American Breeders Service

* Evaluation/Case Study:

Modernizing and Privatizing the Artificial Insemination and Breeding Industry of Poland

(An evaluation and case study of the first year of the
USAID Grant No. EUR-0024-G-00-2021-00)

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* Includes mid-term internal evaluation

ABS

Grant No. EUR-0024-G-00-2021-00 to modernize and privatize the artificial insemination and breeding program in Poland.

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I. EXECUTIVE SUMMARY

The project to "Privatize and Modernize the Polish Artificial Insemination and Breeding Industry in Poland" was designed and is being implemented by the American Breeders Service (ABS) and the Olecko Artificial Insemination (A.I.) and Breeding Station in Poland. The project received funding in March, 1992 by the U.S. Agency for International Development (AID) and is scheduled to be completed as of March, 1994. The goal of the project is to modernize and privatize one of the nine A.I. and Breeding Stations in Poland to serve as a model for privatizing the rest of the industry.

Midway through the project, the project is viewed as a success by the Olecko A.I. and Breeding Station, Polish Officials, U.S. AID, and ABS. The activities which were outlined in the original proposal (for the first year) have been implemented and all parties involved seem to have learned a great deal from the project's first year of implementation which they are now ready to apply to the remainder of the project's activities.

While the first year of the project has been successful, there are several activities that need to be carried out in this second year which are crucial to the project's overall success. These activities include:

* Completion of the privatization and business plans;

* Placing a strong leader with good business skills at the Olecko Station;

* Taking a more pro-active role in policy reform;

* Completing the modernization of the Olecko Station;

    Requires establishing or completing the establishment of:

    * A national marketing force,
    * An operational computer system,
    * A modern semen collection, handling, processing, packaging, and distribution system,

* Training the personnel of the other Polish A.I. and Breeding Stations as well as interested individuals;

In order to accomplish these tasks, the project will require additional time and additional funding. The original time and funding needs were perhaps underestimated. The reason for this has been twofold. Some activities are taking longer than anticipated. Other activities have been so successful that additional activities can now be carried out. An example of this

second situation is: the trainings at the Olecko Station have worked extremely well, now other A.I. and Breeding Stations and private individuals are interested in receiving training and the government has asked ABS to extend the training program beyond Olecko.

With additional funding, it is likely that the Olecko A.I. and Breeding Station will become a private business within a relatively short period of time. This example could lead the way to the entire industry being privatized and subsidies ending. This project has been the driving force beyond these developments and is expected to continue to lead the industry in its efforts to change. Ultimately however, the Government of Poland has to make the decision about privatizing the industry.

II. LIST OF PROJECT PERSONNEL OR ASSOCIATES

The following individuals have played a primary role in the ABS project "to modernize and privatize the artificial insemination and breeding program in Poland." A complete listing of their addresses are provided in Appendix B.

Wieslaw Chmielewski, Vice Director for Production and Administration
Olecko Station (Olecko, Poland)

Artur Cholewicki, In-Country Manager
ABS International, Olecko Station (Warsaw, Poland)

Jim Dawson, Director, Market Development
ABS (DeForest, WI)

Helina Jarmolowicz, Chief Accountant
Olecko Station (Olecko, Poland)

Donna Luecke, Director, Training
ABS (Deforest, WI)

Paul Miller, Financial Consultant
Paul Miller and Associates (Saint Louis, MO)

Bill Murphy, Semen processing specialist, retired
ABS (DeForest, WI)

Tadeus Opilowski, Station Director
Olecko Station (Olecko, Poland)

Frank Procella, Chief of Party
ABS International (Olecko, Poland)

Maria Stoltzman, Secretary, Church Agriculture Committee
President, Water Supply Foundation
Consultant, Office of the Prime Minister (Warsaw, Poland)

Xynta Svoboda, Project Coordinator
ABS (DeForest, WI)

Mr. Bogan Wojtvlewicz, Assistant Director, Department of Animal Production
Ministry of Agriculture (Warsaw, Poland)

Steve Yaun, Vice President, Marketing
ABS (DeForest, WI)

III. PURPOSE OF CASE STUDY

The project to "Privatize and Modernize the Polish Artificial Insemination and Breeding Industry in Poland" represents ABS's first effort to work with the U.S. government and with a foreign government on a development project. The first year of the project has recently been completed. An extensive evaluation of the first year's effort was done by Chemonics Corporation under a contract with the U.S. government Office of Management and Budget. During the course of the year, evaluations were also done by USAID's Washington staff and a telephone survey was done by USAID's Poland staff.

The purpose of this internal evaluation is fourfold. It is to:

1. Document our work;

2. Gain a richer understanding of the strengths and weaknesses of our work;

3. Gain deeper insight into how we can improve our work with U.S. government agencies and foreign governments; and

4. Share the lessons we have learned thus far with a selected audience.

To accomplish these goals, this case study briefly describes the background of the project, how the project came into existence, what its goals are, how it has worked to achieve these goals, and what results have been realized. An internal evaluation is also included which discusses the strengths, weaknesses, major obstacles and benefits, as well as recommendations for the project. To conclude, broad issues relating to the dilemmas of privatization and the difficulties and benefits related to private business and governmental cooperation are explored.

IV. METHODS

The information contained in this document was collected by Tracy Slaybaugh-Mitchell through reviewing project documents and conducting formal and informal interviews. Ms. Slaybaugh-Mitchell is a private contractor working with ABS on the ABS-Poland project. She has a Master of Science degree in Dairy Cattle Breeding and a Master of Arts in International Development, both from Iowa State University. She also worked with the Tunisian Dairy Industry for two years as a U.S. Peace Corps Volunteer.

A. REFERENCE MATERIALS

The project documents were briefly reviewed prior to conducting the interviews. Once the interviews were completed, all of the project reports and correspondence were more thoroughly reviewed. All of the reports that were considered in this case study are referenced in Appendix A.

B. INTERVIEWS

The interviews were conducted in Poland from April 26 through April 30, 1993, and then at the American Breeders Service (ABS) office in DeForest, Wisconsin through May 27, 1993. Most of the individuals who have been associated with the project were interviewed. Appendix B provides a complete listing of these individuals.

The interviews generally covered two separate sections. In the first part, each individual was asked to describe their involvement with the project and their initial expectations. The second part concentrated on evaluative issues such as strengths, weaknesses, and lessons learned. Beyond this basic outline, questions were asked in response to specific items raised by the interviewee. For example, whenever a possible dilemma issue was mentioned, the individual was asked to expound upon it. Individuals with specific knowledge were also questioned accordingly. This flexible line of questioning seemed to encourage more open and honest responses.

C. DILEMMA/ LESSON'S LEARNED BOXES: A Modified Case Study Approach

The reader should pay special attention to the boxes containing the *dilemmas* and *lessons learned.* Using a modified version of the case study approach, the author has attempted to summarize the major contradictions ABS has encountered and the lessons that were learned in dealing with these contradictions.

IV. BACKGROUND

A. AMERICAN BREEDERS SERVICE (ABS)

The American Breeders Service was founded by J. Rockefeller Prentice in 1941 for the purposes of improving livestock productivity and profitability and for reducing worldwide famine and hunger. "Rock" Prentice, the great grandson of John D. Rockefeller, felt that the technology of artificial insemination and freezing semen was so innovative that it could play a substantial role in "feeding the world". ABS is a private, for-profit business which historically has operated independently of the U.S. government. In the early 1990's, ABS began to re-assess its success in achieving "Rock" Prentice's goal of using the technology of artificial insemination to "feed the world" particularly in developing countries and in East and Central Europe and in Central Asia. Based on this assessment, ABS decided to take a more pro-active approach to accomplish their global goals. Recognizing the U.S. government's desire to involve private companies in their development efforts, ABS moved to a more cooperative relationship with the U.S. government.

When the Polish government contacted ABS regarding privatizing the Polish artificial insemination (A.I.) industry, ABS was interested for many reasons. It would not only be an opportunity for ABS to gain valuable business experience and an understanding of the Polish industry, but it would also give ABS the opportunity to try to help farmers in East and Central Europe. ABS and the Polish government felt that the Polish A.I. industry could benefit from ABS's 52 years of experience. If Poland's artificial insemination industry could successfully privatize, ABS would also be helping to develop an even playing field for other U.S. breeding companies.

Some skeptics have been concerned about involving for-profit businesses in the development of emerging economies. ABS believes that for-profit businesses have much to offer developing countries and former socialist countries. Privatization is certainly a difficult process, but who can better teach newly privatizing businesses how they might function in a market economy than other successful private businesses? In ABS's own situation, their development efforts in Poland have allowed them to both improve internally as well as make progress towards fulfilling the "Rock" Prentice vision of helping farmers better feed the world.

ABS is specifically in the business of supplying farmers with high quality bovine genetics, training, technical support, and auxiliary products that can help them develop more profitable operations. This is done globally through a network of independent sales representatives, distributors, joint ventures and home office staff.

B. POLAND

With a population of 38 million people, Poland has one of the larger populations among the European countries. Poland also has a large dairy cattle population of approximately 4 million cows. Poland produces a large amount of dairy products, but this is a reflection on the cow numbers instead of the productivity per cow. Production per cow is among the lowest throughout Europe.

In July 1990, a task force composed of representatives of the Government of Poland, the European Economic Community and the World Bank examined the Polish dairy industry. Their report, An Agricultural Strategy for Poland concluded:

> The Polish dairy sector is of major economic and social importance. With an annual production of 15 billion liters, dairy represents 19% of agricultural GDP. It is a major source of income for 2 million farmers - two thirds of the farming community. Besides direct on-farm employment, the dairy industry, with 712 plants spread throughout the countryside, provides over 110,000 jobs and is a major source of rural employment. Finally, milk and milk products are an important part of the diet of the Polish population. With 270 liters per year, per capita consumption is among the highest in Europe, and over 10% of the average household income is spent on milk and dairy products, giving the dairy sector an important sociopolitical dimension.
>
> Trends over the last two decades show a gradually declining cow population (25% since 1970) compensated for by a proportional increase in production per cow which now stands at about 3,250 liters per cow per year. Over the last 20 years, the amount of milk processed has almost doubled, from 37% of total production in 1970 to 73% in 1988, with a much greater supply from private farms.

Non-state owned farms in Poland predominate. They are small (5.2 ha) with an average

herd size of 2.4 cows per farm. (1.1 million farmers have one to three cows; 300,000 farmers have 4 to 10 cows; and 7,500 farmers have more than 11 cows.) In 1990, these cows produced just over 3,000 liters of milk per year. This is only about half of what cows in other European countries are producing.

Artificial insemination via state controlled A.I. centers is the major form of breeding in Poland and is practiced throughout the country (65% of the cattle population is bred by A.I.). There are approximately 8,500 inseminators who carry out an average of 718 inseminations per year. (In the U.S., for twice as many cows, there are approximately 2,500 inseminators who carry out an average of 3,000 inseminations per year.)

At present, the Polish dairy industry is experiencing difficulty. There are too many low-producing cows being raised on too many small farms. (Until 1992, there were 51 A.I. stations in Poland, which has a cattle population of 10.5 million cattle, of which around 4 million are dairy cattle, as opposed to 9 major bull semen processing centers for the entire United States, which has a cattle population of 100 million, of which over 10 million are dairy cows.)

In 1991, the Government of Poland removed the subsidy on the price of milk. As a result, in 1992, the retail price of milk climbed 56%, causing a decline in the consumption of milk and dairy products. The net result has been a decrease in the income of the average dairy farmer. Consequently, the use of A.I. has decreased and the number of cows is also declining.

At the end of 1990, there were approximately 106 million units of semen in stock, mainly from young bulls. Most of this semen is from the dual purpose Black and White breed. This dual purpose milk and beef breed has more or less served Poland's needs; but as FAO stressed in a recent report, single purpose breeds are more productive and efficient than dual purpose breeds. While continuing to use dual purpose animals, especially for beef production, Poland will need to develop specialized dairy animals such as the Holstein-Friesian if she expects to be competitive with the rest of the industrialized world. Such a cow would be capable of producing more milk and better quality milk, while converting feed at a more efficient rate.

Despite these difficulties, Poland has moved forward in its efforts to transform the A.I. and breeding industry. The number of A.I. and breeding stations has been, and in some ways is continuing to be, reduced from 51 to 10 stations. While still small, there is a market for selling imported semen directly to the Polish farmers. Both the Germans and the Italians have been selling small amounts of higher quality semen to farmers. The government no longer has an exclusive monopoly on selling semen, thus the field is open for private business people.

Poland has some well educated and highly skilled technicians. The cost of labor is also low. Poland is relatively free of disease and has good health conditions. New dairy processing

and marketing units are being formed by Polish farmers in order to directly service the consumer and to gain more control over the marketing process. Finally, Poland's decision to move rapidly to a market economy rather than to pursue a more painful evolutionary path means that its transformation period, while difficult, will be shorter than that of other countries in the former Eastern European bloc.

C. U.S. AID PROGRAM FOR THE RESTRUCTURING AGRICULTURE AND AGRIBUSINESS: PRIVATE SECTOR PROJECT (RAAPS)

To support the reintegration of the Central and Eastern European (CEE) Countries into the community of democratic nations, U.S. policy goals include democratic pluralism, economic reform, respect for internationally recognized human rights, and a willingness to build friendly relations. The U.S. supports democratic institutions and pluralism, economic reform and the transition to a market economy, and improvements in the quality of life.

The RAAPS program concentrates on economic reform for the private agricultural sector. The objectives of this program are to provide technical assistance and training that assist privatization efforts. Unlike many programs of the Agency for International Development (AID), the RAAPS program utilizes a flexible work plan instead of the more traditional, more time consuming strategy.

VI. Project Rationale and Conception

In order to produce dairy products for a high consumption market and to be competitive within Western Europe and with the rest of the world, the Polish dairy industry needs to efficiently produce more high quality milk. This can best be done by increasing the average annual production per cow. To provide the superior genetics needed to realize this increase in production, the artificial insemination industry in Poland must be improved.

Modernization and privatization of the dairy industry will not take place quickly without a lot of hard work and pain. It cannot be done by fiat or executive order. Poland will need outside support and assistance in order to make this change. The United States is the world's leader in the field of bovine genetics, and ABS is the largest bovine genetics and artificial insemination organization in the world. Fifty years of experience as a profitable business organization and as a technological innovator make ABS uniquely suited for working in partnership with the Polish A.I. and breeding industry in their effort to privatize.

Recognizing this, Dr. Maria Stoltzman contacted ABS and USAID. Dr. Stoltzman had previously worked with the Central Animal Breeding Office in Poland but was relieved of her duties based on her differences with the communist party. Since then, she has become the head of The Agricultural Commission for the Catholic Church, Founder and President of the Water Foundation, and a member of Poland's first Parliament. She is a very powerful political figure in Poland and is viewed as an active agent working for change.

Dr. Stoltzman had prior dealings with both ABS and USAID. She was aware of AID's desire to fund privatization projects and ABS's interest in the region. Dr. Stoltzman singled out ABS because she felt that a private firm would be sufficiently motivated to act quickly and professionally. Both qualities she believed to be essential for a successful working relationship in Poland. Dr. Stoltzman personally visited ABS and AID-Washington, meeting with John Sullivan (then ABS, President), Jake Walter (then ABS, Vice President of International Sales), Jim Dawson (ABS, Director of Market Development), Dr. Walton (then Chairman of Grace Animal Services), and David Merrill (AID, Deputy Assistant Administrator). When the responses from AID and ABS were favorable, Dr. Stoltzman essentially turned the project over to ABS for further development. When consulted, Dr. Stoltzman continues to offer suggestions, especially in dealing with political constraints. During her interview, however, she stressed that she felt it was necessary for her to take an "unofficial" role in the project so that it could remain politically neutral.

VII. Proposal Development

The market development department at ABS, directed by Jim Dawson, began to shape the project by collecting information on the current status of the Polish artificial insemination industry. This was done primarily by Jim Dawson and Frank Procella in conjunction with Mr. Wojtvlewicz, the Assistant Director to the Ministry of Agriculture. By visiting Poland's breeding stations, state farms, and private farms, ABS was able to assess the status and needs of Polish livestock production. The proposal can therefore be viewed as a synthesis of ideas from several sources. These ideas also represent 14 additional individuals from the Polish Ministry of Agriculture, the Central Animal Breeding Office, the U.S. Agency for International Development (AID), the U.S. Embassy, other A.I. and breeding stations in Poland, Polish University officials, and private Polish business people. AID was kept informed throughout the proposal process.

Once ABS had completed the first draft of the proposal, Mr. Wojtvlewicz was re-contacted for additional comments. The suggestions that Mr Wojtvlewicz provided outlined a project very different from what he and ABS had formerly discussed, and what ABS had drafted. At that time, it was unknown whether the Commonwealth of Independent States (CIS) would perform well economically. Mr. Wojtvlewicz had lived in and worked with the former USSR, and he believed they would remain strong. Therefore, his suggestions to ABS involved establishing a Polish based business that would export semen and embryos to the CIS. ABS however, did not agree with Mr. Wojtvlewicz's assessment of the CIS economic situation and therefore declined this suggestions.

Dilemma:
How do you work with an entrenched system that has requested your assistance in helping to eliminate itself ? The political system and policy makers have made the decision that subsidies are no longer affordable nor desirable. Additionally, continued support from the outside depends on moving toward a market economy. None-the-less, a large number of the people charged with implementing the change to a market economy see such an activity as being tantamount to committing suicide; they fear their jobs will be lost. The result is that suggestions are made by seemingly well informed, experienced officials of the former communist government with the underlying goal of maintaining the status quo while giving "lip-service" to privatization. As an outsider you want to exhibit political and cultural sensitivity and allow for maximum participation in the project design process. However, you do not want the project to be a continuation of the old system with a "capitalist" facade.

Lesson Learned:
Be honest from the outset. Remember who the primary audience is for the project. In this case, it is the farmer and not the civil servant. Create an environment where debate, discussion, and non-antagonistic struggle are part of the process of developing and continually assessing the project. Learn how to say no in a nice way. Show respect and warmth to the people with whom you are negotiating. However, remember that strength and the ability to articulate and stick to one's principles is also respected by those you are negotiating with. Weakness and confusion is not respected. Question everything and ask for documentation to support the analysis being put forth. Cross reference information by asking the same question to a number of different people and by asking the same question in a number of different ways. Become a voracious reader on the country and on the surrounding countries. If possible, visit and work in Russia so you can have a base of experience from which to draw. Throughout this questioning process, trust your instincts.

In this situation, ABS also used the concrete experience of Poland and all of the difficulties that have occurred there to argue with the government official that political and economic transformation in Russia would be even more difficult; hence, Russia would not be a viable market for genetics in the short or medium term.

A. PROJECT GOALS

The project's general goal was to help the Polish government privatize its breeding industry. The method being used to achieve this is to modernize and privatize one of the nine artificial insemination and breeding stations in Poland as a model for full privatization of the industry. This includes privatizing the inseminator work force. These transformations are to be accomplished by a series of hands-on, intensive training, some of which included the training of trainers.

B. SITE SELECTION

Mr. Wojtvlewicz assisted ABS in selecting an A.I. and breeding station to work with. After visiting six other A.I. breeding stations, the Olecko breeding station was selected as the project site. This station was viewed as the best possible site because the Olecko station director, Mr. Opilowski, seemed to be cooperative and had an extremely progressive attitude towards privatization. In fact, Mr. Opilowski had already begun to make the transition to privatizing the inseminators.

The Olecko area has one of the largest cattle populations although a comparably low

percentage are bred by A.I.. From a development perspective, the Olecko area needed considerable improvements. However, the station itself was well equipped compared to the others. Also at the time, it was felt that the proximity to the Baltic countries and the CIS may also present possible export opportunities.

C. PROJECT OBJECTIVES

With input from the Olecko station director, Mr. Opilowski, as well as Mr. Wojtvlewicz, ABS was able to draft more specific objectives. These included:

1. Training approximately 250 of the 500 inseminators to be independent business people and re-training the Olecko Station management team.
   Areas of training include:

   * financial analysis,
   * business accounting,
   * record keeping systems,
   * marketing,
   * sales,
   * bull handling and management,
   * animal nutrition, and
   * genetic evaluation.

2. Working with the Polish Ministry of Agriculture (MOA) to devise and implement a plan to privatize the Olecko A.I. and breeding station.

These objectives were intended to be carried out over a two year period.

D. BENEFICIARIES

Because the objectives address the entire A.I. industry, many beneficiaries were identified. These included the newly private inseminators, the Polish government, taxpayers, consumers, dairy farmers, breeders, and agribusiness people. A more in depth description of the benefits can be found in the proposal referenced in Appendix A.

E. PRIVATE SECTOR AND THE GOVERNMENT: CHALLENGES

This first proposal, for $ 1.5 million, was rejected by AID for two reasons. AID said that they could not fund commodities such as equipment because of specific legislation. They also said they could not fund a project which included a profit component.

ABS was surprised to learn about these discrepancies. Prior to submitting the proposal to USAID, ABS had actively participated in AID dialogues about how AID and private businesses could work together. They believed they had been well informed of AID guidelines. ABS/W.R. Grace felt these misunderstandings could de-rail the project and requested a meeting with the Administrator of AID. The meeting that was held with the AID Administrator can best be characterized as frank but difficult. Following the meeting, a great deal of discussion was held within ABS and Grace. A second proposal was developed and presented to AID. The second proposal differed from the first in two basic areas. The funding requested was decreased to $ 764,000 and all reference to profit was omitted.

Dilemma:
AID rejects the initial ABS proposal on the grounds that the proposal contained funding for "commodities" (i.e. equipment) and that the proposal contained a profit margin. During the period in which ABS was developing the proposal, it stayed in constant touch with AID but was never informed that "commodities" could not be purchased nor that the company could not make a profit off of its training. ABS felt mislead after having spent a lot of time and money developing the proposal. Some people at ABS felt that there was an ideological bias at AID against working with the "real" private sector as opposed to working with entities that AID called the "private sector" i.e. landgrant universities, private voluntary organizations (PVO's), Washington based consulting firms and large accounting and consulting firms (e.g. Price Waterhouse, etc.). AID's initial rejection of the proposal for what some people at ABS felt were unfair reasons fed the anti-government sentiment feelings of some people in the company. Some people felt that ABS should forget about trying to work with the federal government. It was difficult to try and put aside these subjective and emotional feelings and try to look at the long range interest of the company to work with the government in the field of development. Amongst all the furor, both within the company and between ABS and AID, there was a need for both parties to seriously listen to each other and to re-draft a proposal that would be satisfactory to all the parties involved. This was made doubly difficult by the fact that the Poles were very interested in and needed the equipment that was a part of the initial project proposal.

Lesson Learned:
A great deal of work must be put into building a relationship between private businesses and the government. Negative stereotypes of "avarious" business people and "social welfare orientated" government bureaucrats must be fought and defeated by both sides in order to clear the way for listening and productive dialogue. The word "profit" also has to lose any pejorative meaning attached to it since even non-profit organizations make a "profit". Patience, perseverance, and determination are needed . One must be careful not to dehumanize AID. Large institutions (both government and private companies) have a life into and unto themselves. However, these institutions have people working within them who are very dedicated, competent, innovative, and committed to making a partnership between the private sector and the government work. ABS ultimately met with the Administrator of AID to voice its complaints and criticism, but the issues were finally resolved through a quiet, non-confrontational, cooperative meeting between Jim Snell of AID and Jim Dawson of ABS.

Once the second proposal was accepted, negotiations began with an AID Contract Officer. The Contract Officer assigned to the project personally disagreed with the funding of the project due to ABS's private, for-profit status. This made the contract negotiation stage both long and difficult. After six weeks, however, ABS and AID signed a contract which was acceptable to both parties.

* **For additional information concerning the project budget, please refer to the actual document which is referenced in Appendix A.**

F. IMPLEMENTATION PLAN

On March 26, 1992, the ABS grant proposal, as outlined previously in this section, was accepted for funding by U.S. AID. After funding was approved, ABS, The Polish Ministry of Agriculture, and the Central Animal Breeding Office (CABO), drafted an agreement of cooperation. Although CABO was not involved in the project proposal, they believed they should sign the document. Instead, ABS wanted the Olecko station to sign the document. ABS believed that by allowing the CABO to sign in place of the Olecko station, the project would be promoting central control instead of decentralization. The Deputy Minister of Agriculture also believed that the Olecko station should directly sign the agreement and instructed the CABO of this decision. With hindsight, most project participants view this as a critical decision which has aided in the effectiveness of the overall project.

Dilemma: *Should the implementing agency work through the government office that currently controls the privatizing organization, or work directly with the privatizing organization?*
Lesson Learned: *Work directly with the organization that will be privatizing. The government offices that control these organizations under the communist system will probably not control the organizations once privatized. It is contradictory to think that privatization and decentralization can occur by working with (and therefore maintaining) central control. However, by-passing the current power structure can cause the government office to exert negative pressure on the leadership of the privatizing organization. Also, usually such centralized offices by their very nature contain some of the most conservative bureaucratic people who will "talk privatization" while working to maintain the status quo and to protect their position. Once again remember who your primary audience is, i.e. the farmer, not the civil servant.*

When funding was approved, a detailed implementation plan had not been specified. On May 28, 1992, ABS drafted an implementation plan that outlined which activities should take place during the remainder of the calendar year. The schedule, including time frames and implementors are listed in Table 1.

Table 1

Activity	Time Frame	Implementor
1. Assess the present financial situation of the Olecko Station.	June 1992	Paul Miller
2. Assess the general status of the Olecko Station; redefine and identify additional training needs.	June 1992	Harvey Rowbatham
3. Provide laboratory training.	July 1992	Bill Murphy
4. Translate and print the A.I. management manual in Polish.	July 1992	ABS DeForest
5. Acquire computers for the Olecko Station.	June/July 1992	ABS DeForest
6. Provide general computer training including record keeping.	July-December 1992	Frank Procella

7. Move lab equipment from Olsztyn Station to Olecko Station.	August 1992	Tadeus Opilowski
8. Train the trainers in marketing and selling skills.	October 1992	Harvey Rowbatham
9. Train Olecko staff and others in basic principles of management, accounting and finance applied to private studs.	December 1992	Paul Miller
10. Train A.I. Technicians/Representatives.	December 1992	Harvey Rowbatham
11. Conduct workshop on privatization models applied to Poland.	January 1993	Paul Miller

The expected outcome of these activities is to:

1. Reduce the number of administrative personnel at the substations;
2. Train the most successful inseminators to be private business people who work on a commission basis;
3. Upgrade the laboratory so that it can freeze and process straws of semen versus ampules;
4. Reduce maintenance costs by disposing of unnecessary equipment, buildings, and apartments;
5. Eliminate or privatize the substations within the Olecko region;
6. Computerize and organize Olecko's information systems;
7. Develop a purchasing system independent of the Ministry; and
8. Develop a privatization model for the Olecko station.

In November 1992, a three month action plan was drafted for December/January/ and February. This plan included specific activities, implementation dates, and the individuals responsible for implementation. The planned activities for this three month period are listed in Table 2.

These implementation plans outlined in Tables 1 and 2 address the goals and activities intended for the period from June 1992 to February 1993. Implementation plans for the period from February to April were the same as the plan appearing in Tables 1 and 2. A number of the tasks in the December through February work plan were delayed due to the Christmas holiday, an emergency trip home by Frank Procella, the illness of Director Opilowski's wife, and an increase in the workload of the Olecko station as a result of the end of the year effort to close out the books.

Table 2

Activity	Time Frame	Implementor
1. Review numbers and understand costs.	January 1993	Miller,Opilowski, Jarmolowicz
2. Complete organizational restructuring with financial justification.	January 1993	Miller,Opilowski, Jarmolowicz
3. Identify assets and disposal procedures with a time line.	January 1993	Miller,Opilowski
4. Develop business and privatization plans.	January 1993	Miller,Opilowski, Jarmolowicz
5. Identify legal issues and a good attorney.	February 1993	Miller,Opilowski, Cholewicki
6. Look for additional funding.	December 1992	Cholewicki, Miller
7. Develop job descriptions for Olecko Directors.	December 1992	Dawson,Procella, Opilowski, Cholewicki
8. Develop country wide semen distribution plan.	January 1993	Mielewski, Procella, Cholewicki
9. Group meeting in Olecko (team building).	December 1992	Opilowski, Cholewicki, Procella
10. Identify and utilize outside training sources in Poland.	December 1992	Cholewicki
11. Visit 6 other A.I. Stations.	January 1993	Miller, Cholewicki
12. Complete and mail newsletter.	December 1992	Procella, Opilowski, Cholewicki
13. Develop mail order business for A.I. Manual, tapes, etc....	January 1993	Procella
14. Artur to U.S. for training.	January 1993	Cholewicki
15. Complete survey analysis.	December 1992	Kubiak, Procella
16. Discuss financial reports with CAB officials.	December 1992	Dawson, Cholewicki, Opilowski
17. Purchase, install, and train Olecko staff in accounting software.	January 1993	Procella, Miller
18. Joanna Cholewicki takes Artur's responsibilities while he is in the U.S..	January 1993	Joanna Cholewicki

VII. PROJECT IMPLEMENTATION

A. ABS ORGANIZATION

The Market Development Department of ABS-DeForest is a relatively specialized department consisting of the director, Jim Dawson, and the project coordinator, Xynta Svoboda, neither of whom are livestock specialists. The department also has two assistants who work on a part-time basis. While the individuals in this department were responsive to the special needs involved in development work, this was not the case for ABS as a whole. Several of the ABS departments were now being asked to carry out tasks which they were not accustomed to doing. One of the first new demands was for the ABS Finance Department. For the proposal to AID, an ABS overhead rate had to be calculated. The Finance Department had not previously calculated an overhead rate and was not anxious to learn how to do this. Eventually, after some resistance, the overhead rate was established.

The Purchasing Department at ABS was willing to purchase the items needed for the project, but didn't understand the AID regulations requiring multiple estimates and the use of American made goods. In order to meet these requirements, the Market Development Department needed to take on these responsibilities themselves.

The Accounts Payable Department at ABS was also involved in the administrative responsibilities of the project. Using their established accounts, this department allocated funds for specific items. The types of expenses incurred by the Poland project did not closely match the established categorical accounts. This has resulted in a large portion of the project's expenses falling into a miscellaneous account. For the Project Coordinator to closely follow the expenses, this has meant that she must keep completely separate financial ledgers. When asked to open new accounts that more closely match the needs of the Polish project, the Accounts Payable Department resisted. Other special requirements such as the monthly overhead billing were also occasionally overlooked as well.

Prior to this time, the Accounting Department also operated under the assumption that each employee was always billed from the same account. This created problems when, for example, the ABS Training Director conducted training in Poland. The expenses for this trip needed to be billed to the Poland project, but were initially billed to the Training Department. The concept of employees operating off of several accounts was new and perhaps difficult to grasp.

When the ABS Market Development Department learned of the generally accepted practice of cash transactions in Poland, they approached Citibank about establishing an account in Poland. This was strongly discouraged by the financial department at ABS who believed the account would be difficult to regulate and easy to abuse. After some resistance, a Citibank account was established in Poland, but only after legal difficulties were settled as well.

The type of contracts which were needed for the private contractors also created a difficulty for ABS. The Market Development Department developed a contract which was signed by the contractors. However, a new person was appointed as Legal Affairs Director at ABS following the period in which the Market Development Department had developed the contracts. The new Director stated that all the contracts had to conform to Grace specifications. Hence all the contracts in use had to be re-drafted.

Dilemma:

ABS, faced with the success of having won approval of a project from AID was unprepared to deal with its own success. There was no prior history of working on projects of this nature with the federal government. Some people inside of ABS still felt that ABS should not be involved in this type of project and suspicion of the government continued to be present. This new and innovative project came at a time when ABS was also undergoing the most major and radical change in its history. A new President and a number of Vice-Presidents were installed, none of which had the intimate knowledge about the history of the project as the previous senior executive management team. The International Sales Division was closed and the Market Development Department was moved into the domestic orientated Market Division. None of the people is this department knew what AID was nor did they know about a host of other organizations with whom the Market Development Department was working (i.e. World Bank, Winrock, Heifer Project, Feed Grains Council, etc.). Meetings to inform this Division and the entire company were held. Meetings were also held with the Finance Department which controls purchasing. However, these people internalized little since they had no base of experience or frame of reference from which to operate. Also, the Finance Department was overextended and little information was communicated from the top to the people in the Accounting and Purchasing Department who had day to day responsibility for working with the project.

Lesson Learned:

At a time when an organization is in a major state of change, its ability to handle a series of new tasks may be very limited. Sixteen people had been laid off for the first time in the 50 year history of ABS. This situation rather than the excitement of a new and innovative project dominated ABS at that time. Hence internally, a number of negative attitudes existed. Also as a relatively small company within the W.R. Grace family of companies, ABS has to deal with two levels of bureaucracy (i.e. its own and that of Grace). When combined with inexperience and poor morale, this can be a devastating combination. Given all of this, it would have been better if all administrative, accounting and financial responsibilities for this project had been handled by the Market Development Department with one person from Accounting being designated to work with Market Development. All documents could have been reviewed for final sign-off by a designated Vice-President. In the absence of such an arrangement, the learning curve for the project was too long and too painful within ABS.

B. ABS INTERNATIONAL STRUCTURE

After funding had been approved (March 26, 1992), ABS began to immediately implement the project. Frank Procella went to Poland to establish his base in Olecko as the Chief of Party. Initially it was felt that since ABS was not operating in Poland as a for-profit company, no legal registration or office would be needed. Also, since ABS was not officially a "non-profit" corporation, there was no designation or precedent in Polish law for registering an entity such as ABS. However, it was soon became apparent that an office, a bank account and a Polish General Manager and Training Specialist were essential to the success of the project. Political tasks, customs clearance, printing of resource material, meetings with Ministry officials, etc. could only be attended by someone full time in Warsaw. ABS looked into the possibility of using a Polish lawyer that other U.S. firms had used to set up an office. After a lot of debate and confusion on ABS status, ABS consulted Grace and was advised to use Grace's contracted law firm in Poland. The translator/consultant, Artur Cholewicki, was hired full-time as General Manager. This has proved to be an outstanding decision. The use of Grace's contracted law firm did not prove to be as successful. The law firm, which was a subsidiary of a British firm, proved to be uninformed, slow, costly, and politically inept.

After several months, lots of exchanges of memos, and several long conversations with Grace corporate headquarters in Florida, ABS International became legally registered in Poland.

Dilemma: Legal details were slowing the start-up and progress of the project. The project's car had been tied up in customs for months and project funds could not be transferred to Poland.
Lesson Learned: *Researching legal requirements or working with a knowledgeable attorney is essential for a smooth transition toward operating in a foreign country. Each situation will undoubtedly be different, but time consuming stumbling blocks can be avoided with reliable legal advice. Also as a subsidiary of a large company, legal matters can be unduly complicated. A large company is often not equipped administratively to handle a small project like this. ABS might have gotten registered quicker by using a local lawyer who had good political connections. In a fluid situation like Poland, where new basic laws are still being written every day, knowing how to intervene in the political process and get the company registered with the Ministry of Agriculture is as important and possibly more important than the law.*

C. PROJECT MANAGEMENT

The persons directly involved in the project management and their primary responsibilities are listed below.

Artur Cholewicki, Training Director/ General Manager

Artur is based out of the ABS International office in Warsaw. Artur develops and conducts training, represents the project in Poland along with the American Chief of Party, and provides an essential communication link between Poland and ABS-DeForest. He also renders assistance to all outside consultants working on the project and is in charge of the day to day management of the project in Poland.

Jim Dawson, Director, Market Development

Jim is the Director of the project and has overall responsibility for its implementation. Artur, Frank Procella, Xynta Svoboda, and all consultants report directly to Jim. Jim is ABS's main representative to AID and the Polish Government.

Tadeus Opilowski, Olecko Station Director

As the Director of the Olecko station, Mr. Opilowski makes most decisions related to the station's operations. He has been included in strategic planning sessions, yet has not been a source of many constructive suggestions.

Frank Procella, Resident Technician/Advisor & Chief of Party
In Olecko, Frank Procella works directly with the station's employees. Frank is primarily responsible for project coordination, implementation, and supervision. He also conducts regular training sessions on computer applications, laboratory techniques, and a variety of other technical subjects.

Xynta Svoboda, Project Coordinator

Xynta monitors the budget and coordinates all the administrative aspects of the project. She handles all of the logistics, U.S. purchasing, shipping, and legal aspects. She frequently is the primary communicator with AID during Jim's absence.

D. PRE-PROJECT ATTITUDES AND EXPECTATIONS

Olecko A.I. and Breeding Station

Moving from the planning stage to the implementation process, and eventually seeing results, depends to a large extent on the mentality and expectations of the Polish people. For this study, individuals at the Olecko breeding and A.I. station were asked to recall what their expectations were when the project began. The Financial Manager at the station relayed her feelings of relief when she heard about the project. She said that she believed the Olecko station would have continued in one form or another without the project, but that ABS was in a position to steer the station through tough times. Other Olecko employees interviewed said that they knew ABS involvement didn't guarantee their success, but that by being able to benefit from ABS's A.I. business experience, they would be in a much better competitive position compared to the other Polish bull studs. Some employees mentioned that some of the other Polish studs had been working with the Germans or other European groups. By having access to American expertise, they felt better equipped to compete in a market economy.

In light of the poor financial situation and lack of a specific understanding of a private structure, the managers at the Olecko station were and continue to be quite optimistic. A working concept of how a private A.I. stud operates is still very hazy, yet there was an overwhelming attitude that privatization was the right direction. In fact, instead of fearing the unknown, most viewed the changes within their industry as an opportunity to learn about and try something new.

Polish Government

Not all Polish people shared the views of the Olecko station employees. Many government officials, especially within the Central Animal Breeding Office, felt threatened by the project. Because privatization would mean the elimination of many forms of governmental control, this feeling was probably very natural. Early on, ABS and the Olecko station realized the opposition they may encounter. In spite of this, plans were implemented hoping that government interference would be kept to a minimum.

ABS

At ABS headquarters in DeForest, Wisconsin, the majority of the employees were not fully aware of the project. ABS had been undergoing a difficult restructuring period which was probably a foremost concern for many employees. The employees who did know about the project seemed to have a full range of feelings about it. A small group was well informed and very enthusiastic about the project. Others thought the project sounded interesting but weren't sure how it would progress. These individuals expressed an interest in learning more about the project. Some employees also believed that ABS was better off sticking to traditional business activities which did not include foreign projects and government involvement. ABS management was dedicated to the project's goals from the beginning. However, they believed it would be in the project's best interest to rely on outside consultants as much as possible. This was due to the restructuring ABS was undergoing.

IX. ACTIVITIES

The activities and results that have been realized since the conception of the project to present, are outlined in the sections that follow.

A. RESEARCH

In order to prepare a project proposal which outlined a comprehensive and realistic plan, several information gathering trips to Poland were necessary. This period of collecting information was done primarily by Jim Dawson and Frank Procella. After learning more about the Polish situation, Jim and Frank were then able to more realistically approach the issue of privatizing a Polish A.I. Station.

Once in Olecko, **Frank Procella** spent several months familiarizing himself with the specifics of the Polish livestock industry and the Olecko station. Frank visited private and state farms, slaughter houses and other A.I. and breeding stations and substations. At the Olecko station, he spent time working in each department and becoming familiar with the employees. These activities not only helped Frank learn more about the Polish situation, but also helped familiarize others with the project.

Paul Miller was involved in researching the financial status of Polish A.I. and breeding stations. This was necessary because the Olecko financial situation had to be put into some type of perspective. By comparing the Olecko station to the other stations, Paul was able to better understand the system he was operating in and was able to quickly concentrate on the areas needing the most improvement. Paul has continued to work with the Olecko staff to help them research their costs of production as well as alternative accounting systems.

Harvey Rowbatham visited Poland and the Olecko area to gain an understanding of the specific topics that the training should focus on. By visiting farms and talking to the A.I. technicians, he was able to assess the level of management and knowledge that was already in use. Harvey then established a complete training course which he believed would meet their needs.

After Harvey became ill and was not able to conduct the training himself, **Donna Lueke and Steve Yaun** from ABS, DeForest were selected to conduct the training. Arriving in Olecko two days prior to the training, Steve and Donna conducted their own "needs assessment." Based on their observations, the training materials were then revised.

B. TRANSLATING THE A.I.. AND MANAGEMENT MANUAL

ABS has a published Artificial Insemination and Management Manual which is a hands-on manual used by ABS Representatives, farmers, professors and students. The manual has been an excellent guide for representatives to use when teaching artificial insemination courses to farmers. It has also been used by farmers to improve their breeding programs and overall management.

Competitive bids were taken so that the manual could be translated into Polish. This translation was completed, edited, and 2000 copies printed, so that it could be used in Poland as it has in the U.S.. These manuals were also used by the ABS trained - Polish trainers, who have since conducted several smaller training.

C. SURVEY OF CATTLE OWNERS

The "Survey of Cattle Owners of the Shiuz Olecko area" was conducted by Frank Procella and many Olecko Station employees. The survey was carried out as a marketing tool to learn more about the attitudes of area farmers. It represents a major team effort which involved over 40 individuals. Questionnaires were drafted, revised and eventually taken to farms. Individual farm interviews were then conducted where the interviewer would ask the questions and record the answers on the questionnaire. There were a total of 24 questions which are listed in Appendix C. The team building and market information that resulted from the survey process have been very important.

D. FINANCIAL TRAINING

Paul Miller has conducted several small scale training for the Olecko staff on financial management and accounting. Many of these have been hands-on sessions with the Olecko Financial Manager, Helina Jarmolowicz. As the Olecko station obtained the computers and computer software, Paul has helped the staff understand how to best utilize the new systems.

Paul has also conducted training on how to profitably manage a bull stud and how to calculate the costs of production. In doing this, Paul has worked with the Olecko staff in developing a business plan. He has also begun to develop drafts for internal discussion of privatization models.

E. TECHNICAL TRAINING

The training for the A.I technicians and the training of trainers were conducted by Donna Luecke and Steve Yaun after Harvey Rowbatham became ill. Donna Luecke is the Training Director and Steve Yaun is the Vice President of Marketing at ABS, DeForest. With extensive training experience, Steve and Donna have developed a pro-active, participatory training style. Instead of lecturing, their approach involves role-playing, small group activities, and games. This approach allows the training participants to practice and further develop their newly learned skills.

After arriving in Poland, they spent time visiting State and private farms and getting background information on the participants. Based on these visits and information received prior to coming to Poland, Donna and Steve reorganized several aspects of the training. The first training then covered: 1.) Reproduction, 2.) Semen Handling, 3.) Genetic Principles, 4.) Economics of A.I., and 5.) Sales Management. The second training covered many of the same topics but in greater depth. Each course lasted one week. After the first training, the participants were asked to evaluate the training. The evaluations were considered in preparing for the second training.

F. LABORATORY TRAINING

Bill Murphy, an expert on semen processing, spent one week working with the Olecko laboratory to help them convert from the process of packaging semen in pellets to the more efficient straw method. He demonstrated many of the steps required in the new process, and made several recommendations for their existing set-up.

As the "in-house" trainer, Frank Procella taught the Olecko staff how to use the new lab equipment and computers as they arrived. He also followed-up on questions from all of the departments at the Olecko station. These training are not referenced in Appendices C, D, and E; however, they have been an extremely important component of the overall training program.

G. TRAINING CONDUCTED IN THE U.S.

Artur Cholewicki is the Project Training Director. Artur's trips to the U.S. included both formal and informal training. Formal training included the ABS Representative School, a seminar by the American Society for Training and Development which concentrated on training skills for the new trainer and how to manage diversity, and a Land O'Lakes sponsored training on how to train trainers. Informal training also focused on fine-tuning

training skills. Artur also spent time becoming familiar with the organizational structure and business methods of ABS.

Tadeus Opilowski, the Olecko station Director, came to the U.S. for a week of on-the-job training. Like most Polish people, Mr. Opilowski was unsure of what a private bull stud did and how it operated. Therefore, Mr. Opilowski spent a week traveling with an ABS representative visiting farmers and then visiting the departments within ABS, DeForest to see how they operate.

Joanna Opilowski, a technical specialist at the Olecko station, came to the U.S. as an intern to receive hands-on training. Joanna received training in the following areas: conducting training, computer applications, marketing, sales, artificial insemination, and animal breeding. At ABS, Joanna travelled with a representative so that she would clearly understand what independent representatives do. She also spent time working in several of the departments at ABS.

The Director of the Central Animal Breeding Office in Poland, Marek Nagrabecki, was brought to the U.S. to help him understand how a private A.I. industry functions. Although not directly involved in the project, Marek is still the official supervisor of the Olecko station. He also has a great deal of influence over the policy changes that are enacted relating to privatizing Poland's A.I. industry and therefore the Olecko station. Hence, it is in the best interest of the project for him to have a good understanding of how a breeding industry can operate in a market economy.

While in the U.S., Mr. Nagrabecki visited the ABS facilities, met with key ABS staff members, traveled with an ABS field representative, and then traveled to the U.S. Holstein Association in Vermont. While at the Holstein Association, Marek learned more about how that component of the U.S. industry functioned. Marek also traveled to Canada where he learned about how regional cooperatives work in conjunction with ABS.

H. NEWSLETTER

After a successful December training, the project management decided to build on the experience at the Olecko station so that this momentum could be used to influence steps towards privatization throughout the industry. The group decided that a newsletter that focused on livestock issues and highlighted the transformations at the Olecko station, would be the best method of communication. This quarterly newsletter would not only portray Olecko as an emerging leader, but would also help educate others about modern agriculture in Poland. Government publications had previously filled this role but the circulation of these publications has declined in recent years. An additional objective of the newsletter was to provide a team activity for the Olecko staff.

I. ADMINISTRATION AND MANAGEMENT

This section includes the efforts of Jim Dawson, Xynta Svoboda, Artur Cholewicki, Frank Procella, and Tadeus Opilowski. These efforts are reflected on the time lines in Appendices C, D, and E by the frequent visits to Poland made by Jim Dawson. Team-building and brainstorming sessions were often conducted during these trips. Previous activities and accomplishments were reviewed, and future implementation plans were finalized. Especially for the visit when Xynta Svoboda was present, administrative issues dealing with legalities and finances were explored and then clarified. Although not directly reflected as a concrete result, the major accomplishment of these activities was to motivate the team and re-confirm the project objectives.

J. REQUEST FOR ADDITIONAL RESOURCES

After eight months of extremely successful project implementation, the project managers realized that the project was capable of making greater achievements than they had initially thought possible. USAID had also indicated that they thought the project had been going well. Based on this, another proposal was drafted which would allow the project to make additional advancements during its second year. This proposal requested 1.4 million U.S. dollars to purchase additional equipment and conduct additional training outside of Warsaw which would be open to all A.I. stations in Poland.

X. RESULTS

A. PRE-PROJECT RESULTS

Before the project received funding, the primary accomplishment was an increased understanding on the part of the Americans and Polish people involved. ABS learned about the Polish breeding industry, Polish agriculture in general, political structures, economic reality in a transforming central economy, and Polish attitudes. This was done by exchanging ideas with many Polish people. The staff at the Olecko station became familiar with ABS and learned more about how the project could help them privatize.

The Olecko station Director, Mr. Opilowski, then made a series of changes to start the station towards privatization. These changes reduced the station's operating expenses and indicated Mr Opilowski's desire to aggressively privatize the station.

As a precursor for project funding, the project needed to gain the acceptance of USAID and learn how to work with AID. The first proposal submitted to A.I.D was rejected although a revised proposal was eventually approved. A complete discussion of this process is included in the proposal development section.

B. PROJECT RESULTS

The major project accomplishments to date are in the areas of training, analyses and reporting, computerization, improved laboratory procedures, production of the A.I. and Management Manual in Polish, the survey of cattle owners, and raised consciousness on the part of the Polish people involved with the project.

Training

Two Training were conducted by ABS trainers. These training prepared the participants to conduct further training at a later date. This training of trainers approach has worked well. These trainers have since conducted several smaller training. The trainers have worked as a team to organize and implement the training which were conducted in several rural areas. A total of approximately 240 individuals participated in these training. Of these 240 trainees, it was estimated that 10 % were Veterinarians, 40 % were Farmers, and 50 % were independent Sales people. All participants were interested in increasing their income by selling semen in Poland.

Analyses and Reporting

The first and second reports produced by the project concentrated on the operations and finance of the A.I. stations in Poland. These reports represent some of the first objective analyses ever conducted on this topic. The information contained in these reports had not previously been analyzed or made public. The "Report of Operations and Finance" and "Evaluating the Performance of A.I. Stations" were written by the financial analyst and business management trainer, Paul Miller. The information contained in these reports was collected during Paul's frequent visits to Poland.

The **"Report of Operations and Finance"** was prepared as the first step in examining the finances and operations of the Olecko A.I. station and the six sub-stations in the Olecko region. The report examines the income, expenses, subsidies, profitability, liquidity, and financial condition of the Olecko station and the six sub-stations. The conclusion of this analysis was that the Olecko station can not survive without major retrenchment, additional cost reductions, and major increases in the revenue base.

The report titled "**Evaluating the Performance of A.I. Stations in Poland**" looks at the economic characteristics of the Polish A.I. industry by examining the nine A.I. and Breeding Stations. This information is organized for the benefit of hands-on managers at the A.I. stations so they can identify measures that are the most meaningful to them. This information will also be key to developing realistic business and privatization plans. Based on five selected performance measures, this report also ranks the performance of the nine A.I. stations. The Olecko station ranked an overall second, and showed the most potential for growth.

Although not shown on the time line, **monthly progress reports** have also been completed since the beginning of the project. These reports briefly outline what has been accomplished and what is planned for the upcoming months. These reports have been a joint effort by Frank Procella and Artur Cholewicki.

Computerization

Two IBM compatible, 486 computers were installed at the Olecko station. A printer and photocopy machine were also acquired. As a result of acquiring the new computers and receiving computer training, the Olecko station is making substantial progress in the conversion from a manual bookkeeping system to a computerized system. The station either uses or is in the process of using the following computerized systems:

* Financial bookkeeping system
* Order entry and invoicing system
* Inventory control system
* Human resources record keeping (payroll, etc...)
* General ledger system

Improved Laboratory Procedures

Equipment was also purchased for use in the semen processing laboratory. The lab equipment is being used to package semen in .25 ml French straws instead of the previously used pellet method. The straw method is used worldwide due to the ease of distribution, simple utilization, and semen quality. Although the lab has made this conversion, they are continuing to improve their techniques in order to improve semen quality.

A.I. and Management Manual

A total of 2,000 copies of the ABS **A.I. and Management Manual** have been printed for distribution in Poland. The manual is a major "how to" tool for farmers and contains information on artificial insemination, genetics and sire selection, and other management considerations.

Survey of Cattle Owners

Results of the **Survey of Cattle Owners** of the SHIUZ Olecko area indicated that the average farm had eight cows. Regardless of size, milk was the chief source of farm income. Larger farms were more interested in using Holstein genetics versus Polish Black and White cattle, although farm size did not affect the frequency of A.I. usage. Instead, the number of breedings done by A.I. depended most heavily on the price of milk and beef. For most farmers, milk volume was the primary breeding objective although milk fat was a close second.

XI. Evaluation of Progress

A. EXTERNAL EVALUATION

Under a contract from the U.S. government Office of Management and Budget, the Chemonics International Consulting Division prepared evaluations of six projects funded by US AID. These projects had all been funded under the "Restructuring Agriculture and Agribusiness: Private Sector" subproject (RAAPS) or the parent of RAAPS, the Restructuring Agriculture and Agribusiness (RAA) project. This draft evaluation was completed as of April 1993. Discussions between all project participants was held at AID in Washington following this draft report. The final evaluation is to be completed by May 15, 1993.

Purpose

The evaluation was intended to assess the progress of these projects, all of which are located in Eastern Europe or The Baltics. Because USAID had used a new structural approach for these projects (rolling work plans),much of the evaluation focussed on the effectiveness of this new structure. The evaluation team also examined how well the activities carried out by each project matched the original project objectives. This document evaluated USAID and the grantees, although the conclusions and recommendations were directed to the AID office more so than the six grantees.

Overview

For the ABS grant No. EUR-0024-G-00-2021-00 to "Modernize and Privatize the Artificial Insemination and Breeding Program in Poland," the evaluation team felt that the implementation plan which covered the period of June 1992 to December 1992 was consistent with the project's purpose, objectives, and strategy. The team found that while there had been delays in implementation caused by AID, ABS had made considerable progress in a very cost-effective manner. ABS's training programs and degree of flexibility were mentioned as successful aspects of the project. Overall, the team felt that much of the project's success was attributable to ABS's additional incentives caused by their private, for-profit status. Criticisms of the project included the lack of sufficient monitoring devices, and the disregard for women in development and environmental issues. The team also suggested that AID take a more active role in assisting with policy reform.

Based on these findings, the six projects evaluated were rated on a scale of 0 (lowest) to 5 (highest) for five separate categories. The current and projected ratings for ABS are listed below.

Issues	to date	projected
Relevance	5	5
Effectiveness	4	4
Efficiency	4	4
Impact	4	5
Sustainability	3	5

* This chart is taken from the evaluation written by 'he Chemonics International Consulting Division.

To date, ABS's average score is 4.0. This projected score average is 4.6. The other five projects averaged 1.96 and 3.12, respectively. In comparison, this evaluation quantifiably rates the ABS project very highly.

For additional information on this external evaluation, please refer to the document "Evaluation of the Restructuring agriculture and agribusiness: Private sector project (RAAPS)" which is referenced in Appendix A.

B. INTERNAL EVALUATION

Purpose

The purpose of this internal evaluation is to identify the strengths and weaknesses of the ABS/Poland project and then to draw upon these strengths or weaknesses to form additional "lessons learned." These lessons can then be applied to revising the remaining strategy for the ABS/Poland project, or for future projects that would operate in similar conditions.

Methodology

It may be useful at this point to review the methodology used in gathering the information used in this evaluation. In addition to reviewing all of the documents listed in Appendix A, the individuals named in Appendix B were interviewed. The interviews were conducted on a one to one basis except when a translator was necessary. A very basic outline for questioning was used although more attention was paid to following up on issues raised by the person being interviewed. The evaluator had no prior association with ABS; therefore, the evaluation should be unbiased.

Quality of Proposal

The ABS proposal for this project was written after several information gathering trips to Poland. Input from the Polish government, A.I. stations, private Polish business people, US AID, and the American Embassy were also considered. As a result, the proposal was extremely realistic.

Following AID's rolling work plan approach, the proposal did not detail strict implementation schedules. Instead, the proposal outlined in broad strokes what the project was intended to do. This may have caused some confusion as to what the project specifically entailed, but allowed for a flexible implementation plan.

Strengths of Implementation

The most commonly mentioned project strength or asset was the quality of some of the project personnel. This included Jim Dawson, Frank Procella, Artur Cholewicki, Xynta Svoboda, Paul Miller, and Dr. Maria Stoltzman. People reportedly found the personal qualities of the staff to be outstanding. A number of people cited the qualities that they liked in the personnel and some of these are listed below.

For Jim Dawson, most everyone who was interviewed felt that his extensive development experience was crucial to the project's success. He was the only ABS employee that was familiar with USAID protocol as well as key developmental issues.

Frank Procella's solid technical background and cultural sensitivity skills were the most cited reasons for wide-scale project support at the Olecko station. Because Frank conducted himself in a businesslike fashion, the Olecko staff and the employees gained trust in the project and ABS. Initially, many employees thought that ABS was going to somehow take their jobs. Once they got to know Frank, and talked to him about the project, these fears were dissipated. This was extremely important to the Olecko management so that they could safely progress towards privatization without fearing a strong backlash from the workers' union.

From ABS's perspective, Frank has helped the project by providing a critical communication link and simply by the fact that he was on the ground very quickly after the project funding was approved.

Another observation about Frank's style of working may also be important. In short, Frank has not made decisions for the Olecko staff. Instead, he has given suggestions and provided alternatives. This has had both a positive and a negative effect. On the positive side, his approach has at times forced the Olecko managers to make their own decisions. Under the communist system, decision making was discouraged; therefore, it is now important to reverse this process. By encouraging the Olecko staff to make decisions, the staff has

become more confident in their abilities, and the project has benefitted from host country input. This should effect the long term sustainability of the project. However, on the negative side (again because of the formerly communist system), at times it would have been more effective if a more proactive stance had been taken.

Dilemma: *How can an outsider effectively intervene in situations characterized by the hoarding of information and power, without alienating the very individuals they are trying to help?*
Lesson Learned: *Outsiders need to be fully conscious of the political environment and political practices. They must be masters of organizational behavior and know how to make the appropriate intervention at the appropriate time. Technical skills in a team leader are important, but analytical, political and social skills are even more critical when trying to deal with all the contradictions of transforming a system that tries to alter human behavior as the socialist system attempted to do. Good political skills are a necessity. A good understanding of psychology, mental toughness and first and foremost leadership skills are essential. An intuitive feel for knowing when to shift tactics is extremely helpful.*

As the Training Director and project representative in Warsaw, Artur Cholewicki's knowledge of the political and business climate in Poland has been critical. His efforts to educate the government offices have resulted in a greater level of project acceptance. An American, or a Polish individual with only a general knowledge of private business and political workings, would not have been able to make nearly as much progress as Mr. Cholewicki has. Mr. Cholewicki's training and interpretation skills have also been cited as project strengths.

Xynta Svoboda, the project coordinator, has also played a key role. Her communication and organizational skills, and attention to detail, have increased the speed of project implementation.

Like Frank Procella, the financial analyst, Paul Miller, was reportedly extremely culturally sensitive. Gaining access to financial records was a delicate issue but because he first worked on gaining the Polish people's trust, he was able to attain the financial records that allowed him to make relevant and accurate suggestions.

While skills such as cultural sensitivity are perhaps difficult to assess when hiring a consultant in the U.S., this skill alone has been a critical strength adding to the effectiveness and success of this project.

With no exceptions, Dr. Maria Stoltzman was referred to as probably one of the greatest assets to the project. Dr. Stoltzman's political insight and clout steered the project around

major obstacles. The Olecko staff felt more confident in the changes they were advocating because they knew Dr. Stoltzman was behind the project. This was important because the Central Animal Breeding Office, which supervised the Olecko station but was in turn accountable to higher government officials (such as Dr. Stoltzman's colleagues), often resisted changes towards privatization and would have discouraged the Olecko station given the opportunity.

Besides project personnel, other project strengths which were mentioned in the interviews included the choice of the Olecko site, the initial proposal, the training provided in Poland, the survey of livestock owners, the translated A.I. manual, modernizing the Olecko station, the financial analyses, and the concept of a multi-component privatization model. Each of these outcomes is viewed as having strengthened the project in one way or another and are discussed in greater detail in the following section.

In retrospect, the Olecko station is viewed as a good site choice, especially from the Polish point of view. The high skill level of the Vice Director and Financial Manager has made their training very effective. The Director is viewed as being fairly open-minded and cooperative, especially when compared to other A.I. station directors. On the other hand, some people have expressed concern about Mr. Opilowski's management style which does not promote team building, the sharing of information, monitoring, or maintaining accountability. The large regional cattle population, which is relatively undeveloped, also creates a large growth potential for the Olecko station.

Officials with USAID (OAR) and the U.S. Embassy believed the proposal itself was an attribute to the project. They thought that because it was well written, realistic, and included benchmarks, the implementation process inevitably benefitted. The Director of the Central Animal Breeding Office thought the project design and proposal were quite objective because the information was gathered by outsiders (ABS) who he believed were more objective than many of the Polish offices.

The training conducted in Olecko by ABS trainers, Donna Luecke and Steve Yaun, were unanimously viewed as project strengths. The style of these training seems to be what made them so uniquely successful. ABS uses a hands-on, participatory approach to training. The material is somewhat technical yet is directly applicable. In fact, trainees got to practice applying their newly learned skills as part of the training exercises. By including competitive games and asking for examples from the group, the trainees thought the training were both fun and well adapted to Poland. The training' customer focus was viewed as one of the most beneficial concepts taught. Business management was also important. The trainers ended the training by awarding a certificate to each trainee. They believed this method of closure validated the trainee's new knowledge and gave them a sense of achievement.

Another important aspect of the training is that they included the training of trainers. From a development perspective, this aspect greatly increases the sustainability of the project. It also leads to creating a group of highly skilled individuals and more efficient use of project

resources. The first and second Olecko training included 43 and 22 trainees, respectively. From these trained trainers, approximately 240 other Polish individuals were trained.

The survey of livestock owners was not included initially as a project activity, but was added to gather market information and provide a team activity. The trained Olecko representatives have apparently used this information to help them better relate to the needs of their customers. The farmers' needs are also being considered in creating the business plan for the Olecko station.

The translated A.I. and Management Manual was frequently mentioned as an asset to the project. For the Olecko station, it was a concrete sign of the project which they could share with others. The quality of the manual and its use as a training tool were also helpful.

The equipment which was supplied to the station to help it modernize, was viewed as a project strength by the CABO Director and the Olecko station Director. In addition to building their own status, the equipment was apparently a concrete sign to others that the project (and hence privatization) was a positive development.

For the individuals presently working to develop the business and privatization plans, the financial analyses conducted by Paul Miller were an essential pre-cursor. Everyone that commented, believed that the reports were accurate and extremely well done.

All of the Polish managers, directors, and other officials thought the multi-component design of the privatization model would be to their advantage. More specifically, they thought that the model would have both applicable and nonapplicable suggestions. By being able to selectively choose which parts of the model they want to implement, they would be able to insure that their needs were being met. With this response, these individuals suggested that while ABS has generally learned the Polish system, they are still not knowledgeable in some areas. These areas were not elaborated on.

Weaknesses of Implementation

From the interviews, and from the evaluator's own observations, there are aspects of the project which have not fully promoted the project's success. These weaknesses generally fall into two categories: oversights and areas of concern.

a. Oversights:

The advantage of recognizing these oversights is that they can be easily corrected. The items outlined in this section are therefore useful suggestions for any organization intending to become involved in development projects of this scope under similar conditions.

One of the largest oversights was the miscalculation of how much time it would take to manage the project. At ABS, the project coordinator was expected to spend approximately one quarter to one third of her time working on this project. In reality however, the Project Coordinator spends at least half of her time doing the bookkeeping and following up on project concerns or needs. Jim Dawson has also felt that time restrictions have limited the quality of his work for the project. In Warsaw, Artur Cholewicki feels the same constraints. Although he works full-time with the project, he believes that the amount of time he spends in meetings in Warsaw limits his ability to carry out some of his other responsibilities at Olecko.

Compared to other situations, some of the project managers felt that the nature of privatization in a formerly communist country is what has made the project so demanding. Because the mentality necessary for operating in a market economy is so new to a number of people, new information must be presented in small, detailed steps. Repetition and questions should also be expected.

Dilemma: The demands placed on some of the project's managers were more time consuming than they had anticipated.
Lesson Learned: A number of the people in the formerly communist countries have little or no knowledge of how a market economy operates. When these people become involved in privatization projects, they should not be expected to grasp new concepts as easily as individuals from other backgrounds. The project's managers should anticipate these difficulties and allot more time to projects operating under these conditions.

Another major oversight was that a complete economic and social analysis was not done prior to selecting the Olecko site. This analysis should have shed some light on who the key players were for privatization projects of this scope. Had this analysis been done, it is possible that the Olecko site would not have been selected. It is also possible that none of the nine existing A.I. and Breeding Stations would have been chosen as a project site. Besides aiding with site selection, this analysis may have given the project a clearer route for implementation.

Dilemma: After one year of project implementation, the project's managers are questioning whether they have taken the best possible route to privatizing and modernizing the A.I. industry in Poland.
Lesson Learned: In hindsight, a thorough economic and social analysis of the Polish A.I. industry and related areas at the beginning of the project prior to picking the methodology of privatizing one station as a model for others should have been employed.

A third oversight. which has also recently been realized, is that the assistant directors and managers at the Olecko station should have been included in planning and informational sessions from the very beginning of the project. For the first year of the project, the only Olecko station manager included in the project management was the Director, Mr. Opilowski. The other project managers assumed that Mr. Opilowski would keep his staff informed about the project and represent his entire staff during feedback sessions. However, this has not been the case.

Perhaps because Mr. Opilowski has not been fully cooperative, the station's assistant directors and managers began to be approached directly for information by the project managers. It then became apparent that Mr. Opilowski's staff were not very well informed about the project. It also became apparent that some of these individuals were perhaps more capable of contributing to the project's progress than their Director. Because of this, the project's strategy has now shifted to directly involving the Olecko "team" instead of just the Director.

Dilemma: The skills of the Olecko station Assistant Directors and Managers were not being fully utilized.
Lesson Learned: The Director of the Olecko station was not accustomed to sharing information or delegating responsibilities. To benefit from the Assistant Directors' and Managers' knowledge, it was necessary to directly involve them in major meetings and planning sessions.

Additionally, ABS believes that it would have been beneficial to prepare their U.S. consultants who traveled to Poland for the cross-cultural differences they encountered. In most cases, these consultants had little or no international experience. A cross-cultural training session may have worked well. This additional preparation may have helped them process the information they received in Poland, resulting in an increased effectiveness of their efforts.

One additional oversight may be the exclusion of a gender question on the survey of cattle owners. If this had been included in the survey, it is possible that the eventual benefits derived from the project would be enhanced.

b. Areas of Concern:

In addition to oversights, there were also areas of the project that could have been handled more effectively.

The primary area of concern involves the project's Chief of Party. This position involves a

large leadership component. For this project, this included formulating new implementation plans, and making sure that previous implementation plans were carried out among other things. Instead of ensuring that these activities were carried out in a timely manner, Frank Procella often waited for the station Director or other station managers to carry out these functions. As pointed out in the "strengths of implementation" section, this approach has resulted in some very positive learning experiences for the Olecko staff; BUT, it has also resulted in some unimplemented activities and unfulfilled expectations.

Other problems which have resulted in set-backs for the project relate to legal affairs between ABS and W.R. Grace.

Major Obstacles Encountered

Most of the major constraints for the project relate to the former communist control over Poland. The centralized structure, which is still in place, has prevented the Olecko station from disposing of unproductive resources. The strength of the workers' unions has prevented the station from decreasing employee benefits (such as free housing) and selling unprofitable apartment buildings. The official supervision of the station by the Central Animal Breeding Office has proven to be unpredictable. The socialist mentality has also created a Polish work force who are not performance driven and are not experienced at decision making. The lack of appropriate legislation in Poland further complicates the issue of privatization because many laws are either not in existence or are periodically changing.

Additionally, ABS has found it to be more challenging to work with U.S. Government offices than with other private businesses. For example, USAID was not directly helpful when ABS was trying to develop an acceptable proposal. Conforming to U.S. Government protocols has also been challenging.

Benefits Realized

The accomplishments of the project are outlined in the results of implementation section, but there have been additional accomplishments which are not reflected as concrete results. These additional benefits have been for the Polish people, ABS, and the U.S. Government.

Many of the Polish people involved with the project felt that as a result of their involvement, they've opened their minds to new ideas, grew personally and culturally, and learned some valuable lessons or skills. The Director of the Olecko station said that he has learned a lot about U.S. business practices and how to do business with a foreign company. The Director of the Central Animal Breeding Office learned how private businesses and the government can work together from observing the ABS/AID relationship. The project Training Director increased his knowledge of U.S. style business management, policy reform and politics, as well as training skills.

ABS believes that their involvement in the project has greatly increased their international business acumen. They have also learned how to work in cooperation with the U.S. Government. The largest benefit for ABS, however, may be the increased cultural awareness and improved employee attitude toward globalization. ABS has identified the need to globalize their business, but this can not be fully accomplished without the support of their employees.

The U.S. Government has also recognized some benefits from the project. By working with a private, for-profit company, they are making progress toward their goal of cooperating with private businesses in their development efforts. With increased experience and feedback, future endeavors of this nature will undoubtedly be less troublesome.

XII. CONCLUSIONS AND RECOMMENDATIONS

Measuring the successfulness of this project is a complex matter. Since the goal of the project is to "help" modernize and privatize, it stands to reason that in order to really evaluate the project, the basic question should be "how helpful was it?". During the interviews, the following criteria were suggested for evaluating this project.

1. Were the training carried out?
2. Did the farmers benefit?
3. Was an effective sales force developed?
4. Will Olecko be private and profitable?
5. Did the pregnancy rate for the trained technicians improve?
6. Was a privatization model and business plan developed?
7. Did the project lay a foundation that the industry can build on?
8. Did ABS develop a good business relationship in Poland?
9. Did ABS's understanding of globalization improve?
10. Did the Polish people learn about the process of development?

All of these factors certainly affect the success and sustainability of the project. It is impossible, however, to answer each of these questions at this time. One of the people interviewed said that in the end, a project is only as good as the people it leaves behind. Everyone in Poland and the U.S. who was interviewed felt that they had grown from the project in one way or another. Based on this criteria, it is safe to say that ***the project has been successful.*** How successful, will depend on how much they have learned from their mistakes and how willing they are to correct them.

There are some critical issues that must be addressed in order to insure the overall success of the project.

1. **Complete the business and privatization plans.**

   * Need to be realistic documents that can be directly implemented.

   * The quality of these documents will have a large impact on whether the Olecko station will become a completely private entity.

2. **Replace the departing American Chief of Party.**

    * The replacement should be an exceptional leader with good business skills.

    * This is necessary because Mr. Opilowski's leadership has been less than optimal and with the upcoming departure of Frank Procella, there is a real need to identify a capable leader for the Olecko station. Because Mr. Opilowski is still the Director, it is not likely that one of his staff members can move into a leadership role.

3. **Take a more pro-active role in policy reforms for privatization.**

    * Artur Cholewicki is the ideal person to lead this effort.

    * Because the Polish government has invited ABS to make suggestions for policy reform, this is an ideal opportunity to tell the Polish government exactly what type of legislation needs to be drafted to aid privatization efforts. If this project can be used as an example to invoke policy reform, there is a much greater chance that effective reforms will be made.

4. **Complete the modernization process at the Olecko Station.**

    * A **national network of representatives** (capable of marketing semen) must be developed and established.

    * The Olecko Station's computer system must become fully operational so the bookkeeping, accounting, inventory, etc. activities become efficient, completely integrated operations.

    * The semen collection, handling, processing, packaging, and distribution system needs further improvements (i.e. equipment and training) for the station to be able to effectively complete with other Polish and International A.I. and Breeding Organizations.

5. **Training to other Polish Breeding Stations and interested entrepreneurs.**

    * This is an essential step in privatizing the entire A.I. and Breeding Industry.

6. **Extend the project's time frame beyond the original two year period.**

* The issues and dilemmas section of this case study provide a full description of why privatization project's require additional time (and energy) than non-privatization type projects.

7. **Receive adequate funding to carry out these additional activities.**

XIII. Privatization Issues and Dilemmas

As this project has progressed, several questions have been raised where there are no single, finite answers. As more people gain expertise in privatization programs, the answers will likely become more apparent. At present though, developers need to be aware of these issues, and help contribute to the solution process.

The first issue deals with the leadership of privatizing businesses. The leaders of these businesses were selected by the communist system. However, a good leader under the communist system is not necessarily going to be a good leader for a private business operating in a market economy. The communist system promoted bureaucrats; the free market system needs innovators. Leaders in private businesses need to be self-motivated individuals who are able to think on their feet, formulate and evaluate alternatives, delegate responsibility, and motivate their employees. Many of the leaders appointed through the communist system simply do not possess these skills.

When development organizations enter into relationships with formerly centralized organizations that are now trying to privatize, it is the current leaders who are approached. There seems to be no visible, acceptable alternative. Although this leader may or may not be helpful with the political process of privatization, it is possible that they will not be the best person to manage the emerging private organization. Assistant directors or other individuals may possess more of the skills necessary for successful private business management; ***but, how can they be identified and then be moved into leadership positions?*** The problem with identifying these individuals with good leadership skills is that in the current system, they are not given the opportunity to demonstrate these skills. The problem with promoting them once they are identified, is that the central organization usually maintains control over leadership until the organization is actually private. This is further complicated because the centrally appointed leader may realize that complete privatization may not be in their own personal best interest; thus they may privately put obstacles in place while publicly espousing the rhetoric of the "free market".

Dilemma:
How do you begin to democratize the leadership in organization ongoing transformation but which is still controlled by the central government and thus lacks autonomy?

Lesson Learned:
By providing team activities that give individuals the opportunity to choose their own leader, or demonstrate their own leadership skills, new leadership can be identified. In normal businesses in democratic countries, people come together in free association and decide that they want to organize a business together. Mechanisms exist to elect and select leaders. A similar system will have to be developed during this period of transition in Poland. There is no guarantee that the present leadership of an organization is as progressive or as talented as he or she needs to be in order for other workers to have confidence to follow them.

Dilemma:
When assistance is provided at no direct or indirect cost, it merely promotes a "give-me" mentality, not actual development. Knowing this, how can developers provide assistance to privatizing organizations in a way that motivates them to take further development initiatives?

Lesson Learned:
A cost should be attached to everything in privatization projects such as the one taking place at Olecko. The mentality of things coming from the government "free" must be broken at all cost. Conditionalities have to be imposed in each step of the process.

Dilemma:
How do you convince people in the formerly communist countries to work for privatization when it is not currently in their own personal best interest?

Lesson Learned:
If privatization does occur, many forms of centralized control will be eliminated and therefore current leaders will lose power or even their positions. As a consequence, the leaders of these central organizations will often "talk" privatization but have little desire to actually privatize. This issue is especially perplexing since privatization is primarily a political process.

In addition to the current leaders, workers also have legitimate reasons for resisting privatization. Currently, most workers in the formerly communist countries have job security, inexpensive housing and health care, along with many other benefits. Once the organizations they work for are private, many of these benefits will no longer be provided. In the process of privatization, some employees have already been let go, and it is expected that others will also be displaced. While this restructuring is a necessary precursor to privatization, there are almost no social safety nets in place to help people through these tough times. Knowing this, each decision which leads to an incremental step toward privatization becomes increasingly difficult to make. Such a safety net needs to be implemented as part of the macro level economic policy. Also, anything possible should be done to provides those workers who want to become entrepreneurs to do so.

Dilemma:
Is it best to privatize an industry by privatizing an existing (centrally controlled) structure, or to start from scratch by creating a new, private business? Both approaches can lead to the creation of a private industry.

By working with an existing structure, the privatization process may displace fewer people. However, the privatization process may also be weighted down with the baggage of the old structure and the old system. This baggage includes issues such as democratizing leadership, getting people to consider more than their own personal best interest, and legal questions regarding the privatization of state owned property.

If a new private business is created which will eventually take over the activities of the old, centralized structure, essentially all of the employees in the old structure may be at least temporarily or permanently displaced. The social implications of this approach may be too severe to justify. On the other hand, this approach may avoid some of the problems discussed earlier because individuals could be hired and rewarded according to their merit. Also, assets would be privately owned from the start. However, if the state owned structure (which is subsidized) continues to operate and compete with the private business, it is doubtful that privatization of the industry would be successful.

Lesson Learned:
No definitive answer has been obtained to this question as of yet. As the project moves forward, ABS should gain a great deal more insight into this issue.

The solutions to all of these dilemmas can not definitively be addressed at this time. Only with experience, through trial and error, will developers gain insight. It is also possible that the solutions will be different for each privatizing industry in each developing country. Without a doubt, future privatization efforts will uncover additional dilemmas as well.

XIV. AN UNEXPECTED RESULT:

POLISH THOUGHTS ON THE U.S. GOVERNMENT/ PRIVATE SECTOR RELATIONSHIP

One final comment was made by the people whom I interviewed in regards to U.S. government/private sector cooperation. This comment can be defined as an unexpected result.

Cooperation between the U.S. Government and the private sector (other than landgrant universities, private voluntary organizations, consulting and large accounting firms) to conduct development projects is a relatively recent occurrence. The reason for this cooperative effort is to:

1. Allow privatizing organizations in other counties to benefit from the genius of the American free enterprise system by learning from our experience.

2. Create an even playing field among foreign competitors in developing countries.

Additionally however, an unexpected result has been realized. Some of the Polish individuals interviewed for this case study stated that they learned how private businesses and governmental offices can work together as a result of the ABS project in Poland. Originally, the Olecko station director and the CABO Director suspected that the profit objective of a private business would put them in contradictory positions. However, they believe they have been able to clarify their individual roles, and how they can effectively interact, by watching how ABS and USAID have cooperated.

Appendix: A

List of Documents Consulted

Proposal to modernize and privatize the artificial insemination and breeding industry in Poland.

Results from the survey of livestock owners for Shiuz Olecko conducted by ABS International, Inc..

Shiuz Olecko: Survey of cattle owners of the Shiuz Olecko area. Conclusions from survey.

Progress report: Artificial insemination program - Olecko. Report for December 1992/January 1993.

Poland Agenda for November 1992 and March 1993 training programs in Olecko.

Participants' evaluation results following the November 1993 training.

Implementation plan: "Proposal to modernize and privatize the artificial insemination and breeding industry in Poland." May 28, 1992.

Three month action plan. November 22, 1992.

Report of operations and finance. Olecko, Poland artificial insemination stations. August 20, 1992. Submitted by ABS.

Evaluation of the Restructuring agriculture and agribusiness: Private sector project (RAAPS). Volumes #1 & #2. DRAFT. Submitted by Chemonics International Consulting Division. April 19, 1993.

Evaluating the performance of A.I. stations in Poland. October 5, 1992.

Privatization planning document. April 16, 1993. Submitted by ABS.

U.S. Training for senior staff, Shiuz, Olecko.
(Includes: Outline and objectives for 6 Olecko manager to train in the U.S.)

Report - Olecko, Poland trip. October 10-18, 1992. W.C. Murphy. Submitted Dec. 4, 1992.

Progress report. Artificial Insemination Program - Olecko. November/ December 1992.

Progress report. Artificial Insemination Program - Olecko. October/November 1992.

Progress report. Artificial Insemination Program - Olecko. September/October 1992. Submitted by Frank Procella and Artur Cholewicki.

Memo: Basic points of agreement that serve as the basis of our strategy and tactics. September 2, 1992.

Monthly report for August/September 1992. Submitted by Frank Procella and Artur Cholewicki.

Project report for July 1992. Submitted by Frank Procella.

Trip report. Harvey Rowbatham. July 1, 1992.

Summary of project activities for June, 1992.

Report. January/February. Submitted by Frank Procella.

Training schedule as planned to date (October 5, 1992) for Artificial Insemination Program, Olecko.

Appendix: B

List of Persons Contacted

American Breeders Service

Mark Boyke
Regional Sales Manager
DeForest, WI

Artur Cholewicki
In-Country Manager
ABS - International, Olecko Station
Warsaw, Poland

Jim Dawson
Director, Market Development
DeForest, WI

Donna Luecke
Manager, Training
Deforest, WI

Paul Miller
President
Paul Miller and Associates
Saint Louis, MO

Bill Murphy
Semen processing specialist, retired
DeForest, WI

Frank Procella
Chief of Party
ABS - International, Olecko Station
Warsaw, Poland

Jack Shelton
President, ABS
DeForest, WI

Xynta Svoboda
Project Coordinator
DeForest, WI

Siva Yam
Assistant Vice President
Stifel, Nicolaus and Company, Incorporated
Saint Louis, MO

Steve Yaun
Vice President, Marketing
DeForest, WI

Olecko Breeding Station

Wieslaw Chmielewski
Vice Director for Production and Administration
Olecko, Poland

Helina Jarmolowicz
Chief Accountant
Olecko, Poland

Henryk Kubiak
Vice Director for Breeding and Reproduction
Olecko, Poland

Leon Mucha
Laboratory Manager
Olecko, Poland

Joanna Opilowski
Technical Specialist
Olecko, Poland

Tadeus Opilowski
Station Director
Olecko, Poland

Government Officials

Nina Majer
Project Specialist
Office of the U.S. Agency for International Development Representative
Warsaw, Poland

Marek Nagrabecki
Director
G.O.P./ Central Animal Breeding Office
Warsaw, Poland

Piotr Rucinski
Agricultural Specialist
American Embassy
Warsaw, Poland

Maria Stoltzman
Secretary, Church Agriculture Committee
President, Water Supply Foundation
Consultant, Office of the Prime Minister
Warsaw, Poland

Mr. Bogan Wojtvlewicz
Assistant Director
Department of Animal Production
Ministry of Agriculture
Warsaw, Poland

Appendix: C

List of Survey Questions

1. Do you have cows?
2. How many cows do you have?
3. What is the size of your farm in hectares?
4. What equipment do you have?
5. What other farm animals do you have?
6. Where does the majority of your income come from?
7. Do you plan on increasing or decreasing the number you have?
8. What breeds are you interested in?
9. Do you have breeding goals?
10. What do you do for heat detection?
11. What problems limit your milk production?
12. What is the main reason for culling cows?
13. Have you used A.I. in the past?
14. If you used A.I. in the past but stopped, why did you stop?
15. What would make you use A.I. again?
16. Do you use A.I. now?
17. Do you feel you get satisfactory service from your inseminator?
18. Are you interested in swine insemination?
19. Are you interested in : A. Obtaining special products for milk production?
    B. Buying minerals, vitamins, etc..?
20. Are you interested in getting these products from your inseminator at the same price as in town?
21. Are you interested in improving your herd by purchasing heifers and sows from Shiuz?
22. Do you think it's necessary for you to receive training in:
    1. Reproduction?
    2. Genetics?
    3. Nutrition?
    4. Health?
23. Would you be interested in learning A.I.?
24. Would you be willing to pay for learning A.I. and training in animal breeding?

Categorized by:
- Area
- Accessibility
- Farm Size (# cows)
- Age of Farmer