

SUSTAIN

HUNGARY

AUGUST 8 - 14, 1992

INCUBATOR FEASIBILITY ASSESSMENT I

Sharing
United
States
Technology to
Aid in the
Improvement of
Nutrition

A U.S. Private Food Industry initiative
in collaboration with the U.S. Agency for International Development
through a Cooperative Agreement with the National Cooperative Business Association

Upgrading the Food Processing Industries in Developing Countries.

Why SUSTAIN?

SUSTAIN represents a successful collaborative effort between the U.S. food industry and the Agency for International Development (A.I.D.) to upgrade food processing in developing countries. It provides an excellent model for similar private-public sector joint ventures in health, agriculture and other areas of concern to developing countries.

Food processing is a major contributor to development. It serves multiple roles. Food processing can increase the available food supply by extending the life of perishable food products. It can improve the nutritional quality of the diet by making nutritious foods available the year round. It can lead to the growth of related enterprises in transportation, storage, distribution and marketing. And, it can produce much needed foreign exchange by creating value added products both for export and for internal substitution of imported processed foods.

The U.S. food industry has embraced the concept that freely sharing its expertise and knowledge is of mutual benefit to recipient and donor - to the recipient by improving current operations - to the donor by contributing to a healthier global future.

How SUSTAIN Works

A.I.D. missions and trade associations in developing countries publicize SUSTAIN's goals and activities. Executives of U.S. food companies with technical expertise and overall knowledge of the food industry serve as the SUSTAIN Steering Committee, providing guidance and overseeing activities.

Food related companies in developing countries submit their requests to SUSTAIN through the A.I.D. mission or a designated organization in their country. SUSTAIN screens all incoming requests and if necessary asks for additional information. Appropriate U.S. companies are then invited to respond.

Some problems can be readily resolved by providing information. Others require that consultants be sent. When a consultant is sent, the usual assignment is for one to three weeks. Upon completion of the assignment, the consultant prepares a report describing findings and making recommendations. Depending on need, some consultants may return for follow-up visits to ensure that recommendations have been appropriately implemented.

SUSTAIN Helps

Requests are diverse. Help may be needed to solve processing problems, to identify equipment needs and sources of new and used equipment, to train personnel in the use of new equipment and new technologies, to find new uses for indigenous commodities, to establish or improve quality assurance procedures, to control insects and rodents in food processing plants and to improve plant layouts and materials handling.

In the past, U.S. food companies, large and small, have provided technical assistance in the form of information, consultants and training to food processors in Africa, Asia, Latin American and the Caribbean.

SUSTAIN PROGRAM

INCUBATOR FEASIBILITY ASSESSMENT

Hungary

August 8 - 14, 1992

by

Dr. Richard Gordon

Arizona State University

This publication was made possible through support provided by the Office of Nutrition, Bureau for Research & Development, U.S. Agency for International Development, under Cooperative Agreement No. DAN-5120-A-00-1066-00.

NCBA/SUSTAIN Project 111.011

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AGRIBUSINESS INCUBATORS IN HUNGARY

Trip Report

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Center for Agribusiness Policy Studies
Arizona State University

I. INTRODUCTION

The Agricultural Marketing Improvement Strategies (AMIS) Project supported by A.I.D. has provided funding¹ for a pilot case and feasibility study of an agribusiness incubator in Hungary. Attachment A provides a complete Statement of Work for this activity. Pursuant to this Statement of Work, a trip to Hungary from 8 to 18 August 1992 was made to assess the interest of key public and private sector officials in an agribusiness incubator. Specific goals included not only the assessment of local interest in an incubator but also the determination of the extent of likely support for the establishment such an enterprise in Hungary.²

Based on specific discussions with about 30 individuals, representing 14 firms, organizations, institutions or agencies, this trip report summarizes preliminary conclusions concerning the feasibility of developing an agribusiness incubator in Hungary. (Attachment B, available on request, provides a summary of these discussions.)

As in the U.S., some confusion exists as to the difference between 'agribusiness' and agriculture. While various reports from the World Bank and FAO, as well as Hungarian sources, indicate that agriculture represents 20 to 21 percent of Hungarian GDP, in reality the figure is probably considerably higher. Virtually all estimates ignore agribusiness, i.e. agriculturally related inputs,

¹ Funding for this activity comes from two sources: AMIS Project core funding from R&D/EID and the Office of Women in Development.

² The trip was greatly facilitated by The Office of Nutrition, Bureau of Research, A.I.D., whose support for Ms. Engstrand's travel permitted her to accompany me for the first part of this trip, prior to joining the World Bank on 8/17/92 (her report is attached). She suggested a number of key persons with whom to discuss incubators, representing a somewhat different cross-section of Hungarian agribusiness than I had met on previous trips. In particular, she introduced me to Professor Istvan Feher who had served as a consultant for her when she was General Manager of Pioneer's Hungarian operations. His experience as a member of various World Bank, FAO and other consultative teams proved invaluable. I engaged Professor Feher as a consultant and he accompanied me for about 2-1/2 days, introducing me to many key persons. His in-depth knowledge of Hungary and Hungarian agribusiness will be key to accelerating the completion of the feasibility study. I plan to continue to use him as a consultant to the limits of our modest budget. It may well be that we will need to find some additional consulting support for him, inasmuch as I feel I should not ask him to donate a great deal of time in our behalf. Dr. Feher's detailed resume is attached.

transportation, storage, processing, distribution and marketing, the very sectors that an agribusiness-oriented incubator will have to address.

II. PRELIMINARY ASSESSMENT OF INTEREST IN HUNGARY FOR AN AGRIBUSINESS INCUBATOR

While most Hungarians are too polite to say so directly, one certainly forms the opinion that present U.S. efforts, particularly with respect to training, leave much to be desired in the Hungarian view. Hungarians are confronted with an extraordinarily difficult, and fast-moving, transition from a heavy-handed command and control economy to a situation which is hard to analyze let alone control, steer, or even, anticipate. There are enormous barriers to Hungarians, themselves, realizing their potential whether in agribusiness or any other field in any short period of time.

Accordingly, most Hungarians and Americans interviewed felt that generalized training in 'business,' such as is offered by virtually all A.I.D. sponsored programs, while of interest, does not meet the foreseeable specific needs of entrepreneurs in the food and agribusiness field. Certainly the realities of organizing an incubator enterprise around a defined situation: market, process, investment, etc., has proven, at least in the U.S., to serve as a much better focus for training for incubator occupants than more generalized courses offered away from the site of operations, even for persons with prior business or engineering degrees.

As the following sections indicate, there are reasons for guarded optimism. Virtually all interviewees agreed that an incubator that focused enterprises on specialized market niches, would do much to trigger broader initiatives from within the country. On the other hand, plans for an incubator dedicated to food and agribusiness will have to anticipate what the situation is likely to be by the time the incubator is organized, some 6-18 months from now.

As things now stand, the larger state farms and cooperatives are fighting off bankruptcy. To survive, many assets are being sold-off to foreign firms (largely German, Austrian, Italian, even some American) or the larger farms are entering into supply contracts with European firms for further processing of fresh produce (largely fruit and some vegetables). Hungarians continue as farmer-employees with little prospect of realizing additional income or position in the agribusiness chain. Because horticultural crops, which ordinarily would offer the opportunity for higher margins and returns, are being sourced by these foreign firms, some experts feel that, in a reasonably short period of time, the land and organizations most suitable for many higher-value crops will be under contract to non-Hungarian firms. For example, the big European firms equivalent to Simplot in the U.S.

are contracting for increasing percentages of the potato crop, tailoring production and processing to fit the growing number of franchise food operations (e.g. Burger King, McDonald's etc.) both in Hungary and in the EC. Hungarian growers have neither the knowledge, capital or, in many cases, feel they lack the incentive, to supply such challenging, and profitable, opportunities.

Most persons interviewed thought a properly organized incubator could do much to show Hungarians how entrepreneurs can be successful by organizing enterprises that add value to agricultural raw material. The point of caution, however, is that the managers and investment committee of a future incubator will have to make sure that a proposed enterprise does not have to challenge these larger scale EC-controlled ventures to be successful. This means that such straight-forward 'improvements' as field-chilling, washing, vacuum-packing with inert atmospheres, cold-storage and/or freezing, etc., for fruits and vegetables are liable to be preempted on any scale to be of economic interest. Smaller enterprises, i.e. delivering quality tomatoes to specification, year-round, to individual HRI (food service: Hotel, Restaurant, Industrial) customers such as Burger King (a reasonably large and potentially profitable opportunity) are best left to outfits such as Volunteers for Overseas Cooperative Assistance (VOCA) organizing enough small greenhouse growers to serve the customer directly.

If this study were being written for a very large transnational food company, it would be easy to outline many potentially large and very profitable opportunities to serve not only Hungarian and former Eastern-Bloc customers but the entire global food and agribusiness market as well. However the opportunity for incubator-sponsored enterprises is much narrower: low-volume, further-processed products to fit very specific high value markets, generating margins in the 30-70% or more range.

Since the rationale of an incubator does not include presetting the focus of entrepreneurs (i.e. one does not pre-program what is "acceptable"), the question is, are there liable to be enough Hungarian agribusiness and food product innovations and innovators that could meet Hungarian and global market needs? Without a fairly large number of interesting ideas to select from, and persons willing to risk their future on bringing such to fruition, an incubator would not be as efficient as merely giving more focus to existing programs in Hungary aimed at aiding small business formation. As the following sections outline, the preliminary answer to this question is, "yes, but..." That is, there are apparently a great number of interesting and intriguing product & process ideas that would fit into an incubator situation, but it is not known whether there are a sufficient number of entrepreneurs or product champions who would leave the security of present employment to organize individual enterprises based on these innovations. Many of the younger, more daring technically or business-trained persons have, it was reported, left the country,

to spread their wings elsewhere. Clearly this is an issue that will require some special approaches to get at the truth of the situation. While much small talk focuses around the Hungarian persona, individualistic--wanting to run his/her own show, the fact is that four decades of top-down direction and institutional control have removed from the population much knowledge and any experience of what this actually means in practice (there are a few notable exceptions, not covered in this report).

III. PRELIMINARY CONCLUSIONS

While it is said that the Hungarian temperament is well suited to individual initiative, crucial for incubator fostered development, the reality may be somewhat different. Some four decades (more if one counts the totalitarian regimes of the 1930s) have conditioned the population to expect centralized direction. A very few have become expert at "beating the system," even at the risk of being perceived as verging into the Soviet-styled "criminal element."

In the agribusiness area one can readily identify those who have built, over the past 20 years, business systems relatively free of government control; e.g. fruit & vegetable wholesalers, 'the' trucking company, etc. These parties are not likely to welcome newcomers whom they suspect will alter their competitive environment. In fact, though not highlighted above, both Hungarian and U.S. interviewees referred to such parties as mafioso-like. By this they meant that by operating outside the control of the government, many operations and 'business' practices were either in grey areas or were over the line with respect to being strictly legal. Ideally one would encourage entrepreneurs to leap-frog such areas but, as in the case of trucking or wholesaling, this might be easier said than done.

Another area of concern is that of capital formation. With the world food and agribusiness sector employing so much new technology, it seems apparent that one should not encourage Hungarian enterprises to repeat all the steps U.S. or EC firms have developed to achieve their present status. By the time they catch up, they will still be behind in the world marketplace. For example, technology is now at hand to develop high quality, room temperature stable products which require much less fixed capital than freezing processes. This means that small stand-alone enterprises would not have to tackle Hungary's lack of refrigerated infrastructure and point of sale quality control that frozen products require. Again this might be easier said than accomplished.

Another area of concern deals with bringing incubator supported products and processes up to acceptable, if not premium, standards of food quality and safety. The basic knowledge and

capability exists in Hungary, but there has been no economic driving force or market pull through in terms of product value rather than lowest first cost. What high value-high quality products exist are sold largely to the resident expatriate community and tourists from countries where such standards are considered the norm.

The growing market influence of American and other franchise restaurants and fast food outlets such as Burger King does provide a ready, but tough, competitive opportunity particularly for products that, in a quantitatively measurable way, improve quality, reduce spoilage, improve cost performance of prime elements in the food chain or outlet, offer obvious consumer benefit, etc. The issue is that Hungarian entrepreneurs, unless experienced in European or American business practices, just do not have enough background or financial tools to anticipate or even respond easily to such market opportunities. Here incubator management could be of great help.

This brings up the final matter: Who will be the champions for an incubator? Who can be asked to oversee the start-up and initial years of operation to ensure success? Similarly, will the pool of entrepreneurs be not only large but tough and flexible enough to propose and operate the individual enterprises?

We would plan to convene an in-Hungary team to consider the issues highlighted above and in the several interviews. When asked directly if they would help, virtually all persons interviewed said 'yes.' This is encouraging but it is also clear that we will have to face all issues quite honestly and openly, working through a business and political environment that is turbulent to say the least.

IV. SUMMARY

- A. There are some appealing alternatives concerning possible incubator sponsorship by various parties interested in economic development particularly in the food and agribusiness area. Encouragingly, each group suggested alternatives reflecting a broader interest in economic development strategies than in an incubator alone.
- B. There appears to be a number of flexible approaches to funding an incubator (beyond the preliminary expressions of interest from the Hungarian-American Enterprise Fund, PRE of A.I.D., etc.) by a number of different agencies and institutions, either Hungarian or located in Hungary. What is interesting is that most apparently will not involve lengthy government (either U.S. or Hungarian) policy review or creation of special instruments to take an active role either in the incubator or in the 'seed' or investment pool.

- C. Even this quick trip revealed a number of product/process ideas that would be appropriate for incubator launch. However, both for the incubator, as well as for the specific ideas themselves, who will be the champions that will make the project succeed? Some persons were mentioned in the several interviews, but with the 'model' candidate for incubator organization and management accepting employment elsewhere, candidates will have to be searched for assiduously. A few persons come to mind but none have been actively pursued, let alone interviewed by the emergent community of support for an incubator project.
- D. It is possible to conjure up a trial solution which involves Godollo, Babolna, the Horticultural University, and the Food Research Institute. One suspects the Budapest area is best for the incidental technical, business and financial advice enterprises will require. Hungary is small enough that properly harvested and field-processed produce could really reach almost any point in the country in good enough shape for further processing and packaging. On the other hand, a location near to the Austrian border has much appeal. Much will depend on what can really work out with Babolna and how much the 'establishment' feels the World Fair exposition and Godollo involvement is mandatory. This remains to be explored.
- E. Interests of the Parties Supporting this Study:

The above notes quite obviously focus on the main thrust of this project, development of an incubator as a tactic in the broader strategy of food and agribusiness development, of interest to the Office of Economic and Institutional Development. It is important to highlight matters of interest to the co-sponsors of this feasibility study: The Office of Nutrition and Women-In-Development.

(1) Office of Nutrition:

In thinking about nutritional impact, one has to make a distinction between classical A.I.D. projects in typical third-world countries, where survival is the key issue, and Eastern Europe where nutritional status is similar to the Western World. In particular, Hungarian over-consumption of fat and alcohol, along with a very high incidence of smokers, has resulted in what is apparently the highest incidence of cardiovascular disease in Europe. Development of lower fat foods and increase in the availability of fruits and vegetables for year round consumption has to be a major public health priority. It also offers many opportunities for innovative products, employing modern technology, particularly with economic pressures on all households which require all members to work. The shortened availability of time and

available hands for food preparation, as much as the growth of the fast food franchises, suggest that there will be a growing market for Hungarian further processed, value-added foods as much as for increasing export of such both to East and West.

Further, although not yet well publicized (perhaps for gender reasons), a growing percentage of the younger work force is becoming aware of the need to improve their dietary habits. This means that, in addition to the economic pressures, access to the processing and food technology network developed by Project Sustain in the Office of Nutrition, will be of crucial importance. Between Sustain and VOCA, persons familiar with modern approaches can be found who understand how to convert product ideas into manufacturable and market ready systems. Hungarian entrepreneurs generally will have more than adequate technical background to understand, follow through and establish businesses once helped in this fashion. For VOCA, at least, this will provide an additional focus for their Hungarian office, something that both Hungarians and Americans interviewed perceive as highly desirable. Hopefully, by continuing participation in this feasibility study, the Office of Nutrition will be able to reach a similar conclusion although it is self-evident to virtually all persons interviewed.

(2) Women in Development (WID):

As in the U.S., Hungarian women are torn between the increasing economic pressures to hold a job and the older Hungarian tradition that women should take care of children and prepare meals. The large amount of women employed in the former regime, largely in lower paying jobs, was facilitated by state mandated child care with long maternity leaves and establishment of a large network of preschool facilities.

As pointed out in the report, "Gender Differences in Hungary," it is unlikely that long-maternity leaves and other support will be affordable under a privatizing system where salaries and employment are no longer guaranteed and the country is at a low economic ebb. Of particular interest in connection with this feasibility study as well as the general development of the Hungarian food and agribusiness sector, is the absence of much ready-to-serve, or heat-and-serve meals, as well as the lack of a market oriented efficient food distribution system that reaches all population sectors. This means that currently considerable time must be spent shopping in small stores for individual items on a fairly frequent basis (3-5 times per week) as well as preparing the meals themselves. Except in the expatriate community, this burden is borne largely by women.

Most believe these same women, as elsewhere in the

developed world, will respond quite eagerly to the availability of affordable higher quality foods & meals that markedly reduce shopping and preparation time.

The ability of an incubator to change this situation is really minimal. The rationalization of the system, as in Mexico, will take years and will require partnerships with the very largest supermarket chains. This is beyond the scope of any incubator. However, what the incubator project should demonstrate is that people will respond to better, easier-to-prepare, lower fat foods. This should encourage the larger chains and manufacturers to move ahead once the first incubator-facilitated products hit the market. Over time, in Hungary at least, market evolution should reflect the increasing participation and economic power of women, particularly those with special skill and/or management positions. They will spend more time at work but have considerable purchasing power.

It should also be noted that Hungarian women who have decided not to have children do compete on even terms with most of their male colleagues. Again, as in Western Europe and the U.S., gender prejudices of an older generation will go to the grave with them. Incubator clients will have to deal with the situation as it evolves, the incubator will be gender neutral but will not be big enough to have any impact on the overall situation.

F. Some Cautions about Incubators in Hungary:

Those Hungarian officials who were informed, particularly those concerned with investing in or promoting the private sector, confirmed the impression already formed by what others said: present Hungarian incubators were rushed into formation by collaboration with the incubator network in the U.S. (SPEDD) and academics who teach entrepreneurship. In some Hungarian circles, at least, the incubator concept apparently has been oversold. It was reported to us that virtually all Hungarian incubators are severely underfunded with the underlying connotation that most Hungarian incubators are in trouble. The proponents of the existing incubators apparently acceded to government requests to locate in areas of severe unemployment or economic distress in the first available buildings. We did not get into much detail, but one wonders if the same mistakes that first occurred in the U.S. are not occurring in Hungary.

V. EPILOGUE

I plan to commission translations of reports reviewing the current status of existing incubators from the Seed Foundation. If these confirm what we were told, we probably will want to use some other name, such as innovation center or, better, technology commercialization center. The latter name, in particular will emphasize that new enterprises are not to be retail shops, rather are technology driven, will require serious and continuing investment, have the potential for significant expansion, but will take considerable time and effort to develop.

When pressed, I made it clear that we are contemplating a much greater level of funding than Hungarians have heard about for incubators. Based on U.S. experience, we believe operating funds required for a five year period come to about \$5 million USD. Further, we estimate some \$5-10 million USD will be required for the investment pool. Based on what is known, it is estimated that it will take about five years for an incubator to achieve cash flow break-even. A venture of such a magnitude seemed to reassure those who are critical of current Hungarian incubators, particularly when they received the details of what we were contemplating (most were given a copy of our report to study).

LIST OF INTERVIEWS & DISCUSSIONS

1. Hungarian Government Departments, Institutes & Organizations:
 - a. Tamas Boda, Head, Department of Rural Finance and Enterprise Promotion, Ministry of Agriculture (MA).
 - b. Dr. Endre Racz, Director, Central Department for Food Inspection & Quality Control, MA.
 - c. Hungarian Small Business Administration(HBSA). Istvan Szathmary, staff.
 - d. State Property Agency, Les Nemthy, Deputy Managing Director.
 - e. Central Food Research Institute (KEKI), Dr. Peter A. Biacs, General Director
2. U.S. Government, USDA, A.I.D. and A.I.D.-Funded Programs:
 - a. A.I.D. Representative: David Cowles; Gabor Erdi, Project Specialist.
 - b. Foreign Agricultural Service, Ferenc Nemes, Agricultural Specialist.

- c. Volunteers in Overseas Cooperative Assistance (VOCA): Rich Nonni, Southeastern Europe Deputy Director; Rosemary Mahoney, Regional Representative; Istvan Mikus, Country Director.

3. Consultants and Consulting Firms:

- a. Dr. Istvan Feher
- b. Chemonics: Robert Benjamin (Wn., D.C.), Stephen Benford (Budapest).
- c. Arthur Andersen: Richard Felske, Agnes Tibor.

4. Others:

- a. Hungarian-American Enterprise Fund: Charles Huebner, Managing Director.
- b. Hungarian Foundation for Enterprise Promotion: Jon Burns, Program Supervisor; Staff, Katalin Paller and Imre Maroczi.
- c. Godollo University of Agricultural Sciences: Professor Karoly Kocsis, Rector.
- d. University of Horticulture and Food Industry: Peter Vig, vice-rector; Janos Balint, Dean of Horticulture and staff.
- e. International Management Center (IMC) of the University of Pittsburgh: Dean Julie Rowney, Director; Janos Vecesenyi, professor of strategy and entrepreneurship.
- f. Babolna State Farms: Laszlo Papocsi, Managing Director; Lazlo Varga-Sabjan, Executive Director.
- g. Burger King: R. Byran Gerrish, General Manager.
- h. MagneTek: David Apathy, Financial Director.
- i. Arnold & Porter: Theodore Boone, Managing Partner, Hungary

Attachment A

STATEMENT OF WORK

Agribusiness Incubators in Hungary.

A pilot case and feasibility study

1. - Objective

This activity is designed to field-test the feasibility assessment guidelines for appraising the potential for introducing a small business incubator to a given LDC setting as developed by Professors Gordon and Shaffer at Arizona State University.

2. - Background

The small business incubator concept is growing rapidly in the US and its success in supporting small businesses is increasingly recognized. The approach however has not been widely employed in LDC settings. This is true though it is clear that for many countries small business growth is critical to enhanced commercialization and growth. For most LDCs the development of food and agriculturally related businesses is critical to furthering the expansion of the agricultural sector. Often many of the small enterprises in this sector are operated by women. At issue is whether incubators could be helpful. Gordon and Shaffer at ASU have developed a set of guidelines to ascertain the feasibility of doing an incubator. This activity would support the field application of those guidelines for a specific LDC area.

Also R&D/EID is moving ahead at present with the design and development of an agribusiness support project, AMIS II. A component of the proposed project under consideration is assistance for incubators. The proposed feasibility assessment planned under this activity will provide input to the design of the incubator component. The field assessment will enhance EID's understanding of approaches to analyzing feasibility and gauging their effectiveness.

3. - Specific Tasks

The consultants are requested to make a field examination to test the acceptability of the development of an incubator in an agricultural region near Budapest which encompasses three villages. The Small Enterprise Economic Development Foundation has done some preliminary work at this location so that the incubator concept could be assessed relatively quickly. The analysis will concentrate on responding to the questions outlined below.:

- (a) Assess the interest in incubator development of key public and private sector players in the region selected for study;

(b) Determine whether there exists a demand for an incubator. Ascertain if there is evidence of potential entrepreneurs seeking space, financing, technical assistance, and training.

(c) Ascertain whether there is local interest and potential support, including financial, in-kind, institutional and political support;

(d) Identify current or proposed programs and facilities designed to promote small business development that could be utilized within the target region.

4. - Reports

The consultant will produce a final report following the feasibility assessment. The report will provide analysis and findings related to each of the topics 3a, b, c, and d listed above. The final report will include recommendations based upon the overall conclusions of the assessment plus an action agenda as to the steps required to establish an incubator if the assessment is positive.

5. - Level of Effort

A team of two specialists for up to 25 days each.

(a) A senior agribusiness management specialist with background in issues related to agribusiness development - Dr. Richard Gordon.

(b) An expert in incubator design experience in analysis in incubator support systems - Mr. Don Schaffer.

6. - Timetable

A one week reconnaissance trip will take place in early August. Schaffer & Gordon will conduct the field work in October. The final deliverable will be completed by December 31, 1992.

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DRAFT QUESTIONNAIRE FOR BABOLNA MEETING
(translated into Hungarian by Dr. Feher)

Babolna is considering joining with foreign parties, customers and suppliers to finance persons (entrepreneurs) with ideas for new food products. These products and processes must meet world standards for quality, safety and, of course, price. In particular, these products and processes should offer some innovation or novel advantage over what is now available to permit a new business to establish itself in the very competitive Hungarian and/or world food market. It would be helpful if you would answer the following questions:

1- Do you have any ideas how to upgrade or add value to agricultural by-products. If so, what are they? Who would buy the product?

2- What ideas do you have to add value to present farm products by
a- further processing?

b- packaging?

c- storing, canning, freezing or otherwise preserving?

d- any other means?

Who would buy any of these added value products/processes?

3- What support do you think you need to launch your ideas?

4- Have you discussed your idea(s) with anyone? What were their suggestions? Who else is developing or working on something similar?

Please give us your name, address and telephone number so that we can get in touch with you.

PERSONAL

NAME : István FEHÉR
:
NATIONALITY : Hungarian
LANGUAGES : Hungarian (Mother Tongue), English (Fluent),
French (Fluent)

EDUCATION

1970 Dipl Economic Planning and Development in Agriculture and
the Food Industry
Mediterranean Agronomic Institute, Montpellier, France
1965 MSc Agricultural Engineering
University of Agricultural Sciences, Gödöllo, Hungary

ADDITIONAL TRAINING

1989 Dipl Export Marketing and Management
University College Dublin, Ireland
1976 Dipl Foreign Trading Management Course
Chamber of Commerce, Budapest

EMPLOYMENT RECORD

1989 to date Project Manager
Institute of Management and Postgraduate Training
University of Agricultural Sciences, Gödöllo
1982 - 1988 Development and Co-operation Manager
Dunavarsány Agricultural Co-operative
1979 - 1981 Managing Director
Agrober-Agroinvest, Consulting Engineers
1971 - 1978 Economic Adviser
National Council of Agricultural Cooperatives
1965 - 1969 Farm Manager
National Poultry Enterprise

PROFESSIONAL EXPERIENCE

1989 to date

HUNGARY-

Project Manager
Institute of Management and Postgraduate Training

- Responsible for organising a two month course on business planning and marketing for agroprocessed products. The course was held in Ireland.
- Preparing, implementing and evaluating agricultural and food industry training programmes financed by international and bilateral donors including the Netherlands, Finland, USA and the EEC (PHARE)
- Preparation of studies and organisation of seminars on agricultural extension in Hungary
- Organising workshops and business forum to promote the formation of joint ventures and consultancy activities between Hungarian and foreign partners.
- Organising study trips/training for small scale private farmers in the Netherlands.

June 1990

HUNGARY

Project Supervisor
Agroprocessing Modernisation Project,
Government of Hungary and the World Bank

Responsible for:

- Export Trade Promotion
- Management and Marketing Training
- R & D Programme
- Grading and Quality Control
- Packaging Modernisation Centre
- Project Organisation and Performance
- Preparing joint ventures and privatisation business form between Hungarian and Italian food enterprises.

15

March 1990
 Nov/Dec 1989
 Mar/Apr 1989

HUNGARY

Team Member of Identification and
 Appraisal Mission
 Integrated Agricultural Export Project
 Government of Hungary and the World
 Bank

Duties included:

- Defining development possibilities for private sector farms, state farms and co-operatives
- Preparing and evaluating a programme for improving low efficiency large scale farms
- Preparing reports on the ownership of assets in agriculture, land and co-operative laws, reviewing privatisation alternatives
- Formulating terms of reference for technical assistance and training programmes including:
 - Training for farm managers and private farmers
 - Extension service for private farmers
 - Livestock extension services
 - Agricultural insurance system

Evaluation and investigation of small scale farmer credit arrangements and onlending terms for agriculture

Preparation of the Agricultural Policy analysis study on selected issues, as member of a multidisciplinary team.

Work covered:

- Property ownership and the co-operative law
- Land tax and land market development
- Low efficiency co-operatives
- Constraints of domestic trade
- Agricultural prices
- Subsidy reduction programme
- Organisation, firm size and concentration of agroindustries
- Social impact of restructuring, unemployment and the agricultural sector.

1982 - 1988

HUNGARY

Development and Co-operation Manager
Dunavarsány Agricultural Co-operative

Manager responsible for:

- Technical, commercial and financial co-operation between large scale and small scale farmers
- Supervising poultry processing and fruit and vegetable canning operations and marketing of products
- Supervising a large scale rabbit breeding venture
- Initiating programme to obtain franchise of Dijon mustard for production at the co-operative and established marketing contracts with the parent company
- Establishing a cost accounting systems for operations at the co-operative
- Implemented production schemes for small scale farmers.

CZECHOSLOVAKIA

EGYPT

Responsible for designing and implementing turnkey rabbit farms

1987

NIGER

Food and Agricultural Organisation, Rome
Agricultural Adviser

Responsible for:

Assisting in the preparation of the Round Table discussion of the "Bailleurs de Founds"

Initiating development programmes and providing recommendations together with local experts in the following fields:

- Agricultural Marketing
- Agricultural Credit
- Research and Training
- Co-operative and private farm development

- 1986 ALGERIA Agricultural Sector Study
Agricultural Advisor
Government of Algeria and World Bank
- Member of a multidisciplinary team responsible for:
- Analysis of the position and performance of agricultural co-operatives and private farms
 - Evaluation of the Chelif irrigation project
 - Reporting on the development studies prepared by local experts
- 1986 ITALY International Labour Organisation
Training Advisor
- Responsible for implementing a training course for Co-operative Management and Development for Co-operative leaders from 18 Asian and African countries.
- 1979 - 1981 HUNGARY
(based) Managing Director
Agrober-Agroinvest, Consulting Engineers
- Responsible for the design and implementation of major turnkey projects in:
- | | | | |
|---|----------|---|--------------|
| ▪ | N Yemen | - | Poultry Farm |
| ▪ | Algeria | - | Poultry Farm |
| ▪ | Iraq | - | Fish Farming |
| ▪ | Brazil | - | Fish Farming |
| ▪ | Egypt | - | Fish Farming |
| ▪ | Nigeria | - | Pig Farming |
| ▪ | Thailand | - | Pig Farming |
| ▪ | Laos | - | Poultry Farm |
- 1971 - 1978 HUNGARY National Council of Agricultural Co-operatives
Economic Adviser
- Responsible for representing agricultural cooperatives as advisers to the National Cooperative Council vis-a-vis the Hungarian Government and International Organisations.

1965 - 1969

HUNGARY

National Poultry Enterprise
Farm Manager

Responsible for managing and industrial
poultry farm and developing its production
and marketing activities

PUBLICATIONS

- 1990 The Family Farm - is it an illusion in Hungary
Small Farmers Journal
- 1990 Tendencies of Changes in the Hungarian Agricultural Policies
Algiers: Seminar of Agricultural Policy changes in Eastern Europe and North Africa
- 1989 Business planning of the Agricultural Ventures
Small Farmers Journal
- 1987 Experiences of the Exportation of Hungarian Agricultural Products, its organising and interestedness problems
A Study for the National Planning Office
- 1986 Some Organisational and Operational experiences in the Field of Agroinnovation
Journal for Science and Agriculture
- 1986 The Major Social and Economic Features of Co-operative Farming
Lecture and paper for ILO, Turin, Italy, Consultancy Training for Co-operative Management
- 1986 The semi-independent accounting system of production units and small-scale ventures at the co-operative farm "Petöfi" of Dunavarsány
Lecture and paper for ILO, Turin, Italy, Consultancy Training for Co-operative Management
- 1985 The Guide to Management of small farmers' Co-operatives
FAO
- 1984 Tendencies of development and mechanisation of small-scale agricultural production
Agricultural Division of the Hungarian Academy of Sciences
- 1984 Utilisation of Hungarian technical development and organisation experience in the agriculture of developing countries
CIGR Congress in Budapest
- 1983 Etude de cas sur l'activité de la Coopérative Agricole de Dunavarsány
Lecture at the Mediterranean Agronomic Institute in Montpellier, France
- 1982 The Role of the Various Forms of Contracting in the Organisation of Innovations
Paper for CIOSTA Congress in London, UK
- 1981 External competitiveness of production systems in the food economy
Journal for Farm Economics and Management, Hungary
- 1981 Aspect principaux de la production agricole dans les régions tropicales
Lecture for FAO co-operative seminar in Gödöllo, Hungary

- 1981 Some characteristic changes of the French agriculture in the last ten years
Journal for Farm Economics and Management, Hungary
- 1981 Export possibilities of the Agricultural Production Systems
Journal for Sciences and Agriculture, Hungary
- 1981 Mexico, after the harvest, the success of Hungarian Technology
Revue of the Agriculture of Hungary
- 1980 Geographic differences concerning the machinery demands of corn production
Growing and Harvesting in Hungary and in Mexico. CIOSTA Congress, Nimes, France
- 1978 The usefulness of Work econom Methods as a Means of perfecting C-operation of Large Scale Farms and Smallholders
CIOSTA Congress, Ermatingen, Switzerland
- 1977 Agricultural Co-operative in France
Journal for Science and Agriculture, Hungary

Attachment B is on file with SUSTAIN. It contains notes of all interviews conducted during the mission. Interviews were conducted with:

Imre Takacs
General Director, International Relations
Ministry of Agriculture

Tamas Boda
Head, Department of Rural Finance & Enterprise Promotion
Ministry of Agriculture

Istvan Szathmary
Hungarian Small Business Administration

Endre Racz
Director
Ministry of Agriculture-Central Department for Food Inspection &
Quality Control

Les Nemethy
Deputy Managing Director
State Property Agency

Peter A. Biacs
General Director
Central Food Research Institute

David Cowles
USAID/Hungary

Ferenc Nemes
Agricultural Specialist
Attached to U.S. Embassy

Rich Nonni
Southeast European Deputy Director
Volunteers in Overseas Cooperative Assistance

Rosemary K. Mahoney
Regional Representative
Volunteers in Overseas Cooperative Assistance

Istvan D. Mikus
Country Director
Volunteers in Overseas Cooperative Assistance

Thurston F. Teele
Director
Chemonics

Richard Felske
Senior Tax Partner
Arthur Anderson

Agnes Tibor
Consulting Division
Arthur Anderson

Charles A. Huebner
Managing Director
Hungarian-American Enterprise Fund

Jon Burns
Program Supervisor
Hungarian Foundation for Enterprise Promotion

Katalin Paller
Hungarian Foundation for Enterprise Promotion

Imre Maroczi
Hungarian Foundation for Enterprise Promotion

Karoly Kocsis
Rector
Godollo University of Agricultural Sciences

Laszlo Papocsi
Managing Director
Babolna State Farm

Laszlo Varga-Sabjan
Executive Director
Babolna State Farm

R. Bryan Gerish
General Manager
Burger King

David D. Apathy
Financial Director
MagneTek

Theodore S. Boone
Head of Office
Arnold & Porter