

PD ABA-461

ISN - 86239

LAND O'LAKES, INC.

**Farmer-To-Farmer Program: Special Initiative for the
New Independent States of the Former Soviet Union
Agreement Number: FAO-0705-A-00-2091-00,
Project Number 938-0705**

**Quarterly Report
October 1 through December 31, 1993**

January 26, 1994

TABLE OF CONTENTS

Volunteer Assignments	1
Impact from Past Assignments	7
FFA Subagreement	8
Program Management	9
Program Obstacles/Major Changes	9
Attachments	
A. Volunteer Tracking Information	
B. Vologda Success Story	
C. Quarterly Financial Summary	

QUARTERLY REPORT
1st Quarter/Year Two
October-December, 1993

VOLUNTEER ASSIGNMENTS

During the first quarter of the Farmer To Farmer program's second year, Land O'Lakes fielded 10 volunteers from six states. Volunteer assignments were located in four Russian Federation oblasts and one Ukraine region. Volunteer tracking information, including technical assistance objective categorization, is located in Attachment A.

VOLUNTEER SPECIALIST(S)	VOLUNTEER STATE(S)	ASSIGNMENT DATES	ASSIGNMENT LOCATION	BENEFICIARY ORGANIZATION(S)
John "Dale" Dunivan	Oklahoma	September 23 - October 9, 1993	Ryazan Oblast, Russia	Ryazan Institute Ryazan Regional AKKOR

Through the Ryazan Regional AKKOR and the Ryazan Technical Institute, Dunivan provided assistance to directors from several of the region's educational institutions: the Continuing Education Institute, the School for Agriculture - Industrial Sector, the Research Institute of Ryazan, the Ryazan Agricultural Institute and the Institute for Students (University Level). He provided information and education in agricultural financial management. This included the following topics:

- strategic planning
- goal setting
- budgeting
- financial management analysis

Dunivan worked closely with a curriculum development committee, to whom he provided a detailed sample curriculum guide to use as a model in developing their own curriculum. He also provided instruction on curriculum development to two large groups of teachers (totalling approximately 60). Finally, he spoke to two groups of high school students, presenting an overview of financial management and discussing in depth the concept of leadership.

Dunivan left a translated sample farm financial record book at the Ryazan Oblast AKKOR offices and instructed the office personnel in its use. These office personnel will in turn provide instruction and copies of the record book to the private farmers in the area. A copy of the record book will also be provided to each institute in the region.

Dunivan reported a positive outcome to his assignment. He said:

"The potential impact on the recipients of this curriculum development could be quite significant. Having lived and worked under a centrally controlled economy, in state-owned farms and industries all their lives, most persons (teachers, students, and farmers included) do not fully understand the process of budgeting or the concepts of 'profit and loss', 'net work', cash flow, liquidity, solvency, etc. A basic understanding of sound financial management is necessary for success in any business, or even for handling a person's own personal finances."

Evaluation interviews with the beneficiaries of this assignment will be conducted in and reported after the second quarter of year two.

VOLUNTEER SPECIALIST(S)	VOLUNTEER STATE(S)	ASSIGNMENT DATES	ASSIGNMENT LOCATION	BENEFICIARY ORGANIZATION(S)
Richard Hess	Virginia	October 21 - November 6, 1993	Ryazan Oblast, Russia	Ryazan Regional AKKOR Ryazan Oblast Private Farmers Ryazan Agricultural Institute Ryazan Agricultural College
John Hess	Idaho			

The purpose of this team assignment was to provide technical assistance for private farmers in the Ryazan districts of Michailov, Klepiki and Tuma. The focus of this assistance included the following:

- potato production (general agronomic practices)
- harvest and post harvest handling
- weed and insect control
- marketing
- business plans

Also included in the assignment was a day with the Ryazan agricultural college and institute discussing potato production technologies and development of a technical support infrastructure for the new private farmer constituency. In addition, the team also worked with the Ryazan Regional AKKOR, providing expertise in marketing, input and distribution planning.

This team quickly found that Russian potato farmers face many of the same problems that potato farmers in the U.S. face, but that the solutions may not be the same as they would for a farm here. The team listened carefully to the specific problems the farmers, instructors and AKKOR officials were having and then tried to apply their experience to each situation. This proved to be the most effective strategy. The following areas represent activities in which the volunteers believed they made the most impact:

- Discussion and design of potato storage construction - volunteers discussed several different types and functional concepts.
- Donation of probe thermometers to host farmers - these thermometers can be used to monitor the internal temperature of the potato for best handling conditions and the temperature of the soil for best planting conditions.
- Weed control using non-chemical methods. Most of the farmers believed that, lacking chemicals, they would be unable to control weeds. Yet most were using weed seed infested potato seed stock. Volunteers suggested several simple solutions for weed management that did not utilize chemicals.
- Discussion of U.S. technologies for producing potatoes from seed to market.
- Discussion and design of grain storage bins and aeration techniques - a suggested unloading technique unknown to Russian farmers could save at least one private farmer major maintenance of his auger system.

- The how-to's of replacing labor intensive systems with labor-saving systems. As in the U.S., on Russian private farms labor is expensive.
- Market diversification to offset the inability of some organizations to pay immediately for commodities sold to them.

This father and son team learned a great deal about what the Russian private farmer needs to know in order to succeed. They offered a wealth of assistance and expertise to their hosts. In fact, Richard Hess wrote a final report which, including appendices, is over 100 pages long! From that report:

"American consultants have a great deal of expertise to offer, but if we expect Russians to farm as we do, we will be disappointed in our expectations. However, the basic and sometimes almost rudimentary agronomic ideas that we might take for granted can have direct application in Russian agriculture systems. American consultants can greatly benefit Russian farmers if they will first seek to understand the farmers' immediate and then long-term needs, and adapt their expertise to fit within the Russian environment and level of understanding."

Evaluation interviews with the beneficiaries of this assignment will be conducted in and reported after the third quarter of year two.

VOLUNTEER SPECIALIST(S)	VOLUNTEER STATE(S)	ASSIGNMENT DATES	ASSIGNMENT LOCATION	BENEFICIARY ORGANIZATION(S)
Larry Hiller Keith Hiller	Iowa Iowa	October 21 - November 6, 1993	Vologda Oblast, Russia	Vologda Regional AKKOR Cherepovets District AKKOR Cherepovets District private farmers

Larry and Keith Hiller were assigned to provide assistance to the Vologda Regional AKKOR on potato storage, processing feasibility and general farm management. However, for unknown reasons they were instead assigned by the Regional AKKOR to work specifically with four private farmers in the Cherepovets area. Working this closely with private farmers would normally result in intensive technical assistance in potato production, storage and marketing. In this case, an early snowfall prevented the field work from taking place.

Despite these setbacks, the team had an extremely positive volunteer assignment. They discussed many of the human elements and shared experiences of being private farmers and recognized more commonalities than differences. Their report stated:

"We were very impressed with the leadership of the AKKOR personnel, the farmers we met with, their homes and farm/building setup, their desire, drive and determination, their hospitality and warm friendship, how they openly welcomed us into their homes, and their deep-rooted feeling with farming and agriculture. We also sensed quickly the fact that the Russian farmer held the same rural cultural values similar to those of U.S. farmers:

**Love of their families*

**.Opportunity to build a more prosperous life for their children"*

They also discussed some of the advantages a private farmer cooperative structure would give to the area farmers. Some of the issues discussed were the percentages of profit the cooperative would get and the percentage the farmer receives, the concept of farm-to-market-to-consumer where the farmer is concerned with the movement of produce from the farm but not directly involved with all steps, the concept of custom work in which a farmer leases his time and equipment to his neighbor farmers. In addition, much information regarding potato production and storage, e.g. seed quality, soil quality, storage and handling for best marketability, etc. was also discussed extensively.

Throughout the region, the Hillers heard extremely good reports regarding the district and regional AKKOR organizations. Land O'Lakes has found that the Vologda AKKOR structure is particularly strong and helpful toward the private farmers it is supposed to support. This confirms once again that AKKOR must be judged on a local or regional level as to its effectiveness and health.

Evaluation interviews with the beneficiaries of this assignment will be conducted in and reported after the third quarter of year two.

VOLUNTEER SPECIALIST(S)	VOLUNTEER STATE(S)	ASSIGNMENT DATES	ASSIGNMENT LOCATION	BENEFICIARY ORGANIZATION(S)
Frederick Cluskey	Minnesota	October 21 - November 6, 1993	Moscow Oblast, Russia	VTORES

Vtores Group is a successful, private company in Moscow desiring to enter Dairy Processing and Marketing. Cluskey's primary activity was to advise Vtores management on dairy marketing and plant design. The company requested guidance on what types of dairy products to produce, plant location, logistics, and product marketing.

The main activity of this assignment consisted of educating Vtores personnel, a¹. good businessmen, in the anticipated problems in operating a dairy plant. Cluskey said,

"When I arrived, Vtores wanted to make all dairy products - milk, yogurt, kefir, cottage cheese, cheese curds, butter, casein, etc., all that could or is sold--they thought they should make. With the key Vtores management team, and after much discussion as to why this is costly and not practical, we arrived at a plan to make one product with probably 4-5 variations."

Numerous key items were finalized:

- the objective of the plan in business and financial terms
- the need for technical assistance from universities, etc.
- problems in processing milk
- business plan outline including activity, date and person responsible
- cash flow statements
- cost of each production line and need for simplicity

Cluskey also made a site inspection and provided recommendations on land, water drainage, building footings and snow and ice removal. Additionally, milk quality was discussed, although Cluskey was not sure if the concept of quality at the producer and collection levels was totally understood or accepted.

Evaluation interviews with the beneficiaries of this assignment will be conducted in and reported after the third quarter of year two.

VOLUNTEER SPECIALIST(S)	VOLUNTEER STATE(S)	ASSIGNMENT DATES	ASSIGNMENT LOCATION	BENEFICIARY ORGANIZATION(S)
Peter Brauhn	Wisconsin	October 27 - November 13, 1993	Kaliningrad Oblast, Russia	Kaliningrad Regional AKKOR

Brauhn's host, Yevgenii Aleksandrovich Pavlovskii, who is the president of the Kaliningrad Oblast RSFSR/AKKOR, arranged for Brauhn to provide information regarding the cooperative movement to groups of Russian farmers and students. This involved appearances at six different locations to attend meetings and speak, almost a mini-seminar approach. In addition, Brauhn was to help Pavlovskii and his group with the very beginnings of business plans for the specific needs of five different cooperative ventures and assess each of the five locations for potential success.

Based on the recommendations forwarded to the beneficiary groups, Brauhn's assignment was completed successfully. Pavlovskii and his associates are currently at a point where they are getting information from various sources which is garbled. Brauhn copied off the entire finance section of the cooperative development coursebook developed by Land O'Lakes and gave it to Pavlovskii who is having it translated. Brauhn also went through the information verbally so that Pavlovskii will be able to teach others.

According to Brauhn, Pavlovskii is a "leader with the long view, wisdom gained from experience, common sense and with a high level of intelligence as well as patience." Because of the high level of interest in U.S. cooperative structure, it is extremely important that the first American-style cooperative in Kaliningrad be a success. A follow-up technical assistance assignment was performed almost immediately after this one by Al Wanous, an expatriate employee of LOL Agra in Poland. See below for information concerning his assignment.

Evaluation interviews with the beneficiaries of this assignment will be conducted in and reported after the third quarter of year two.

VOLUNTEER SPECIALIST(S)	VOLUNTEER STATE(S)	ASSIGNMENT DATES	ASSIGNMENT LOCATION	BENEFICIARY ORGANIZATION(S)
Donald Benoit	Wisconsin	November 17 - December 3, 1993	L'viv Region, Ukraine	Zvenyhorod-Sini Farm

Benoit's first assignment was to assist the Zvenyhorod State Farm in their privatization efforts. His activities included:

- assisting farm administration to privatize the farm
- assisting in determining most viable alternative
- assisting with planning and implementation
- assisting in strategies for utilization of available labor
- assisting in development of plans for new business options
- advising on farm management

Benoit felt that his assignment was a "catalyst in assisting the administration to reach informed conclusions and decisions based on well thought out plans, considering all pertinent factors." As a result the decision was made to leave the farm intact and privatize it as the Zvenyhorod United Farming Cooperative. Benoit also recommended that the cooperative include a cooperative farm service center which could service all farms in the area.

Benoit also made specific recommendations to the management of the future Zvenyhorod United Farming Cooperative as to the status and possible future improvements of the agribusiness ventures the cooperative is involved in. These range from dairy and meat production to clothing manufacture.

Evaluation interviews with the beneficiaries of this assignment will be conducted in and reported after the third quarter of year two.

VOLUNTEER SPECIALIST(S)	VOLUNTEER STATE(S)	ASSIGNMENT DATES	ASSIGNMENT LOCATION	BENEFICIARY ORGANIZATION(S)
Al Wanous	Minnesota	November 26 - December 6, 1993	Kaliningrad Oblast, Russia	Kaliningrad Farmers Association

The Land O'Lakes Farmer To Farmer program was very fortunate to be able to tap Wanous' expertise as a agribusiness manager with several years of experience in the United States as well as experience as the manager/director of LOL Agra, a feed subsidiary of Land O'Lakes in Warsaw, Poland. Not only did Wanous have to spend minimal time becoming accustomed to time zones or cultural differences, he also brought to the assignment a complete understanding of the current economic and political situations in Eastern Europe and the NIS.

Wanous followed up on Peter Brauhn's (see above) suggestions regarding curriculum development and providing business plans for the dairy and meat ventures. Further assistance will be given in curriculum development.

Wanous provided a number of documents to the organizations he worked with. These included:

- Annual business plan for the dairy processing cooperative including a capital budget and a proforma profit/loss statement
- Dairy processing plant staffing and job descriptions
- Dairy processing plant questionnaire (for procurement of milk supply)
- U.S. Agricultural Vocational Curriculum
- Meat plant recommendations
- Description of free market economy ag functions
- State and collective farm transition points
- Annual business plan generic format

Wanous also presented and fielded questions at two private farm meetings relating to the potential formation of a machinery custom service cooperative.

Evaluation interviews with the beneficiaries of this assignment will be conducted in and reported after the third quarter of year two.

VOLUNTEER SPECIALIST(S)	VOLUNTEER STATE(S)	ASSIGNMENT DATES	ASSIGNMENT LOCATION	BENEFICIARY ORGANIZATION(S)
Donald Benoit	Wisconsin	December 6-18, 1993	L'viv Region, Ukraine	Independent Private Farmers

Benoit's second assignment was to provide technical assistance to Ihor Fedysiv, the first private farmer in the Pustomy District and other farmers in his area. The main assistance was given to Fedysiv.

Benoit helped Fedysiv with revisions of a faulty farmstead plan which Fedysiv had contracted at great expense. This plan put the entire farmstead into a 2 hectare plot better suited to the house and vegetable gardens only.

Benoit and Fedysiv researched a former military/manufacturing facility across the road which consisted of 13.2 hectares of land and many buildings which could be used for agricultural purposes. With Benoit's assistance, Fedysiv drafted a request for allocation of that land and presented it to Anatolig Bohdanov, Chairman of the Pustomy District Agricultural Board. According to Bohdanov, it is likely that Fedysiv will receive approval for at least the land and possibly the buildings.

In addition to this specific assistance, Benoit also provided recommendations which covered plans for a farmstead on the military/manufacturing site, livestock management and marketing, soil testing and maintenance and a possible aquaculture operation.

Evaluation interviews with the beneficiaries of this assignment will be conducted in and reported after the third quarter of year two.

IMPACT FROM PAST ASSIGNMENTS

Continuing Work by Past Volunteers

Ray Funk (September 9-25, 1993, Moscow Oblast) was a presenter at a recent agricultural conference in Idaho. As part of his presentation, he talked about opportunities in Russia and about the people and organizations he worked with while he was there. Several companies contacted him asking for the business plan that he and Stephen Love had developed for STI, the host organization. These companies are interested in joint ventures in Russia. Land O'Lakes is passing the information on to the host organization so they can talk with these companies.

Impact on Beneficiary Organizations

A long-term evaluation of Les Deckert's assignment (July 15-31, 1993, Ivanovo Oblast) was to have taken place during this quarter. However, the main recipient lives in the Lezhnevsky District, a rural area outside of Ivanovo with practically no telecommunications, and therefore attempts to contact her directly were unsuccessful. Land O'Lakes staff will attempt to contact her over the next month through the Ivanovo Oblast AKKOR director. Contact may take several weeks. A field visit to Lezhnevo will be arranged to assess impact once contact has been made.

Pavlushikov, a private farmer in Ust-Kulbinsky district, Vologda Oblast, opened a store in Murmansk based on advice from volunteers Chuck Kiefer and Charles McCullough (September 29-August 14, 1993). By doing this, Pavlushikov found the most profitable market in northern Russia. Pavlushikov received over double the price per kilo for his potatoes after having trucked them to Murmansk. See Attachment B for success story reported to USAID in November, 1993.

Kiefer and McCullough also helped Pavlushikov create another market when Pavlushikov took the volunteers to Marina Belyaevskaya's farm in Totma, a neighboring district four hours away. Belyaevskaya is another strong farmer leader similar to Pavlushikov. The next day, Belyaevskaya sold Pavlushikov several of her pigs. Pavlushikov now works with Belyaevskaya on a regular basis with transportation (he was a professional truck driver and owns a truck), construction of farm buildings, feed and buying her pigs. Currently, Belyaevskaya and Pavlushikov are discussing potential joint projects in swine production and processing. In their words, "[Land O'Lakes has] promoted regional cooperation among private farmers."

Kiefer and McCullough had yet another impact on their host organization, the Vologda AKKOR. Korotkov, executive director of Vologda AKKOR, now has access to high government officials who previously were reluctant to speak with AKKOR or support private farming. This includes President Yeltsin's Representative for the Vologda Oblast and Mr. Stavrovski, Mayor of the Cherepovets District.

While Larry and Keith Hiller (October 21-November 6, 1993, Vologda Oblast) were on assignment with the Cherepovets District AKKOR, they were interviewed by a local newspaper for 2 1/2 hours. Now a whole series of articles about the private farmers cooperative movement will be run. Matveev, executive director of Cherepovets District AKKOR, expects this topic to be addressed in other newspapers as well. This will bring much-needed publicity and support to the private farmers' movement and overcome mostly negative images. Matveev says, "For two years now we have been trying to convince society that you can work for yourself and thereby support society -- you don't have to work for society."

FFA SUBAGREEMENT

There were no volunteers fielded by FFA during this quarter. However, major recruiting efforts for this summer's assignments were undertaken at the FFA National Convention in November. FFA continues work on its computer database of potential volunteers with the objective of matching the best experts to each technical assistance request.

Before the summer program for teacher volunteers begins, FFA will field two volunteers, one to Russia and one to Ukraine. The emphasis of both of these assignments will be curriculum and instructional development in accordance with FFA's role in the Land O'Lakes Farmer To Farmer program.

FFA continues to optimize a large degree of collaboration between the Farmer To Farmer program and other funding it has obtained (a good example being USIA). Russian nationals who are sponsored in the United States through alternate funding are all briefed on the Farmer To Farmer program before returning to Russia, the goal being to stimulate interest in placing requests for technical assistance through the Farmer To Farmer program.

PROGRAM MANAGEMENT

Land O'Lakes Farmer To Farmer program management staff developed a logical framework and a proposed implementation plan for year two for this program in October, 1993. These were submitted to USAID and subsequently approved. Copies were provided to USAID/Moscow.

Office Information

The Land O'Lakes Moscow office hired two Russian nationals as independent consultants to support the Land O'Lakes Farmer To Farmer program and is negotiating with a third. The two individuals are Olga Limanova, Office Manager and Alexei Borisovich Kotsell, Program Assistant.

Land O'Lakes Moscow and Arden Hills offices acquired international and domestic e-mail capabilities in October. USAID is welcome to communicate with Land O'Lakes through e-mail if desired and to request communications through this media.

Collaboration

VOCA volunteer Joe Ferris recommended Land O'Lakes to the Kaliningrad AKKOR when he was on assignment there early in 1993. Therefore, the Kaliningrad AKKOR officials were familiar with the Land O'Lakes name when Land O'Lakes NIS Manager contacted them. Since VOCA has had six assignments in Kaliningrad already, Brian Foster of VOCA and Nathaniel Carin, Land O'Lakes NIS Manager will keep each other informed of technical assistance activity. Carin has also suggested exchanging trip reports.

Carin exchanged information with Ernest Bethe, ACIDI Moscow Representative and Charles Tayler, ACIDI banking specialist, on program activities and discussed the possibility of working together in the Kaliningrad Oblast where there is an interest in banking for farmers.

In the U.S., Farmer To Farmer program management staff from Land O'Lakes and Tri Valley Growers frequently share information regarding administrative aspects of the program. Land O'Lakes staff is willing to share lessons learned with other implementors when information is requested. For further collaborative efforts, see the Upcoming section below.

PROGRAM OBSTACLES/MAJOR CHANGES

One volunteer's assignment was delayed due to the political unrest in Russia: Peter Brauhn, October 27-November 13, 1993, Kaliningrad Oblast. Land O'Lakes attempted to keep volunteer numbers up with five volunteers traveling to Russia and Ukraine during November and December. However, it should be noted that it is difficult both to recruit volunteers to travel close to U.S. holidays and to coordinate dates with beneficiary organizations close to Russian and Ukraine holidays.

UPCOMING

The Land O'Lakes Moscow office has had repeated requests for technical assistance from the Kemerovo International Business Institute in the Central Siberian Kuzbass region. Officials from the Institute have met with Land O'Lakes NIS Regional Manager and provided an official invitation to

meet the Institute's Rector, major Kuzbass agricultural enterprises, private farmers' organizations, and private farmers. Because of their acute interest, Land O'Lakes may begin follow-up with an FFA technical assistance assignment to the Institute. More technical assistance would be dependent on the outcome of this assignment.

Land O'Lakes and VOCA will be collaborating on assignments in Ukraine regarding swine production and processing. The first assignment will be by a Land O'Lakes volunteer in February, 1994. VOCA will follow-up with another volunteer to the same organization at a later date.

Land O'Lakes and CNAA are sending a team of two technical experts to Ukraine for an assignment in milk production, collection and processing. This assignment will occur in January, 1994.

ATTACHMENTS

- A. Volunteer Tracking Information
- B. Vologda Success Story
- C. Quarterly Financial Summary

ATTACHMENT A
VOLUNTEER TRACKING INFORMATION

LAND O'LAKES, INC.
 FARMER TO FARMER PROGRAM
 VOLUNTEER TRACKING

YEAR TWO, QUARTER ONE October - December, 1993						
Volunteer	State	Dates In-Country	Oblast, Country	T.A. Objective Code	# of Beneficiaries	
					Male	Female
John Dunivan	OK	9/23-10/9/93	Ryazan, Russia	8	4	--
Richard Hess	VA	10/21-11/6/93	Ryazan, Russia	2B	6	2
John Hess	ID	10/21-11/6/93	Ryazan, Russia	2B	6	2
Larry Hiller	IA	10/21-11/6/93	Volgoda, Russia	2B	14	1
Keith Hiller	IA	10/21-11/6/93	Volodga, Russia	2B	14	1
Frederick Cluskey	MN	10/21-11/6/93	Moscow, Russia	3B	6	--
Peter Brauhn	WI	10/27-11/13/93	Kaliningrad, Russia	2A	7	2
Donald Benoit	WI	11/17-12/3/93	L'viv, Ukraine	2A	5	--
Al Wanous	MN	11/26-12/6/93	Kaliningrad, Russia	2B	6	--
Donald Benoit	WI	12/6-18/93	L'viv, Ukraine	1	8	1
					Total by Gender	
					76	9
					GRAND TOTAL	
					85	

12

LAND O'LAKES, INC.
 FARMER TO FARMER PROGRAM
 VOLUNTEER TRACKING

YEAR TWO, YEAR-TO-DATE October - December, 1993																
# of Volunteers			Technical Assistance Objective											# of Beneficiaries		
Total	Male	Female	1	2A	2B	3A	3B	4	5	6	7	8	9	Total	Male	Female
10	10	0	1	2	5	0	1	0	0	0	0	1	0	85	76	9
Volunteer States																
ID	IA	MN	OK	VA	WI	TOTAL										
1	2	2	1	1	3	10										

PROGRAM-TO-DATE September, 1992 - December, 1993																
# of Volunteers			Technical Assistance Objective											# of Beneficiaries		
Total	Male	Female	1	2A	2B	3A	3B	4	5	6	7	8	9	Total	Male	Female
36	34	2	2	9	12	0	4	0	0	8	0	1	0	317	241	76
Volunteer States																
ID	IL	IA	LA	MN	ND	OK	VA	SD	WA	WI	TOTAL					
3	1	8	1	10	1	1	1	2	3	5	36					

10

ATTACHMENT B
VOLOGDA SUCCESS STORY

LAND O'LAKES, INC.
 FARMER TO FARMER
 SPECIAL INITIATIVE IN THE NIS
 SPECIAL REPORT
 November, 1993

VOLUNTEER SPECIALIST(S)	VOLUNTEER STATE(S)	ASSIGNMENT DATES	ASSIGNMENT LOCATION	BENEFICIARY ORGANIZATION(S)
Chuck Kiefer	Minnesota	July 29-August 14, 1993	Vologda Oblast RUSSIA	Vologda Oblast AKKOR
Charles McCullough	Iowa			

As reported in the July-August, 1993 quarterly report, this volunteer team provided substantial assistance in the Vologda oblast of the Russian Republic. As part of their assignment, they participated in the writing of a concept paper, The Future of the Vologda Oblast Private Agricultural Sector, by the regional and district AKKOR directors. The team provided information on:

- how cooperatives/private farmers provide and share equipment
- how the equipment is used
- who owns the equipment
- payment for use of the equipment
- how private farms located far from one another can cooperate in pooling their harvests and processing their goods. The team suggested that farms on the same latitude cooperate because of strong differences in the growing season from north to south.

One of the direct beneficiaries of this technical information was Alexander Alexandrovich Pavlushikov, the farmer-leader and head of Ust-Kubinsky District AKKOR. The volunteers, one a current Land O'Lakes agribusiness employee and the other a former Land O'Lakes board member, spent time on Pavlushikov's farm and applied their wide range of agribusiness expertise to the various possibilities for Pavlushikov to increase his profitability.

The topic of selling outside the region first came up in reference to pigs. Pavlushikov was concerned about not having enough feed for piglets through the winter. Kiefer and McCullough suggested that selling the feeder pigs to dachas in and outside the area would both allow Pavlushikov to sell the pigs before winter feeding became an issue and also provide him with money to buy more sows; basically the beginning of a feeder pig business. In addition, interest in buying the pigs would be high because the farmer was selling before finishing - not a typical time to sell pigs on the Russian market.

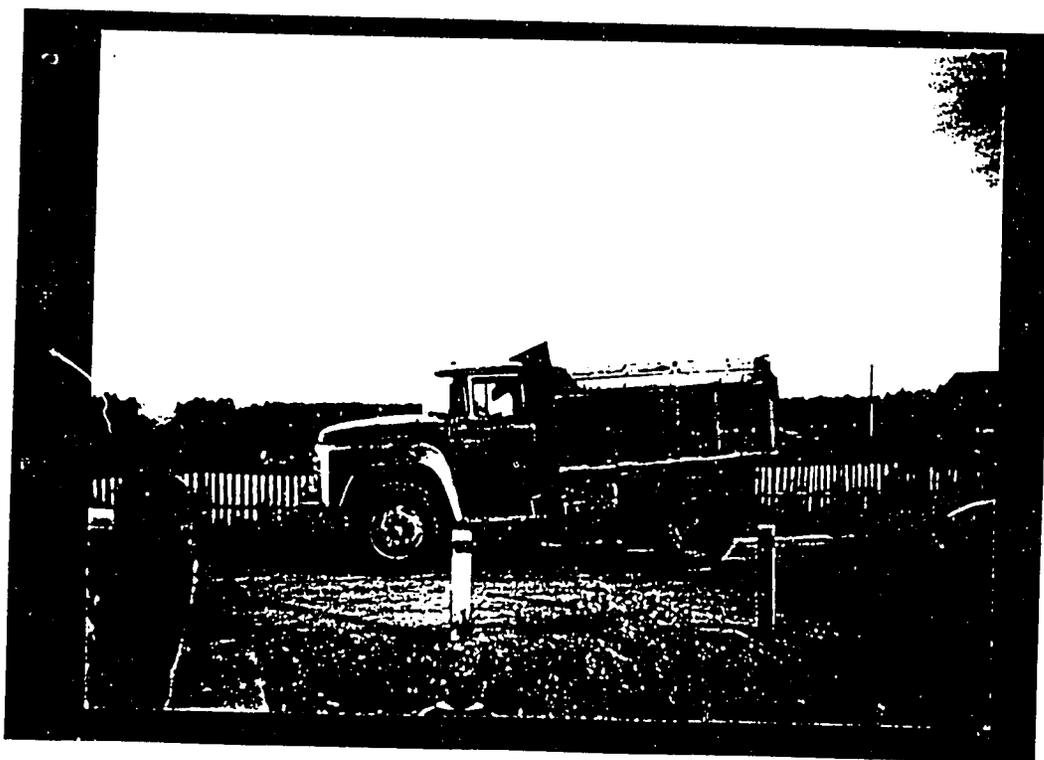
Pavlushikov was so intrigued by this idea of selling outside his area and coordinating with off seasons in other markets that McCullough and Kiefer continued to help him look for specific ways to apply the business practice of selling his products during the off season when prices are higher. They specifically suggested that he take advantage of the seasonal differences between his location and latitudes further north. A final suggestion was that he explore selling potatoes in the far North (Murmansk) at a time when potatoes were off season there but just harvested in Vologda.

15



Charles McCullough in one of Pavlushikov's potato fields

Pavlushikov followed up on this technical assistance with a trip to Murmansk to evaluate the market. To his surprise, prices there were significantly higher and demand was strong, just as McCullough and Kiefer had suspected. Having observed the potential, Pavlushikov then used his professional trucking expertise and the truck he owns to haul 4 metric tons of his own potatoes 2,000 km to Murmansk. Instead of getting the Vologra price of 20 rubles/kilo, he sold all of the potatoes he brought for 70 rubles/kilo. This is a 250% increase in the worth of the potatoes.



Pavlushikov's truck, used to transport potatoes 2,000 km to Murmansk

Pavlushikov reports that the current price for potatoes is 250 rubles/kilo in Vologda and 900 rubles/kilo in Murmansk. He is actively pursuing the Murmansk market and followed up his original experience by hiring a local Murmansk person to investigate and set up a retail outlet for him. This included drawing up the appropriate business documents for this type of transaction. He has arranged for his brother and son to work on his farm, enabling him to devote more time to marketing. Based on his experience with the Murmansk market, he plans to explore the better produce storage techniques that he and the volunteers discussed. He is expanding his efforts to include marketing produce from fellow private farmers in other Vologda oblast districts. He is also buying fish in Murmansk (located as it is on the Arctic Ocean) and bringing this back to sell on the Vologda market.

Pavlushikov is a private farmer on 56 hectares of land which he works courtesy of the state farm in the area. This land is not of the best quality, being highly wooded, but efforts to exchange the land for something better have fallen through. Kiefer characterized Pavlushikov as an enterprising individual who is brave and a risk-taker. Pavlushikov's grandfather farmed almost the same land that Pavlushikov currently farms. Because the grandfather's land was taken away by Lenin in 1917, Pavlushikov faces ongoing concerns from his family and neighbors that this land will suffer the same fate. Nevertheless, Pavlushikov perseveres, being one of the first private farmers in the area after the farmsteading act in 1991, building his home in a European style culled from a European architectural magazine with a green house connecting the barn and house, taking advantage of offers of technical assistance from the West and continuing to be open-minded about all of his possibilities.



Pavlushikov and son. His European-style house is to the right with the connecting greenhouse and barn immediately behind him.

Vologda remains one of Land O'Lakes oblasts of concentration. It is likely that Land O'Lakes volunteers will assist Pavlushikov in his future business objectives as he requires technical expertise.

17

ATTACHMENT C
QUARTERLY FINANCIAL SUMMARY

FARMER TO FARMER
FAO-0705-A-00-2091
FINANCIAL REPORT

	Expenditures		
	Actual Grant to Date	Actual 10/1/93 to 12/31/93	Projected 1/1/94 to 3/31/94
1. Direct Labor	146104	29205	33403
2. Fringe Benefits	41619	9693	8017
3. Consultants	18591	3750	12625
4. Travel/Per Diem	184210	54207	63435
5. Expen. Supplies/Materials	6744	4715	7302
6. Nonexpendable Equipment	4080	4080	17000
7. Subcontracts/Subagreements	23617	0	0
8. Other Direct Costs	16060	7692	8003
9. Evaluations	0	0	0
10. Indirect Cost	<u>179300</u>	<u>35586</u>	<u>55420</u>
Total Federal Funds	620325	148928	205205
Non-Federal Funds	<u>14380</u>	<u>6692</u>	=
Total Program	<u><u>634705</u></u>	<u><u>155620</u></u>	<u><u>205205</u></u>

This report represents a summary of actual and accrued expenses for the referenced agreement or grant. If accrual expense amounts were not available for activities occurring in the reported quarter, those expenses will be included in the next quarterly financial summary.