

Consultancy Report
Quarterly Report July 1, 1993 - September 30, 1993

Restructuring Agriculture and Agribusiness: Private Sector
Contract Number: EUR-0024-A-00-2037-00

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July 1 - September 30, 1993

**RESTRUCTURING AGRICULTURE AND AGRIBUSINESS: PRIVATE SECTOR
(RAAPS)**

GRANT NO. EUR-0024-A-00-2037-00
PROGRAM PERFORMANCE REPORT
JULY - SEPTEMBER 1993

ADMINISTRATIVE DATA

Country: HUNGARY
Implementing Agency/
Point of Contact: AGENCY FOR INTERNATIONAL DEVELOPMENT, EUR/DR/FS
Contractor: AGRICULTURAL COOPERATIVE DEVELOPMENT
INTERNATIONAL
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Period of This Report: JULY - SEPTEMBER 1993
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AID Project Officer: DR. JAMES G. SNELL
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Key Employees in Country: IWO (Rifat Barokas, Maria Kostyal)
Information copy: David Cowles OAR/H.
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I. SUMMARY

The Restructuring Agriculture and Agribusiness: Private Sector (RAAPS) Project in Hungary has recently begun its second round of matching private or privatizing Hungarian enterprises with similar U.S. enterprises. Thus far, the project has met many of its goals relating to economic restructuring, training, technical assistance, and privatization. During the quarter, the project successfully completed the following activities:

Outputs

- Created and began implementing a Project Monitoring System to effectively track project benchmarks and effects on the participating Hungarian agribusinesses;
- Upon completion of year one's Executive Development Training Program, a comprehensive wrap-up meeting was held with all Round 1 Hungarian companies;
- Monitored potential and on-going business deals such as licensing agreements, import, export and joint ventures between Hungarian and U.S. companies; and helped facilitate, where possible, the on-going business relationships between the Hungarian and U.S. agribusinesses;
- Updated the project's work plan for years two and three which included revising the executive development process based on the participants' evaluations and project experience; and will be in the process of financing it with AID/W and OAR/H during the month of October.
- Began planning the distribution of the project's technical assistance resources;
- Completed the final draft version of the project's agricultural policy report which outlines and discusses various policy strategies and options facing the Hungarian agriculture and food sectors during transition.

Impact

<u>Hungarian Company Improvement in Operations</u>	<u>Number</u>
● Retail Outlet Opened	2
● Strategic and Operational Restructuring	5
● Actively Seeking External Investment Capital	1

<u>Summary of Current Joint Business Activities</u>	<u>Number</u>
<i>Actual:</i>	
● U.S. Exports to Hungary	7
● Hungarian Exports to U.S.	1
● Technology Transfer (U.S. to Hungary)	3
<i>Negotiations Underway:</i>	
● U.S. Exports to Hungary	4
● Hungarian Exports to U.S.	3
● Joint Venture Agreement	4
● Representative Agreement	1
● Technology Transfer (U.S. to Hungary)	2
● Technology Transfer (Hungary to U.S.)	1
● Licensing Agreement	1

II. IMPLEMENTATION METHODOLOGY

The Restructuring Agriculture and Agribusiness: Private Sector (RAAPS) Project in Hungary supports the goals of economic restructuring, privatization, and trade and investment by providing technical assistance and training in agribusiness and marketing to private and privatizing agribusiness enterprises. Specifically, it facilitates the privatization and restructuring of agribusinesses, focusing on their organizational, managerial and technical requirements to become more profitable. A consortium led by Agricultural Cooperative Development International (ACDI) in cooperation with the Center for Agricultural and Rural Development (CARD) at Iowa State University and Budapest University of Economic Sciences implements the program. Tri-Valley Growers and Farmland Industries are members of the consortium as well.

The project's methodology matches private or privatizing Hungarian agribusinesses with similar U.S. enterprises. The resulting interaction provides the Hungarian enterprises with practical, hands-on business training and the U.S. enterprises with an in-depth look at trade and investment possibilities with the Hungarian companies.

The main components are the following:

- (1) Identifying Hungarian agribusiness enterprises with a potential for business success (including potential for trade and investment), commitment to privatization and the market system, and corporate leadership;
- (2) Identifying U.S. agribusinesses and related firms with an interest in doing business in Hungary, and skills and experience which can be beneficially transferred to Hungarian companies;

- (3) Transferring the business skills necessary for successful privatization from U.S. agribusinesses to the Hungarian firms through an Executive Development Training Program; supported by workshops in Hungary and the U.S.
- (4) Conducting follow-up technical assistance to support the training provided;
- (5) Analyzing the policy environment of Hungarian agriculture and agribusiness and encouraging bottom-up policy dialogue through the project's workshops and technical assistance component;

and

- (6) Supporting the development of business relationships between participating Hungarian and American enterprises.

III. SITUATION

Hungarian agriculture faces serious problems relating to output prices lagging behind input costs, the 1992 and 1993 summer droughts, lower yields, heavy debt burden, and the slow pace of privatization. For these reasons, the outlook for the agricultural and food sectors in the second half of 1993 remains unfavorable.

1993 agricultural production will not reach 1991 levels as expected at the beginning of the year. This year's drought, while not as severe as that of last year, continued to affect output adversely. As a result of last year's drought, farmer's had less money to buy inputs such as fertilizer, pesticides and herbicides for this year's crop, contributing to further decline in output during the most recent season.

The Hungarian agriculture faces both external and internal problems that have hampered agricultural production. External factors included:

- There has been a severe drought period which considerably reduced production over the past two years.
- The inflation rate exceeding 20% has kept interest rates between 23 and 38% for a long period. These interest rates make borrowing problematic, because of relatively low return on investment.

- Both bureaucracy and the lack of focus within the government contribute to a slow progress of privatization in agriculture and food industry. The unsettled conditions adversely impact on agricultural production where yearly planning and predictions are essential.

Internal factors:

- The structure of Hungarian agriculture is being reorganized at present. The slow transition from a dominance of large and middle scale state farms and cooperatives to a more diversified size structure resulted in the following:
 - a) The agricultural sector is suffering from increasing unemployment. Up to now 350,000 agricultural workers have lost their job bringing unemployment up to 12 % (as high as 40 % in some regions). Productivity is also rapidly dropping. Large-scale agricultural companies have out-of-date machinery and financial difficulties.
 - b) The utilization of inputs (fertilizers, pesticides) have been dropping over the past two years, which is also caused by the insolvency of present agri-businesses.
 - c) The structural change is primarily to be blamed for the large proportion of the country's fallow fields in the 1993 planting season, which is obviously also the consequence of some of the external factors.
- Lack of agro-marketing methods such as developed distribution channels, or promotion.

One of the most important issues regarding the country's agricultural sector is land ownership. The future of many agribusinesses, especially cooperatives and suppliers to cooperatives, will be greatly affected by the government's decisions regarding the land reform. Legislation addressing this issue will soon be before the Hungarian Parliament. Meanwhile, the ultimate effect on the structure of the industry remains very uncertain.

The Hungarian government recently passed the legislation involving the basic features of the new agricultural market regulations. The similarity to the E.C. system is unmistakable. For example, the regulations include production quotas with guaranteed support prices for basic products such as wheat, maize and milk. However, the relatively low guaranteed price set for

wheat in early summer indicates that the government intends to follow a more market-oriented approach than the E.C. has when implementing these provisions. Other details of this and the future external trade regime (i.e., import levies and export restitutions) are not yet available. The Hungarian government expects these measures to have a positive impact on the country's insecure farming community and on efforts to establish a balance on the domestic markets still dominated by surpluses.

IV. PROGRESS TOWARD PURPOSE

A. Hungarian Participants' Wrap-up Meeting

In early July, a final wrap-up meeting was held in Hungary for the first year's participating Hungarian executives with 18 of the 25 companies in attendance. The meeting allowed project staff to hear the executives comment on their U.S. program while it was still fresh on their minds, and to review policy issues in the context of their Executive Development Training Program experience. The meeting also provided an opportunity for USAID/Budapest to see first hand how the executives benefitted by participating in the Executive Development Training Program.

The executives described their overall experience with RAAPS and with their matched U.S. company. Each executive addressed the following five points:

1. Executive Development Training Program Experiences
2. Potential Business Activities with U.S. Companies
3. Technical Assistance Requirements
4. Status of the Strategic Operating (Business) Plan
5. Areas of Cooperation with Hungarian Companies

Attachment 1 details each company's responses to the above five points of discussion.

B. Deal Monitoring and Facilitation

Since the first round's matching activities began in January 1993, project staff has been tracking twenty seven proposed and actual business deals between the participating U.S. and Hungarian companies. By the time the U.S. executives left Hungary, many proposed business ventures were emerging.

ACDI experience in Hungary re-enforces the experience of USAID world-wide regarding the sequence and timing involved in developing a business relationship. The typical American business approaches the development of a relationship with a foreign firm with care and caution. Trips to the foreign country and of the foreign firm to the U.S. are both necessary. Often,

more than one such trip is required before a business relationship can be established. The American firm will prefer as a first step to sell a product or service to the foreign firm. It may take samples from the foreign firm's product and may, if the sample is acceptable, place a trial order. After initial buying/selling relationships are well established and probably after additional visits back and forth, the American firm may consider some form of licensing agreement. This seldom occurs less than two years after the relationship is established. If this relationship continues to develop in a satisfactory manner, the American firm may consider a co- or joint venture. This seldom occurs before the fourth or fifth year of the relationship. This has been the general experience of USAID's projects around the world and is seen as the likely sequence in Hungary.

ACDI has been pleased to find that in some cases involving Round 1 participants, the sequence at the moment seems to be moving faster than the average. In several cases, after only one year, licensing and contract agreements are being signed. In a few cases, American investment in Hungary is being discussed. However, ACDI cannot expect that this project should overall exceed the average of USAID's many similar projects around the world.

The Hungarian company list below details the many actual and proposed business ventures which have resulted from the first round of RAAPS activities.

1. Marcius 21 (Adony) Cooperative

Currently negotiating to purchase embryos and high quality Bull semen from Nichols Farms. The owner of Nichols is soon expected to travel to Hungary to negotiate sales, technology transfer and the possibility of establishing a chain of "steak house" style restaurants, based on the exclusive use of meat cuts from the Black Angus breed.

2. Duna-Konzerv, Ltd.

One container of pickled Hungarian mushrooms has been exported to the Midamar Corporation. This transaction is valued at nearly \$20,000 and consisted of 21,600 bottles of product. Additional mushroom exports are currently in process. Duna-Konzerv is also negotiating with Midamar on jointly developing an improved packaging technology.

3. Linka Sonka Meat Processing and Trading Company, Ltd.

Through their matching activities with the U.S. Meat Export Federation (USMEF), Linka is currently in the process of purchasing packaging equipment for one of their meat processing lines from a USMEF member.

4. Inter-Trade Agro Company, Ltd.

Negotiations are underway to export hand-made wooden wine barrels and casks to their matched company, the California Winery, Inc.

5. Hodcsillag Cooperative

American Breeders Service (ABS) is currently considering setting up a joint venture with Hodcsillag. Through Hodcsillag's involvement with ABS, other U.S. contacts were made. For example, negotiations continue with both InstaPro concerning the purchase of vegetable oil processing equipment, and Sukup Manufacturing Company about a representative agreement.

6. Zafir, Ltd.

Company management is considering to import one container of canned seafood product from Sea Watch International. Zafir is also seeking Sea Watch's assistance in buying microwave packaging technology.

7. General Planning Services (GPS), Ltd.

GPS is planning to export dried vegetable and fruit powders to Sunfruit of Madera, CA. Sunfruit has also signed a Letter of Intent with GPS which may involve some investment capital on Sunfruit's part in a new solid matter drying technology which was developed by GPS.

8. Naszalytej, Ltd.

Naszalytej is currently discussing the possibility of establishing a Licensing Agreement with Rich Products. The company is also planning to purchase a packaging line from TetraPak which will produce lactose-free milk. Company management has started preparing job descriptions, cut staff and establish weekly meeting to plan and measure accomplishments. They have started advertising and taking a more aggressive stance in the market.

9-11. Agrowest, Mezomag and Kaposmag

These three companies are producing seed stock under contract with the Turf-Seed Company of Oregon. They eventually plan to export this seed to East and West Europe.

12. Onert, Ltd.

Onert is presently planning to export one container of wine to Messer Distributing Company in Iowa. More containers may be shipped in the future, depending on consumer acceptance.

13. Extra-Milk, Ltd.

Extra-Milk is currently negotiating a greenfield joint venture agreement with H.P. Hood, Inc. It is proposed that Hood will establish a long shelf-life milk production facility while Extra-Milk will increase its fresh milk and

dairy products line.

14. Kek Duna Cooperative

While in the U.S. for RAAPS, an executive of Kek Duna met Sakuma Brothers Farms, Inc., a strawberry producer. As a result, Kek Duna is now planning to receive nearly 5,000 strawberry plants for trial plots. If Kek Duna is satisfied, more transactions will take place.

15. Agrofor Sarkoz, Ltd.

Through its matching with the Minnesota Agricultural Equipment Export Consortium under RAAPS, Agrofor has purchased agricultural equipment including measuring wheels from Meter-Man, Inc. Agrofor is also in the process of ordering livestock tags from Duflex.

Project staff continues to monitor the progress of these business deals resulting from Round 1 matching activities. ACDI will help facilitate these activities by offering services and technical assistance where possible to participating U.S. and Hungarian companies as they explore the opportunities of doing business in each other's country.

Resulting business deals are not the only activities undertaken by the participating Hungarian firms that the project is monitoring and facilitating. One of RAAPS goals is to assist the Hungarian agribusinesses as they restructure operations and learn how to improve operations and efficiency in the newly formed market-driven economy. The list below details some of the internal, restructuring activities RAAPS Hungarian participants are completing in order to improve profitability and to better position themselves as the marketplace becomes more competitive.

1. Linka Sonka Meat Processing and Trading Company, Ltd.

Based on their Executive Development Training Program observations and experience, Linka Sonka has opened a retail outlet in the Balaton region of Hungary. They are employing RAAPS' learnt marketing and advertising techniques.

2. Turkeve Agricultural Cooperative

As a result of their matching with Tri-Valley Growers of California, Turkeve has reorganized the cooperative, spinning off many operations, as well as consolidating activities and staff.

3. Agroker Szombathely, Inc.

Using their matched RAAPS company, Mississippi Chemical Corporation, as a model, Agroker Szombathely is working on restructuring the entire corporation. This new restructuring will allow the Agroker to provide the necessary inputs (fertilizers, machinery, etc.) to

neighboring agricultural producers, wholesalers and retailers on a much larger scale.

4. General Planning Services (GPS), Ltd.

GPS is refining its business plan, which was created as a result of RAAPS, in order to find an investor for the production and distribution of fruit and vegetable powders. GPS is currently negotiating with several niche-seeking investment banks.

5-7. Agrowest, Mezomag and Kaposmag

These three companies were also participants in ACDI's AIMS project. Based on their RAAPS and AIMS experiences, these agricultural input companies have streamlined operations and are planning to undertake joint business operations to economize.

8. Onert, Ltd.

Based on Onert's RAAPS experience and recommendations, the company opened a "steak house" style restaurant in mid-September 1993.

To summarize:

<u>Hungarian Company Improvement in Operations</u>	<u>Number</u>
● Retail Outlet Opened	2
● Strategic and Operational Restructuring	5
● Actively Seeking External Investment Capital	1

C. Policy Component Activities

To clearly establish the current policy constraints to privatization and restructuring, and to agribusiness development in particular, the Center for Agricultural and Rural Development (CARD) has recently completed a policy assessment of the current situation. As described in the project's work plan, this Project Policy Report provides the project with a benchmark regarding the policy situation.

Based upon meetings with Hungarian government officials, the participating Hungarian companies and project staff, the Project Policy Report was revised during the quarter and completed in September 1993. The final draft report now includes additional material on the new market regulation legislation, land ownership and cooperative transformation, agro-food industry privatization and credit policy. A copy was sent to the AIDREP in Budapest and USAID in Washington. The consortium has been asked to delay distribution of the report until further discussion with OAR/H. When distribution is approved, copies will be distributed to USAID in Budapest (2) and Washington D.C. (2), Hungarian Ministry

of Agriculture (5), OECD (1) and will be available upon request from ACDI offices in Budapest and Washington, D.C. and CARD/ISU.

D. Project Monitoring System

During the quarter, ACDI staff, with consortium input, developed a Project Monitoring System which is based on numerous meetings with all the participating Hungarian companies and a questionnaire which tracks the outcomes and effects of RAAPS on the Hungarian firms (See Attachment 2). The questions have been carefully selected to ascertain both impact, on-going technical assistance needs and to identify policy constraints.

In-country staff are being trained to interview the Hungarian agribusiness executives and are currently interviewing Round 1 Hungarian executives who participated in project workshops and the Executive Development Training Program. Two project staff members conduct the interview. One staff member asks the questions and manages the interview while the second records the responses.

After each interview, project staff reviews and confirms the responses and impressions before proceeding to the next company. The questionnaire interview is conducted on the company premises. This controlled interview ensures thorough and comprehensive results.

Upon completion of all interviews, the content of the questionnaires will be word processed and sent to each company to check for accuracy, additions and deletions. Any modifications sent in by the participating companies will be added and the entire questionnaire will be translated into English. This will be the basis of the project monitoring report.

E. Work Plan / Strategy Revision

In order to meet the needs and interests of all project participants and to remain as flexible as possible while better achieving project goals, several revisions are proposed for the succeeding rounds of project activities. The following revisions are based on Hungarian and U.S. participant evaluations and recommendations, and on project consortium meetings and internal evaluations which took place over the quarter.

- Schedule Round 2 is proposed to occur from February to April, 1994 and Round 3 from September to November, 1994. This timing will allow recruiting for both rounds to be done concurrently, thus reducing the overall level of effort required by avoiding duplication of work and offering firms alternative schedules. The schedule ensures adequate time for recruitment and matching of enterprises and for

completing the processes required for participant training. Moreover, advancing Round 3 allows adequate time for technical assistance to be provided to Hungarian firms participating in Round 3 before the scheduled end of the project.

- Visit of U.S. representatives to Hungary We propose to offer U.S. representatives up to seven additional days in Hungary upon request with the proviso that the matched Hungarian enterprise agrees. Project evaluations included numerous suggestions to lengthen the time available for the representatives of U.S. firms to spend with their Hungarian colleagues.
- U.S. Workshop The Iowa State University workshop will take place at the beginning of the Hungarian executives' U.S. stay instead of at the end. Having the U.S. program start with the workshop in Iowa will help interactions among Hungarians, ease the cultural introduction of those new to the U.S., and help provide a framework focus for the experience in the U.S. firms.
- Executive Development Program A majority of both the U.S. and Hungarian companies commented that the Hungarian executives' stay at the U.S. firms could have been shorter and still achieve the same goals. Many also stated that several aspects of the training program had to be duplicated because the Hungarian CEOs and Senior Managers arrived at separate times. Therefore, the consortium proposes that Round 2 will have the CEOs and the Senior Managers of the participating Hungarian companies travel to the U.S. together for the Executive Development Training Program at the matched U.S. firm. Business plans are an important output of the project and will continue to be emphasized in both the training and technical assistance components of project activities.
- Visit to Washington D.C. The length of time spent in Washington, D.C. will be increased from one to two workdays in order to perform a thorough evaluation and wrap-up. The trip to Washington will also be an opportunity for the Hungarian executives to meet directly with USAID and other officials.
- Logistic Support
 - Actively recruit agricultural professionals with English fluency as volunteer interpreters, as available, in addition to students;
 - Provide more background information on interested U.S. firms to Hungarian companies.

F. Other Activities Completed During the Quarter

- Project staff have attended and spoken at U.S. sponsored Trade Missions (e.g., Wisconsin Department of Economic Development, Ohio Governor's Mission), conferences, workshops and seminars to promote RAAPS and Hungarian agriculture.
- Planning for technical assistance to Round 1 Hungarian agribusiness firms took place during the quarter with delivery to begin next quarter.
- The Round 2 selection process for Hungarian and U.S. agribusinesses began, which included mailings and meetings with prospective companies.

V. ACTIONS PLANNED FOR NEXT QUARTER

- Continue monitoring and facilitating the on-going business deals between the Hungarian and U.S. agribusinesses;
- Continue analysis of the participating Hungarian firms' TA needs and deliver initial assistance;
- Continue targeting Hungarian agribusinesses for participation in the next round of project activities; and
- Continue approaching potential U.S. agribusinesses for participation in the next round of project activities.

ATTACHMENTS

1. Expenditures Through September 30, 1993
2. Wrap-Up Meeting Agenda
3. Monitoring & Evaluation Questionnaire

ATTACHMENT 1

**Restructuring Agriculture and Agribusiness:
Private Sector**

EXPENDITURES THROUGH SEPTEMBER 30TH, 1993

<i>Description</i>	<i>Actual Cost</i>
Salaries	99,776.44
Other Payroll	
Added Costs	21,676.28
Other Travel	55,471.55
Consultant Fees	23,279.75
Participant Training	287,742.00
Equipment/Commodities	25,721.75
Evaluation	0.00
Other Direct Costs	125,814.14
Project Advances	4,100.00
Indirect Costs	232,549.78
Subcontractors (ISU)	333,402.33

	1,201,334.02

ATTACHMENT 2

**WRAP-UP MEETING
July 9, 1993
Agenda**

3:00 pm

Opening Speech

Rifat Barokas, Ph.D.
Country Director ACDI/RAAPS

Welcoming Speech

Zoltan Varkonyi
Project Specialist, USAID

3:30 - 5:45 pm

Reports by the Attending Companies

- Executive Development Training Program Experiences
- Potential Business Activities with U.S. Companies
- Technical Assistance Requirements
- Status of the Strategic Operating (Business) Plan Preparation
- Areas of Cooperation with other Hungarian Companies

5:45 - 6:00 pm

Conclusions/Closing Speech

Dr. Maria Kostyal
Project Director
ACDI/RAAPS

6:00 - 9:00 pm

Wine Tasting & Dinner

Hosted by Csopakvin Ltd., Mihaly Figula,
General Manager

Journalists Present:

David Finch, Budapest Week
Stephanie Welch, Budapest Business Journal
Zoltan Kelemen, Magyar Hirlap
Sandor Viniczai, Magyar Mezogazdasag

Other Parties Present:

Zoltan Varkonyi, Project Specialist, USAID Hungary
ACDI: Rifat Barokas
Miklós Thuránszky Maria Kostyal
Andrea Henye Ildiko Varga
Viktoria Csetneki Gabor Kalo

Notes on Attending Companies Comments

1. AGROKER SZOMBATHELY, JANOS SULE, KAROLY GROZDITS

1. Field of Experiences in the States: Farmers associations - on a shareholding basis.
2. Potential businesses: -
3. Technical Assistance Needs: Requested a one-on-one meeting on this subject. Consultancy is requested for further development of the feasibility study prepared to establish a wholesale market and trading center based on their experiences with Mississippi Chemical. Furthermore they have requested advice in the area of issuing shares.
4. Status of Business Plan: Ready in English and Hungarian
5. Areas of Cooperation with Hungarian companies: They can consult those who want to be involved in the wholesale market, trade center, supermarket business. Can do business with any suppliers, trading companies of ag. or food products.

2. AGROKER GYOR, JOZSEF NAGY, ILDIKO VIRAG

1. Field of Experiences in the States: Many similarities in trading organizations, structure.
2. Potential Businesses: import of tractor parts, ag. machinery to match SUKUP with MEZOGEP, Mosonmagyaróvár (a potential RAAPS participant)
3. Technical Assistance Needs: -
4. Status of Business Plan: Existed before participation

3. MARCIUS 21 COOPERATIVE, ADONY, FERENC BALAZS

1. Field of Experiences in the States: Livestock Breeding Technology, raising high quality pure-bred Angus cattle.
2. Potential Businesses: Import of semen, export of breeding stock to third countries in Eastern-Europe. Establish a steak-house in Budapest.
3. Technical Assistance Needs: To be discussed later
4. Status of Business Plan: Half ready
5. Areas of Cooperative with Hungarian companies: Hustrans

4. MEZOMAG, GYORGY HEGEDUS, PAL HETTYESI

1. Field of Experiences in the States: Registering procedures for different seed varieties. Trading structure differences interfere with effective trading.
2. Potential Business: Made preparation for future businesses - growing and testing of new varieties. Failed to find investors.
3. Technical Assistance Needs: Under AIMS they have already been receiving TA.
4. Status of Business Plan: Along with AIMS TA they have been preparing it and will accomplish it by the end of the project.

5. DRAVA COOPERATIVE, REZSO FRAN CZ

1. Field of Experiences in the States: Production systems, Marketing practices. Have seen a wide variety of ag. input companies.
2. Potential Businesses: Preparing a market survey for a few specific products that would be imported from the States.
3. Technical Assistance Needs:
4. Status of Business Plan: Half ready

6. AGROWEST, JOZSEF MARTON

1. Field of Experiences in the States: Grass seed
2. Potential Businesses: Introduction of three grass seed varieties, export oriented production. A specialist is arriving next week to manage this project.
3. Technical Assistance Needs: Under AIMS, it is in progress
4. Status of Business Plan: Will be accomplished along with TA.

7. CSOPAKVIN KFT., GYORGY MARKOV SZKY, MIHALY FIGULA

1. Fields of Experiences in the States: Only quality can compete
2. Potential Businesses: Have sent samples of quality wines for investigating future export potential.
3. Technical Assistance Needs: -
4. Status of Business Plan: -

8. ONERT, ANDRAS SZTAROVITS, FERENC WERNER

1. Fields of Experiences in the States: Many new ideas but they do not want to share before implementing some of them
2. Potential Businesses: Negotiating exclusive rights for distribution of a type of packaged microwave popcorn.
3. Technical Assistance Needs: -
4. Status of Business Plan: Ready

9. G.P.S., LASZLO P AP, GEORGINA P AP

1. Fields of Experiences in the States: Company managers observed and learned how to introduce new products
2. Potential Businesses: Marketing study has been prepared for grape powder in California. They are sending powder samples and will export powders to the States. Failed to find investor for the production facility.
3. Technical Assistance Needs: Finding investor for a plant.
4. Status of Business Plan: 50% of it is done.

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10. EXTRA-MILK, PETER KALOCSAI, ERMO MOLNAR

1. Fields of Experiences in the States: The theory that was presented during the workshops in Budapest was supported by the practice they experienced in the USA.
2. Potential Businesses: H.P. HOOD may invest in establishing a dairy processing plant
3. Technical Assistance Needs: TA is needed while Extra-Milk works with H.P. HOOD on a joint venture. Requested a one-on-one meeting. A study on the Hungarian dairy business should be provided to H.P. HOOD. Based on the outcome of the U.S. company visit further TA will be considered and requested.
4. Status of Business Plan: Half ready

11. CSENGER COOPERATIVE, MIHALY GULACSI

1. Fields of Experiences in the States: No competitive pricing. Apples currently exported for processing outside Hungary. They should be processed in Hungary.
2. Potential Businesses: -
3. Technical Assistance Needs: Pressure should be exercised on the government.
4. Status of Business Plan: -

12. DUNA KONZERV, BELA SZABOKI

1. Fields of Experiences in the States: Mushroom species that are selling well have been identified.
2. Potential Businesses: The company had a history of business deals with the American host company. They will start again with exporting mushrooms to USA.
3. Technical Assistance Needs: -
4. Status of Business Plan: Completed, company then applied for a loan, waiting approval.

13. KEK DUNA, DENES HANSAGI

1. Fields of Experiences in the States: Fruit tree production, fruit production. Banking systems, production, transport, sale, marketing channels.
2. Potential Businesses: Introduction of new and improved strawberry varieties
3. Technical Assistance Needs: They are interested.
4. Status of Business Plan: -

14. SARKOZ AGROFOR, ISTVAN TERPO

1. Fields of Experiences in the States: Retail business
2. Potential Businesses: Some specific minor industrial products for agriculture will be tested and possibly imported from the U.S.
3. Technical Assistance Needs: -
4. Status of Business Plan: Underway

15. INTERTRADE, GYULA SZABO, LASZLO GONDA

1. Fields of Experiences in the States: What is the essence of export marketing.
2. Potential Businesses: Contract had been made, first container load of barrels will be shipped next week. In a few days another contract will be made. Plans for a barrel manufacturing unit in Hungary with American participation. Perhaps canned food shipments.
3. Technical Assistance Needs: -
4. Status of Business Plan: Recognize the importance of a business plan for setting up company goals.

16. TURKEVE COOPERATIVE, JOZSEF SIMON, GYULA GYENES

1. Fields of Experiences in the States: Profit reinvestment in agriculture.
2. Potential Businesses: -
3. Technical Assistance Needs: Finding an investor for dehydrated vegetable production.
4. Status of Business Plan: Completed
5. Areas of Cooperation with Hungarian companies: They have had discussions with one or two companies in the hope of future cooperation.

17. LINKA SONKA, KLARA MEDGYES, EVA RITZ

1. Fields of Experiences in the States: Slaughtering, processing and meat packing technology
2. Potential Businesses: No business prospects. The company is too small, but they are going to buy some equipment for meat processing from the USA.
3. Technical Assistance Needs:
4. Status of Business Plan:

18. ZAFIR KFT, LAJOS AGOSTON

1. Fields of Experiences in the States: Anything can be sold but should be of high quality. Researched different technologies of ready-to-cook dishes.
2. Potential Businesses: A packaging line/machine has been purchased. Possible export of pet food to the US. Tried to identify brokers in Maryland to gain market share. They have brought numerous samples of consumer goods for testing them on the Hungarian market. A fair is being organized for Hungarian businesses in Maryland organized and financed by the Governor's office of the State of MD. A similar one will be organized in Hungary funded by Hungarian companies that have participated in the first event. A foundation "Maryland for Hungarian Transformation" has been established with a \$100,000 grant.
3. Technical Assistance Needs: -
4. Status of Business Plan: It has been submitted to ACDI/H for a single business deal.
5. Areas of Cooperation with Hungarian companies: To share shipping costs.

ATTACHMENT 3

Monitoring & Evaluation Questionnaire

1. Has your company prepared or is currently preparing a strategic management plan or business plan of some type?
2. Have you introduced or are you planning to introduce specific changes to your company's operations and activities?
 - 2.1 Corporate Restructuring
 - 2.2 Additions/Deletions from Staff
 - 2.3 Management Information Systems
 - Production Scheduling
 - Inventory
 - Sales and Management
 - Training
 - 2.4 New Technologies
 - 2.5 Other
3. If yes to Question #2, how did you implement these changes?
4. What kind of measurable and intangible results have you observed or recorded from the actions described above?
 - 4.1 Measurable
 - 4.2 Intangible
5. Has RAAPS' staff been in touch with you sufficiently? Please explain.
6. How frequently have you maintained contact with your matched company?

Frequently	Infrequently	Never
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Please explain.
7. Have you maintained contacts with other foreign companies that you have met through the RAAPS project?

If yes:	Frequently	Infrequently
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Please explain.

8. Are you now, or do you expect to be in the near future in a trading relationship with your matched agribusiness or other foreign companies?

Please explain:

8.1 With Matched Company:

Export to USA
Contract signed?
Product/Service/Technology:
When:
Approximate Value of Transaction:

Import from USA
Contract signed?
Product/Service/Technology:
When:
Approximate Value of Transaction:

8.2 With Other Foreign Company:

Export to USA
Contract signed?
Product/Service/Technology:
When:
Approximate Value of Transaction:

Import from USA
Contract signed?
Product/Service/Technology:
When:
Approximate Value of Transaction:

9. Have you negotiated and signed or are you negotiating to sign in the near future a representative or agency agreement with your matched company or another foreign company contacted as a result of participating in the RAAPS project?

9.1 With Matched Company:

Negotiated and Signed / Negotiating, Planning to Sign

Company Name:
Date:
Nature:
Obligations:
Expected value:
Business/Year:

9.2 With Other Foreign Company:

Negotiated and Signed / Negotiating, Planning to Sign

Company Name:

Date:

Nature:

Obligations:

Expected value:

Business/Year:

10. Are you in the process of establishing a joint venture agreement, or are you planning a joint venture agreement with your matched company or another foreign firm contacted through RAAPS?

If yes:

Name of foreign firm:

Date (to be) signed:

Description of Joint Venture Agreement:

Contributions of parties involved in-cash and in-kind:

11. Has your company's revenue increased since participating in the RAAPS activities?

If yes:

Please explain in detail:

Products/Services Added

Merger/Acquisition

Company Restructuring

etc.

How much:

Absolute:

Percentage:

12. Has your company added a product or service as a result of participation in RAAPS?

If yes, please explain in detail.

13. Have you measured any increases in the productivity of your workers since participating in RAAPS?

13.1 Type of measure used:

13.2 Results of observations

14. What kind of Technical Assistance have you received so far from RAAPS?

Date:

Description:

Results:

Tangible

Intangible

15. What type of Technical Assistance will your company require in the near future which would improve?

Volume of business:

Volume of profits:

Company management structure:

Increased business with the U.S.:

15.1 Specific type(s) of TA requested

Expertise:

Duration:

Date:

16. What government laws, policies and programs should be changed to foster the growth and development of your business? Please be specific.

16.1 And, how should they be changed?

17. Through what organization or by what means do you currently communicate your problems and concerns to government policy makers?

18. What changes would you like to see in the future for communicating your concerns to government policy makers?