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**Volunteers in Overseas  
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February 17, 1993

Mr. Jim Snell  
AID/EUR/DR  
Room 4440 New State Department  
320 Twenty-first Street, N.W.  
Washington, D.C. 20523

Dear Jim:

We present our semi-annual progress report relating to our Central and Eastern Europe grant (EUR-0024-G-00-1036-00) covering the period of May 1, 1992 through October 31, 1992.

## I. INTRODUCTION

In strict numerical terms, we completed 131 volunteer assignments during the six-month reporting period as compared to 102 documented in the previous report covering the seven-month period from October 1, 1991 through April 30, 1992.

We are aware of the placement targets established in our amended implementation plan of May 7, 1992, which has us reaching an annual level of 380 volunteers per year for years two and three of this current funding cycle. For the April-through-October-1992 segment, we have completed 151 assignments, or an average of 22 per month. We completed 64 more assignments in the November - January period, yielding a 10-month placement total of 215, still an average of 22 per month. We are pushing to attain a monthly placement rate of 32 to surpass the 380/year mark, and we are confident that we will hit that pace in the near term. We will discuss this topic below.

Moving from quantitative to qualitative considerations, we begin by informing you that we have been disappointed with the halting, and sometimes retrogressive, movement toward private farming and private agribusiness systems development in some of the program countries. We will discuss the topic in more detail in the body of the report, but in general terms we could say that during the reporting period we saw decent progress in Poland, the Baltic states and CSFR, with the caveat that state monopolies in those countries still aren't showing signs of significant crumbling on either the input or the output end. In fact, this is the case everywhere. But at least there seems to exist a strong official push to decollectivize in the Baltics and the Czech Republic. The Slovak leadership, however, has declared support of state and collective land ownership in addition to private farming; we'll see how this unfolds. The Hungarians continue to move slowly, while the Albanians dismantled the collectives over night and now have over 60 private farmers' associations without assets and groping for support. Romania exhibits some signs of progress, especially in the land distribution aspect, but we have just begun to scratch the surface there.

The biggest disappointment might be Bulgaria. They have been operating without a government recently, the land councils have been moving at a snail's pace (depending on who you talk to, the process could take nine to 36 months to complete), the liquidation committees that were to conclude their work with the collectives last month will have to continue for several more months (but some say the committees themselves are going to be liquidated soon out of frustration), no one knows when the new co-op law will come out of the parliament. Ministry of agriculture staff don't know if they will have a job next week. Why are we telling you this? You were in Bulgaria recently and witnessed these bottlenecks.

All of this notwithstanding, we had scores of successful volunteer assignments during the reporting period, and our staff continues to make inroads with elected and appointed officials and agricultural leaders at all levels. We have also noted the positive attitude of AID mission staff and the U.S. ambassadors toward our efforts under these complicated circumstances.

Further, we continue to develop strategies and plans to deal with the different situations. Some might call it rolling with the punches; we prefer to characterize it as selecting a variety of targets for OUR punches. In spite of everything, agriculture is a target that has no footwork: it doesn't move, and spring and fall planting seasons come every year, and we will keep punching. We outlined our general strategies in our October proposal to you. We will provide some specifics in this report. The overriding consideration will be focus and concentration, even in countries where a broad-based strategy is appropriate (e.g. the Baltic states and Albania.) We are now well enough grounded in local realities to select and have positive impact on good targets of opportunity.

Our country offices completed an evaluation of year-one results in the summer, and we have been assembling the data this fall. The evaluation was positive, and we will submit the evaluation report under separate cover. We also have some success stories to recount for this reporting period. These take a while to develop, but they are starting to crop up in the respective countries. This year we have implemented an enhanced follow-up system to track success stories, by the way, whereby our staff contacts assisted organizations more frequently than in the past to help note accomplishments (and problems) and detect demand for further technical assistance. We sent a complete packet of our follow-up and evaluation system procedures and forms to Kathryn Stratos on June 26 of this year; the material traces the process, the main steps of which are:

- the exit debriefings of the volunteers at the VOCA country offices and at VOCA/DC, at which time significant findings/impacts/problems are documented;
- the follow-up contact with the requesting organizations 90 days after they have received the volunteers' translated written reports with recommendations, during which the organizations are asked about their initial feelings regarding early impacts, actions already taken, problems encountered with VOCA or the volunteers, any follow-up actions contemplated with VOCA, etc.;
- the formal VOCA evaluation 12 to 18 months after assignments are completed, conducted in an interview format with the CEOs of the requesting organizations.

Other developments during the reporting period included the opening of our Lithuania, Slovakia and Romania offices, and the further staffing of our older offices. Each of the new offices is now manned by two host nationals and supervised by a U.S. national regional

representative based in a nearby VOCA regional office (Riga, Prague and Sofia, respectively.)

During the reporting period we solidified our staff presence in most of the countries and in the July - August period implemented a monthly report flow from our representatives to VOCA/Washington. We attach copies of the reports here to give you a flavor of what we are receiving on this end in addition to the actual information conveyed in the reports. The print quality of the reports leaves something to be desired, given that they are copies of fax messages. All VOCA offices are now being equipped with E-mail capability, so the next round of copies we send you will be much more elegant (not to mention legible).

You will find only one monthly report on Slovakia (October), since that was the first month of our separate reporting for CSFR and the last month of the reporting period covered here. Monthly reports on Romania kicked in September.

## **II. PROJECT ACTIVITY**

We attach a listing of the completed assignments during the period in question as Attachment I. In this section we will include some general comments relating to northern and southern tier topics as well as country-by-country commentary. These comments will be supplemented by detailed information found in our representatives' monthly reports, included in a package as Attachment II.

The northern tier effort predates the southern tier activity to a substantial degree, especially as pertains to Poland (a winter 1990 startup), CSFR and Hungary (spring of 1991). Bulgaria was the only 1991 southern tier entry. Albania joined the fold in the winter of 1991-92, Romania in the fall of 1992.

As a result, northern tier project activity significantly outweighs that of the south during the reporting period. We expect to turn the tables on the northerners during this new six-month period, and we have evidence that this is already beginning to take place. For instance: whereas 30 assignments were completed in the three southern tier countries during this reporting period, six have been completed in the first three months of the new period, 14 are overseas, and 22 are being recruited for placement in this quarter. That already puts us at 42 for the current semester and within reach of the six-month target of 58 (one half of the desired annual pace of 115) envisioned in the revised implementation plan.

Further, we are in full-court press status in the southern tier, with a lot of program and project development time being dedicated there by Rich Boni, Jeff Levine and local staff in the three countries. We are bullish on this front, as we have cultivated a good reputation and strong local and national contacts in each country. Our May progress report will document enhanced southern tier activity.

Having said this, we are not predicting a quiet period on the northern front. Against the annual northern tier target of 265, we completed 101 assignments during this six-month reporting period. Never fear: during the first three months (November-December-January) of this new semester we have already completed 40 projects there during the normally-slow holiday season, putting us in good shape for a strong rush to the finish line during February-April.

We have now completed one year of program and project development in the Baltic states, and we finally located an excellent country director for Lithuania. Project activity has

already become brisk in Latvia and Estonia.

We will present here a short section on country-by-country events and accomplishments, with the understanding that the attached representatives' monthly reports will fill in the details.

ALBANIA: We lost our country director, as Mrs. Zhaneta Doci had personal problems and opted to resign from her position with us. We have a young man (previously an interpreter for several volunteers) on board as office manager as we seek a new director. Meanwhile, we finally located an excellent individual to assume the position of country representative after a one-year search.

Project activity has been concentrated on two fronts: support to the organization and development of private farmers' associations at the village level, and Tirana-level assignments (MinAg, university in agricultural economics curriculum development and exposure to Western economics, transfer of information and advice from the capital to the farmers, market information system development, legislative reform, etc.) It has been our understanding internally and with you that much of this macro-level work is a bridging effort pending the implementation of AID's SARA program. Our focus would then revert to our traditional bread and butter: enterprise-level and local-farmer-service organization development. We can report that VOCA's exposure and image were strong and positive during the reporting period. The new PFAs were registered using articles and bylaws offered by VOCA volunteer experts, we provided good practical advice to them during their startup phase, and strong partnerships have evolved. The Tirana-level work gained the respect of many senior officials and AID/ Albania.

BULGARIA: Sob stories notwithstanding, we continued to establish a solid base there even during a very unsettled period. We persisted in the search for groups of emerging private farmers and entrepreneurs, and at this moment we have 10 volunteers at the village level at the invitation of mayors' offices, liquidation committees and land councils. They will help the producers in a score of towns plan for the coming planting season (production, handling, processing, marketing, business organization) in the face of all of the country's problems. The message, which we began to harp on last summer-fall: the 1993 spring planting season will come regardless of what happens in parliament, ministries and all the rest. What can farmers and private enterprises do to make the best out of the coming season? We'll see how everything goes now.

ROMANIA: We established a small office in Bucharest during the reporting period, and the focus was on program and project development out of our Sofia regional office. We were not able to find, among a few candidates, a "clean" national organization representing private farmers and/or private agribusinessmen. The Small Animal Breeders Association (SABA) looked promising, but they came unravelled in recent weeks. The search continues for dedicated and viable partners, and our staff is confident that some are starting to appear. The next six-month report should contain more exciting news.

POLAND: The main event here would be VOCA's move into many new voivodships in the central, southwestern and western portions of the country. There were two principal reasons for this: we had somewhat saturated several regional hotbeds in 1990-92, so the need for advice declined among several co-ops that might have received three, five, or more volunteers during the early period, and requests began to flow in on an unsolicited basis from many other groups around the country that had heard positive reports on our program from their colleagues. Several such groups were and are led by senators and deputies from

parliament who strongly urged us to offer our program to other regions.

Among many events of note, we mention two. In Rzeszow, we essentially worked our way out of a job by providing almost massive assistance to the region and to the strong launching of the cooperative development unit that grew out of Rural Solidarity's economic development wing. The non-profit organization was created to help private farmer co-ops organize and develop by providing business advice and training to leaders, staff and rank-and-file members. VOCA volunteers helped the unit train its first team of trainers, and this team became operational (and successful) during the reporting period. They are now being invited to conduct training workshops in neighboring voivodships. Further, this was the first unit to receive EC cash support, and it is serving as a model for the other 11 EC-supported units being created around Poland.

At the enterprise level, PROSPER Ltd. turned its first profits in the July-August period. This private poultry processing company established by a dozen poultrymen/women received its fifth VOCA volunteer intervention during this reporting period. We helped them go from the idea phase through plant layout and construction, processing techniques and systems, marketing, personnel management, recordkeeping, and so on. We connected them with the Joint Commission and CARESBAC for successful financing initiatives. All in all, a good outcome. We have several of these successes with co-ops as well.

BALTIC STATES: We completed 10 months of activity in these countries by the end of the reporting period. Beyond the everyday business of providing volunteer experts to a variety of groups carrying out or supporting private farming and private agribusiness, we worked on bringing the program into focus as the nature, goals and potential of the different actors became clearer. We have good relations with the farmers' union/farmers' federation groups in each of the countries, with our target being their district-level entities. Strong ties and project activity have emerged with the ag advisory (extension) services, especially in Latvia but emerging strongly in Estonia and Lithuania as well. (This has occurred even though the advisory services are close partners of the Danes.)

Lithuania activity was low during the period, as early volunteer placements with the Farmers' Union took place when the Union was very weak administratively, so the early interventions did not take hold. We have had to rebuild the base from scratch there. Further, we only located a country director in recent months, so day-to-day attention to project development and organizational relations was not possible. Now we are going full bore in Lithuania, and this will be reflected in our next report.

CSFR: The most massive intervention in the region took place in the spring-summer in our provision of technical advice to scores of collectives in the preparation of their transformation plans for submission to government. A volunteer team would spend an average of five days with the elected transformation committee of a collective to go over their operations and options, and then present their recommendations. This countrywide effort was crowned by a travelling seminar series presented by veteran CSFR VOCA volunteers. The seminars summarized the discussions and findings of the volunteer teams during their deliberations with the many transformation committees, and question-and-answer periods at the seminars were very lively. In total, 334 leaders and officials participated in the seminars. 235 collectives were represented.

Finally, the seminar-presenter teams prepared their own separate report on recommended steps for the transformation of the collectives into private co-ops, shareholder companies, or what have you. The reports were translated into the Czech and Slovak languages by

VOCA/Prague and distributed to all participating collectives, their apex organizations in Prague and Bratislava, to republic and federal ministry officials, and many others. They also appeared in the press.

We attach copies of the three sample co-op transformation models cited above as Attachment III. We add that these have been circulated to the other VOCA countries dealing with decollectivization.

What next? We want to emphasize that this exercise was a one-time-only intervention, and that although the project count for CSFR ended up high, most of the assignments were short, as each volunteer team worked in several villages. Now we are poised to see how we can be useful to the transformed enterprises that are emerging, and to the growing groups of private farmers whose land ownership rights are being clarified.

HUNGARY: Project activity was slow, mainly because decollectivization has moved very slowly. We simply did not find a few dozen assignments last year that fell within our program objectives. The picture is improving: we have had a few recent contacts with the "association of private farmer associations", a new apex organization that appears to represent emerging private farmers that are organizing by commodity in some cases, by geographic location in others. Quality assignments appear to be on the horizon.

NOTE: The next report will have a full section on the Slovak Republic. Our Bratislava office was barely inaugurated by the end of this reporting period, and activities there previously were undertaken in the overall CSFR context from our Prague office. Now the actions there are more intense and much more Slovakia specific (e.g. dealing with policy questions where there are now clear differences between how new Slovak leadership views private agriculture and how the Czechs are approaching it.)

This is all we have for now. Please pose any questions that come to mind regarding this report or other matters of interest relating to our activities in the CEE countries.

Sincerely,



Charles Cox  
Director, European Programs

## Volunteers In Overseas Cooperative Assistance

## Project Status Log

End Date: 05/01/92 - 10/31/92

Country: POLAND

| Project Name                | End Date | Volunteer Name           |
|-----------------------------|----------|--------------------------|
| EF3019 POL Krosno Sheep Rat | 05/03/92 | Gashler, Ted             |
| EF3020 POL Siedlce Farm Rec | 05/05/92 | Szymanski, Damon         |
| EF3022 POL Olsztyn Marketin | 05/30/92 | Matthies, Sr., Silas     |
| EF3023 POL Dziew. Potato Pr | 07/08/92 | Kueneman, Ray            |
| EF3024 POL Dziewierzewo Pot | 07/11/92 | McGee, Robert            |
| EF3025 POL Strzalkowo Marke | 06/25/92 | Oukrop, Albert J.        |
| EF3026 POL Strzalkowo Finan | 06/25/92 | Wolf, Keith              |
| EF3027 POL CAL Wegrow Dairy | 07/14/92 | Broske, William J.       |
| EF3028 POL Warsaw Energy im | 07/11/92 | Mears, David             |
| EF3030 POL CAL Brzeg Edible | 08/03/92 | Pritchard, Roy A.        |
| EF3031 POL FRAMPOL Cold Sto | 08/09/92 | Bernik, Gale F.          |
| EF3032 POL FRAMPOL Processi | 07/23/92 | Warmenhoven, Peter F.    |
| EF3034 POL Piatnice Dairy F | 08/03/92 | Niess, Matthew           |
| EF3035 POL Kleczanow Fruit  | 09/21/92 | Shannon, Fred            |
| EF3037 POL Rzesow Grain Mar | 10/10/92 | Matthies, Sr., Silas     |
| EF3038 POL Rzesow Dairy Res | 08/26/92 | Niess, Matthew           |
| EF3039 POL ADOROL Coop Fina | 09/08/92 | Kilgore, J.A.            |
| EF3040 POL ADOROL Coop Mana | 09/22/92 | Chalfin, W. Loren        |
| EF3041 POL Grudziadz Coop F | 10/01/92 | Hiatt, Merton            |
| EF3042 POL Grudziadz Coop M | 10/02/92 | Dudley, Lawrence         |
| EF3043 POL Rogow Fruit Proc | 09/11/92 | Weber, Howard F.         |
| EF3044 POL Wartkowice Milk  | 10/26/92 | Hoffman, Dr. William     |
| EF3045 POL Wartkowice Dairy | 10/26/92 | Broske, William J.       |
| EF3049 POL Bledow/Brzozow A | 09/21/92 | Shannon, Fred            |
| EF3052 POL Krosno Sheep Mar | 09/21/92 | Gashler, Ted             |
| EF3056 POL Indoor/Prosper F | 10/18/92 | Benson, Charles          |
| EF3064 POL Rzeszow Coop Law | 09/30/92 | Magnuson, Richard Harris |

End Date: 05/01/92 - 10/31/92

Country: **LATVIA**

| Project Name | End Date             | Volunteer Name |                    |
|--------------|----------------------|----------------|--------------------|
| EB5005       | LAT Jekabpils Feed R | 06/10/92       | Soliday, Eugene    |
| EB5006       | LAT Jekabpils Elevat | 06/18/92       | Wolfe, Roger       |
| EB5007       | LAT Rezekne Cooperat | 06/26/92       | Sime, Wayne        |
| EB5008       | LAT Jekabpils Crop P | 07/13/92       | Smith, Jay Lee     |
| EB5009       | LAT Jekabpils Livest | 08/11/92       | Barry, Francis     |
| EB5010       | LAT Svete Cooperativ | 07/05/92       | Edgemon, Charles   |
| EB5011       | LAT Svete Management | 06/28/92       | Herbert, Robert M. |
| EB5012       | LAT Rezekne Producti | 06/26/92       | Uphus, Sylvester   |
| EB5013       | LAT Agricultural Uni | 08/01/92       | MacVicar, Robert   |
| EB5014       | LAT Farm Management  | 09/14/92       | Plesums, Juris     |
| EB5015       | LAT Agricultural Tra | 09/03/92       | Nolte, Gerald      |
| EB5016       | LAT Valka Dairy Farm | 09/30/92       | Szymanski, Damon   |
| EB5017       | LAT Valka Dairy Plan | 10/09/92       | Davis, Robert P.   |

End Date: 05/01/92 - 10/31/92

Country: **ESTONIA**

| Project Name | End Date             | Volunteer Name |                         |
|--------------|----------------------|----------------|-------------------------|
| EB4004       | EST University of Ag | 05/08/92       | Drehmann, DVM, Peter C. |
| EB4005       | EST Saku Agribusines | 07/11/92       | Breazeale, Don          |
| EB4006       | EST Saku Coop Mgmt T | 07/30/92       | Wiebe, Roy              |
| EB4007       | EST Kaiu Banking Spe | 08/28/92       | Kamstra, Clarence       |
| EB4008       | EST Kaiu Accounting  | 08/29/92       | Sylla, Paul             |
| EB4012       | EST Alvar Supply Coo | 10/20/92       | Edgemon, Charles        |
| EB4015       | EST Poltsamaa financ | 10/26/92       | Yasukochi, George       |
| EB4016       | EST Tolliste Organic | 10/30/92       | Peters, Wayne           |

End Date: 05/01/92 - 10/31/92

Country: **LITHUANIA**

| Project Name | End Date             | Volunteer Name |                |
|--------------|----------------------|----------------|----------------|
| EB6005       | LIT Jonava Coop Deve | 10/20/92       | Garsow, Orbert |

End Date: 05/01/92 - 10/31/92

Country: CZECH REPUBLIC (CZS C)  
SLOVAK REPUBLIC (CZS S)

| Project Name                | End Date | Volunteer Name          |
|-----------------------------|----------|-------------------------|
| EF1016 CZS C Prerov ACA Tra | 05/01/92 | Kutil, Robert           |
| EF1022 CZS C Moravian Quali | 05/14/92 | Baird, Terry            |
| EF1026 CZS C Lukavice Coop  | 05/11/92 | Taylor, Roger           |
| EF1030 CZS C Telc Coop Fina | 05/11/92 | Kettering, Dave         |
| EF1031 CZS C Moravian Quali | 05/11/92 | McLearn, Dennis         |
| EF1035 CZS C Rychnov Ag Ent | 05/27/92 | Taylor, Roger           |
| EF1038 CZS C Prerov ACA Tra | 05/01/92 | Blair, John J.          |
| EF1040 CZS C Telc Cooperati | 05/18/92 | Kudlacek, Albin         |
| EF1041 CZS S Dubnica Coop F | 05/16/92 | Johnsrud, Ovel          |
| EF1042 CZS S Dubnica Transf | 05/12/92 | Pennell, Rich           |
| EF1043 CZS C Slatiny Coop T | 06/05/92 | Kudlacek, Albin         |
| EF1044 CZS C Slatiny Coop T | 06/05/92 | Johnsrud, Ovel          |
| EF1045 CZS C Zichlinek Coop | 05/12/92 | Pennell, Rich           |
| EF1046 CZS C Velke Pavlovic | 07/22/92 | Schmidt, Robert         |
| EF1047 CZS C Velke Pavlovic | 07/22/92 | Eyman, William R.       |
| EF1048 CZS C Strachotin Co  | 08/12/92 | Schmidt, Robert         |
| EF1049 CZS C Strachotin Co  | 08/13/92 | Eyman, William R.       |
| EF1050 CZS C Zlin Coop Mana | 07/02/92 | Herbert, Leslie         |
| EF1051 CZS C Zlin Coop Fina | 07/03/92 | Freyenberger, Joseph D. |
| EF1052 CZS C Pravcice Coop  | 08/06/92 | Hawkins, Herbert        |
| EF1053 CZS C Pravcice Coop  | 07/02/92 | Oliver, James S.        |
| EF1054 CZS C Horni Lidec Co | 07/13/92 | Oliver, James S.        |
| EF1055 CZS C Horni Lidec Co | 07/02/92 | Hawkins, Herbert        |
| EF1056 CZS C Slavicin Coop  | 07/13/92 | Herbert, Leslie         |
| EF1057 CZS C Slavicin Coop  | 07/16/92 | Freyenberger, Joseph D. |
| EF1058 CZS C Kostelec U Hol | 07/24/92 | Oliver, James S.        |
| EF1059 CZS C Kostelec U Hol | 07/14/92 | Hawkins, Herbert        |
| EF1060 CZS C Zalesi Coop Ma | 07/24/92 | Herbert, Leslie         |
| EF1061 CZS C Zalesi Coop Fi | 07/29/92 | Freyenberger, Joseph D. |
| EF1062 CZS C Frystak Coop M | 08/04/92 | Herbert, Leslie         |
| EF1063 CZS C Frystak Coop F | 08/12/92 | Freyenberger, Joseph D. |
| EF1064 CZS C Lesna Coop Man | 08/04/92 | Oliver, James S.        |
| EF1065 CZS C Lesna Coop Fin | 07/26/92 | Hawkins, Herbert        |
| EF1066 CZS S Cachtice Coop  | 07/11/92 | Foulks, Harley          |
| EF1067 CZS S Cachtice Coop  | 07/31/92 | Housholder, Darwin      |
| EF1068 CZS S Drietoma Coop  | 07/22/92 | Foulks, Harley          |
| EF1069 CZS S Drietoma Coop  | 08/10/92 | Housholder, Darwin      |
| EF1070 CZS S Stara Tura Co  | 08/03/92 | Foulks, Harley          |
| EF1071 CZS S Stara Tura Co  | 08/25/92 | Housholder, Darwin      |
| EF1072 CZS S Trencianska Tu | 08/13/92 | Foulks, Harley          |
| EF1073 CZS S Trencianska Tu | 09/10/92 | Housholder, Darwin      |
| EF1074 CZS C Breclav Mgmt.  | 08/24/92 | Baer, Kenneth P.        |
| EF1075 CZS Seminars         | 07/25/92 | Kutil, Robert           |
| EF1076 CZS Seminars II      | 07/25/92 | Kettering, Dave         |
| EF1077 CZS Seminars III     | 07/25/92 | Nielsen, George         |
| EF1078 CZS C Zichlinek ZD M | 09/02/92 | Baer, Kenneth P.        |

\* Project covered both republics.

End Date: 05/01/92 - 10/31/92

Country: HUNGARY

| Project | Name                 | End Date | Volunteer Name |
|---------|----------------------|----------|----------------|
| EF2016  | HUN Tokaj Wine Mgmt. | 07/07/92 | Tamas, Ivan    |
| EF2018  | HUN Nagyatad Finance | 09/11/92 | Nicholson, Val |
| EF2019  | HUN Nagyatad Dist. & | 09/11/92 | Aviles, Edmond |
| EF2020  | HUN Land Mortgage Sy | 07/28/92 | Phipps, Harve  |
| EF2021  | HUN Land Mortgage Sy | 07/28/92 | Clark, Lewis   |
| EF2022  | HUN Tolna County Cre | 08/22/92 | Hebert, Paul   |

End Date: 05/01/92 - 10/31/92

Country: **BULGARIA**

| Project Name                | End Date | Volunteer Name      |
|-----------------------------|----------|---------------------|
| ES8009 BUL Napredak Coop Ed | 05/22/92 | Vanicek, LeRoy      |
| ES8011 BUL Kietom Dairy Pro | 05/11/92 | Knapp, Milton E.    |
| ES8015 BUL Zlatna reka - 91 | 05/11/92 | Cline, K. Russell   |
| ES8017 BUL Stoyko Meat Proc | 05/07/92 | Stoysich, Rudy F.   |
| ES8018 BUL Stara Zagora Ag  | 05/26/92 | Stewart, William    |
| ES8019 BUL Trakia-Prima Coo | 05/28/92 | Reynen, Albert      |
| ES8020 BUL Dolny Dabnic Far | 06/09/92 | Martin, Leo         |
| ES8021 BUL Hristo Botev VoA | 07/29/92 |                     |
| ES8023 BUL Kietom Dairy Far | 08/18/92 | Ketz, Doran         |
| ES8024 BUL Agri-Business Cr | 09/29/92 | Mendenhall, Robert  |
| ES8027 BUL Farmer Newspaper | 10/30/92 | Ainsworth, Earl     |
| ES8028 BUL Rousse Feed Mill | 10/05/92 | Albrecht, Robert J. |
| ES8042 BUL Rousse Feed Mill | 10/05/92 | Albrecht, Mary      |

End Date: 05/01/92 - 10/31/92

Country: **ROMANIA**

| Project Name               | End Date | Volunteer Name    |
|----------------------------|----------|-------------------|
| ES9003 ROM Curtea de Agres | 10/12/92 | Scheider, Delbert |

End Date: 05/01/92 - 10/31/92

Country: **ALBANIA**

| Project Name                | End Date | Volunteer Name      |
|-----------------------------|----------|---------------------|
| ES7009 ALB MOA PFA Extensio | 05/01/92 | Smith, Robert L.    |
| ES7010 ALB University Ag. E | 05/05/92 | Brown, Jr., William |
| ES7011 ALB University Ag. E | 05/05/92 | Prawl, Warren L.    |
| ES7012 ALB Budulla Business | 05/05/92 | Preston, Homer J.   |
| ES7013 ALB Budulla Business | 05/05/92 | Aldworth, William   |
| ES7014 ALB Kashar PFA Organ | 05/05/92 | Preston, Homer J.   |
| ES7015 ALB Kashar PFA Organ | 05/05/92 | Aldworth, William   |
| ES7016 ALB Polena PFA Org.  | 05/28/92 | Snider, Willard     |
| ES7017 ALB Polena PFA Org.  | 05/28/92 | Clark, Martin H.    |
| ES7018 ALB Eksimagra Distri | 08/14/92 | Aines, Ronald       |
| ES7019 ALB MOA PFA Law      | 06/02/92 | Massey, Dean        |
| ES7020 ALB Korce Extension  | 10/29/92 | Moore, H. Louis     |
| ES7022 ALB Agricultural Eco | 09/24/92 | Skold, Melvin D.    |
| ES7023 ALB Barbullush PFA M | 08/20/92 | Ishee, Charles E.   |
| ES7024 ALB Barbullush PFA M | 08/19/92 | Fetzer, Gerald      |
| ES7033 ALB Korce Extension  | 10/29/92 | Irwin, Jay W.       |

**VOCA MONTHLY  
COUNTRY REPORTS**

**VOCA POLAND**

ul. Jasna 26 p. 303

00-054 Warszawa

Phone: 4822 27-96-51 FAX 27-96-71

Program Report: 06-1 thru 07-31, 1992**I. Current Events**

Project activity has been fairly slow for the months of June and July due to the transition from Mooers to Fischer to Hammerdorfer. Upon arrival I found a fairly substantial backlog of project requests to which the Warsaw staff was not able to respond. Most of these organizations have had the pleasure of a VOCA visit and many of them will receive Volunteers during the next two months.

While responding to these requests, we were also extremely busy trying to complete an evaluation of last year's projects. This consumed a lot of time but fortunately we were able to integrate this into our project development trips.

We receive requests from the widest variety of organizations, including state enterprises, coops of all sorts, ODRs, herb producers, private farmers and processors, local and national government, etc. etc. There are, however, two areas in which the demand for assistance is particularly urgent, namely food processing and marketing.

We have a plethora of requests from newly formed private businesses who want to start fruit, vegetable, or meat processing facilities. They all have in common a lack of resources and an unshakable (perhaps naive) confidence in their prospects for success. We will watch the projects with Dziejierzewo and Frampol very closely to see how we can best serve these sorts of requests. The biggest question remains, of course, will they be able to secure investment or bank financing once the VOCA vol has helped them to that point. The potato storage project and the Frampol cold storage/processing projects are the litmus tests. Stay tuned.

Similarly, everyone seems to want marketing help. Gmina coops, chicken processors, dairy plants, oil producers, and everybody else thinks that all of their problems will be solved with the right type of promotion and marketing. We are responding to these requests for assistance from individual organizations, but we will also begin using our marketing volunteers to conduct seminars for wider audiences. This way we can look for specific results from the organizations receiving several weeks of VOCA assistance while serving the educational needs of larger numbers of businessmen and agribusinessmen.

B.

Several areas where I anticipate an increase of VOCA activity are training in farm record-keeping, assistance with the establishment of quality standards on both the Wojwotswa and national level, and the development of market information systems and marketing contracts and other instruments.

Requests from coops wishing to transform continue to come in. It is, however, questionable whether VOCA assignments with these organizations can bear any fruit without some movement on the coop law issue. Al Oukrop, during his assignment with the Strzalkowo Gmina Cooperative, read the newest version of the oft revised coop law which has just passed the Senate and been sent to the Sejm. Al said it bears a striking resemblance to U.S. coop enabling legislation. The question remains, will it come out of the Sejm and will it look the same? (Incidentally, the Manager of Strzalkowo, Senator Eugeniusz Grzeszczak, who sits on the Ag Committee, spent a lot of time with our two volunteers and should be thoroughly propagandized.)

## II. Hot Topics

The hottest topic in Poland right now is the weather. It has rained maybe twice in the last ten weeks and farmers claim to have lost from 25% to 85% of their crops depending on where they live and what they grow. This has been the hottest and driest summer in Poland since 1940.

Another hot topic for Polish farmers is a steep increase in grain prices. U and I went to visit Senator Gayewski, head of ag committee, a fairly substantial producer of broilers and eggs. He complained, as farmers often do, that he's paying 3000 zloty per kg of grain for feed today compared to 1700 zloty which has been the price for some time. The problem, he claims, is that private entrepreneurs have made deals in the Ukraine and Belarusse trading large quantities of Polish wheat and rye for other commodities such as eggs and vegetables. Gayewski blames these dealers not only for raising grain prices, but also for substantially lowering egg prices. Others say that prices are up simply because farmers planted less due to low prices last year.

Whatever the case, many people are getting an expensive lesson in the workings of the market economy. The more of this uncertainty we see, the more demand there will be for commodity exchanges, market information, and contracts such as the one Si Matthies created for grain dealers in Olsztyn. Could be good for VOCA business.

Sporadic strikes continue, with farmers blocking major roads with their combines and Mercedes. A big joke in Poland has been the Minister of Ag, Janowski, damning these strikers on national TV when it was his leadership of the same sort of strikes that got him into his present position. The word about town is that he's history. As far as the strikers are concerned, most people wonder

if they should have sympathy for loud-mouthed and disruptive farmers with farm machinery and cars worth more than the average Pole's house,

### III. Project Activity

A. Dziewierzewo Potato Processing. Volunteer Ray Kueneman, in his second assignment in Dziewierzewo, helped the newly formed business, LECHPOL, with all of the necessary activities leading up to their application for financing of their proposed controlled-atmosphere potato storage. The coop with which Ray originally worked lost its nerve when it came to putting its assets at risk to secure investment. LECHPOL was formed by former coop members willing to take the risk. Business plan, net worth statements of all partners, and plans for the actual storage facility have been completed. Kueneman and the leadership of LECHPOL had several meetings with CARESBAC and other funding institutions and have received hopeful signals. If successful, LECHPOL will be the first business able to sell high quality, cleaned, sized, and bagged potatoes throughout the year in Poland.

B. Dziewierzewo Potato Storage. Volunteer Bob McGee worked with Kueneman on the assignment described above. McGee, who recently retired from Simplot, the largest American potato marketing company, worked with members of LECHPOL on all of the technical aspects of the proposed storage facility. He

C. Strzalkowo Marketing. Volunteer Al Oukrop, former director of marketing for CENEX, worked with management of Strzalkowo Gmina cooperative on improved marketing in their ten retail outlets. The managers of each shop received training from Oukrop on all aspects of retail marketing as done in the United States. The general manager of the coop, Eugeniusz Grzeszczak, is a member of the Polish Senate and sits on the Ag Committee. Mr. Oukrop made recommendations on the new cooperative law which has now gone through the Senate and is being debated in the Sejm.

D. Strzalkowo Finance. Simultaneous to Oukrop's project, Keith Wolf, also of CENEX, worked with the directors and accountants of Strzalkowo evaluating their accounting systems and doing cash flow analyses of each individual profit center. Wolf and Oukrop made recommendations to the coop's board and management to discontinue less profitable operations and to streamline those operations where the coop should be able to make a greater profit. Wolf and Oukrop also spoke on western style cooperatives to various groups.

E. CAL Wegrow Dairy. Volunteer Bill Broske, a dairy processing and marketing expert from Wisconsin, worked with a team of management and finance consultants provided by Company

Assistance Limited (CAL) on a thorough evaluation and overhaul of the large Wegrow Dairy Plant. CAL, a not-for-profit business consultation firm, approached VOCA in May with a list of several Polish agribusinesses to whom they were offering assistance. Since CAL's assistance was all related to management and financial issues, they asked us to supply production expertise. VOCA agreed to collaborate with them on a trial basis on two assignments, one of which was Wegrow. Broske's reviews of CAL were mixed. Broske was able to help Wegrow not only to improve some of their production practices, but also discovered that Wegrow was losing approximately 12 million dollars of profit yearly because they had entered into a very unfavorable marketing arrangement with an Austrian company which had provided them credit. When Broske brought this to CAL's attention, they were less responsive than he thought they should have been. Broske raised the subject with Wegrow's management and has since tried to arrange a new client in Ireland for Wegrow. If successful, Wegrow could increase its profits by approximately 12 million dollars next year.

F. Frampol Processing. Peter Warmenhoven, a fruit processing specialist on his second assignment with Frampol, evaluated the potential profit of processing various locally produced horticultural products at a proposed fruit processing and cold storage facility. Frampop-Group (FG), a group of private producers who broke away from the cooperative when the coop decided this venture would be too risky, have an excellent business plan and are seeking financing for an 8 million dollar facility. Warmenhoven has recommended FG reduce the scope initially and seek 3 million for a cooled fruit operation.

G. Frampol Cold Storage. Gale Bernick is handling the technical aspects of the project above. Bernick, owner of a very successful cold storage business in Oregon and California, has guided FG through the process of designing the appropriate facilities, evaluating construction materials available domestically and internationally, and preparing themselves to seek financing.

H. Warsaw Energy Improvement. David Mears, a biological and agricultural engineer from Rutgers University, worked with AB ART, the largest Polish company involved in alternative energy for greenhouse production, on the application of new solar and biogas technologies. The Polish greenhouse industry is very large but is currently far less efficient than the Dutch, the Germans, or the French. Mears made numerous recommendations on ways to improve the use of technology and also recommended numerous ways that AB ART can enter into collaboration with various foundations and institutes in order to gain greater access to information and financing.

I. CAL Brzeg Edible Oils. Volunteer Roy Pritchard, an edible

oils production specialist, worked on the second experimental collaboration with CAL. (see item I. E. above) Pritchard was originally asked to provide advice on improved production line operation and quality control. He discovered that the Brzeg plant has state of the art equipment and personnel and required little or no assistance in the production area. Fortunately Pritchard has considerable knowledge of edible oils marketing (predominantly margarine) and was able to be of use to Brzeg. He introduced to their marketing people the concept of consumer surveys, retail surveys, and flavor audits (taste testing against the competition). He also made recommendations on product presentation and packaging.

J. Piatnina Dairy. Volunteer Matthew Niess, Dairy farmer from Iowa, worked with this fairly progressive dairy coop on improvement of milk quality. Niess spent a few days living on several dairy farms and worked with the individual farmers on ways to reduce the standard plate count of their milk below 100,000 parts per million. Piatnina wants to use the farmers Niess worked with as models for the 4000 farmers which supply milk to the coop. Niess also made presentations to larger groups of farmers on ways in which American milk producers improve quality of their milk. Piatnina is paying a 40% premium on high quality milk so the incentive is there.

#### IV. Administration

##### Equipment

1. We have spent approximately \$8,000.00 on a computers for both the country and regional office. Cost breakdown is about 5k for us and 3k for Don and Joanna. With the volume of work and the increasing demand for CPARs, Evals, Reports, and various other unsavory bureaucratic tasks, these machines will allow us enough time for project development in order to reach the 100 projects/year mark.
2. We spent approximately \$1,500 on three file cabinets and files, \$1,000 Poland and \$500 regional. A lot of dough for files but I think it well worth the money, particularly in the event of an audit. With the old system, auditors might spend several weeks just hunting through stacks of files. On the other hand, maybe they'd lose patience and go home.
3. We spent about \$800 on a fax machine because the old one didn't belong to VOCA and waen't doing the job.

##### Staff

1. Urszula and I interviewed about 20 candidates for Project

Development Officer. I hired Marcin Opas, formerly working for the EC development project. I'm confident I hired the right guy, particularly since someone from FAPA came by the office Friday to voice FAPA's concern that they'll be losing their best person while the organization is going through a difficult transition.

Marcin will accompany U and I on all project development trips as an observer for the first two weeks. He will take notes and work with me on Scopes of Work and the creation of organization profiles. After around two weeks, or at whenever he becomes comfortable, he will participate in the discussions with the requesting organization.

He will act as my translator with U present to check him out. If he does okay, I can start leaving U here at the ranch to take care of some office management and PR issues. Hopefully after two months we will feel confident letting him go out on his own to respond to requests for assistance. I'm confident he'll do a good job.

#### V. Finally

This concludes my first annual monthly report. The question is, "is this of any value to anyone?" Is there anything sufficiently compelling to justify a second annual monthly report? Is there anything which you, dear reader, would like to know but have not learned here? If so, rsvp.

COPY

## VOCA POLAND

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Phone: 4822 27-96-51 FAX 27-96-71

FROM: Carl Hammerdorfer

TO: Don Cohen, Charles Cox, Don Mooers, Kristin Galantris, Neil Mozer, Jenny Hughel, Sonia Nofziger, Stacy Kamin

Program Report: 08-1 thru 09-1, 1992

## I. Volunteer Projects Completed and Impact

A. EF3030 CAL Brzeg Edible Oil Processing Working with the marketing department of the Brzeg margarine plant, Roy Pritchard advised on improved marketing and conducted flavor audits and market surveys at many retail shops in the Warsaw area.

. IMPACT: We hope to learn, in several months, that Brzeg's market share has increased despite the entrance of numerous western European brands into the Warsaw market.

. CATEGORY: Food Processing and Marketing

. REAL SCOOP: VOCA collaborated with Company Assistance Limited (CAL), a Jeffrey Sax brain-child, on this and another project. Their approach is to provide assistance and training to Polish businesses in every possible operational area (i.e. marketing, finance, mgmt, production etc.). Both of the volunteers we provided were able to make substantial contributions, although not as originally indicated by the folks at CAL. Both volunteers were critical of CAL's academic/theoretical approach, their inexperience, and their poor handling of logistics, but felt that the program does have some value to the organizations receiving assistance. Future collaboration with CAL is not extremely likely, but possible.

B. EF3031 Frampol Cold Storage Feasibility Working with a group of farmer/entrepreneurs attempting to establish a food processing cooperative, Gale Bernick helped complete plans for a cold-storage and processing facility and advised the

partners on potential international investor/partners.

- IMPACT: We'll have to see if Frampol secures financing over the next several months. Bernick did succeed in convincing Frampol to temporarily decrease the scope of their planned activities to lower the cost and simplify the management.
- PROJECT CATEGORY: Food Processing
- REAL SCOOP: Nothing to speak of.

C. EF3034 *Piatnice Dairy Milk Quality* Working with Piatnice's premier milk producers and with the dairy's milk quality specialist, Matthew Niess evaluated milk handling procedures and advised on numerous techniques to lower the standard plate count of the milk.

- IMPACT: Niess recognized that the refrigeration units which the farmers have been purchasing required larger, slower moving agitators and refrigeration coils covering more of the tank. The Polish producer of these units immediately made the adjustments which Niess suggested. Niess made numerous suggestions to farmers on how to reduce SPC which have thus far resulted in a substantial reduction. We anticipate that they will achieve greater than a 50% reduction after 4-6 months.. Stay tuned.
- PROJECT CATEGORY: Dairy Production.
- ROLE OF SPOUSE: Since Dorothy Niess has run their farm with Matthew for over 40 years, she certainly deserves just as much credit for any success as Matt.
- REAL SCOOP: This plant is producing products which will be very competitive with products from western Europe. They are accomplishing, with only minimal assistance, what the EC's Turosl project has thus far been unable to achieve despite mammoth investment.

D. EF3039 *Adorol Coop Finance* Working with the financial management department of this cooperative, J. A. Kilgore conducted an analysis of the profitability of individual cost centers and provided advice on more efficient financial management.

- IMPACT: Too early to tell.
- PROJECT CATEGORY: Coop Transformation
- ROLE OF SPOUSE: Minimal
- REAL SCOOP: Mr. Kilgore did a mediocre job and I advise he not be used in the future. Although a genial and

well-liked volunteer, he was so afraid of offending his hosts that he didn't give them any advice at all. RDO should make the appropriate notation in the Project Status Log.

## II. Programmatic Issues

No substantial changes in program direction occurred over the last thirty days. While we respond to the same wide variety of requests as in the previous two months, we have detected an increased interest in the establishment of trade associations. A rabbit producers association and a southwestern agri-tourism association have requested assistance from VOCA. This may be a sign that some of the mistrust built up over the last 40 years is giving way to the sense that cooperation is essential for survival. This potential sea-change is also evident in an increase of requests for assistance from groups of producers wishing to create entirely new coops.

These folks will continue to be handicapped by the lack of a coop law providing tax advantages to producers. We have been doing a considerable amount of lobbying in an attempt to bring conflicting parties together to reopen the discussion on the coop law. Coincidentally, we have received a request for assistance from Tadeusz Kensy, Director of the Rzesow Cooperative Development Unit, for a coop lawyer (Dick Magnuson) to produce an entirely new coop law to be unveiled at a conference in Rzesow the first week of October. We are attempting to garner the support of as many parties as possible, including our friends in the Polish govt and administration, our associates in the development community, and the many friends we've made in the cooperative sector.

Perhaps the most successful attempt to gain allies in this cause was a dinner Wednesday evening with Senator Gajewski, head of the Senate Ag Committee and poultry farmer, Senator Grzeszczak, Ag Committee member and coop manager, and Senator Lipski, Ag Committee member and apple producer. All of these gentlemen have agreed to support the creation of a new law in Rzesow. Unfortunately, the questions about the future of coop employee members and taxation will not disappear. These issues are likely to hamper the passage of any new law in the Sejm. (the Senate does not look like it will be a problem) We'll be looking for friends in the Sejm during the next two weeks.

The agency for privatization of state farms has informally requested VOCA assistance. (no official ap yet) They are beginning to pick up steam, advertising state assets in the newspapers and holding auctions. They anticipate a great need for VOCA assistance in November.

## III. Country News

Weyland Deeghly, the ag counsellor at the US embassy, gave me some official figures on this years harvest, including grains down approximately 25%, and potatoes down close to 35%. Tree fruit are by and large undersized and, therefore, more suitable for processing than fresh-pack. The increase in price due to low supply will not, according to Waylon, entirely make up for decreased production. Farmer income will be down from 10 to 20%.

Strikes continue to flare up all around Poland. Miners are striking. Automobile producers are striking because Fiat, the joint venture partner, will not pay them a monthly salary equivalent to 10% of the sale value of the cars they are producing, as they do for Italian auto workers. In a significant move, the government authorized dismissal of striking workers at the Cinquecento plant. (No doubt want to bolster the confidence of other potential western investors) The government has been threatened by a general strike. Radical farmers continue to rear their ugly heads now and then.

In an interesting departure from official policy, the ministry of agric. approved a waiver application from Danish investors wishing to bid on a part of a state farm. Even more surprisingly, the Danish bidders lost out to a group of Poles. Could this calm the nerves of government xenophobes enough to allow for even more foreign bidders? Stay tuned.

A value added tax of 15% is expected by January. The attitude among the hoi-poloi regarding taxes is not too much different than in the USA. This could become the election issue. Poland has delayed its plans to lop four zeros off of its currency by January. The word is that the government expects further substantial devaluations and would like to wait on the new money.

Coops seem to be going bankrupt at a much faster rate these days. An interesting trend is for former member of bankrupt coops to reconstitute themselves as a new coop and attempt to purchase the old coop's assets at a discount. It remains to be seen whether they will succeed in getting financing and who their competition will be once the bidding starts.

#### IV. Media Coverage

- A. Radio interview with me by some international Polish broadcasting network which plays in Chicago, London, etc.
- B. Good lengthy description of VOCA program in a monthly publication put out by the Foundation of Assistance Programs in Agriculture (FAPA). We have fairly low regard for FAPA but appreciated the publicity. (Marcin Opas, our newest employee, left FAPA after becoming completely exasperated with their inability to accomplish anything.)

- C. TV cameras on Ula and I at a conference on ag assistance providers in Opole yesterday as we delivered the VOCA litany.

#### V. Collaborative Relationships

- A. USDA: In response to our suggestion that extension project people keep us in mind if they find any promising projects, we have received four applications. We have responded positively to three of the four: an agri-tourism development scheme in Nowy Sacz; a state poultry plant privatization in Bialystok; and a private dairy management project in Nowy Sacz.
- B. ACDI: John Greeneisen has requested VOCA vols to do some training at the district banks. It's my impression that their banking project is achieving some very good results and that VOCA should provide them with the assistance they seek.
- C. CAL: See I. A. above.
- D. CARESBAC: CARESBAC has made equity investments in Prosper and Indoor, both recipients of VOCA assistance. We lent Fred Shannon to them for several days before the beginning of his Kleczanow project to investigate some apple growers who have applied to CARESBAC for money for concentrating equipment.
- E. Other: Frequent contact with other development organizations such as IESC, DAI's Gemini scheme, NCBA, etc.

#### VI. Internal Office Update

No really big shakes within our office. Marcin started yesterday and will, I'm sure allow us much more time to increase our field presence, PR activities, and reporting to Washington.

AID's IG were here. I think we made them very happy. They spent many hours going through our files which are now quite complete. We took them, at their request, to a sight where we had a volunteer, and to one where a vol had been. Dave Young gave us nothing but effusive praise, which made me a little nervous. I'm sure we'll hear from someone if this was just a front, but I'm quite sure we left him thoroughly VOCAnized.

W

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**FROM:** Carl Hammerdorfer**TO:** Don Cohen, Charles Cox, Don Mooers, Kristin Giantris, Neil Mozer, Jenny Hughel, Sonia Nofziger, Stacy Kamin

Because I was out of the office most of last month, you did not get a report on Poland project activity. Here is a consolidation of the September and October reports. Excuse the delay.

Program Report: 09-1 thru 11-1, 1992

**I. Volunteer Projects Completed and Impact**

A. EF3035 Kleczanow Fruit Production Working with the Kleczanow fruit marketing cooperative, Fred Shannon advised on improved harvesting and post-harvest handling of the growers' fruit.

- **IMPACT:** Shannon anticipates improvement in the quality of the fruit and, therefore, marketability of the product. We will learn whether this is true after completion of the three month evaluation.

- **CATEGORY:** Food Processing and Marketing

- **SPOUSE ROLE:** No apparent impact on project.

B. EF3043 Rogow Fruit Processing Working with a group of fruit producers who are members of a failing cooperative, Howard Weber evaluated the coops fixed assets and made recommendations on a variety of potentially profitable processing alternatives.

- **IMPACT:** Weber convinced the producers that the coop had no chance of surviving in its current state and that bankruptcy was imminent. He has provided them several alternatives to pursue once the state puts the coop's buildings and equipment up for sale. We expect some of the more progressive members of the former coop to form a new coop founded on western cooperative principles, and implement one of the options proposed by Weber. It may take upward of six months for any tangible results.

• SPOUSE ROLE: Mrs. Weber was quite actively involved in the discussion of future management of the assets.

C. EF3049 Bledow/Brzozow Apple Concentrate Working with successful apple growers in two separate regions who seek financing, Fred Shannon evaluated their capacity to expand into apple concentrate production for export to the U.S. and Western Europe.

• IMPACT: Will have to wait and see if they receive financing for the equipment.

• PROJECT CATEGORY: Food Processing

• ROLE OF SPOUSE: Minimum.

D. EF3052 Krosno Sheep Marketing Working with the Sheep-breeders Association on breeding, processing, and marketing, Ted Gashler helped them secure funding for the construction of a processing plant and improve breeding practices.

• IMPACT: The Joint Commission on Humanitarian assistance has agreed to provide approximately \$75,000.00 for the meat processing facility. The Polish Church Foundation has agreed, in principle, to furnish the balance of \$150,000.00. The association intends to market lamb in Kuwait and Lebanon.

Due to VOCA's assistance, the association will now be able to import Hampshire ram semen and embryos into Poland. This semen and the embryos will be use to upgrade the meat qualities of the local stock as well as providing seed stock for research within the various research stations and ag universities.

Because Gashler met with management of a Union Textile plant while on a UNCA assignment in Russia he has been able to arrange the following deal. The plant, which has over 1000 employees who are in danger of losing their jobs due to a lack of wool, will purchase surplus wool from Polish producers with whom Gashler has worked. The Russians will provide Belarussian tractors in exchange for the wool. The Poles will then sell the tractors in Poland or to a dealer who sells the Belarussian tractors in Auburndale, Wisconsin. This deal has not yet gone through, but VOCA has been in contact with government officials in Poland who have indicated that there should not be any problem.

• PROJECT CATEGORY: Food Processing, Marketing

ROLE OF SPOUSE: n/a

E. EF3040 ADOROL Coop Management Working with the management team of a large collective cooperative, Loren Chalfin made recommendations to restructure the management and to dramatically change their marketing approach.

- IMPACT: To early to tell.
- PROJECT CATEGORY: Coop transformation
- ROLE OF SPOUSE: Minor

F. EF3042 Grudiaz Coop Management Working with the board chairman and management team of this processing and marketing cooperative, Lawrence Dudley advised them on management restructuring and the creation of a business plan.

- IMPACT: It's too early to state definitively, but the anticipated impact is quite positive. Due to VOCA's assistance, Grudiaz will probably strike a deal with the Bank of Food Econ. allowing them to reconstitute their business into a western style cooperative, dramatically increasing their cold-storage business, improving their processing and marketing operations, and working themselves out of an unbelievably deep crater of debt created because of irresponsible business practices mandated by central planners. We'll wait for the six month evaluation to state whether they're on track for this.

- PROJECT CATEGORY: Coop Development, Food Processing
- ROLE OF SPOUSE: Minimal

G. EF3041 Grudiaz Coop Finance Working with the management and chief accountant, Merton Hiatt reviewed the coop's financial position and recommended substantial changes of their financial management systems.

- IMPACT: See above.
- PROJECT CATEGORY: Coop Development
- ROLE OF SPOUSE: n/a

H. EF3066 Rzesow Coop Law Working with the Rural Cooperative Service Unit in Rzesow, and in conjunction with Polish and western European cooperative experts, Dick Magnuson made

recommendations on the reform of Poland's coop law.

- **IMPACT:** Magnuson met with members of the Parliament's commission on coop law reform, the chairman of the Senate Ag committee, three other members of that committee, the deputy Minister of Ag (responsible for coop law reform), and many more important players in the debate over a new coop law. All of these people received copies of Magnuson's recommendations, and his work here seems to have refueled the debate over a new law. We are monitoring the situation very closely and hope to see a crack in the ice soon.

- **PROJECT CATEGORY:** Cooperative Development

- **ROLE OF SPOUSE:** n/a

I. *EF3044 Wartkowice Milk Quality* Working with the production line employees involved in milk handling and with dairy producers, Bill Hoffman provided concrete recommendations on improving milk quality and animal nutrition.

- **IMPACT:** We will check with the management in six weeks to see if there has been any measurable improvement in milk quality.

- **PROJECT CATEGORY:** Dairy Production

- **ROLE OF SPOUSE:** n/a

J. *EF3045 Wartkowice Dairy Marketing* Working with the coop manager and the marketing personnel, Bill Broske advised on the introduction of new products and on more sophisticated marketing of the coop's current product line.

- **IMPACT:** Too early to tell. May begin producing skim milk cheese for sale in the US.

- **PROJECT CATEGORY:** Food Processing

- **ROLE OF SPOUSE:** n/a

K. *EF3056 Prosper/Indoor Financial Management* Working with all staff involved in financial management and reporting, Charles Benson made recommendations on improved accounting procedures for two private businesses.

- **IMPACT:** Too early to tell

- **PROJECT CATEGORY:** Financial management.

- **ROLE OF SPOUSE:** n/a

L. *EF3037 Pzesow Grain Marketing* Working with regional

cooperative leaders, Si Matthies advised on ways to improve market information and education, the establishment of a central marketing exchange, and expansion of a cooperative flour mill.

- . IMPACT: Will evaluate in three months
- . PROJECT CATEGORY: Ag. Marketing
- . ROLE OF SPOUSE: n/a

## II. Programmatic Issues

In October VOCA launched its assault on the western voivodships. Though we have worked in 36 of Poland's 49 voivodships over the past three years, we felt that we would be spreading ourselves too thin were we to "go west" too soon.

However, the government now seems poised to begin resolving the issue of privatization of the vast state farms of the west. The state land agency has been advertising quite heavily but has thus far been disappointed with a lack of viable Polish investors. Foreign buyers are, of course, excluded from bidding on these assets without special permission from the minister. The agency intends to use VOCA advisors in an effort to find more creative solutions to the privatization of many of these state farms.

Further, VOCA was invited to meet with the directors of the ODRs in Zielona Gora, Legnica, Gorzow Wlkp., and Jelenia Gora to discuss VOCA assistance to extension advisors, food processors, and cooperatives in the four voivodships. Our visit culminated in an agreement to send two cooperative advisors before the end of the year.

The VOCA delegation, which included the infamous Charles Cox, VOCA's director for European programs, and our country directors from Latvia, Lithuania and Estonia, were quite favorably impressed with the progressive attitude and understanding of western cooperative principles we encountered. Based strictly on this first visit it appears that VOCA could become quite active with cooperatives in western Poland.

## III. Country News

The opinion among Poland's farmers that they are becoming the victims of unregulated dumping of subsidized agricultural products from both the east and the west seems to be gaining currency. In response to growing pressure from farmers, the government has increased import tariffs on such products as eggs, fruits and vegetables.

On the other hand, the government has removed tariffs on feed grains coming into Poland because of depleted supplies due to the drought. Additionally, the government has prohibited the export of live geese in response to accusations that the Germans were severely depleting Polish inventories in order to dramatically increase their domestic production.

#### IV. Collaboration

- A. USDA: Volunteers will participate with USDA extension project on agro-tourism project in Nowy Sacz and on a goat cheese processing project in Bielsko Bialo.
- B. NCBA: Has sought VOCA assistance with a breeders coop in Poznan.
- C. The Joint Commission on Humanitarian Assistance: They have agreed to fund the Krosno sheep-breeders association in the amount of one billion PZL for the construction of a sheep processing facility recommended by Ted Gashler.

BALTIC MONTHLY REPORT (AUGUST)

VOLUNTEER PROJECTS COMPLETED AND IMPACT

Kalu Agricultural Community, Kalu, Estonia -- Advised on privatization plans and financing of this agricultural cooperative farm. Paul and Patricia Sylla of River Falls, WI.

Kalu Agricultural Community, Kalu, Estonia -- Advised on privatization plans and financing of this agricultural cooperative farm. Clarence Kamstra of MI.

Farm Management, Latvia -- Helped private farmers in farm management and production, and gave seminars to agricultural advisors and agricultural university professors on farm management. Gerald Nolte of River Falls, WI.

Livestock and Crop Production, Latvia -- Consulted with private farmer, agricultural advisors, and researchers on crop and livestock production. Advised Ministry of Agricultural and Parliament on agribusiness privatization. Juris Pleseums of Spooner, WI.

II. PROGRAM ISSUES

Lithuania: Requests will probably be sent in from Farmers and local governments in Joniskis, Anyksciai, and Zarasai districts for a farmer to farmer program on cooperative education. Also interested in advice on basic farm production and for suggestions on small scale processing and marketing. These are Farmers Union district reps who were in US on ACDI trip in July. All had very positive experience and have come back with some good ideas on cooperation. Also, submitted SCW for cranberry production specialist with Lithuanian Cranberry Growers Assn.

Latvia: New legislation allows dairy farmers to obtain small village dairy plants if they form a dairy cooperative and submit application. Much interest here. Syzmanski and Davis are on an assignment to help form and privatize 3 plants in Valka district. Vols agreed to spend week-ends visiting other sites where interest in restoring local dairy cooperatives is strong. Forestry cooperative SCW submitted.

Estonia: SCW submitted for a dairy cooperative processing and marketing improvement and also a farm supply/service cooperative. Forestry cooperative application received and accepted. Waiting on Halliste, and any other project dealing with privatization/transformation of cooperative farms, until parliament passes legislation regarding valuation of assets to be given back under restitution. Until this is done, cooperative farms don't know value of remaining assets.

### III. COUNTRY NEWS

Baltic draught is getting lots of publicity here. Many articles estimate 50 percent yield reduction. Plesaus thinks that it is not nearly as severe (I concur). Grain production down somewhat and lots of livestock being slaughtered. Livestock reduction due, in part, to loss of imported high energy feed (mostly corn) from southern republics and loss of large eastern export market.

Grain prices are high, at about the world level of \$13,000 to \$20,000 per ton (exchange rate currently 215 per \$). Prices somewhat higher in Estonia. Meat prices remain low, also contributing to increased slaughtering.

Grocery trade being privatized, opening marketing possibilities for farmers.

Elections: September 20 for Estonia, late October for Lithuania. Latvian parliament holding on to power as long as possible, many predict elections next spring.

Latvian banks stopped loans until lat currency is introduced.

Lithuanian government will reimburse farmers 30 percent of farm machinery upon application and submission of receipt. Lithuanian government is paying for 50 of the 70 percent interest on loans to farmers.

Russia has defaulted on billions of rubles owed Baltic farmers in agricultural trade.

Agricultural product prices are being deregulated in all 3 Baltic countries.

Russia has agreed to withdraw troops from Lithuania by end of 1991.

Enclosed is an article on privatization in the Baltics.

### IV. MEDIA COVERAGE

Latvia: Juris Plesaus has had a series of articles in Latvian agricultural newspapers on crop production.

Estonia: Maive Rute on national television and we had 3 newspaper articles of the "who we are what we do" type.

### V. COLLABORATIVE RELATIONS

Lithuania: NCEA and ESOP, Inc. have got initial funding for

cooperative development project. AID, Vilnius is keen on coordinating our efforts. More on this when MTPA returns in November.

Latvia: Coordinating privatization focus areas, information, sharing (translated) legislation, and having volunteers make recommendations on legislation with Chemnics. Carol Adelman (sp?) is coming 3rd week of Sept. to Baltics. Will have her meet Crute in Lithuania and Maive in Estonia. I will brief her fully on all three country activities on Sept 24 and am planning a field visit with vols Szymanski and Davis on 24th on her way to Estonia.

Estonia: DAI is doing an initial phase of cooperative farm privatization and then walking the dairy plant through all phases of production, transportation, processing and marketing. Agreed to coordinate future VOCA projects in same areas (VOCA volunteers could contact DAI project members at early phase for information/ideas).

#### VI. INTERNAL OFFICE UPDATE

Lithuania: Opening of office in Vilnius. Danguole Starkaviciene, Assistant Office Manager; and Crute Babraviciene, Country Director (to assume full time responsibilities third week of October). Office telephone: 0122-62 35 26.

VOCA BALTICS  
Republikas Laukums 2  
226168 Riga, Latvia  
Phone/fax: 358-49-348-666

To: Don Cohen, Charles Cox, Don Mooers, Pegen Calpin, Sean Carmody, Jenny Hughes, Sonia Nofziger, Stacey Kamin  
Fax: 202-783-7204  
From: Eric Brainich

#### 1. VOLUNTEER PROJECTS COMPLETED AND IMPACT

EB5017: Valka Dairy Farmers Cooperative Development. Damon Syzmanski and Robert Davis, working with the Agricultural Advisory Service, consulted with private dairy farmers, dairy producers on collective farms units, and managers of local dairy plants on farmer cooperative organization, operations, management, finance, etc. Bob assessed the feasibility of privatizing the small dairy plants as farmer cooperatives.

Real Scoop: The volunteers evaluation is that a lack of knowledge on cooperatives and how they function. In the first phase of dairy sector privatization the small village satellite plants will be given to the plants milk producers if they form a dairy association and apply for restitution of the local creamery. Phase two (possibly next year) is to privatize the plants, or kombinats. Bob Davis' assessment is that to privatize these apart from the central dairy plant is economic suicide because most local creameries have old depreciated equipment, poor management skills, under utilization of assets, and rely on the central plant for maintenance, accounting, and marketing. Their suggestion is to start with marketing associations grouped around the milkshed to each village plant and that cooperative education is the first step. The time to privatize these local creameries is drawing to a close as legislations states that associations must apply for restitution of local plants by end of year.

#### 11. PROGRAM ISSUES

I must say Damon and Bob's recommendations put a damper on some dairy farmers (and my) hopes for quick privatization of local dairy processing plants by Latvian dairy farmers. However, developing cooperative education seminars is an area that VOCA could emphasis over the next half year or so. I am trying to get together with the head of the Ag Advisory Service and some district governments to hammer out a way we could set up cooperative education programs in several regions. As yet, the AAS director has been busy with foreign guests (mostly Danes who will be giving lots of assistance to the AAS over the next 5 years).

Juris Plesecums is interested in finding an organization/business to donate computers to the Latvian AAS and has requested VOCA/DC to help solicit donors. I need to talk to the AAS director to find out if the Danes aren't already ahead of us on this issue. I have heard

that the AAS director is writing a grant proposal to buy computers for his organization. As soon as I find out what the scoop is I will inform the DC office.

#### III. COUNTRY NEWS

- Estonia elected Lennart Meri as president. He is of the liberal coalition party called Isamaa (fatherland) which wants to clean out the old guards from the Ministries as well as the Russians from Estonia. Isamaa won 26 of 101 parliamentary seats. The other two parties gaining significant seats in Parliament are Moodukad (Ivar Raig) and EKSP, right wing factions. Rumor has it that Jaan Leetsar (Farmers Union) is leading candidate for Ministry of Agriculture position (unfortunately, his reception to VOCA is less than enthusiastic)
- Estonia signed, and Latvia & Lithuania are negotiating, a free trade agreement with Russia.
- Estonia will receive a \$30 million World Bank loan and a \$40 million IMF loan. Latvia is to receive an \$70 million IMF loan.
- US govt proposed increasing Estonian grain credit from \$5 to \$10 million.
- Estonian Privatization Company (a la Germany's Treuhand) is authorized to begin privatization with 260 major state enterprises with the state approving participation of foreign capital.
- Pope John Paul II is to visit the mostly Lutheran Baltic states in Sept., '93.
- Latvian agricultural statistics system is having a difficult time estimating harvest. The feed and food grain needs are estimated at 2 million tons. Harvest was first estimated at 0.9 million tons, yet the state has received 1.3 million tons and feed grains on private farms has not been counted.
- Latvian MOA estimates that there will be a 5-10% reduction in livestock numbers in September and October due to low meat price and high grain prices. Agricultural Advisory Service estimates the cost of production and average support price for small grains are LATR 7,500/ton and 20,000/ton, respectively. COP and farm price for pork is LATR 220/kg and 80/kg, respectively.
- EC subsidized grains to Latvia not sold on auction, straining relationships on future EC humanitarian aid. Poor sales are mainly due, as mentioned above, to prices and an overestimated grain deficit.

#### IV. MEDIA COVERAGE

- Free Daugava (eastern Latvian district news): Interview with volunteers Nolte and Plešcums (identified as VOCA specialists) on their meeting with farmers.
- VOCA Tallinn had a nation wide radio broadcast by reporter Maive Rute which got many inquiries in our Tallinn office.

#### V. COLLABORATIVE RELATIONS

The Baltic countries were visited by Dr. Carol Adelman. They were

scheduled to visit the VOCA Riga office but this was cancelled. Ivars and I had dinner with AID Riga, Dr. Adelman and her entourage, Chemonics/Cooper and Lybrinth, and IESC. Dinner was a very nice informal atmosphere and each of the contractors had 5 or 10 minutes to give her background on project development and accomplishments. Dr. Adelman twice referred to how cost effective non-profits such as VOCA were and how she liked our program and that private for profit organizations were highly paid by AID. A farm visit with volunteers Syzmanski and Davis was cancelled at the last minute as Dr. Adelman fell well behind in her schedule in Riga and at a dairy plant visit. Maive Rute had breakfast with Dr. Adelman et. al. in Tallinn.

The Baltics will be visited by Mr. Roskins, AID director, on October 14-18. A VOCA Riga office visit is planned for October 15 and I am setting up a visit to a private farm and either a collective farm or a small processing plant in the Jonova area with volunteer Mr. Carsow.

Maive Rute met with Stephen Sposato from USAID/EER/DR Food Systems division. They are planning another meeting to exchange information/ideas with EC Rural Development people.

#### VI. INTERNAL OFFICE UPDATE

Joanna Pawlack visited the VOCA Vilnius office for three days helping Danguole set up filing system and advised on office procedures.

In October, Maive, Ivars, and Onute will spend one week in Poland seeing first hand how the old pro's in Warsaw made the VOCA program such a success. Pigeon Calpin will be visiting the Baltics to meet staff and get a first hand knowledge of our program.

VOCA BALTICS  
Kopulikas Laukums 2  
226166 Riga, Latvia  
Phone/fax: 355-49-040 666



To: Don Cohen, Charles Cox, Don Mooers, Pegeen Calpin, Sean Carmody, Jenny Hughel, Sonia Nofziger, Stacey Kamin  
Fax: 202-783-7204  
From: Eric Brainich  
RE: Program report for October

I. VOLUNTEER PROJECTS COMPLETED AND IMPACT

- EB : Jonova Farmers Union/Cooperative Education:

Orbert Garsow worked with local farmers and farm and community leaders on advising of forming service and supply, processing and marketing cooperatives. Worked with Farmers Union representatives on starting, financing, and operating cooperatives.

Real Scoop: Another cooperative development project in which the results (i.e. any concrete reaction by expanding machinery partnerships into or establishing new cooperatives) will take awhile to materialize. Volunteer was well liked, energetic, and did well on cooperative education with farmers.

- EB : Poltsamaa Fruit Processing Plant:

Working with the management Mr. Yasakochy worked on improving accounting and business practices. Mr. Breke advised on improving plant operations and developing new packaging lines.

Real Scoop: Mr. Yasakochy's interpreter was poor and we were not informed of this until after the assignment (even though Maive made in assignment contact). Recommendations made by Mr. Breke were well received, he emphasized the modern part of the plant which requires much more capital investment. The plant is and will suffer from under utilization for future unless they can contract with other producers. Volunteers and staff helped to make contact with Pomology Inst in Poland.

- EB : Tolliste Organic Dairy Cooperative Farm:

Mr. Wayne Peters advised on improving nutrition and production of dairy cattle under organic conditions. Consulted on organic crop production practices to area farmers.

Mr. Peters was well received, there is great interest in organic production not only at the Tolliste dairy coop farm but all over the Baltics. He was invited back during spring planting season.

- EB : Valjala Swine Production:

Mr. Stanislaw advised hog producers on nutrition, breeding, and manure management. He also met with local feed mill/grain elevator and slaughter house/meat processing plant.

- EB : Alvar Ag Service and Supply Cooperative:

Charles and Lyncell Edgemon assisted the Alvar cooperative on rewriting their by-laws and establishing new services for members. They gave recommendations for establishing prices and priority of services for members as well as monitoring assets and employees to insure compliance of procedures and accounting for supplies and services. They also helped write a loan application to acquire more machinery.

- EB : Pollika Forestry Cooperative:

Mr. Christianson worked with forest land owners on management, harvesting, transporting, and marketing their forest and forest resources.

Every volunteer was well received and I would recommend for further assignments. Outstanding were the Edgemons who will be working for the USDA as Ag Advisories to a large group of private farmers 100 km. from St. Petersburg. They will be there for 2 years and we can expect many requests for assistance from that area. Also, Mr. Peters and Mr. Stanislaw got rave initial reviews from their host organization. VOCA staff will follow up on these assignments.

## II. PROGRAM ISSUES

- Tax laws relating to VOCA Baltic operations: (1) in Estonia, employers of salaried workers must pay a social security tax of 20% of all wages paid, paid to the Social Fund of Estonia, (2) in Latvia, social security taxes amounting to 37% of total wages are levied on all employers, (3) in Lithuania, employers must pay a tax equal to 30% of wages for pension and medical insurance.

## III. COUNTRY NEWS

- Lithuania has set up an Emergency Economic Commission empowered to take binding decisions on granting financial and organizational help to enterprises.
- The Labor Democratic Party candidate and former head of Lith. Communist Party Mr. A. Brazauskas was elected to Prime Minister. In the first round of Parliamentary votes, 80/140 deputies were elected with Labor Democrats taking 44% and Saujudis (Lansbergis' party) taking 20%. The support for Labor Democrats seemed to stem from discontent at the economic situation. Mr. Brazauskas policy stands are: Privatization should be successful and gradual; land should be returned to those who will continue ag production; Land titles should be

issued to allow for buying/selling of land; Create equal opportunities for private farmers and joint stock companies (communities); Fair ag tax policy; Ag price policy to be coordinated with growth in incomes; Create environment for investments, in particular joint ventures.

- The IMF approved an \$85.62 million loan to Latvia, the first of four quarterly installments was issued in September. World Bank to loan Estonia \$30 million for purchase of winter fuel.
- Latvian State Treasury had only LAR 60 million on Oct 1 while PM Godmanis said that the state would begin selling Latvian state enterprises to raise money to meet the state budget.
- Latvian government has liquidated Latvian Labibas, the state grain company, and will set up a new organization to administer the government's interest in grain storage and the feed and food mills. No info yet on continued privatization.
- Amid contradictory statements from Moscow, Russian Defense Ministry announced that it is suspending troop withdrawal from the Baltics due to lack of housing for repatriated troops.
- In Estonia, Mr. Leetsar, former Farmers Union president, is new MOA. Mr. Leetsar is not a great supporter of foreign tech assistance, he always felt that the FU could do and be everything. Haarju (Tallinn) county FU rep Mr. Kaul Kurm is new FU president, he is a supporter of VOCA. Mr. Ivar Raig has been elected to Parliament, collaborative relations with cooperative law will be developed most likely with him.

#### IV. MEDIA COVERAGE

- National television coverage (on most popular news program in Lithuania for a full 5 minutes) and 9 major newspapers covered the VOCA/Vilnius office opening which included the Grammy Award winning performance by Onute Babraviciene. Also present and involved in opening were Ambassador Johnson, AID Rep John Cloutier, Minister of Agriculture, and VOCA/Baltic Director. Heads of Farmers Union, Agricultural Palace, and other farm organization leaders were present. Over 30 inquires registered at VOCA/Vilnius following television newscast.
- VOCA Baltic director was on Latgale (eastern Latvia) television and had two articles written about VOCA during two separate VOCA propaganda trips to the Latgale and Zemgale (southcentral) area.
- Volunteer Mr. Peters, organic dairy farmer, was on national television and newspaper. Youth newspaper did an interview with Maive Rute about VOCA.

#### V. COLLABORATIVE RELATIONS

- The Roskins visit began with an informal lunch in Riga with AID/Riga and IESC. In Vilnius, VOCA volunteer Mr. Garsow, Onute and myself spoke with Mr. Roskins on the ag situation in Lithuania. Mr. Garsow did a great job of giving Mr. Roskins the real scoop from the country side. Mr. Roskins expressed concern over volunteer length of stay (too short) and felt that VOCA should flood the Baltics with volunteers.
- VOCA (with the help of Juris Piešums and Karen Hoj) are seeking to get a supporter to donate computers for the Latvian

Ag Advisory Service. Good Luck!

- I had a talk with the first Peace Corps Latvian and Estonian ag-business volunteers. PCV's seemed anxious for cooperative work as most are MBA's w/o ag backgrounds.
- Met with the EC agricultural representative in Lithuania who will be conducting a study of the ag sector to see where bottlenecks occur and developing technical assistance to improve efficiency in those bottleneck areas. Also met with Danish ag representatives who are helping establish the agricultural advisory services in all three Baltic countries.

#### VI. INTERNAL OFFICE UPDATE

- VOCA/Vilnius staff was in Riga for 3 days for administrative and computer training. Thanks to Ivars Forands and special contractor Christine the Vilnius staff is now completely computer literate.
- Onute Babraviciene, Ivars Forands, and Maive Rute spent one week in Poland seeing first hand how the old pros run their office, execute project development, and follow up on completed projects. Thanks to Carl and Joanna this was a real successful and educational trip for the Baltic directors.
- Don Mooers visited the Latvian and Lithuanian offices and made field visits with the regional representative and country directors of the respective offices. Many thanks for his input and comments on improving our project development approach, communications with AID and MOA officials, and developing a program strategy.
- Rep E. Brainich is planning a trip to Czech and Poland offices in December to see how their offices are managed and visit some projects in the field as well as participate in project development in the Czech program.

#### VII. REQUESTED SUPPORT FROM WASHINGTON

VOLUNTEER PROJECTS COMPLETED:

EF1050 Zlin Coop Mgmt

Leslie Herbert

Project description: Volunteer advised cooperative management and transformation council on appropriate business structure for new private farm enterprise. Worked with cooperative farm management and transformation council to assess management and control implications for future business. Participated in seminar for regional farm managers and cooperative members.

Impact/news: Farm management used volunteer recommendations in management transformation plan submitted to transformation council. Plans will be voted on in coming weeks.

Project category: Farm management/privatization

Role of spouse: Unknown

TBI (tidbits of information): Project was well received in the region. Regional Ministry of Agriculture and Agrarian Chamber assisted with the project and are currently asking for follow-up in area of economic transformation of regional cooperative farms as well as for private producers in the region.

EF1051 Zlin Coop Finance

Joe Freyenberger

Project description: Volunteer advised cooperative management and transformation council on appropriate business structure for new private farm enterprise. Worked with cooperative farm management and transformation council to assess finance and investment implications for future business. Participated in seminar for regional farm managers and cooperative members.

Impact/news: Farm management used volunteer recommendations in management transformation plan submitted to transformation council. Plans will be voted on in coming weeks.

Project category: Farm management/privatization

Role of spouse: Unknown

TBI (tidbits of information): Project was well received in the region. Regional Ministry of Agriculture and Agrarian Chamber assisted with the project and are currently asking for follow-up in area of economic transformation of regional cooperative farms as well as for private producers in the region.

EF1052 Pravnice Coop Finance Herbert Hawkins

Project description: Same as EF 1051  
Impact/news: Same as EF 1051  
Project category: Same as EF 1051  
Role of spouse: Same as EF 1051  
TBI (tidbits of information): Same as EF 1051

EF1053 Pravnice Coop Mgmt James Oliver

Project description: Same as EF 1050  
Impact/news: Same as EF 1050  
Project category: Same as EF 1050  
Role of spouse: Same as EF 1050  
TBI (tidbits of information): Same as EF 1050

EF1054 Horni Lidec Coop Mgmt James Oliver

Project description: Same as EF 1050  
Impact/news: Same as EF 1050  
Project category: Same as EF 1050  
Role of spouse: Same as EF 1050  
TBI (tidbits of information): Same as EF 1050

EF1055 Horni Lidec Cooper Finance Herbert Hawkins

Project description: Same as EF 1051  
Impact/news: Same as EF 1051  
Project category: Same as EF 1051  
Role of spouse: Same as EF 1051  
TBI (tidbits of information): Same as EF 1051

EF1056 Slavicin Coop Mgmt Leslie Herbert

Project description: Same as EF 1050  
Impact/news: Same as EF 1050  
Project category: Same as EF 1050  
Role of spouse: Same as EF 1050  
TBI (tidbits of information): Same as EF 1050

EF1057 Slavicin Coop Finance Joe Freyenberger

Project description: Same as EF 1051  
Impact/news: Same as EF 1051  
Project category: Same as EF 1051  
Role of spouse: Same as EF 1051  
TBI (tidbits of information): Same as EF 1051

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EF1058 Kostelec U Holesova Coop Mgmt James Oliver

Project description: Same as EF 1050  
Impact/news: Same as EF 1050  
Project category: Same as EF 1050  
Role of spouse: Same as EF 1050  
TBI (tidbits of information): Same as EF 1050

EF1059 Kostelec U Holesova Coop Finance Herbert Hawkins

Project description: Same as EF 1051  
Impact/news: Same as EF 1051  
Project category: Same as EF 1051  
Role of spouse: Same as EF 1051  
TBI (tidbits of information): Same as EF 1051

EF1060 Zalesi Coop Mgmt Leslie Herbert

Project description: Same as EF 1050  
Impact/news: Same as EF 1050  
Project category: Same as EF 1050  
Role of spouse: Same as EF 1050  
TBI (tidbits of information): Same as EF 1050

EF1061 Zalesi Coop Finance Joe Freyenberger

Project description: Same as EF 1051  
Impact/news: Same as EF 1051  
Project category: Same as EF 1051  
Role of spouse: Same as EF 1051  
TBI (tidbits of information): Same as EF 1051

EF1062 Frystak Coop Mgmt Leslie Herbert

Project description: Same as EF 1050  
Impact/news: Same as EF 1050  
Project category: Same as EF 1050  
Role of spouse: Same as EF 1050  
TBI (tidbits of information): Same as EF 1050

EF1063 Frystak Coop Finance Joe Freyenberger

Project description: Same as EF 1051  
Impact/news: Same as EF 1051  
Project category: Same as EF 1051  
Role of spouse: Same as EF 1051  
TBI (tidbits of information): Same as EF 1051

EF1064 Lesna Coop Mgmt

James Oliver

Project description: Same as EF 1050  
Impact/news: Same as EF 1050  
Project category: Same as EF 1050  
Role of spouse: Same as EF 1050  
TBI (tidbits of information): Same as EF 1050

EF1065 Lesna Coop Finance

Herbert Hawkins

Project description: Same as EF 1051  
Impact/news: Same as EF 1051  
Project category: Same as EF 1051  
Role of spouse: Same as EF 1051  
TBI (tidbits of information): Same as EF 1051

EF1066 Cachtice Coop Mgmt

Harley Foulks

Project description: Volunteer advised cooperative management and transformation council on appropriate business structure for new private farm enterprise. Worked with cooperative farm management and transformation council to assess management and control implications for future business.

Impact/news: Farm management used volunteer recommendations in management transformation plan submitted to transformation council. Plans will be voted on in coming weeks.

Project category: Farm management/privatization

Role of spouse: Unknown

TBI (tidbits of information): Project was well received in the region. Regional Ministry of Agriculture assisted with the project.

EF1067 Cachtice Coop Finance

Darwin Householder

Project description: Volunteer advised cooperative management and transformation council on appropriate business structure for new private farm enterprise. Worked with cooperative farm management and transformation council to assess finance and investment implications for future business.

Impact/news: Farm management used volunteer recommendations in management transformation plan submitted to transformation council. Plans will be voted on in coming weeks.

Project category: Farm management/privatization

Role of spouse: Unknown

TBI (tidbits of information): Project was well received in the region. Regional Ministry of Agriculture assisted with the project.

EF1068 Drietoma Coop Mgmt Harley Foulks

Project description: Same as EF 1066  
Impact/news: Same as EF 1066  
Project category: Same as EF 1066  
Role of spouse: Same as EF 1066  
TBI (tidbits of information): Same as EF 1066

EF1069 Drietoma Coop Finance Darwin Householder

Project description: Same as EF 1067  
Impact/news: Same as EF 1067  
Project category: Same as EF 1067  
Role of spouse: Same as EF 1067  
TBI (tidbits of information): Same as EF 1067

EF1070 Stara Tura Coop Mgmt Harley Foulks

Project description: Same as EF 1066  
Impact/news: Same as EF 1066  
Project category: Same as EF 1066  
Role of spouse: Same as EF 1066  
TBI (tidbits of information): Same as EF 1066

EF1071 Stara Tura Coop Finance Darwin Householder

Project description: Same as EF 1067  
Impact/news: Same as EF 1067  
Project category: Same as EF 1067  
Role of spouse: Same as EF 1067  
TBI (tidbits of information): Same as EF 1067

EF1072 Trencianska Turna Coop Mgmt Harley Foulks

Project description: Same as EF 1066  
Impact/news: Same as EF 1066  
Project category: Same as EF 1066  
Role of spouse: Same as EF 1066  
TBI (tidbits of information): Same as EF 1066

EF1073 Trencianska Turna Coop Finance Darwin Householder

Project description: Same as EF 1067  
Impact/news: Same as EF 1067

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Project category: Same as EF 1067  
Role of spouse: Same as EF 1067  
TBI (tidbits of information): Same as EF 1067

PROJECT FOLLOW-UP TIDBITS:

ZZN Breclav (EF 1007 and EF 1009) Dean Massey and Gene Soliday.

Following work with this project, we introduced the management to Peter Mishek, director of NCBA's American Cooperative Enterprise Center. Management is continuing talks with the ACE Center and Land O'Lakes business representative, Al Wanous, concerning possible future business cooperation.

AGRIA Private Farmers (EF 1014) Ed Matz.

Mr. Matz introduced the three farm partners of the AGRIA organization to the Pioneer Seed Company representatives in Pandorf, Austria. Following up on those contacts, Mr. Jiri Hudacek, AGRIA president, has obtained a Pioneer seed distribution/sales position.

Velke Bilovice (EF 1018 and EF 1037) Bob Kutil and Jack Blair.

During a follow-up visit, management expressed great pleasure and gratitude for the work completed by Mr. Kutil and Mr. Blair. They requested follow-up assistance in determining feasibility of in-vitro fertilization enterprise.

Private Farm Mgmt (EF 1023) Charlie Ishee.

VOCA introduced host farmer, Mr. Bottka to Peter Mishek, director of NCBA-ACE Center. The ACE Center is determining the feasibility of a business relationship between Mr. Bottka and 21st Century Genetics. Work will continue on this in the coming weeks.

PROJECT IMPACT STATEMENTS:

Cooperative Transformation Seminars (EF 1075, EF 1076, and EF 1077)  
Bob Kutil, George Nielsen, Dave Kettering.

Three VOCA volunteers, Robert Kutil, George Nielsen, and David Kettering, returned to the CSFR to conduct seminars on the challenges and opportunities in cooperative transformation. All three volunteers had considerable experience in working directly with cooperative farm management to develop transformation plans. Four seminars were held in the Czech Republic for nearly 200

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2. Expect Czech economic strategy will differ from Slovak - will probably mean change in focus for VOCA in Slovakia. If Slovaks pursue promises to support all types of farms - we may work less with large, collective farms. Will have to wait and see if privatization and transformation of these farms continue.
3. New tax laws discriminate against foreigners. Personal income of foreigners living in the CSFR will be taxed at the 50 percent rate. This is higher than the rate for citizens.
4. Bi-lateral tax treaty still not signed between U.S. Government and CSFR government. U.S. still hopes to receive signature from federal government which can then be grandfathered into the republics after the separation.
5. New agricultural ministry leadership announced in both republics. Still trying to get a feel for the policy impact of new leaders. Vice-Minister Tlustý remains at Czech ministry of Ag and is still responsible for privatization. He has been a good contact for VOCA.

#### MEDIA COVERAGE:

1. I was interviewed by the Czechoslovak Finance News and Prague Post. I have sent copies of the Prague Post article to Washington. Am still waiting for copy of Financial news article.
2. AID in Prague has given a contract to Theodore Gering to handle their public relations both in the CSFR and in the U.S. This contract also includes coverage of grantee and contractors. We have met with Mr. Gering and promised to cooperate.
3. The Czech-Moravian Agrarian Union published the Kutil/Blair cooperative transformation model in their newspaper.

#### COLLABORATIVE RELATIONSHIPS:

ACDI/ABE: We are handling the in-country logistics for the ACDI Agribusiness Exchange program. Five Czechs and five Slovaks will travel to U.S. for training programs sometime in October. All participants were identified by VOCA volunteers.

NCBA ACE Center Opening: The official opening to the NCBA American Cooperative Enterprise Center was held on September 1. Twenty-five participants from the various member cooperatives attended. As noted above, we continue to cooperate closely with the center. I wrote an article for their newsletter and also helped to debrief the participants in the opening.

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AID/IG Audit: We survived our audit nicely and evidently received good comments and reports from everyone.

INTERNAL OFFICE UPDATE:

Finally, the holiday season is over, so we should get back to normal pace soon. Martina is in U.S., when she returns I plan to bring Aniko and Kati from Budapest to work with Martina in Prague office for 1-2 days. Martina will then travel to Budapest to help get those offices set up.

REQUESTED INFORMATION FROM WASHINGTON:

1. Any comments from Washington on the Regional Representative trainee memo?

OTHER:

Nothing else.

cc: Don Cohen  
Charles Cox  
Bruce White  
Rich Boni  
Tim White  
Mazen Fawzy  
Jenny Hughel  
Sonia Nofziger  
Stacey Kamin  
Dusan Cechvala  
Istvan Mikus  
Pavol Vajda

VOLUNTEER PROJECTS COMPLETED:

EF 1074 Breclav Farm Supply & Marketing Management Ken Baer

Host organization: Breclav ZM - Supply and Marketing Company. Breclav, Czech Republic.

Project description: Supply and marketing company is participating in the coupon privatization. As a private, market oriented joint-stock company, the director wanted advice on reorganization of the business, employee incentive plans, and strategic planning.

Impact/news: Volunteer prepared a salary/wage bonus plan which seems acceptable to management. Made extensive recommendations regarding organization, management and operation of enterprise.

Project category: Ag-business management.

Role of spouse: None.

TBI (tidbits of information): In the first wave of coupon privatization, only 38 percent of this companies stock was purchased. The stock will be devalued and offered again in the second wave. If 80 percent is not sold by the end of the year, the company will be privatized by another method. It seems this director would be willing to discuss selling the business to local farm entities if this happens.

EF 1073 Zichlinek Cooperative Integration Ken Baer

Host organization: Zichlinek Cooperative Farm. Zichlinek, Czech Republic.

Project description: Advise on vertical integration opportunities for the farm, including local fertilizer plant and meat processing company.

Impact/news: This project was a follow-up to a recent transformation project by Rich Pennell. Volunteer worked with the farm management to strengthen privatization proposals for state-owned fertilizer company and meat processing plant. Proposal for fertilizer plant was delivered by VOCA to the Vice-Minister of Privatization at the Czech Ministry of Agriculture. Still awaiting the decision. Volunteer met with mayor of local town to discuss cooperative farm's proposed involvement in the local meat company. Discussions appeared to further the negotiations.

Project category: Agriculture privatization.

Role of spouse: None.

TBI (tidbits of information): We're hopeful that this farm will successfully transform and also participate in privatization of local companies. These companies are a logical extension of the farm business and the management is very willing to cooperate with local farms also.

PROJECT FOLLOW-UP TIDBITS:

Martin Private Farmers (EF 4015) Ed Schuch

A group of professionals working at the local cooperative farm want to remove one farm from the cooperative and operate it as a model dairy farm, including a small dairy plant. Mr. Schuch completed a preliminary feasibility study for the plant. The individuals involved have been waiting for the transformation of the farm before they can begin. The farm management has included allowing this group to operate that farm as part of the management's transformation plan. It appears as though they will be able to go forward with their plans and there will be some future VOCA involvement.

Dubne Cooperative Transformation (EF 1019) Neilsen/Cook

The volunteers helped the management prepare a transformation plan. The second general meeting has been held and the plan was adopted by the membership. The farm has already reorganized according to the plan and is currently making production changes. It appears that many of the Cook/Neilsen recommendations were used.

PROJECT IMPACT STATEMENTS: None.

PROGRAMMATIC ISSUES:

1. We recently had a meeting with the Czech Vice-Minister of Agriculture, Mr. Slavicek. We discussed the general agriculture program of the new government and he indicated that VOCA could be very helpful in the privatization of state farms. The goal is to have all plans approved by the end of 1993. We will arrange a meeting at the Land Fund to learn more about the opportunities of working in state farm privatization.

2. We have made additional contacts with the associations representing private farmers and it appears our workload in that area will soon pick up.

#### COUNTRY NEWS:

1. January 1 is still the target date for separation of the republics. The negotiations are progressing with stops and starts. We are beginning to hear a few dire predictions and one bad joke: "What is the difference between Yugoslavia and Czechoslovakia?" "Six months."
2. A new agrarian chamber is being organized in both republics. All organizations representing agriculture are required to participate in the founding of this chamber. Negotiations are underway to determine the role of all organizations in agriculture with respect to this new chamber. The chamber is closely associated with the ministry of agriculture.

#### MEDIA COVERAGE:

1. A compilation of the model transformation plans was published in the Czech Ministry of Agriculture's newspaper. This paper has a large circulation and is read by many private farmers as well as farm managers.

#### COLLABORATIVE RELATIONSHIPS:

1. We had a meeting with the representatives of Iowa State University. They have an agri-business training program and the RAAPS for the CSFR. They explained the format for year two of the training program and their plans for the RAAPS. They asked if VOCA could cooperate on RAAPS. They are to send us a written proposal for cooperation and we will assess the viability of such cooperation.
2. We took John Rogers from the AID Prague office and his assistant on a field trip. We visited some private farmers and a brewery. The trip was successful and another is in the works.
3. We've begun attending monthly luncheons with the other American organizations working in agriculture (NCEA, LOL, VOCA, and ISU).

#### INTERNAL OFFICE UPDATE:

1. Martina had her one year anniversary with VOCA on September 30.

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- 2... The office opening and furnishing in Bratislava is being delayed by 7-10 days but we should be up and going by mid-October.
3. To explain the apparent lack of new projects, we were so occupied with all the volunteer logistics and support during the summer months that we fell behind on project development. We are also waiting for the second general meetings on transformation to determine the follow-up strategies for the transformation work this year.

REQUESTED INFORMATION FROM WASHINGTON:

None.

OTHER:

None.

cc: Don Cohen  
Charles Cox  
Bruce White  
Rich Boni  
Tim White  
Mazen Fawzy  
Jenny Hughel  
Sonia Nofziger  
Stacey Kamin  
Dusan Cechvala  
Istvan Mikus  
Pavol Vajda

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OCTOBER COUNTRY REPORT - CZECH REPUBLIC  
November 10, 1992 Vol. 1 No. 3

VOLUNTEER PROJECTS COMPLETED:

No projects were completed in October. Prague office concentrated on new project development and project follow-up.

PROJECT FOLLOW-UP TIDBITS:

Zichlinek Cooperative Farm (EF ) Rich Pennell and Ken Baer

The Ministry of Agriculture's privatization department appears willing to consider the farm's bid for purchasing the state fertilizer plant in Lanskroun. We are attempting to facilitate this purchase as appropriate.

The management's transformation plan was accepted by an overwhelming majority at the second general meeting held on October 30, 1992. This plan was prepared with assistance of Rich Pennell and additional recommendations by Ken Baer. It appears additional VOCA assistance will be requested.

Hustopece Cooperative Farm (EF ) Bob Kutil and Jack Blair

The management's transformation plan was not accepted at the second general meeting held in early October. A competitive plan submitted by the former chairman was accepted. This plan does not allow the breaking out of various cost centers into independent businesses but rather keeping all operations under one management with the socialist economic principle that strong, profitable operations should support weaker units and jobs created for all. Workers were heavily represented at the second general meeting and a majority voted for this alternative plan. Although the landowners compose a large majority of the entitled members, they did not attend the second meeting. The management is now reviewing the competitive plan and developing implementation plans. VOCA may provide additional consultancy.

PROJECT IMPACT STATEMENTS:

None

PROGRAMMATIC ISSUES:

Not much to report here. The second general meetings for the cooperative farm transformations are taking place and we are attempting to keep current with the farms VOCA worked with to learn the outcomes of these meetings. We are currently arranging visits with the farms which have passed transformation plans to see where

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follow-up is needed and appropriate. If possible, we will try to arrange local seminars after these follow-up assignments to extend information on personnel management, financial planning, marketing opportunities/strategies, etc. This will likely mean continued cooperation with local offices of the Ministry of Agriculture and/or Agrarian Chambers.

We are proceeding under the assumption that the focus in 1993 will be on private farmer marketing and management projects as well as cooperative farm transformation follow-up.

COUNTRY NEWS:

1. Due to the separation of the Czech and Slovak Republics, the European Community did not sign an association pact with the CSFR, or either republic. It appears that each republic will have to negotiate a separate pact with the Community.
2. Negotiations over the separation continue. A customs union was agreed upon and initially a common currency will be used. This separation continues to dominate the news and draw attention from other areas of importance.

MEDIA COVERAGE:

The Cook-Nielsen transformation model was published in an economic newspaper, Profit. The newspaper would also like to follow-up with additional interviews and articles.

COLLABORATIVE RELATIONSHIPS:

1. ACDI with considerable and excellent support from the VOCA Prague office (read Dusan Cechvala, Martina Bartova and Lida Fortova), sent 5 Czechs and 5 Slovaks to the United States for in-country training. We are anxiously awaiting their return so we can learn first hand of their experiences. We are hoping their leadership skills will be enhanced as well as their view of possible options and opportunities available to them and their businesses.
2. We have some discussions with the Czech and Slovak American Enterprise Fund about possible collaboration on agricultural projects. Everyone is open to the opportunities and advantages of cooperation, thus expect to see more cooperation in the future.
3. Met with AID representative, John Rogers. He indicated that pressure continues to be on AID Prague office to develop phase down plans for the AID program in the Czech Republic. As this evolves, agriculture consistently drops from the list of priorities. Despite this, everyone in AID Prague office

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wishes to keep VOCA as in the Czech Republic for as long as the AID program is operating there.

INTERNAL OFFICE UPDATE:

1. Lida completed her probationary period with flying colors and has agreed to stay with VOCA for an indefinite period - much to our benefit.

REQUESTED INFORMATION FROM WASHINGTON: None.

OTHER: None.

cc: Don Cohen  
Charles Cox  
Bruce White  
Rich Boni  
Tim White  
Mazen Fawzy  
Jenny Hughel  
Sonia Nofziger  
Stacey Kamin  
Dusan Cechvala  
Istvan Mikus  
Pavol Vajda

OCTOBER COUNTRY REPORT - SLOVAK REPUBLIC  
November 10, 1992 Vol. 1 No. 1

VOLUNTEER PROJECTS COMPLETED:

No projects were completed in October. Bratislava office concentrated on new project development and administrative functions surrounding opening of new office.

PROJECT FOLLOW-UP TIDBITS:

None

PROJECT IMPACT STATEMENTS:

None

PROGRAMMATIC ISSUES:

Not much to report here. The second general meetings for the cooperative farm transformations are taking place and we are attempting to keep current with the farms VOCA worked with to learn the outcomes of these meetings. We are currently arranging visits with the farms which have passed transformation plans to see where follow-up is needed and appropriate. If possible, we will try to arrange local seminars after these follow-up assignments to extend information on personnel management, financial planning, marketing opportunities/strategies, etc. This will likely mean continued cooperation with local offices of the Ministry of Agriculture and/or Agrarian Chambers.

We are paying close attention to the actions of the new government in an attempt to ascertain what the future policy directions will be. There are many rumors circulating regarding changes in privatization procedures and timing as well as agricultural policy. It appears the new government intends to subsidize agriculture more heavily than the Czech Republic and they seem to be more favorably disposed towards the large farms. The future direction of VOCA's program in the Slovak Republic will very much depend on the apparent commitment to privatization and market principles. We have been encouraged by the private farmers we have met in recent weeks and hope to focus much more attention in this area. Large farms committed to privatization and change will also be good potential projects.

COUNTRY NEWS:

1. Due to the separation of the Czech and Slovak Republics, the European Community did not sign an association pact with the CSFR, or either republic. It appears that each republic will have to negotiate a separate pact with the Community.

- 2. Negotiations over the separation continue. A customs union was agreed upon and initially a common currency will be used. This separation continues to dominate the news and draw attention from other areas of importance.
- 3. Much media coverage has been given to the Gabcikovo Dam on the Danube River. In 1977 a treaty to construct the dam was signed between the CSFR and Hungary and construction was started. After the changes in 1989, Hungary backed out of the treaty and stopped construction on their portion of the project. The CSFR government switched to alternative plans which allow the project to be completed without the Hungarians and proceeded at an accelerated pace. The dam is scheduled to open in the very near future and the CSFR began blocking off the Danube to divert water into the diversion canal to the dam at Gabcikovo. Tensions are high over this issue and both sides have taken very tough, non-negotiable positions. The European Community is attempting to help seek a solution. It may end up at the world court. Stay tuned for more.

MEDIA COVERAGE: None.

COLLABORATIVE RELATIONSHIPS:

- 1. ACIDI with considerable and excellent support from the VOCA Prague office (read Dusan Cechvala, Martina Bartova and Lida Fortova), sent 5 Czechs and 5 Slovaks to the United States for in-country training. We are anxiously awaiting their return so we can learn first hand of their experiences. We are hoping their leadership skills will be enhanced as well as their view of possible options and opportunities available to them and their businesses.
- 2. We have some discussions with the Czech and Slovak American Enterprise Fund about possible collaboration on agricultural projects. Everyone is open to the opportunities and advantages of cooperation, thus expect to see more cooperation in the future. Several projects in Slovakia have been discussed directly. We will pursue to see if anything develops.
- 3. Loren Schulze is replacing Patricia Lerner as AID Representative for 3 weeks while she is on holiday. Met with Loren to discuss our work and Pavol plans to take Loren to the country later this week.
- 4. We have more office space than we need and are talking to a couple organizations about sharing space - including NCBA. Negotiations continue.
- 5. We have made contact with two groups which NCBA recommended to us. Their representatives felt these were good organizations

which could benefit from VOCA assistance.

INTERNAL OFFICE UPDATE:

- 1. Pavol Vajda became a full-time VOCA employee on October 1. We are happy to report that everyone around here feels VOCA has pulled off a great coup to have hired Pavol. We are enjoying the envy and thanking our lucky stars.
- 2. Pavol and his wife became proud parents of a second daughter, Nicole, in late September. She has an older sister, Stephanie.
- 3. With uncommon speed, the VOCA Bratislava office has purchased all necessary office equipment and furniture. We are now awaiting delivery. Until then we have two arm chairs and a coffee table - not bad.

REQUESTED INFORMATION FROM WASHINGTON: None.

OTHER: None.

- cc: Don Cohen  
 Charles Cox  
 Bruce White  
 Rich Boni  
 Tim White  
 Mazen Fawzy  
 Jenny Hughel  
 Sonia Nofziger  
 Stacey Kamin  
 Dusan Cechvala  
 Istvan Mikus  
 Pavol Vajda

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OCTOBER COUNTRY REPORT - HUNGARY

November 10, 1992 Vol. 1 No. 3

VOLUNTEER PROJECTS COMPLETED: None

PROJECT FOLLOW-UP TIPSITS: None

PROJECT IMPACT STATEMENTS: None

PROGRAMMATIC ISSUES:

Still appears that our best bet for good projects with impact is to pursue marketing and management projects with private farmers and reorganized farming units. (By the way, just completed a meeting with Jim Snell and he agrees.) We have identified some potential in this area and are pursuing those leads. The cooperative farm transformation has been handled differently here than in the CSFR and there appears to be considerable confusion in this process. It was scheduled for completion by the end of this year but that does not seem to be possible. Hungary is struggling with direction of privatization and policies. At this point, the state intends to simply lease the land which is not claimed by former owners. State ownership of land will continue. Of course, without ownership of land, the base for developing a strong, secure, private agricultural and food system seems suspect.

COUNTRY NEWS:

1. The drought in 1992 was one of the worst in this century. The government estimates it cost farmers 25-30 billion forints in losses (\$320,000,000 - \$380,000,000). Corn yields fell 36 percent from last year and wheat yields declined 42 percent. The government has approved a 2 billion forint aid package for farmers in terms of additional credit for purchasing inputs for next year's crops.
2. Hungary's food exports have increased for the second year in a row, despite the drought. The largest factor was the associate status given Hungary by the European Community. More surprising was Hungary's re-entry into the markets of the former Soviet Union - especially Ukraine and Armenia. Hungary received hard currency returns of \$500-\$600 million from these sales. (For more details, see attached article.)

MEDIA COVERAGE:

1. Interviews with VOCA volunteer, Ivan Tamas Fuzy were published

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in both the Wine Spectator and in a local Hungarian paper. Fuzy was a very popular, both for his good work as well as the fact that he is an Hungarian-American. He left Hungary in 1956 following the revolution.

COLLABORATIVE RELATIONSHIPS:

1. VOCA, Budapest has been busily preparing for Food-a-Pest, a week long food show in Budapest the week of November 23-28. VOCA will share a booth with NCBA-ACE Center at Food-a-Pest.
2. We have been cooperating with a local organization Sen-no-Sen to provide assistance to residents in the disadvantaged regions of Hungary. Sen-no-Sen has received funding to promote economic development in two of these regions of Hungary and we are pursuing potential projects with agricultural producers in these regions.

INTERNAL OFFICE UPDATE:

1. Istvan spent a good part of October in the United States and reports that his trip was perfect and he made many good contacts with individuals and organizations in the U.S.
2. Aniko and Kati are working with Martina in Prague. Martina will be helping them with office procedures and working relationships with VOCA, Washington, etc.
3. VOCA, Budapest is finally automated! New telephones, a fax machine and a photocopier were purchased in October and best of all, the regional office was completed. Rich and Kati moved into their new space in October. Istvan brought two computers and a printer from Washington but they are still with the local customs officials. We hope to set them free in the near future.

REQUESTED INFORMATION FROM WASHINGTON: None.

cc: Don Cohen  
Charles Cox  
Bruce White  
Rich Beni  
Tim White  
Mazen Fawzy  
Jenny Hughel  
Sonia Nofziger  
Stacey Kamin  
Dusan Cachvala  
Istvan Mikus  
Pavol Vajda

SEPTEMBER COUNTRY REPORT - HUNGARY

October 9, 1992 Vol. 1 No. 2

VOLUNTEER PROJECTS COMPLETED: None.

PROJECT FOLLOW-UP TIDBITS:

Nagyatad Canning Factory (EF 2018 & EF 2019) Aviles/Nicholson

The Nagyatad Canning Factory will be entering into bankruptcy proceedings. There are some plans and ideas around to operate the company after reorganization.

Land Mortgage System (EF 2020 & EF 2021) Phipps/Clark

The director of the Rural Credit and Development Department of the Hungarian Ministry of Agriculture was very pleased with the work of the volunteers. He has requested further assistance as the begin to implement such a land mortgage system.

PROJECT IMPACT STATEMENTS: None.

PROGRAMMATIC ISSUES:

1. In September, we have focused our efforts on new project development and are pleased with some of the projects in the works.

COUNTRY NEWS:

1. Losses in agriculture are estimated to be very large. This is due to the drought and to the economic transition.

MEDIA COVERAGE:

None.

COLLABORATIVE RELATIONSHIPS:

Nothing new.

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INTERNAL OFFICE UPDATE:

1. Istvan leaves soon for U.S. trip. Will spend about 3 weeks total. He will visit Washington, D.C.; Minneapolis-St. Paul; Kansas City; and California.
2. Rich and Kati moved into their new offices and the country office is rapidly becoming equipped.

REQUESTED INFORMATION FROM WASHINGTON:

None.

OTHER:

Nothing to report.

cc: Don Cohen  
Charles Cox  
Bruce White  
Rich Boni  
Tim White  
Mazen Fawzy  
Jenny Hughel  
Sonia Nofziger  
Stacey Kamin  
Dusan Cechvala  
Istvan Mikus  
Pavol Vajda

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AUGUST COUNTRY REPORT - HUNGARY  
September 6, 1992 Vol. 1 No. 1

VOLUNTEER PROJECTS COMPLETED:

EF2018 Nagyatad Finance Val Nicholson

Project description: Volunteer was to assist management with inventory control, financial strategies, financial analysis, and recordkeeping.

Impact/news: Enterprise was about to enter into bankruptcy when volunteers arrived. Nature of project changed. Worked on various survival strategies contingent upon government action/response.

Project category: Food processing.

Role of spouse: N/A

TBI (tidbits of information):

EF2019 Nagyatad Distribution/Mktg. Edmond Aviles

Project description: Volunteer was to advise on inventory control and marketing strategies.

Impact/news: Enterprise was about to enter into bankruptcy when volunteers arrived. Nature of project changed. Left them with considerable recommendations based on survival strategies developed. These strategies depend on government action.

Project category: Marketing

Role of spouse: N/A

TBI (tidbits of information):

EF2022 Tolna County Credit Union Paul Herbert

Project description: Volunteer analyzed existing financial and legal aspects regarding credit union development and worked to determine the feasibility of a credit union in Tolna County. Credit union members served would come primarily from the agricultural community.

Impact/news: Despite certain features which deviate from traditional credit union organizations, volunteer recommended establishing Tolna County credit union association as a pilot

project. VOCA will follow-up as necessary, in cooperation with WOCCU, to provide support to this effort.

Project category: Agricultural finance

Role of spouse: N/A

TSI (tidbits of information): The volunteer, Paul Hebert, was very excited about the possibility for a successful credit union evolving from these efforts. VOCA cooperated closely with WOCCU, especially Dean Mahon in Geneva, on this project. WOCCU has promised on-going support (mostly moral, no doubt.) MOSZ (National Federation of Agricultural Cooperators and Producers) was also closely involved in this work.

PROJECT FOLLOW-UP TIDBITS:

1. MOSZ Market Information System - although we have encountered difficulty in obtaining information, it appears as though the computerized market information system designed by Andy Kalnik is being established in bits and pieces. Once the Italians heard American hardware may be used, they reconsidered there original offer and have begun delivering hardware. MOSZ also obtained computers through a World Bank grant. No information on the income generating activities designed by Andy Kalnik.
2. Fuzesabony Cheese Plant Feasibility - while the original proposal for a cheese plant in Fuzesabony supported by the city and area farmers did not appear feasible at this time, the local participants followed Hank Hedeman's suggestion to submit a proposal to the government to purchase the Eger Dairy Plant. It appears that this proposal is receiving serious consideration and the participants have approached VOCA for more assistance if the proposal is accepted. Mr. Hedeman continued to help this effort after returning home.

PROJECT IMPACT STATEMENTS:

None this month.

PROGRAMMATIC ISSUES:

1. Tokaj project follow-up. We have completed three projects in the Tokaj wine growing region. Based on volunteer recommendations, we need to follow-up with a more targeted project. Plan to travel to Tokaj in the near future to pursue this follow-up.
2. Program focus. While we continue to handle projects at the macro level, we are putting more effort in identifying potential projects in the rural areas. Expect this effort to begin yielding results soon.

COUNTRY NEWS:

1. Agricultural finance and uncertainty over future farm ownership and structure continue to impact production. Much land went fallow during this past crop season and expect a similar situation in the coming year. Producers are beginning to prepare fields for winter crops and it looks as though fewer hectares are being planted than normal.
2. Production cooperatives in agriculture continue to lose money. Drought cost approximately 25 percent loss in expected yields and government subsidies are nonexistent.

MEDIA COVERAGE:

None.

COLLABORATIVE RELATIONSHIPS:

1. WOCCU Credit Union Development - as noted earlier, cooperated with WOCCU office, especially Dean Mahon, on Tolna County credit union feasibility project. Expect future cooperation as project proceeds.
2. NCBA ACE Center Opening - ACE Center opening also held in Budapest. VOCA staff attended and participated in program.
3. ACDI Board Trip - Rosemary traveled for 3 days with representatives from ACDI Board of Directors and congressional representatives.
4. AID/IG Audit - VOCA office in Budapest was audited by AID, Inspector General's office. We seemed to pass with good comments and favorable review.
5. ACDI Request for AIMS/RAAPS - ACDI country director, Rifat Barokas, requested 8-10 VOCA volunteers this year for the ACDI - AIMS project. This is a privatization/trade project funded partially by AID and Pioneer Seed Company to help privatize the 12 state seed companies. Barokas would like one volunteer for each company to complete a company profile. Our response was that we would consider each project individually and look for ways to piggy-back volunteers to several companies. Also need to learn what they are using their \$1 million grant for - if not consultants. During this conversation, Barokas also asked for 20 volunteers per year to help with the ACDI-RAAPS program.
6. Meeting with AID - During meeting with David Cowles, he requested a strategy memo for the VOCA program in Hungary and 1 page monthly updates. We will begin providing this in September. He also said the RAAPS funding would be withheld

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from ACDI until acceptable criteria for success were developed. As joint ventures are implied as a benefit of the program, he wants to see joint ventures as a measure of success or failure, ACDI is holding out for success criteria to be delivering the training programs described in the proposal. Permission to begin work has still not been received.

INTERNAL OFFICE UPDATE:

Due to the continued debating with our office management company regarding remodeling Rich Boni's new office space, we continue to share space. Rich's office is expected to be completed by October 1. We are purchasing office equipment to share and are getting ourselves settled.

In project development, we are having Istvan identify potential projects within our focus areas. He establishes initial contact and completes up-front screening. He recommends potential projects to Rosemary who makes the final decision after visiting the potential hosts. Will be using this system in Prague and Bratislava as well.

REQUESTED INFORMATION FROM WASHINGTON:

Please 'cc' all faxes and correspondence sent to Budapest office to Rosemary in Prague. I do not need to be in the middle of normal communication, but would like to be kept up-to-date - even on the mundane.

Would like Mauricio to visit Budapest and Bratislava offices in late October or November to check administrative systems.

OTHER: Nothing else.

cc: Don Cohen  
Charles Cox  
Bruce White  
Rich Boni  
Tim White  
Mazen Fawzy  
Jenny Hughel  
Sonia Nofziger  
Stacey Kamin  
Dusan Cechvala  
Istvan Mikus  
Pavol Vajda

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VOCA/Romania Monthly Report  
October

I VOLUNTEER PROJECTS COMPLETED & IMPACT  
Mr. Del Scheider completed his assignment with the Curtea de Arges Farmer's Chamber. The Scheider's were the first volunteers to work in Romania. They made favorable impressions on everyone. We were very happy to have them as VOCA's representatives.

ES80 ROM Cda Farmer's Chamber

Volunteer Name: Del Scheider, Farmer

Project Description:

To assist the newly organized Farmer's Chamber in: strengthening its membership, setting and prioritizing its goals and objectives, developing strategic plans for accomplishing its goals, organizing the chamber in such a way that all segments work together for a common good.

Impact/News/Results

The Farmer's Chamber was in a state of flux following its involvement the previous month in CdA's Farmer's Fair. Members were vying for their own positions and not working together for a common good. This was Mr. Scheider's purpose in working with the Chamber. Mr. Scheider wrote an excellent report and received wonderful support from the local World Care International team. Even if the Chamber needs to be re-organized, they have a blueprint for future planning and organization.

Project Category: Farmer's Organizations

Role of Spouse: Spouse accompanied volunteer. Plans for her to teach English didn't work out.

Tidbits:

Scheider's, upon returning to Washington, did a TV interview with a Romanian TV crew.

II PROGRAMMATIC ISSUES

New elections in Romania returned Illyescu's party to power, but only in a coalition with other parties. How that coalition will affect the organization and activities of the various ministries is still unclear.

Keeping in mind our identified objectives of assistance in privatization and foundation development, two activities have come to the forefront: Livestock and Banking.

Since 80% of the land and many of the animals were returned to the people, farm management assistance with livestock is a crucial issue. We have come to agreement with the Ministry of Agriculture

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and the Small Animal Breeders Association to develop a Winter seminar program to talk with people in the southern region of Romania about livestock farming. We hope this first activity will be a model for replication in Transylvania and Moldavia.

In the area of banking, VOCA and the Romanian Bank for Development and AgroBank have received permission from the IBRD and EBRD to conduct training on loan project feasibility analysis. Originally scheduled for November, the volunteer will now visit in Jan/Feb.

### III COUNTRY NEWS

First democratic elections since WWII are over and the people have re-elected Ion Illyescu and his socialist party! In the Parliament, though, Illyescu's party did not win a clear majority. That means they will have to form a coalition government. What impact that will have on the Ministries is unclear at this moment.

### IV MEDIA COVERAGE

As pointed out earlier, VOCA got some publicity from the Romanian TV crew's visit to the VOCA office in Washington.

Also at the second ag-fair, Anca did several interviews with local newspaper and radio stations.

### V COLLABORATIVE RELATIONSHIPS

VOCA/Rom has continued to collaborate with the Univ of Wash/Wash State Business program. The latest collaboration came with the second agricultural fair, this one held in the town of Sighetu Marmatiel, on the Ukrainian border. At this fair, seminars, so VOCA's attendance was mostly to respond to request for assistance with agricultural activities.

Anca was able to collect several requests for assistance. Given the close proximity of these applicants to Marty's office in Kiev, maybe we should turn them over to him to carry-out. Bucharest is a very long ways away from Sighetu Marmatiel! Just a thought!

### VI INTERNAL OFFICE UPDATE

WE HAVE AN OFFICE. It took another 3 hours just to sign the documents, but signed they are.

Now? Plants first & Lights! Very much needed. Then registration, furniture, a stamp, etc etc etc.

### VII FINANCE

Paying 3 months rent in advance has bankrupted the office. I'll bring some more money from the Bulg office. Hopefully we will have a bank account by mid-Nov.

### VIII REQUESTED SUPPORT

Private airplane for travelling around Romania. Fitted with snow skis please!

VOCA/Romania Monthly Report  
October 5, 1992

I VOLUNTEER PROJECTS COMPLETED & IMPACT  
No volunteer assignments completed. Mr. Del Scheider will complete his assignment with the Curtea de Arges Farmer's Chamber later October.

II PROGRAMMATIC ISSUES  
Presented to USAID/Rom program to deal with same issues as Bulgaria. 1) Privatization of Agriculture, Production, Privatization of Agriculture, Agri-business, 3) Agriculture Foundation Building.

With that in mind, to date we have undertaken two projects. Mr. Scheider is working in the formation of a Farmer's Chamber in town of 20,000 people. The next volunteer will be working with national level Small Animal Breeders Association, evaluating the organizational structure and practices.

We have also had successful meetings with the Ministry of Agriculture, office of small livestock, and the office of privatization. Both initiatives must wait until after the national elections for follow-up.

In the area of credit, Romania is to receive nearly \$300 million in assistance from IBRD and EBRD. Nearly \$100 million of this will be for agriculture. Training of bank staff is the responsibility of the EC PHARE program, but we have permission to work with the two banks receiving this credit, provided we coordinate with the PHARE program. We have an application now for a seminar in agricultural loan analysis. This may be followed-up by an ACIDI training program with VOCA volunteers following-up this with visits to branch offices.

As for agri-business, contacts have been made at both the Romanian Agency for Privatization and the National Chamber of Commerce. Again, further contact must wait until after the elections.

III COUNTRY NEWS

First democratic elections since WWII! Elections were for both Parliament and the Presidency. My latest news (probably inaccurate -- VOA) said that the Democratic Convention has a slight lead in Parliament, but nowhere's near a majority. Former President (and maybe President again) Illyescu's party was second in Parliamentary balloting. As for the Presidential elections, Illyescu nearly (phew) won the Presidency! The run-off election will be between Illyescu and Constantinescu (Dem Convention) on Oct 11th.

The repercussions of these election results was very swift from the US -- they denied Romania Most Favored Nation Status! Reason? Obviously not ready to participate in a democratic world.

Rom Report

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## IV MEDIA COVERAGE

VOCA got some publicity from it's involvement in the Curtea de Arges Community Fair (article sent to Washington).

Announcement of VOCA's activity in Romania was delayed at USAID/Rom's request until after the elections.

## V COLLABORATIVE RELATIONSHIPS

VOCA/ROM has continued to receive an extreme amount of collaboration from the USAID/Rom office. As well, we have our ever good relations with CDC -- though Ted Achilles is possibly leaving CDC and his possible replacement is not as amiable a gent as is Ted.

## VI INTERNAL OFFICE UPDATE

We still do not have an office, BUT, we have a staff member. Her name is Anca Traian and she has been hired as the VOCA Office Assistant.

Her first task is to find us an office!

## VII FINANCE

I left a \$2000 advance with Anca for dealing with finding an office!

## VIII REQUESTED SUPPORT

*Nothing*

## IX OTHER

*Nothing*

VOCA/Bulgaria Report  
May thru August, 1992

I VOLUNTEER PROJECTS COMPLETED & IMPACT

May was a busy month in the VOCA office. Seven volunteer's completed their assignments. Four of the six volunteers worked with new private cooperatives on principles and practices of cooperative organization and management. One volunteer finished a 5 week assignment working with a meat processor in Stara Zagora on management practices, product diversity and marketing strategies. Another volunteer spent a month working with two businessmen interested in starting up cheese processing plants. The final volunteer toured Stara Zagora, Haskovo and Gabrvo delivering seminars on farm management practices.

Leroy Vanicek. Worked with new private cooperative on organization and practices of a private cooperative. Follow-up is needed after the liquidation committee finishes it's work.

Russel Cline. Worked with the community of Zlatosel on cooperative organization and practices of a private cooperative. Work was stopped by the arrival of the liquidation committee. Follow-up needed.

Leslie Klink. Worked with new private cooperative in Gorsky Izvor on organization and practices of a private cooperative. Follow-up is needed after the liquidation committee finishes it's work. People are especially interested in technical assistance/marketing with vegetables. Also in the management of livestock.

Rudy Stoysich. Spent 5 weeks working with Stoyko on management practices of Stoyko's meat shop. Worked with Stoyko's people on different types of sausages and processed meats to be made. Produced first peanut butter in Stara Zagora.

William Stewart. Divided time between Stara Zagora, Haskovo and Gabrvo. Work ended up being less than satisfactory for all concerned parties. Reason ... expectations. As Stewarts recommended, future volunteers need to come with a course outline and program already made. People are not prepared to propose to the volunteers "what their needs are." Follow-up with Finance volunteer.

Albert Reynan. Worked with new private cooperative in Ivanovo, Haskovo District, on organization and practices of a private cooperative. Follow-up is needed in technical assistance/marketing with vegetables.

Milton Knapp. The Knapps worked principally with Mr. Simeonov, of Kiustandil. By both people's reports, the work was extremely satisfying and useful. Mr. Knapp wrote a short paper on "considerations in starting dairy processing plant." Mr. Knapp then went on to work with Mr. Simeonov, of Milanovo. Mr. Simeonov has requested VOCA assistance in marketing of processed dairy products. Mr. Knapp reviewed Mr. Simeonov's plant facilities and discussed with him management practices. Through Mr. Simeonov, Mr. Knapp made contact with his former company's representatives here in Bulgaria. Follow-up by VOCA will be with all three parties.

June.

Mr. Leo Martin, a Wisconsin extension agent, spent the month working with farmers and the municipality of Dolni Dobnic on how to start up agricultural activities and some suggestions on how private individuals might succeed in agriculture. Mr. Martin finished his time by spending a week in Troyan working with a research institution there on extension practices.

Follow-up will be with the municipality of Dolni Dobnic. Mr. Martin discussed with them the concept of a farmer's association. The time was not right, though, to begin the organization. In Troyan, VOCA will wait to see how the new Ministry of Agriculture organizes the institutes.

In all, from May thru July, 10 VOCA volunteers this summer have visited over 15 different places around Bulgaria. They helped with 4 private businesses, 5 new cooperatives, 1 community of farmers, 1 research institute, 3 municipalities, 1 agricultural highschool and many more farmers in the Vidin & Kiustandil regions.

## II FINANCE

This relates to VOCA/Bulgaria's office finances for the period May thru August. All transfers from VOCA/Wash to Bulgaria were successful. We are only waiting on confirmation of the latest transfer of \$1010.00 to CCU for VOCA's monthly rent.

## III OTHER

Anticipated visits by VOCA/Wash personnel. Charles in October to visit Macedonia with Jeff. Arrival date not set! Anticipating an early October date. CCC might be interested in visiting the Plovdiv fair?

Richard Boni's visit possibly in October? Possible hook-up with Jeff in Romania and then travel to Bulgaria for the Plovdiv Fair as well? Still waiting for everyone's plans for Sept to settle out!

VOCA/Bulgaria Monthly Report  
August 27, 1992

I VOLUNTEER PROJECTS COMPLETED & IMPACT

We are expecting our first volunteer on Sept 9th to work with the community of Curtea de Arges. It's a good community. The project is also a good one. Key issue: how the Farmer's Chamber can organize itself!

Other projects finalized with small animal breeders association (SABA) for October. SABA is looking to the volunteer to provide advice and insight on how they can make their organization into an effective advocacy and resource organization for private livestock breeders.

Recent work at the fair in Curtea de Arges developed good contacts with the Romanian Development Bank and the AgroBank. Both parties are interested in volunteers to work with their banks on ag-project risk analysis/evaluation. Given the upcoming activities of the Dept of Treasury and World Bank with these two groups, VOCA will be involved with three way discussions on how and where our assistance will be most appropriate. Next meeting scheduled for my return in early Sept.

There were three contacts made with groups from the area near Constanza (Black Sea). One is with some private cattlemen who are starting up a fairly large (several hundred hectare) operation. A second project is with a community which recently received donations of farm equipment from the Catholic church/Rome. Their problem, how to share a limited amount of equipment among the whole community. The third contact is with the Vice Mayor of Constanza who is interested in discussing what ways VOCA might be of assistance to farmers in the Constanza area.

We've also got requests from the Romanian Chamber of Commerce and Farmer's Federation ... both applications are early ones needing more development. The Chamber of Commerce is starting a business school and wants assistance in developing the curriculum for the agri-business classes. The Farmer's Federation represents the new cooperatives (collectives) organized in the souther grainbelt region after the old collectives were dissolved.

Finally, good contact was made with the Romanian Privatization Agency's small business office. The possibility is to work with agribusiness projects which they have identified for receiving financial assistance through their own assistance programs.

Next step is to get outside of the southern Romanian plains area and into Transilvania and Moldavia. Make some visits and contacts.

Ministry of Agriculture. Relations with the Ministry need to be built up. My hesitancy is to be trapped into doing the Ministry's work and be their promotion ticket -- the Ministry is seen by most every organization as being ineffective, choked by internal politics! CDC has provided me with a contact, as has AID. A priority is to meet with these people early on during my next visit.

## II COUNTRY NEWS

Elections to be held in late Sept!! Ilyescu expected to win again, but like in Nicaragua, who knows. If he does, it's expected that the same bosses will stay in the Min of Ag! Unfortunately.

## IV COLLABORATIVE RELATIONSHIPS

World Care program.

## V INTERNAL OFFICE UPDATE

Nothing new. Looked at a few people and considered one office. No go! For legal matters, will use CDC's lawyer to duplicate paperwork for VOCA. Process takes about 3-6 months!!!

## VI FINANCE

Have to look into the Banks for handling VOCA's business. I will probably follow CDC's example.

## VIII OTHER

Important. I would like permission to use VOCA's AnEx card for paying hotel bills. Changing money is difficult. Also, I'd end up walking around with a briefcase full of money. Official exchange rate is now close to market rate. Only additional cost is paying a few extra % on service charge of hotel.

## VOCA/Bulg Sept Report

## VOCA/Bulgaria Monthly Report

## I VOLUNTEER PROJECTS COMPLETED &amp; IMPACT

VOCA/Bulgaria completed two volunteer assignments in September. The first was Mr. Mendenhall's assignment with the Bulgarian American Enterprise Fund, developing an application for a VOCA project. He was also to work with the fund on a guideline for future applications for assistance. The second volunteer assignment was also related to the Fund. Bob and Mary Albrecht worked with the MiniMax Co, privately owned, on a proposal to the Fund for a private reed mill. We have already heard back on Mr. Mendenhall's work, the project was accepted!

## ES8024 BUL Agri-Business Credit

Volunteer Name: Bob & Joyce Mendenhall.

## Proj Description:

1) Walk Stoyko's application through the Bulg-Am Enterprise Fund (BAEF). 2) Do same with other applications recommended by VOCA/Bulg. 3) Develop a lending guideline for BAEF. 4) Hold seminar for bank employees on ag-banking practices.

## Impact/News/Results

1) Bulgarian American Enterprise Fund has accepted Stoyko's application for the sum of \$147,500. 2) Recommendations were made to the Milanavo Dairy Project for what they need to do develop a stronger business plan. Afterwards, they might be able to apply to the Fund. 3) A week was spent working with the Dobrich bank on their loan analysis activities.

Proj Category: Ag-Finance/Credit

Role of Spouse: None

## Tidbits:

There was found to be a problem with the Fund's activities in Bulgaria ... namely that they are not prepared to begin making loans! It is also questionable if they are set up to make investments. Mr. Mendenhall challenged their idea of taking an equity position, saying that it is done less & less in the US. He also questioned whether the Fund would be able to serve as a viable partner to Stoyko, supplying him with credit as a local bank might. He recommended to Stoyko not to lose contact with local banking sources.

## VOCA/Bulg Sept Report

ES8028 BUL Russe Feed Mill MiniMax Co. (Mr. Todor Toporovo)

Volunteers Names: Robert &amp; Mary Albrecht

## Proj Description.

Mary. Write a business feasibility study for a person, Mr. Toporov, building a feed mill. Bob Work with the design and operation plan for the mill. Discuss management practices.

## Impact/News/Results

This project was recommended to VOCA by the Bulgarian American Enterprise Fund. A business plan and proposal for the was prepared by Mary and the MiniMax people. Bob worked with the MiniMax people on the plant design and operations plans. Together, they conducted a marketing and competition survey. Taken together, their results indicate an internal rate of return for this project of over 1000%. We think the Fund will get involved.

Proj Category: Business Planning/Feed Mill

Role of Spouse: Spouse was a volunteer.

## Tidbits:

Bob and Mary have been two of the most successful volunteers VOCA/Bulg has had. Their ability to work together in two important areas of work has made them invaluable. Furthermore, they have proved time and again that they can communicate and interact with the Bulgarian people at their level! The Bulgarian people absolutely love them!

Bob & Mary also made contacts on this visit with the Ralston Purina office in Turkey. They took Stoyko Stoykov and someone from the livestock institute in Stara Zagora with them. The possibility is for Stoyko to be a licenced Ralston Purina dealer.

## II PROGRAMMATIC ISSUES

We continue to work at informing Bulgarian farmers about what it means to be a private farmer and what their options are. This has been and continues to be our prime objective.

In regards to this, a new player has entered the game ... the liquidation committees. It was originally understood that these committees were responsible for liquidating the old collectives. Now we are finding that many of them would rather work to transform the collectives than liquidate, this being a more constructive solution they feel. We have almost a dozen applications from

### VOCA/Bulg Sept Report

liquidation committees, now after the Plovdiv Fair (See below, V). In a meeting with the Deputy Minister of Agriculture, attended by Rich Boni, we also heard him express an interest in seeing the committees be a force for transformation not destruction.

Hertz, Rich and I discussed what could be done in Bulgaria during the upcoming winter months to continue our crusade for enlightening the farmer. The result was a seminar program involving teams of volunteers to canvas the country. For each location, their work plan will be mixed between farmer visits, Q&A sessions. The last part of their time in each location will then be spent working with the liquidation committees to make recommendations for transformation activities.

VOCA/Bulg's second area of project activity continues to be agri-business development. We made a huge step in that area through our involvement with the Bulgarian American Enterprise Fund. Mr. Mendenhall's work, building on the work of Rudy Stoysich and Bob Albrecht, led to a proposal to and acceptance by the fund for an investment in a VOCA assisted private meat processing business. Likewise, the fund recommended to VOCA a feed mill project, which Mr. and Mrs. Albrecht have just completed working with. They have a feasibility study and business plan prepared to be submitted to the fund demonstrating an internal rate of return of over 1000% on the project. Hard to believe. We expect the fund will want to invest. We hope that such continued interaction with the Fund will continue.

Our third program area, foundation development, also received a boost from Mr. Mendenhall's visit. He worked with the Bulgarian Banking Institute and a private bank on the Black Sea Coast area, to evaluate agricultural credit practices. The Institute is responsible for training of bank staff's throughout Bulgaria. This was a first step, a relation building step with the Institute, to show to them that VOCA delivers quality people for it's projects. We accomplished that objective. Next step, develop an ag-credit training program with the Institute.

Maybe one of our biggest small achievements was in the area of the Agricultural Highschools. Several months ago a volunteer was here working with an ag-highschool, looking at how the school could use it's equipment resources to meet the needs of local private farmers, supplement the schools budget (severely cut), and provide training to the students in the principles and practices of private farming. The follow-up is being held up by a local school director who is slow to realize the potential benefit for his school. In the same meeting with the Ministry of Ag, the Deputy Minister said "maybe the problem required some action more than just a letter, maybe we need to get rid of the man!" Things are looking up, I think!

## VOCA/Bulg Sept Report

## III COUNTRY NEWS

After last year's austere anti-inflationary program, this year the National Bank of Bulgaria has started scaling down lending rates in an effort to revive production and the market. A 6 % cut in July and another reduction in early August was followed by a decision to reduce the base annual interest rate to 41 % as from September 15, 1992. This is down from an interest rate of over 70% in June!

Economic performance in the first half of 1992. Compared to the same period of last year, the statistics show a persistent decline of production. Industrial production dropped 23 % at 1991 prices. Food-processing was among industries suffering the steepest decline. This reflects, people believe, the general stagnation in the economy and lack of markets. Especially the loss of the Soviet market!

Privatization. After the Transformation and Privatization of State-Owned and Municipal-Owned Enterprises Act was passed by the Parliament, the first two statutory instruments, the Ordinance of Auctions and the Ordinance on Appraisal of Privatizable Property were issued. These are to regulate the procedure and standards of appraising such property, which may be made by Bulgarian or foreign persons licensed by the Privatization Agency. The Parliament and the Government had appointed a supervisory board of the Agency but it still has no regional branches.

The Supervisory Board of the Agency stated in a declaration of intent that the first privatization transactions will start before the end of the year. Preparations for this process have reached an advanced stage in a number of companies and enterprises and the competent ministries and departments will be contacted soon to specify terms for the conduct of privatization tenders.

What form this "process" of privatization will take? Don't know, yet. Hopefully we'll have some more news for you next month! All's we can say is that they want to experiment with all forms of privatization, except vouchers (prohibited by the law).

Ministry of Agricultural Development, Land Use and Land Ownership Restitution. PHARE representative have helped develop Ministry's structure, something along European model. The Ministry is almost fully-staffed after almost 3 months with only 4 employees! According to Minister Georgi Stoyanov, the Ministry's policy concentrates on four main areas. First, prices of, and trade in farm produce, as the success of all projects in the ongoing land reform depends on the adequate solution of this problem. Second, farm credits - the agricultural sector must be granted preferential treatment, low-interest loans and tax relief /doesn't say how and when it will be done/. Third, land restitution and establishing new

## VOCA/Bulg Sept Report

structures at the discretion of owners and producers themselves. Forth, de-monopolization and privatization of state-owned sectors in agriculture. The Ministry will not deal with production, which will be left to producers themselves. It will study markets and draft bills and Government decrees. Its primary function will be to exercise state control over the industry.

After the Government survived a motion for a vote of no confidence moved by the left-wing opposition dominated by the Socialist Party, the Parliament had an eventful month after the summer recess. The Movement for Rights and Freedoms /MRF/ asked for National Assembly Chairman Stefan Savov's resignation and after some lengthy debates he resigned.

But there are contradictions over fundamental issues of economic policy in Parliament. For a now development on the political scene, the widening differences of opinion on the current economic policy between the majority and the opposition have now surfaced within the Union of Democratic Forces faction itself. The key, people want more social oriented reform! MRF, whose electorate is most severely affected by the economic recession, has some reserves in respect to Government's economic policy (again social impact) and intimidates the Prime Minister with a vote of no confidence. A failure to reach consensus in Parliament may hold back the progress of the economic reform as every decision will take much more time and much more compromises.

## IV MEDIA COVERAGE

There were various things happening in Bulgaria related to the media. They mostly centered around the 100th International Plovdiv Fair (see Collaborative Relationships). Many of the news & publications put out by the US Dept of Commerce mentioned VOCA. At the Fair Jeff conducted both TV and newspaper interviews on VOCA. Visiting dignitary, Richard Boni, got in the act when he conducted an interview with the Bulgarian Farmer magazine.

VOCA's biggest media event of the month, though, was the publication of 20,000 copies of Marvin Schaars book "Principles and Practices of Cooperatives" in a Bulgarian farmer magazine! The book was published in three parts as an insert into the magazine! I seriously recommend to my colleagues that they investigate the option of publishing things in the newspapers vs other forms, if they haven't already and if the option is available! Total cost for VOCA came to \$1800. Total cost to the subscribers came to 0.0.C. (all these inserts)!!! Plus, we got an extra 1000 copies for distribution through our own channels! We are very pleased with this, as was AID when they learned about it.

### VOCA/Bulg Sept Report

Now we have a VOCA volunteer working with the same magazine on way to improve their paper and it's role as an information source for the volunteers. If nothing else, maybe they'll begin to do better interviews of the volunteers!

### V COLLABORATIVE RELATIONSHIPS

The Plovdiv Fair is basically a machinery and goods fair. However the US Dept of Commerce decided to use it as a staging area for demonstrating US business interests in Bulgaria. Their program has two components. First, they provided space at the US Pavilion for VOCA and other USAID programs to set up booths. Second, they organized the US Business Initiative in Bulgaria seminar program. This was a two day affair with panelist speakers on different topics.

Two volunteers, Peter McNeill and Earle Chase, worked at the Fair providing consulting services on agri-business. They were assisted in this by Shelly and Rossy from the VOCA/Sofia office. Many good applications for VOCA assistance came from this activity due to the involvement of the volunteers and the VOCA staff with the applicants in the writing out of the application. Overall, both volunteers felt their time at the Fair was worthwhile.

### VI INTERNAL OFFICE UPDATE

**\*\*FLASH\*\*** Hertzzy's daughter just had a baby girl today 10/05/92!

For some very confusing reasons, our building has decided that it must install central water heating (we were perfectly happy with our boiler)! Anyway, we have to pay the costs upfront (Lucy, our rent. Hertzzy will contact Lucy about this.

### VII FINANCE

See Above, Internal Office Update.

### VIII REQUESTED SUPPORT

To win the Lottery, a vacation in DisneyWorld, and a new office on a Greek Isle in the Aegean Sea.

### IX OTHER

Always open to suggestions.

VOCA/Bulgaria Monthly Report  
OCTOBER

I VOLUNTEER PROJECTS COMPLETED & IMPACT

Two projects were completed in October. Earl Ainsworth, editor for the Farm Journal finished his work with the Bulgarian Farmer magazine. His objective was to help the magazine with their organization and layout as well as investigate the issue of increasing subscription/publications. Peter McNeill and Earl Chase completed their 6 week assignment in the semi-mountainous region of southeastern Bulgaria. This assignment was the model for the development of a larger program to be conducted by VOCA/Bulg later this winter which will try and assist communities in prioritizing their plans for agricultural transformation. Initial reactions have been very positive.

ES80 BUL Bulg Farm Mag

Volunteer Name: Earl Ainsworth, Editor, Farm Journal

Project Description:

3 fold. 1) evaluate and advise concerning the craft of journalism as practiced at BF, including writing, editing and layout. 2) evaluate and advise on management practices at BF with a view towards future growth. 3) Evaluate and advise BF re strategic objectives, positioning their product for the open market -- a 5 yr plan!!!

Impact/News/Results

Have already: made design/layout changes, new department for "100 leva ideas." Picture outlines. Still need to: cut back on scientific articles. More human interest/portraits of people in agriculture. Editors and writers need to get out of Sofia more often. Need to focus the tone of the publication. Many papers/journals in the US have a "statement." Earl believes that they should have one. And finally, they need to develop and connect a database to the growth of magazine supplements.

Project Category: Ag-Journalism

Role of Spouse: None

Tidbits:

This assignment called for an extremely capable person, one who could handle the spotlight as well as up-and-coming starlets, while consuming every type of homebrew till all hours of the mornin', from one side of Bulgaria to the other, and back. Mr. Ainsworth persevered admirable, upholding the best of traditions of VOCA! Bravo Earl!

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ES80: BUL Turkish Region

Volunteer Names: Peter McNeill &amp; Earl Chase

Project Description:

In each of four communities, assess the resources and opportunities for private agricultural sector development. In final report, give concrete recommendations of directions and steps which communities might follow.

Impact/News/Results

Most important of all was that this Turkish ethnic region received attention from American assistance organizations. Recommendations were made for future activities in the areas of handicraft industry, tobacco marketing, forestry product development, and tourism.

Peter & Earle also participated in the Plovdiv Fair. They made presentations on behalf of VOCA at the US Business Initiative in Bulgaria seminar program sponsored by the US Dept of Commerce. There was enough interest in their presentation that VOCA/Bulg has made a video of the two volunteers. They also participated in a press conference with USAID/Bulg director and USIS/Bulg representatives, announcing their work and kicking off the VOCA Winter 101 program.

Project Category: Forestry, Agri-businessRole of Spouse: Mrs. McNeill accompanied Peter & Earle for half the duration of their trip.Tidbits:

These were two fabulous volunteers who should get used again & again by VOCA. Peter's wife, Anna Lou, is a wonderful person who proved very helpful to everyone in every way!

The success of this project reaffirms our (VOCA/Bulg) belief that the concept of the Winter 101 program is a good one.

## II PROGRAMMATIC ISSUES

Direction and focus for the transformation process continues to be our main concern. At the community level there are too many players who have their own agenda. The result, no cooperation when that is what is needed most in the face of the high cost of credit, low availability of machinery, and the control of monopolies over the processing and marketing sectors.

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VOCA/Bulg Oct Report 3

Who are those players? Farmers themselves. Municipal councils. Farmers associations. Liquidation committees. Land commissions. Chambers of Commerce. Individual agri-businessmen. Collective managers. State business managers.

Mr. McNeill and Chase's assignment was a pilot effort at seeing if productive results could come from VOCA trying to help all these groups focus their efforts. Initial responses are positive. Seriously, VOCA is not going to move any of these groups where they don't want to go. Our hopes are 1) publicity of volunteers recommendations will spark interest somewhere, 2) volunteers will identify one or two players who want to do something that we and other organizations can support. Change has to start somewhere. That change is going to depend upon trust. Right now there is little trust. People want to do everything on their own, "close the cycle" themselves. Unfortunately, the system only favors the "haves" right now, and most people in the agricultural sector are the "have nots!"

## III COUNTRY NEWS

The government of Bulgaria resigned this month after failing a vote of confidence in Parliament. Responding to a felt need to end the uncertainty about the country's support for the government and the pace and nature of its reform program, the Prime Minister, Filip Dimitrov called for a "vote of confidence."

The government had just survived a "vote of no-confidence" earlier in the summer, but ongoing concern and pressures on the administration for changing certain ministers pushed the issue a second time. The first motion had been proposed by the Socialist party. But the new pressures for change are coming from within the Democratic party itself as well as from the party's coalition partner, the Movement for Rights and Freedom (Turkish).

In one public survey, when people were asked "Do you think you stand a chance of a better economic position in the near future?" Sixty-eight percent responded "No."

The Democratic party has until mid-November to form an acceptable government. If they can not, then the Socialists will have a chance. Finally, if no government is approved, Parliament will be dissolved and new general elections held. The possibility can not be ruled out.

One paper wrote: "Evidently, there are forces wishing Bulgaria's destabilization at a time when EC association talks are under way, when the foreign debt negotiations have got a green light and when international analysts see this country as a stabilizing factor in the Balkans."

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Depending upon the outcome of this Ministry and Parliament crisis, there could be important repercussions in the agricultural sector. One of the most important rumors is that the "liquidation committees" may be liquidated! That would mean that the whole process of transformation will have to begin anew!

## IV MEDIA COVERAGE

Beside's Earl Ainsworth's country wide media blitz, other VOCA persons were able to grab some media attention as well.

Most important was the media focus on VOCA's participation in the Plovdiv Fair. Jeff did one television and several newspaper interviews. As well, all US Embassy publicity for the Fair included VOCA's mention.

The Ambassador travelled to the Bulgarian-Turkish regions of the country and asked for VOCA's representation on the trip. VOCA received attention for this trip from Radio-Free Europe for its intent to bring American consultants to the region, as well as numerous articles in local papers.

Peter McNeill and Earl Chase, in the course of their assignment did numerous interviews with local newspapers. They also wrapped up their assignment with a large press conference organized by the US Embassy to promote their work and the upcoming VOCA program in the winter. Rossy grabbed the spotlight this time, promoting the work that Peter and Earl did and introducing VOCA's program for Jan/Feb/March. She did a great job in a tough spot! In attendance were journalists from nearly 30 newspapers as well as the two national television stations. Following this bonanza, Peter and Earl did a prime time radio interview on their work.

All in all, it was a memorable month for VOCA. We also learned that it's IMPOSSIBLE to try and track down all of the publications in which VOCA personages appear!

## V COLLABORATIVE RELATIONSHIPS

The Plovdiv Fair and the emergence of the US Business Initiative in Bulgaria (USBIB) group was the crowning collaborative activity of the year. USBIB is the brainchild of John Fogerasi, US Dept of Commerce representative. It was his idea to not only promote US commercial activity at the Fair, but how US assistance organizations also support commercial development, both within Bulgaria and between Bulgaria and the US.

At the fair booth space was provided for VOCA to advertise its program. We accordingly sent Rossy and Shelly to work at the fair for the week, and also arranged for Peter McNeill and Earl Chase to attend the fair. Peter and Earl were there to hold "consultations" with interested parties on starting up agricultural businesses. Rossy and Shelly were there to discuss VOCA's program.

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and assist people to write applications. Everyone reported that the booth was a success.

USBIB also sponsored a 2 day seminar on US assistance to Bulgaria. VOCA participated in this seminar, giving presentations by Jeff on VOCA and by Peter & Earl on the "American Farm Enterprise." Responses to Peter and Earl's presentation were so positive that it was decided to put their presentation on video tape. This was not a USBIB decision, but a VOCA response to the interest in what Peter and Earl had to say! Cross your fingers on the outcome. If it comes out all right, we will get copies to anyone who is interested in case they want to duplicate and/or improve upon the idea.

## VI INTERNAL OFFICE UPDATE

Craziness is descending upon the office as we prepare to receive 16 or so volunteers in January. So far everyone is holding up well! I foretell a blow-out party around X-mas or New Years to relieve some of the tension.

Hertzy became a grandmother!!!!!!



## VII FINANCE

Nothing major to report.

## VIII REQUESTED SUPPORT

Your thoughts and prayers for the January effort! G-d help us!

## IX OTHER

Keep on smiling!!!!

Toodaloo!

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Albania/Monthly report  
June - August 1992

I. PROJECT COMPLETED AND IMPACT

1. ES7023: Barbullush PFA Marketing; FiatAgri PFA.

- A. Assisted PFA leaders with marketing plans for the rice crop.
- B. Volunteer Ishee was well received by host organization. He presented an attitude of hope and optimism which was refreshing considering the obstacles facing the farmers. Mr. Ishee will attempt to find a student exchange program for the daughter of his translator. This requires locating a program and a host family. This could be checked out by Washington staff.
- C. Marketing
- D. No spouse
- E. Comments here are not for print.

2. ES7024: Barbullush PFA Management; FiatAgri PFA.

- A. Advised PFA leaders on how to organize a farm supply business.
- B. No comments except that Mr. Fetzer made it clear to his hosts that he grew up on a farm without electricity, running water or farm machinery. This added to his stature as a successful farmer and helped bring home Charles Ishee's message of optimism.
- C. Farm supply organization
- D. No spouse
- E. Volunteer was not happy with quality of the hotel. He complained that food was not adequate and that he was not forewarned of the conditions there.

3. ES7018: Eksimagra Privatization; Eksimagra State Enterprise.

- A. Recommended a plan to privatize this state-run import/export enterprise.
- B. Ron Aines brought a typically old-style volunteer approach to the project. He worked around the clock and attempted to make the best out of a very confusing situation.
- C. Privatization
- D. No spouse
- E. Eksimagra is not in much of a position within the Ministry. There seems to be a feeling that the enterprise should be left to rot on the vine and wither. This was not clear when VOCA decided to the project. Since Mr. Aines is suggesting a private approach to privatizing the enterprise, there may still be hope for a positive impact. Currently, this seems doubtful.

D. ES7019: MOA PFA Law; Ministry of Agriculture.

- A. Revised and prepared a set of Articles of Incorporation and Statutes (by-laws) for use by Private Farmers Associations and the government of Albania.
- B. Dean Massey put overtime into this project was exemplary in his approach and behavior. He successfully prepared Articles of

Incorporation and Statutes which conform to current Albanian laws regulating private businesses. Both have been translated and VCCR and the MOA are trying to get them institutionalized within the MOA's Department of Privatization and the district courts.

C. Cooperative Law

D. No Spouse

E. We are planning to have these documents included into the public record, aired on television as being available at the District Executive Committees for use by persons interested in organizing a PFA.

## II. PROGRAMMATIC ISSUES

### 1. PFA Organization and Operations

A. A few changes for the PFA program are in the offing. First, the MOA still has the PFAs under the Department of Privatization. This is expected to change as the MOA pursues plans to place the PFAs under the extension service they are currently organizing. Secondly, the director of the Department of Privatization, Mr. Alqi Djoka has not been forthcoming in giving credit for the work of our volunteers. Rather, he has been presenting volunteer ideas as exclusively his own. Consequently, with changes at the Deputy Minister level and elsewhere, we have become less well known at the upper echelons within the ministry. Fortunately, we are still well known at the working staff level and have been able to generate great respect and support for our volunteers.

The scuttle-butt is that Mr. Djoka will be replaced at the Department of Privatization. If not, it is still likely that responsibility for the PFAs will shift to the Extension Service or Department now being established.

B. The PFA program has slowed a bit due largely to delays in delivering volunteers and partially to changes in the country. We have one outstanding request (Zallbazar) for which we are recruiting. A volunteer once willing to go pulled out at the last minute, seemingly a casualty of corporate relations.

Other reasons are that recent price increases for the basic commodities, rice, bread, oil and meat have raised concerns that the Albanians are not in the mood for advice. They want material assistance. We decided to hold off placing volunteers in the field for the time being. There should be an opportunity to pick up these activities in the near future and Zhanj will be directed appropriately.

C. On the brighter side, a strategic change is recommended, namely to shift our focus from the MOA level out to the districts until such time as the MOA is stable enough to proceed with its programs. While we were already out in the districts we were becoming more and more attached to the center in an effort to help the center deliver services to the farmers. The MOA is decentralizing naturally and there's not much VCCR should do to stop it.

We are currently proposing marketing seminars for PFA leaders and farmers in the Korca district. Farmers are most interested in this activity as they are faced with enormous problems in marketing. We are planning to include management and bookkeeping in these seminars. No Scopes of Work have been prepared for these seminars yet.

As the MCA moves to establish an extension link out to the District Executive Committees, VOCA will already be in place. This is happening in the Korca district and should be replicated in other districts.

## 2. Agricultural Extension

A. Much has been written and said about this effort over the last month or so. VOCA has been stifled on this issue because the need has always been to advise the MCA on a structure for an agricultural extension service, not to skirt the issue with "training of trainers" and such. Such procedural problems have prevented us from being able to recommend a suitable extension service for Albania.

However, the plan that the MCA is proposing looks much like the structure recommended by in the Savage/Wootton report of January 1992. The impact of this report, and the Brown/Prawl report has been strong in other areas as well, especially at the Agricultural University of Tirana.

So not having missed the opportunity to get in on the ground floor of this issue entirely, it is probably not the end of our involvement. Leaders within the MCA have indicated that the extension service they have recommended to the Council of Ministers is up for change and evolution. Particularly, they see responsibility for PFAs extension shifting from the Department of Privatization to the extension service being established.

Additionally, we are currently planning marketing information assistance to the MCA through the Publishing and Information Center of the Department of Research. There is a "high tech" focus for this assignment with an emphasis on "streamlining" the way information is gathered and disseminated. It was intended to dovetail project in extension structure but this was canned in view of AID sensibilities.

B. Currently, we are planning to conduct seminars to introduce agricultural extension concepts to employees of the District Executive Committee in Korca district. This will be a long-term effort and will likely evolve to other such seminars and to other districts. We will get publicity to foster the replication.

C. Extension plans for VOCA now, as suggested by Don Cohen, are to focus our efforts at suggesting how the ministry expects the extension service to look in the year 2000. This idea will be pursued.

3. Personal security

A. It has been suggested by more than a few people that this is going to be a tough winter for the Albanians. Reasons are more because of the costs of food and essentials rather than the supply of food and such. The recent price increases in the four basic commodities still protected from inflation (conservatively estimates at 600%) have angered many to the point that one week after announcing the increases, some prices were partially rolled back. This is an explosive issue and requires VOCA to monitor the situation.

B. There remains a chance that the violence in Bosnia will spill into Kosovo (3 million Albanians) and inflame already tense relations in the region. Once the "ethnic cleansing" reaches the Albanian population there intervention of some nature, possibly war is very possible. This has been on the list of VOCA fears for some time and remains there. All we can do is hope the situation improves in Bosnia (U.S. intervention is the only apparent solution) to the point where the Serbs are not in a position to enter Kosovo.

C. It is difficult for me to monitor the situation due to lack of communications and media in English. Would greatly appreciate Tim looking after important clues in the papers or world news reports.

4. Volunteer logistics

A. For volunteers, the food prices will not be a problem. I would suggest that there will be scanty heat beginning in mid-November. This is not too much of a problem due to temperatures not getting too cold until mid-December.

There are already shortages of electricity and water and this will likely remain the same or increase through out the winter period.

B. VOCA should plan to have all currently scheduled volunteers in and out of the country by mid-December. We could then place select few volunteers there during the winter months but not increase volunteer activity significantly until April.

III. COUNTRY NEWS

1. State Farm Privatization: The MDA has created the Agency of Privatization and Rehabilitation of State Farms. The major mission for this department is:

- A. to keep state farms together
- B. restructure farms so they can respond to market demands
- C. privatize some farms, close others.

VOCA has been asked to assist the director of this Agency with plans to carry out this mission. We are currently assessing how to assist the director. At issue is the fact that the EC through the PHARE program is also assisting with this effort and our hopes of not

duplicating assistance. Word on the street is that the director of the Agency does not want to work with the Europeans and wants VCCA assistance. The assistance breaks down into 4 categories:

1. Advice on organizing the Agency
2. Farm Management seminars at several state farms
3. Seminars on market economies for staff and farm managers
4. Help on plans to privatize selected farms

We are moving forward with these ideas in the field. I've gone slowly on this to make sure that he really wants us to help him and to get him to complete applications and therefore focus his own ideas.

2. Agricultural Extension: The MDA has moved forward with a plan to establish a directorate or department of Agricultural Extension. This service will be housed in the MDA nationally, and at the District Executive Committees at the district level.

This is an effort to service the burgeoning population of private farmers and use the service of subject matter specialists who once worked at the now dismantled collectives. How many persons can be employed is still a matter of concern to the MDA and efforts to determine the size of the extension service were underway during August.

VCCA had been asked at by the Minister of Agriculture to assist with the structure of this directorate but has not acted out of deference to AID sensibilities.

Overcoming sensitivity to those AID concerns, VCCA now plans to provide assistance in this matter and to move forward with suggesting volunteer input aimed at modernizing the extension service.

3. There have been significant changes in personnel at the MDA during the last few months. These changes reflect political considerations only and have had little to do with competence. Therefore, persons in charge of ministries and departments are unable to rule their domains very effectively. This has had a direct result on VCCA in a few ways.

A. We've depended on a few people who are no longer in power or who are not as committed to VCCA as we had anticipated.

B. Those in power now do not know what they are doing (not their fault) and ask anyone willing to listen for assistance. They are eager to do well in their positions and want anyone to help them. This is why there seems to be several organizations helping the same department or persons with the same problems. Coordination has been lacking.

C. Sifting through all of this has been somewhat difficult and slows the process of identifying good projects.

## IV. MEDIA COVERAGE

1. A half hour video about VOCA was aired in June. Yours truly was interviewed along with a few volunteers also. VOCA has a copy of the video in Washington. We haven't translated it to English.
2. A VOCA information booklet was prepared by Country Director Zhaneta Doci and printed free of charge by the Publishing and Information Center. Only 250 copies were made but more are on the way.

The information in the brochure was translated from VOCA's brochure and altered to include information about what VOCA has been doing in Albania. Zhaneta is preparing a translation of the Albanian section.

## V. COLLABORATIVE RELATIONSHIPS

1. AID is the only organization with whom we have a strong relationship. However, Ms. Doci is continually sought by international organization for advice and information.
2. Peace Corps is planning to start a micro-business program in early 1993 and is seeking VOCA collaboration on this. Discussions regarding such a collaboration are in the early, informal stage.

## VI. INTERNAL OFFICE UPDATE

1. VOCA has been asked to vacate its office and has already done so. We have moved from the bottom floor of a duplex to the upper floor on the other side. Different owner, better price (from \$700 per month to \$500 per month). Hopefully, this lease will hold up longer.
2. We are seeking a Country Representative for the office and have two applicants. Dreaming, we would like someone on the ground by 1 October.
3. Zhaneta will purchase a Ford Sierra wagon in September.
4. New office phone # is 355 42 266 70. Address is likely the same as before.

# VOCA/EUROPE

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TO: Don C., CCC, Tim W., Sonia N., Jenny E., Gary S., Stacey K.  
FROM: Rich Boni  
SUBJECT: Albanian monthly report: September - October 1992

FAX: 202 733 7204

DATE: 18 November 1992

Number of pages (including cover sheet): 7

Dear folks, The report says it all. Almost. Several more volunteers were planned for the period but as the saying goes, "\_\_\_\_\_ happens". The entire male membership of two PFAs seeking VOCA assistance left for Greece seeking employment. The privatization of State Farms is helter skelter. If you have any questions feel free to call.

ALBANIA MONTHLY REPORT  
SEPTEMBER - OCTOBER 1992

I. VOLUNTEER PROJECTS COMPLETED AND IMPACT

1. Project name and number: ES7022 - AIT Agricultural lectures; The Agricultural University of Tirana

A. Project Description: Delivered lectures to faculty and students on the basic elements of agricultural economics in an open market.

B. Volunteer: Melvin Skold

C. Project Impact: While its too early to see tangible results, Mr. Skold's lecture series was the second in a three-part series of lectures provided by VOCA. He was well received and attendance at his lectures was high. He also delivered several text books on ag economics which had been requested.

D. Project Category: Agricultural Education and Extension

E. Role of spouse: N/A

2. Project name and number: ES7020 - Agricultural and PFA Extension Training; The District Executive Committee/Korce

A. Project Description: Presented lectures to farmers and technical employees of the District Executive Committee.

B. Volunteer: Louis Moore

C. Project Impact: The level of interest in the topics discussed was beyond expectations. The Albanians are extremely interested in learning how to help private farmers succeed in the open market. Attendance at each of the 9 seminars increased daily from around 30 attendees to over 70.

D. Project Category: Agricultural Education and Extension

E. Role of spouse: N/A

3. Project name and number: ES7033 - Agricultural and PFA Extension Training; The District Executive Committee/Korce

A. Project Description: Presented lectures to farmers and technical employees of the District Executive Committee.

B. Volunteer: Jay Irwin

C. Project Impact: The level of interest in the topics discussed was beyond expectations. The Albanians are

extremely interested in learning how to help private farmers succeed in the open market. Attendance at each of the 9 seminars increased daily from around 30 attendees to over 70.

D. Project Category: Agricultural Education and Extension

E. Role of Spouse: N/A

4. Project name and number: ES7031 - MOA Research Planning: The Directorate of Agricultural Research, Ministry of Agriculture.

A. Project Description: Advised the Director of Agricultural Research on how to reorganize the research function and establish research priorities.

B. Volunteer: Charles Pitts

C. Project Impact: The verdict is still out on this assignment. All indications are that the volunteer was

ambitious and not all aspects of the scope of work were addressed. The Director has requested VOCA to send another volunteer to continue work in helping him prioritize research activities.

D. Project Category: Agricultural Education and Extension

E. Role of Spouse: While having no direct role in the project, Karol Pitts was able to teach English to several students at a foreign language institute. (I'm not certain of the exact name of the institute but Karol will gladly supply more information).

## II. Programmatic Issues

1. VOCA's program remains devoted to the PFA program and assuring the survival of private farmers. We have approached this goal at several different levels (national, regional and local) and functions (PFA management, agricultural extension and education). We plan to continue this approach while refining and fine-tuning the program as we go.

Recently, the formation of PFAs has slowed somewhat. This is viewed as positive; we'd rather not have PFAs forming for reasons other than serving the real needs of the members. The slowing of PFA registration indicates that farmers are seriously reassessing the benefits of PFAs and forming them only if they are serious about the effort. There are currently around 60 PFAs in the country representing anywhere from 15 to 300 families each.

VOCA has moved slightly from the local level for lack of serious requests for assistance. Most direct requests are still for tractors and credit. However, many farmers and government officials are asking for advice on marketing and farm management. Since many of the PFAs still do not have much in the way of "real" operations, we have tried to focus our assistance at the regional level through seminars and workshops explaining such concepts as farm management, marketing and agricultural extension. This approach has so far received an excellent reception and we hope such an approach will generate more requests from the local PFAs or private farmers. As the PFAs develop, we will be better able to deliver assistance at the local level.

Country Director Zhaneta Doci has recently taken the program to the Durres district and has spoken to local government officials and PFA leaders about VOCA and the program. We anticipate requests for assistance and will likely present seminars and workshops to farmers through the District Executive Committee.

On the advice of volunteers Irwin and Moore, VOCA is exploring market development as perhaps the best way to help Albanian farmers. This will require focusing on trimming, grading and helping interested PFAs in establishing market presence. PFA visits are the next step.

2. VOCA is still seeking a Resident Representative for Albania.
3. November (not September) should see us picking up the VOCAMobile in Greece. Cross your fingers; Rich will drive it to Tirana!

### III. Country News

1. Agricultural Extension: The overriding issue over the last several months has been how and when the Ministry of Agriculture will establish an extension service. The Deputy Minister of Agriculture has been trying to determine the structure of such an extension service and has explained he wanted VOCA to help him establish the service once he decides how extensive the service will be based on the amount of money the Ministry can afford. In other words he is trying to determine the size and extent the extension service.

VOCA has offered several times to help him determine the extent of the extension service but he feels he has enough information from past VOCA assignments and volunteer recommendations to proceed.

The reality of this issue is that the Ministry is seeking desperately to do the right thing. In the meantime, no one

among the Directors in the Ministry has time enough to reflect on the problems or make decisions as each of them has a steady flow of local and international visitors with which they must contend.

2. Farm Mechanization: Germany is planning to deliver an undisclosed number of tractors to Albania and to distribute them at nominal cost to the farmers. The idea is to provide the tractors at 15 - 20% of cost to farmers while the Bank for Agricultural Development would extend easy credit for a 20-25 year period. VOCA has been asked by several PFA leaders to help assure that these tractors are provided to PFAs rather than to private businessmen, and to help them obtain credit from the bank. VOCA has held several discussions at the Ministry on the subject and has tacit agreement that the GO feels these tractors should be provided to PFAs. We have also discussed the credit issue at the Bank for Agricultural Development (BAD) receiving similar assurances. However, the BAD has little, if any, money left for credit to farmers.
3. State Farm Privatization: As noted in the last monthly report covering June - August (monthly?), VOCA had been asked to assist with the privatization of state farms. Having accepted the requests to assist the State Agency for the Privatization and Restructuring of State Farms, VOCA has learned that the game plan has changed drastically. The MOA had been planning to privatize state farms over a two to three year period until the President instructed that the farms be privatized and distributed as soon as possible. The President believes that the private farmers will outproduce the state farms. Distributing the farms to farmers is seen by some ministry officials as somewhat dangerous to Albania's food security.

The State Agency has since endeavored to form joint ventures as soon as possible. These private ventures will cover some 100,000 ha of a total 160,000 ha under state farm control. The other 60,000 will be distributed to private farmers.

In its rush to form joint ventures, the State Agency has been reviewing proposals from Italians, Greeks and other foreigners. None of these proposals are sound and VOCA has been asked to send a contract lawyer to help the Director of the State Agency review the proposals. VOCA contacted an ABA lawyer working in Tirana who agreed to help the Director of the State agency with this matter until VOCA had time to recruit a contract lawyer. This collaboration has gone well according to the Director.

The government is trying to maintain land and assets ownership rights within the joint-ventures while supplying the labor. The foreigners are supposed to bring equipment, seeds,

fertilizers and operational capital (including salaries for the farm employees). Farm management will be the sole responsibility of the joint-venture partner. Profit distribution supposedly varies according to contract.

Reality here is the MOA and the GOA do not understand privatization very well and are approaching the privatization of state farms helter skelter at best. The joint-venture proposals reviewed so far are not favorable to the Albanians and are very loosely worded.

4. Farm Credit: There is basically no farm credit available from the Bank for Agricultural Development (BAD) due primarily to two factors. 1. The IMF is limiting the amount of credit available for all sectors in an effort to hold down inflation, and 2. the BAD was not included under the current banking regulations, is therefore not a bank at all and cannot access more credit. The later factor was a result of the GOA trying to protect cheap credit to farmers and instead has limited the amount of credit available.

While VOCA has had a request from the BAD for several months, this request did not seem serious, and there has been a continuing leadership vacuum. IESC prepared a very good report for the bank in April 1992 and VOCA was not interested in repeating the same assignment. There may be an opportunity to work with the new BAD director but this is unlikely.

5. Kosovo: The Kosovo issue remains a hot topic. That Serbians apparently believe Kosovo is the "heart and soul" of Serbia remains outside of my understanding: only 10% of the population of Kosovo are Serbian. If I'm not mistaken, the Serbs won the Battle of Kosovo in 1368 and still feel strongly that Kosovo belongs to Serbia. How this feeling will play out is anyone's guess right now.
6. Volunteer logistics: These are still a problem from the viewpoint of the upcoming winter. It is my estimation that the hotels will continue to receive a relative abundance of food, that heating and hot water will be problematic and that we will see a continued slowing of the program until March-April. We will try to place as many volunteers as possible considering these factors.

#### IV. MEDIA COVERAGE

There was no media coverage during the period.

#### V. COLLABORATIVE RELATIONSHIPS

1. Zhaneta Doci continues to be a prime source for information to the many international organizations visiting Tirana.

2. We are planning to work with the Peace Corps next April during a training program for small business volunteers. The idea is to present PFA background to the trainees and them to include PFA visitations as part of the technical training for the volunteers. While the PC program will not focus primarily on agribusiness, it will be helpful if the volunteers are aware that the PFAs could become part of their program.
  
3. VOCA is exploring ways to work with the World Bank on the restoration of the irrigation system. Getting the system up and running will require the cooperation of future Waters Users Associations or some such farmer groups. There is no reason PFAs cannot participate in organizing and administering irrigation systems and VOCA will be proposing this to several interested PFAs.

#### VI. INTERNAL OFFICE UPDATE

1. Still dreaming, VOCA is seeking a Resident Representative. Remember; "Fortune favors those who dare".
  
2. VOCA moved its office during the period after the landlord decided to cancel the lease. We are at the same address on the other side of the duplex. Not a bad arrangement. The phone and fax number is 355 42 22670. (You should already have this information).

ATTACHMENT III

| CSFR TRANSFORMATION SEMINARS<br>7/14 - 7/24/92 |                                   |                            |  |
|--|-----------------------------------|----------------------------|--|
| Date   | Location                          | Attendance                 | Remarks  |
| 7/14   | Piletice (Hrodec Králové)         | 48                         | <ul style="list-style-type: none"> <li>• Good facility</li> <li>• Good participation</li> </ul>      |
| 7/15   | Žatec                             | 51                         | <ul style="list-style-type: none"> <li>• Good facility</li> <li>• Good participation</li> </ul>      |
| 7/16   | Ždár Nad Sázavou<br>(Nove Miesto) | 61<br>(approx. 30 Coops)   | <ul style="list-style-type: none"> <li>• Excellent facility</li> <li>• Good participation</li> </ul> |
| 7/17   | Velká Bystřice<br>(Olomove)       | 64<br>(Mostly Coop people) | <ul style="list-style-type: none"> <li>• Excellent facility</li> <li>• Good participation</li> </ul> |
| 7/21   | Banská Bystřica                   | 43                         | <ul style="list-style-type: none"> <li>• Good facility</li> <li>• Good participation</li> </ul>      |
| 7/22   | Martin                            | 31                         | <ul style="list-style-type: none"> <li>• Fair facility</li> <li>• Fair participation</li> </ul>      |
| 7/23   | Topolčany                         | 36                         | <ul style="list-style-type: none"> <li>• Good facility</li> <li>• Fair participation</li> </ul>      |
|  |                                   | 334<br>(235 Coops)         |  |



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## SAMPLE TRANSFORMATION MODEL

Developed by VOCA volunteers, Donald Cook, Management Specialist, and George Nielsen, Financial Specialist. Report is based on work completed by Mr. Cook and Mr. Nielsen with 4 agricultural cooperatives in the Czech and Slovak Federal Republic during March and April, 1992. Edited by Rosemary K. Mahoney, Regional Representative, VOCA, CSFR and Hungary.

### INTRODUCTION

The process of privatization of Czechoslovakian agriculture is one of great challenges and great opportunities. In the case of agricultural cooperatives it is important to balance the interests of all entitled persons. The landowner needs to receive a fair return on his investment and have the potential for it to increase in value. The employee needs steady employment with the potential for wage increases. The owners of other property need to have the potential of being fully compensated following the seven-year period. All of these goals require that the cooperative survive and be profitable.

It is necessary to hold the land together as an economic unit since this is the basis of production. Without it the cooperative cannot exist. It will be necessary for the employees to work hard and efficiently. An improved standard of living is not automatic under the free market economic system. It requires hard work, innovation, willingness to change old practices and taking some calculated risks.

The time frame of opportunity is relatively short in relationship to the challenge. Therefore, rapid and dramatic changes will be required to achieve success.

This model is designed primarily for cooperatives where the majority of the individually owned land tracts are too small to be economically viable. The model is not designed to provide solutions to all cooperative problems and opportunities, nor does it provide all decisions necessary in a successful transformation. The final decisions should be made by the people involved who will be living with the results. The goal of the report is to share from the volunteer's experiences what has been successful in a free

market system. The reader will need to decide how much of this will work in the Czechoslovak system and culture.

It is with these beliefs in mind the following recommendations are made.

### RECOMMENDATIONS

The suggestions outlined below for organization, for allocation and disposition of profits, management structure and selected operating issues are also offered. In any instances a specific number is recommended. These are intended as guidelines and not as absolutes.

In summary, the proposals below would ultimately put ownership and control of the cooperative into the hands of the landowners. The reason for recommending this ownership structure is to provide incentive for keeping the land in the cooperative. The land forms the production base. All members benefit if it can be kept in the cooperative.

### ORGANIZATIONAL STRUCTURE

The cooperative society's statutes should include provisions for the following:

1. A governing board with nine members. This board would be responsible for the overall operation of the cooperative. It would replace the management committee now selected by the membership. Six of the nine board members would be elected by landowners and three would be elected by employees.

Board members would be elected for three-year, staggered terms. To establish the staggered terms, three of the initial board members would be elected for two-year terms and three for one year. Board members could be reelected for additional terms. The chairman and vice chairman would be selected from the landowner board members. Landowner board members should live in the vicinity of the farm. Employee board members should not be landowners renting to the farm.

2. Majority voting in the hands of the landowner shareholders. In addition to electing their representatives on the board, landowners would be able to vote on other organization issues, including amendment of

the statutes. The statutes should specify whether landowner voting would be on the basis of either:

- a. One member, one vote, or
- b. One vote per share, with a limit of ten percent of the votes for any one shareholder.

One member, one vote may be the better method in these circumstances.

3. Election by employees, from their own membership, of three representatives to the board. Employees would vote for no other purpose. Landowner employees could vote only as employees or as landowners.
4. A position of General Manager. The general manager would be selected by and be responsible to the board. He would not be a member of the board. The board would fix the general manager's rate of compensation. Only the board could terminate the general manager.

The general manager would be responsible for the day-to-day operations of the company. He would select his own key management staff. He would have complete authority to hire and fire and to fix compensation levels within the limits prescribed by a compensation policy approved by the board.

The general manager is selected by the board rather than the membership because:

- a. The board is responsible to the membership for overall operations and should be able to select the manager through whom it must meet this responsibility, and
  - b. The manager can better make the decisions necessary in a free market system if he does not have to be concerned about popularity with employees.
5. If not already the situation, the scope section of the statutes should be made broad enough to enable the cooperative to engage in expanded business activities and to permit beneficial investment in such entities as regional cooperatives, joint ventures and trade or lobbying associations.

CAPITAL STRUCTURE

The cooperative's statutes should also be amended to provide for allocation of profits as follows:

1. A percentage, for example 10 percent, of the annual profits should go into an employee bonus pool. The pool would be distributed in cash among employees as incentive pay. Management would determine the distribution. Teamwork is enhanced if all employees can share in the profits. In addition, a system for rewarding outstanding performance can be effective. Funds for this purpose

could come from either the bonus pool or through the established salary structure. The method chosen should be consistent from year to year.

2. An additional 10% of the annual profits should be placed in the indivisible reserve. This allocation should not necessarily be stopped, as authorized by the commercial code, when the reserve reaches fifty percent of the registered capital. The cooperative's chances for survival in these times are enhanced with a large reserve.
3. The remainder of the annual profits should be distributed to the landowners in the form of "revolving fund shares." (The nature of these shares will be discussed below.) The distribution of profits to the landowners would be proportionate based on the number of hectares provided the cooperative by each landowner. (You may want to weight this based on productive value or some other equitable measure.) The shares should be identified by landowner and year of issue and fixed in amount. We suggest 1000 kcs.

Funds represented by these revolving fund shares would be the primary source of new capital and would be used to provide for capital needs such as investment in buildings, equipment and other fixed assets, payment of long term debt, redemption of the property shares from transformation and redemption of revolving fund shares. In time, and only as funds become available, the revolving fund shares should be redeemed in cash on the basis of the oldest first.

Based on the foregoing and the provisions of the transformation law, the cooperative's net worth in the years immediately following transformation would include the following:

- A. Indivisible Reserve

- B. Property Shares (From Transformation)
- C. Revolving Fund (From profits allocated to landowners in the form of revolving shares.)

Indivisible Reserve: The amount placed in the indivisible reserve should be as large as is reasonably possible. A suggested goal is to have the indivisible reserve equal to 50 percent of the cooperative's total net worth after the property shares have been redeemed as discussed below. This reserve will provide important risk capital, and the future holds many uncertainties. As with other net worth capital, this reserve would fund company assets.

Property Shares: It is recommended that the property shares from transformation, as defined in Article 7, paragraph 4 of the transformation law, be redeemed after the seven-year period as funds become available. Presumably a portion of such redemptions could be in property as contemplated by the transformation law. Cash funds needed for this purpose would come from earnings allocated to the landowners in the form of revolving fund shares, and possibly from sales of surplus property.

After the property shares have been redeemed, the net worth of the cooperative will consist essentially of the indivisible reserve and the revolving fund. The entitled persons will have had their property shares redeemed, and the cooperative will then be owned by the landowners.

Revolving Fund Shares: Revolving fund shares would evidence earnings allocated to the landowners. These would be earnings after transformation. After the property shares have been redeemed as outlined above, revolving shares could be redeemed on the basis of the oldest shares being paid first. (See example.) This would be a continuing process, hence the term "revolving fund."

Redemption of revolving fund shares, and also property shares as discussed above, would be at the sole discretion of the board, and not obligatory as to date. Such redemptions should be made only as funds become available, but capital planning should take into consideration the need to redeem revolving fund shares in a reasonable period of time; for example, 6 to 10 years.

Comment: The capital structure discussed above would provide a means for:

- a. Paying out the property shares derived from transformation over a period of time.
- b. Transferring ownership of the cooperative to the landowners. Again, the reason is to provide incentive for keeping the land in the cooperative.

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- c. Transferring, through the revolving fund process, ownership of the cooperative as the landowners change.

Tax Law: A major new tax law is expected soon. The above recommendations, especially those related to allocation of profits, should be reviewed in light of the effective law.

Land Rent: Landowners will be entitled to rent on the land used by the cooperative. While this rent will ultimately need to be at competitive rates, the cooperative should be conservative in the initial offerings in order to avoid "overshooting" the market.

#### BOARD MEMBERS

The role of the board members is critical to the cooperative's success. The individual members need to take their responsibilities seriously with active participation. They must make their decisions based on the broad view of what is best for the cooperative and not what best serves their individual interest. We suggest the following as board responsibilities:

1. Employ the manager and annually set his or her salary.
2. Provide a written job description for the manager.
3. Annually evaluate the manager's performance.
4. Define corporate goals, objectives and policies through a long range plan.
5. Determine methods and sources of financing.
6. Authorize major property and facility acquisition and sale.
7. Hire an independent auditor and receive the report.
8. Make decision, with manager's recommendation, on payment of revolving shares.

To create an effective Board-Management team, a director should:

1. Attend and participate in Board meetings regularly.
2. Think about the Company more than one day a month.
3. Ask tough questions and demand straight answers.
4. Educate himself to the workings of the cooperative including

interpretation of financial statements.

5. Be familiar with physical facilities of the Company.
6. Exercise his authority in the Board Room and not in the plant or community.
7. Be loyal -- Refer to the cooperative as we -- not they.
8. Protect confidentiality of the Board Room Subjects such as personnel matters, pricing policy, accounts receivable problems, supply and inventory positions and anything else the competition would benefit from knowing.
9. Report to the manager immediately any complaint or problem called to his attention, but do not attempt to solve it himself.
10. Expect fair but not preferential treatment from the cooperative.
11. Provide frank and fair annual evaluation to the manager.
12. Give the manager "room" to operate.
13. Answer to member-owners for performance of the cooperative.

#### MANAGEMENT RESPONSIBILITIES

The General Manager, after receiving input from key staff members, is responsible for the following:

1. Hire the employees and set wage levels within guidelines established by the board.
2. Develop short range (annual) goals for the cooperative.
3. Prepare budgets and production and marketing plans.
4. Define duties (job descriptions) of staff.
5. Make short term (annual) commitment of resources.
6. Provide for annual employee performance evaluations.
7. Provide satisfactory working conditions.
8. Prepare Board meeting agendas.
9. Provide for government, industry and community relations.

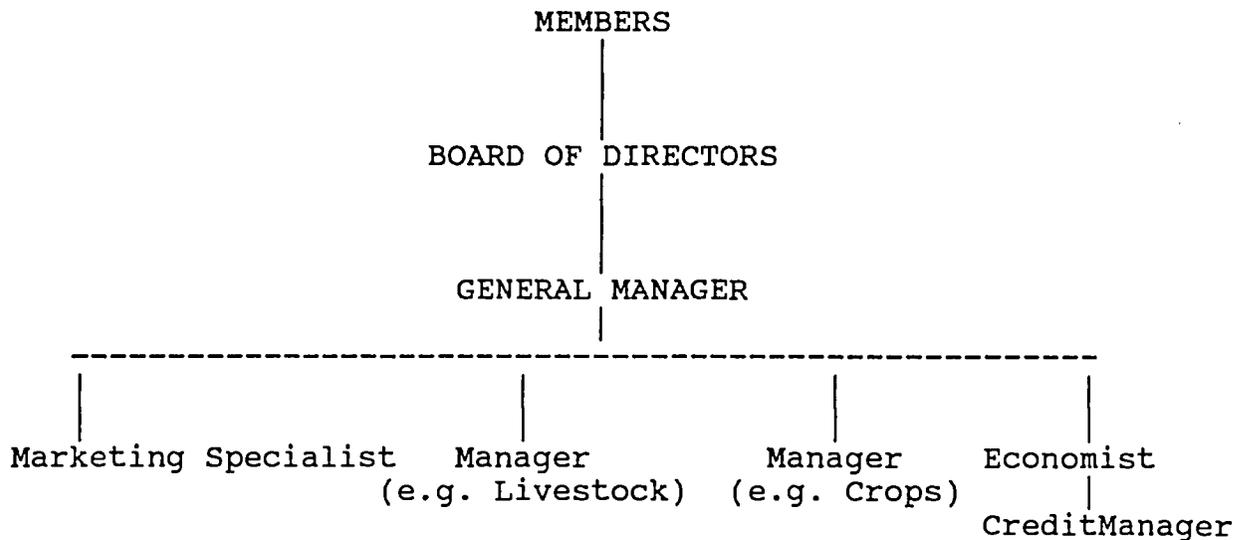
10. Make management structure changes when necessary.

The General Manager should delegate all responsibilities possible so his duties can include:

1. Planning and working with board of directors.
2. Forming and serving on boards of regional cooperatives or joint ventures.
3. Working with trade associations to influence government and form public opinion.
4. Communicating with employees.
5. Be available to his staff to help with major decisions.

The manager needs to be kept informed but need not be involved in routine, daily decisions.

SAMPLE MANAGEMENT STRUCTURE:



To the extent practical it is advisable to organize the separate departments as cost centers. Transfer prices between the cost centers should, to the extent possible, represent true market prices.

The positions of marketing specialist and credit manager will become increasingly important in a free market economy.

BOARD AND MANAGEMENT RELATIONS

It is essential that there be a clear understanding of what are board responsibilities and what are management responsibilities and neither should infringe on the other.

Potential problem areas in Board-Management relations:

1. Lack of clear cut understanding of respective duties and responsibilities.
2. Inadequate training and orientation of new directors.
3. Failure of managers to recommend or Board to establish clear cut overall policies for management to follow.
4. Establish policies without sufficient consultation between Board and Management.
5. Failure of Board to function as a unit.
6. Tendency of some directors to dabble in operations.
7. Manager over-stepping his authority.
8. Lack of or not using good control systems.
9. Failure to adequately compensate Manager.
10. Lack of communication.
11. Close "off the job" social relationship between Manager and a director.
12. Breach of confidentiality.
13. Manager not responding to Board request.
14. Board establishing policy without getting Management input.
15. Board abdicating responsibility and becoming "rubber stamps" to Management.
16. Failure of Manager to utilize Board's knowledge and experience as "sounding board."

### GENERAL RECOMMENDATIONS

Personnel: It will often be necessary to do the work with fewer employees. Therefore the following action is recommended.

1. Provide training for all employees with special emphasis on the first (lowest) level of supervisors. They are the key to top performance.
2. Prepare written job descriptions for all supervisors so they will know what is expected and use these in the annual performance review. These should be broadly written to describe what the responsibility is, but not the detail of how it is to be done.
3. Put stronger emphasis on accountability of all employees through the use of the disciplinary process for poor performance and reward for outstanding performance. This can be done in the form of additional pay, special recognition or time off. Poor performers must be terminated even if they are landowners.
4. Compensation should be proportionate to the level of responsibility. There is not now a wide enough spread between laborers and supervisors.

### OPERATIONS

Only operations which are profitable or can be made profitable in a short time should be continued. Regardless, costs of production and effective marketing should both be focus areas in the operating divisions. Focus must switch from production maximization to profit generation.

### RESEARCH

Relationships with agriculture universities need to be developed so that they will do the research the farm's need and report the results back to the farms in useable form.

### INVESTMENT

Capital investment should only be made after careful planning, budgeting and market analysis has been done. Investing in regional cooperatives or joint ventures should be considered for marketing, processing, supply purchasing, and banking where influence and profit sharing can be achieved. Owning or having a long term lease should be the goal where facilities owned by the cooperative are located.

### PLANNING

A long range plan should be written by the board and management. The plan should include:

1. A brief mission statement (purpose of the cooperative) which is communicated to all employees.
2. Measurable goals.
3. Strategy for achieving goals.
4. A three-year capital flow plan showing major sources and uses of long term capital.
5. Identify strengths and weaknesses, opportunities and problems.
6. Review and update plan annually, including a current year budget.

### CREDIT MANAGEMENT

In a free market system, credit control will be much more important than under the old system. Careful investigation of credit worthiness, frequent monitoring of age of accounts and aggressive collection of delinquent accounts will be required.

### LIABILITY INSURANCE

Under a free market it may be necessary in the future to purchase insurance to deal with law suits involving product or personal liability. The law under the new system should be watched to determine if this becomes necessary.

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### TRADE ASSOCIATIONS

Participation in and financial support of trade associations will be helpful. This can provide information to and lobbying effort for governmental officials and also be a vehicle for forming public opinion favorable to cooperatives and agriculture in general.

### MARKETING

As new competitive avenues of marketing open up it will be necessary to do market research and analysis to identify the best marketing options. Finding the most favorable markets is key to the cooperative's success. This effort will require a well-trained, highly aggressive individual or team with a very high energy level. The importance of this activity cannot be overemphasized and should involve one or more individuals whose total responsibility is to locate and sell into the best markets.

### IMPORTANCE OF PROFIT

Profitability is the key to making a competitive free market economic system succeed. Many good things occur when profits are made. From profits investments can be made which modernize old facilities and build new or expanded ones. This expansion means more jobs and the opportunity for better paying jobs. It allows the business to be more competitive and thus earn more profits. Profit provides a source of taxes so governments can provide needed services to the people. Profits are "the engine that pulls the train."

EXAMPLES

Mission Statement: Pendleton Grain Growers, Inc. is a progressive agricultural cooperative whose purpose is to maintain stability and integrity in the marketplace by providing quality products and superior service while maintaining a strong financial position.

Environmental Mission Statement: Pendleton Grain Growers, Inc. will actively and responsibly support stewardship of our natural resources, while maintaining a positive balance between the environment and the economic well-being of agriculture.

HYPOTHETICAL REVOLVING FUND:

|       | (Million Kcs) |      |      |      |      |      |      |      |      |      |      |
|-------|---------------|------|------|------|------|------|------|------|------|------|------|
| Year  | 1993          | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| 1993  | 10            | 10   | 10   | 10   | 10   | 10   |      |      |      |      |      |
| 1994  |               | 12   | 12   | 12   | 12   | 12   | 12   |      |      |      |      |
| 1995  |               |      | 11   | 11   | 11   | 11   | 11   | 11   |      |      |      |
| 1996  |               |      |      | 15   | 15   | 15   | 15   | 15   | 15   |      |      |
| 1997  |               |      |      |      | 17   | 17   | 17   | 17   | 17   | 17   |      |
| 1998  |               |      |      |      |      | 18   | 18   | 18   | 18   | 18   | 18   |
| 1999  |               |      |      |      |      |      | 20   | 20   | 20   | 20   | 20   |
| 2000  |               |      |      |      |      |      |      | 19   | 19   | 19   | 19   |
| 2001  |               |      |      |      |      |      |      |      | 21   | 21   | 21   |
| 2002  |               |      |      |      |      |      |      |      |      | 23   | 23   |
| 2003  |               |      |      |      |      |      |      |      |      |      | 24   |
| ----- |               |      |      |      |      |      |      |      |      |      |      |
| Fund  |               |      |      |      |      |      |      |      |      |      |      |
| Total | 10            | 22   | 33   | 48   | 65   | 83   | 93   | 100  | 110  | 118  | 125  |

\* In this hypothetical example allocations from earnings start in 1993 and retirements start in 1999. Retirements are not mandatory. Fractional amounts of an annual issue could also be redeemed. The allocations reflected above are after deduction of the amounts held out each year for the employee bonus pool and the indivisible reserve.

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## SAMPLE TRANSFORMATION PLAN

Developed by VOCA volunteers, Robert J. Kutil, Farm Management Specialist, and John J. Blair, Cooperative Finance Specialist. This document is based on work completed by Mr Kutil and Mr Blair with 3 agricultural cooperatives in the Czech and Slovak Federal Republic during March and April 1992.

It is important to understand that no matter what the final plan looks like it will need to meet all legal and regulatory requirements and be in accordance with:

1. The Land Restitution Law
2. The Commercial Code Law - 1.1. 1992
3. The Transformation Law - 28.1. 1992
4. The statutes of ZDs as approved by their Members.

A lawyer is best qualified to give advice in that regard.

The success of American agriculture is due to the entrepreneurial spirit, the incentive for personal gain, and a good lifestyle. We believe that can also be true in Czechoslovakia.

Based on our findings and experiences in Czechoslovakia we recommend the following: (Exhibit 1)

- I. ZDs (Cooperatives) will continue as agricultural cooperatives designed to service their members with:
  - A. Administrative services (i.e. accounting, clerical, etc.)
  - B. Production input supplies (i.e. fertilizer, chemicals, seed, etc.)
  - C. Production services (i.e. land preparation, spraying, repair services, etc.)
  - D. Marketing services (i.e. cold storage, slaughterhouse, wine production, etc.)

## II. Membership

The Members of the Cooperative will be those actively engaged in production agriculture. This can be either as a private farmer or a group of private farmers. A group of private farmers could be organized either as a small cooperative ("coop") or a Company Ltd. In either case they must be organized in compliance with existing laws and regulations.

Private farmers must purchase one share of "Membership Stock". They can only purchase one share and this is the share that entitles them to vote on affairs of the Cooperative. This share must be surrendered when they are no longer actively engaged in production agriculture. A minimum value should be placed on this stock (i.e. 100 K|s to 1,000 K|s). A private farmer is actively engaged in production agriculture when:

- A. He/she is a landowner of lessee (renter) of land who:
  - 1. farms that land as an individual, or
  - 2. farms that land as a worker in a cooperative
  
- B. He/she is an owner of animals/birds who:
  - 1. works with those animals/birds as an individual, or
  - 2. works with those animals/birds as a worker in a cooperative

"Coops" or Companies Ltd. may be members of the Cooperative if their members or shareholders are actively engaged in production agriculture as defined for a private farmer. They must purchase a share of Membership Stock which must be surrendered upon liquidation or cessation of their activity in production agriculture. The price of their "Membership Stock" should be the value of a private farmers share multiplied (x) by the number of the members of the "coop" or Company Ltd. at the time they join the Cooperative.

Workers, members, or shareholders in "coops" or Companies Ltd. cannot be Members in the Cooperative unless they are also actively engaged in production agriculture in another segment of the Cooperative.

Workers may be members in a "coop" or shareholders in a Company Ltd. if qualified in accordance with the statutes of that juristic entity.

We are strongly recommending the formation of "coops" instead of Companies Ltd. In a "coop" the individual farmer will have more control because of the philosophy of cooperatives and the statutes under which they are governed. It is entirely possible that Companies Ltd.

could be influenced by investors with no connection or interest in production agriculture (even foreign investors).

We recommend that membership in a "coop" be open only to private farmers and qualification of membership be on the same basis as outlined for private farmer membership in the Cooperative.

We recommend that a Member of the Cooperative or a member of a "coop" be required to utilize the products and/or services of the organization or be subject to cancellation of membership by the Board of Directors.

While Companies Ltd. will probably have more legal flexibility regarding membership (shareholders) we encourage them to utilize the same principles of Cooperatives of "coops" relative to who can vote on the affairs of the Company Ltd. as it pertains to production agriculture.

### III. Voting

Voting will be done on the "one member-one vote" method for private farmers. "Coops" and Companies Ltd. will also have one vote for its "Membership Stock". In addition a formula must be set up so that additional votes are allocated based on the amount of business done with the Cooperative over a period of time. It is best to set this period to coincide with the fiscal year, but an average of 3 to 5 years should be used in order to reduce the impact of market fluctuations or other abnormal circumstances.

### IV. Board of Directors

The Board of Directors of the Cooperative shall be elected by the Members and from Members. We recommend a Board of 7 to 9 people. It could depend, to some degree, on the number of "coops" and/or Companies Ltd. that are members of the Cooperative.

### V. Distribution of Profits

#### A. Private farmers

They are responsible for all costs of production and therefore retain all profits.

#### C. "Coops"

The Board of Directors shall determine how the annual profits are distributed. First, they should establish the appropriate amount to be placed in a Reserve

Account and then ~~the~~ balance should be distributed to members based on their utilization (use) of the "coops". Distribution can be based on the purchase of supplies and services and/or the utilization of any marketing facilities and services.

Payment should ~~be~~ made in cash whenever possible. However, it is ~~permissable~~ to issue a percentage in cash (minimum ~~should~~ be 20%) and the balance in "Revolving Fund Certificates" to be revolved at the discretion of the Board of Directors. Some amount of Revolving Fund Certificates should be redeemed annually once the financial condition allows for it. It is not necessary to ~~redeem~~ a full year each time, but the oldest Certificates should be redeemed first.

C. Companies Ltd.

The Board of Directors shall determine how the annual profits are distributed. Distribution shall be made in the form of a ~~dividend~~ dividend to shareholders.

D. Cooperative

1. A dividend to Entitled Persons (shareholders) in accordance with the Transformation Law.
2. A dividend to "Membership Stock" holders. It should not exceed 10%.
3. A patronage refund to Members based on their utilization of the Cooperative (supplies and services and/or marketing) after the Board of Directors sets aside an appropriate amount to be placed in the Reserve Fund.

All the above sets forth the basis principles. Now let us look at some examples:

Example No. 1 - Orchard "Coop":

Will be formed by those landowners that own land currently planted to fruit trees. Each landowner has the right to decide if he wishes to leave his land in the "Coop". If he is going to take an active part in farming the orchard he may become a member. If he is not going to take an active part he may rent the land to another person or to the "Coop".

For established fees the "Coop" will provide all services the owner or lessee does not wish to provide.

The crop will be marketed through the "Coop" or the Cooperative and records of quantity and quality will be maintained for each member.

Persons wishing to join the Orchard "Coop" must own or

lease land and must receive approval from the Board of Directors of the "Coop". Since they will share in the profits they will not receive any rent or compensation for taxes. If the "Coop" purchases or leases assets from the Cooperative, the charges for these assets will be prorated to the members of the "Coop" on an equitable basis.

#### Example No. 2 - Dairy Coop

Formed by individuals interested in buying or leasing cows from the Cooperative or others and utilizing the facilities owned by the Cooperative on a leased basis. The individual must work with the cows but additional help may be hired if needed.

The "Coop" will also lease from the Cooperative other necessary equipment and will prorate the cost to members on an equitable basis (i.e. number of cows, liters of milk). The "Coop" will make arrangements for shipment of the milk to the processing plant. Milk will be weighed and credited to each member.

The "Coop" will provide services to members who wish them (i.e. insemination, etc.).

A member of the "Coop" may wish to raise grain and hay. This is permissible if land is owned or can be rented. The work can be performed by the individuals or the can contract for it to be done. Persons wishing to join the Dairy "Coop" must have the approval of the Board of Directors of the "Coop".

From these two examples many modifications may be made for any other type of "Coop".

It is impossible to get into fine detail because of the complexity relative to the ownership of land and other assets. As all of this is clarified (after all claims are filed) then detailed plans to form "Coops" or Companies Ltd. can be finalized.

### THE COOPERATIVE (ZD)

Under the Transformation Plan outlined above the Cooperative will become a mixed Cooperative serving both private farmers and juristic entities (Exhibit No. 2). It will be smaller relative to its scope of activities but in the immediate future it probably will still maintain most of the assets currently on its balance sheet. Therefore it is important that:

1. Management be reduced.
2. Worker numbers be reduced.
3. Adequate provision be made to earn profits so that:
  - a. The assets of the Cooperative are protected for the Members and Entitled Persons.
  - b. Dividends can be paid.
  - c. Profits can be distributed.
4. Losing departments be eliminated.

The Cooperative's income and its profits will come from:

1. Investments
2. Marketing operations
3. Sale of production agriculture input supplies (i.e. chemicals, fertilizers, etc.)
4. Sale of services (i.e. cold storage, slaughter house, etc.)
5. Fees for administrative services
6. Rental fees for buildings, equipment, and other assets.

It is important that the Cooperative enter into contractual arrangements with the "Coops" and Companies Ltd. it will serve. This is important because the Cooperative and its management must not be perceived as being a part of, or having a controlling interest in, a "Coop" or a Company Ltd. All transactions must be considered "arms length" transactions, as if they were between two unrelated parties. This reduces the potential liability to the Cooperative if the other entity should fail.

Any loans made to another entity must be carefully structured to protect the assets of the Cooperative. The same is true if the Cooperative guarantees any transactions of another entity.

#### CONCLUDING REMARKS

This Sample is just that. It is not the only way. Depending on the individual ZD the final plan may vary significantly.

In fact a Cooperative could continue as it is and instead of having separate "Coops" or Companies Ltd. each department could be set up a separate profit center. Only workers in that department that qualify for Membership as a private farmer (previously described) having a share in the profits of that department and only that department. Workers who do not qualify for Membership receive a salary and anything they may be entitled to as an entitled person (dividend).

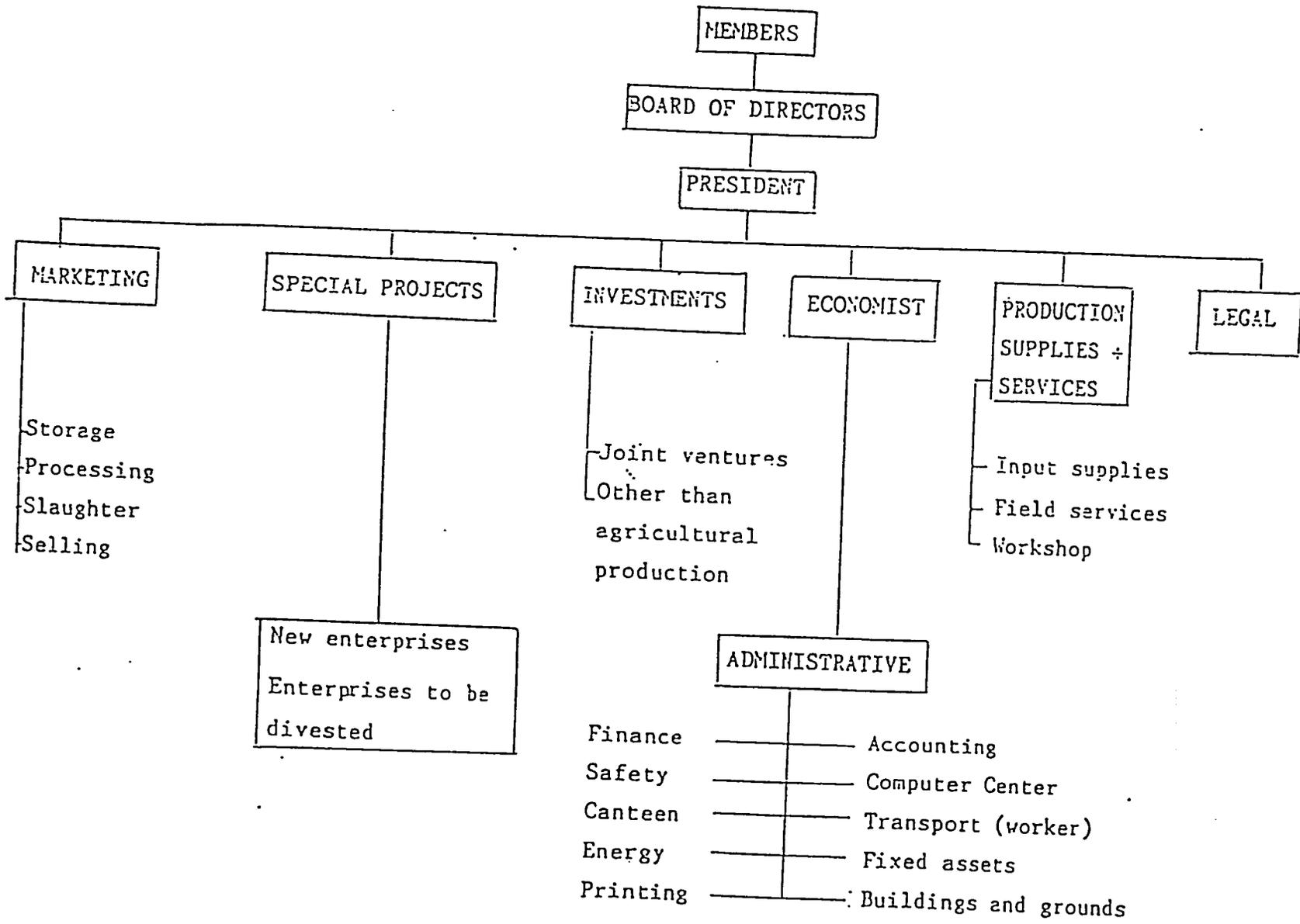
There are some dangers:

1. accounting records must be accurate

2. losses sustained by a department would accurate to the Cooperative.

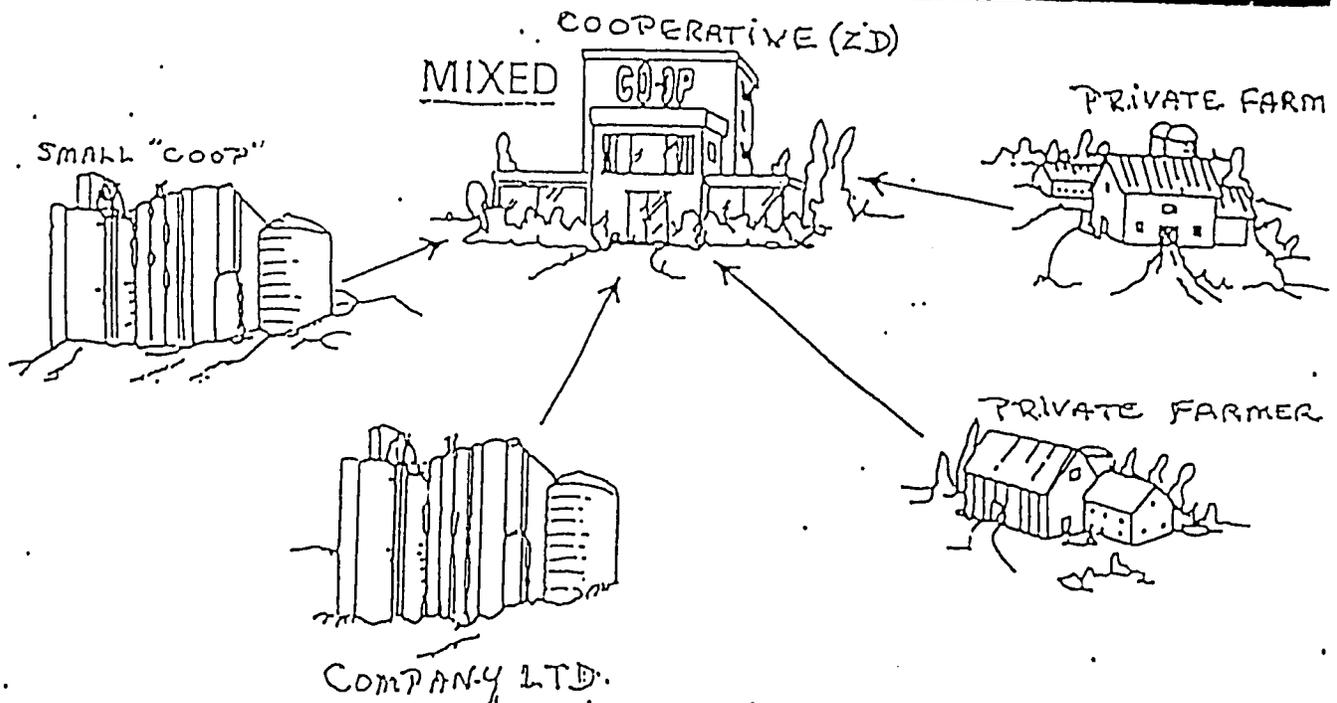
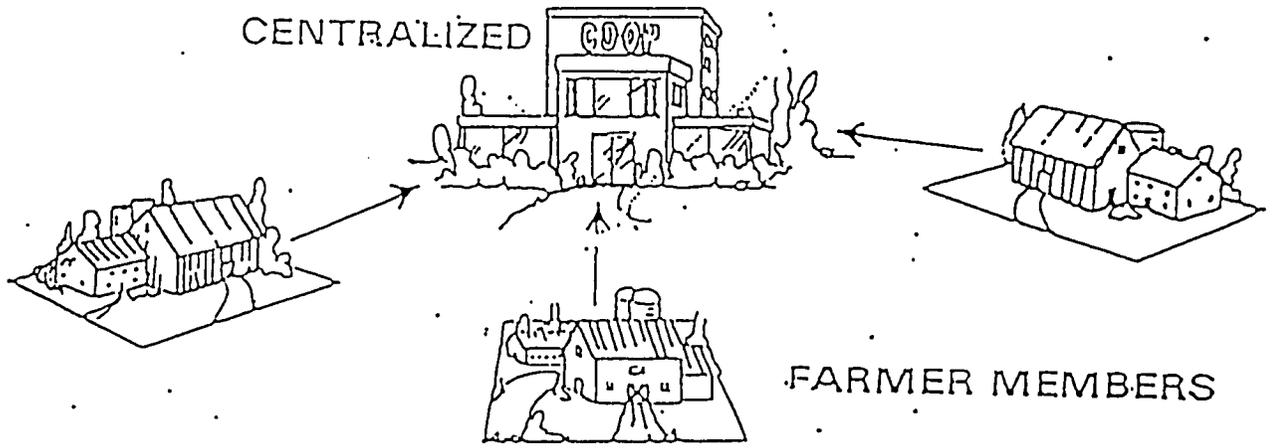
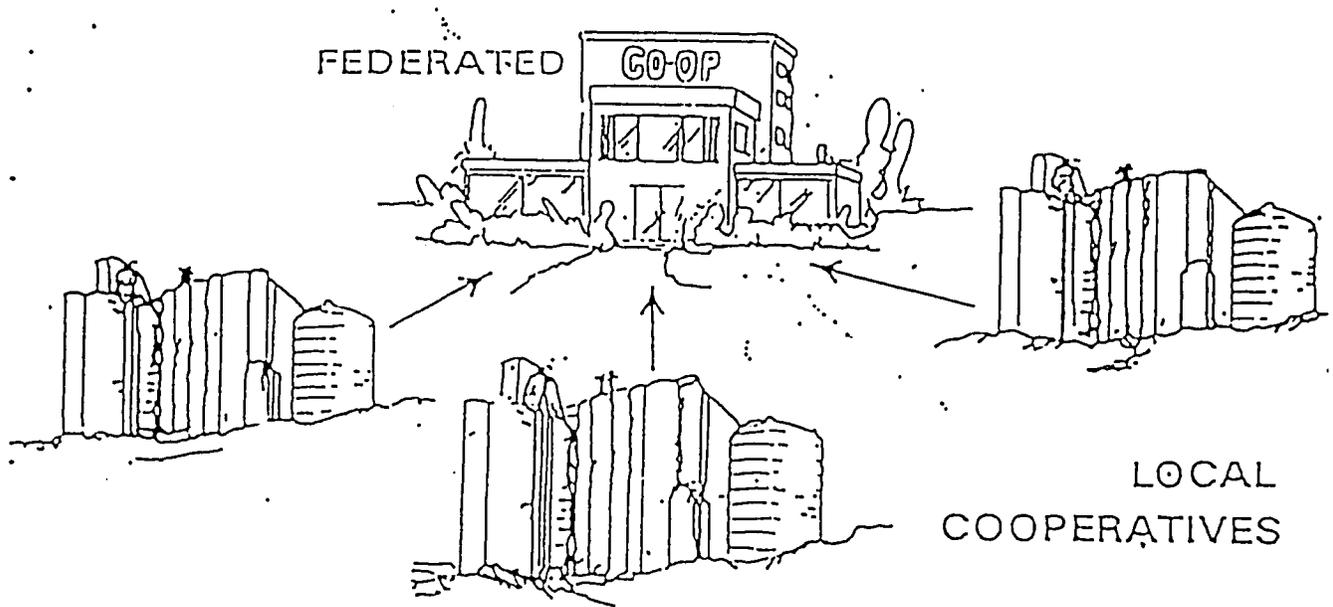
This mandates that losing departments be made profitable or eliminated quickly.

ORGANIZATION



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# Organizational Structure





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## SAMPLE TRANSFORMATION PLAN

The following sections are from a transformation plan prepared by VOCA volunteers, Albin Kudlacek, Management Specialist, and David Kettering, Financial Specialist. The sections are voting rights, directors and distribution of earnings.

The selection of business entity and membership/stockholders voting rights may be a combination of landowners, employees and farmers. The composition of the board of directors should reflect the desires of both the current stockholder/members and the future stockholders/members.

The principal of cooperatives and the appropriate statutes remain consistent regardless of the configuration of the board of directors.

These two samples of voting rights, structure of the board of directors and distribution of earnings are intended to demonstrate the possibilities of membership in a agricultural cooperative that will "farm" the land and a service cooperative that will provide services to private farmers and other forms of business structures which are involved with farming.

The "agricultural cooperative" membership and board of directors is composed of both landowners and farmers. The primary control of the board of directors is with farmers as a majority of the board of directors is elected by farmers. Landowners are also elected to the board and they have a voice (not majority) in the affairs of the cooperative. This is accomplished by issuing different classes of voting stock to farmers and landowners. In the agricultural cooperative example farmers elect a majority of the directors to the board; thus the control of the cooperative is in the hands of the farmers.

The stockholders and board of director of the service cooperative is composed of farmers and businesses engaged in farming as they are the entities conducting business with the cooperative.

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The service cooperative was formed as a result of breaking up a larger cooperative. A majority of the board of directors of the new service cooperative will be elected by and represent the smaller new agricultural cooperatives that were once a part of the same larger cooperative.

The two examples are intended to demonstrate how to establish a board of directors representing different interest groups and control.

## AGRICULTURAL COOPERATIVE

The members of the cooperative will be those actively engaged in production agriculture. This can be either as a private farmer or a group of private farmers. A group of private farmers could be organized either as a cooperative or a company ltd. In either case they must be organized in compliance with existing laws and regulations.

Private farmers must purchase one share of Class A Membership Stock. They may purchase only one share of class "A" stock as this is the share that allows them to vote on the affairs of the cooperative. This share must be surrendered when they are no longer actively engaged in production agriculture. A minimum value should be placed on this stock (100 Kcs to 1000 Kcs).

A private farmer is actively engaged in production agriculture when:

- A. He\she is a landowner or lessee (renter) of land who:
  - 1. Farms that land as an individual, or
  - 2. Farms that land as a worker in a cooperative.
- B. He\she is an owner of animals\birds who:
  - 1. Works with those animals\birds as an individual or
  - 2. Works with those animals\birds as a worker in a cooperative.

A private farmer will receive class "B" stock based on the calculations outlined in the cooperative transformation law.

Landowners must purchase one share of class D membership stock. They can only purchase one share and this is the share that entitles them to vote on affairs of the cooperative. This share must be surrendered when they are no longer own land. A minimum value should be placed on this stock (100 Kcs to 1000 Kcs).

Landowners will receive class "C" stock based on the cooperative transformation law.

## DISTRIBUTION OF PROFITS

After the Board of directors sets aside an appropriate amount to be placed in the reserve fund the profits of the cooperative can be distributed in the following ways:

1. A dividend to entitled persons.
2. A dividend to membership stock holders. It should not exceed 10% of the cooperative's annual profits.
3. A patronage refund to members based on their utilization of the Cooperative and/or on the amount of property leased to the cooperative.

The board of directors shall determine how profits are distributed. First they should establish the proper amount to be placed in a reserve fund and then the balance should be distributed to members based on their utilization of the cooperative.

Distribution can be based on the purchase of supplies and services and the utilization of any marketing facilities and services and by the amount of land that a landowner rents to the cooperative. Payment should be made in cash whenever possible. However it is permissible to issue a percentage in cash (minimum should be 20%) and the balance in Revolving Fund Certificates to be revolved at the discretion of the board of directors. Some amount of revolving fund certificates should be redeemed annually once the financial condition allows for it. It is not necessary to redeem a full year each time but the oldest certificate should be redeemed first.

Under the transformation plan outlined above the cooperative will become an agricultural cooperative serving both private farmers and landowners. It probably will still maintain most of the assets that they currently manage.

## **SERVICE COOPERATIVE**

The members of the Cooperative will be those actively engaged in production agriculture. This can be either as a private farmer, a cooperative, a company ltd or a joint stock company.

"Farmers" must purchase one share of Class A membership stock. A farmer is actively engaged in production agriculture when:

- A. He\she is a landowner or lessee (renter) of land who farms land as an individual, or an other legal entity.
- B. He\she is an owner of animals\birds who works with the animals\birds as an individual or another legal entity.

A private farmer will receive class "B" stock based on the calculations outlined in the cooperative transformation law.

Cooperatives, companies ltd or joint stock companies may also be members of the cooperative if their members or shareholders are actively engaged in production agriculture as defined for a private farmer. They must purchase a share of membership stock which must be surrendered upon liquidation or ceasing of their activity in production agriculture. The price of their membership stock should be the value of a private farmer's share multiplied (x) by the number of members of the cooperative, company ltd or joint stock company at the time they join the cooperative.

Workers, members, or shareholders in cooperatives or companies ltd cannot be Members in the Cooperative unless they are also actively engaged in production agriculture in another segment of the cooperative.

Workers may be members in a cooperative or shareholders in a company limited if qualified in accordance with the bylaws of the entity.

We recommend that membership of the cooperative be subject to the board of directors' cancellation of membership if the stockholder fails to use the cooperative.

If a company ltd form of ownership is selected we recommend that they utilize the internationally recognized cooperative principles when deciding who can vote on the affairs of the company as it pertains to production agriculture.

#### VOTING

We recommend that the voting be done on a one member one vote basis for both private farmers, cooperatives, company limited and joint stock companies.

#### BOARD of DIRECTORS

The board of directors shall be elected by its stockholders/members at its annual shareholder meeting. The members holding membership stock (A) are eligible to become directors.

We recommend a board of seven people. We recommend that five members be elected by the five farm cooperatives and that two members of the board be elected by private farmers or from the membership at large.

#### DISTRIBUTION OF PROFITS

After the Board of directors sets aside an appropriate amount to be

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placed in the reserve account the profits of the cooperative can be distributed in the following ways:

1. A dividend to Membership Stock holders. It should not exceed 10% of the cooperatives annual profits.
2. A patronage refund to members based on their utilization of the cooperative and/or on the amount of property leased to the cooperative.

These profits would be distributed in the following ways. The board of directors shall determine how profits are distributed. First they should establish the proper amount to be placed in a reserve fund and then the balance should be distributed to members based on their utilization of the cooperative.

Distribution can be based on the purchase of supplies and services and the utilization of any marketing facilities and services. Payment should be made in cash whenever possible. However, it is permissible to issue a percentage in cash (minimum should be 20%) and the balance in revolving fund certificates to be revolved at the discretion of the board of directors. Some amount of revolving fund certificates should be redeemed annually once the financial condition allows for it. It is not necessary to redeem a full year each time but the oldest certificates should be redeemed first.

Under the transformation plan outlined above the cooperative will become a service cooperative serving both private farmers and other legal entities actively engaged in farming.

VOCA EXPENDITURES AGAINST GRANT NO. EUR-0024-G-00-1036-00  
for the period May 1, 1992 through October 31, 1992

EASTERN AND CENTRAL EUROPE

|                        | Audited<br>Expenses<br>LOP TO 9/30/92 | Expenses<br>From 5/1-10/31 | LOP<br>Total Expenses<br>Thru 10/31/92 |
|------------------------|---------------------------------------|----------------------------|--|
| <b>VOLUNTEER COSTS</b> |                                       |                            |  |
| Living                 | 342,657                               | 148,187                    | 367,354                                |
| Transportation         | 700,179                               | 293,207                    | 749,047                                |
| Other                  | 87,703                                | 36,066                     | 93,714                                 |
| <b>OFFICE COSTS</b>    |                                       |                            |  |
| Salaries               | 310,220                               | 119,322                    | 330,107                                |
| Benefits (48.34%)      | 145,895                               | 57,680                     | 155,508                                |
| Office expense         | 501,421                               | 227,827                    | 539,393                                |
| Rent                   | 50,453                                | 18,078                     | 53,466                                 |
| Staff Travel           | 182,067                               | 70,304                     | 193,784                                |
| <b>INDIRECT COSTS</b>  | <b>828,531</b>                        | <b>338,391</b>             | <b>884,929</b>                         |
| <b>ECE TOTALS</b>      | <b>3,149,126</b>                      | <b>1,309,063</b>           | <b>3,367,303</b>                       |

BALTIC STATES

|   | Audited<br>Expenses<br>LOP TO 9/30/92 | Expenses<br>From 5/1-10/31 | LOP<br>Total Expenses<br>Thru 10/31/92 |
|---|---------------------------------------|----------------------------|--|
| <b>VOLUNTEER COSTS</b>                    |                                       |                            |  |
| Living                                    | 38,903                                | 19,451                     | 42,145                                 |
| Transportation                            | 137,535                               | 68,767                     | 148,996                                |
| Other                                     | 14,051                                | 7,025                      | 15,221                                 |
| <b>OFFICE COSTS</b>                       |                                       |                            |  |
| Salaries                                  | 43,617                                | 21,809                     | 47,252                                 |
| Benefits (48.34%)                         | 21,085                                | 10,542                     | 22,842                                 |
| Office expense                            | 151,646                               | 75,823                     | 164,283                                |
| Rent                                      | 7,132                                 | 3,566                      | 7,726                                  |
| Staff Travel                              | 38,248                                | 19,124                     | 41,435                                 |
| <b>INDIRECT COSTS</b>                     | <b>145,046</b>                        | <b>72,523</b>              | <b>157,133</b>                         |
| <b>BALTICS TOTAL</b>                      | <b>597,261</b>                        | <b>298,631</b>             | <b>647,033</b>                         |
| <b>TOTAL EXPENDITURES UNDER THE GRANT</b> |                                       | <b>1,607,693</b>           | <b>4,014,336</b>                       |
|   |                                       | =====                      | =====                                  |

NOTES : 1. The above figures are audited thru 9/30/92

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