Good-nite Grace!

We are beginning the long and arduous process of re-establishing relations and business with the Ministry!

As hinted at earlier, the big difference between programs in Bulgaria and Romania is the livestock sector. Being non-judgmental on the how's and to-whom's, many of the State's former livestock facilities have been auctioned off. They are now in either private hands, or jointly owned by the employees. This makes the livestock sector a strong activity area for effective VOCA, farmer-to-farmer programs.

Could there be anything else to say! Sure there is, but later!

VII REQUESTED SUPPORT

Mazen ... we will know better the last week in February, but be prepared for another "burst" request of volunteers!!!! Yep, another ten (10). The occasion? The collaboration program with IFDC on the USAID soybean activity. We would be requesting hog farmers and livestock extension people for two months, May/June. Any thoughts you have, send them to Romania!

VIII OTHER

As it has been for the past 3-4 months, I must hire a program assistant or country program manager!!!! I'm running poor Anca ragged!

VOCA/Romania Monthly Report
February

I VOLUNTEER PROJECTS COMPLETED & IMPACT

Volunteers Jim Besore and Bob Fischer completed a very successful first activity with the AgroBank and Romanian Development Bank (RDB). In his first week Mr. Besore worked with AgroBank loan officers on the analysis of a half a dozen loan applications for around \$7 million. These loans are part of a World Bank (WB) appropriation of \$100 million for agriculture in Romania. After 9 months, only about \$7-10 million had been moved in 6 other loans. Mr. Besore and Mr. Fischer then developed and conducted a seminar for 14 women and men, all loan officers and branch managers, at the Romanian Bank for Development. Feedback to their seminar was very positive (attached). After the seminar, Mr. Besore returned to the AgroBank to continue working on loans, and Mr. Fischer worked with the Romanian Development Bank loan officer staff. Follow-up meetings with the Banks after the volunteer's departure produced positive feedback. AgroBank is getting a lot of technical assistance from the EC and WB, and declined for the moment any more volunteers. The RDB, however, was very interested in additional assistance from VOCA. Feedback from USAID/Romania to the volunteer's work was also very positive. Most immediate impact, upon the recommendation of the volunteers an agricultural consultant was hired by the RBD to advise on ag-loans.

ES9003 & ES9004. Mr. Jim Besore & Mr. Bob Fischer. Provide training in analyzing feasibility studies for their profitability. Provide both one-on-one consultation and seminars.

Results: Half-a-dozen loans from AgroBank prepared for submission to World Bank for approval. Fourteen women and men loan officers and branch managers, Romanian Bank for Development, trained in seminar on analyzing loan applications. RBD hired agricultural consultant to advise on agricultural loans.

Category: Agricultural Credit.

Spouse Role: Mrs. Besore accompanied her husband.

Follow-up: Follow-up evaluation were positive. RBD will request additional volunteers in the future.

II PROGRAMMATIC ISSUES

At the request of USAID/Romania and USDA/FAS/Romania, VOCA had been working with the Small Animal Breeders Association as one of it's focus areas in agricultural privatization in the livestock sector. Recently SABA underwent some re-organization and is now not seen to be an effective group through which VOCA can work at the national level. Some assistance from SABA might be sought at the local levels in the future.

Mentioned in the Dec/Jan report was the USAID/Romania soybean

monetization program. This program was another reason for VOCA's focus on the livestock sector, collaboration of resources to supply not only material but technical assistance to maximize impact. Well the monetization program is having a lot of problems getting started, all political, and not only from the Romanian side. The result? The program's window for maximum impact was the winter months when feed was in short supply and of it's poorest quality. The original start-date was November. Now it is likely to be May/June. This will compete with the arrival of clover and other such feeds into the market place, as well as a reported shipment of \$40 million worth of soybean from Canada, to be distributed to the State farms. All of these new factors could seriously disrupt the USAID program. More to come later.

In spite of these issues, VOCA/Romania will continue to keep a program focus on the livestock sector, only now more local level contacts will be sought for project development.

III COLLABORATIVE RELATIONSHIPS

As mention, we are collaborating with USAID and the WB. We have also developed relations with the UNIDO program in Romania. UNIDO is working with micro-enterprise development and believes that a partnership with VOCA where they supply the business specialists and VOCA the management specialists will be very helpful to Romanians applying to UNIDO for assistance. UNIDO already has two years of work in Romania.

IV MEDIA COVERAGE

None to date.

V INTERNAL OFFICE UPDATE

VOCA/Romania has hired a secretary. Her name is Lilly. She is married and has a baby girl. Her husband works for us on-and-off as a hired-driver! Yep, he can put up with Jeff's motion-sickness and car-kvetching (for you non-tribesmen, that's complaining!), so he's the man for the job! He also recently proved his driving skills by successfully negotiating the Carpathian mountains in a Dacia (like a Nisan 210, hatch-back) complete with bald tires ... in a blizzard!

Office looks very good. VOCA/Romania has received it's f

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MEMORANDUM

TO: USAID-Rom, Bill Carter
FROM: VOCA-Rom, Jeffrey Levine
re: Spring 93 - VOCA Activity in Romania

Date: April 23, 1993

This is intended to be a brief update of VOCA's activities in Romania as of the Spring of 93.

As with other organizations getting started in Romania, VOCA has had great difficulties in getting established, but we are finally almost there! Important issues have been:

- adequate office space
- registration
- staff hiring
- telephone lines

Working in agriculture, though, our most difficult task in getting established has been to identify counterpart organizations through which we can work. To this end, VOCA has established relations with nearly every other USAID project in Romania to tap them for countrywide-local contacts! While this has helped somewhat, VOCA has found that the other USAID activities are suffering from similar difficulties. In talking with other USAID projects, there is general agreement that political considerations combined with cultural practices adopted over the past 45 years are at the root of the "counterpart" issue. Especially in agriculture, there are few grassroots groups working with private farmers!!!! Best recommendation to date is trail & error with municipalities, and continued collaboration with other USAID & EC organizations.

Where is VOCA at in terms of it's program objectives. VOCA-Romania has always had three areas of focus:

- Ag-production, key on livestock
- Ag-business, key on meat & dairy processing
- Ag-foundation development, key on laws and credit

Of the three, the ag-business program has been the weakest! The reasons are twofold:

- counterparts for identifying projects
- lack of a business environment

Ag-production (livestock sector) was an area that VOCA had hoped would be the strongest program. It was hoped that multiple activities in this area could be undertaken in:

- Cost-reduction & efficiency projects
- product quality and yield/productivity projects
- supply & marketing association

VOCA pursued two avenues to approach this program focus, the Ministry of Agriculture extension offices (judet level) and the Small Animal Breeders Association (SABA). Three projects with SABA were first postponed and then cancelled. The Ministry projects, first developed early last fall, were postponed by the Ministry because of the elections, and then changes in the Ministry positions both in Bucharest and then at the Judet level. In the end, one project was organized and held with disappointing performance on the part of the Ministry.

The last program focus, ag-foundation development, has produced the most positive impact in the area of agricultural credit. In this area, a collaborative effort with ACDI was started, where VOCA would first conduct a 1 month activity with the Romanian banks to establish specific needs and build a basis for future program activity. That done, ACDI is now conducting several visits to Romania to develop long term consultancy assignments and training activities. VOCA will support the training with consultants to work in the branch offices after the completion of training.

Most recently, VOCA has undertaken two new program advances in the areas of the media and the privatization of the agricultural mechanization stations. How much activity will be devoted to these two areas is being explored.

Overall, given Romania's agricultural position as an "early-transition state," VOCA is pleased with the programs completed and the activity areas targeted. It was expected that programs would be slow to develop because of the high degree of politics in agriculture, and the state of the "business environment" as regards agricultural privatization.

Because of the potential of Romania's agricultural sector to play a key role in the country's transformation to a free market economy, VOCA is considering placing a full time representative in Romania later this year.

Future VOCA activities in Romania

May

Greenhouse project. -- Curtea de Arges
4-H. Curtea de Arges
Ag-Fair Organization. Curtea de Arges
Trade Negotiations Seminar. Bucharest/NAP

June

Private Meat Processor. Brashov

July

Min of Ag/Soybean Project, Hog Breeders. Romania

Projects in development

Bacau. Volunteer Farmer to discuss private farming with villages.

Iasi Business Center. Two volunteers to do study of small agri-business possibilities and write a guide to starting up businesses.

Iasi. Work with local Peasants Party representatives to have a volunteer write a pamphlet on how farmers and farmers associations can work with the banks.

Iasi. Vineyard association requests a vineyard expert to assist them with the private organization of their vineyard.

Joseni/Harghita Judet. Work with private farmer's association to organize their association to undertake dairy processing activity.

Ortuz/Constanza Judet. Work with local CARITAS project supplying farm machinery to a community. Assist them with evaluating their first year of operation and their business plan development.

VOCA/Romania Monthly Report
April

I VOLUNTEER PROJECTS COMPLETED & IMPACT

Project Summary. Proj #ES9008 & ES9009. Volunteers Donald Fornan & Edwin Matz (Spouse Florence).

Description: Donald, Edwin & Florence worked with two country government/agricultural ministry offices to meet with private livestock farmers and farm associations to discuss the principles and practices of successful private livestock enterprises.

Results: Mixed. Due to local personalities, Fornan & Matz did not always meet with the originally intended target groups. This was frustrating to both them and VOCA/Romania. It points out the dangers and difficulties of working in Romania with the Ministries and local government officials. Still, several results came about from their work. Mr. Fornan identified a potential problem in the manner in which alfalfa is harvested. It is his concern that it is being harvested late, and therefore losing important protein content. Mr. Fornana & the Matz's also supported the successful operation of a agricultural county fair. They represented the US American Farm Community at meetings, press conferences, and in people-to-people sessions at the VOCA booth. They also organized the young people at the local school into a 4-H club ... follow-up to be developed. Finally, Mr. Matz made significant contacts with the media and directed them to VOCA for assistance in "publicising" agriculture and how the media can be of assistance ... follow-up to be developed.

Category: Livestock Seminars

Spouse Role: Seminar Participant

Follow-up: Alfalfa issue. 4-H Club. Romanian agricultural media.

II PROGRAMMATIC ISSUES

USAID continues to have a problem with VOCA/Romania's program focuses! While they agree in principle to the target areas of Ag-production support through promoting cooperatives, private ag-processing in dairy & meat, and credit, USAID feels that our program is too scattered, not impact oriented, and not enough in numbers to create a critical mass. VOCA/Romania has submitted to USAID/Romania a Spring Quarterly report (copy follows) detailing the critical issues which have proved to be significant obstacles to not only VOCA, but Land O'Lakes, ACDI and other ag-assistance programs in Romania. In consultation with Rich Boni, VOCA/Southern Tier, it was agreed for VOCA/Romania to continue with it's program focuses, and seek ways to deal with the critical issues and build a program presence. It will just take time!

VII REQUESTED SUPPORT

Please, we would like some follow-up information on the following topics:

Alfalfa. Short articles (1-page) on appropriate harvesting practices for maximum protein content! Contact Mr. Fornan to help you dig up this info?? We want to translate these articles into Romanian and publish them in Romanain newspapers!

Snails. (Don't you just love us!). We recently found a snail processing plant that was discarding (garbage) upwards of 10 tons of unusable snail parts!!! The French only eat the juicy parts, the intestines get tossed! QUESTION. Could the discarded intestines be used as an animal (poultry? Hog? Dairy?) feed supplement for protein???? Any studies done on this? Please send us any info or contacts! Protein is a critical feed element and this might be an additional source!

No we are not crazy!

WAIT!!! Additional information from a local colleague indicates that the amount of potential feed from 10 tons of "wet" snail meat may be insignificant when looking to create a profitable activity ... they estimated maybe 10% recovery or 1 ton! Comparable to soybeans at \$300/ton, that's a lot of work for only \$300 in a season!!! Not good.

Still, the info might be interesting!

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VOCA/Bulgaria Monthly Report
December/January

I VOLUNTEER PROJECTS COMPLETED & IMPACT

Project Summary.

ES8036 Loznitsa Cooperative. William Ross. Consult with local liquidation committees and village leadership on alternative farm enterprise structures for the community after liquidation of the cooperative has been completed.

Results: Following meetings with people, leadership and liquidation committee from seven (7) villages associated with the cooperative, presented recommendations and consultancy report for alternative farm enterprise structures for the community.

Category: Cooperative Development

Spouse Role: Accompanied volunteer on travels and meetings.

Follow-up: First response from village was very positive regarding Mr. & Mrs. Ross' visit. Will contact VOCA following completion of liquidation process for future assistance. Would like the Ross' to return!

II PROGRAMMATIC ISSUES

In the face of rapidly changing political environment, with it's accompanying impact on the ag-sector, VOCA is continuing with it's previously identified programmatic areas for Bulgaria:

- Ag-Production
- Ag-Processing
- Ag-Foundation Strengthening

Given that the "liquidation" process has been going on for almost a year now, and the revived interest in seeing the "process" come to a conclusion, VOCA is putting more stress on being a communication linkage to rural communities on "alternative farm enterprise structures." Presenting and discussing "ways to get started" then has become a key focus for our program in 1993.

This activity has received an unexpected boost from the new Minister of Agriculture's interest in promoting cooperatives as the alternative to the dissolving of existing agricultural structures into piece-meal sized parcels of inefficient economic units.

In addition, the World Bank has approached us on the issue of an upcoming ag-sector loan to Bulgaria. The loan will be for providing credit in the ag-sector. Given the experience of previous such loans in Eastern Europe, the Bank is enlisting the assistance of PVOs and NGOs to help get this money out of the banks and into productive uses. Ag-credit will therefore also become an early program focus for us in 1993.

III COLLABORATIVE RELATIONSHIPS

As mentioned above, one key relationship which we are developing is with the World Bank in the area of credit. Besides working with the World Bank in the area of credit, a local institution, the Banking Institute, will also be working with VOCA. The Banking Institute is a not-for-profit responsible for training. VOCA and the Institute will work together to train loan officers. We also hope to co-host workshops at the community level for people interested in how to do business plans.

We also hope to work with the EC-PHARE program. They have accepted over 300 applications from farmers to be demonstration farms, yet can only work with 50 of them. It is thought that VOCA might contact the others.

IV MEDIA COVERAGE

As always, the volunteers are doing radio and newspaper interviews at the local level. These are proving most difficult to retrieve. One recent idea was to give the volunteers stamped envelopes with VOCA-Bulg's address. These would be given to interviewers with the request to send copies to VOCA's office. Good idea!

Then there is the "Insider" magazine article. Fortunately I was not asked "when" could agriculture be a pillar of the Bulgarian economy! That would have been a tricky one!

Biggest news was an interview with a farm couple which took back some cows in the liquidation process. They met with the Ketz's, saw their video of their family farm, and are now encouraged to try and take back their own land and take up being daily farmers. Translation and copy of the video forthcoming. Follow-up with the producers has resulted in their interest to travel with and film one or two of the WINTER 101 teams.

V INTERNAL OFFICE UPDATE

Things are going well. Logistics for the WINTER 101 program have kept us running, but so far the volunteers have reported that they are pleased with arrangements.

The question now arises about follow-up to the WINTER 101 activity. Do we have the manpower or do we need to hire someone as Karl did in Poland. Considering a temporary contract of 4-6 months.

VI COUNTRY NEWS

As has been previously reported, the government of Bulgaria has changed. We feel more encouraged by the selection of Georgi Tanev as the new Minister of Agriculture. And, a few of our other contacts in the Ministry have also survived! The question on everyone's mind is how long they will last! With the democratic party in "opposition" their could be a motion at almost any time. However, the democratic party is beginning to show signs of splintering. Especially the agricultural party is becoming restless after it's congress to approve the merging of several former agricultural parties into one united party.

VII REQUESTED SUPPORT

We would appreciate, in the future, if VOCA/Wash would only send us Status Logs for Bulgaria & Romania visa-vis FAX. VOCA global status logs, please send them either e-mail or by post.

Please also be aware of the problem of sending very long documents by fax. Some you must. But if they are not immediately important, the post or express mail is preferred.

Thanks!

VIII OTHER

see Annex I for Quartely Impact Report.

ANNEX I

Following is a copy of the program impact provided to the USAID evaluation team visiting Bulgaria, Februar 1993. It identifies VOCA-Bulgaria's three programatic areas and impacts within each area over the past 14 months.

VOCA-Bulgaria's programatic areas:

Private Ag-Production

- Member controlled farm enterprises!
- Public awareness campaign

Private Ag-Processing

- Dairy, Meat, Feed, Fruit & Veg

Foundations of Agriculture

- Credit/Banking
- Regional/national farmer organizations
- Informing policy leaders
- Media

Impact as a result of VOCA-Bulgaria's program activities:

Ag-Production

* Models developed for transforming cooperatives into member-controlled farm enterprises. In all, eight assignments completed in 4 key agricultural regions. Two of the reports have become model reports, given out to other interested groups.

* Promoting awareness of private farm enterprise activities through seminars in approximately 25 municipalities and a total of around 175 work days. Seminar sessions generally involved two village meetings per day with an average attendance of between 10-20 individuals per meeting.

* Translation and adaptation to Bulgarian of numerous private farm enterprise materials: How to Start a Coop (USDA); Cooperatives: Principles and Practices; USDA Seminar/Video/Slides on How to Start a Cooperative; two VOCA-Bulgaria volunteer reports on organization of cooperatives. All materials are available for public use.

* Distribution through a local newspaper of 20,000 copies of selected parts from the book, Cooperatives: Principles and Practices.

* Television appearance of Bulgarians who worked with VOCA volunteers. The volunteers were promoting private dairy farming activities. << see accompanying video >>

Ag-Processing

* Stoyko Stoykov meat processing enterprise. Assisted with feed mill and meat shop management and operation practices.

* Hog Breeding center. Volunteers working with center management strategized business plan for maximizing profit. Key recommendation, the construction of a slaughterhouse, being implemented by management.

* After completion of work with small dairy processing plant assignment, volunteer wrote a brief on the key practices in designing a small dairy processing plant. The brief is available for public use.

Foundations of Agriculture

* Conducted seminars in three municipalities on agribusiness management and concepts in effort to aid the municipalities to better deal with the needs of the people in their community. Short report produced on key aspects of agribusiness management. Available for public distribution.

* Worked with local Central Cooperative Union in drafting of recommendations which were eventually included in the Bulgarian Cooperative Law

* Work with Cooperative Bank in development of strategic plan for increasing effectiveness of the Bank in addressing membership needs. Most recommendations implemented.

VOCA/Bulgaria Monthly Report
February/March

I VOLUNTEER PROJECTS COMPLETED & IMPACT

February saw the completion of two projects, the ARIES-2 Dairy Farmer assignment and the WINTER-101 program. The ARIES-2 assignment ran into the problem that the host's credit with the bank was cut at the same time as the volunteer arrived. The WINTER-101 program was a success in it's intended impact of developing "awareness" of how to get started and succeed in private farming.

Project Summary. ES8060. Norman Kehl. Review daily farm operations including size of operation, herd health, herd nutrition, feed quality and feed alternatives, labor productivity and management practices.

Impact.
Identified need for providing more water to animals, free choice system. Developed plans for bartering manure for feed. Hosts will try and implement.

Category:
Dairy Farmer

Spouse Role:
No Spouse

Follow-up:
Too early.

Project Summary. ES8046-ES8055. WINTER-101. Provide insight and recommendations to Bulgarians on private farming. Introduce alternative farm enterprise structures. Direct people to resources. Encourage farmers to work together without giving up "individuality."

Impact.
Teams reported meeting as many as 1000-1500 people each. Many municipalities have already contacted VOCA/Sofia with positive feedback to the volunteer's visits - High interest in the written recommendations of the volunteers.

Category:
Ag-Privatization Seminars

Spouse Role:
Varied. Most stayed with volunteers. Some made school visits.

Follow-up:
Too early. Plans now underway for April/May follow-up!

II PROGRAMMATIC ISSUES

We still have Liquidation Committees and we still have the same government, so no changes to report.

III COLLABORATIVE RELATIONSHIPS

WINTER-101 was done in collaboration with the Peace Corps (PC) volunteers in 6 of the 8 major municipalities. The PC volunteers provided input into the itinerary, projects they were working with, as well as travelled with VOCA volunteers and participated in many of the seminars and meetings. All of this was seen as a positive activity by both the Peace Corps and VOCA volunteers.

IV MEDIA COVERAGE

WINTER-101 received a lot of media attention, especially at the local level. Most volunteers, unfortunately, didn't get copies of newspaper articles. The volunteers also appeared on TV and the radio (Jeff met someone at a disco who had seen a VOCA volunteer on TV -- that's impact!). In the final debriefing in Sofia, the volunteers again did TV and radio interviews. The press covered their debriefing with the Ministry of Agriculture and Parliament ... we're trying to tract down the articles. They will be forwarded after translation.

Finally, five of the volunteers participated in a round-table discussion with a half-dozen Bulgarian farmers. The round-table was sponsored by the Bulgarian Farmer magazine and excerpts will appear in their upcoming addition ... to be forwarded later.

V INTERNAL OFFICE UPDATE

We are all still friends.

VI COUNTRY NEWS

The government still continues in power! That's 2 full months!

Originally the Ministry of Agriculture issued a notice that all Liquidation Committee activities must be completed by the end of March. This caused a small panic, the notice has since been withdrawn.

The new push is for 50% of the land to be entitled by the end of the year! That's a title of ownership! Not clear if land can be sold or used as collateral for credit.

Otherwise life rolls on!

VII REQUESTED SUPPORT

Please contact WINTER-101 volunteers and encourage them to send us people pictures!!!!!!

VIII OTHER

A tremendous thanks from VOCA/Sofia to VOCA/Wash for all their help in making WINTER-101 a success!

VOCA/Bulgaria Monthly Report
April

I VOLUNTEER PROJECTS COMPLETED & IMPACT

Project Summary. Aries-2 Dairy Process. Proj #ES8061. Volunteer: Milton Knapp (Spouse, Shirley)

Description: On their second visit to Bulgaria, the Knapps followed up with a private business contact made with a local US-UK affiliated processing company, APV. The Knapps visited four APV assisted dairy processing companies and advised them on preparation for competing in the international market, ie sanitation standards, as well as presenting ideas for strengthening their processing activity.

Results: Recommendations made in improving sanitation practices to better meet European/US standards.

Category: Dairy Process

Spouse Role: None

Follow-up: VOCA to work in herd improvement and organization of dairy cooperatives.

II PROGRAMMATIC ISSUES

Continue as before with focuses on cooperative awareness, dairy/meat processing, and credit.

III COLLABORATIVE RELATIONSHIPS

VOCA is working with the USDA, ACDI and PIET to send VOCA identified candidates to the US for various ag-related training activities.

IV MEDIA COVERAGE

Forwarding to Washington by fax, copy of Earl Ainsworth's articles in the Farm Journal, March/93, entitled "Back to the land in Bulgaria."

V INTERNAL OFFICE UPDATE

We have hired for a 3 month temp period, a young man to assist us during the Prag-meeting and in Hertzky's absence in Costa Rica. We are considering using him much as Karl is using Joana, to help us with Project Evaluation and Follow-up.

VI COUNTRY NEWS

The minority government continues in power! How effective are they, hard to tell? In my opinion, it seems that the Democrats and Socialists are wanting them to make all the hard decisions! Then they will move in and take over ... rural/urban differences are still slowing down the process of liquidation and land entitling! Question now is "when" will the next change come!

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VII REQUESTED SUPPORT

None

VIII OTHER

All volunteers have continued to focus on the need of credit to enhance project viability and impact. We are hoping to develop some contacts through upcoming projects with the Banking Institute to possibly recommend projects for World Bank funding.

Albania/Monthly report
December

I. PROJECTS COMPLETED AND IMPACT

A. PROJECTS COMPLETED

1. Project name and number: ES7029 - AUT Agricultural Lectures; The Agricultural University of Tirana, Faculty of Agricultural Economics

A. Project description: Delivered twenty (20) lectures to students on farm management, and met with faculty members to discuss curriculum development.

B. Volunteer(s): Michelle Marra

C. Project impact: N/A

D. Project category: Agricultural Education and Extension

E. Role of spouse: Spouse was volunteer on project # ES7035

2. Project name and number: ES7035 - AUT Agricultural Lectures; The Agricultural University of Tirana, Faculty of Agricultural Economics

A. Project description: Delivered twenty (20) lectures to students on agricultural policy, and met with faculty members to discuss curriculum development.

B. Volunteer(s): James Leiby

C. Project impact: N/A

D. Project category: Agricultural Education and Extension

E. Role of spouse: Spouse was volunteer on project # ES7029

B. PROJECT IMPACT

1. ES7029 and ES7035: The Leiby's did an excellent job and are considering whether to return in September. Jim is seriously considering a 3 month visit. He is currently planning to write an Ag Econ text book especially for Albania. When we get more info from Jim on this, we can proceed with a Project Impact Statement.

2. At least 4 boxes of books and school supplies have been sent by volunteers Bob Kortson, Willard Snider and Martin Clark to a school in Dishnice, the site of a PFA with whom they all worked. Martin has also donated \$100 to the school. Sonia: If you care to pick up on this, you should call the volunteers to get more direct information on the amount of material sent, how it was collected (Bob got local schools involved) and so on.

3. As a result of Bill Brown assignment, Colorado State University is planning to deliver 7 computers to the Faculty of Ag Econ at the AUT. While it was my understanding that these computers had arrived, they haven't yet.

II. PROGRAMMATIC ISSUES

1. The automobile accident suffered by Zhaneta Doci in mid-Nov. has seriously curtailed program development for the period. Zhaneta is

currently recovering from a gallbladder operation and should be in the saddle just after the New Year.

2. Zhaneta Doci will be on administrative leave until 15 January 1993. Contacts with the Albanian office should be directed to Floriand "Loli" Shaqiri.

III. COUNTRY NEWS

1. The Government of Albania (GOA) has recently issued a statement warning Serbia against incursions into Kosovo. Basically, it says that if the Serbians start their program of "ethnic cleansing" in Kosovo, it means war. All accounts indicate that the region is actually on the verge of war and the parties involved cannot contain the situation much longer.

By no coincidence, the GOA has also applied for membership in NATO. If accepted, it would be the first time NATO has allowed a former enemy to join the group.

The GOA has written a resolution to the United Nations Security Council and the European Community Security Council urging those bodies to discuss the current situation and to determine a course of action for preventing the conflict from expanding into Kosovo. The resolution also notes that 40% of the Macedonian population is Albanian which requires their active participation in state affairs. In the meantime, Albanian troop movements have occurred on the boarder. On the other side of the coin, it has been reported that Serbia has been quietly replacing Kosovars in government positions with Serbs. This has not been verified.

All of this doesn't look encouraging. Stating the obvious, should war break out, and it seems inevitable at the moment, VOCA will have a problem. January in Washington should see us discussing current plans to place an American in Tirana, and if we agree to go forward with that plan, contingency plans for personnel evacuation should that prove necessary.

2. There have been elections in Serbia on 20 December to elect a new President. Opposition candidate, Prime Minister Panic is American-born and there was pressure to keep him off the ballot coming from supporters of current President Milosevic. Last status report I've had is that the elections were too close to call.

It is commonly believed that Mr. Milosevic is solely responsible for the current nationalistic policies of Serbia and his defeat in the presidential elections will ease the tension and bring a semblance of reason to the region.

2. EC/PHARE Credit Program: The Government of Albania is finally planning to focus resources on private farmers. Credit for small farmers remains a major problem and is currently being addressed by the EC PHARE program. This program will attempt to deliver production and commercial credit to small farmers and private agribusinesses (read PFAs), and restructure the Bank for Agriculture and Development. Of course, VOCA views this as very positive and is planning considerable collaboration to help the PFAs and small farmers access and then use this credit properly. We hope to work

with PFAs on writing proposals for small agri-enterprises. It should be noted that EC/PHARE is talking about 10 million leks (USD 100,000), not a large sum but it is a start and helpful nevertheless. There is discussion that once the program is established the PHARE experts will be able to access more money from Brussels.

VOCA's role is to help some of the PFA members access the money by developing loan proposals. While initial credit will come for production purposes, it is envisioned that additional credit will be available for commercial purposes in the future. This includes establishing farm supply outlets, flour mills, tractor pools and so on.

On a less upbeat note, the PHARE "experts" are planning to deliver the same type of short-term TA to PFAs that VOCA delivers. This could be ominous if we don't move on a large-scale presence in the countryside very soon. I suspect that the PHARE experts will be working solely on the credit program over the next few months and that during that period we will have an opportunity to place volunteers at the local level. VOCA is currently visiting PFAs and conducting a survey of PFA status (see below under PFA program). Also, VOCA is synonymous with PFA in Albania and we are dealing from a strong position at this juncture. We really only need worry about developing quality projects.

One warning VOCA has given the PHARE leadership is that VOCA would not want to see PFAs created solely to access credit. Just group formation from the top for credit purposes is fraught with risks for failure and hence, a bad reputation for PFAs. VOCA suggested that loans be provided for existing PFAs only if they fulfill loan requirements and such groups as may be formed for the sole purpose of accessing credit be called something other than PFAs. Enough on that!

3. PFA Program: We are currently planning workshops on PFA principles, marketing and management. These will likely take place in the districts after February. While requests are coming mostly for credit and machinery, we have additional verbal requests for assistance in marketing and management. The idea of explaining PFA principles comes mostly from volunteers and VOCA staff: It is evident that PFA leaders and members are not yet up to snuff on these matters.

VOCA is currently planning to conduct a survey of all 60 PFAs in conjunction with the Department of Privatization in the Ministry of Agriculture and Food. This survey is based on work that volunteers Bill "Big Bill" Aldworth and Homer Preston in April 1992. The idea is to get information on where each PFA stands and to introduce such techniques to the Department. Whether we can get the Department of Privatization in gear is an on-going issue.

4. Extension Program: The MOAF has established its authority at the district level by opening "extension" offices responsible directly to the MOAF in Tirana. These offices have actually only replaced the Agricultural Sections of the District Executive Committees and it remains to be seen who among the former DEC employees will remain and who will be replaced. So what we have is only a skeleton for MOAF administration, and no real extension activity as yet.

MOAF seems to think that now they have solved the extension problem. VOCA is planning to send Mr. George McDowell in February in order to get the MOAF refocused on the extension issue. After all is said and done, it seems that now is a good time to act on this deal. Hooray for our side!

Our long-term plan is to continue working at the district level and coordinating PFA and extension activity with the new MOAF district offices. While we had excellent reception in Korçe with Messrs. Irwin and Moore and plan to continue that program, we are waiting for the weather to improve in late February. As reported last month, we plan to move the program to other districts also.

5. German Tractors: 170 John Deere tractors have arrived from Germany and reportedly will be sold for \$13,000 at three percent (3%) credit over twenty (20) years. One PFA in Lushnje (pronounced Lushnia) has already purchased a tractor and will be operating a tractor pool. VOCA had contact with this PFA in early 1992.

6. Market development: VOCA will continue to explore the idea of volunteers Lou Moore and Jay Irwin regarding the establishment of a PFA-controlled market in Korçe district.

7. Operation Pelican: Italy has completed "Operation Pelican" which delivered hundreds of thousands of tons of flour, wheat and other food stuffs. The Italians will remain involved with Albanian privatization and are, in fact, the main source of joint-venture partners (43% of total).

The Italian government has plans for an aid program of 217.5 billion lira (around 12 billion dollars I think). This is aimed at general infrastructure such as the electric and water systems. Information on this is weak.

8. Privatization: The GOA has approved 70 joint-ventures to date of which 20% have been in the agriculture and food industry, 27% percent in light industry and another 17% in the business sector. Not certain where the rest is directed. Anyways, I question the accuracy of such privatization claims. Last January, the GOA said that all former state enterprises were "privatized" when in fact most were and still are running on GOA subsidies.

9. Inflation: Its been difficult to get a handle on the rate of inflation. The Albanian lek has been trading at the 90 - 100 to a dollar consistently since March. The Consumer Price Index (CPI) rose 549.1% in August. Compared with the previous month, the prices of goods and services increased 45.7%, including a 259.1% increase of 16 controlled items and 13.3% for liberalized items.

IV. MEDIA COVERAGE

1. Volunteers Michelle Marra-Leiby and Jim Leiby wrote an article for an English language magazine called Economic Tribune. The article discussed agricultural economics and will be printed in the December or January issue.

V. COLLABORATIVE RELATIONSHIPS

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1. VOCA will be collaborating with the EC PHARE program on this credit program mentioned above in the Country News section. We plan to keep the program focused on PFAs and to help PFAs access the credit through loan proposal preparation, feasibility studies, management assignments.

2. VOCA is planning to continue collaboration with the Peace Corps and World Bank as described in last month's report. However, I suggest that not much will come of the World Bank deal.

VI. INTERNAL OFFICE UPDATE

1. The food situation seems fairly stable so far this winter but it's still relatively early. RDOs et al should tone down the need for volunteers to bring extra food until further notice from this office. Recent volunteers thought the extra food was a waste of space. They were however, happy to have brought a hot plate for tea.

2. VOCA staff members are still dreaming about a Resident Representative for Tirana.

3. VOCA has recently hired Floriand (Loli) Shaqiri (pronounced shachiri) to work as an office assistant on a temporary basis until the end of the year. Moving rapidly, Boni has extended Loli's temporary employment until the end of January. Plans are to take Loli on full time but to await the arrival of the American rep. For those of you astute enough to see a connection, Loli's nickname has nothing to do with my wife's surname!

4. The VOCAmobile is something of another dream. Money wired for the car is currently MIA and purchase of the car is delayed. Lucy has requested Boni to seek more information from the Greek bank that reportedly returned the money. Can do!

5. Loli is working on a plan to get a phone number devoted to the VOCA office. We have the cables and such up to the office but no international phone number to date. Such a number will greatly facilitate faxes and E-mail, not to mention regular phone calls to Budapest and D.C.

6. Would like to spend time with Bill O reviewing current salary levels in Tirana. Boni has learned that the Embassy and Peace Corps are now on a much higher pay scale than last reported. In light of the inflation and our normal practices to keep in line with Embassy pay scales, we should bring the office staff up to speed as soon after the new year as possible.

VII. REQUESTS FOR WASHINGTON

1. We are terribly inefficient in Albania due partly to the lack of a copier. Suggest one of two options be considered:

A. VOCA purchase a copier in D.C. and send it with volunteers in January,

B. Boni purchase one in Hungary and transport to Tirana. Ha!

While the second option may sound promising, I suggest that I don't know

enough about Hungarian export law to recommend it as a valid option. Therefore, given time constraints etc., I recommend we try to first option. I strongly suggest we get one with an automatic feeder.

2. Please purchase a 1993 calendar for the Albanian office.

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Albania/Monthly report
January

I. PROJECTS COMPLETED AND IMPACT

A. PROJECTS COMPLETED: No projects were completed during this period.

B. PROJECT IMPACT

1. ES7003: Richard Hanna has been continually in contact with the president of the Budulla PFA since his assignment there in December 1991. This January, Rich donated \$2,000.00 to the PFA for completion of a service center for the cooperative. This is not an impact statement but rather a human interest story that Sonia may or Gary may want to pick up on.
2. ES7006/7: In December's report I mentioned the school supplies being delivered to Albania through the likes of Bob Kortson, Willard Snider and Martin Clark. More of the same has occurred this month but from whom I'm not even sure. Also, I received a post card from a Warren Pugh in Washington state who wants to participate in the "donation program" for Albania, particular for the school in Dishnice. So you can see that the word has gotten out and that this is a great story for VOCA.

II. PROGRAMMATIC ISSUES

1. The program remains as it was, focusing on different ways to promote private farming and the PFAs in particular.
2. We are faced with increased visibility of PHARE "experts" in the field offering many of the same services that VOCA offers. So far, the collaboration has been good but I fear that they are using VOCA for information and maneuvering, something like the proverbial one-way street.
3. To thwart this somewhat, and for other logistical reasons, I recommend that we open a district office in Korce at the earliest possible date. This will position VOCA to capitalize on her still-excellent reputation in that district and afford us an opportunity to maintain continuous contact with Dishnice and other PFAs in the region. Dishnice PFA members call Dishnice a VOCA village! And Korce is the most productive district agriculturally. Soon after Resident Rep arrives, she can visit Korce and so the preliminaries like office space, staffing etc.

III. COUNTRY NEWS

1. The Government of Albania (GOA): Not much news here viz. the war footing noted in December's report. The capital seemed much less tense on this trip and fears about the Serbs been allayed for now. However, sources close to the action collaborate Serbian activities in Kosovo including the closure of schools, job losses and general harassment of the Albanian population.

2. VOCA PFA Program: VOCA volunteers will be working in the districts in March and April, presenting seminars and workshops on marketing. These are viewed as the first of many assignments in all aspects of marketing.

VOCA Project Manager Floriand Shaqiri (shachiri) unearthed information on 17 PFAs during the month. Among the most notable findings?: that farmers are not interested in production credit. This is partly due to fact that many lost mucho dollores last year on the watermelon schemes and are reluctant to take out loans for fear of being able to repay them. (I'm sure many small farmer credit specialists around the world would love to have borrowers with this type of integrity).

Another finding?: that farmers are desperately seeking ways to minimize their market losses through contract farming. They are however, not meeting dealers interested in such contracts. The survey continues.

IV. MEDIA COVERAGE: N/A

V. COLLABORATIVE RELATIONSHIPS

1. PHARE: Have been in close contact with the PHARE staff in Tirana and in the field. We should know by next visit whether or not they are truly collaborative or just positioning to take over our activities.

2. ACDI: We assisted the visited of an ACDI contractor who nailed down information about a World Bank Ag Bank restructuring proposal ACDI was responding to in early January. ACDI has won the contract. VOCA is now (as I type) assisting Jim Phippard and (?) with logistics in Tirana.

VI. INTERNAL OFFICE UPDATE

Well, two dreams have been realized in the space of one month!!!!

1. First dream come true: VOCA has hired Maura Schwartz as the Resident Representative in Tirana. What lies we told to get her there are another story, probably her own story. Maura will be arriving in Tirana on March 12th, and we eagerly await her organization of the first Tirana marathon.

2. Second dream come true: The VOCAmobile has arrived safely from Ioannina, Greece. And it's a beauty! Diamond White Ford Sierra. We hope to surpass the Prague office for 1st prize of the official "Most accidents in the 1st year" contest. The car is registered but without plates while we clear up some ownership issues. Minor details!

3. Third dream coming true: We are in the process of purchasing a Cannon 1550 copier from a local dealer which should be in our office by mid-March.

VII. REQUESTS FOR WASHINGTON: N/A

12/1

COPY

I. PROJECT COMPLETED AND IMPACT

1. Project name and number: ES7037 Joint Venture Privatization

A. Project description: Advised the State Agency for Rehabilitation and Privatization of State Farms on joint venture contracts, and designed a contract format to use for future joint-venture negotiations.

B. Volunteer: Bob and Anne Scott

C. Project impact: N/A

D. Project category: Collective & State Farm Privatization (Legal)

E. Role of spouse: No role in the project. Spouse was fully occupied editing news translations for the Albanian Telegraphic Agency.

2. Project name and number: ES7039 Vocational Ag Science

A. Project description: The first of a three phase project to assist leaders in the Ministry of Education on developing policies, procedures and curriculum for two agricultural high schools in Korce and Berat.

B. Volunteer: Bruce Landsdale

C. Project impact: N/A

D. Project category: Agricultural Education/Economics (Vo Ag)

E. Role of spouse: N/A

3. Project name and number: ES7032 Extension Structure

A. Project description: Recommended appropriate structure and future direction of the agricultural extension service.

B. Volunteer: George McDowell -

C. Project impact: N/A

D. Project category: Extension Service Development

E. Role of spouse: N/A

II. PROGRAMMATIC ISSUES

1. We continue to watch events in the neighboring republics. News reports from the front indicate that the Serbs are definitely carrying on with harassment ("silent ethnic cleansing") of Albanian population in Kosovo.

2. During the upcoming arrival/visit of VOCA Rep Maura Schwartz, we will explore logistics of opening office in Korce and report findings to HQ.

III. COUNTRY NEWS: N/A

IV. MEDIA COVERAGE: N/A

V. COLLABORATIVE RELATIONSHIPS:

1. ACDI: VOCA's Project Manager, Floriand Shaqiri, assisted Jim Phippard and Ken People's with all logistics for signing an agreement with the Bank for Agriculture and Development, and establishing an office.

2. PHARE: R. Boni and F. Shaqiri met with PHARE teams and described VOCA operations and programs. PHARE agreed to distribute VOCA applications for assistance to PFA leaders requesting technical assistance in organizing PFAs.

VI. INTERNAL OFFICE UPDATE

1. Beginning 15 March, Maura Schwartz will be introduced to the program for 10 days. Beginning 25 March Maura will be in the driver's seat. We wish her luck.

2. VOCAmobile is up and running with insurance and plates.

3. Will be officially hiring driver and project manager in March.

VII. REQUESTS FROM WASHINGTON: N/A

ALBANIA
MONTHLY REPORT - MARCH 1993

I. PROJECT COMPLETED AND IMPACT

1. Project name and number: ES7038 Agricultural Research

A. Project Description: Advised the Ministry of Agriculture/Agency for Research on strategies to assist small farmers with the best production and market information.

B. Volunteer: Don Feister

C. Project Impact: Ministry of Agriculture is in the [continual] process of reorganizing itself in many aspects to become more efficient, reducing its staff to the most respected researchers and proposing a new operational mode for carrying out its mandate. Don Feister made suggestions on what priority studies and actions the National Research Institutes should be concentrating on over the next 5 years.

It should be noted that the implementation of the USAID SARA project (tentative start date July 1993) will also be addressing the same issues. As well, FAO has resident advisors in the MOAF to assist in reorganization and other organizational issues.

Don's report was well received by the Dep. Minister of Agriculture, and the Director of the Agency for Research. The former makes every effort possible to follow-up on VOCA volunteer advice, but is getting advice from all sides (note paragraph above). The latter will put the advice to good use in making recommendations to the Minister of Agriculture and at the Agricultural University of Tirana. However, this individual is headed to the USA on a Fulbright Fellowship for 2 years within the coming year, and we do not know who will be his temporary replacement. (Note, this will be a loss for VOCA, but one we simultaneously support as it will be a good opportunity for him.) Full impact of the volunteer's work will not be felt immediately.

D. Project Category: Other - Agricultural Institution Strengthening

E. Spouse Role: N/A

II. PROGRAMMATIC ISSUES

The State has determined that State Farm land and remaining assets will be distributed to former employees by April 1 (not confirmed that this actually transpired). However, the State decided to retain ownership of the land, and will issue delayed credit to recipients for assets on individual parcels. Rational for this retention is that the land is national property. Recipients must lease the allocated land. VOCA has been requested to provide volunteers to develop a model contract between the State and land lessees.

With the expected USAID SARA project beginning this summer, VOCA/Albania programs will likely move from institutional development back to more direct technical assistance with private farmer associations.

12/3

III. COUNTRY NEWS

1) The head of NATO visited Tirana and spoke to the Parliament. He encouraged Albania's progress towards a market economy, and discussed NATO support of Kosovo should Serb aggression take hold there. The news from outside Albania seems more dire than how Albanians deal with neighboring strife on a daily basis.

2) Based on second-time Albania volunteers now here, the entrepreneurial spirit is quite noticeable: more foodstuffs available, more restaurants (10!), upbeat people. What has not changed is the temperature inside buildings.

3) Prices at the Hotel Tirana restaurant (aka foreign consultant power breakfast spot) were raised 15% as of April 1. The increase has been called a "value-added tax".

4) The State has determined that PFAs should pay a tax on year-end profits after the third operating year. Looks like VOCA volunteers will be doing some work on net profit allocation issues in the future.

5) The World Bank/ACDI team is well into the restructuring of the Bank for Agriculture and Development (BAD). Credit will be targeted towards PFAs, since credit to individual small farmers would be too problematic due to sheer numbers.

IV. MEDIA COVERAGE

1) The Center for Information and Publishing in Agriculture (PICA) interviewed volunteer Len Wooton, Rich Boni and Maura Schwartz. The stories will be published in their monthly magazine, Panorama.

2) Rich Boni and Maura Schwartz, aided by Flori Shaqiri, were interviewed by Korce Radio about VOCA programs, aid to PFAs in Korce District, and upcoming volunteer efforts in April. A private newspaper reporter sat in on the interview and published a similar story in his paper.

V. COLLABORATIVE RELATIONSHIPS

1. ACDI has 2 farm management training seminars planned for mid-April in Korce and Shkoder. This will overlap 4 VOCA volunteers' assignments in market contract development, farm management, and marketing information/statistics. VOCA and ACDI have met several times now to coordinate efforts and develop a program where all have a role, and where adequate follow-up will ensue. We predict good collaboration and results.

2. VOCA and ACDI collaborate again! VOCA is recruiting 5 volunteers to assist with the BAD restructuring project.

3. VOCA has initiated work towards a joint t.v. appearance with ACDI and IFDC. This session would be through PICA's weekly t.v. time.

4. VOCA met with FAO Donor Aid Coordinator working in the Ministry of Agriculture and Food (MoAF). A meeting has been set up for all donor groups providing assistance to MoAF. This includes EC/PHARE, FAO, VOCA, USAID, GDZ, among others.

5. VOCA and Peace Corps/Albania are developing a working relationship for small business PCVs to provide follow-up assistance to PFAs in management issues. English teacher PCVs are already using American Farm School training manuals in preparation for upcoming VOCA volunteer work in secondary VoAg programs.

VI. INTERNAL OFFICE UPDATE

Stating the obvious, a Country Representative arrived to continue on projects begun by Rich Boni, and superlatively carried out by VOCA Project Manager, Floriand Shaqiri. I have settled into a hectic routine, including locating fax machines that reach international destinations, Shqip lessons, street-crossing lessons, and meeting the numerous advisors and local counterparts.

The much sought after photocopier was safely retrieved from the customs officials, and has made us very happy. Also makes ACDI consultants happy, since they have discovered our beauty.

We have interviewed a few potential candidates for VOCA secretary. We would like to get some furniture for the lucky candidate before bringing him/her on board!

VII. REQUESTS FROM WASHINGTON

1. PLEASE CALL US TWICE A WEEK. We are working on getting an international phone line, but for the present, we cannot access one during our business hours, nor yours! We suggest Mondays and Thursdays around 3-4pm Tirana time. Thanks!

2. We are not eating fax paper for lunch. We have now received 5 copies of J. Leavitt fax on US World News article, and 3 of B. White fax on GALS. It's one thing that we can't fax to you, but maybe some variation in what we receive?

3. Current vol. Bob Kortson is anxiously awaiting the donated seed arrival in Tirana. He asks that seeds be boxed as excess baggage to accompany volunteers. VOCA/Alb. would appreciate the seeds' arrival during Bob's assignment so he can distribute them. Think of the PR potential if Bob can take care of this.

VIII. IMPACT STATEMENT

ALBANIA - MARKET INFORMATION

VOCA volunteer Len Wooton of Wenatchee, WA assisted the Center of Information and Publishing in Agriculture (a division of the Ministry of Agriculture and Food, MoAF) in developing a methodology for gathering and disseminating market information through their newspaper and magazine. Mr. Wooton developed a model survey for collection of market information from the regional districts. He also met with the Director of Statistics/MoAF to coordinate dissemination of agricultural information.

Mr. Wooton's efforts have led to better communications between two divisions within the MoAF responsible for reporting agricultural information. A second volunteer will follow-up on Mr. Wooton's activities to field test the survey and process the data for publication.

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To: Don Cohen, Charles Coy, Don Moores, Patsen Galpin, Sean Carmody, Jenny Huqnel, Sonia Norziger, Stacey Kamin

Fax: 202-783-7204

From: Eric Brainich

Re: Program report for ~~September~~ **NOVEMBER**

1. VOLUNTEER PROJECTS COMPLETED AND IMPACT

LB4025-Estonian Chinchilla Breeders Association: Mr. Fullingham assisted Estonian chinchilla breeders on feed and nutrition, improving pelt quality through selective breeding techniques, and improving environmental quality for chinchilla cages and farms. Mr. Fullingham also demonstrated pelting techniques and discussed marketing. He gave a seminar on chinchilla breeding to interested farmers.

The report from the Chinchilla breeders is that Mr. Fullingham was very knowledgeable and were satisfied with his recommendations and observations. He was a very practical volunteer and provided good production advice. Not surprisingly, he was a little defensive on animal rights issues.

EM4024-Tartu District Farmers Associations: Mr. Clark worked with several farmers associations in the Tartu District on cooperative education and development. In small groups and individual seminars, the volunteer educated farmers on cooperative principals and practices. He worked with several groups interested in starting a barley marketing association, grain storing and handling cooperatives, and several groups interested in small processing.

Real scoop--some criticism was raised by the interpreter regarding the quality of answers on cooperatives by Mr. Clarke. However, the host farmer organizations seemed satisfied with his work. It may be that their questions weren't well formulated or translator problems. This was another parachutist cooperative development project that may not have any immediate or quantifiable benefit. My meeting with Mr. Clarke (along with another volunteer and Mr. Ivar Haig or parliament) tended towards political issues.

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EB5018-Gates Agricultural Advisory Service/forestry Department. Mr. Christianson worked with the forestry department of the Latvian Agricultural Advisory Service. He assisted a newly developed forestry cooperative in developing a business and marketing plan. He also met with other forest land holders on advising of their possibilities with forestry cooperatives and how they would benefit from membership.

Mr. Christianson did a superb job in both Latvia and Estonia. He is a volunteer who can get down and to business writing business plans, marketing plans, developing forestry businesses, and making recommendations on how and what services cooperatives should provide their members/owners.

EB6005: Lithuania Cranberry Growers Association: Mr. Roper worked with members of this horticultural growers association in improving production methods, selecting appropriate varieties, establishing new bogs, and marketing potentials.

Mr. Roper was a good volunteer. He is a bit soft spoken, but communicated well to growers and potential growers the requirements for establishing high quality, productive cranberry bogs. This means a lot of investment and work which turned many potential cranberry growers away, but helped those really interested and those already producing in getting on the right track.

II. PROGRAM ISSUES

Estonia: On Dec. 31 all collective/state farms must have a privatization plan submitted. Future projects will focus on the economic transformation of these collective farms (versus the political transformation now being carried out) i.e. how to help these production and service units become profitable agricultural enterprises.

Maive sent VOCA propoganda letters to all district Farmers Unions and producer associations and ag department/district governments.

The Union of Cooperatives has been re-established which will incorporate farmers as well as consumer cooperatives. This came from the (transformed) Consumer Cooperative, ag leaders and MOA, and the Producers Union (representing collective farms—actually a progressive organization)

Mr. Uno Feldsmith, formerly head of Saku Ag Training Center, will probably become Vice-MOA. Minister Leetsar (formerly of Farmers Union) is not a VOCA or any international aid ally.

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however, Mr. Feldsmith is a big VOCA supporter due to positive impression of the Webbie/Brazeale project at Saku.

Latvia: The parliament is poised to pass legislation that would set the stage for privatizing many of the large dairy kombinats in 1993. Farmers could get 70 percent or more of assets. As a subsidy, farmers would only be required to pay 25 percent of present value (asset valuation would be a big component of VOCA asst with dairy kombinats) of their estimated stock share investment. Coopers/Chemonics hopes to expand their sphere of assistance to more than 2 dairy kombinats, choosing the best and leaving the dogs (and possibly ones that will go bankrupt) for VOCA. I am going ahead with several privatization committees for developing privatization plans in 1993.

Farmers Federation gave a vote a no confidence to President Baltais and elected Mr. Rozentals of the Saldus district. I hope that improved relations (or any relations) will arise from the new presidency which will take office in December.

Lithuania: The government freed the prices of milk and meat products causing prices to rise 50 to 100 percent, pushing sales down as lower income people reduce consumption. President declared that they will put lower price ceilings as food processing monopolies still exist.

III. COUNTRY NEWS

The head of the Labor Democratic Party (read ex-communists) in Lithuania, Mr. Brausauskas, was elected as leader of Parliament and is acting President until general elections in another 4 months. His stance on privatization (and most any issue) is ambiguous. He did, however, criticize the lack of farm subsidies by the past administration.

Bits and Pieces: UN supported Russian troop withdrawal from Baltics; G24 promised \$600 million to Baltic countries, equal to their Balance of Payment debt; Latvian elections may be postponed until the summer of 1993 as registration of citizens is proceeding slowly.

IV. MEDIA COVERAGE

Estonia: Baltic director, country director, 3 volunteers, and five (5) former volunteer host organizations (Saaremaa hog producers, Alavare supply cooperative, Põllika Forestry cooperative, Chinchilla breeders ass'n, and Kaiu collective farm) held a press conference with several national newspaper reporters, 2 of which ran articles on VOCA and what we have

done/can do. Also, an article on the work done in Põllika forestry cooperative in district newspaper.

Lithuania: Several articles on general VOCA information and one on volunteer Ropers cranberry assignment.

V. COLLABORATIVE RELATIONS

Estonia: Met with Ivar Raid, head of the Economic and Agriculture committee of Parliament. Interested in cooperative law and setting up the land bank (work which ACDI has already helped on). Will follow up later on these possibilities.

Latvia: Met the representative of the World Federation of Free Latvians which can give small loans to developing business. Agreed to coordinate efforts in both directions.

VI. INTERNAL OFFICE UPDATE

My visit to CSFR and Poland occurred in November/December. I found this useful in seeing how Rosemary and Carl do project development and discussing issues concerning project development, types of specialist needed (particularly with transformation projects), program issues, and office management.

Nearly \$6,000 of VOCA/Estonia money is inaccessible as the Estonian government froze the assets of three banks on the brink of bankruptcy. News sources say the bank where VOCA money is stashed is in the worst financial position. We are still trying to open accounts in Latvia and Lithuania.

VII. REQUESTED SUPPORT FROM WASHINGTON

EB
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 Phone/fax: 356-49-348-666

To: Don Cohen, Charles Cox, Don Moders, Pegeren Calpin, Sean
 Carmody, Janny Hughal, Sonia Nofziger, Stacey Kamin
 Fax: 202-783-7204
 From: Eric Brainich
 Re: Baltic Program Report for December/January

Because of an extended illness for the last 2 weeks, you did not get a report from the Baltics. Here is a consolidation of December and January reports for each of the Baltic countries.

VOCA LATVIA

I. VOLUNTEER ASSIGNMENTS COMPLETED

- A. 233019 Priekule Cooperative Development, Priekule, Liepaja District; Priekule Dairy Plant; Volunteer Lynn Smith. Working with management of the Priekule dairy plant, which will be privatized by dairy farmers in 1003. Mr. Smith advised on member relations and worked with farmers on cooperative principles and practices. He also advised farmers and plant management on cost saving activities, such as improving milk assembly, and quality improvement.

Results: Mr. Smith gave seminars on cooperative development in eight village areas, one dairy association is already formed. Mr. Smith trained dairy plant management on issues which need to be developed for successful privatization of the dairy plant and improvements to be done for making the plant a profitable enterprise.

Category: Agricultural Cooperative Organization

Spouse Activity: n/a

Follow-up: We will keep in touch with the various village milk producer association as they form for further cooperative development, encouraging them to participate in VOCA cooperative education seminars in March. Also, maintain contact with Jaungulbene plant management on further assistance to the plant (during and after privatization later this year/early next year).

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- B. EB5021 Jaungulhane Dairy Plant Privatization; Jaungulbene, Gulhane District; Jaungulbene Milk Producers Association; Volunteer Bill Broske. Working with the board of directors of the local milk producers association and the dairy plant management, Mr. Broske helped development a business plan and made recommendations on organizational structure, improving plant efficiency, financial planning, and market development.

Results: Mr. Broske recommended getting more milk producers involved in ownership and to expand the milk shed area attracting more producers/milk in order to have greater utilization of their assets. Mr. Broske also recommended changing their product mix and advised on developing new markets. Mr. Broske also advised on financing some used equipment for new product development.

Project Category: Food industry privatization.

Spouses Activity: n/a

Follow-Up: Mr. Broske recommended follow-up on marketing and cooperative development with producers.

- C. EB5022 Bauska Meat Processing Feasibility; Bauska District; Bauska Miesnieks, Co.; Volunteer Thomas Donelan. Working with a meat producers marketing enterprise who want to increase meat marketing and start a meat processing facility, Mr. Donelan advised on adding value to meat products and worked out a feasibility study for a small meat processing plant.

Results: Wait and see if Bauska Miesnieks develops value added products to its line and increases its marketing and if they are able to procure credit.

Category: Food processing and marketing.

Spouse Activity: n/a

Follow-Up: If Bauska Miesnieks is able to get funding for processing then VOCA would work with them on plant development and financial planning as well as marketing.

- D. EB5020 Osha Farm Supply Cooperative Improvement; Ruzupe, Preiļi District; Osha Farm Supply and Service Cooperative; Volunteer Leroy Hayes. Working with a group of 33 farmers who have successfully started a farm service and grain storage/drying association, Leroy Hayes evaluated their business operations and made recommendations on organizational structure, business accounting, financing equipment, and product marketing.

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Results: Osha will reorganize as a true cooperative for its service and supply centers as well as marketing but retain partnership for its milk production unit. Mr. Hayes also conducted cooperative seminars in several nearby village areas.

Project Category: Agricultural Cooperative Organization.

Spouse Activity: n/a

Follow-Up: None planned, keeping in contact.

II. PROGRAM ISSUES

- o The Latvian Parliament passed a law on privatization of dairy industry, stating that all plants will be privatized but giving producer association only 2 months to submit privatization requests or else forfeit rights to claim assets. Privatization will move swift, but producers will loose rights unless they act (most volunteers suggest that producers are not ready to run a dairy business at this time--argo, the cooperative education seminars with the AAŞ).
- o On December 31, 1992 the deadline fell for submitting applications for land restitution.
- o Old Farmers Federation president, Mr. Baltis is out. Former president Mr. is in. We hope that relations will improve between VOCA and FF. Certainly, the FF image in the countryside can only take a turn for the better with the new administration.
- o The funding for the Latvian Agricultural Advisory was heavily cut from last years levels. Many salaries cannot be paid through years end at current funding levels. Some general development projects being carried out and future ones for the year with the LAAS will require VOCA to assist on helping pay for transportation or interpreters. We continue to have strong support with LAAS field staff, particularly after a few good assignments in the field helped our credibility.
- o A liquidation committee was formed to close Latvijas Labības (the Latvian state grain marketing monopoly). The process was completed in January and by March a new enterprise will form which will see the Latvian grain sector privatization through.
- o Assistant Office Manager, Daina Yurika, visited the VOCA Prague and Warsaw offices for first hand view of office management of these "older" VOCA office programs. Daina got some good information on file management, project files, central office management for a multi-country Representative, follow-up and impact statements, and communications.

- o We have had another volunteer leave his assignment early. Mr. Hayes is the second volunteer in Latvia to arrive already with the notion of an abbreviated assignment. So far, this has not caused any poor relations with the host and in both cases I feel the volunteer successfully completed the assignment. We should emphasize project duration before a volunteer leaves the US before it does have an adverse effect on project completion.

III. COLLABORATIVE RELATIONSHIPS

Ivars Forands participated in a embassy meeting that included the Ambassador, AID, USIA, Peace Corps, IESC, and Washington

VI. COUNTRY NEWS

Latvian elections are set for June 5-6. Latvian currency, the Lat, has been printed in Germany and the currency was physically moved to Latvia. However, introduction of new currency is still expected to be quite a ways off still. Latvian central bank continues tight money policy as per IMF requirements, consequently the currency is stable as no money is printed to finance debt. Many managers of state enterprises argue that they need additional money to cash flow their operations.

The land commission has received approximately 256,000 claims for land (including restitution and purchase requests).

US grain was brought in using USD 10 million of credit. 42,000 of the 60,000 tons purchased has arrived but was contaminated with bacteria. Another shipment of German grain was brought in as feed grain.

All five flax plants in the Latgale region were closed due to financial difficulties.

V. OFFICE OPERATIONS

Assistant Office Manager, Daina Yurika successfully defended her PhD dissertation on December 16. Congratulations Dr. Yurika!!!

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V. OFFICE OPERATIONS

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III. COLLABORATIVE RELATIONSHIPS

Ivars Forands participated in a embassy meeting that included the Ambassador, AID, USIA, Peace Corps, IESC, and Washington officials, and Latvian state bank officials. Meeting was to get acquainted with activities of NGO's and discuss coordination of activities. It was agreed that such meetings should be held on a regular basis.

I have been trying to contact PIET in Warsaw to find out about funds for sending trainees to the US. They supposedly have money for the Baltics. However, I cannot get through to their office lines and messages have been left through VOCA Warsaw office for them to contact me. So far, no response.

Continued assistance with ACCI on sending Mr. Roberts Pauls (Jekabpils Grain Elevator project) to Kansas to work on Mr. Roger Wolfe's grain elevator for training.

Peace Corps Director Dagnija Kreslins and Small Business AFCD Jimmie Wilkins and I have agreed to try and get together and coordinate more of our activities. For example, having VOCA vol's contact PC vol's when in their neighborhood. Peace Corps business vol's will attend VOCA/LAAS cooperative education seminars when in their districts. PC vol Susan Mann, working for the LAAS headquarters and Ivars Forands and I have been discussing several macro projects.

OIGD asked VOCA to nominate candidates for a low cost animal housing tour in US. One candidate selected: Mr. Bozhe of the Ventspils district AAS. He left for US in January.

IV. MEDIA COVERAGE

Former VOCA volunteer, Sylvester Uphus, arrived in Latvia with humanitarian aid donated from Minnesota churches. Several articles in local papers and Mr. Uphus was on regional TV.

Local newspaper coverage of volunteers Eroske and Donelon. Mostly general coverage of VOCA and volunteer assignments.

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To: Don Cohen, Charles Cox, Pogeem Calpin, Sean Carmody,
Jenny Hughel, Sonia Nofziger, Stacey Kamin
Fax: 202-783-7204
From: Eric Brainich
Re: Program report for the Baltic countries

LATVIA

1. VOLUNTEER PROJECTS COMPLETED AND IMPACT

EB5023: Talsi Dairy Cooperative Development; Talsi District Agricultural Advisory Service; Volunteers Joe and Rosie Pires. The Pires' worked with milk producers at five villages and one village level milk producers association. The volunteers encouraged starting marketing associations and advised on organization, structure, and business of dairy cooperatives.

Results: The Pires' recommended developing marketing associations first before they begin processing cooperatives and to develop producer organizations at village level which could later be federated if they worked out a privatization plan of Talsi dairy plant. Meetings in six villages with over 200 farmers in total. The volunteers also encouraged increased sanitation at plants and possible products that could improve marketing (butter production is not moving). Further, advised using village creameries as receiving stations only for local farmers without coolers to bring their milk and then ship to Talsi or other plants. Dairy association appreciated advise on improved structure of association as a true western cooperative.

Category: Agricultural cooperative organization.

Spouse Activity: Worked together at farmer and cooperative meetings.

Follow-Up: Keeping in constant contact as the dairy producer association are forming and investing in local creameries/receiving stations as well as regional dairy plant and marketing organization.

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II. PROGRAM ISSUES

The Latvian government is speeding up privatization of the dairy industry by putting a time limit of three months on application for and six months on carrying out privatization of state dairy plants. For dairy associations that are just now forming, this creates difficulties in carrying through a privatization. If dairy associations do not apply for privatization (at a discount of 75% of asset value which is monies invested in a capital investment fund for that plant) then business plans will be submitted and the organization with the "best" business plan will be chosen as the one to receive plant assets. This legislation is devised to speed up the process and decrease the amount of assets taken illegally from the plant prior to privatization.

The next state privatization to be worked out by the Ministry of Agriculture are the agro-service centers.

In April, World Bank and MOA and Ag Advisory Service will work out agreements in agricultural credit and extension financing. I am trying to contact WB officials (whom I met last summer) to see if VOCA can offer assistance with agricultural credit systems.

December 31, 1993 was last date for applying for land under restitution law. This fall will see land sale to individuals not limited to restitution who will pay in rye or equivalent world prices of rye, price dependant upon land quality. Rumor has it that land title legislation may also be passed at this time.

III. COUNTRY NEWS

Parliamentary elections are to be held in June 5-6.

Introduction of the 5 note LAT (equivalent to 1,000 LVR) will take place on March 5. The LAT currency is not planned to be put into full circulation until later this year. (This means that Ivars Forands is dealing with 6 types of currencies. He will be studying for his CPA exams in the coming months).

Latvia's budget has been accepted with the maximum deficit required by IMF. Latvia continues to administer policies set by IMF.

Chaos in the currency market resulted in the drop of the LVR to 100 from 150 in recent weeks. A recent bounce back put the LVR back up to approx 150, still down from highs of 170 a few months ago.

March 1 is deadline for citizenship registration application.

IV. MEDIA COVERAGE

VOCA TV stars Ivars Forands, Daina Yurika, Eric Brajnich, Don Gingerich, Bob Christie, Carl Lovelin, John Malcheski, and Don

Renquist were on two national televisions (a full 5 minutes on the news) and one national radio station as well as several national newspapers and ag newspapers talking about VOCA programs in Latvia.

Radio news every morning

Volunteers Joe and Rosie Pires had an article written on their work in the Talsi district.

V. COLLABORATIVE RELATIONS

A national ag magazine, Zeme ("Land"), has asked VOCA's volunteers to write articles of various length about their work, recommendations, technical advice, etc. for their magazine. We will suggest this to volunteers during briefing.

VOCA staff and rep met with IOL representative, Vivita Rosenbergs, and discussed coordination of efforts. IOL is to do 8 seminars in Latvia, including one on cooperative practices and principles to be done after the VOCA nation-wide cooperative practices and principles seminar series with the Ag Advisory Service. We hope to coordinate future efforts and recommend people for seminars and hopefully give a VOCA dog and pony show on how our volunteers can work on follow-up directly with dairy cooperatives/businesses after the seminars.

VI. INTERNAL OFFICE UPDATE

A visit by the incomparable Czar of Central and Eastern Europe and the former Soviet Union, Mr. Charles Cox, successfully solidified relationships with Farmers Federation, the Ministry of Agriculture, and the Ag Advisory Service. Also, we visited several volunteers in the field and did project development in the wild west of Latvia. Important program focus issues were discussed over lengthy office meetings at Jever Bistro.

VII. REQUESTED SUPPORT FROM WASHINGTON

None, thanks.

BEST AVAILABLE COPY

VOCA BALTICS
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226168 Riga, Latvia
Phone/fax: 3719-348-666

To: Don Cohen, Charles Cox, Sean Carmody, Jane Horsefield,
Jenny Hughel, Sonia Nofziger, Stacey Kamin

Fax: 202-783-7204

From: Eric Brainich

Re: Program report for the Baltic Republics

14 Pages

LATVIA

VOLUNTEER PROJECTS COMPLETED AND IMPACT

EB5024: Talsi Dairy Cooperative Management; Talsi District; Talsi Dairy Plant; Volunteer Robert Christie of Endwell, NY. Working with the management of the main dairy processing plant and several smaller satellite plants in the Talsi district, Mr. Christie outlined a plan for consolidating the milk assembly, processing, and marketing of the Talsi plant. Mr. Christie also advised on cheese making processes.

Results: The Talsi district is moving forward on privatization and we hope that instead of having many small separate cooperatives that all milk producer organizations will band together in a district level cooperative. This would save on duplicating many milk routes, save on processing costs, and consolidate marketing.

Category: Cooperative Management. Agricultural Cooperative Organization.

Spouse Activity: n/a.

Follow-Up: VOCA will be working with the Kurzeme milk producers association in western Latvia in assisting 5 districts, including Talsi, in structuring a regional dairy processing cooperative.

EB5025: Dundaga/Ugale Swine Operation; Dundagas and Ugale, Talsi district; Janis Valcis and Alvilis Gulbis; Don Gingerich of Parnell, IA. Volunteer worked with two large confinement hog operations. Mr. Gingerich gave guidelines for improved feed rations with available grains as well as advice on housing environmental conditions and swine management. He also worked out a financial plan for the Dundagas swine operations which assisted in the privatization of the operation.

Results: Dundagas swine operation was privatized. Feed rations will be improved and report can be used to replicate the results for other private swine operations. Volunteer also assisted Dundagas in looking for export markets and found two

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potential commodity brokers for pork exports. The head of Dundagas is interested in developing a meat marketing association.

Category: Agricultural Production. Collective and State Farm Privatization.

Spouse Activity: Karen Gingerich came at end of assignment.

Follow-Up: Working with Janis Valcis on development of a meat marketing association and provide assistance on contacts (such as Povonice Poland commodity brokers).

EB: Ogres Farm Management; Ogres district; Ogres Agricultural Advisory Center; Mathew and Dorothy Neiss of Osage, IA. Volunteers worked with advisors in seven different villages. Seminars in seven villages included farm management practices with emphasis on book-keeping and writing a financial plan for lending institutions.

Results: Met with over 120 farmers on small group seminar twice as well as several individual farms. Promoted buying clubs as a precursor to farm supply cooperatives. Made connection with chemical suppliers and suggested farmers ask for seminars on application and chemical safety procedures.

Category: Farm Management.

Spouse Activity: Dorothy worked with Matt in farm visits and seminars.

Follow-Up: Keeping in contact with Ogres advisors, particularly on producers groups and farm supply cooperatives or buying clubs.

EB5045: Latvian Potato Handling Improvement; Riga; Latvian Potato Growers Association; Ray Kunneman of Caldwell, ID. Mr. Kunneman assessed the storage facilities and harvest technology on several private farms including two former collectives. He advised on improving methods of harvesting and post harvest handling for decreasing potato damage and spoilage. Also gave a seminar on post harvest handling and improving storage facilities at the Priekule farm research center.

Results: One collective farm that was interested in potato processing was advised to improve potato storage facilities first in order to maintain potatoes from harvest to harvest. The manager said improving harvest equipment and storage facilities would now be incorporated into their plans.

** This assignment was designed to assess the situation in potato storage in Latvia and identify future areas for VOCA assistance. It worked very well.

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possibility. I highly recommend using specialists, such as Mr. Kunneman, who may be in CEE or NIS countries, and are willing to spend an additional week in ~~their~~ ^{other} countries in those areas where VOCA representatives feel that there may be potential for VOCA assistance but feel they need a specialist to come out and assess the situation and advise on future direction for VOCA assistance. *for short-term assignments.*

Category: Grain (Potato) Handling and Processing.

Spouse Activity: n/a

Follow-Up: Possible with several collective farms that have large storage facilities and processing plans and with the Potato Growers Association.

II. PROGRAM ISSUES

Charles Cox, Eric Brainich, and Ivars Forands met with Agricultural Minister Dainis Gegers. Minister Gegers expressed great satisfaction with the direction of the VOCA program in Latvia. We also discussed cooperation with a market information system to be developed in Latvia, a la AMS or private market info services.

As the now nation-wide famous cooperative seminar teams are finishing up their 5 week stint in all districts of the republic, reports back from the country side and the Latvian Agricultural Advisory Centers is extremely positive. LOL is planning similar seminars but may be focusing attention on managers and holding seminars in Riga, not country side.

A draft law regarding privatization of the meat processing industry is up for approval in the parliament. Under proposed legislation, the processing plants would be privatized under a competitive bid process.

III. COUNTRY NEWS

The race is on to secure \$87 million of Nordic Investment Bank (NIB) and European Bank for Reconstruction and Development (EBRD) funds for all three Baltic Republics. The Latvian Investment Bank (LIB) charter was approved March 9 with \$16 million in start up capital (LIB president is former CITICORP vice-president of Latvian origin). Investment to be concentrated in forestry, construction, transportation, tourism, and the food industry. Forty percent is owned by government, 35 percent by EBRD, and the remainder with private investors.

EBRD has earmarked another \$220 million for Latvia in 1993—major projects are for infrastructure improvement.

Latvia continues to lead the pace in land privatization with nearly 60,000 private farmers averaging 15 hectares/farm and almost the same amount of "individual" farmers (mostly collective workers

of Mr. Kunnemans advise and a follow-up request is a strong

given land, which they do not own, for part time farming) with an average of 4 hectares per plot.

Due to counterfeit problems with the 500 rouble note, Latvia issued its 5 LAT note (much harder to counterfeit than the temporary currency) which is equivalent to 1,000 LVR or about \$1.33. Also, the 1 LAT coin (= ECU) is in circulation. Bit by bit, Latvia is converting from the temporary currency to its permanent one. Latvia follows IMF and World Bank guidelines and appears to have their support.

World Bank and the EC are negotiating loans to Latvia that should be concluded shortly. If the word from the ministry is right, The WB will be giving 70 percent of the capital to a Latvian ag bank that will disperse short-term loans. The remaining 30 percent is to be state funding. The bank will be set up and administered by the WB and is targeted to be fully privatized within three years. The EC is to give loan capital through the Ministry of Finance. Total EC loan funds available may be as much as \$100 million.

Dollar loses its strength in Latvia. Current exchange rate is 130 LVR/USD. This is down from a high of 180 LVR/USD late last fall but has remained fairly stable in recent months.

IV. MEDIA COVERAGE

Too many newspaper, radio, and even television articles about the cooperative education seminars to mention. One noteworthy one is that the Minister of Agriculture promoted VOCA's cooperative education seminars during a nation wide television report.

Bob Christie was in a Talsi regional newspaper--an article on his work in Talsi.

V. COLLABORATIVE RELATIONS

LOL is having hard time setting up seminars on milk production and herd management. While we can't recommend farmers to attend (seminars are scheduled in middle of planting season) Ivars and I have given recommendations on future seminar priority areas and scheduling. Daina attended LOL's seminar which gathered ministry, national organization heads and several dairy plant managers in order to identify problems and areas for LOL technical assistance. LOL application for assistance is a near carbon copy of VOCA's.

Ivars Forands met with Aleksandrs Sprudz of the Canadian Executive Service Organization (CESO) discussing the cooperative movement in

VI. INTERNAL OFFICE UPDATE

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VOCA/Riga hired Velga Vevere as a part time secretary to assist Daina Yurika in the Baltic regional office. Velga has worked for VOCA as an interpreter extraordinaire and as a temporary hire during crisis management time (which is almost all the time anyway).

VII. REQUESTED SUPPORT FROM WASHINGTON

Please send a copy of a volunteer briefing book to Riga office (Sean or Jane).

Keep up the good work!

> Daina is presenting a paper (from her dissertation) at the Nordic-Celtic Folklore Symposium in Copenhagen. Her topic: "Marriage Strategies in Latvian and English Proverbs".
She has an uphill battle with Ivars and Eric.

given land, which they do not own, for part time farming) with an average of 4 hectares per plot.

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Ivars Forands met with Aleksandrs Sprudzis of the Canadian Executive Service Organization (CESO) discussing the cooperative movement in Latvia. Mr. Sprudzis lectures at one of the Riga technical schools on cooperative principles.

VOCA participated in two AID meetings with other AID contractors, discussing programs of each organization.

VOCA MONTHLY REPORT--LATVIA/APRIL

I. VOLUNTEER PROJECTS COMPLETED AND IMPACT

EB5032-5037: Cooperative Education Seminars; All 26 Districts in Latvia; Latvian Agricultural Advisory Center; Volunteers Charles Ratchford of Columbia, MO; Leslie Klink of Elkader, IA; Newton Guderyon of Deerfield, WI; Orbert and Eunice Garsow of De Pere, WI; Don Renquist of Minneapolis, MN; Leonard Knoblock of Port Austin, MI.

Working with the Agricultural Advisory Centers in each of the 26 districts in Latvia, a farmer/board member teamed with one of the managers/educators to give 2 day seminar and 1 day consultations. Over 500 farmers, agri-business managers, and agricultural advisors attended the seminars on cooperative principles and practices.

Results: Attended by over 500 farmers, many of whom are on board of directors of emerging dairy and agro-machinery (service) cooperatives, the seminars were well timed with the privatization of dairy plants in a cooperative structure.

Category: Agricultural Cooperative Organization.

Spouse Activity: Ms. Eunice Garsow participated in the cooperative education seminars as she is actively involved in farming and cooperative activities with her husband.

Follow-Up: Possibility of higher level cooperative education seminars directed at board members and managers (2 separate seminars?) late fall or winter of 1994.

EB5042: Farm Management; Ministry of Agriculture and Agricultural Advisory Center, Riga; Volunteer Juris Plesums. VOCA Volunteer Mr. Plesums worked with various farm groups in 5 districts in Latvia on agricultural production and farm management practices. Mr. Plesums advised the Minister of Agriculture on various policy issues. He advised on a proposed oil processing plant feasibility study and worked with farm leaders on forming a canola producers association.

Results: As usual, Juris Plesums, an American/Latvian, is well received in the countryside. He met with over 50 farmers, wrote 3 articles, and had several meetings with Minister Gegers. Mr. Plesums also assessed three proposals to establish a joint venture on rape seed processing which would be a multi-million dollar investment in Latvia.

Category: Farm Management (also Producer Association Organization and Grain Handling and processing)

Spouse Activity: n/a

Follow-Up: Possible invitation with Mr. Plésums to follow up on developing a rape seed or canola producers association.

EB5027: Horticultural Marketing Improvement; Daugavpils; Agricultural Advisory Service of Daugavpils; Gordon and Lara Powell; Working with the Agricultural Advisory Service in the Daugavpils district, volunteer Gordon Powell worked with garlic, berry, and other horticultural producers in improving marketing skills. Mr. Powell also advised on how to assess markets when making production decisions and on processing and privatization of a fruit and vegetable processing plant.

Results: Mr. Powell met with 5 agricultural advisors and over 20 farmers. Mr. Powell also advised on contract processing and starting a processing cooperative and assisted in assessing other options to vertical integration instead of privatizing an old processing plant in poor condition.

Category: Agricultural Marketing.

Spouse Activity: Mrs. Powells role to private farmers was minimal.

Follow-Up: Working with the Agricultural Advisory Service and horticultural producers. Possibly assisting in a processing plant, emphasis on garlic processing.

EB5039: Organic production and certification program; Ogres and Liapaja; Ores Rural Innovation Center; Keith Lutnes. Volunteer Keith Lutnes worked with over 30 private farmers in improving production management without chemical inputs. He made recommendations on the establishment of a national certification program and developing domestic and export markets.

Results: Many farmers were interested in Mr. Lutnes' recommendations on non-chemical pest control. Advances are being made in "organic" certification and developing export markets in Germany.

Category: Agricultural production.

Spouse Activity: n/a

Follow-Up: Farmers are interested in inviting Mr. Lutnes back to assess production techniques and fine tune certification programs.

II. PROGRAM ISSUES

- AID is developing a program strategy in Latvia. Debbie Prendel was in the Riga office assisting Mr. DeMarchen. Mention was made of the enterprise fund and a hopeful target date for later this year.

- World Bank is giving \$60 million to ag sector for banking (see scope of work for EB5051) and will be given for medium- and long-term loans to farmers and ag businesses. The Ag Advisory Service will work with clients on developing business plans (mandatory) and will recommend or not all loans and follow them through the payback period.

III. COUNTRY NEWS

- The Latvian Investment Bank was established by Parliament. Set up by the government and with international finance and domestic shareholders, the bank will provide credit with emphasis on small and middle sized private business. No news on interest rates as yet.

- Industrial output for the first two months in 1993 was 55 percent of that for the first two months in 1992.

IV. MEDIA COVERAGE

- Too many articles on the cooperative education seminars to mention. As a result, VOCA is now a Latvian farmhouse word.

- Two articles in national papers on Volunteer Lutnes.

- Volunteer Juris Plesums wrote three articles on production and farm management, published in national newspapers.

V. COLLABORATIVE RELATIONS

- Latvian Agricultural University requested and received from VOCA thirty copies of the book on cooperatives principles and practices.

- Land O' Lakes asked for and received 20 copies of the cooperative principles and practices book for their cooperative seminars. VOCA recommended several areas to concentrate on in the seminars.

- Eric Brainich met with Amy Odegaard of USDA/OICD to discuss reverse training programs. OICD concentrates on research but is not averse to seeing if private sector training can't be done.

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Volunteers in Overseas
Cooperative Assistance

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Dec. 30., 1992
To: ERIC BRAINICH
VOCA/ Baltics

From: Maive Rute
VOCA/ Estonia

ESTONIA MONTHLY REPORT
DECEMBER 1992

I PROJECTS COMPLETED AND IMPACT

* Lehtse collective farm privatisation. Mr. Klink spent three weeks and Mr. Gipp one week on that assignment. For gathering information we arranged meetings with Mr. Ivar Raig, chairman of the Commission of Economics and Agriculture of the Parliament, and Mr. Jaan Leetsar, Minister of Agriculture, Mr. Uno Feldsmith, head of the department of Justice of the Ministry of Agriculture, Mr. Riho Ilagel, vicepresident of Estonian Rural Bank. At Lehtse volunteers visited main enterprises of collective farm (cattle barns, repairing shops) and private farms as well.

After the assignment volunteers complained to me that there were like three different interest groups at Lehtse and that fact complicated their work a lot. They noticed conflict of interests between private farmers and collective farm people (actually, it is natural). Volunteers worked mainly with collective farm management, what was may be mistake, because private farmers felt that they did not get any help or advise. The preliminary reports what Mr. Klink and Gipp left here (together 3 pages) were too general and mainly stated facts what people here know already. I hope the final reports will be more detalized and give some concrete recommendations to the host organisation. I shall follow up in some weeks to talk also with collective farm management. Just now they seemed to be happy, at least they "kept smiling". To say some words about volunteers, I think, Mr. Klink did not understand that local people invited him to help them work out kind of concrete privatisation plan, not to listen stories "when I was a young boy". I guess he is better on more general level because of his background (he has been state senator), or in more stable economical situation than Estonia has now. Personally he is a nice man, I liked him.

Mr. Gipp visited also another site - Sadala collective farm, which had applied for VOCA assistance. Sadala people are also working on privatisation issues. Mr. Gipp was acquainted with their problems and ideas, he had a look to the collective farm enterprises and conversations with the locals. He took part in collective farm general meeting, where gave a speech about his ideas and suggestions to Sadala collective farm. Before heading for Sadala Mr. Gipp had an opportunity to meet Mr. Mati Jann - who

is a well-known Estonian agricultural economist, scientist and lawmaker. He also spent some time with one Estonian banker and person from Tartu Farmers Union. He said those meetings were very helpful to get better understanding of all complex of difficulties Estonia is facing now. Mr. Gipp himself had more practical and more responsible attitude than Mr. Klink. He would be very good in case of assignment which has a lot to do with agricultural loans, credits etc.

* Ulvi collective farm privatisation. Mr. Swanson completed that assignment within two weeks. For me the Ulvi project has been the most difficult one. Somehow we did not receive the message, that volunteer is coming, on time and of course we did not have any money bringing his wife with. Mr. Swanson was in Tallinn already, there appeared to be no lodging and no translator in Ulvi (certainly you remember, that we checked both when approved the project). While Mr. Swanson had meetings with Farmers Union officials and Estonian Land Cataster director I spent hot day calling to all possible people to arrange the accommodation and translating. Finally everything worked out okay, just the chairman of the collective farm happened to be kind of absent-minded. It took a while and lot of energy from the volunteer to get all necessary data.

Swansons were worried that VOCA informed them just one week before they had to go and that VOCA did not cover the travel expenses of the spouse. And in my mind they were a little too old for such a "wild" country as Estonia is now. Mrs. Swanson had trouble with her legs, so she did not want to walk over 30 meters. Sometimes they forgot questions they had asked already and asked twice.

The village Ulvi itself situatæs almost in the middle of nowhere and I assume Swansons got a little bored there, because they wanted to leave earlier than it was planned. But in famous Adrian meeting they told that they did not have enough time to assist Ulvi people as they could.

Mr. Swanson prepared the report here before leaving Estonia and he had some good ideas there how Ulvi collective farm could transform itself into joint stock company. He had given even some formulas how to count the workers shares in that company and explained carefully how to establish democratic power structure.

* Rakke state farm privatisation is still in progress. Mr. Perry and Mr. Kness are working there. First rumours are very positive.

II PROJECTS IMPACT EVALUATION

*Follika Forestry Cooperative. Volunteer Larry M. Christiansen. Volunteer was asked to advise the recently established cooperative in organization structure, membership recruitment, on forest practice, options for harvesting, transportation, primary wood

processing, machinery acquisition and market opportunities as well. To address these objectives volunteer visited many private forest properties, existing wood processing facilities, state forest operations, a forest nursery and schools. Within two weeks assignment, Mr. Christiansen fulfilled the expectations of the host organization. Discussions with cooperative chairman covered areas like forest practices (sanitation logging, thinning, afforestation of agricultural land), product quality (log specifications, log grades, species value), harvesting and log transportation, log marketing, cooperative organization (by-laws, cash flow management, budgeting and accounting), adding value to the round wood by sawmilling and secondary manufacturing. Mr. Christiansen made also a presentation to the cooperative board of directors. Ideas of cooperative organization, technical and financial assistance to the members, product transportation and marketing, projecting pro-forma income and expense forecasts were well received. Hosts appreciated very much the sample of the business plan and pro-forma cost projections worked out by VOCA volunteer. They were impressed by the competence and hard-working manner of Mr. Christiansen. Pollika Forestry Cooperative is going to apply for follow up assignment in several months.

* Valjala hog production and environmental improvement. Volunteer Mr. Charles Stanislaw was asked to advise Valjala hog operation cooperative on improving a manure disposal system, hog nutrition and feed rations, hog breeding operations and management of farm. To get better overview of the whole picture volunteer visited also feedmill which provides hog operation with feed, slaughterhouse, and neighbour collective farm, county authority. During thron work assignment Mr. Stanislaw worked out some really good and practical recommendations on all mentioned areas. He gave four different alternatives to solve the manure disposal problem. In short term, the most suitable alternatives are : a) accept the sawdust in the manure slurry and apply directly to the land. Although raw sawdust makes the soil nitrogen unavailable for the plants, the swine manure itself contains enough nitrogen to compensate that bad impact; b) substitute another material for the sawdust that is satisfactory in the swine buildings and compatible with direct application to the land (for example chopped straw). In long term, they should install two sawdust settling basins, lagoon and irrigation system or convert gradually to handling more and more manure in solid form.

There was considerable concern about the quality of the purchased dry feed in Valjala and to correct for the deficiencies of the dry feed they added the liquid whey to the diets. VOCA volunteer noticed that the very liquid nature of the final feed combination (appr. 11,8 % dry feed) limited the daily dry feed intake of the hogs. This, in itself, would limit the growth rate of the pigs. If, on the other hand, the dry feed contained a mycotoxin or an excess of salt or some other deleterious substance, the pigs did not have the ability to reject the feed. Also the very liquid

tions of the pens. Mr. Stanislaw recommended to discontinue feeding the liquid whey-dry feed mixture. Instead provide a constant supply of clean drinking water and fresh dry feed in separate troughs. Or if later information shows, that the liquid whey actually does supply beneficial nutrients not present in the dry ground feed, then provide the whey in a separate trough.

Management of the Valjala hog operations implemented the dry feed feeding system with one group of pigs to test it. The results were great - pigs gained weight 50 grams per day more than others on liquid whey-dry feed mixture diet.

Volunteer also made recommendations to improve the organisation of the work in the Valjala piggeries. As the market economy continues to develop there is no way that the Company at it's present size can continue to support 24 employees. Therefore there is need for rationalization of the work operations. One of the first things they did towards that, they finished to weigh all the herd every month.

Valjala will apply for next VOCA volunteer in some month to get advised on accounting, retrenchment and general management.

* Alavere machinery-supply cooperative. Volunteers Charles and Lyndell Edgemon spent three weeks on that assignment. Machinery and supply cooperative "Alvar" was a recently established organisation of six private farmers. "Alvar" grew out from collective farm supplying unit due the initiative of the local farmers and general privatisation of the collective farm. Thanks to Edgemons' work cooperative obtained 36 new members-private farmers, reform committee of the collective farm agreed to rent out the stores of the spare parts, pumping station, retail shop to the cooperative. Volunteers bettered the statute of the cooperative to more democratic one by making over 20 changes. Hosts as well appreciated the psychological support and encouragement volunteers gave to them.

* Estonian Chinchilla Breeders Society. Volunteer Mr. Fullingim. In Estonia chinchillas were raised on a single collective farm which lost a significant amount of, Estonia's only stock due to mismanagement. The surviving 300 chinchillas were sold off in Sept. 1992 to five private farmers, members of the Fur Animals Breeders Society. Assistance of the experienced chinchilla breeder was badly needed because of the lack of the knowledge on proper production facilities, breeding, nutrition, and pelting. Mr. Fullingim worked two weeks long days visiting those five chinchilla ranches and providing technical advise to them. He made some minor changes to the diet, recommended to boil the water and advised how to improve the production facilities. Mr. Fullingim also demonstrated the pelting with some 4-5 animals.

lecturing 40 people interested in chinchilla breeding. They covered above mentioned general principles of chinchilla breeding and made introduction to marketing and fur pricing as well. Mr. Fullingim pointed out the necessity to guarantee the quality of the fur. In Estonia he saw many bad quality animals. Volunteer recommended the Chinchilla Breeders Society to meet in monthly bases to exchange the information, share experience and also become friends. Chinchilla Breeders Society was very pleased with Mr. Fullingim work and they hope that he could return in half a year to follow up with that assignment.

* Tõlliste organic dairy production. Volunteer Mr. Wayne Peters. There is a private dairy production share company "Ermar" in Tõlliste which rents cattle barns with 200 cows and 100 calves and heifers from previous collective farm. Company has 20 share holders, 10 of them actually work in it, and they manage 352 ha of arable land. Mr. Peters looked over all the operations of the share company, host was very grateful to VOCA for sending real farmer with special "hand on" attitude. By the managing director Veiko Ardel words they took a smell at and touched everything, but also worked on computer trying to figure out the feasibility of reconstruction of the barn. They discussed cattle breeding questions (to castrate calves or not), possibilities to grow new varieties of corn in Estonia. Volunteer provided "Ermar" with production prices and quality criteria of organic dairy operations in States and together they worked out a plan how "Ermar" should move towards organic production. "Ermar" would also like to expand his operations into hog production. Mr. Peters recommended: a) make contracts with land owners to insure the access to arable land, b) to establish the crop rotation system, c) to keep the animals in light buildings or even in outdoors conditions, d) to feed hogs with dry feed instead of boiled liquid mixture.

Note to Peosen, Mr. Peters was curious to know how things are going in Tõlliste. Veiko Ardel sent his best regards and wished Happy New Year. He visited Sweden recently - his friends there have found used dairy processing equipment for "Ermar". Now Veiko Ardel is searching for credit sources to purchase that dairy equipment and possibly also cattle and hog barns from collective farm which they are currently renting. They are working on land issue also trying to create contracts with land owners. Veiko is planning to start the experiment with hogs raising them outside. VOCA nominated him for the USDA sponsored animal housing study tour to US.

Could You please call Mr. Peters and tell him that ? Thank You. I would like also to pass our best wishes to him, he was a never-to-be-forgotten volunteer. Both Merle and me hope, that he will find time to return to Estonia. And we are looking forward to see

III PROGRAM ISSUES

1) Joint Stock Company "Land" from Saaremaa sent to us their calculations of the feasibility of the rape seed processing (five pages), where the result is positive. But they have not taken into account the cost of the processing equipment and the cost of the renovation of the grain driers and swine barn. I responded them with some data we got from Andres Vinni Viljandi county. I shall continue to work on that project.

2) I am working also on the "VOCA Nõupäev" idea. I think we shall concentrate our efforts into three districts: Rapla, Tartu and Jõgeva. I have made the first negotiations, people like that idea. Seems so, that this project will address three goals. First of all will allow us to assist some separate private farmers who have applied for VOCA assistance, but their letter is not enough to send them volunteer. Second, it will help VOCA to reach wider mass of farmers and private producers. And third, it will help VOCA to become more practical and in this way strengthen that new organisation. I have not made up my mind what should be the topics of the "VOCA Nõupäev". From Rapla district we have got applications from two groups of farmers-beginners. They have some dairy cattle, some vegetables, some berry bushes and they do not know how to go ahead. From Jõgeva district we have application from a farmer who would like to establish berry-growing farm. Other farmers have shown their interest to sheep raising and wool and pelt processing and to mushroom growing. Also Kõola machinery cooperative in Jõgeva district have not got respond, what kind of machinery they should use and purchase. From Tartu district we have received application from Elva Farmers Society who would like to consult how to develop their grain-drier and machinery coop.

3) Hope You have not forgotten to make some telephone calls for "Agricoli DT" veterinary project.

4) Have received very promising application from Ranna Farmers Society (Jõgeva district) who owns vegetables processing plant and is interested in better utilizing of its capacity.

5) Uue-Hansu Farmers Society from Lääne district would like to get advised on farm management (grain, dairy cattle, forest).

6) From Käina, Hiiumaa district have received very interesting letter from intensive beekeeping farm. I am going to contact Estonian Beekeepers Association to carry this project out.

7) Tilsu dairy feasibility, Palamuse dairy processing, Sipa machinery/ supply cooperative are waiting for volunteer.

IV NEWS

HERE IS A NEW YEAR - 1993 - IN ESTONIA !

Aivar Tomson from Estonian Land Cataster wrote nice review of land issues for us. Will be translated for You and volunteers.

I am taking QuttroPro and FoxPro computer classes. Redid (?) last three monthly expence reports because of the Tartu Commercial Bank confusion.

I am planning to arrange English grammar classes also, so the next reports will look much nicer.

V MEDIA COVERAGE

" The Baltic Independent " issued a sound article on VOCA and volunteer Mr. Clark. Translated articles will be sent to You with returning volunteers Perry and Kness on Jan.7 or 8.

VI FINANCE

Because Tartu Commercial Bank did not pay our bills since October, we still have USD 6312.74 on our account. I have opened a new bank account in EVEA Bank (which is told to be the most reliable one together with Hansa Bank) and we try to transfer VOCA money to that.

There is a special governmental committee working to solve all applications and complains of the Tartu CB's clients. The Bank itself was closed by Estonian Government decision.

Starting from Jan. 1993 I would like to cash my salary in Estonia in dollars or krons, Lucy knows about that.

By the way , I remember something was promised to happen with our salaries in October. Have not noticed any difference yet.

VII COLLABORATIVE RELATIONS

Met Peace Corp volunteers Mike Stuart and Scott Diel. Scott directed me to Mr. Tii Paavel who is a fish growing scientist and had applied to him to get some ideas how to better the fish-growing operations of Ulenurme farm. I talked to Mr. Paavel and he promised to contact us if fish-growers find that VOCA could help them. I also passed Mr. Paavel's address to one farmer who applied to us with idea to start fish farm.

Peace Corp volunteer in Rakvere Jerry Wirth received our volunteers Perry and Kness and introduced his understanding of Estonian situation.

I made contact with Estonian Animal Husbandry and Veterinary Institute. They will provide us with list of the names and telephone numbers of their scientist, so that we could sometimes recommend them to the beginning private farmers.

Maive Rute



ESTONIA

I. VOLUNTEER PROJECTS COMPLETED AND IMPACT

No projects were completed in February.

II. PROGRAM ISSUES

Projects in action include Sipa grain cooperative improvement and dairy processing at 4 locations (Tilsi, Leidi, Tolliste, and Kirimae).

Maive is planning a VOCA propaganda tour for volunteer Powell together with Sipa manager.

Farmers Union has been selected as the organizing body of the Estonian Agricultural Advisory Service. The main center will be in Janeda (approx 60 kms. east of Tallinn). Each of the 15 districts will have a director with several village level advisors and specialists in various production/management areas. Nonetheless, the selection is set in stone and there is concern that non-FU members and previous state and collective farms may not get the needed advice.

III. COUNTRY NEWS

There is discussion on agricultural policy at the government. Influenced by German advisors (PHARE?) and in consideration of urban constituents, one faction supports an end to agricultural subsidies which it views as mostly small, uneconomical farms and to allow import of lower priced western commodities. The opposite faction is more in support of promoting family farming. They would like to use the EEK 124 million (approx \$10 million) rural development fund for agricultural development including soft production credit loans.

IV. MEDIA COVERAGE

None that we know of.

V. COLLABORATIVE RELATIONS

Peace Corps volunteer Jerry Wirth visited our Tallinn office to discuss collaborative efforts: fish farms and processing, forestry, agricultural banking, farm tourism.

Chris Preston, General Director of the Center for International Management Education, will provide VOCA with an Estonian booklet on writing business plans.

Met with LOL International Development Division. LOL has hired an Estonian coordinator from the MOA and will open an office in Tallinn soon.

Estonian Dairy Association meeting with Maive and volunteer Goodwin resulted in a seminar on dairy processing to be held March 10.

VI. INTERNAL OFFICE UPDATE

Estonian office visited by Director of European Programs, Charles Cox. Had meetings with Minister of Forestry, AID representative, Agricultural Advisory Service director and vice-director and visited a volunteer in the field as well as project development with sheep breeders.

VII. REQUESTED SUPPORT FROM WASHINGTON

None for now, thanks.

ESTONIA

I. VOLUNTEER PROJECTS COMPLETED AND IMPACT

EB4017/4030: Estonian Small Dairies Development; Various private dairy plants and dairy associations; Ezell Goodwin of Stockton, MO. Working with five different farmer groups. Mr. Goodwin developed business plans for two small dairy processing plants that included plant management, financing, and marketing. Mr. Goodwin also assisted on a feasibility study for a small processing plant with a local dairy association and worked with another on privatizing a state milk receiving station and powder plant.

Results: At Leidi, the volunteer inspected all of Mr. Sakkeus land holding, and farm buildings discussing topics from size of cheese plant and equipment needed to the need to increase milk shipments and developing markets for high quality cheeses. He also advised on improving feed rations for dairy herd at Leidi. He also advised on cheese plant location (nearer to road to attract customers on the Baltic highway). Feasibility study included floor plans, equipment list with prices, and developing financial projections.

At Kirimae, Mr. Goodwin worked with recently established milk producers association that is privatizing a receiving station and powder plant (not currently in use) that is a satellite of the Tallinn kombinat. Recommended hiring of new management and setting up book-keeping system and inventory of all assets. Recommended swift application for privatization before assets are eroded. Advised on searching for credit sources and installing bulk milk tanks for farmers in the Kurimae milkshed in order to reduce milk assembly costs. Mr. Goodwin advised continuation of current operation and to set plans for expanding manufacturing and processing only after they had gained more experience in current operations. Recommended filling pasteurized milk in plastic pouches for local sales.

At Tolliste, Mr. Goodwin worked with management on plans for installing small cheese processing equipment. At Tilsu and Are villages the VOCA volunteer found that they currently have little potential for expanding into milk processing.

Volunteer conducted a seminar with over 40 attendees on dairy processing and marketing.

Category: Food Industry Privatization (Kurimae), Food Processing and Marketing (Tolliste, Leidi, Are, and Tilsu).

Spouse Activity: n/a

Follow-Up: Kurimae dairy association in July or August after privatization and they have gotten their "feet wet" in running their business. Also, keeping in touch with Tolliste and Leidi management as they proceed in developing their small dairy processing plants. Mr. Goodwin expressed interest in returning and working with these associations.

EB4019-4020: Palamuse Dairy Plant Operations and Marketing Improvement; Palamuse Dairy Cooperative; Palamuse, Jogeva; Judson Mason of Williamsburg, VA and Wendell Watts of Rudsburg, WI. Volunteers worked on marketing and plant operations with this small cooperatively owned dairy plant.

Results: Developed plan for introducing new cheeses, ice cream, and yogurt product lines. Recommended improving milk testing facilities and programs for increasing milk quality. Also advised on cooperative financial practices including distribution of profits (losses) and a capital retain fund. Advised on developing new markets including increasing local retail shops and developing a brand name.

Category: Cooperative Management, Farm Supply, and Marketing. Food Processing and Marketing.

Spouse Activity: n/a

Follow-Up: Management hopes to include new product lines, but may be until 1994. Keeping in touch.

EB4029: Sipa Grain Cooperative Business Development; Sipa, Jogeva; Ed and Dona Powell of Portland, MI. Volunteer Powell advised this grain and service cooperative on management and board structure and separation of responsibilities. Also worked on cost estimate and pricing of services and recommended additional services to provide for members.

Results: Powell helped point out conflict of interest in several cases regarding board of directors role in managing, giving more responsibility to manager of cooperative. Also, helped analyze cost of services which were underpriced by cooperative to members, resulting in losses last year. Developed skeleton of financial plan for future, with additional services, and price of services with small net margin to make allowances for capital reinvestment and investing in new member services. The Powells traveled with Maive Rute and Sipa manager to 4 other districts, speaking on farmer cooperatives and Mr. Powells technical assistance to the Sipa grain cooperative.

Category: Cooperative Management, Farm Supply, and Marketing.

Spouse Activity: Dona assisted Ed at all phases and typed report before leaving.

Follow-Up: Could use more assistance in future on improving management, starting new services, increasing membership, and marketing. Keeping in touch with management.

1.4

The Ministry of Agriculture is trying to dismantle the Estonian Grain Board, characterized as a board of old guard nationalists who

are unsupportive of privatization, particularly for grain farmer cooperatives. The law on privatization has a special section allowing farmer organizations to privatize state agri-industries at discount rates but the Estonian grain board promoted the open auction used for all industries w/o discounts to farmer groups. The new MOA is now supporting the formation of cooperatives and promoting the privatization of state industries by cooperatives. Forming cooperatives will be a slow difficult process, but it appears ag industry privatization by farmer cooperatives is supported the MOA and we hope to see more privatization in the near future. Maive and I hope to be meeting with the new grain division director, Mr. Pajula, in the MOA soon (volunteer Uthlaut meet with Pajula before and will meet with him after his assignment).

LOL is doing technical assistance as well as dairy seminars and sending farmers and managers for US training. I believe VOCA has much potential in these areas and with the importance of dairy and our well established contacts I envision much future work here without duplication from LOL assistance.

Estonian Ministry of Agriculture refused \$25 million grain subsidized loan from the US, ostensibly to protect local producers from close substitute imports; Estonia is still due to receive 55,000 tons of grain by the end of April under the terms of the 1992 agreement.

Some ag stats from a recent article: Estonian agriculture accounts for 14 percent of that country's GDP and between 10 and 20 percent of exports. Main trade with CIS countries is via barter system. Main trade with west is the sale of livestock to Poland and milk powder, via western companies, to Arabic countries. 8,611 private farms registered by January, 1993, averaging 26.5 hectares. Twenty percent of population live in rural areas which have an unemployment rate of 25-30 percent.

Maive is working on possible projects in bee keeping, berry production and marketing, nutria, farm building construction and farmstead planning, farm tourism, agricultural credit, and farm management computer programming.

III. COUNTRY NEWS

The race is on to secure \$87 million of Nordic Investment Bank (NIB) and European Bank for Reconstruction and Development (EBRD) funds for all three Baltic Republics. The Estonian Investment Bank, 2/3 owned by Estonian government and 1/3 by the EBRD received funds before any of its Baltic neighbors but has only \$5.2 million in capital, less than 1/3 that of Latvia's Investment Bank.

IV. MEDIA COVERAGE

Newspaper interview with volunteer Ezell Goodwin regarding the restructuring and reforming of the Estonian cheese industry.

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V. COLLABORATIVE RELATIONS

Maive met with Peace Corps volunteers at Johvi, Rakvere, and Tartu discussing cooperation and she wrote a proposal for training course for young agricultural leaders to Danish Culture Center.

Requested Peace Corps volunteer to assist Sipa cooperative in establishing improved book-keeping system.

Sent copy of "Sample Transformation Plan" for collective farms from VOCA/Czechoslovakia volunteers to Ivar Raig and Liia Hanni of Parliament. We are warming up contacts with parliament members to discuss possible assistance on macro issues.

VI. INTERNAL OFFICE UPDATE

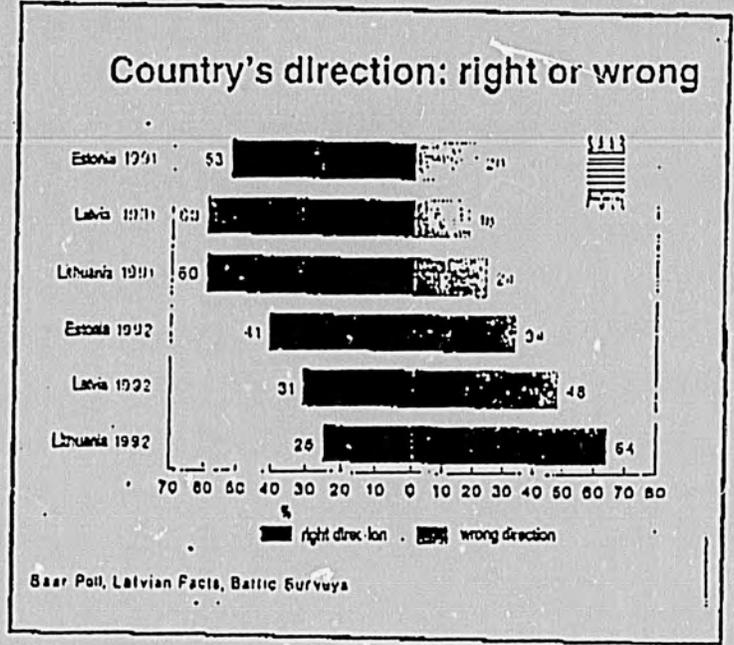
Implemented new cash ledger system that works much better.

Merle continues her driving lessons in order to make the streets of Tallinn safe for all people. Maive's english is now better than the Baltic reps as her english classes have improved her speaking and writing skill to the point where she talks like an English college professor. Maive applied to the Estonian University of Agriculture for correspondence post graduate work in agricultural economics.

VII. REQUESTED SUPPORT FROM WASHINGTON

None for now, thanks. Keep up the good work!

...reading article, p 2



Decrease in citizens support for the direction their country is taking.

Poll shows worst support in Lithuania, largest support in Estonia.

VOCA MONTHLY REPORT--ESTONIA/APRIL

I. VOLUNTEER PROJECTS COMPLETED AND IMPACT

EB: Name of assignment; City; Host; Volunteer

Results:

Category:

Spouse Activity:

Follow-Up:

II. PROGRAM ISSUES

- While speaking with Toomas Pajula, the new head of the grain division at the Ministry of Agriculture (VOCA will be sending a volunteer to advise on privatization issues), Eric Brainich suggested that by placing a surcharge of 1 cent US per ton on the 45 million tons of grain that passes through the Tallinn terminal elevator (mainly to Russia) would raise almost 1/2 million per year and could be used as capitalization fund for privatization of grain elevators and feed and flour mills by Estonian nationals. Mr. Pajula liked the idea and will bring it to the attention of the minister. Privatization money for the grain sector in Estonia as donated by EC (approx \$3 million) and US (approx \$0.7 million) aid is targeted as capitalization funds for those private individuals or companies who purchase the assets under an open auction. The problem, as seen by Mr. Pajula, is that EC firms have an advantage over cash poor Estonians and could purchase the best elevators and mills and receive the EC money.

III. COUNTRY NEWS

- The Finnish government is granting \$13.3 million worth of technical and economic aid to Estonia. The money is to be spent on agriculture and food processing industries, environmental protection, energy, and transport.

- Industrial output for the first two months of 1993 was 58 percent of that for the same two months in 1992.

- Estonian government will make available a \$3.8 million line of credit at 15 percent interest for short term loans to farmers. That is less than \$300 per farmer.

IV. MEDIA COVERAGE

V. COLLABORATIVE RELATIONS

VI. INTERNAL OFFICE UPDATE ..

VII. REQUESTED SUPPORT FROM WASHINGTON

VOCA LITHUANIA

I. VOLUNTEER ASSIGNMENTS COMPLETED

- A. EB6007/EB6008: Anyksčiai Cooperative and Marketing Development; Anyksčiai Agricultural Department; Anyksčiai District; Volunteers Robert Eldridge and Leigh Rekow. Working with the local government in the Anyksčiai area, volunteers Rekow and Eldridge visited private farm groups in five village areas, the agrobank, six food processing industries, and the local agricultural school giving seminars on farmer cooperatives and advising on marketing and processing possibilities for local farmers and food industries.

Results: Planted seed for cooperative and marketing development among private farmers, any results may be months away yet. Recommendations: Encouraged the establishment of a "model" farmer cooperative, establish market information centers, gave recommendations for cooperative legislation, advised local food industries on foreign trade, joint ventures, and marketing.

Project Category: Cooperative development

Spouse Activity: n/a

Follow-Up: Will stay in contact with local government and assess needs of local industry and support any farmer organization development.

II. PROGRAM ISSUES

III. COLLABORATIVE RELATIONSHIPS

- o Smith Engineering, a PRARE consulting group is making a sectoral analysis of Lithuanian agriculture, VOCA staff is giving information on private farmers and food industry and how they are proceeding with transformation process.

IV. MEDIA COVERAGE

- o January 6: "Ukininko Patarėjai" (Republic newspaper) article on Volunteer Roper's report on cranberry production.
- o January 27: In western region newspaper--article on volunteers Mr. and Ms. Ketz appears as article on US farmers in Lithuania and describes VOCA.
- o January 29: Article on volunteers Rekow and Eldridge and the

- work they did in Anyksčiai.
- o January 29: article in nation-wide magazine "Our Garden" on volunteer Roper and cranberry production and VOCA.

V. OFFICE OPERATIONS

VI. COUNTRY NEWS

- o Parliament, recently elected, has established their various committees, among them, agriculture. The process of privatization has been suspended until the new government and the newly established committees have had a chance to formulate policies regarding such activities. Mr. Braseuskas, the former Lithuanian Communist Party Leader, won a 60 percent of the popular vote for Lithuanian President.

LITHUANIA

I. VOLUNTEER PROJECTS COMPLETED AND IMPACT

EBG009: Telsiai Dairy Cooperative and Production Development; Telsiai district; Telsiai Agricultural Board; Volunteers Doran and Sharon Ketz: Volunteers worked with the agricultural department in Telsiai and met with dairy farmers and management of the dairy plant on development of dairy marketing associations and possible privatization of the local dairy plant. Also advised farmers on improving dairy herd management techniques.

Results: Volunteers visited 28 private farms and 2 former collective farms dairy units and the Telsiai dairy plant. They discussed cooperative systems, formation of milk marketing associations, farm management, and showed videos of their farm operation and their local dairy cooperative. Also, volunteers spoke to Deputy Minister of Agriculture and the Lithuanian Women's Farmers Union. Telsiai Agricultural Board has requested a VOCA swine management specialist to assist emerging private farmers.

Category: Agricultural Cooperative Organization

Spouse Activity: Sharon worked with Doran Ketz in all meetings and is important part of their farm operation and knowledgeable on cooperative principles and practices.

Follow-Up: Follow-up on development of marketing associations and/or privatization of dairy plant if farmers get involved.

II. PROGRAM ISSUES

VOCA's program in Lithuania is becoming more known--much initial interest is in general development projects which we envision to give us greater exposure to more concrete projects in the future as the cooperative interest takes hold.

MOA has passed a resolution that each farmer should attend special courses and receive a farm operator certification. Possible VOCA assistance in developing courses and training teachers is being investigated with MOA officials.

Agricultural Advisory Service will be centered in Dotnuva. VOCA and AAS director have agreed on future cooperation to be focused in at the district office level.

III. COUNTRY NEWS

Algirdas Brazauskas, Chairman of the Labor Party and former Communist Party Leader in Lithuania, was elected president.

President Brazauskas nominated A. Slezevicius as Prime Minister. Mr. Slezevicius worked on the Lithuanian-Norwegian joint venture of exporting dairy products and importing dairy equipment. Prior to that he was Deputy Minister of Agriculture for the food industry sector. Mr. Slezevicius also spent four months at Iowa State University.

The budget of LIT 116 billion (approx \$300 million) was approved-- LIT 43 billion is marked for agriculture. Deficit will undoubtedly be high. Inflation is estimated at over 200 percent.

IV. MEDIA COVERAGE

Television program ran a spot on VOCA with interview of Volunteers Mr. and Mr. Ketz in the field and Onute in our Vilnius office.

"Lietuvos Rytas" (Lith most widely circulated newspaper) ran an interview with volunteers Mr. and Ms. Ketz.

New private paper, "Amzius", printed an interview with Onute about VOCA and general ag situation.

"Panevicius Rytas", a regional paper, ran an article on volunteers Rekow and Eldridge, describing their assignment in Lithuania and US agriculture and the cooperative system as described by the VOCA volunteers.

A Telsiai district newspaper described volunteers Ketz's assignment in that district.

V. COLLABORATIVE RELATIONS

IESC and Onute met to discuss programs and cooperation. IESC currently has no agricultural projects but would provide info on any ag request if they come up.

LOL is looking for country director and asked VOCA for director possible applicants.

Agricultural Attache, Mr. Humphry, discussed grain aid program and general agricultural situation in Lithuania with Onute.

Danish agricultural councillor, Victor Hjort, and Onute discusses Danish projects which will concentrate on technical assistance such as Ag Advisory Service training courses concentrated at national center in Dotnuva.

VI. INTERNAL OFFICE UPDATE

VII. REQUESTED SUPPORT FROM WASHINGTON

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LITHUANIA

I. VOLUNTEER PROJECTS COMPLETED AND IMPACT

EB6021: Birzai Flour Mill Feasibility; Birzai district; Ed and Dona Powell of Portland, MI. Mr. Powell worked with a farmer agriservice enterprise in assessing the feasibility of building a new flour mill in the Birzai district.

Results: Mr. Powell advised on the issues surrounding flour milling: access to hard wheat sources as well as locally produced soft wheat supplies, transportation, competition, storage facilities, and markets. He discussed financial considerations of buying western equipment (Turkish and German) vs. Russian made equipment. Mr. Powell also discussed farmer cooperative principles with the management and board of directors of this group of 60 farmers and discussed areas to expand agroservices.

Category: Grain Handling and Processing.

Spouse Activity: Dona supported Ed in logistical matters.

Follow-Up: If the cooperative follows up on some information gathering and is still interested in a full blown feasibility study, then we will send a volunteer for a longer term assignment.

II. PROGRAM ISSUES

Charles Cox, Eric Brainich, and Onute Babraviciene met with the authors of the law on cooperatives and the agricultural committee of the Lithuanian Parliament. We took comments from Richard Magnison, a cooperative lawyer in Minnesota, and discussed many issues concerning the law. We spent a total of over six hours in discussions and our comments were warmly received although actual implementation of recommendations may become a political issue. At heart of the discussion is the liquidation of so called "consumer cooperatives" and also the desire of political factions who want to promote "cooperatives" of former collective farm employees who would join their assets and land into a cooperative farm a la the old collective system.

Charles, Eric, and Onute also met with the new Minister of Agriculture, Rimantas Karazija. He very interested in VOCA, and supportive of our assistance. Minister Karazija also expressed interest in the upcoming banking project, developing farmer cooperatives, and assisting in developing private farmer training courses which may be required for certification of operating private farms.

The dynamic trio also met with the Lithuanian Womens' Farmer Union and got a lot of interest from several districts for possible future projects and further interest in developing cooperative relations with similar US groups such as WIFE.

The Lithuanian Government and the Seim have decided to provide farmers and former collective farms LTT 18 billion (about \$36 million) of soft credit loans. These loans will be distributed through the State Agricultural Bank system, interest will be 8 percent.

III. COUNTRY NEWS

The race is on to secure \$87 million of Nordic Investment Bank (NIB) and European Bank for Reconstruction and Development (EBRD) funds for all three Baltic Republics. Lithuania lags behind its Baltic neighbors in securing loans as the Lithuanian Investment Bank is fully state owned and therefore cannot participate in the NIB and EBRD loans.

MOA estimates that, compared to 1989 figures, the cow and pig herd numbers have decreased 30 and 50 percent, respectively.

Lithuanian government banned the export of meat. Govt claims that fewer cattle numbers will result in domestic meat shortages and if the govt provides subsidies to ag then exports would be unwise. Purchase price of meat is to be raised to deter illegal export of meat. MOA did issue license for export of 10,000 head but only 3,000 head have been exported.

Lithuania is considering six sites for establishment of free trades zones within that country.

Lithuanian budget approved, spending = \$267 million, down from \$336 million. Revenues projected at \$256 million, down from \$316 million. Opposition leaders call the \$11 million deficit inflationary. Large spending increases are given to agriculture where spending will rise nearly 4 fold to \$40.17 million.

Lithuania's new Prime Minister, Adolfas Slezavicius, took office on March 10 and suspended his membership with the Lithuanian Democratic Labor Party (the party in power which is headed by the former Lithuanian Communist Party leader). Mr. Slezavicius stated that the most urgent issues for Lithuania are the revival of agricultural and industrial production, better coordination of the privatization process, and attracting foreign investment. He describes himself as committed to free market economic reform. Mr. Slezavicius is former deputy minister of agriculture.

IV. MEDIA COVERAGE

Local radio program advertised VOCA's (Charles Cox, Eric Brainich, and Onute Babraviciene) visit to Ministry of Economics to discuss cooperative law.

"Lietuvos Aidas" published an article titled "American Specialists Consult Lithuanian Farmers", about VOCA specialists Renkow and Eldridge in Anyksciai. Also, the article gives information on VOCA and its program in Lithuania.

"Lietuvos Rytas", a national newspaper, published an article entitled "Agricultural Specialists from Wisconsin say that Lithuanian Farmers are more capitalistic than Americans". This was about volunteers Mr. and Ms. Ketz, and gave their impressions on Lithuanian farmers and their farm in Wisconsin.

"Valstieciu Laikrastis" published an article on volunteer Rekow and Eldridge observations during their assignment.

"Ukininko Paterejas", a national farmer newspaper published an article on the Ketz' visit--speaking on milk quality and the lack of money and government guarantees.

V. COLLABORATIVE RELATIONS

VOCA has sent comments from several cooperative law specialists in the US to Ministry of Economics which is working on a cooperative law for Lithuania.

Onute and Eric, at separate meetings, met with Danish Federation of Cooperatives representative Henning Jensen and Danish agricultural councillor Victor Hjort. The Danes are offering a farmer training program in Denmark and may set up cooperative education seminars in Denmark for Baltic farmers.

Mr. Meyers of Iowa State University is interested in developing marketing structures (grading, inspection, market information, etc.) in the Baltics. I spoke with Mr. Meyers on being involved with a mid-western group that will tour the Baltics later this year and discussed ways in which VOCA can get involved as well. They are looking for OICD funds for sending over several marketing specialist to each country.

VI. INTERNAL OFFICE UPDATE

VII. REQUESTED SUPPORT FROM WASHINGTON

VOCA MONTHLY REPORT--LITHUANIA/APRIL

I. VOLUNTEER PROJECTS COMPLETED AND IMPACT

EB6011: Lithuanian Land Bank and Farm Credit System Promotion; Hosts--Lithuanian Land Bank/Farmers Union/Ministry of Agriculture; Volunteer Earl Bullington. VOCA volunteer Mr. Bullington advised the Land Bank officers on banking operations and capital formulation. He met with the chairman of the agriculture committee in Parliament concerning the development of a farm credit system. Mr. Bullington also gave lectures on banking and agricultural credit to Farmers Union, two Agricultural colleges, and the Agricultural Advisory Center.

Results: Recommendations to Land Bank on improved operations and raising capital. Most importantly, the chairman of the Ag Committee of the Seim became very interested in the US farm credit system and is interested in further information. Mr. Bullington distributed a lot of banking information material and wrote an article on the need for and development potential of a farm credit system in Lithuania. This will appear in Lithuania's largest daily newspaper.

Category: Agricultural Credit Institution Development

Spouse Activity: n/a

Follow-Up: Send report and banking material to Mr. Pronskus of Ag Committee in the Seim. After sending material meet with Mr. Pronskus to discuss further development of ag banking projects (to be coordinated with AID banking activities in Lithuania).

EB6010: Vegetable Marketing; Vilnius Area Vegetable Growers Association; Volunteers Gordon and Lara Powell. VOCA volunteer Gordon Powell worked with vegetable producers in the Vilnius area on developing a marketing association and developing vegetable markets and grading of vegetables. Mr. Powell also gave lectures to agricultural advisors at the Ag Advisory Center in Dotnuva, and met with vegetable farmers in the the Kretinga, Panevezys, and Siauliai districts advising on marketing associations, market development, production, and post harvest handling of vegetables.

Results: One of the hardest things in Lithuania is to get farmers to join together in marketing and/or processing cooperatives. The Vilnius vegetable marketing cooperative is stuck in first gear. Mr. Powell gave excellent recommendation on developing marketing associations and improving quality of vegetables and developing markets.

Category: Agricultural Marketing (also Ag Cooperative Organization).

Spouse Activity: Mrs. Powell provided support to her husband during the trip.

Follow-Up: Keep in contact with farm groups and monitor development of any commercial activities as producer organizations offering assistance to those who are moving forward.

EB6013: Marijampole Farmers Marketing Cooperative Development; Marijampole Farmers Union; Volunteer Harold Uthlaut. VOCA volunteer Mr. Uthlaut worked with the newly established farmers marketing association that is marketing farm products through their own retail stores and are trying to develop markets outside their district. Mr. Uthlaut advised on organizational structure of the marketing cooperative, and advised on producer contracts. Mr. Uthlaut also met with local farmers in promoting of farmer cooperatives and educating on cooperative principles and practices.

Results: Improved organizational structure of cooperative and cooperative education among members and non-member farmers in the Marijampole district. Interest is high from cooperative members to further develop a marketing association beyond marketing through local retail stores.

Category: Cooperative Management, Farm Supply, and Marketing.

Spouse Activity: n/a

Follow-Up: Keep in contact with Marijampole Farmers Marketing Association and provide further assistance if they get involved in marketing on a larger scale.

EB6021: Birzai Flour Mill Feasibility; Birazai Farmers Stock company; Volunteers Ed and Dona Powell. The Powells worked with a group of 60 farmers who have an agro-service enterprise in assessing the feasibility of establishing a flour mill in Birzai. Mr. Powell business plan included sourcing of grains, assessing competition, transportation, analyzing different milling equipment, and development of markets.

Results: The biggest obstacles to establishing a flour enterprise is subsidized hard wheat to state run mills and lack of credit. Mr. Powell raised some very good economic considerations in starting a milling operation which were not given attention by the farmers stock company.

Category: Food Processing and Marketing.

Spouse Activity: Mrs. Powell assisted in typing the report and taking notes at meetings. ..

Follow-Up: It appears that government subsidies to state run mills and lack of credit are the biggest deterrent to private initiative in this case. Keep in contact with this progressive group as the grain market privatizes.

EB6018: Farm Building Design and Engineering Improvement; Lithuanian Building Engineers Association; Volunteer Martin S. Harris. Mr. Harris participated in the Farm and Home Building Construction exhibition in Vilnius. He worked with the head of the Building Engineers Association giving lectures on low cost farm building construction to private farmers, Lithuanian agricultural advisors, and the Vilnius Technical University and Higher Construction School. The VOCA volunteer promoted open animal housing structures and advised on low cost insulation material.

Results: Mr. Harris brought many new ideas to farmers, building construction engineers, students, and extension agents. He promoted open housing structures for livestock, improving air circulation, and use of improved low cost material. He also advised on farmstead planning.

Category: Other--Farm building construction

Spouse Activity: n/a

Follow-Up: Several farmers may design and construct open air animal housing buildings. Follow up with these groups and developing a farm building construction project with agricultural colleges will be looked into.

II. PROGRAM ISSUES

- VOCA will devote more time this summer to developing agribusiness contacts in the hopes of identifying more private enterprises or privatizing businesses to work with.

III. COUNTRY NEWS

- Industrial output in the first two months of 1993 was 43 percent of output in the same two months in 1992. In ag and other sectors affecting agriculture the year to year change was: electricity -31.2%; oil processing -21.4%; paper -67.3%; cement -80.9%; sugar -96.5%; canned fruit and vegetables -66.0%; meat -8.1%; butter -0.6%; dairy products -78.9%; canned fish -60.8%; flour -18.3%; cereals -34.9%.

Another rumor regarding the Litas, Lithuanias permanent currency. Maybe circulated this summer.

IV. MEDIA COVERAGE

- National radio coverage of VOCA volunteer Martin Harris regarding his planned seminar schedule and the topic of his lectures (farm building construction)

V. COLLABORATIVE RELATIONS

- Onute met with UN representative discussing UN projects and discussed Lithuanian agricultural situation and possible cooperation with VOCA and coordinating activities.

- Another EC economist is doing an agricultural sector analysis and talked with Onute to find out what the agricultural situation in Lithuania is like.

- Onute met with the Danish Cooperative Federation representative whose organization is looking where to expand their activities.

- In a follow visit after Charles Cox and Eric Brainich, Onute met with Ministry of Economics economists who are writing the law on cooperatives in a discussion of articles in the law.

VI. INTERNAL OFFICE UPDATE

- Country Director Onute Babraviciene is scheduled to head to VOCA Washington headquarters and have a US farm and agri-business tour with former volunteers in June.

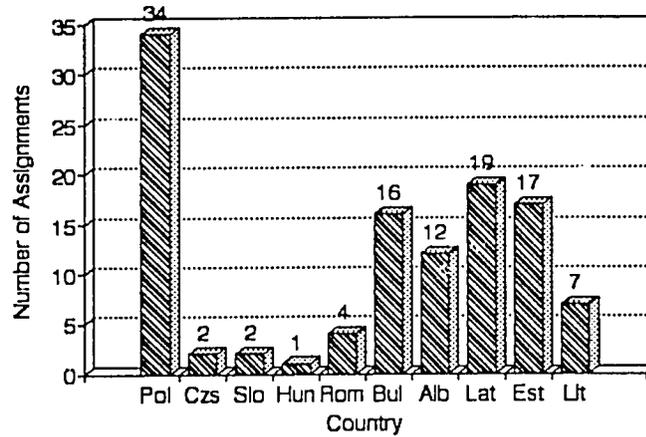
VII. REQUESTED SUPPORT FROM WASHINGTON

- Nothing new, thanks.

CEE VOLUNTEER ASSIGNMENTS
FOR REPORTING PERIOD AND PROGRAM TO DATE

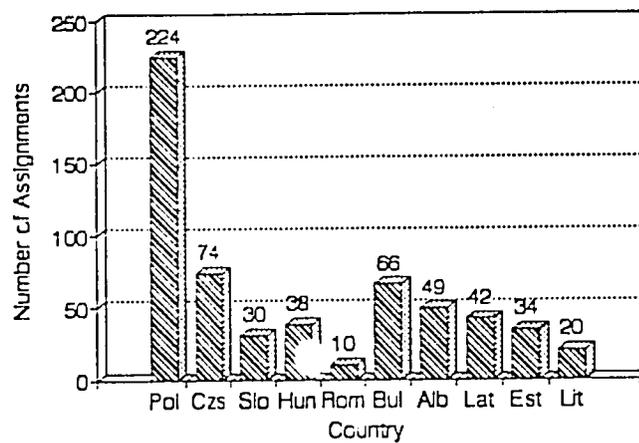
ASSIGNMENTS COMPLETED

11\01\92 - 04\30\93



ASSIGNMENTS COMPLETED

Program to Date (04\30\93)



ATTACHMENT III

Volunteers In Overseas Cooperative Assistance

Project Status Log

End Date: 11/01/92 - 04/30/93

Country: POLAND

Project Name	End Date	Volunteer Name
EF3029 POL Warsaw Cooperati	11/21/92	Savage, Job
EF3033 POL Prosper Poultry	11/09/92	Luckman, Stanley
EF3047 POL Marszew Coop F	11/15/92	Reynolds, Steven M.
EF3048 POL Marszew Coop M	11/04/92	Desmond, Vincent
EF3050 POL Nowy Sacz Dairy	11/29/92	Szymanski, Damon
EF3051 POL Nowy Sacz Coop	11/24/92	Shumway, Richard L.
EF3053 POL Nowy Sacz Agri-T	12/02/92	Hodgins, Rita
EF3054 POL Nowy Sacz Agri-T	12/03/92	Alexander, Philip
EF3057 POL Skiern/Bialy. Ra	01/31/93	Childers, Jr., Asa Bill
EF3061 POL Ostrolenka Coop	11/29/92	Savage, Job
EF3062 POL Ostrolenka Farme	01/27/93	Trevathan, William
EF3065 POL Srebrna Dabrowka	11/24/92	Shumway, Richard L.
EF3066 POL Rejowiec ODR	12/21/92	Strashun, Sumner
EF3067 POL Strykow Strawber	12/16/92	Gassett, Barrie A.
EF3068 POL Brzezna Fruit In	03/30/93	Kleiner, William C.
EF3069 POL Rzesow TAO D	12/21/92	Knapp, Milton E.
EF3070 POL Bielsko Biala Go	12/12/92	Campbell, Linda
EF3071 POL Przeworsk Feed	12/02/92	McDougall, James R.
EF3072 POL Olsztyn Coop Dev	12/07/92	Dvorak, Norval
EF3073 POL Olsztyn Potato P	03/13/93	Kueneman, Ray
EF3074 POL Olsztyn Potato C	03/06/93	McGee, Robert
EF3075 POL Rabbit Coop/Bus.	01/18/93	Thomas, N.W. Tex
EF3076 POL West Extension	04/01/93	Besse, Steve
EF3077 POL West ODR Agri	04/27/93	Potts, Thomas
EF3078 POL West ODR Coop	04/16/93	Pepper, Gerald
EF3079 POL West ODR Agri	04/04/93	Wells, Robert
EF3080 POL Piatnica Milk Qu	01/22/93	Szymanski, Damon
EF3081 POL Siedlce Farm Rec	01/22/93	Szymanski, Damon
EF3082 POL Poznan Commod	02/19/93	Henderson, Patricia
EF3084 POL Skierniewice Co	04/18/93	Zielinski, Stephen
EF3085 POL Strzalkowo Feed	03/01/93	Albrecht, Robert J.
EF3090 POL Ostrow Milk Qual	04/30/93	Romenesko, Clyde J.
EF3092 POL TAO Milk Quality	04/21/93	Szymanski, Damon
EF3094 POL Sierpo Poultry P	04/29/93	McBride, Henry T.

Volunteers In Overseas Cooperative Assistance

Project Status Log

End Date: 11/01/92 - 04/30/93

Country: CZECK REPUBLIC

Project Name	End Date	Volunteer Name
EF1079 CZR Horepnik Priva	12/15/92	Futhey, George R.
EF1087 CZR Breclav Coop M	03/19/93	Baer, Kenneth P.

Project Status Log

End Date: 11/01/92 - 04/30/93

Country: SLOVAKIA

Project Name	End Date	Volunteer Name
EF5002 SLA Slovakia Cheese	03/21/93	Goodwin, Ezell
EF5005 SLA Rimavska Sobota	04/21/93	Weber, Howard F.

Volunteers In Overseas Cooperative Assistance

Project Status Log

End Date: 11/01/92 - 04/30/93

Country: HUNGARY

Project Name

End Date

Volunteer Name

EF2028 HUN Kecskemet Whl 12/08/92 Moriarty, Thomas B.

Volunteers In Overseas Cooperative Assistance

Project Status Log

End Date: 11/01/92 - 04/30/93

Country: ROMANIA

Project Name	End Date	Volunteer Name
ES9004 ROM Agrobank\RBD B	02/15/93	Besore, James W.
ES9005 ROM Agrobank\RBD B	02/22/93	Fischer, Robert
ES9008 ROM Ministry of Ag.	04/26/93	Forner, Donald
ES9009 ROM Ministry of Ag.	01/24/93	Matz, Edwin

Volunteers In Overseas Cooperative Assistance

Project Status Log

End Date: 11/01/92 - 04/30/93

Country: BULGARIA

Project Name	End Date	Volunteer Name
ES8022 BUL Turkish Private	11/07/92	Chase, Earle
ES8032 BUL Turkish Private	11/07/92	McNeill, Peter
ES8033 BUL Rassofo Coop M	04/09/93	Roberts, Housel
ES8036 BUL Loznitsa Coopera	12/30/92	Ross, William F.
ES8046 BUL Kiustendil Farm	03/22/93	Stakkeland, Norman
ES8047 BUL Kiustendil Proce	03/22/93	Strashun, Sumner
ES8048 BUL Stara Zagora Far	3/12/93	Verwers, Lawrence Dean
ES8049 BUL Stara Zagora Far	03/12/93	Swenson, Russell
ES8050 BUL Kurdjali Farmer	03/12/93	Schlapfer, Ted
ES8051 BUL Kurdjali Farm Ad	03/12/93	Knott, Donald Gayle
ES8052 BUL Dobrich Grain Fa	03/18/93	Clinger, Leland G.
ES8053 BUL Dobrich Coop M	03/11/93	Oliver, James S.
ES8054 BUL Pleven Grain Far	03/12/93	Legg, Joe E.
ES8055 BUL Pleven Coop Mrkt	03/11/93	Muller, Kenneth
ES8060 BUL Aries-2 Dairy Fa	03/03/93	Kehl, Norman
ES8061 BUL Aries-2 Dairy Pr	04/20/93	Knapp, Milton E.

Volunteers In Overseas Cooperative Assistance

Project Status Log

End Date: 11/01/92 - 04/30/93

Country: ALBANIA

Project Name	End Date	Volunteer Name
ES7021 ALB Market Informati	04/10/93	Wooton, Len B.
ES7029 ALB Ag University Tr	12/13/92	Marra-Leiby, Michele
ES7031 ALB MOA Research Pl	11/12/92	Pitts, Charles
ES7032 ALB Extension Struct	02/21/93	McDowell, George R., Dr.
ES7035 ALB Ag University Tr	12/13/92	Leiby, James D.
ES7036 ALB Korce Private Fa	04/30/93	Birdsall, Larry
ES7037 ALB Joint Venture Pr	03/02/93	Scott, Robert Kent
ES7038 ALB Agricultural Res	03/25/93	Fiester, Donald R.
ES7039 ALB Vocational Ag Sc	02/07/93	Lansdale, Bruce M.
ES7050 ALB PFA Marketing I	04/29/93	Kortsen, Robert Andres
ES7051 ALB PFA Marketing II	04/30/93	Krieg, Martin
ES7053 ALB Korce Private Fa	04/30/93	Reese, Dean

Volunteers In Overseas Cooperative Assistance

Project Status Log

End Date: 11/01/92 - 04/30/93

Country: LATVIA

Project Name	End Date	Volunteer Name	
EB5018	LAT Ogres Forestry C	11/23/92	Christiansen, Larry M.
EB5019	LAT Priekule Dairy C	12/16/92	Smith, Lynn A.
EB5020	LAT Osa Farm Mgmt	01/30/93	Hayes, LeRoy R.
EB5021	LAT Jaungulbene Dair	12/20/92	Broske, William J.
EB5022	LAT Bauska Meat Proc	01/22/93	Donelan, Thomas
EB5023	LAT Talsi Dairy Coop	02/14/93	Pires, Joe
EB5024	LAT Talsi Dairy Coop	03/07/93	Christie, Robert G.
EB5025	LAT Lauciene Swine P	03/17/93	Gingerich, Don
EB5028	LAT Daugavpils Farm/	02/28/93	Malcheski, John
EB5029	LAT Daugavpils Dairy	02/28/93	Lovlien, Carl
EB5031	LAT Ogres Farm Man	03/28/93	Niess, Matthew
EB5032	LAT LAAS Coop Ed.	04/13/93	Guderyon, Newton
EB5033	LAT LAAS Coop Ed.	04/02/93	Renquist, Don
EB5034	LAT LAAS Coop Ed.	04/02/93	Knoblock, Leonard
EB5035	LAT LAAS Coop Ed.	04/02/93	Garsow, Orbert
EB5036	LAT LAAS Coop Ed.	04/02/93	Klink, Leslie
EB5037	LAT LAAS Coop Ed.	04/02/93	Ratchford, Dr. Charles
EB5042	LAT LAAS Farm Man	04/14/93	Plesums, Juris
EB5045	LAT Potato Handling	03/27/93	Kueneman, Ray

Volunteers In Overseas Cooperative Assistance

Project Status Log

End Date: 11/01/92 - 04/30/93

Country: ESTONIA

Project Name	End Date	Volunteer Name	
EB4009	EST Poltsamaa Proces	11/01/92	Brekke, John
EB4011	EST Halliste Coop Ma	11/03/92	Edgemon, Charles
EB4017	EST Tolliste Dairy P	03/21/93	Goodwin, Ezell
EB4018	EST Valjala Hog Prod	11/11/92	Stanislaw, Charles
EB4019	EST Palamuse Dairy P	03/19/93	Watts, Wendell
EB4020	EST Palamuse Dairy M	03/19/93	Mason, Judson P.
EB4021	EST Pollika Forestry	11/09/92	Christiansen, Larry M.
EB4022	EST Lehtse Coop Man/	12/20/92	Gipp, Clifton A.
EB4023	EST Lehtse Farmer/Co	12/14/92	Klink, Leslie
EB4024	EST Elva Coop Develo	12/01/92	Clark, Martin H.
EB4025	EST CBS Chinchilla B	12/02/92	Fullingim, Jerry
EB4026	EST Raake Coop Finan	01/06/93	Perry, Bradley
EB4027	EST Raake Farm Mgm	01/06/93	Kness, Larry
EB4028	EST Ulvi Coop Farm	12/15/92	Swanson, John A.
EB4029	EST Sipa Grain/Suppl	04/14/93	Powell, Edward
EB4030	EST Leidi Dairy Proc	03/21/93	Goodwin, Ezell
EB4032	EST Elva grain eleva	04/19/93	Ryan, Richard F.

VOLUNTEERS IN OVERSEAS COOPERATIVE ASSISTANCE

DIR-0004-0-00-1010-00

(NON-PROFIT USE & THE BALTICS)

GRANT PERIOD: April 1, 1991 to March 31, 1994

(12 million received on 6/3/91, 82 million on 3/4/92

and 4 million on 9/4/92)

	OBIGATED AMOUNT	EXPENSES PREVIOUSLY REPORTED	NOV. '92 THROUGH APRIL '93	REMAINING BALANCE
I	VOLUNTEER COSTS			
	Living Costs	180,000	543,740	40,770
	Transportation	1,120,000	774,105	(7,405)
	Miscellaneous (Ins., taxis, immunizations, passports, airport taxes, photos, etc.)	280,000	88,640	86,749
II	OFFICE COSTS			
	Salaries	420,000	313,737	10,193
	Benefits (40.34%)	203,028	147,595	6,910
	Office Expense	340,000	521,009	(43,417)
	Rent	156,454	50,453	89,563
III	Staff Travel	280,000	181,875	72,831
IV	INDIRECT COSTS	1,450,518	853,016	(19,350)
	TOTAL	5,600,000	3,274,492	178,493
	DEFERRED PROJECT COSTS			3
	GRANT ADVANCEMENTS			561,777
	EMPLOYEE ADVANCEMENTS			0
	TOTAL ADVANCEMENTS			561,777

Also refer to...

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1991

VOLUNTEERS IN OVERSEAS COOPERATIVE ASSISTANCE

EUR 0604-G-00-1056-00

(COMBINATION TIER)

GRANT PERIOD: April 1, 1991 to March 31, 1994

	OBLIGATED AMOUNT (2/4/92)	EXPENSES PREVIOUSLY REPORTED	NOVEMBER '92 THROUGH APRIL '93	REMAINING BALANCE
<hr/>				
I. VOLUNTEER COSTS				
Living Costs	375,000	0	68,193	306,807
Transportation	537,500	0	185,116	352,384
Miscellaneous (incl. taxis, immunizations, passports, airport taxes, photos, etc.)	125,000	0	21,798	103,202
II. OFFICE COSTS				
Salaries	187,500	0	50,809	136,691
Benefits (48.34%)	90,638	0	24,561	66,077
Office Expenses	375,000	0	162,936	212,064
Rent	41,721	0	8,484	33,237
III. STAFF TRAVEL	125,000	0	3,042	121,958
IV. INDIRECT COSTS	642,642	0	254,436	388,206
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SUB-TOTAL	2,500,000	0	757,425	1,742,575
DEFENSE COSTS				0
PROJECT ADVANCES				1,122,120
GRANT ADVANCES				1,122,120
GRANT ADVANCES				36,175
REMAINING CASH BALANCE				1,519,375

UNPROCESSED/OTHER GRANT ADVANCES WILL

BE ADDED TO
02/15/93