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LAND O'LAKES, INC.

**AGRICULTURAL COOPERATIVE/BUSINESS DEVELOPMENT
AND TRAINING FOR CENTRAL AND EASTERN EUROPE
GRANT NO.: EUR-0024-G-00-1072-00**

**QUARTERLY REPORT ON ACTIVITIES
FROM OCTOBER 1 TO DECEMBER 31, 1992**

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1. EXECUTIVE SUMMARY

"We are very grateful to Land O'Lakes. The course introduced something completely new to me...Marketing is a GREAT science..."
["Introduction to Marketing Principles" in Trojan, Bulgaria]

"I thank Land O'Lakes for creating optimal conditions for this type of education. Our generation had no chance to gain experience in the form of teaching." [i.e., to learn marketing techniques in the classroom] ["Introduction to Marketing Principles" in the Czech Republic]

"The women seemed to out-participate the men. They saw that their problems were just opportunities and were very open to the ideas which I presented." [Trainer of "Food Plant Operations" course in Lithuania]

"The people/leaders of Hungarian agriculture in transition need such training." ["Introduction to Private Agribusiness/Cooperative Management" in Hungary]

Land O'Lakes received the enthusiastic feedback above from in-country training course participants and trainers during the fourth quarter of 1992.

Sixty-six in-country training courses were conducted in seven countries during fourth quarter, 1992. They can be broken down into the following topic areas:

- Dairy Production 32%
- Marketing 31%
- Cooperatives/Management 20%
- Dairy Processing 11%
- Training of Trainers 6%

Poland had the greatest number of courses (23) followed by Bulgaria (16). Fewer than ten were conducted in the other five countries.

Land O'Lakes began preparations for the January arrival of five Romanian key agricultural leaders for a ten-day "U.S. Leadership and Agricultural Policy Orientation." It will closely resemble recent orientation programs for key agricultural leaders from Central and Eastern Europe and the Baltics.

The three-month 1992 International Agriculturalist Program (IAP) concluded in October for five Bulgarians, three Czechs and three Slovaks. During fourth quarter the group attended the World Dairy Expo in Madison, Wisconsin, spent one week interning with an organization/university, and concluded their internships with several visits and other evaluation/wrap-up activities.

Twenty-five technical assistance interventions were conducted at 20 different locations in Poland and Estonia by four specialists in the areas of dairy planning, dairy procurement and product assembly, plant maintenance, new product development, and sanitation and equipment.

A rapid needs assessment of Romania's dairy sector was conducted which resulted in recommendations for specific in-country training courses and technical assistance interventions in dairy production and processing, farmer association/cooperative development and agricultural/dairy policy reform. Title II or Title III programs were suggested to develop a rural development commission that would help new private farmers, improve the rural infrastructure and encourage more people in private agriculture.

Some of the advantages of the integrated, practical, hands-on training provided by Land O'Lakes this quarter are illustrated below:

- As a dairy scientist one IAP intern, Ms. Nadia Nazarity of Bulgaria, initially disliked the first three weeks of her internship spent on a dairy farm. She felt it was not relevant to what she wanted to learn - establishing milk quality standards. However, by the end of her internship her perspective was broadened by this first-hand experience, and she felt that the Bulgarian department of agriculture should institute a milk quality control system and pay for milk based on quality. She suggested that a system be devised to develop closer relationships with farmers to work on quality *beginning at the farm level*.
- *"Extremely valuable was the fact that the trainers were able to answer both practical and theoretical questions. The display of theory and practice was well done."* ["Dairy Breeding and Reproduction" in the Czech Republic]

Central and Eastern Europeans received other important benefits from their Land O'Lakes training experiences that they will be able to use on-the-job. Some of the best examples are:

- A Slovakian milk quality researcher, Mr. Vladimir Foltys, plans to work with his colleagues at the Research Institute of Animal Production in the Slovak Republic to introduce new methods for determining raw milk quality and a new program for calibrating milk testing equipment. Foltys was an IAP intern in 1992 and received hands-on training in these areas.
- Mr. Tomas Stevlik of the Slovak Republic received U.S. training in the use of different kinds of software for soil maps, land use, vegetation, and establishing boundaries through implementing land and geographic information systems. This training will enhance his efforts in the privatization of agriculture, land reform, and land redistribution in the Slovak Republic, and will greatly impact his position at the Ministry of Agriculture and Food as Director of the Land Office of the Nove Zamky district. Stevlik was an IAP intern in 1992.
- One of the first projects that Mr. Jan Drbohlay, an IAP intern from the Czech Republic, plans to undertake upon returning home is to organize meetings for the management of dairy plants and cooperative farms where he will formally present Land O'Lakes' cooperative structure and recommendations for cooperative reorganization in the Czech Republic.

2. IMPLEMENTATION OF ACTIVITIES

The activities of Phase III, "Training and Technical Assistance," continued during the fourth quarter of 1992.

2.A. U.S. LEADERSHIP AND AGRICULTURAL POLICY ORIENTATION

Preparations began during fourth quarter, 1992, for the January arrival of five Romanian key agricultural leaders for this ten-day U.S. training program. It will take place January 23-February 2, 1993, and closely resemble recent key leader training programs that Land O'Lakes has implemented for participants from Central and Eastern Europe and the Baltics (in January and June, 1992). Trainees and training sites were identified, and logistics coordination began.

2.B. U.S.-BASED INTERNATIONAL AGRICULTURALIST PROGRAM (July 20-October 19, 1992)

Eleven participants from Bulgaria (5), the Czech Republic (3), and the Slovak Republic (3) completed the last three weeks of their three-month agribusiness internships during fourth quarter, 1992. (See previous quarterly reports for descriptions of their training programs and individual program goals.)

Trainees attended the World Dairy Expo in Madison, Wisconsin during the first week of October, where they participated in meetings and workshops with other key dairy industry professionals from around the world. The following describes the final week each participant spent training with his or her host organizations following the World Dairy Expo.

INDIVIDUAL PROGRAM ACTIVITIES THIS QUARTER (one week long)

BULGARIA

1. **Mr. Stoino ATANASOV**, Manager, Viand-13 Ltd. (a feed production firm), Sofia, Bulgaria; and president of a village cooperative farm

Mr. Atanasov spent a week with faculty members from the Department of Agricultural and Applied Economics at the University of Minnesota in order to gain exposure to cooperative principles and practices. His goal was to return to Bulgaria to put these principles and practices to use by starting a U.S.-style cooperative.

2. **Ms. Hristina IANTCHEVA**, Senior Assistant (forage production research) to Professor Dimitar Braikov, Agrarian University, Plovdiv, Bulgaria

During the World Dairy Expo in Madison, Wisconsin, Ms. Iantcheva was able to visit the U.S. Dairy Forage Research Center and the American Society of Agronomy. The final week of her training was spent with key faculty members from the University of Minnesota's Agronomy Department. Ms. Iantcheva noted that her time spent with research workers, faculty and staff at the University was very useful to her and she learned many new methods that she plans to implement once back in her position at the Agrarian University in Bulgaria.

3. **Ms. Nadia NAZARITY**, Dairy Scientist, Research Institute of Animal Breeding, Kostinbrod, Bulgaria

Ms. Nazarity completed her internship by training for one week at the Dairy Science Laboratory of the South Dakota State University in Brookings, South Dakota. She learned how service divisions impact, improve and control the quality of milk produced in the United States. Ms. Nazarity felt she could readily implement what she has learned in the United States back in Bulgaria.

4. **Mr. Nicolay NIKOLAEV**, Head of Department of Dairy Science, Institute of Animal Breeding, Kostinbrod, Bulgaria

Mr. Nikolaev trained with the Land O'Lakes Dairy Specialist in Appleton, Wisconsin. Mr. Nikolaev felt that first-hand experience training with cooperative staff was the best way to see cooperative principles and marketing strategies at work.

5. **Mr. Hristo NIKOLOV**, Researcher (studying proteins and casein analysis in sheep milk), Institute of Animal Breeding, Kostinbrod, Bulgaria

Mr. Nikolov completed his internship at the Fennimore Cheese Plant in Fennimore, Wisconsin. While there he learned to produce a new type of cheese which was unfamiliar to him.

CZECH REPUBLIC

6. **Mr. Pavel DOSTAL**, Animal Husbandry Adviser, Bull's Station, Uhrbitova, Czech Republic

Mr. Dostal returned to 21st Century Genetics in Shawano, Wisconsin to continue training in the semen laboratory and semen bank learning artificial insemination techniques, and new technologies and procedures for freezing semen.

7. **Mr. Jan DRBOHLAV**, Head of Technological Division, Dairy Research Institute, Prague, Czech Republic

Mr. Drbohlav returned to the Czech Republic immediately after the World Dairy Expo (two weeks early) because the country's privatization efforts required his presence on-the-job.

8. **Ms. Petra NEUWIRTHOVA**, Cattle Breeder, Collective Farm, Jesenik, Czech Republic

Ms. Neuwirthova visited the Ben and Mary Zweber farm in Elko, Minnesota for one week. Her training experience with this farm family gave her a better understanding of small business management and understanding the economics and profitability of agricultural production. She also visited the University of Minnesota sheep and goat breeding facility in Rosemont, Minnesota. She felt her time spent with the head herdsman was profitable because of her special interest in goat breeding.

SLOVAK REPUBLIC

9. **Mr. Vladimir FOLTYS**, Milk Quality Researcher,
Research Institute of Animal Production,
Nitra, Slovak Republic

Mr. Foltys spent his final week of training at the Dairy Science Laboratory of South Dakota State University in Brookings, South Dakota. Mr. Foltys learned new methods at Brookings for the determination of raw milk quality, and a new program for calibration of milk testing equipment.

10. **Mr. Igor SKVARLA**, Technologist in the New Product Development Division
of Milex Company, Bratislava, Slovak Republic

Mr. Skvarla learned more about plant management techniques by training with Schoeps Ice Cream Plant in Madison, Wisconsin. Mr. Skvarla had a chance to study the plant's organization, participate in management meetings and observe typical problem-solving issues that arise with ice cream production. Mr. Skvarla felt that the management ideas he learned were invaluable.

11. **Mr. Tomas STEVLIK**, Director of Land Office of the district Nove Zamky,
Ministry of Agriculture and Food, Bratislava, Slovak Republic

Mr. Stevlik returned to the Soil Science Department at the University of Minnesota for the final week of his internship, where he learned more about mapping and remote sensing. This will be especially useful when returning to the Slovak Republic to aid in the issues of land reform and land redistribution for owners during the privatization process.

FINAL WRAP-UP WEEK

The last week of their training program included a number of activities:

- a presentation on the agricultural industry in the United States;
- visits to the Minneapolis Grain Exchange and Minnesota Department of Agriculture;
- presentations by individual interns about the training they received, and plans on how to implement what they've learned through their internships in their jobs;
- the completion of program evaluations and final travel preparations.

2.C. IN-COUNTRY TRAINING (66 courses)

<u>COURSE</u>	<u>DATES</u>	<u>LOCATION</u>	<u>TRAINER</u>
<u>Albania</u> (3 courses)			
Agribusiness Management	10/12-16/92	Tirana	Tom Rysavy/Dwain Swanson
Cooperatives	11/23-27/92	Tirana	Allen Gerber
Intro. to Marketing	12/14-18/92	Tirana	Mike Clary
<u>Bulgaria</u> (16 courses)			
Intro. to Marketing	10/12-16/92	Dobrich	Michael Christenson
Cooperatives	10/12-16/92	Haskovo	Michael McKeown
Cooperatives	10/19-23/92	Stara Zagora	Michael McKeown
Dairy Herd Health & Nutrition	10/19-23/92	Stara Zagora	Dr. Frank Crane
Dairy Herd Health & Nutrition	10/26-30/92	Vidin	Dr. Frank Crane
Dairy Processing & Mfg.	11/9-13/92	Shumen	Steve Fiedler
Training of Trainers	11/16-20/92	Stara Zagora	Marilyn Grantham
Training of Trainers	11/23-27/92	Plovdiv	Marilyn Grantham
Farm Management	11/23-27/92	Nova Zagora	Leo Martin
Farm Management	11/30-12/4/92	Trojan	Leo Martin
Intro. to Marketing	11/30-12/4/92	Slancev Brjag	Truman Graf
Farm Management	12/7-11/92	Plovdiv	Leo Martin
Forage Production	12/7-11/92	Dobrich	Don Spranger
Dairy Production	12/7-11/92	Plovdiv	Ted Kjos
Dairy Production	12/14-18/92	Smolyan	Ted Kjos
Intro. to Marketing	12/14-18/92	Trojan	Steve Hamm
<u>Czech Republic</u> (6 courses)			
Intro. to Marketing	10/5-9/92	Ceske Budejovice	Al Oukrop
Intro. to Marketing	10/12-16/92	Prelouc	Al Oukrop
Intro. to Marketing	10/20-24/92	Prerov, Moravia	Michael Christenson
Training of Trainers	11/2-6/92	Prague	Doug Wertish
Dairy Processing & Mfg.	11/3-7/92	Plzen	Henry Vehrs
Dairy Breeding & Reproduction	12/7-11/92	Boskovice	Dr. Peter Timm/ George Lipinski
<u>Hungary</u> (9 courses)			
Agribusiness Management*	9/28-10/2/92	Debrecen	Jon Kruse
Logistics/Distribution	11/2-6/92	Gödöllő	Howard Gochberg
Logistics/Distribution	11/9-13/92	Debrecen	Doug Horn
Intermediate Marketing Princ.	11/16-20/92	Gödöllő	Barb Riordan
Agribusiness Management	11/23-25/92	Mosonmagyaróvár	Bill Weimann
Agribusiness Management	11/30-12/4/92	Hódmezővásárhely	Bill Weimann
Intermediate Marketing Princ.	11/30-12/4/92	Mosonmagyaróvár	Bernard Bradley
Intermediate Marketing Princ.	12/7-11/92	Hódmezővásárhely	Bernard Bradley
Financial Management	12/7-11/92	Gödöllő	Leroy and Carolyn Koppendray
Financial Management	12/14-18/92	Hódmezővásárhely	Leroy and Carolyn Koppendray
<u>Lithuania</u> (2 courses)			
Food Plant Operations	11/30-12/04/92	Vilnius	Ken Wahlin
Food Plant Operations	12/7-11/92	Vilnius	Ken Wahlin
<u>Poland</u> (23 courses)			
Intro. to Marketing	9/28-10/2/92	Kalsk	Dave Gray
Intro. to Marketing	9/28-10/2/92	Zielona Gora	Dave Gray

*reported in third quarter, 1992, report

<u>COURSE</u>	<u>DATES</u>	<u>LOCATION</u>	<u>TRAINER</u>
<u>Poland</u> (continued)			
Agribusiness Management	9/28-10/2/92	Mokoszym	Leroy Hayes
Agribusiness Management	10/05-9/92	Legnica	LeRoy Hayes
Agribusiness Management	10/05-9/92	Opole	LeRoy Hayes
Dairy Procure./Prod. Assbly.	10/19-23/92	Czestochowa	John Loken
Intro. to Marketing	10/26-30/92	Koszalin	Norris Ace
Intro. to Marketing	11/02-6/92	Wroclaw	Melody Garoutte
Intro. to Marketing	11/02-6/92	Legnica	Norris Ace
Intro. to Marketing	11/02-6/92	Bratoszewice	Anne O'Callahan
Dairy Herd Health & Nutrition	11/02-06/92	Ostro-Mazowiecka	Jorge Marin-Guzman
Intro. to Marketing	11/16-20/92	Kalisz	Karl Larson
Farm Management	11/16-20/92	Ciechanow	Leo Martin
Dairy Breeding & Reprod.	11/16-20/92	Korytnik	Dr. Peter Timm/ George Lipinski
Dairy Breeding & Reprod.	11/23-27/92	Krakow	Dr Peter Timm/ George Lipinski
Dairy Production	11/23-27/92	Krosno	Scott Gottschalk
Dairy Breeding & Reprod.	11/30-12/4/92	Bydgoszcz	Dr. Peter Timm/ George Lipinski
Dairy Production	11/30-12/4/92	Kalisz	Scott Gottschalk
Forage Production	11/30-12/4/92	Opole	Glen Christianson
Forage Production	11/30-12/4/92	Bydgoszcz	Don Spranger
Dairy Production	12/7-11/92	Lowicz	Richard Kellems
Forage Production	12/7-11/92	Miente	Glen Christianson
Intro. to Marketing Princ.	12/14-18/92	Tirana	Mike Clary
<u>Slovak Republic</u> (7 courses)			
Dairy Processing & Mfg.	10/26-30/92	Zilina	Henry Vehrs
Training of Trainers	11/9-13/92	Liptovsky Mikulas	Doug Wertish
Dairy Herd Health & Nutrition	11/9-13/92	Kosice	Jorge Marin-Guzman
Dairy Processing & Mfg.	11/16-20/92	Zilina	Steve Fielder
Intermediate Marketing	11/23-27/92	Nitra	Roger Rudolph
Intermediate Marketing	11/30-12/4/92	Nitra	Roger Rudolph
Dairy Production	12/14-18/92	Nitra	Richard Kellems

2.D. TECHNICAL ASSISTANCE

<u>TOPICS</u>	<u>DATES</u>	<u>LOCATION(S)</u>	<u>SPECIALIST</u>
<u>Poland</u>			
Dairy Planning; Dairy Procurement and Product Assembly	10/26-29/92	Gorzow, Pila, Wloclawek, Lowicz	John Loken
Plant Maintenance	11/2-18/92	Piotrkow, Wloclawek, Wysokie, Czestochowa, Sokolka, Kalisz, Zamosc, Konin, Gostyn, Rypin	Dick Janita
New Product Development	11/9-13/92	Zakopane, Tarnow, Tarnobrzeg, Krasnystaw	Karl Larson
<u>Estonia</u>			
Sanitation & Equipment	11/23-11/27/92	Tartu, Viru, Tallinn	Antone Gregory

2.E. RAPID NEEDS ASSESSMENT (ROMANIA)

Land O'Lakes conducted a rapid needs assessment of the Romanian dairy sector in November, 1992, which highlighted topical areas on which Land O'Lakes development activities will focus throughout the country. By mutual agreement Land O'Lakes will work with WorldCare during the initial phase of activities in Romania, especially with training participant identification and in-country logistics.

Specific recommendations were as follows:

• DAIRY PRODUCTION

In-country training courses	Dairy herd health and nutrition Dairy production Dairy breeding and reproduction Forage production Farm management
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• DAIRY PROCESSING

In-country training courses	Small-scale dairy processing and manufacturing Dairy procurement and product assembly Plant maintenance Dairy product distribution Marketing and retailing
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• FARMER ASSOCIATION/COOPERATIVE DEVELOPMENT

Technical assistance	Cooperative development
In-country training courses	Cooperative management Agri-input distribution Product marketing

• AGRICULTURAL/DAIRY POLICY REFORM

Technical assistance	Agricultural policy reform Privatization
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• OTHER

Use of Title II and Title III programs to develop a rural development commission to voice and meet the demands of new private farmers and their families, improve the rural infrastructure and encourage more people in Romania's rural, private agricultural sector.

(See complete report in Attachment C).

3. HOW PARTICIPANTS BENEFITTED - SOME EXAMPLES

3.A. U.S.-BASED INTERNATIONAL AGRICULTURALIST PROGRAM

BULGARIA

- **Stoino ATANASOV:** Atanasov felt the most important part of his internship was learning about U.S.-style cooperatives, their principles and observing the operations of cooperatives. It was especially important because, as he states, *"In our country we would like to organize a new type of cooperative. We have large agricultural enterprises with good equipment which have to be privatized. I think in this field, creating, organizing and managing the big cooperatives, we have to implement what I have learned at Land O'Lakes."*
- **Hristina IANTCHEVA:** When asked how she benefitted from the internship, Iantcheva stated three areas which she plans to focus on when returning to her position as assistant professor of forage production research. The first area is to start working directly with Bulgarian private farmers to improve production and provide information to assist them in managing their farms. The second area is to work with her university system to organize an extension service similar to the U.S. system that would directly help the private farmers. The third area is to implement a new study program for students in agricultural education that reflects what she has learned during her internship.
- **Nadia NAZARITY:** Nazarity's main focus as a dairy scientist with the Research Institute of Animal Breeding in Kostinbrod, Bulgaria, was to conduct research in microbiological laboratories and study how milk quality standards are established. After spending the first three weeks on a dairy farm at the beginning of her program, she was displeased because she felt that being on a farm was not important to her internship - she wanted to focus on laboratory training. At the end of her internship, however, when asked how she benefitted from her program, Nazarity stated that the Bulgarian department of agriculture should organize a system to control the quality of milk, and pay for milk based on quality. In order to do this, a system needs to be devised to develop closer relationships with farmers to work on quality beginning at the farm level. This first-hand exposure to dairy production, though not obvious to her at first, provided a valuable, new perspective for Nazarity from which to view milk quality control.
- **Nicolay NIKOLAEV:** Mr. Nikolaev felt that the most important aspect of his training was to study cooperative principles, structure, marketing, management, education and development programs. By having the chance to not only study, but to spend time in a cooperative, Mr. Nikolaev feels he is now well-qualified and wants to set up a new U.S.-style cooperative upon returning to Bulgaria.
- **Hristo NIKOLOV:** Nikolov was pleased with his new-found knowledge of cheese production and management techniques. He plans to utilize what he has learned by starting his own cheese processing plant in Bulgaria. Nikolov also

hopes to attend Land O'Lakes in-country training courses in marketing and packaging of materials.

CZECH REPUBLIC

- **Pavel DOSTAL:** Dostal stated that he benefitted primarily by knowledge gained in the area of new technologies used in freezing semen. This will be highly beneficial in his position as an animal husbandry adviser in the Czech Republic. He felt satisfied that his program was well-prepared.
- **Jan DRBOHLAV:** Drbohlav felt that the most important information he obtained was about Land O'Lakes' cooperative structure, and that his training experiences prepared him to have a real impact on changing the dairy industry in the Czech Republic. One of his first projects upon returning to his country will be to organize meetings for the management of dairy plants and cooperative farms, where he will formally present Land O'Lakes' cooperative structure and recommendations for cooperative reorganization in the Czech Republic.
- **Petra NEUWIRTHOVA:** The most important benefits Neuwirthova gained from her internship were some important management tools and ideas in farm management. She saw these tools demonstrated at each farm she visited, which confirmed that these methods of production level evaluation, profitability, and record-keeping can be helpful to her in her position as cattle breeder of a collective farm in Jesenik.

SLOVAK REPUBLIC

- **Vladimir FOLTYS:** The new procedures and ideas that Foltys learned in his internship and will introduce into his laboratory were the greatest benefits he received from his training program. The procedures include a new method for determination of raw milk quality and a new program for calibration of dairy equipment. He is eager to try some new management tools as well upon return to his country and his position as milk quality researcher for the Research Institute of Animal Production.
- **Igor SKVARLA:** Skvarla's opportunity to work with the management of several dairy and ice cream plants provided him with the great benefits of his internship. He gained not only technological ideas, but also new ideas for raw milk collection, business economic analysis, marketing and many management tools that will improve his on-the-job performance.
- **Tomas STEVLIK:** Stevlik was able to obtain important information about the use of different kinds of software for soil maps, land use, vegetation, and establishing boundaries through implementing land and geographic information systems. The training provided him will enhance the privatization of agriculture, land reform, and land redistribution in the Slovak Republic, and will greatly impact his position as Director of the Land Office of the Nove Zamky district.

3.B. IN-COUNTRY TRAINING

• BULGARIA

"TRAINING OF TRAINERS", NOV. 16-20, 1992; STARA ZAGORA; MARILYN GRANTHAM, TRAINER.

Participant comment: *"The knowledge gained by the course will be particularly useful in my future work in training farmers and teaching students."*

"DAIRY HERD HEALTH AND NUTRITION", OCT. 26-30, 1992; VIDIN; DR. FRANK CRANE, TRAINER.

Participant comment: *"I am very satisfied with this session because it helped me to increase and enrich my knowledge."*

"COOPERATIVES: PRINCIPLES AND PRACTICES", OCT. 12-16, 1992; HASKOVO; M. MCKEOWN, TRAINER.

Participant comment: *"I would like these seminars to become a tradition which will be very useful for the Bulgarian farmers."*

"DAIRY PRODUCTION", DEC. 7-11, 1992; PLOVDIV; TED KJOS, TRAINER.

Trainer comment:

"The thought that stands foremost in my mind when I start to summarize this training experience is this: It came across quite clearly from the participants that they had a tremendous desire for information -- information in a general sense. I would ask the students if there were any specific topics they would like to cover, and the answer would be 'everything that you have time for'. This stems, I believe, not from a lack of general knowledge on the subject, but from an acute need to compare themselves with the rest of the world, to assess where they are at in the industry. The real benefit of the course came from heightening their awareness to detail and the importance of recordkeeping."

Land O'Lakes' courses provide an important opportunity for networking. One participant said, *"The course was very valuable to me. I made lots of good contacts here. More courses of this type would be valuable."*

"DAIRY PROCESSING & MANUFACTURING", NOV. 9-13, 1992; SHOUMEN; STEVE FIEDLER, TRAINER.

At the completion of this course, the trainer asked the participants to answer two questions:

1. What would you like to see Land O'Lakes or the United States do next?
2. What are you going to do for you?



- ▲ Participants in Michael Christenson's "Introduction to Marketing" course (Oct. 12-16, 1992; Dobrich) work on a group exercise in which they develop their own product marketing plan. This group designed a marketing strategy for the Bulgarian toothpaste, "PERLA-F".

A sampling of participant responses:

- *"We're interested in new technologies in cheese production and starting cultures, new equipment, product efficiency, management, marketing. We are interested in your market. Maybe joint ventures for production of the so-called 'healthy food' milk products."*
- *"I really enjoyed the lectures but our experience in dairy industry is different than America's. Although the technologies are similar, our problems and differences are: 1) Different state standards; 2) In the last two years the milk supply has been reduced about 50 percent mainly because of the change of the structures in agriculture; soon we may reach the so-called 'Milk Hunger'. So I suppose: 1) Maybe someone should advise our government to take emergency measures to hold the milk yield at that level and later increase it; 2) Professionals from both countries should cooperate in dairy production."*



- ▲ Mr. Andrei Andreev, the spokesperson for his work group, presented his group's humorous marketing plan for the toothpaste, "PERLA-F" ("Introduction to Marketing", Dobrich, Bulgaria). He was dubbed "Mr. Perla" afterwards by fellow classmates.

- *"I think Land O'Lakes could influence the Bulgarian Government in its dairy policy to order that the process of distribution in our dairy industry be stopped. I think I will talk with my colleagues and friends about what I've learned in this course. Maybe I'll apply Land O'Lakes' experience in my working area."*

- *"Thanks to Land O'Lakes, Inc. for the good organized course. It will be a pleasure for me to visit a cheddar cheese plant; I think I'd learn something more there. I'll be very glad if there's such a course in the United States."*



- ▲ Trainer Michael Christenson "got into the act" during a pig roast celebrating the completion of his "Introduction to Marketing" course in Dobrich, Bulgaria. A class participant donated the pig, which enjoyed the festivities much less than the participants obviously did.

The trainer's observations:

"I'm looking for that one word which describes what is lacking in some of the Eastern Bloc nations. They seem to not understand or possibly don't know how to adjust themselves to the outside world. They tell you they have all these problems and they absolutely do have very immense problems beyond most people's imaginations. Yet somehow, I believe many problems [solutions] are within themselves. They spent decades with someone else making every decision for them and lost so much of their internal drive, capabilities and directional force. We need to do everything we can to give this back to them...we need to provide them with as much training and information as possible. To encourage them, help them work with their government on developing new regulations and policy. They also must have patience to make this happen. But most of all, they must understand that they are the ones who are going to have to make things happen. It is now their responsibility."

"INTRODUCTION TO MARKETING PRINCIPLES", DEC. 14-18, 1992; TROJAN; S. HAMM, TRAINER.

Participant comment: *"We are very grateful to Land O'Lakes. The course introduced something completely new to me...Marketing is a GREAT science. And as we are quite new in this field, it is difficult for us to give recommendations for improvement of the material, yet I would find it more useful if the book included some case studies from Bulgarian practice; how can we make the [transition] to a market economy faster in our circumstances. Thank you once again."*

"FORAGE PRODUCTION", DEC. 7-11, 1992; DOBRICH; DON SPRANGER, TRAINER.

Trainer comment: *"The people in Bulgaria were more advanced with their alfalfa growing than in Poland, so I specialized the course more toward management of products which the Bulgarians already have and stressed quality."*

• **CZECH REPUBLIC**

"INTRODUCTION TO MARKETING PRINCIPLES", OCT. 20-24, 1992; PREROV, MORAVIA; MICHAEL CHRISTENSON, TRAINER.

Participant comments:

- *"I thank Land O'Lakes for creating optimal conditions for this type of education. Our generation had no chance to gain experience in the form of teaching." [i.e., to learn marketing techniques in the classroom]*
- *"I would like to thank Land O'Lakes for organizing this course and sending a trainer of quality to our country. It could be done more often."*

"DAIRY BREEDING & REPRODUCTION", DEC. 7-11, 1992; BOSKOVICE; DR. PETER TIMM AND GEORGE LIPINSKI, TRAINERS.

- *"For a starting Czech farmer, the example of an American farmer represented by Mr. Lipinski was very important."*
- *"Extremely valuable was the fact that the trainers were able to answer both practical and theoretical questions. The display of theory and practice was well done."*

• **HUNGARY**

"INTRODUCTION TO PRIVATE AGRIBUSINESS/COOPERATIVE MANAGEMENT", SEPT. 28-OCT. 2, 1992; DEBRECEN; JON KRUSE, TRAINER.

Participant comments:

- *"The people/leaders of Hungarian agriculture in transition need such training."*



- ▲ Bernard Bradley's "Intermediate Marketing Principles" class posed for a class picture. The course took place in Hódmezővásárhely, Hungary December 7-11, 1992.

- *"Concrete information could be useful about Land O'Lakes structure. We'd love to know more about the general operations of the U.S. economy and environment."*

- LITHUANIA

"FOOD PLANT OPERATIONS", 11/30-12/4/92 AND 12/7-11/92; VILNIUS; KEN WAHLIN, TRAINER.

Ken Wahlin (retired president of Bridgeman's, a wholly-owned subsidiary of Land O'Lakes at the time) felt that the women in his classes were particularly impacted by his course. *"The women seemed to out-participate the men. They saw that their problems were just opportunities and were very open to the ideas which I presented."*



- ▲ Dr. Peter Timm (DVM) explained the reproductive tract of a cow while participants prepare to practice techniques learned in the classroom. "Dairy Breeding and Reproduction", Korytnik, Poland.

- POLAND

"INTRODUCTION TO MARKETING", NOV. 11-20, 1992; KALISZ; KARL LARSON, TRAINER (FORMER LAND O'LAKES FOODS DIVISION VICE PRESIDENT)

Trainer comment: *"The course participants seemed to get a lot out of the course, especially the more tangible, practical parts."*

"INTRODUCTION TO MARKETING", NOV. 2-6, 1992; WROCLAW; MELODY GAROUTTE, TRAINER.

Trainer comment: *"[I was] very impressed with [the students'] creativity and methodical way of thinking when putting their group work plans together. The practical parts of the course are the parts which seemed to benefit the students most."*



- ▲ During Land O'Lakes' "Dairy Breeding and Reproduction" course in Krakow, Poland, a participant received hands-on training in how to palpate a cow.

"FORAGE PRODUCTION", NOV. 30-DEC. 4, 1992; BYDGOSZCZ; DON SPRANGER, TRAINER.

Trainer comment: *The field trip which was incorporated into the course "was wonderful for generating interest in how growing alfalfa could greatly increase milk production in Poland. This field trip worked well and was interesting for the farmers."*

"DAIRY PRODUCTION", NOV. 30-DEC. 4, 1992; KALISZ; SCOTT GOTTSCHALK, TRAINER.

Gottschalk, an employee in Land O'Lakes Feed Division, incorporated a field trip to a dairy processing center and a farm into this course.

Trainer comment: *His students "were able to grasp the materials which were presented...they liked the practical application of the course -- especially the field trip rather than the theoretical [information]."*



- ▲ Jerzy Denbski, president of a local dairy plant and participant in Land O'Lakes' "Introduction to Marketing" course in Koszalin, Poland, shows off some of the dairy products produced at his plant. Translator Joanna Grzelak is also pictured.

Norris Ace, the trainer, used these real-life products as examples in discussing marketing strategies.

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"DAIRY HERD HEALTH AND NUTRITION", NOV. 2-6, 1992; OSTRO-MAZOWIECKA; JORGE MARÍN-GUZMAN, TRAINER.

Participant comment: "[I liked best] pointing out differences between Polish and American agriculture during the course. The most important is learning about novelties, which can be adopted in Poland; the level of general knowledge is similar."

• **SLOVAK REPUBLIC**

"DAIRY PROCESSING & MANUFACTURING", NOV. 16-20, 1992; ZILINA; STEVE FIEDLER, TRAINER.

The trainer asked the participants to comment on two questions:

1. What would you like to see Land O'Lakes or the U.S. do next?
2. What are you going to do for you?

A sampling of their responses:

• *"I would like to [incorporate] some part of this new acquired knowledge into our practice. Individual decisions of individual workers, we should encourage them to bring new ideas for improvement of work at our plant."*

• *"I evaluate the course highly. It included a lot of comparisons with our milk production which are not comparable to that of the U.S. in practice. We have to learn and improve the basic manufacture of dairy products, we must produce more efficiently, we have to better the quality of milk processing into milk products."*

• *"We have big problems in our plant, but all of these are caused by people. That is why I appreciate very much the attitude of American people towards their work, in all categories of workers, their organization of work and a good sense for solving problems in detail."*

• *"[The U.S.] system has been tested in practice. They could help us in creation of our systems by means of courses and literature that should inform about their excesses and shortages as well. We would welcome economic aid. Prices of energy, transportation.....we will have to solve ourselves."*

• *"In this seminar I learned how important hygiene in dairy production is and how important the permanent cooling of milk and dairy products is in order to insure a longer shelf life. This will be very important to change the thinking of people and their approach to their duties at work."*

3.C. TECHNICAL ASSISTANCE

Twenty-five technical assistance interventions were conducted at 20 different locations in Poland and Estonia by four specialists in the areas of dairy planning, dairy procurement and product assembly, plant maintenance, new product development, and sanitation and equipment.

Specific recommendations were sent to individual plants shortly after these visits by several of the technical specialists. It is hoped that having written recommendations will clarify and reinforce the suggestions made, thereby making their implementation more likely.

4. OUTCOMES

Land O'Lakes' staff conducted in-depth interviews with selected participants of Land O'Lakes courses prior to fourth quarter, 1992, to get feedback and to assess the long-term impact of program activities on them and their places of business. The following is feedback from a few of the interviewees.

HUNGARY

- **PETER GUBA** (Head of Marketing Section at the Borsod Region Dairy Industry): "I liked all three of the courses [in which] I participated (Advanced Marketing, Intermediate Marketing, and Logistics Management.) I think although these subjects are taught in the frame of academic studies few people working in agriculture and the food industry really understand these terms. Previously the new product developments were done by a couple of people and their invention had to be used as standards in all of the other plants (in the whole dairy industry.) This has changed. Now we can do it on our own depending on the demand of the specific geographic region. This requires a deeper knowledge in the fields of marketing and logistics. I found these courses very valuable. *The marketing section of our company was recently organized mostly using the Land O'Lakes structure as a basis. The Land O'Lakes courses had a major effect on the organization of this section. We pay more attention to the demand of the consumer. Marketing is given greater emphasis at our company and this is largely due to the courses. We pay more attention to the product test results, give greater emphasis to market research, capacity evaluation and planning of a product.*

"I liked most about these courses that we could develop our new ideas and could discuss them with the facilitator. In the future I would like to participate also in these useful courses. I would like to see marketing courses more specialized on certain topics within marketing concepts, e.g., dealing more with brainstorming and product tests, devoting more time to specific aspects of new product development. I would be also interested in participating in courses dealing with new technologies in the dairy industry, packaging design, raw material production/hygiene."

- **DR. JÓZSEF VÁGI** (University Professor, Advisor): "The courses I participated in nicely reflected the field where Land O'Lakes plays a very important role....I participated in several Land O'Lakes courses and I have to say that I learned a lot. These courses gave a good concept of how students are trained in the U.S. The study materials were excellent, giving a large insight into the complex field of the dairy industry, product marketing and logistics.

"Higher education is also under development in Hungary and we use the concept of teaching, the ideas we got from the structure of the participants' workbook. I can also use the knowledge I got through these courses in my work being an advisor. I can say that some of the courses (like Logistics Management) are ahead of their time and Hungary is not ready yet for these courses as our economy is broken down and new enterprises are just getting started. *Especially the marketing courses were valuable.* Logistics was a completely new field for me. I was very much influenced by the fact how well

prepared and competent the facilitator, Howard Gochberg, was in his field. He made an extremely considerable contribution to the success of this course. These courses are going to be more useful in 1993-94 as these are the years when farms are going to get organized and these courses will give a good promotion to the new established farming investments. On the other hand, they are useful in supporting existing farms in the transition process to free-market economy. *All the courses had a practical side, they not only represented the theory.* The facilitators showed us the practical, utility side of the concepts introduced. In the future I would like to see courses concerning the use of information (information in agriculture) and I am also interested in participating in the course 'Training of Trainers' very much."

• **VALÉRIA DZSIKI** (Szabolcs Regional Dairy Industry, Mátészalka): "I participated in all of the courses held in Gödöllő. I found it a nice centrally-located place to have these courses. All the facilities that were organized by the organizers were excellent. I am working as an Assistant of Production Group at my dairy facility and I was pleased having such courses concerning largely the dairy industry. *All the courses, especially the Marketing and Logistics courses, I found very valuable.* I have recently graduated and am a new member of the production group. Our greatest task this year is to get privatized and reorganized. *We hope to organize a similar structure to what we have heard at the Land O'Lakes courses and a much greater emphasis is to be given to marketing and logistics principles.* As one of the most important considerations, this has to guide our efforts in the topics of dairy production and processing and How to Organize a Dairy Farm. As I would like to further increase my practical competence I also would like to be a candidate for a U.S. internship program."

• **ANDRÁS FEKETE** (Extension Agent, Advisor, dealer of Alfa Laval equipment): "The Land O'Lakes marketing course was a great experience for me. This was the first course of such type [in which] I have participated. I was very much influenced by the open atmosphere of the course, working together, learning very hard and having fun at the same time. I found the group discussion a very good way of education. I have never experienced such a good training method before. The facilitator let us play, come up with new, sometimes not very good, ideas. She considered all of our efforts and evaluated what we have done. Everybody could see what was wrong in his/her idea and could develop it further. I was maximally satisfied with the course I participated [in]. *I could use some of the ideas in my job. I am a dealer and advisor of Alfa Laval products. I could understand how important it is to sell auxiliary goods with the equipments to make them more attractive and saleable (for example, I have added the sale of paper towels that people can hang at the entrance of the milking parlor near the milking machine and with such small goods sold together with the main machine line I could increase my sales.*

"I have also learned how important it is to do my [illegible word] very correctly. *I can no longer exist and do sales if I cannot give the highest service at the most reasonable price to my customers. I create a demand first for the machine with good promotion and then I try to sell them.* This course gave us participants a very good business way of thinking, attitude that we should follow. In the future I would like to participate in agribusiness

courses to increase my competence as only those with the highest knowledge will win in this transition period."

• **GYULA PESTI** (President of the Jászberény Cooperative): "As a participant of two Land O'Lakes courses (**Advanced Marketing, Logistics Management**) I can say that they were very good ones giving us a better understanding of the industry we are working in. *The marketing course was more interesting for me as it had more interaction and relevance to my job. I am using many of the practices I learnt in this course. We started a new dairy processing plant not very long ago and I developed the marketing strategy for selling products of this plant. The studies I got at the marketing course were very valuable when preparing the promotion mix, doing market research, evaluating the competitors, developing pricing. We change to small bag packaging when portioning the milk for pupils at primary schools. We also introduced small gives ['gifts?'] given together with new dairy products if children bought them. New promotion banners and advertising tools were developed. Mostly those commercials draw my attention which aimed at children and used children to advertise the products with. As we sell a large amount to schools this tool proved to be very useful. In the future I would like to see courses concerning more the management side of production, profitability calculations, how to eliminate the risk of investments in case of a new product introduction. It would also be nice to include as a management part of the courses how to behave as managers, how to contact others, how to set up business meetings and how a successful manager acts. I would welcome films/videos as part of our training showing the practical accomplishment of different practices. All participants in the courses profited and will benefit a lot from the case studies of successful managers in the U.S."*

• **CZECH REPUBLIC**

"COOPERATIVES: PRINCIPLES & PRACTICES", SEPT. 22-26, 1992; PRELOUC; MARTIN CLARK, TRAINER.

Participant comments:

• *"The seminar was very well prepared...The workbook will help me establish private cooperatives, privatize state farms and transform collective farms. The seminar was of high level. It is very applicable in all respects as well as all recommendations and experience of the U.S. in agriculture..."*

• *"It [the seminar] will help to solve the transformation of the present Czech collective farms. I appreciate the personal interest of [the trainer] in helping Czech co-ops to orient themselves to private subjects including suggestions of internal organizations of coops."*

• *"The seminar cleared my ideas about coops in the U.S. It gave me many suggestions applicable in transformation of collective farms. Also useful are some parts of the Foundation Document [bylaws?]. Relations among members, board of directors, the manager and employees should be arranged according to American co-ops. Also interesting is the distribution of profit and usage of part of the profit for financing...."*

• *"The course sufficiently explained the difference between our 'totalitarian' co-ops or collective farms and U.S. cooperatives. Before the 'nationalization' there were co-ops for ag products processing (sugar mills, distilleries, dairies, etc.). Since restitution involves only physical persons, it will take a couple of years before our primary production will be able to face the monopoly of processors. Similarly with suppliers. 'Each member-one vote' principle is regarded here as a reminder of the socialist past. We can expect that in farmer co-ops the number of votes will be proportional to the share, like in stock-holding companies."*

5. IMPORTANT PROGRAM ADJUSTMENTS

a) Due to delays in identifying key agricultural leaders in Albania and Romania, the U.S. Leadership and Agricultural Policy Orientation program was delayed from fourth quarter, 1992, to first quarter, 1993. In addition, the participation of the five Albanians was further postponed at the request of AID/EUR/DR/FS staff until after the end of the response period for the Albania RFA (probably March or April). As a result, five Romanians will participate in a separate program in late January, 1993.

This adjustment will not, however, impact the scheduling of the Albania in-country forum, though it would normally be held after the U.S. leadership orientation to enable Land O'Lakes to enlist the support and assistance of the U.S. training participants in the forum. This forum will still take place in first quarter, 1993, and prior to the U.S. leadership orientation.

b) Preparations for a new Land O'Lakes regional office in Sofia, Bulgaria, began fourth quarter, 1992. This office will open in early February, 1993. Jim Frantz, Land O'Lakes' former International Training Specialist, will move to Bulgaria in January to be the regional manager for the southern region (Bulgaria, Romania, Albania, Czech Republic, Slovak Republic, and Hungary). He will oversee training and technical assistance activities in these countries, and assist Land O'Lakes in-country coordinators with program functions.

c) Land O'Lakes' Representative for Central and Eastern Europe located in Warsaw, Nathaniel Carin, relocated to Moscow in December to assume new responsibilities under a different USAID grant. The position Nat vacated was changed during a reorganization of Land O'Lakes staff to regional manager for the northern region comprising Poland, Estonia, Lithuania and Latvia. This position was filled by James Bueltel in late December, who had been an International Training Specialist in Land O'Lakes' Arden Hills office. He will oversee training and technical assistance activities in these countries, and assist Land O'Lakes in-country coordinators with program functions.

ATTACHMENT A

**NEWSPAPER ARTICLES ON LAND O'LAKES'
OVERSEAS TRAINING ACTIVITIES**

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Ликвидационния съвет на ТКЗС
„Клокотница“ гр. Хасково

С Ъ О Б Щ А В А

на собствениците на земя, че на
15-ти т. м. – Четвъртък от 18,00
часа в салона на бившето АПК
„Клокотница“ ще се изнесе
ЛЕКЦИЯ-СЪБЕСЕДВАНЕ от
МАЙКЪЛ МАККЮАН – предсе-
дател на кооперация „ЛАНД
О’ЛАЙКС“ – Америка на тема:

ЧАСТНИЯ КООПЕРАТИВ И НЕГОВИТЕ ДОСТОЙНСТВА

*Поканват се настроените
към частното земеделие граж-
дани да присъствуват.*

ДОБРЕ ДОШЛИ!

Bulgaria
"Cooperatives:
Principles & Practices,"
Oct. 12-16, 1992
Michael McKeown, Trainer

Liquidation Council of Labour Cooperative
Agricultural Farm "Klokotnitsa," Haskovo

Announces

to the landowners that on 15th October, Thursday
from 6 pm in the hall of the former Agricultural Industrial
Complex "Klokotnitsa" will be conducted/presented/a
lecture-discussion by MICHAEL MCKEOWN,
CHAIRMAN of Land O'Lakes Cooperative, America
on the subject

The Private Cooperative and
Its Advantages

The citizens, who are taking an interest
in the private agriculture, are kindly
invited to attend.

Welcome!

Czech Republic
"Dairy Breeding and
Reproduction"
Dec. 7-11, 1992
Dr. Peter Timm,
George Lipinski - Trainers

3. C. TRAF 6

nezávislý okresní list

25 15. prosince 1992
cena 3 Kčs

**regionální
noviny**

BOSKOVICKA

3. ročník

[See translation
on following page]

Americký seminář v SZEŠ

Od 7. do 11. prosince proběhl v prostorách Střední zemědělské školy v Boskovicích na Hybečově ulici Americký seminář s praktickým školením na téma Chov mléčného skotu. Pod záštitou ministerstva zemědělství České republiky ho pořádala společnost Land O'Lakes, Inc. z Minnesopolisu v Minnesotě.

Ze šedesáti přihlášených bylo vybráno 21 frekventantů, od nichž se očekávalo, že po prostudování ubohých textů budou k problematice i stát otázky, na které pak bude rozvířena diskuse k danému problému. Atmosféra - jak jsme se mohli přesvědčit - byla velmi pracovní a velmi nenáročná. I zasedání tří účastníků ze svého středu tři účastníci, kteří našim novinám aprostředkem vli názory a zkušenosti celé skupiny. Dovedli jsme se, že se seminářu zúčastnili ve velké míře soukromí zemědělci, v mnohem menší míře pak zaměstnanci družstev a objevili se i vědeckí pracovníci. Povědali jsme si se soukromníky z Čížkova v okrese Třebíč, z Dobrovice u Úval a ze Svárov a u V. Opatovic a se zaměstnancem Státního statku Zduchovice u Kamýka nad Vltavou.

Jame zde na jedné straně absolutilaici, kteří tapre chtěl začít a na druhé straně vysokoškolsky vzdělaní odborníci. Způsob je velmi bezpro-

střední, zajímavý, pro nás velmi neobvyklý, rozhodně jiný, než jsme zvyklí ze školy. Náplň však není vhodná pro laika, který se chce teprve vzdělávat a připravovat, než začne hospodařit. Páni přednáše... i přes upozornění nedokázali akceptovat skutečnost, že i nás je přetržka jedné až dvou generací. Nemáme od koho získat zkušenosti, nemáme na co navázat. My se teprve začínáme učit. Nedokážou pochopit, že u nás dáme tele raději pod krávu, že

neráme a nemůžeme si dovolit platit servisy a dodavatelské firmy, prostě - že hospodaříme na kolenech.

Frekventanti by uvítali podobný kurs s českými odborníky, kteří znají místní podmínky, dovedou na ně problémy aplikovat. Je jisté, že problematika chovu skotu má v USA naprosto odlišné podmínky i historický vývoj než v českých zemích. Dovedát se však, jak to dělají jinde, není jisté k zabosení. Jim



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CZECH REPUBLIC
Translation of an
article from the
newspaper
"Regionalni noviny
Boskovicka"
Dec. 15, 1992

American Seminar in the Vocational Agricultural School

From December 7 to 11, an American seminar on Dairy cattle reproduction with practice was held in the Vocational agricultural school in Boskovice, Hybesova street. Under the auspices of the Czech Ministry of Agriculture, it was organized by the Land O'Lakes, Inc., company of Minneapolis, Minnesota.

Out of 60 applicants, 21 participants had been selected; they were expected to ask questions after having studied the workbook. Then, supposedly, a discussion would follow to the given problem. As we could learn ourselves, the atmosphere was very work-like and unofficial.

Three participants representatives were chosen at random to mediate opinions and the experience of the whole group. We learned that participants are mostly private farmers, and include some collective farm employees and several researchers. We spoke with private farmers from Cizkox, Dobrocovice, Svarov, and with a Zduchovice State Farm employee.

"Some of us here are absolute laymen who wish to start farming, some are university graduates. The method of teaching is very immediate, interesting, very unusual for us. Certainly it is different from what we are used to in our schools. However, the contents may be not so suitable for a layman who wishes to prepare himself before starting to farm. The trainers were not always able to realize the existence of the gap in experience transfer lasting one or two generations. We still do not have enough servicing firms or cannot afford to pay for their services."

The participants would also welcome a "training of trainers" course where Czech trainers would use their knowledge of the local situation. Cattle reproduction in the US has had its history and conditions different from our own.

Undoubtedly, to acquire the know-how of other countries is very useful.

LITHUANIA
Translation of
article appearing
in "Viltis" news-
paper Dec. 2, 1992

ACTION PLAN STAYING IN THE DRAWER OF MINISTRY

By Vytautas Labunaitis

Many honored visitors often visit the Ministry of Agriculture. Those who are interested in the restoration of Lithuania are always meeting Alvydas Mikelionis, head of the department of farmers movements. He has to spend a lot of time corresponding with American representatives of Land O'Lakes, Inc. This company is located in the United States and works with the cooperation of dairy plants promoting and distributing their products and servicing their needs.

The representatives of Land O'Lakes, Inc. have been in many districts of Lithuania. They have been talking with farmers, and they are certain that dairy can be one of the most productive in Lithuanian agriculture, which so far is in very bad condition. High manufacturing costs dictated by monopolists have caused low milk prices, poor milk quality, and poor productivity.

Talking with department workers, Americans heard that the situation in Lithuania was not always bad. For instance, in 1938 there were 176 dairy plants, with 2,150 subsidiaries. More than 49% of all farmers who supplied milk were members of cooperatively-owned dairy plants. During that year, they produced almost half a million tons of milk, 19,646 kilos of butter, and 1,849 kilos of cheese. Lithuanian butter was willingly bought by England and Germany.

What we are now experiencing is an economic miracle. Mr. Mikelionis would like to remind the agricultural specialists of his trips, that we also can live the same as people living in Denmark, Sweden, and Holland. Of course, we can live even better unless we are under Soviet occupation. While we were busy with "over-fulfillment of the five years plans" there were many changes on other side of the curtain.

During his travel in USA, Mr. Mikelionis has received a lot of advice from dairy farmers. "Do the same as we are doing and everything will be OK." And over there everything looks very simple. Farmers own dairy co-ops, and they don't need middlemen to sell it to customers. And it works the same way if a farmer needs supplies through the co-op. As a result, they eliminate the very costly monopoly service.

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We had a similar lifestyle before the War and we know it works for us. But need some legal foundation. A Cooperation law was written by the department of the farmers' movement in the Ministry of Economics a long time ago. Mr. Mikelionis says "When Seim approves the document, we'll start the hard work."

If what they say is true, this job has already begun, and has met the first bureaucratic institution.

Canadians offered a \$10 million loan, not in cash, but in equipment, for dairy and meat processing plants. This would be enough for four or five new dairy processing and meat processing plants. [? translation: Unfortunately, project of action hitting somewhere in the Ministry of Finance...Time going.] Canadians, time after time kindly asking, why you are waiting, why are dairy farms waiting, it looks like we do not want what they are offering.

Indecisiveness is not our only problem. Many of the problems are coming from not considering decision and solutions. For example, many dairy plants now belong to rich people who do not have any interest in dairy; they bought the plants during auctions. Those plants will be used for different purposes, but not for dairy. So farmers, like before the War, must build their own co-ops for dairy and meat processing.

Cooperation is very important not only for us, but also for customers. The quality and price of dairy products so far are two different things. Customers are forced by the monopoly to buy dairy products of questionable quality.

The situation will be different when we have co-ops. Competition among co-ops will help to improve quality and variety and reduce the price of dairy products. Farms will start to supply high quality milk. Only from high quality raw materials can we make products for export.

Of course, everything depends on how things will go in the Seim. There is much unease knowing that the members from the last campaign will be at the Seim. The same members who think that all problems can be solved by lowering taxes, reducing price on schnapps and sausage...

During the last campaign, no one heard about constructive streamlines or how to improve the economy. No one said that first we must begin with the cooperation of farms.

Nobody was talking about it. Maybe some representatives of Moscow in Lithuania thought that it was helpful only for rich farmers. Cooperation in general, works only in capitalism.

Albania
"Agribusiness Management"
Oct. 12-16, 1992
Tom Rysavy, Dwain Swanson -
Trainers

THE COOPERATION - THE FUTURE OF THE
ALBANIAN FARMER

- Interview with Mr. Tomas Rysavy, manager of the Land O'lakes Agribusiness company in U.S.A. given to our newsman Shpëtim Luku -

Question : Mr. Tomas, It's some days that you are here. What is the reason ? What is the scope ?

Answer : Together with Mr. Dwain , we came to Albania to give lectures on agribusiness, in a course that has just finished. This course was organized by Land O'lakes, Inc. with the U.S. Agency for the International Development.

Our scope is to give as much information as possible to help the development of the Albanian Agriculture and to strengthen the relations between our countries. We hope, that in the future, our agribusiness companies establish relations with your companies. It's very important that people understand the democratic control of the cooperative by the members. These kinds of cooperatives, not controlled by the state, can be a very powerful mean for the development of Agriculture in Albania.

Question : Some time ago, some members of " VOCA " association came here with the same scope. This means that you appreciate very much cooperation. Do you think that this is the perspective of the Albanian farmer ?

Answer : Yes, We think that the Albanian farmer will need very much the cooperative in the future. But you should change the concept of cooperative. The farmers need to combine their resources to make a good business. It's in the cooperative that they would be able to control their future. We do not have direct relations with "VOCA " association, because it is a voluntary association while we are a private company, but very often our people have worked for it.

Question : The Albanians know the cooperative because they have lived for about 30 years under its "rrof", but they have been exploited by the cooperative so they do not miss it at all. So, think that this will prevent the process of cooperation ?

Answer We can say that the Agricultural cooperatives in USA are private ones, but you must know that the word cooperative is widely used, whenever we refer to an Agricultural organization that is democratically controlled. We consider the cooperatives as units where the people work together to produce with a common cost. The land in the cooperatives where the Albanian farmer worked was property of the state. We are not speaking of this kind of cooperatives, because they lack the main means that a cooperative should have, the instigation of the productive activity.

Question : Which are the duties of a specialist in a cooperative ?

Answer : The specialist must collect information must give technical assistance in the production, and in the sales. We should convince the farmers to consider their activity, even if it is a small one, as a business . A specialist should keep accurate records. The manager and the board of directors should be chosen from the best specialists in the respective fields in order that they can be able to collect and transmit the necessary information to the farmers. So, they manage the cooperatives, give their contribution in the individual business of the farmers and are their coordinators with the market.

Question : What do you think about the level of the participants ?

Answer : The level was very high. The participants were very well prepared prepared and they grasped very quickly the problems.

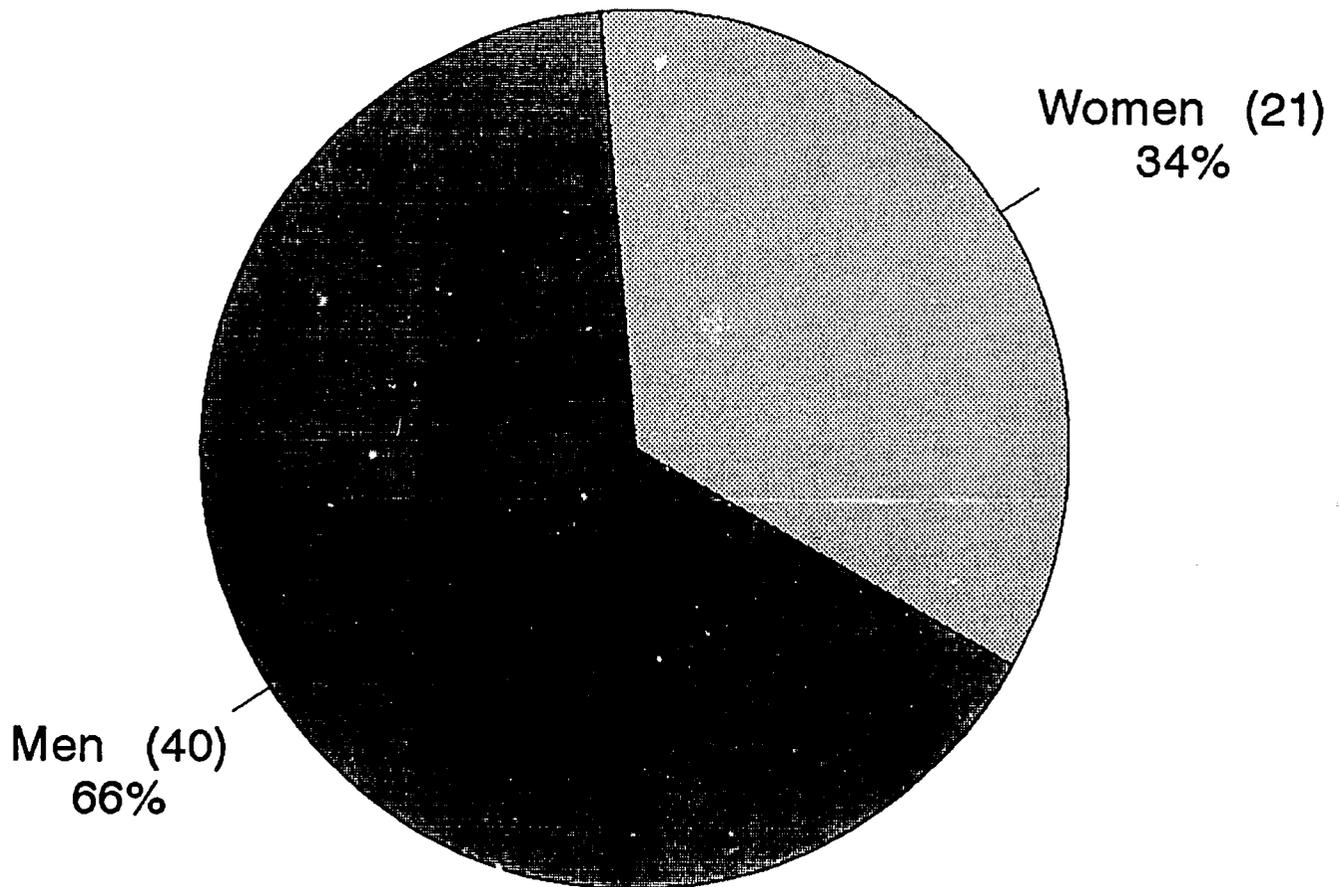
ATTACHMENT B
DEMOGRAPHICS OF IN-COUNTRY TRAINING
PARTICIPANTS

35

ALBANIA

Gender Profile

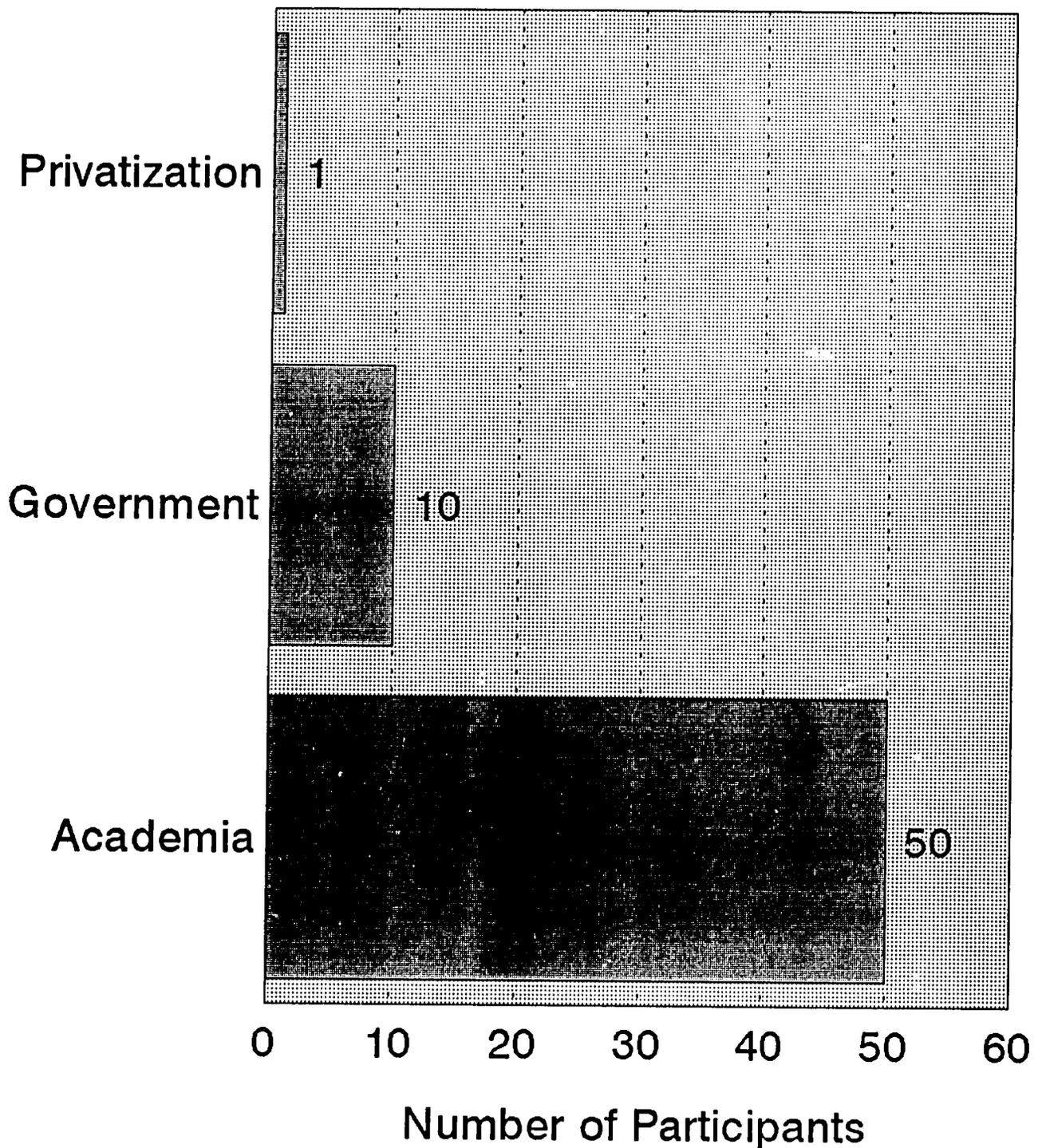
In-Country Training, 4th Quarter, 1992



ALBANIA

Professional Affiliation

In-Country Training, 4th Quarter, 1992



Number of Courses = 3

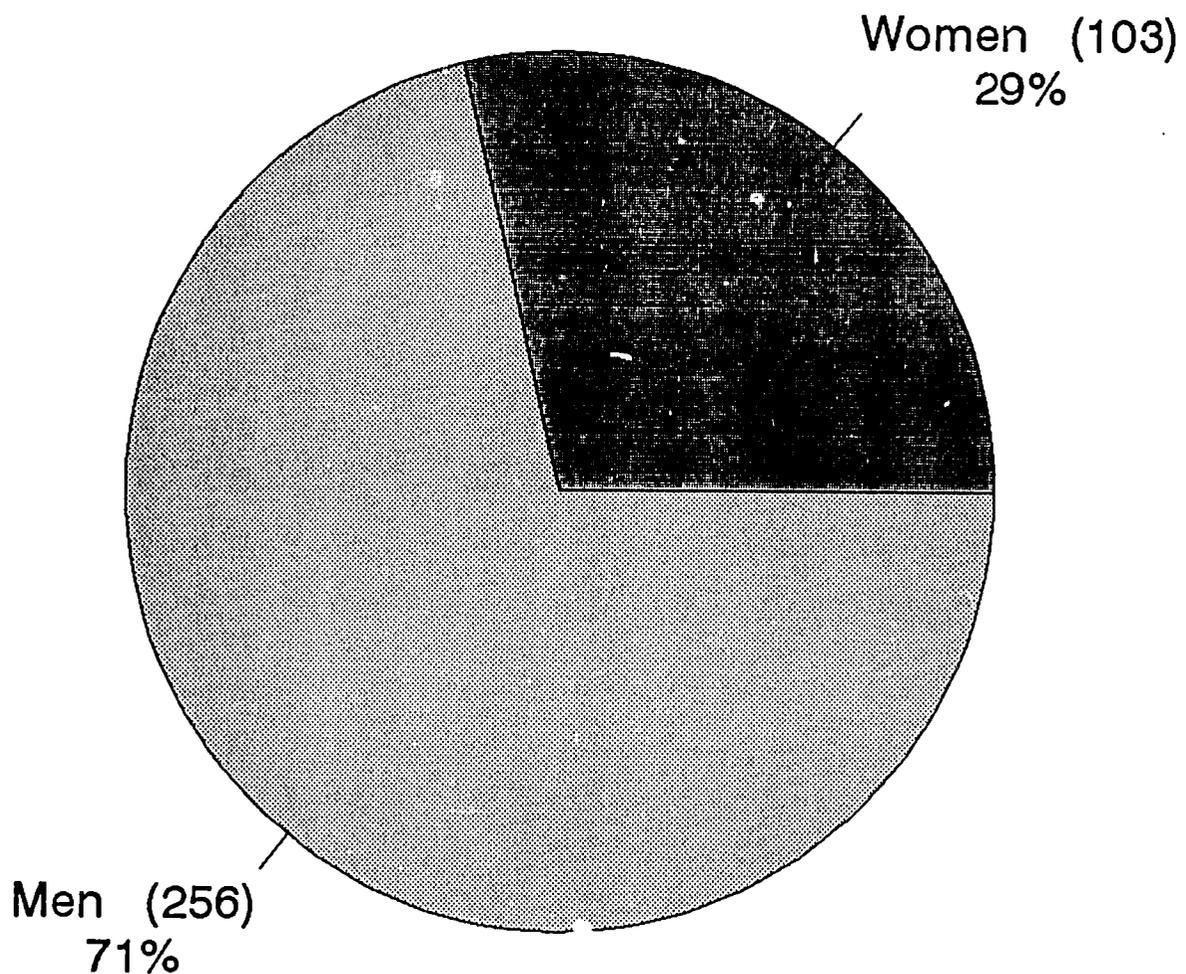
Land O'Lakes, Inc.

31

BULGARIA

Gender Profile

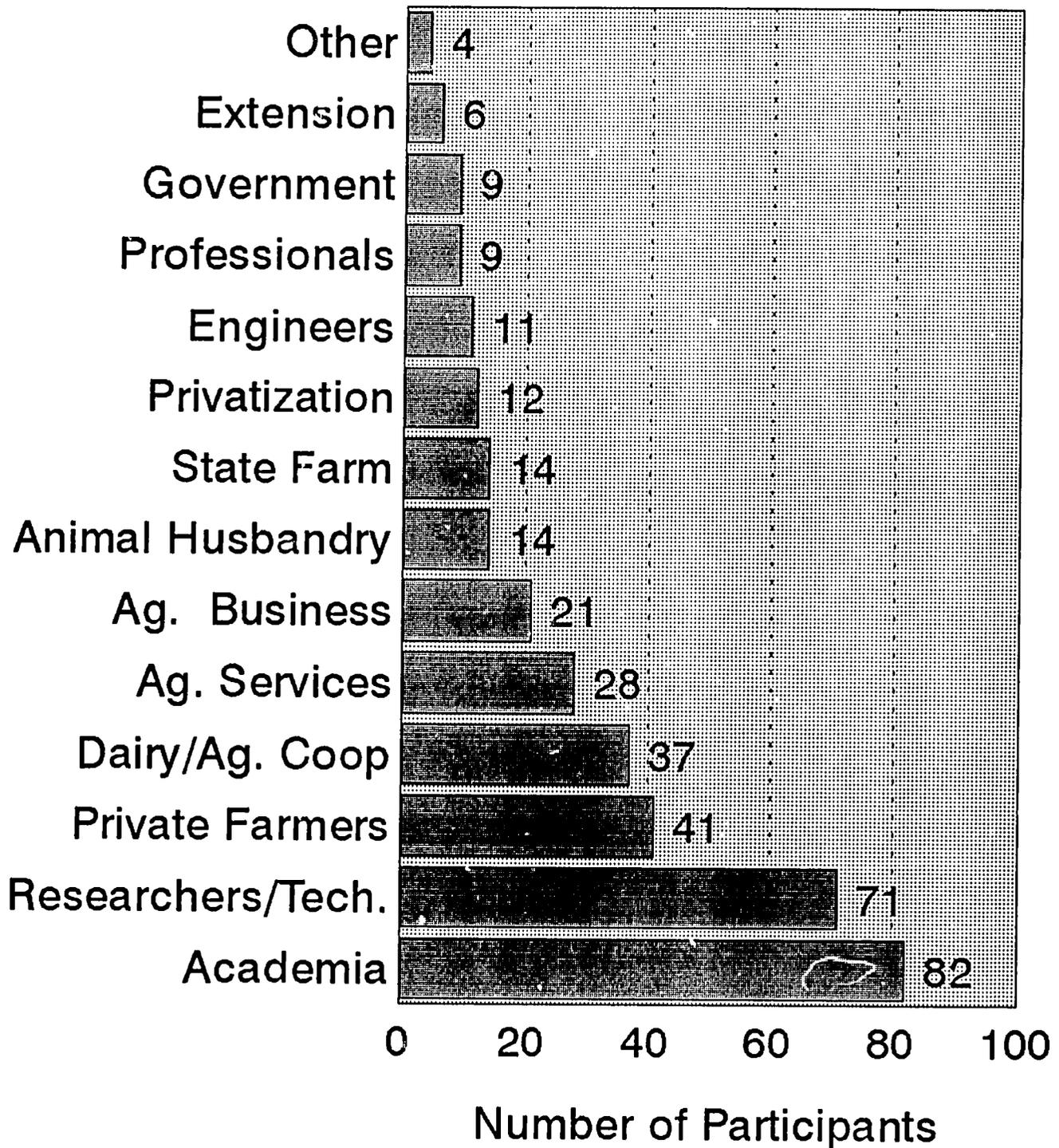
In-Country Training, 4th Quarter, 1992



BULGARIA

Professional Affiliation

In-Country Training, 4th Quarter, 1992



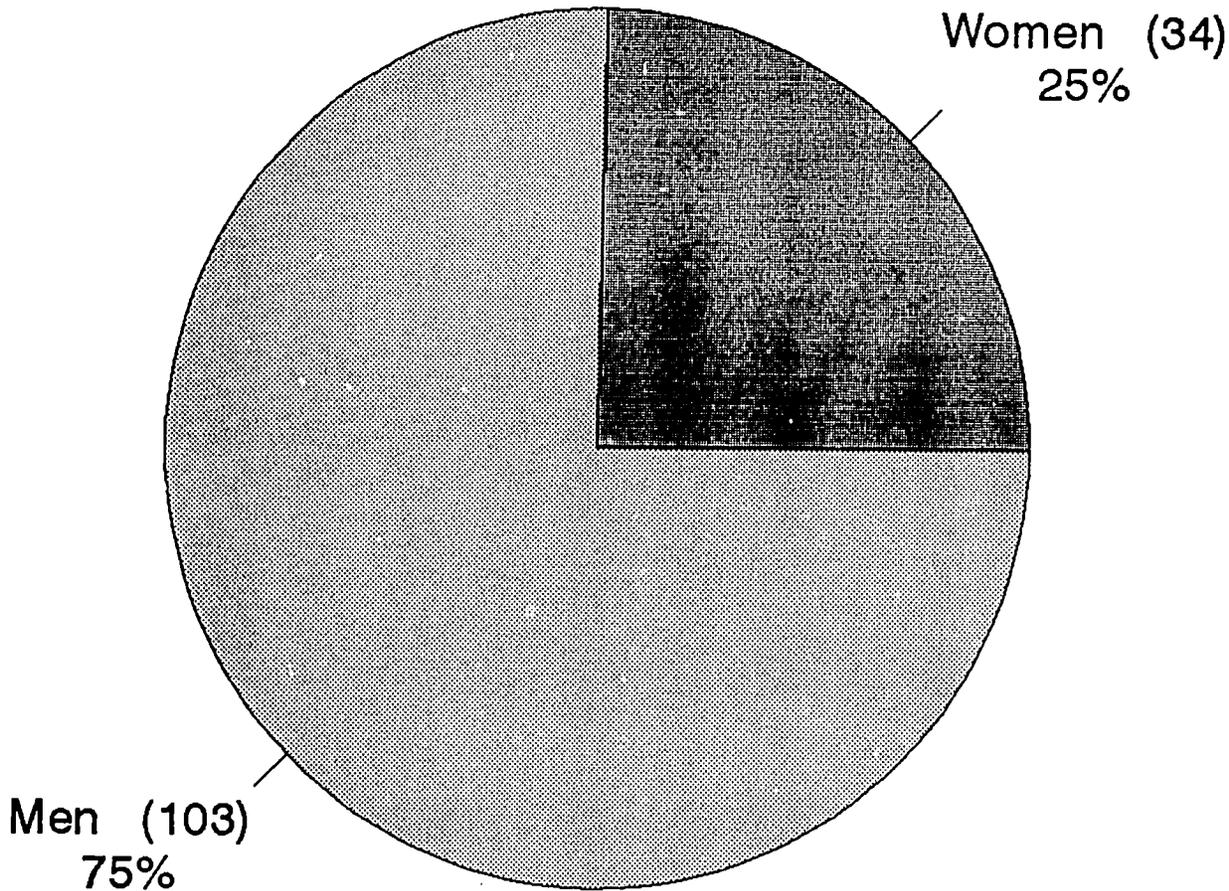
Number of Courses = 16

Land O'Lakes, Inc.

THE CZECH REPUBLIC

Gender Profile

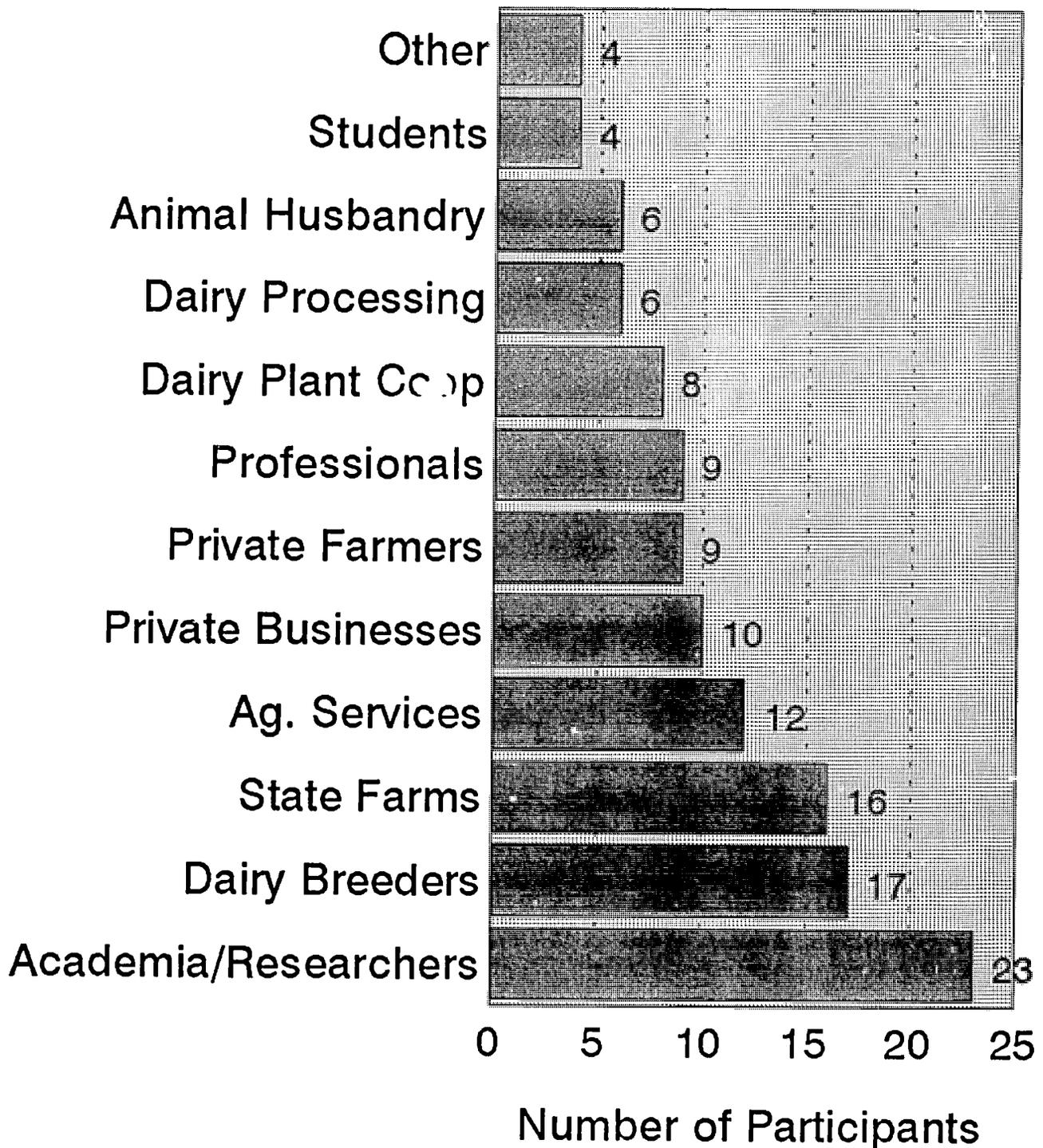
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THE CZECH REPUBLIC

Professional Affiliation

In-Country Training, 4th Quarter, 1992



Number of Courses = 8

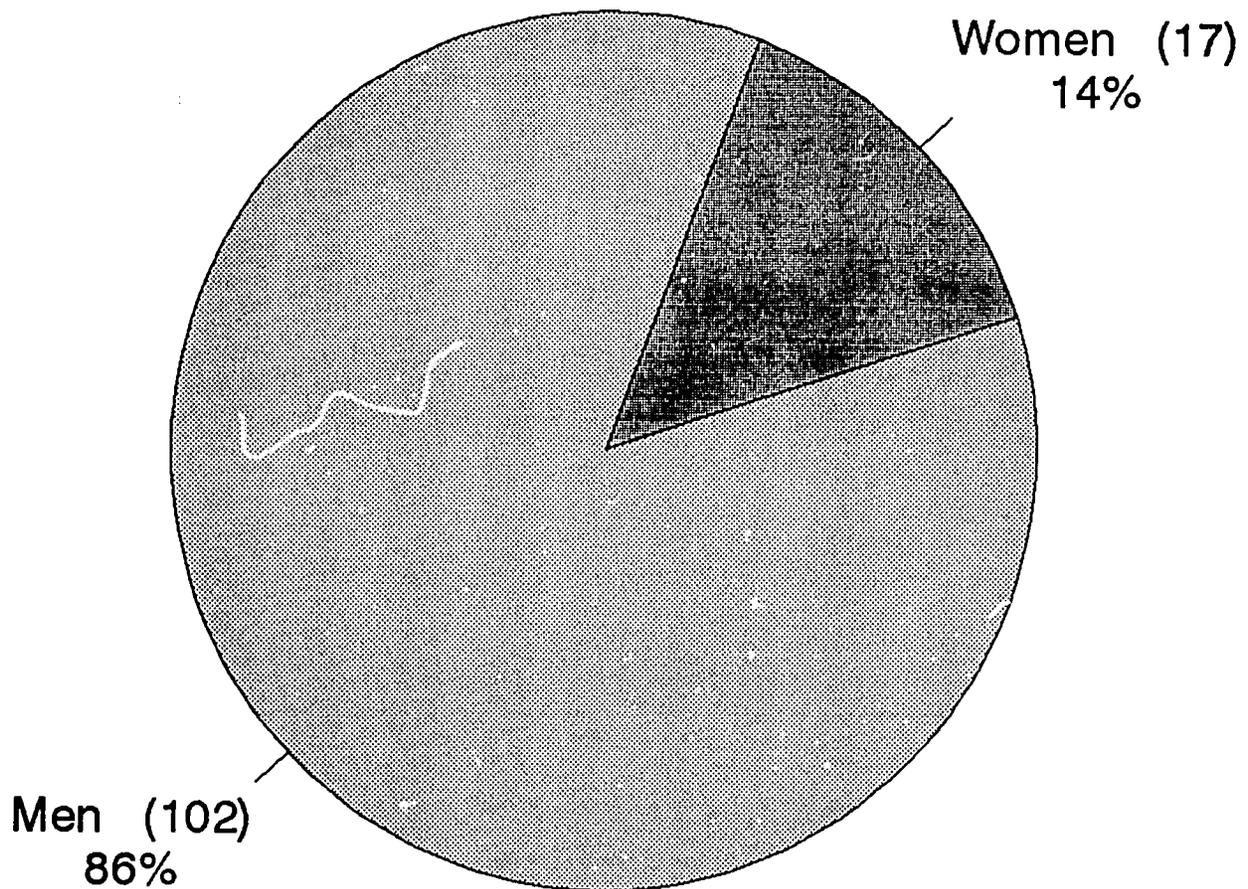
Land O'Lakes, Inc.

46

HUNGARY

Gender Profile

In-Country Training, 4th Quarter, 1992



Number of Courses = 9

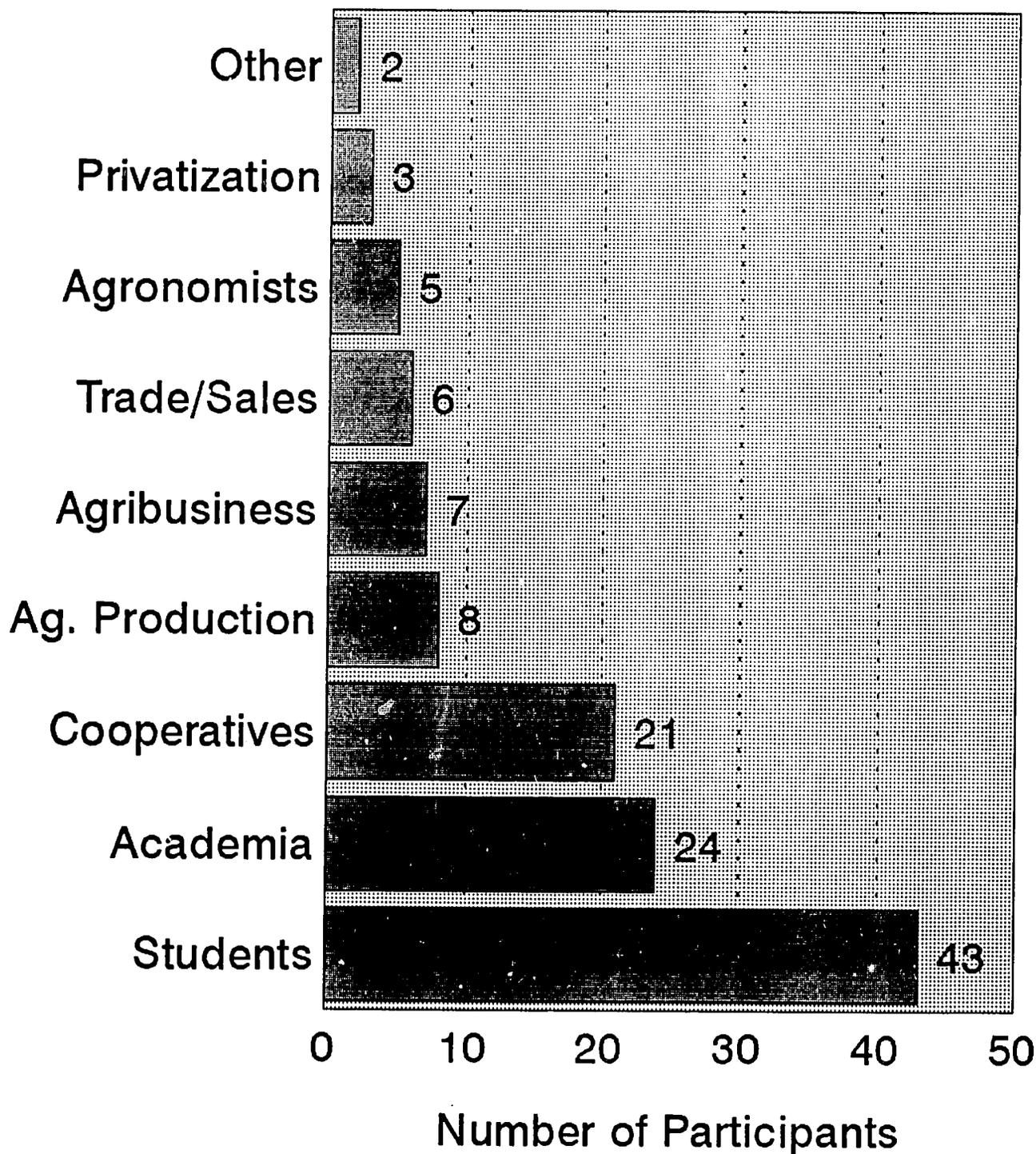
Land O'Lakes, Inc.

-42-

HUNGARY

Professional Affiliation

In-Country Training, 4th Quarter, 1992



Number of Courses = 9

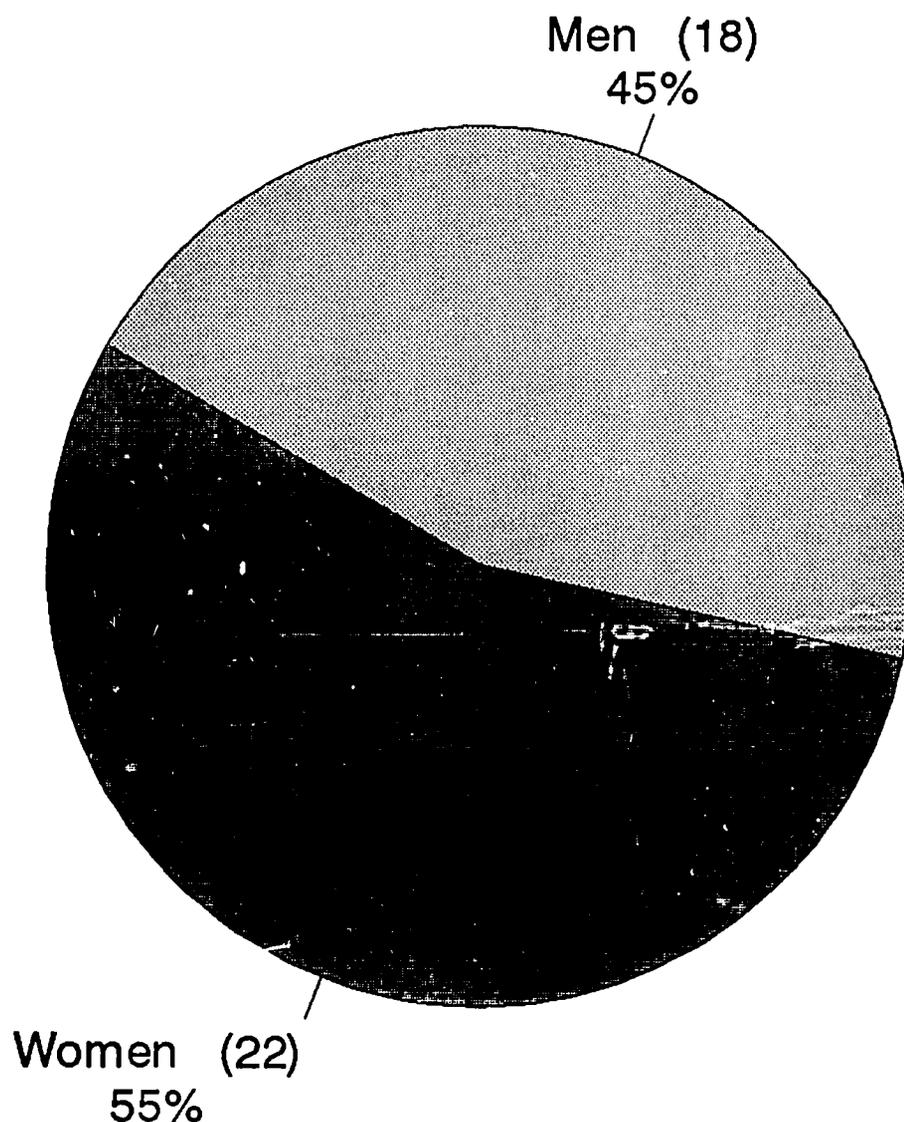
Land O'Lakes, Inc.

43

LITHUANIA

Gender Profile

In-Country Training, 4th Quarter, 1992



Number of Courses = 2

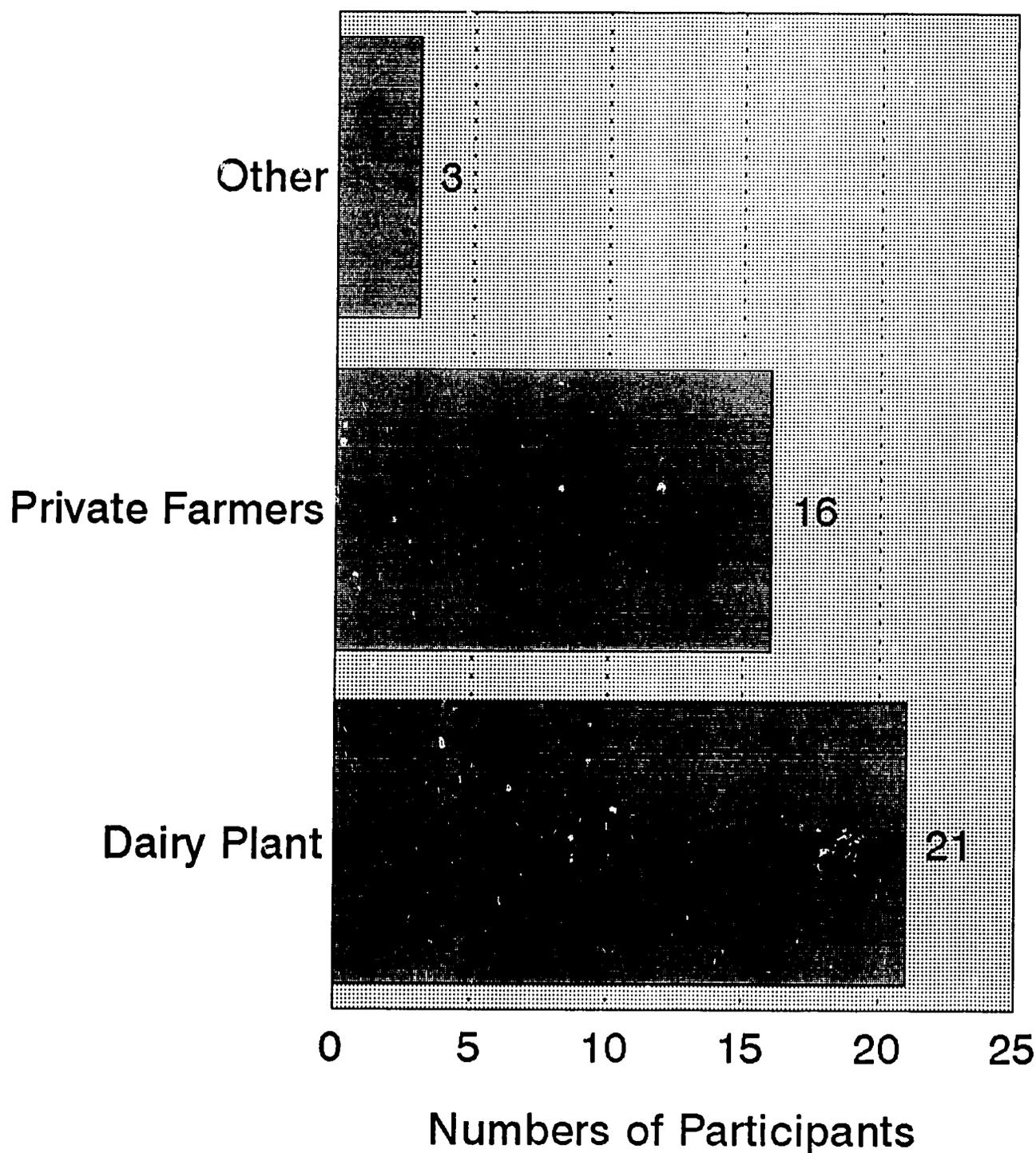
Land O'Lakes, Inc.

44

LITHUANIA

Professional Affiliation

In-Country Training, 4th Quarter, 1992



Number of Courses = 2

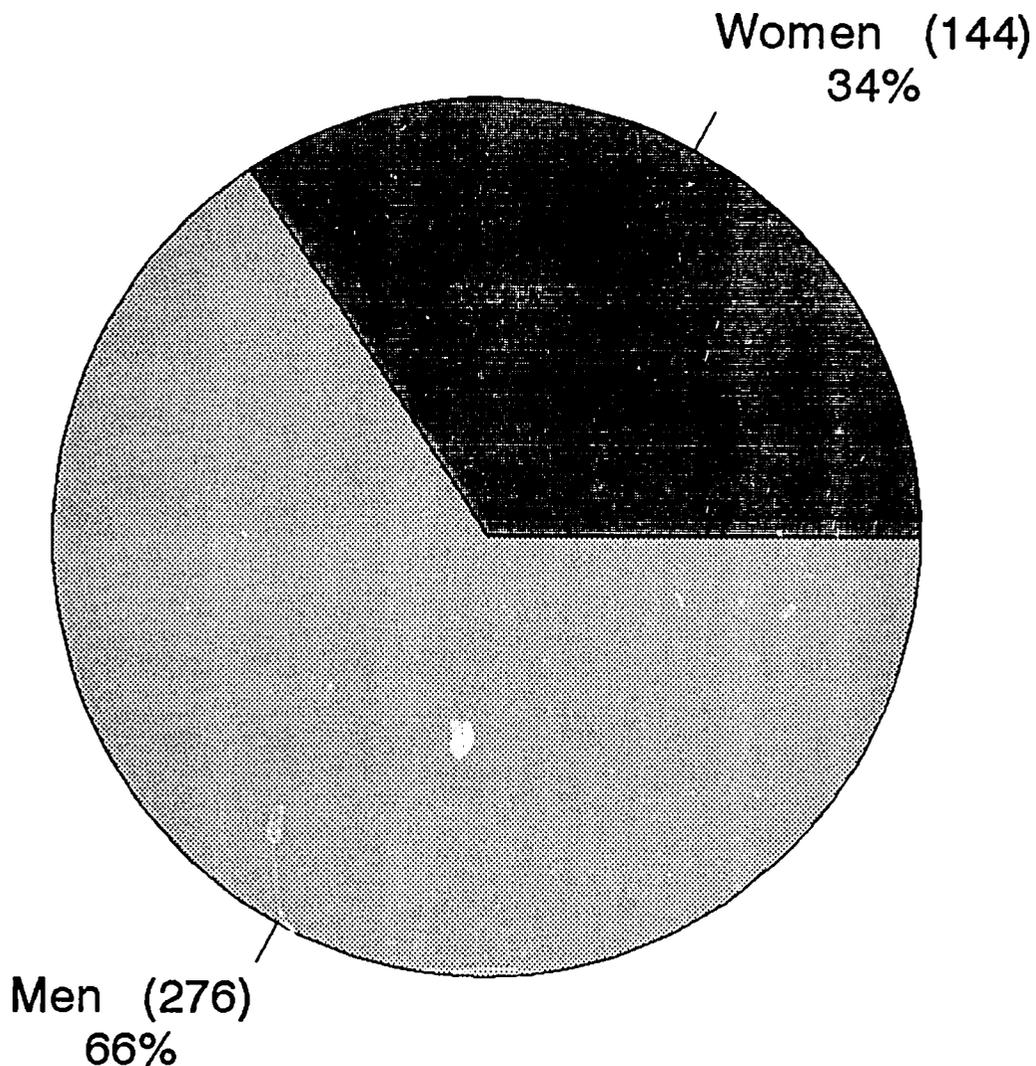
Land O'Lakes, Inc.

45

POLAND

Gender Profile

In-Country Training, 4th Quarter, 1992



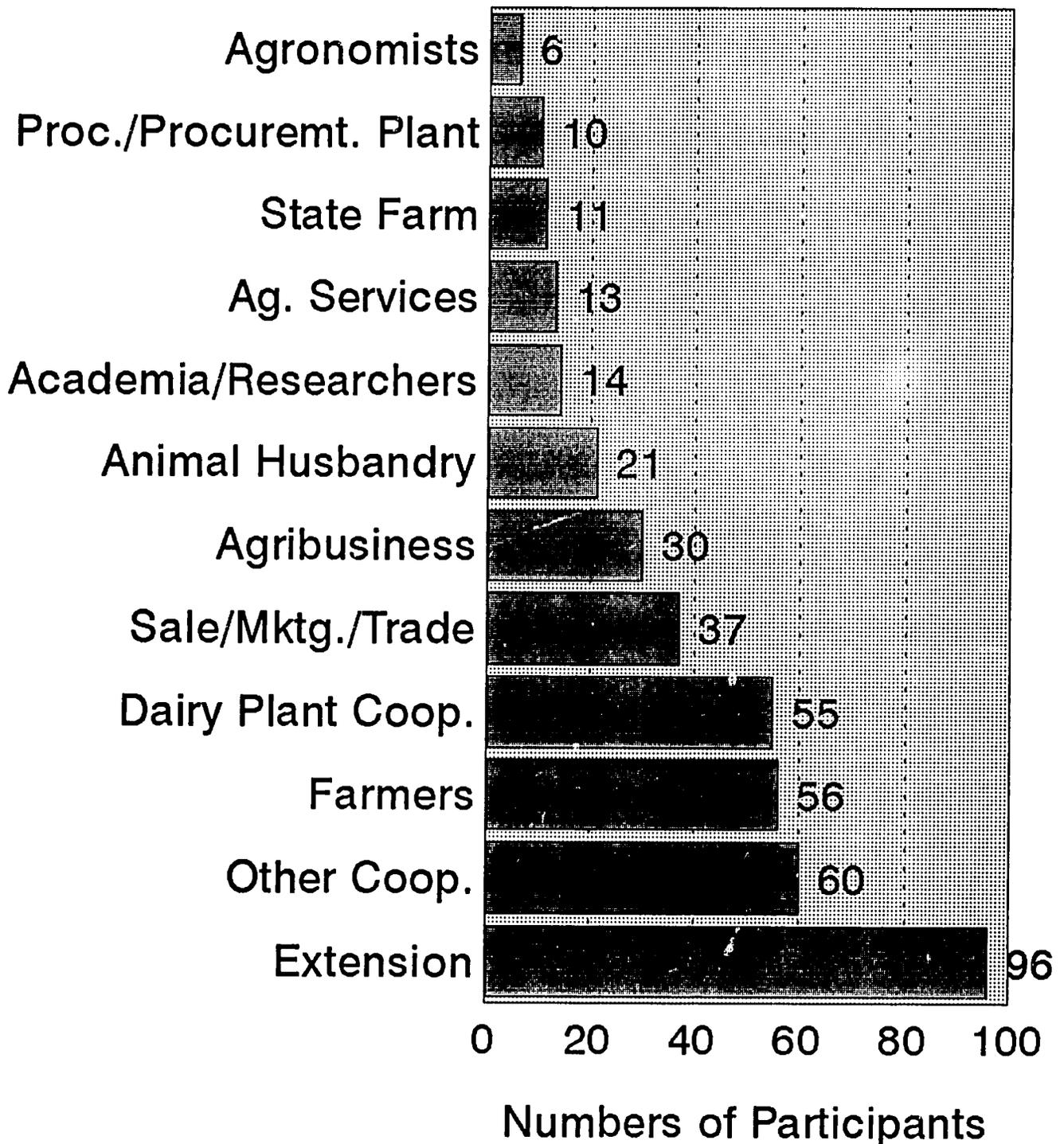
Data represents 20 out of 21 courses

Land O'Lakes, Inc.

POLAND

Professional Affiliation

In-Country Training, 4th Quarter, 1992



Data represents 19 out of 21 courses

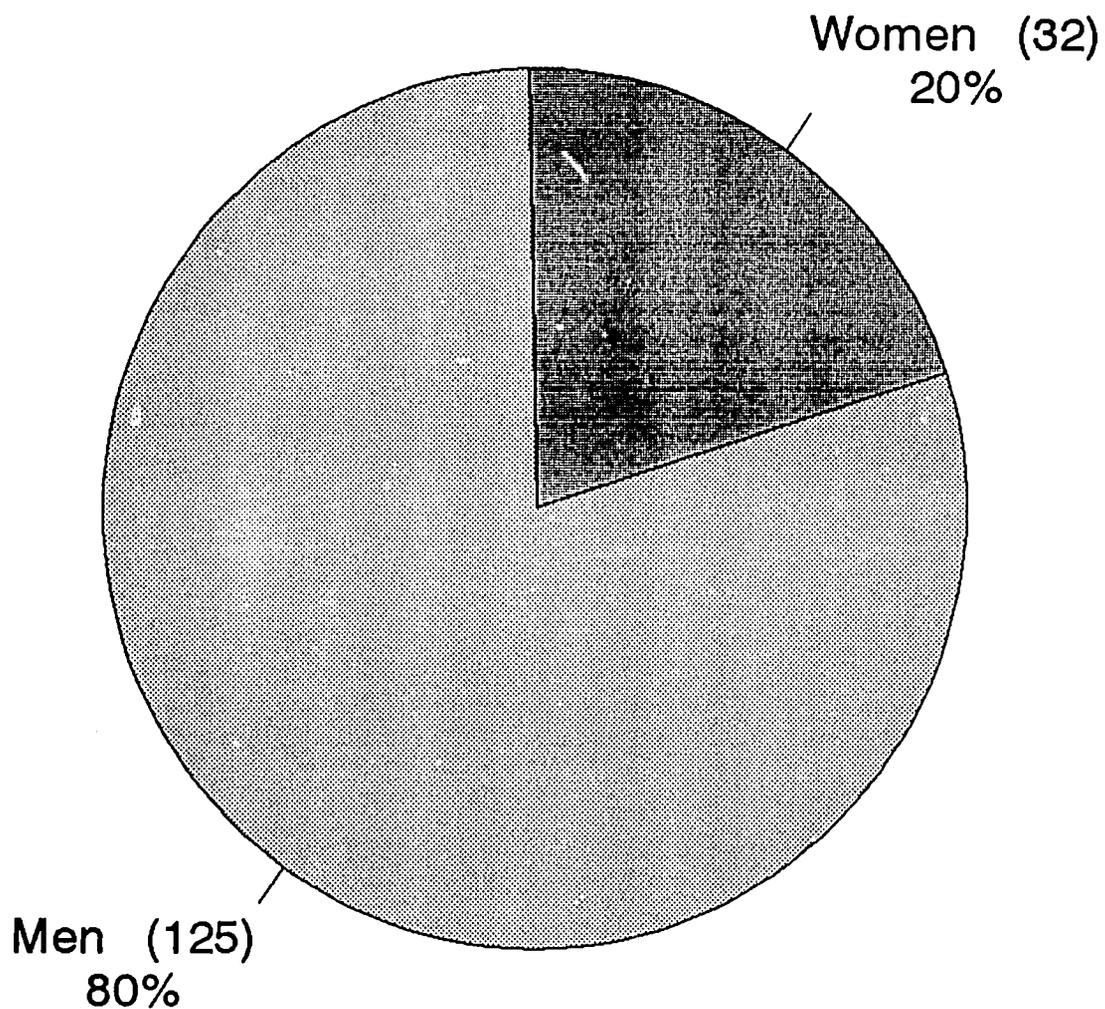
Land O'Lakes, Inc.

47

SLOVAKIA

Gender Profile

In-Country Training, 4th Quarter, 1992



Number of Courses = 7

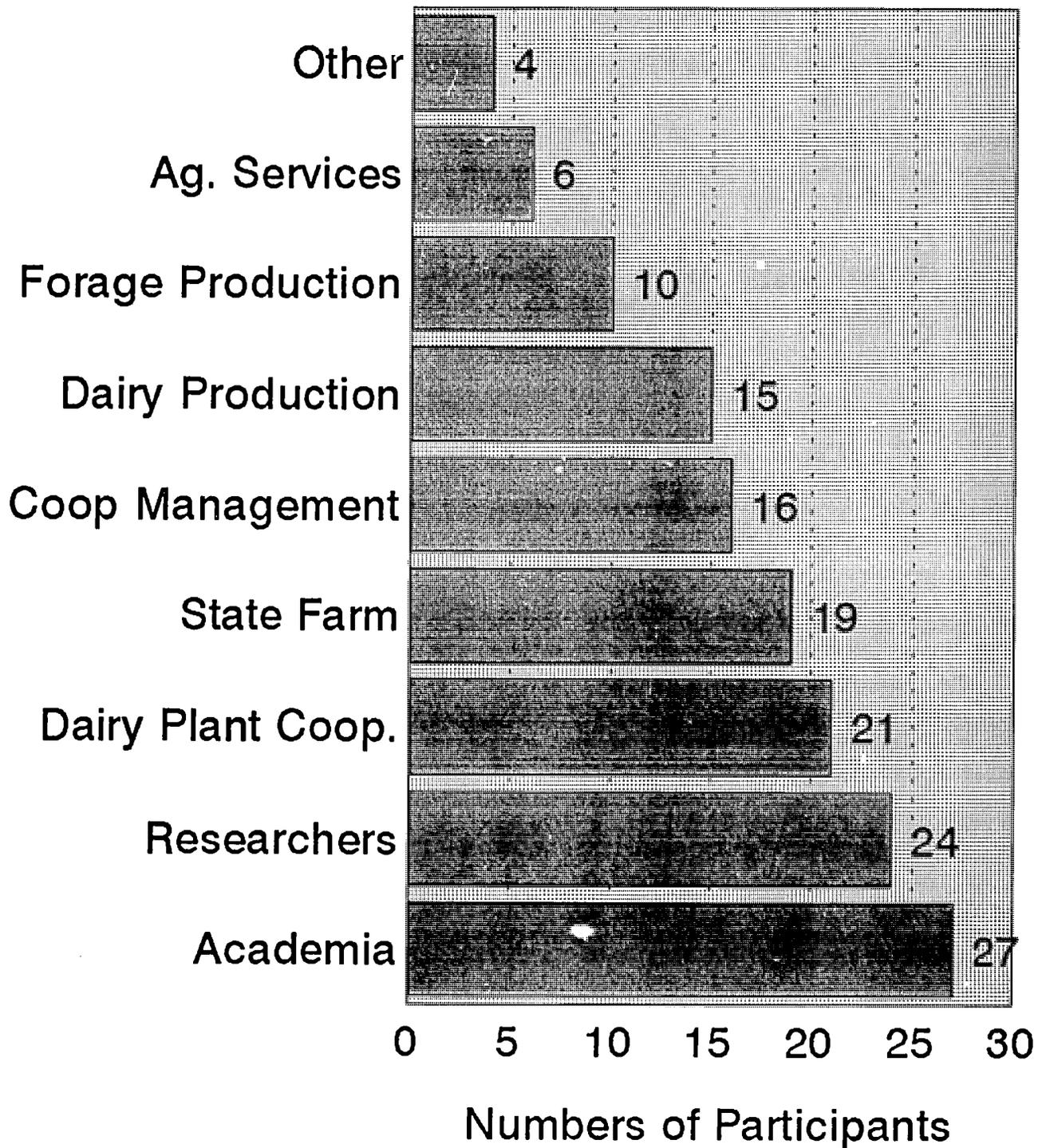
Land O'Lakes, Inc.

-45

SLOVAKIA

Professional Affiliation

In-Country Training, 4th Quarter, 1992



Data represents 6 out of 7 courses

Land O'Lakes, Inc.

ATTACHMENT C

REPORT ON LAND O'LAKES' NEEDS ASSESSMENT OF THE ROMANIAN DAIRY SECTOR

**NEEDS ASSESSMENT
ROMANIAN DAIRY SECTOR**

KRISTIN RENS, LAND O'LAKES, INC.

and

J.B. PENN, SPARKS COMPANIES, INC.

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NEEDS ASSESSMENT: ROMANIAN DAIRY SECTOR

November 4 - 8, 1992
Bucharest - Curtea d'Arges, Romania

1. SCOPE OF WORK

To implement a rapid needs assessment to better understand the dairy sector in Romania and identify key contacts and appropriate dairy development interventions to be funded through Land O'Lakes' Agricultural Cooperative/Business Development and Training in Central and Eastern Europe Grant (grant number: EUR-0024-G-00-1072-00, project number: 180-0024.)

2. CONTACTS

Kevin Hagen, In-Country Director, WorldCare, Inc., Curtea d'Arges
Marian Petrescu, Manager, Bucharest Office, WorldCare
Jeff Lavine, Romania/Bulgaria Country Representative, VOCA
Richard Hough, Director, USAID, Bucharest, Romania
William Carter, Project Officer, USAID - Romania, Bucharest, Romania
Stanca-Alexandra Tudor, Director General of Food Department, Ministry of Agriculture, Bucharest, Romania
Cristina Gyemant, Dairy Production Advisor, Ministry of Agriculture, Bucharest, Romania
Preda Dumitru, Private Farmer, Curtea d'Arges, Romania
Mayor, Curtea d'Arges, Romania
Members of the Curtea d'Arges Association of Private Farmers
Director, Curtea d'Arges Processing Plant
Deandra Beck, OICD

3. OBSERVATIONS

Current Situation in Romania

Romania is still in the very early stages of the political and economic transformation now underway across Central Europe and the former Soviet Union. The process is similar for the most part, but with important differences for each of the countries and former republics. Basically, it involves shifting the state-owned collective production assets into the private sector. The problem, of course, is how to accomplish this without collapse of the fragile system and ensuing social chaos.

The government of Romania began introducing economic reforms following the overthrow of the hard-line Ceausescu regime in December 1989. Agricultural reforms aim at gradual

privatization of the farm economy, revitalizing the farm sector and increasing domestic food supplies. These measures include small-scale redistribution of land to private farmers, introduction of market prices for private farmers, increased state procurement prices, increased farm input and food imports, and a temporary ban on food exports.

The Romanian government's stated objective for the agriculture sector ultimately is a family farm production structure. The problem in this sector is how to shift the basic assets, especially the land, from state and collective ownership to individual families without crippling disruptions in food production and distribution, thus depriving the urban population of essential supplies and leading to widespread political instability. Most governments envision transition periods of varying lengths during which there is a mixed production structure--private farms existing alongside the state and collective farms--but ultimately becoming entirely private farms. The state and collective farms now provide the bulk of the food commodities that enter the market and flow from the rural areas to the urban population centers. As these farms are dismantled, with land restitution and distribution at the heart of the process, output falls, prices rise, and food availability becomes uncertain to large segments of the population. The expectation is that the higher prices will entice ever greater output from private farmers, increasing overall food availability and pushing down consumer prices.

At the present time, there is little concern about widespread hunger in the urban areas in the coming winter. There is concern, however, about the budget and whether the government will go broke attempting to meet all its needs through imports. Imports are now used to make up for the overall food production shortfall and, with dissolution of the CMEA, Romania is forced to pay convertible currency for energy imports. Should a severe winter occur, fuel needs and import costs will rise, likely forcing some tradeoff between energy and foodstuffs imports.¹

A major complication in the transition from a socialized to private production structure is meshing the newly-private production subsector with the processing and distribution subsectors. Input supply and commodity processing and distribution are geared to the socialized system, and many of the functions were integrated into the state and collective farms. Now, even though individuals may have been granted plots of land, there is no input supply system or processing and handling systems geared to dealing with small input requirements and the small output quantities of the numerous private farmers. Rather, the state system is geared to dealing with large quantities and assured volumes from only a few sources.

¹ USAID/Romania supports food aid programming but notes that regulations must be closely followed, with special attention given to the evolving agricultural situation, especially the fragile processing and distribution system for the local production. AID would be receptive to a monetization program if done very carefully and employed as a major development tool, as well as providing supplies.

Agriculture Sector Overview

Romania traditionally has been a major agricultural country in Central and Eastern Europe. Its production and trade patterns, however, were extensively distorted by state interventions and its competitiveness in world markets for most products largely is unknown. Presently, post-harvest losses are unusually high because of the chaos resulting from the social and economic transformation. The former centrally-controlled state system has largely collapsed while no alternative private system has yet emerged to carry out the required functions. Thus, while agricultural production is continuing, although at a reduced level, the handling and processing capacity is greatly diminished. This results in large amounts of post-harvest losses and decreased amounts of commodity available to the consumers.

The agricultural situation has continued to deteriorate and may for some time. Eventually, officials expect the process to reverse, and for output to increase and new handling and processing facilities to emerge. This will require issuance of credible land titles, some consolidation of small plots into viable and efficient units, increased production and processing efficiency, etc. leading overall to a more productive, service and consumer oriented food system. Presently, officials are looking for realistic models to guide this process. People are hungry for ideas and for suggestions as to how to proceed in a situation which has few meaningful precedents.

Agriculture in Romania is largely delineated by geographical zones. The southern areas with large flat plains generally are oriented to crop production, while the northern and more mountainous areas are more oriented to livestock (sheep and cattle) production. The farm structures in the regions vary widely, as well. State and collective farms predominate in the southern areas while private plots and large common areas abound in the mountains. Cattle are found in most regions of the country, but numbers and production are largely concentrated in Moldavia and regions to the west.

Refer to the attached tables 1-7 that statistically and comparatively (with other Central and Eastern European countries) illustrate Romania's current agricultural situation.

Dairy Sector Overview

In Romania, as in many other countries, the transformation has not been smooth or very orderly. In fact, considerable disorder and violence accompanied the change. In the dairy sector, many of the collective farms were forcibly looted of movable assets. Most dairy animals were taken from the farms generally by the former members of the collectives. Facilities of the farms were ransacked, and machinery, equipment, and fodder supplies were taken away. Milk production on the collective farms ceased; the state dairy farms, for the most part, remained intact and continue to function. Animal health in the collective/state farm herds generally was poor, largely due to unbalanced feed rations and lack of sound management practices, with high death losses, resulting in a substantial reduction in the national cow herd. However, the productivity of surviving animals with private owners increased substantially owing to much better care and somewhat improved rations.

Since the December 1989 overturn of the system, cow numbers have been declining and milk output has fallen 30% due both to declining cow numbers and reduced output per cow (especially in the state and remaining collective farms). Currently, there are 2 million dairy cows, with 70% under private ownership. The remaining 30% are owned by associations of private producers and the state farms. Presently, there are 48 of these private producer associations coordinated to some extent by the Ministry of Agriculture. The average annual output per cow is 1,800-2,000 liters, (about 5-10 liters per day) with wide variation among the geographic areas. The predominant breed throughout the country appears to be a Holstein/local breed cross, but significant concentrations of other breeds (especially the Brown Romanian) can be found depending upon the zone. Two national agencies exist for selection and importation of breeding stock, and for sanitary and veterinary standards. The government now is trying to find some economic stimulus to boost output. To accomplish this, an economical system that provides farmers greater access to grains and fodders must be developed.

Formerly, all cow owners were required to report the number of cows they owned. Based on these numbers, mandatory delivery quotas for fluid milk (at state determined prices) to state processing facilities were established. Cereal and other feed production also were under state control at state prices, and feedstuffs were allocated to producers according to cow numbers. There was little real commerce outside state-determined prices.

Presently, the typical private farmer of Romania supports crop/vegetable production, 2-3 cows, 3-4 pigs, 10-15 sheep on an average of one hectare of land. In most villages, communal land (20-25 ha) is set aside for the grazing of the animals. Farmers pay a usage tax and are also responsible for maintaining the ground to prevent overgrazing. These diverse farm operations must sustain a family with year-round food and provide sufficient income for purchasing non-farm commodities. The private farm family has a difficult life, living and existing with only the bare minimums. Although, in the current situation, these farmers are benefitting from the state's inoperative distribution system. Due to insufficient stocks of food in state retail shops, the consumer is forced to the open market where private farmers sell their fresh produce and meats, and on-farm processed dairy products for a fair profit margin. More and more private farmers are value-adding to their farm produce by processing cheese (from both cows and sheep), making meat sausage, pickling vegetables, etc. and developing new markets for these products.

There is a variety of quality dairy products sold on the open market that are processed, in small quantities, on these diversified farms. In the open market of Curtea d'Arges, one can find the following.

- * fresh milk (50-55 lei/li)
- * sweet cheese (400 lei/kg)
- * salty hard cheese (600 lei/kg)
- * smoked cheese (800 lei/kg)
- * hard sheep cheese (1000 lei/kg)
- * cream (120 lei/li)

Women are the vendors and usually make one trip per week into the city to sell their products on the free market. The other alternative for private dairy farmers is to sell their fresh milk to state milk collectors. Farmers now are paid 40 lei per liter of standard quality milk. This is a 25 lei base price plus a 15 lei premium (subsidy).

There are a few private farmers that have intensified their dairy operations - these individuals tend to be ex-employees of state/collective farms that remain in the good graces of the state farm managers. The herd size averages about 10-15 dairy animals. The preferred breed seems to be a Holstein/Brown Romanian cross. A heifer can be purchased from a state/collective farm or from another private farmer for the equivalent of US\$ 200.00. These dairy farmers are purchasing a variety of grains and food processing by-products from state enterprises at the following prices: corn (18 lei/kg), wheat (18 lei/kg), wheat bran (17 lei/kg), sugarbeet pulp (free). The average production rate per cow, per day is 10-15 liters; usually higher in the summer due to feed/forage availability. These farmers are processing their milk into value-added products such as the hard and soft cheese and selling these products in the open market.

In some cases, neighbors have attempted to sabotage the larger private farms mainly because of grazing rights. It was explained that small farmers do not feel it is fair that large herds graze on communal lands for the same amount of tax paid by the smaller farmer. Also, there exists obvious envy by on-lookers of the larger farmers' beneficial relations with existing state enterprises and their subsequent profitable production. It is a strange environment in which emerging, potentially profitable, private farmers are hindered in their development efforts, not only by the slow moving government transition, but by their own kind - other, hopeful, private farmers.

Since December 1989, a few private farmer pre-cooperatives have been formed. These are small groups of farmers (15-20) encouraged by processing facilities to enable securing adequate quantities of milk and to maintain the quality. The pre-cooperatives also are able to obtain feed for the cattle more easily than are individuals. These apparently are informal arrangements with no legal basis, formed strictly for economic reasons.

Dairy Processing

A result of the reduced milk output from the collective farms is that many large processing establishments have been forced to close. They simply are not geared to collecting milk from atomized production units and, even if they were, the administered prices they offer are not sufficient to attract volumes sufficient to continue operations even at minimal levels. Currently, free market prices for fluid milk typically are 40% greater than the state-set prices offered by the processing facilities. The large state processing facilities were responsible for providing milk and dairy products to the urban areas, and their closure has created severe shortages of most products. Butter, for example, is rarely available in Bucharest. Some dairy products such as various cheeses (and some small amounts of butter) are produced by the private farmers and do appear in private municipal markets but at prices well above those in the state stores. The small supplies reaching the state stores now come only from state

farms and the few collective farms that have managed to continue operations (such as a few inside the Bucharest beltway). Supplies of milk and dairy products thus remain relatively abundant in rural areas, but are scarce and expensive in urban population areas.

In every one of the 40 administrative regions, there is at least one commercial company that produces fluid milk and dairy products (ice cream, powdered milk and cheese). Presently in Romania, there is no capacity to produce sterilized (UHT) milk. Each processing facility collects milk twice daily from both the state farms and private farmers' associations. Some large state farms (enterprises) will sell only a percentage of their milk to the state and process the remaining milk mostly into cheese and butter for sale to their workers and on the open market. Private companies have not yet emerged in dairy processing, primarily because the processing technology is very expensive as are packaging technology and materials. State processing plants have not been well maintained and are, in general, in great need of improvement. There is a lack of quality control resulting in inconsistent product quality and a short shelf-life.

The government is trying to maintain the supply of fluid milk at previous levels, but doing so requires drastic reduction in output of products (butter, cheese, cream, etc.). Today, the 48 processing plants are operating at greatly reduced capacities or closed altogether. The fluid milk is sold in bottles at 16 lei per liter. The farmgate price is 40 lei/liter, indicating a subsidy of 24 lei/liter plus the processing and packaging costs. Although a system of discounts and premiums supposedly exists, it is hard to see how this could be practically implemented given the assembly procedures and testing technology. The free market price for fluid milk produced by private farmers is considerably higher (typically around 55 lei/liter). Most free market milk sales are inside the beltways of the larger cities, with supplies from nearby villages. The lack of refrigeration, equipment, and vehicles restricts the distances that milk can be transported from farms to consumers.

Figure 1 State and Free Market Dairy Prices

Prices in the Bucharest Area		
Item	Administered	Free Market
	lei/liter	
Fluid Milk		
Farmgate	40*	50-60
Retail	16	55
	lei/kg	
Powdered Milk	145	
Butter	48	**
Cheese	250-300	400-500
<p>* Includes a 15 lei/kg direct subsidy.</p> <p>** Private farmers produce little or no butter, largely because of the lack of technology and equipment.</p>		

Policies for the Dairy Sector

The Ministry of Agriculture administers the price support program to farmers, and is involved in the determination of prices for milk and dairy products at the retail level (administered for "social protection," presumably to protect low income consumers). In addition, the Ministry provides several assistance programs to farmers and farmer associations, such as making feed available at negotiated prices; providing cows to farmers for a nominal down payment with the remainder of the purchase price paid in milk (unproductive animals may be exchanged for fresh products); providing free veterinary services to some producers; and providing other products (e.g., firewood and transportation) for daily life not dairy related.

Prices of food items generally have been freed with only a small number continuing to be subsidized in state stores. Controlled prices remain for bread, milk, butter, powdered milk, and live animals (consequently meat). Controls were recently dropped for sugar and vegetable oil.

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Ministry of Agriculture officials indicate the major problems in the dairy area to be:

- * obtaining increased total output and output per cow;
- * improved milk collection from private farms;
- * obtaining technology to produce UHT milk; and
- * obtaining modern technology for powdered milk production.

Overall, the officials indicate the major issue confronting the food industry is increasing the output of milk and meat in the short run and then to modernize the food industry. The major need is for improved management. They argue that production capacity is adequate, but management skills are sorely lacking, especially for operating in a market oriented economy.

Privatization

Before the transformation that began in December, 1989, there were 337 state-owned enterprises in agriculture, 404 "commercial companies" with state capital, and 23 joint ventures. Only one joint venture was in the dairy sector--a Romanian-Holland processing venture. Privatization does not appear to be a top priority of the government, especially in the agricultural area. Romanian law permits joint ventures with foreign partners who may purchase shares in the existing "companies" and SOEs.

Privatization, especially land restitution, is markedly different depending on the region of the country. In the mountainous regions, individuals owned houses and small plots of land and shared common lands, primarily for grazing. Some state and collective farms also existed in these regions, as well. Land restitution in these regions consists of: requests by farmers to reclaim formerly owned tracts of land that were taken from them; requests for portions of the common lands; and requests for land from the state and collective farms. The process is controlled by village councils, and decisions often appear to be made with little regard to national law or regulations and thus vary widely from village to village. There does appear to be an emergence of some private commercial farmers (8 or 10 hectares) in these regions, but most private farmers still produce primarily for home consumption, with any excess output placed on the local market from time to time.

Complaints about the land restitution process are common by villagers who are unable to regain their former family lands (because of construction, flooding, or other reasons) and not satisfied with the land offered as a substitute, and with the overall slowness of the process. Other restitution problems involve the dissolution of the CAPs (forced cooperative associations of farmers organized and run by the state). Farmers contributed their land to these associations, but often recorded an amount smaller than actually contributed to avoid taxes and obtain reduced production quotas. Now that the CAPs are bankrupt and being dissolved, farmers want the full amount they contributed rather than the smaller recorded amount. Also, some people in the past sold part or all of their land but now produce their pre-communist registration and want to ignore the sale and regain the land. Buildings on cooperative land within city limits will be the responsibility of the city government which

will attempt to allocate the land for the good of the community. In the mountainous regions, land reform for all intents and purposes will have little effect on production or marketings. It merely solves the social problem and retitles the land.

The process is much different in the major agricultural areas (especially the southern plateau) which are dominated by state and collective farms. Because of the decline in food output following the revolution and the ransacking of the collective farms, the government is reluctant to begin privatization of the state farms. Land allocation on the collective farms also is proceeding slowly, with numerous problems noted in obtaining suitable tracts and clear titles. Also, individuals receiving land complain of the lack of suitable machinery and equipment, and the continued dependence on the state and collective farms for production inputs and as markets for their products.

Land reform in these regions likely will have an important effect on production and food availability, especially in the urban areas. Breaking up the collectives and state farms will reduce production for a period of time, before it resumes under a private farm structure. This concern about food availability and prices during the transition is the major reason that officials are looking for guidance and models of how to achieve it.

4. RECOMMENDATIONS

The domestic dairy sector, both state and private, in Romania is in dire need of support in terms of technical assistance and intensive training in the following areas listed below. Land O'Lakes will focus the development activities, funded and programmed under the training grant number EUR-0024-G-00-1-72-00, in these highlighted areas. Land O'Lakes proposes to work closely with WorldCare, Inc. in the start-up phase of the program. Kevin Hagen and Robert McIntyre have agreed to assist Land O'Lakes with participant identification and in-country logistics. Land O'Lakes' training and technical assistance will be targeted to all private dairy producers/processors throughout Romania. For the initial activity, Kevin Hagen will identify 10-12 possible candidates from various regions to participate in the U.S. Leadership and Dairy Policy Reform Orientation. On November 30 - December 3, Land O'Lakes Regional Manager, Jim Frantz will interview candidates for the orientation and for the Land O'Lakes Romanian Representative position in Bucharest. Refer to table 7 for the additional proposed activities and numbers of interventions for Land O'Lakes' two-year dairy focused development program.

Dairy Production

Land O'Lakes recommends to implement in-country training courses that focus on improved dairy herd health and nutrition, dairy production, dairy breeding and reproduction, forage production, and farm management. Over the two year duration of the project, Land O'Lakes will implement a series of training courses in these areas to participants from private dairy operations throughout Romania. The courses are designed to be offered in units of five days each for 25 participants. Additionally, there will be a training of trainers module incorporated in each course.

Dairy Processing

Land O'Lakes recommends to implement a series of in-country training courses in small-scale dairy processing and manufacturing for private farmers who want to value-add to their products, and dairy procurement and product assembly, dairy processing and manufacturing, plant maintenance, dairy product distribution, marketing and retailing for the larger-scale, privatized (or soon-to-be), dairy processing plants throughout Romania. Land O'Lakes recognizes that the privatization process taking place in Romania at this time is only in its beginning stages. The courses mentioned above will be implemented in a timely manner (most likely no sooner than the second year of the project) and to participants dedicated to Romania's transformation to a free-market society.

Farmer Association/Cooperative Development

There are only a few private farmer associations formed in Romania. These groupings of private farmers have been encouraged mainly by milk processors in efforts to secure raw product. The milk processors are, in most cases, state-owned and pay the producers a significantly lower price for their milk verses what milk could be sold for on the open market. To preserve the farmers' patronage, the processors provide corn, wheat and other feed components at subsidized prices to make up for the low raw milk price.

Presently, the development of true private farmer associations and cooperatives for purposes of increasing the efficiency and profitability of private farms is not taking place in Romania. Land O'Lakes proposes to assist groups of private farmers to create an appropriate organizational structure that supports and benefits private farmers in acquiring agricultural inputs and marketing their products. Technical assistance (two-week duration) can be provided by Land O'Lakes cooperative development experts. Training courses can be offered in areas of cooperative management, agri-input distribution, and product marketing to support the development of new, private farmer-initiated, associations and cooperatives.

Agricultural/Dairy Policy Reform

Improved policy reform and implementation is a common struggle in all Central and Eastern European countries in the transformation from state-owned entities to privately owned enterprises. It is essential that appropriate agricultural policy parallels these changes and supports domestic production. A subcontractor to Land O'Lakes, Sparks Companies, Inc., has experts with vast knowledge and skills in areas of agricultural policy reform and privatization. Sparks' experts have worked side-by-side with reformers throughout Central and Eastern Europe in efforts to assist in the creation of free-market policy and incentives for increased agricultural production. In Romania, Sparks Companies experts can provide policy advice to government officials, key agricultural leaders and associations as they transform current law into policies that provides a catalyst for private sector growth. The Land O'Lakes' two-year project offers five technical assistance interventions in agricultural policy reform and privatization.

Use of Title II and Title III Programs

The private agricultural sector in Romania is in great need of overall support. Land O'Lakes only has funding for development activities that focus on the improvement of Romania's dairy sector over a two year period. The success of Romania's private farmers and agricultural entrepreneurs requires additional support in all spectrums of agricultural: production, management, processing, marketing, privatization, agricultural input supply, etc. There are further issues that must be responded to concerning the new private farmer. As you know, individuals who choose to break out of the state and collective farms to become private farmers and agribusiness entrepreneurs in the rural areas sever ties to the state support and distribution system. Rural, private living means life without the basic infrastructures and access to inputs and essential supplies. Issues and problems concerning housing, health care, child care, education, information and advisory services, market access, and government support plague the private, rural citizen and prevent more potential private farmers and entrepreneurs from breaking the ties with the state system.

In response to this situation, Land O'Lakes has identified the need to develop a rural development commission or foundation to voice and meet the demands of new, private farmers and their families, improve the rural infrastructure and encourage more people to the rural, private, agricultural sector of Romania. Funds to support this activity could possibly be generated from a Title II or III monetization program.

Land O'Lakes would like permission from the AID Mission in Bucharest to implement an investigation of the possibilities for a surplus commodity utilization project in Romania. The Land O'Lakes' Planning Assistance Grant, (Bureau for Food for Peace and Voluntary Assistance, Office of Program and Policy Management, Project Officer, Rita Hudson) has funding that would allow a team of experts to visit Romania in January. The team would work very closely with AID staff and other relevant government officials and key private sector individuals to determine the viability of a monetization program and, if appropriate, the design and implementation strategy. The team would draft a proposal and submit it to AID for comments and advise two weeks after the visit. If necessary, there could be a follow-up trip in February to finalize the proposal and other necessary logistics. A final proposal could be submitted to AID in March, if not sooner. If these efforts are successful, surplus commodities could be shipped and monetized in the spring of 1993.

Table 1. Characteristics of Eastern Europe

Country	1989 Population (millions)	1989 Gross National Product	
		Total (billions)	Per Capita (thousands)
Albania	3.1	3.8	1.2
Bulgaria	9.0	51.2	5.7
Czechoslovakia	15.6	123.2	7.9
German Dem. Rep.	16.3	159.5	9.6
Hungary	10.6	64.6	6.1
Poland	37.8	172.4	4.6
Yugoslavia	23.0	79.8	3.4
Romania	23.7	129.5	5.5
Total	136.0	780.2	5.7
USSR	288.8	2.66 trillion	9.2

Source: Central Intelligence Agency, The World Fact Book 1990.

Table 2. Total Land Area and Use, by Region

Country	Total Land Area (mil ha)	Comparative Size	Arable Land	Permanent Crops	Meadows and Pasture	Forest and Woodland	Other	Irrigated Land
- - percent of total land area - -								
Albania	6.77	Maryland	21.0	4.0	15.0	38.0	22.0	1.0
Bulgaria	27.32	Tennessee	34.0	3.0	18.0	35.0	10.0	11.0
Czechoslovakia	31.00	New York	40.0	1.0	13.0	37.0	9.0	1.0
GDR	26.19	Tennessee	45.0	3.0	12.0	28.0	12.0	2.0
Hungary	22.82	Indiana	54.0	3.0	14.0	18.0	11.0	2.0
Poland	75.25	New Mexico	46.0	1.0	13.0	28.0	12.0	Negl.
Romania	56.92	Oregon	43.0	3.0	19.0	28.0	7.0	11.0
Yugoslavia	63.11	Wyoming	28.0	3.0	25.0	36.0	8.0	1.0
Total	309.37		40.1	2.3	17.0	30.6	9.9	3.6
USSR	5,503.53	2.5 x U.S.	10.1	Negl.	17.0	41.0	32.0	1.0
United States	2,265.12		20.1	Negl.	26.0	29.0	25.0	2.0
EC	549.30		30.5	4.9	25.6	24.4	14.6	4.5

Source:

Table 3
Economic Dependence on Agriculture, by Countries

Country	Agricultural Population: (millions)	Percent Economically Active in Agriculture (percent)
Albania	1.6	49.1
Bulgaria	1.1	12.7
CSFR	1.5	9.7
GDR	1.4	8.3
Hungary	1.3	12.1
Poland	7.1	21.5
Romania	4.3	21.1
Yugoslavia	4.8	22.6
Total	23.2	---

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Table 4

Yields of Selected Crops in Eastern
European Countries, 1988

Country	All Grain	Wheat	Rye	Barley	Oats	Corn	Potatoes	Sugar-beets	Rapeseed
	- - tons per hectare - -								
Bulgaria	3.9	4.1	1.7	3.7	1.6	3.8	11.0	20.0	0.0
Czechoslovakia	4.7	5.4	3.5	4.1	3.3	4.5	17.2	30.1	2.9
GDR	4.1	5.1	2.8	4.2	3.8	4.7	25.8	23.3	2.6
Hungary	5.2	5.4	2.1	3.9	2.8	5.8	15.4	34.8	2.0
Poland	2.9	3.5	2.5	3.0	2.6	6.7	18.6	34.2	2.1
Romania	4.8	3.6	2.0	3.3	2.1	6.1	22.3	26.9	0.6
Yugoslavia	3.6	4.2	1.9	2.8	1.8	3.4	7.1	34.8	1.5
FRG	5.7	6.8	4.2	5.2	4.3	7.5	31.7	4.8	3.1

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Table 5

**ROMANIA: CROP YIELDS, LIVESTOCK NUMBERS, AND MEAT
AND MILK PRODUCTION AND INDICES; 1971-73
THROUGH 1980-82 AVERAGES, 1983, AND 1984 ESTIMATE**

Commodity	1971-73	1974-76	1977-79	1980-82	1983	1984
Tons/hectare and index (1971-73 = 100)						
Grain Index	2.5 100	2.6 104	3.0 120	3.3 132	3.2 128	3.7 148
Sugar beet Index	23.5 100	23.9 103	23.9 103	22.5 97	18.8 81	25.9 112
Sunflower Index	1.5 100	1.4 93	1.6 107	1.6 107	1.4 93	1.7 113
Soybean Index	1.4 100	1.4 100	1.2 86	1.1 79	.94 67	1.3 93
Potato Index	11.6 100	13.3 115	15.0 129	15.1 130	19.5 168	20.9 180
1,000 head and index (1971-73 = 100)						
Cattle 1/ Index	5,504 100	6,002 109	6,389 116	6,434 117	6,246 113	6,752 123
Hogs Index	7,629 100	8,789 115	10,091 132	11,635 153	12,644 166	14,327 188
Poultry Index	60,030 100	70,936 118	93,416 156	100,820 170	111,047 185	123,960 206
1,000 tons and index (1971-73 = 100)						
Meat						
production 2/Index	1,621 100	2,049 126	2,377 147	2,362 146	2,225 137	NA NA
Milk						
production 3/Index	3,128 100	3,557 114	4,315 138	3,705 118	3,630 116	3,710 119

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TABLE 6
ROMANIA COWS MILK (1,000 MT)

Year	Production	Imports	Exports	Consumption	Ending Stocks
1964	2742	0	0	2742	0
1965	2500	0	0	2800	0
1966	2676	0	0	2976	0
1967	2974	0	0	3274	0
1968	2748	0	0	3048	0
1969	2738	0	0	3048	0
1970	2755	0	0	3065	0
1971	2830	0	0	3140	0
1972	3164	0	0	3484	0
1973	3390	0	0	3710	0
1974	3387	0	0	3707	0
1975	3455	0	0	3808	0
1976	3823	0	0	4181	0
1977	4208	0	0	4570	0
1978	4364	0	0	4717	0
1979	4361	0	0	4720	0
1980	4144	0	0	4491	0
1981	3598	0	0	3931	0
1982	3362	0	0	3708	0
1983	3849	0	0	4223	0
1984	4056	0	0	4453	0
1985	4320	0	0	4739	0
1986	4239	0	0	4665	0
1987	4275	0	0	4687	0
1988	4300	0	0	4720	0
1989	4150	0	0	4600	0
1990	4500	0	0	5025	0
1991	4600	0	0	5100	0

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TABLE 7
ROMANIA CATTLE INVENTORY (1,000S)

YEAR	Total Cow Beginning Inventory	Dairy Cow Beginning Inventory	Beef Cow Beginning Inventory	Calf Crop	Imports	Exports	Total Slaughter	Cow Slaughter	Calf Slaughter	Other Slaughter	Death Loss	Ending Cow Inventory
1960	4450	0	0	0	0	0	0	0	0	0	0	4530
1961	4530	0	0	0	0	0	0	0	0	0	0	4707
1962	4707	0	0	0	0	0	0	0	0	0	0	4566
1963	4566	0	0	0	0	0	0	0	0	0	0	4637
1964	4637	0	0	0	0	0	0	0	0	0	0	4756
1965	4756	0	0	0	0	0	0	0	0	0	0	4935
1966	4935	0	0	0	0	0	0	0	0	0	0	5198
1967	5198	0	0	0	0	0	0	0	0	0	0	5332
1968	5332	0	0	0	0	0	0	0	0	0	0	5136
1969	5136	1102	1102	1250	0	101	1250	720	8	522	0	5025
1970	5035	1115	1115	1550	0	114	1235	705	10	540	0	5216
1971	5216	1313	1313	1636	0	129	1195	644	10	541	0	5528
1972	5528	1371	1371	1609	0	140	1230	760	10	460	0	5767
1973	5767	1419	1419	1674	0	89	1455	860	17	578	0	5897
1974	5897	1470	1470	1578	7	62	1437	858	15	564	0	5983
1975	5983	1498	1498	1724	6	77	1510	840	15	655	0	6126
1976	6126	1514	1514	1932	10	87	1630	900	20	710	0	6351
1977	6351	1507	1507	1886	10	103	1774	972	25	777	64	6306
1978	6306	1561	1561	2082	15	67	1762	972	25	765	63	6511
1979	6511	1593	1692	2123	25	87	1994	972	25	997	65	6513
1980	6513	1594	1594	1898	47	52	1856	972	25	859	65	6485
1981	6485	1594	1594	1800	10	52	1875	972	25	878	65	6303
1982	6303	1545	1545	1575	0	80	1500	972	25	303	72	6246
1983	6246	1280	1280	2095	0	7	1508	900	30	578	74	6752
1984	6752	1282	1282	1795	0	16	1416	943	22	451	76	7009
1985	7009	2610	495	1800	0	30	1582	900	32	650	130	7077
1986	7077	2650	520	1650	0	35	1350	825	20	505	117	7225
1987	7225	2680	530	1750	0	30	1543	918	25	600	200	7182
1988	7182	2457	540	1293	0	45	1547	930	20	597	467	6416
1989	6416	2030	475	1400	0	40	1413	940	30	423	80	6283
1990	6283	1990	463	1500	0	0	1248	900	20	328	85	6450
1991	6450	2100	480	1650	10	0	1360	600	80	700	50	6700

Table 8

**PRIVATE DAIRY DEVELOPMENT IN CENTRAL AND EASTERN EUROPE
IMPLEMENTATION PLAN**

Land O'Lakes, Inc.

ACTIVITY	YEAR 1				YEAR 2			
	Quarters				Quarters			
	1	2	3	4	1	2	3	4
STAGE I.								
<u>Albania</u>								
Needs assessment	X							
U.S. Orientation	X							
Forum		X						
In-country training			2	2	2	2	1	1
Agribusiness technical assistance						1		1
Agricultural policy reform			1	1	1	1	1	
<u>Romania</u>								
Needs assessment	X							
U.S. Orientation	X							
Forum		X						
In-Country training			2	2	2	2	1	1
Agribusiness technical assistance			1	1	1	1		1
Agricultural policy reform								

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ATTACHMENT D
FINANCIAL REPORT

FREE MARKET COOPERATIVE
FINANCIAL REPORT

	<u>Expenditures</u>		
	<u>Actual</u>	<u>Projected</u>	
	<u>Grant to Date</u>	<u>10/1/92 to 12/31/92</u>	<u>1/1/93 to 3/31/93</u>
1. U.S. Training	\$104,543	\$3,319	\$60,013
2. Country Forums	39,650	0	24,410
3. Program Management	290,262	82,823	137,168
4. Int'l. Agriculturalist. Training Program	83,370	16,569	72,703
5. In-Country Training	710,927	484,395	363,440
6. Technical Assistance	49,929	27,370	114,897
7. Program Development	6,192	3,160	25,592
8. Independent Program Evaluation	0	0	0
Subcontracts	0	0	70,940
9. Indirect Cost**	<u>505,680</u>	<u>185,406</u>	<u>253,245</u>
Total	<u><u>\$1,790,553</u></u>	<u><u>\$803,042</u></u>	<u><u>\$1,122,408</u></u>

** The estimated final overhead rate for 1992 is 39%. The indirect costs line item has been reduced by \$111,059 for the lower overhead rate. The estimated 1993 overhead rate is 31%.

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